This Preliminary Official Statement and the information contained herein are subject to completion and amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these Bonds in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

PRELIMINARY OFFICIAL STATEMENT DATED NOVEMBER 21, 2019

NEW ISSUE - BOOK-ENTRY ONLY

RATINGS: ***Moody's: Aa3***
S & P: AA-
Fitch: AA-
(See "RATINGS" herein)

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to OHSU, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Tax-Exempt Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. In the further opinion of Bond Counsel, interest on the Tax-Exempt Bonds is not a specific preference item for purposes of the federal alternative minimum tax. Bond Counsel is also of the opinion that interest on the Bonds is exempt from State of Oregon personal income taxes under existing law. Bond Counsel observes that interest on the Taxable Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds. See "TAX MATTERS."

$305,000,000*
OREGON HEALTH AND SCIENCE UNIVERSITY
REVENUE BONDS
SERIES 2019†

Dated: Date of Delivery

Interest Payable: January 1 and July 1

Oregon Health and Science University ("OHSU") will issue its Revenue Bonds, Series 2019A (Tax-Exempt Fixed Rate) (the "2019A Bonds"), Revenue Bonds, Series 2019B-1 and Series 2019B-2 (Tax-Exempt Long Term Rate) (respectively, the "2019B-1 Bonds" and the "2019B-2 Bonds" and collectively, the "2019B Bonds" and together with the 2019A Bonds, the "Tax-Exempt Bonds") and Revenue Bonds, Series 2019C (Federally Taxable Fixed Rate) (the "2019C Bonds" or the "Taxable Bonds" and together with the Tax-Exempt Bonds, the "Bonds"). The aggregate principal amount, interest rate determination method, interest payment dates, maturity date, authorized denominations, and other information relating to each Series of Bonds are summarized in the SUMMARY OF OFFERING following this cover page and are further described herein. See "THE BONDS."

The Bonds are limited obligations of OHSU secured under the provisions of the Bond Indenture described herein and will be payable from payments on Obligation Nos. 38, 39, 40 and 41 (collectively, Obligation Nos. 38, 39, 40 and 41 are referred to hereinafter as the "2019 Obligations"), respectively, and from certain funds held under the Bond Indenture as described herein. The 2019 Obligations are being issued by OHSU under and pursuant to the terms of the Master Indenture, as described herein, whereunder OHSU, as the sole current Member of the Obligated Group, is obligated to make payments on the 2019 Obligations according to the terms thereof when due. The 2019 Obligations are being issued on a parity with all Master Indenture Obligations issued and Outstanding under the Master Indenture. OHSU has pledged its Gross Revenues (as defined in the Master Indenture) as security for its repayment obligations under the 2019 Obligations. Payments on the 2019 Obligations are required to be in an amount sufficient to pay when due the principal of and premium, if any, and interest on the Bonds.

NEITHER THE STATE OF OREGON NOR ANY POLITICAL SUBDIVISION THEREOF, OTHER THAN OHSU, SHALL BE LIABLE IN ANY EVENT FOR THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BONDS, OR FOR THE PERFORMANCE OF ANY PLEDGE, OBLIGATION, OR AGREEMENT OF ANY KIND WHATSOEVER OF OHSU. OHSU HAS NO TAXING POWER.

This cover page contains certain information for general reference only. It is not intended to be a summary of the security or terms of this bond issue. Investors are instructed to read the entire Official Statement to obtain information essential to the making of an informed investment decision.

The 2019A Bonds and the 2019C Bonds are offered when, as and if issued and received by the Underwriters (the "Negotiated Bonds"). The 2019B-1 Bonds (the "Group 1 Competitive Bonds") and the 2019B-2 Bonds (the "Group 2 Competitive Bonds" and, together with the Group 1 Competitive Bonds, the "Competitive Bonds") are being sold to Initial Purchasers through a competitive auction bid process in accordance with a Notice of Sale dated on or around November 26, 2019. The offer of the Bonds may be subject to prior sale, to withdrawal or modification of the offer without notice, and to the approval of the validity of the Bonds and certain other legal matters by Orrick, Herrington & Sutcliffe LLP, Portland, Oregon, Bond Counsel to OHSU, and the approval of certain matters for OHSU by its Executive Vice President and General Counsel. Certain legal matters will be passed upon for the Underwriters of the Negotiated Bonds by their counsel, Hawkins Delafield & Wood LLP. Orrick, Herrington & Sutcliffe LLP, as Disclosure Counsel, will provide certain other legal services for OHSU. Melio & Company, LLC has provided financial consulting services to OHSU in connection with the offering of the Bonds. It is expected that the Bonds in book-entry form will be available for delivery through the facilities of DTC on or about December __, 2019. See APPENDIX F—"DESCRIPTION OF DTC AND ITS BOOK-ENTRY SYSTEM."

J.P. Morgan **Goldman Sachs & Co. LLC**

BofA Securities **Loop Capital Markets** **UBS**

Date: December __, 2019

* Preliminary, subject to change.

† See "SUMMARY OF OFFERING" for information concerning the respective Series of Bonds.

SUMMARY OF OFFERING*

$305,000,000*
OREGON HEALTH AND SCIENCE UNIVERSITY
REVENUE BONDS

	$150,000,000* Series 2019A (Tax-Exempt Fixed Rate)	$25,000,000* Series 2019B-1 (Tax-Exempt Long Term Rate)	$50,000,000* Series 2019B-2 (Tax-Exempt Long Term Rate)	$80,000,000* Series 2019C (Federally Taxable Fixed Rate)
Tax Status:	Tax-Exempt	Tax-Exempt	Tax-Exempt	Federally Taxable
Initial Interest Rate Mode †:	Fixed Mode	Long Term Mode	Long Term Mode	Fixed Mode
Interest Payment Dates:	January 1 and July 1, beginning July 1, 2020	January 1 and July 1, beginning July 1, 2020	January 1 and July 1, beginning July 1, 2020	January 1 and July 1, beginning July 1, 2020
Authorized Denomination:	$5,000 or any integral multiple thereof	$5,000 or any integral multiple thereof	$5,000 or any integral multiple thereof	$5,000 or any integral multiple thereof
First Optional Redemption Date:	_____ 1, 20__	_____ 1, 20__	_____ 1, 20__	On any Business Day at the Make-Whole Redemption Price
Record Date for Interest Payments:	15th day of the month preceding the month in which such Interest Payment Date occurs	15th day of the month preceding the month in which such Interest Payment Date occurs	15th day of the month preceding the month in which such Interest Payment Date occurs	15th day of the month preceding the month in which such Interest Payment Date occurs
Last Day of Initial Long Term Period:	N/A	____ _, 20__	___ _, 20__	N/A
First Long Term Rate Mandatory Purchase Date:	N/A	____ 1, 20__	____ 1, 20__	N/A

* Preliminary, subject to change.

† Upon satisfaction of certain conditions set forth in the Bond Indenture, the Bonds may bear interest in a different Interest Rate Mode. See "THE BONDS—Mandatory Tender of Bonds for Purchase; Conversion."

**$150,000,000*
OREGON HEALTH AND SCIENCE UNIVERSITY
REVENUE BONDS
SERIES 2019A
(TAX-EXEMPT FIXED RATE)**

$_____ Serial Bonds

Maturity Dates (July 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP† Base: 685869

$_____ ___% Term Bond due July 1, 20__ Priced at _____ to Yield ____% CUSIP† _____

$_____ ___% Term Bond due July 1, 20__ Priced at _____ to Yield ____% CUSIP† _____

* Preliminary, subject to change.

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**$25,000,000*
OREGON HEALTH AND SCIENCE UNIVERSITY
REVENUE BONDS
SERIES 2019B-1
(TAX-EXEMPT LONG TERM RATE)**

Maturity Date (July 1)	Initial Long Term Period Ending	Long Term Rate Mandatory Purchase Date	Interest Rate	Yield	CUSIP† No.
			%	%	

**$50,000,000*
OREGON HEALTH AND SCIENCE UNIVERSITY
REVENUE BONDS
SERIES 2019B-2
(TAX-EXEMPT LONG TERM RATE)**

Maturity Date (July 1)	Initial Long Term Period Ending	Long Term Rate Mandatory Purchase Date	Interest Rate	Yield	CUSIP† No.
			%	%	

* Preliminary, subject to change.

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**$80,000,000*
OREGON HEALTH AND SCIENCE UNIVERSITY
REVENUE BONDS
SERIES 2019C
(FEDERALLY TAXABLE FIXED RATE)**

$_____ Serial Bonds

Maturity Dates (July 1)	Principal Amount	Interest Rate	Yield	Price	CUSIP† Base: 685869

$_____ ___% Term Bond due July 1, 20__ Priced at _____ to Yield ____% CUSIP† _____

$_____ ___% Term Bond due July 1, 20__ Priced at _____ to Yield ____% CUSIP† _____

* Preliminary, subject to change.

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All information contained herein has been obtained from OHSU, DTC and other sources that are believed to be reliable. The Underwriters and the Initial Purchasers have provided the following sentence for inclusion in this Official Statement: The Underwriters and Initial Purchasers have reviewed the information in this Official Statement in accordance with and as part of their responsibilities to investors under the federal securities laws, as applied to the facts and circumstances of this transaction, but neither the Underwriters nor the Initial Purchasers guarantee the accuracy or completeness of such information.

No dealer, broker, salesperson or other person has been authorized by OHSU, the Underwriters or the Initial Purchasers to give any information or to make any representations, other than those contained in this Official Statement and, if given or made, such information or representation must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any statement nor any sale made hereunder shall create under any circumstances any implication that there has been no change in the affairs of OHSU or DTC since the date hereof. This Official Statement is submitted in connection with the issuance of securities referred to herein and may not be used, in whole or in part, for any other purpose.

U.S. Bank National Association, as Bond Trustee, and The Bank of New York Mellon Trust Company, N.A., as Master Trustee, have not reviewed or participated in the preparation of this Official Statement and assume no responsibility for the nature, contents, accuracy or completeness of the information set forth in this Official Statement or for the recitals contained in the Bond Indenture or the Bonds, or for the validity, sufficiency, or legal effect of any of such documents. The Bond Trustee and the Master Trustee have no oversight responsibility and are not accountable for the use or application by OHSU of any of the Bonds authenticated or delivered pursuant to the Bond Indenture or for the use or application of the proceeds of such Bonds by OHSU. The Bond Trustee and the Master Trustee have not evaluated the risks, benefits, or propriety of any investment in the Bonds and make no representation, and have reached no conclusions, regarding the value or condition of any assets pledged or assigned as security for the Bonds, the technical or financial feasibility of the projects to be financed with proceeds from the sale of the Bonds, or the investment quality of the Bonds, about all of which the Bond Trustee and the Master Trustee express no opinion and expressly disclaim the expertise to evaluate.

This Preliminary Official Statement has been "deemed final" as of its date by OHSU, except for the omission of offering prices, interest rates, selling commissions, aggregate principal amount, principal amount per maturity, delivery dates and other terms of the 2019 Bonds depending on such matters, in accordance with Rule 15c2-12(b)(i) under the Securities Exchange Act of 1934, as amended.

References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this final official statement for purposes of, and as that term is defined in, Rule 15c2-12.

IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITERS, WITH RESPECT TO THE NEGOTIATED BONDS, AND THE INITIAL PURCHASERS, WITH RESPECT TO THE COMPETITIVE BONDS, MAY OVER ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS OFFERED HEREBY AT LEVELS ABOVE THAT WHICH OTHERWISE MIGHT PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS IN THIS OFFICIAL STATEMENT

Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements." Such statements generally are identifiable by the terminology used, such as "plan," "expect," "estimate," "budget" or other similar words. Such forward-looking statements include but are not limited to certain statements contained in the information under the caption "BONDHOLDERS' RISKS" in the forepart of this

Official Statement and the statements contained under the captions "FINANCIAL INFORMATION" and "MANAGEMENT'S DISCUSSION OF RECENT FINANCIAL PERFORMANCE" in APPENDIX A—"INFORMATION CONCERNING OREGON HEALTH AND SCIENCE UNIVERSITY."

The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. OHSU does not plan to issue any updates or revisions to those forward-looking statements if or when its expectations or events, conditions or circumstances on which such statements are based occur.

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OFFICIAL STATEMENT

$305,000,000*
OREGON HEALTH AND SCIENCE UNIVERSITY
REVENUE BONDS

$150,000,000*
Series 2019A
(Tax-Exempt Fixed Rate)

$25,000,000*
Series 2019B-1
(Tax-Exempt Long Term Rate)

$50,000,000*
Series 2019B-2
(Tax-Exempt Long Term Rate)

$80,000,000*
Series 2019C
(Federally Taxable Fixed Rate)

INTRODUCTORY STATEMENT

The following introductory statement is subject in all respects to the more complete information set forth in this Official Statement. The descriptions and summaries of various documents hereinafter set forth do not purport to be comprehensive or definitive and are qualified in their entirety by reference to each document. All capitalized terms used in this Official Statement and not otherwise defined herein or in APPENDIX C have the same meaning as in the Master Indenture or the Bond Indenture (each as defined below). See APPENDIX C—"SUMMARY OF PRINCIPAL DOCUMENTS—Definitions of Certain Terms in the Master Indenture and the Series 2019 Supplements" and "—Definitions of Certain Terms in the Bond Indenture."

Purpose of this Official Statement

This Official Statement, including the cover page and the appendices hereto, is provided to furnish information in connection with the sale and delivery of $150,000,000* aggregate principal amount of Oregon Health and Science University Revenue Bonds, Series 2019A (Tax-Exempt Fixed Rate) (the "2019A Bonds"), $25,000,000* aggregate principal amount of Oregon Health and Science University Revenue Bonds, Series 2019B-1 (Tax-Exempt Long Term Rate) (the "2019B-1 Bonds") and $50,000,000* aggregate principal amount of Oregon Health and Science University Revenue Bonds, Series 2019B-2 (Tax-Exempt Long Term Rate) (the "2019B-2 Bonds" and together with the 2019B-1 Bonds, the "2019B Bonds") and $80,000,000* aggregate principal amount of Oregon Health and Science University Revenue Bonds, Series 2019C (Federally Taxable Fixed Rate) (the "2019C Bonds" or the "Taxable Bonds").

Together, the 2019A Bonds and the 2019B Bonds are referred to herein as the "Tax-Exempt Bonds" and the 2019A Bonds, the 2019B Bonds and the 2019C Bonds are collectively referred to herein as the "Bonds." See "PLAN OF FINANCE" below.

---

* Preliminary, subject to change.

The Bonds

As further described herein, the Bonds will be issued for OHSU's general public corporation or other public purposes. The Bonds will be issued pursuant to and secured by a Bond Indenture (the "Bond Indenture"), dated as of December 1, 2019 between Oregon Health and Science University ("OHSU") and U.S. Bank National Association, as Bond Trustee (the "Bond Trustee"). See "PLAN OF FINANCE" below.

The 2019A Bonds and 2019C Bonds (the "Negotiated Bonds") are offered when, as and if issued and received by the Underwriters. The 2019B Bonds (the "Competitive Bonds") are being sold to initial purchasers (the "Initial Purchasers") through a competitive auction bid process in accordance with a Notice of Sale dated on or around November 26, 2019.

Oregon Health and Science University

OHSU, based in Portland, Oregon, is an Oregon public corporation and a political subdivision of the State of Oregon (sometimes referred to herein as the "State") that provides a wide array of education, research, patient care and outreach services. For a description of OHSU, see "OREGON HEALTH AND SCIENCE UNIVERSITY" herein and APPENDIX A—"INFORMATION CONCERNING OREGON HEALTH AND SCIENCE UNIVERSITY" hereto. Although OHSU is a governmental entity, it is not considered a unit of local or municipal government or a State agency for purposes of most State statutes or constitutional provisions. For purposes of State law, revenue bonds issued by OHSU are treated as bonds of a political subdivision of the State.

The Master Indenture and the Obligated Group

Concurrent with the issuance of the Bonds and to secure OHSU's obligations to make payments with respect to the Bonds, OHSU will issue Obligation No. 38 with respect to the 2019A Bonds, Obligation No. 39 with respect to the 2019B-1 Bonds, Obligation No. 40 with respect to the 2019B-2 Bonds, and Obligation No. 41 with respect to the 2019C Bonds. Collectively, Obligation Nos. 38, 39, 40 and 41 are referred to hereinafter as the "2019 Obligations."

The 2019 Obligations are issued under and pursuant to the terms of the Amended and Restated Master Trust Indenture (the "Master Indenture"), dated as of May 1, 2012, between OHSU and The Bank of New York Mellon Trust Company, N.A., as Master Trustee (the "Master Trustee"), as supplemented and amended from time to time, including as supplemented and amended by Supplemental Master Trust Indenture No. 12 dated as of December 1, 2019 with respect to the 2019A Bonds and Obligation No. 38 ("Supplement No. 12"), Supplemental Master Trust Indenture No. 13 dated as of December 1, 2019 with respect to the 2019B Bonds and Obligation Nos. 39 and 40 ("Supplement No. 13") and Supplemental Master Trust Indenture No. 14 dated as of December 1, 2019 with respect to the 2019C Bonds and Obligation No. 41 ("Supplement No. 14").

OHSU is the sole Member of the Obligated Group established pursuant to the Master Indenture (the "Obligated Group" and each member thereof, a "Member" and, collectively, the "Members") and, as such, is obligated to make payments on the 2019 Obligations according to the terms thereof when due. OHSU is also the Credit Group Representative under the Master Indenture. Payments on the 2019 Obligations are required to be in an amount sufficient to pay when due the principal of and premium, if any, and interest on the Bonds. OHSU has pledged its Gross Revenues (described below) as security for its repayment obligations secured by Master Indenture Obligations (collectively, the "Master Indenture Obligations"), including the 2019 Obligations.

Under certain conditions described herein, from time to time after the issuance of the Bonds, additional Members may be added to the Obligated Group and be made jointly and severally liable with OHSU with respect to the 2019 Obligations and other Master Indenture Obligations issued under the Master Indenture. Additionally, Members (other than OHSU, so long as the Bonds are outstanding) may withdraw from the Obligated Group under certain conditions set forth in the Master Indenture. See APPENDIX C—"SUMMARY OF PRINCIPAL DOCUMENTS—THE MASTER INDENTURE—Membership in Obligated Group" and "—Withdrawal from Obligated Group."

Under the Master Indenture, OHSU, as Credit Group Representative, may designate "Designated Affiliates" from time to time and rescind any such designation at any time. Designated Affiliates are not obligated to make payments with respect to the 2019 Obligations or any other Master Indenture Obligations issued under the Master Indenture, but may be required to pay or otherwise transfer to the Credit Group Representative amounts necessary to enable OHSU to pay when due the principal of and premium, if any, and interest on Outstanding Master Indenture Obligations, subject to certain limitations with respect to donor-restricted funds held by any Designated Affiliate. There are currently no Designated Affiliates under the Master Indenture.

Security for the Bonds

The Bonds are secured under the provisions of the Bond Indenture and will be payable from payments made by the Obligated Group on the 2019 Obligations and from certain funds held under the Bond Indenture. The 2019 Obligations will be issued on a parity with all Master Indenture Obligations issued and Outstanding, including later issued Master Indenture Obligations. See "SECURITY AND SOURCE OF PAYMENT FOR THE BONDS—The Master Indenture—*Outstanding Indebtedness*" herein. Pursuant to Section 353.340 of the Oregon Revised Statutes ("ORS"), the Bonds are not a general obligation of OHSU and are payable solely from the revenues pledged therefor. OHSU has no taxing power.

Plan of Finance

OHSU intends to use the proceeds of the Bonds to (i) finance a portion of the costs of acquiring new facilities and other capital expenditures, (ii) currently refund all or a portion of its outstanding Revenue Bonds, Series 2012B-3, Series 2012C, Series 2015A and Series 2015B Bonds, and advance refund or purchase via a tender offer all or a portion of its outstanding Revenue Bonds, Series 2012E as further described herein and (iii) pay costs related to the issuance of the Bonds. See "PLAN OF FINANCE" and "ESTIMATED SOURCES AND USES OF FUNDS" herein.

OREGON HEALTH AND SCIENCE UNIVERSITY

OHSU is an Oregon public corporation and a component unit of the State that operates the only health sciences university in the State, and provides a wide array of education, research, patient care and outreach services. OHSU became an independent public corporation pursuant to an act of the Oregon Legislative Assembly in 1995 (the "Act"). All of the members of OHSU's Board of Directors (except the President of OHSU, who serves as an ex officio voting member) are appointed by the Governor of the State and confirmed by the Oregon Senate. For a description of OHSU's multiple campuses, facilities, and real property interests, see APPENDIX A—"INFORMATION CONCERNING OREGON HEALTH AND SCIENCE UNIVERSITY—HISTORY, BACKGROUND AND FACILITIES" and "BONDHOLDERS' RISKS—OHSU Real Property Interests" herein.

OHSU is the Credit Group Representative and the sole Member of the Obligated Group established pursuant to the Master Indenture. As such, OHSU is the only entity contractually obligated to make payments on Master Indenture Obligations.

THE BONDS

The following is a summary of certain provisions of the Bonds. Reference is made to the Bonds and to the Bond Indenture for a more detailed description of such provisions. The discussion herein is qualified by reference. See APPENDIX C—"SUMMARY OF PRINCIPAL DOCUMENTS—THE BOND INDENTURE." Terms not otherwise defined in the following summary have the meanings assigned thereto in APPENDIX C hereto. So long as DTC acts as securities depository for the Bonds, as described in APPENDIX F—"DESCRIPTION OF DTC AND ITS BOOK-ENTRY SYSTEM" herein, all references herein to "Bondholder" or "Bondholders" and to "owners" and "holders" of Bonds shall be deemed to refer to Cede & Co., as nominee for DTC, and not to DTC Participants, Indirect Participants or Beneficial Owners (as said terms are hereinafter defined).

This Official Statement summarizes certain terms of the 2019A Bonds and the 2019C Bonds (the "Fixed Mode Bonds") only while such Fixed Mode Bonds bear interest in the Initial Fixed Period and only while each Series of the 2019B Bonds bear interest in the Initial Long Term Period. The Initial Fixed Period will commence on the original issue date of the Fixed Mode Bonds and will end on the earlier of the Maturity Date or the date, if any, on which any Series of Fixed Mode Bonds are converted at the election of OHSU to operate in a different Interest Rate Mode or a new Fixed Period. The Initial Long Term Period for each Series of 2019B Bonds will commence on the original issue date of the 2019B Bonds and will end on the respective Long Term Rate Mandatory Purchase Dates set forth in the "SUMMARY OF OFFERING" on the inside cover hereof or an earlier date if any, on which any Series of the 2019B Bonds are redeemed or converted at the election of OHSU to operate in a different Interest Rate Mode.

For each Series of Bonds, there are significant differences in the terms if such Series were to operate in a different Interest Rate Mode. Should any Series of the Bonds be converted to operate in a different Interest Rate Mode or, with respect to any Series of the Fixed Mode Bonds, a new Fixed Period, or, with respect to the each Series of the 2019B Bonds, a new Long Term Interest Rate Period, such Series of Bonds will be subject to mandatory tender and purchase on such conversion date and, at that time, it is expected that a reoffering circular or supplement to this Official Statement or other disclosure document will be prepared for such Series of Bonds.

See "—2019A Bonds and 2019C Bonds" and "—2019B Bonds" below for further details.

General

The Bonds will be subject to sinking fund, optional and extraordinary optional redemption, and purchase in lieu of optional redemption prior to maturity as described below with respect to each Series of the Bonds.

The Bonds will be made available to Beneficial Owners in book-entry form only, in Authorized Denominations of $5,000 and any integral multiple thereof. Beneficial Owners of the Bonds will not receive certificates representing their interests in the Bonds, except as described below. So long as Cede & Co. is the registered owner of the Bonds, the principal of, and the interest on, the Bonds are payable by wire transfer by the Bond Trustee to Cede & Co., as nominee for DTC which, in turn, will remit such amounts to DTC Participants for subsequent disbursement to the Beneficial Owners. So long as all records of ownership of the Bonds are maintained through the book-entry only system, all payments to

the Beneficial Owners of the Bonds will be made in accordance with the procedures described herein in APPENDIX F—"DESCRIPTION OF DTC AND ITS BOOK-ENTRY SYSTEM."

The principal or Redemption Price of the Bonds shall be payable in lawful money of the United States of America. Such principal or Redemption Price shall be payable at the designated corporate trust office of the Bond Trustee upon surrender of the Bonds to the Bond Trustee for cancellation. Interest on the Bonds shall be payable on each Interest Payment Date by the Bond Trustee by check mailed on the date on which due to the Holders of Bonds at the close of business of the fifteenth day of the month preceding the month in which such Interest Payment Date occurs, whether or not such day is a Business Day (each, a "Record Date") in respect of such Interest Payment Date at the registered addresses of Holders as shall appear on the registration books of the Bond Trustee as of the close of business as of such Record Date. In the case of any Holder of Bonds in an aggregate principal amount in excess of $1,000,000 as shown on the registration books of the Bond Trustee who, prior to the Record Date next preceding any Interest Payment Date, shall have provided the Bond Trustee with written wire transfer instructions containing the wire transfer address within the continental United States, interest payable on such Bonds shall be paid in accordance with the wire transfer instructions provided by the Holder of such Bond.

Registration, Transfer and Exchange. For a description of the procedure to transfer ownership of a Bond while in the book-entry only system, see APPENDIX F—"DESCRIPTION OF DTC AND ITS BOOK-ENTRY SYSTEM." The Bonds, if not then in book-entry only registration, are subject to the limitations described below.

Upon surrender for transfer or exchange of any Bond at the Corporate Trust Office of the Bond Trustee, OHSU shall execute and the Bond Trustee shall authenticate and deliver in the name of the designated transferee or transferees one or more new Bonds of the same maturity and of any Authorized Denominations and of a like aggregate principal amount. Every Bond presented or surrendered for transfer or exchange shall (if so required by the Bond Trustee, as bond registrar) be duly endorsed, or be accompanied by a written instrument of transfer, in form satisfactory to the Bond Trustee, as bond registrar, duly executed by the Owner thereof or his attorney or legal representative duly authorized in writing.

No service charge shall be made for any registration, transfer or exchange of Bonds, but the Bond Trustee may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Bonds, and such charge shall be paid before any such new Bond shall be delivered.

The Bond Trustee shall not be required to (a) transfer or exchange any Bond (other than a Bond tendered for purchase in connection with a Conversion or on a Mandatory Purchase Date) during a period beginning 15 days before the day of the mailing of a notice of redemption of such Bond and ending at the close of business on the day of such mailing, or (b) transfer or exchange any Bond so selected for redemption in whole or in part, during a period beginning at the opening of business on any Record Date for such Bonds and ending at the close of business on the relevant Interest Payment Date therefor.

2019A Bonds and 2019C Bonds

General. The Fixed Mode Bonds will be dated the date of delivery and will mature as shown on the inside cover and immediately succeeding pages of this Official Statement. The Fixed Mode Bonds are being issued in a Fixed Mode to bear interest at the Fixed Rates indicated on the inside cover and immediately succeeding pages of this Official Statement. The Fixed Mode Bonds, or portions thereof, may be converted, at OHSU's election, to a Daily Mode, a Two Day Mode, a Weekly Mode, a Short

Term Mode, a Long Term Mode, a Flexible Mode, an FRN Mode, a VRO Mode, a Window Mode, a Direct Purchase Mode, or a new Fixed Period, all as defined in the Bond Indenture. Any such Conversion may occur only during the period such Series of Fixed Mode Bonds are subject to optional redemption pursuant to the provisions of the Bond Indenture as described under "—Redemption—*2019A Bonds—Optional Redemption*" and *"—2019C Bonds—Make-Whole Redemption*" below. See also "—Mandatory Tender; Source of Funds for Payment of Purchase Price—*Mandatory Tender of Bonds*" and "—Conversions."

Interest on the Fixed Mode Bonds (based on a 360-day year of twelve 30-day months) will be payable each January 1 and July 1 (each, an "Interest Payment Date"), commencing July 1, 2020. The day next succeeding the last day of a Fixed Period and any Conversion Date is also an Interest Payment Date with respect to the Fixed Mode Bonds. Interest shall be payable on each Interest Payment Date for the period commencing on (and including) the immediately preceding Interest Accrual Date and ending on the day immediately preceding such Interest Payment Date. "Interest Accrual Date" means the first day of the Initial Fixed Period and, thereafter, each Interest Payment Date during such period, other than the last such Interest Payment Date

2019B Bonds

General. The 2019B Bonds will be dated the date of delivery and will mature on the dates set forth on the inside cover of this Official Statement. Each Series of 2019B Bonds are being issued in the Long Term Mode to bear interest at the Long Term Rates indicated on the inside cover of this Official Statement. The 2019B Bonds, or portions thereof, may be converted, at OHSU's election, to a Daily Mode, a Two Day Mode, a Weekly Mode, a Short Term Mode, a Fixed Mode, a Flexible Mode, an FRN Mode, a VRO Mode, a Window Mode, a Direct Purchase Mode, or a new Long Term Interest Rate Period, all as defined in the Bond Indenture. Each Series of 2019B Bonds are subject to mandatory tender for purchase on first day following the last day of the Initial Long Term Period applicable to each Series, which is the Long Term Rate Mandatory Purchase Date, each as set forth on the inside cover of this Official Statement. Each Series of 2019B Bonds are also subject to mandatory tender for purchase on a date such Series are converted, which may be on any date when the Bonds are subject to optional redemption as described in "—Redemption—*2019B Bonds—Optional Redemption*." See also "—Mandatory Tender; Source of Funds for Payment of Purchase Price—*Mandatory Tender of Bonds*" and "—Conversions."

Interest on the 2019B Bonds (based on a 360-day year of twelve 30-day months) will be payable each January 1 and July 1 (each, an "Interest Payment Date"), commencing July 1, 2020. The day next succeeding the last day of a Long Term Interest Rate Period and any Conversion Date is also an Interest Payment Date with respect to the 2019B Bonds. Interest shall be payable on each Interest Payment Date for the period commencing on (and including) the immediately preceding Interest Accrual Date and ending on the day immediately preceding such Interest Payment Date. "Interest Accrual Date" means the first day of the Long Term Interest Rate Period and, thereafter, each Interest Payment Date during such period, other than the last such Interest Payment Date

Subject to the limitations and conditions of the Bond Indenture and as further described under the caption "—Conversion" below, unless bearing interest at a Long Term Rate to maturity, the 2019B Bonds may be converted, in whole or in part, in Authorized Denominations in a minimum aggregate principal amount of $5,000,000, to operate in a different Interest Rate Mode or a new Long Term Interest Rate Period on the day following the last day of the then-current Long Term Interest Rate Period for the 2019B Bonds or a day on which the 2019B Bonds otherwise would be subject to optional redemption. Each Series of 2019B Bonds shall be in the same Interest Rate Mode and operate in the same Interest Rate Period, subject to future designations as separate sub-Series, in which case all Bonds of a sub-Series shall

be in the same Interest Rate Mode and operate in the same Interest Rate Period. Interest on the 2019B Bonds shall not exceed the Maximum Interest Rate. "Maximum Interest Rate" means 12% per annum; provided, however, that in any case the Maximum Interest Rate on any Bonds shall not exceed the maximum nonusurious rate of interest on the relevant obligation permitted by applicable law (the "Maximum Lawful Rate").

Determination of Long Term Rate. The initial Long Term Rate for each Series of 2019B Bonds, in effect for the Long Term Interest Rate Period beginning on the date of delivery and ending on the day preceding the Long Term Rate Mandatory Purchase Date is set forth on the inside cover of this Official Statement. For any subsequent Long Term Interest Rate Period, the Long Term Rate shall be determined in accordance with the Bond Indenture by the Remarketing Agent for each Series of Bonds.

Mandatory Tender; Source of Funds for Payment of Purchase Price

Mandatory Tender of Bonds. The Bonds of each Series are subject to mandatory tender on each Conversion Date and, with respect to the 2019B Bonds, the respective Long Term Rate Mandatory Purchase Dates described in the "SUMMARY OF OFFERING" on the inside cover hereof, at the Purchase Price, payable in immediately available funds.

"Purchase Price" means, an amount equal to the principal amount thereof plus accrued interest to, but not including, the Purchase Date; provided, however, that: (a) if the Purchase Date is an Interest Payment Date, the Purchase Price shall be the principal amount of the Bond, and interest on such Bond shall be paid to the Holder of such Bond pursuant to the Bond Indenture; and (b) in the case of a purchase on the first day of an Interest Rate Period which is preceded by a Long Term Period and which commences prior to the day originally established as the last day of such preceding Long Term Period, "Purchase Price" means the optional Redemption Price which would have been applicable to such Bond if the preceding Long Term Period had continued to the day originally established as its last day, plus accrued interest, if any.

For any Series of Bonds, notice of mandatory tender of Bonds shall be given by the Bond Trustee to the Holders of the Bonds subject to mandatory tender (at their addresses as they appear on the Registration Books as of the date of such notice) by Electronic Notice, confirmed by first class mail, not fewer than 10 days prior to the applicable Mandatory Purchase Date. Notices of mandatory tender of Bonds delivered to Holders shall: (i) specify the proposed Mandatory Purchase Date and the event which gives rise to the proposed Mandatory Purchase Date (which shall be a Conversion Date if the mandatory tender is by reason of a proposed Conversion); (ii) state that such Bonds shall be subject to mandatory tender for purchase on such Mandatory Purchase Date; (iii) state that Holders may not elect to retain such Bonds subject to mandatory tender; (iv) state that all such Bonds subject to mandatory tender shall be required to be delivered to the Corporate Trust Office of the Bond Trustee at or before 10:00 a.m., New York City time, on the Mandatory Purchase Date; (v) state that if the Holder of any Bond subject to mandatory tender fails to deliver such Bond to the Bond Trustee for purchase on the Mandatory Purchase Date, and if the Bond Trustee is in receipt of funds sufficient to pay the Purchase Price thereof, such Bond (or portion thereof) shall nevertheless be deemed purchased on the Mandatory Purchase Date and ownership of such Bond (or portion thereof) shall be transferred to the purchaser thereof; (vi) state that any Holder that fails to deliver any Bond for purchase shall have no further rights thereunder or under the Bond Indenture except the right to receive the Purchase Price thereof upon presentation and surrender of said Bond to the Bond Trustee and that the Bond Trustee will place a stop transfer against the Bonds subject to mandatory tender registered in the name of such Holder(s) on the Registration Books; (vii) state that if moneys sufficient to effect such purchase shall have been provided, all such Bonds shall be purchased; and (viii) in the case of mandatory tender upon any proposed Conversion of Bonds, state that such Conversion and such mandatory tender will not occur in the event the conditions to Conversion do

not occur, and that any such failure to effect the Conversion shall not constitute an Event of Default (unless, with respect to the 2019B Bonds, such Series of 2019B Bonds by their terms are otherwise subject to mandatory tender on its Long Term Mandatory Purchase Date). See "—Conversions" below.

If, following the giving of notice of mandatory tender of Bonds, an event occurs which, in accordance with the Bond Indenture causes such mandatory tender not to occur, then (i) the Bond Trustee shall so notify the Holders of such Bonds (at their addresses as they appear on the Registration Books on the date of such notice), by Electronic Notice, confirmed by first class mail, as soon as may be practicable after the applicable Mandatory Purchase Date, and (ii) the Bond Trustee shall return to the Holders any such Bonds tendered to the Bond Trustee in connection with such mandatory tender of such Bonds.

Source of Funds for Payment of Purchase Price. Funds for the purchase of Bonds that have been tendered for purchase pursuant to the mandatory tender requirements of the Bond Indenture will be provided, first, from the proceeds of the remarketing of such Bonds and then, to the extent remarketing proceeds are insufficient to provide all funds required to purchase such Bonds, from funds drawn under a Liquidity Facility or a Credit Facility, if any Liquidity Facility or Credit Facility is then in effect, or from funds provided by OHSU. At the time of the issuance of the 2019B Bonds, the obligation to purchase the 2019B Bonds upon mandatory tender will not be supported by any Liquidity Facility or Credit Facility. OHSU has agreed in the Bond Indenture that, if a Liquidity Facility or a Credit Facility is not in effect with such Series of Bonds, OHSU will pay to the Bond Trustee any such additional amount by which the total Purchase Price exceeds the proceeds from the remarketing of such Bonds, except, with respect to a Conversion of the Fixed Mode Bonds.

Insufficient Funds for the Payment of Purchase Price. If the funds available for the purchase of Bonds subject to purchase on a Purchase Date are insufficient to purchase all of such Bonds on such Purchase Date (including Undelivered Bonds), then no purchase of any Bond shall occur on such Purchase Date and, on such Purchase Date, the Bond Trustee shall (i) return all of such Bonds that were tendered to the Holders thereof, and (ii) return all moneys received by the Bond Trustee for the purchase of such Bonds to the respective Persons that provided such moneys (in the respective amounts in which such moneys were so provided).

The failure to purchase the 2019B Bonds on a Purchase Date (including the Long Term Rate Mandatory Purchase Date) shall constitute an Event of Default, and all of the 2019B Bonds shall bear interest at the Maximum Interest Rate from such Purchase Date until such date that all of such unpurchased Bonds have been purchased or payment of the principal of and interest thereon has otherwise been made in accordance with the Bond Indenture.

The failure to purchase the Fixed Mode Bonds in connection with a Conversion from the Initial Fixed Period shall not constitute an Event of Default. In such cases, the Fixed Mode Bonds or portion thereof to have been converted shall continue to bear interest in the Initial Fixed Period and at the current interest rates for the Initial Fixed Period in effect immediately prior to such proposed Conversion Date.

Undelivered Bond. If any Holder of a Bond subject to mandatory tender for purchase shall fail to deliver such Bond to the Bond Trustee at the place and on the applicable Purchase Date and at the time specified in its notice or in the notice provided to the Holder, as applicable, or shall fail to deliver such Bond properly endorsed, such Bond shall constitute an Undelivered Bond. If funds in the amount of the Purchase Price of the Undelivered Bond are available for payment to the Holder thereof on the Purchase Date and at the time specified, from and after the Purchase Date and time of that required delivery, (1) the Undelivered Bond shall be deemed to be purchased and shall no longer be deemed to be Outstanding; (2) interest shall no longer accrue thereon; and (3) funds in the amount of the Purchase Price of the Undelivered Bond shall be held by the Bond Trustee for the benefit of the Holder thereof (provided that

the Holder shall have no right to any investment earnings thereon), to be paid on delivery of the Undelivered Bond to the Bond Trustee at its Corporate Trust Office. Any funds held by the Bond Trustee as described in clause (3) of the preceding sentence shall be held uninvested and not commingled.

Conversions

At the option of OHSU, all or a portion of each Series of Bonds may be converted to operate in one or more of a Daily Mode, a Two-Day Mode, a Weekly Mode, a Short-Term Mode, a Fixed Mode, a Flexible Mode, an FRN Mode, a VRO Mode, a Window Mode, a Direct Purchase Mode or a new Long Term Interest Rate Period (with respect to any Series of the 2019B Bonds) or a new Fixed Period (with respect to any Series of the Fixed Mode Bonds).

Each Series of Fixed Mode Bonds may be converted on any date such Series of Fixed Mode Bonds are subject to optional redemption as described in "—Redemption—*2019A Bonds—Optional Redemption*" and "*—2019C Bonds—Make-Whole Redemption*."

Each Series of 2019B Bonds may be converted on the related Long Term Rate Mandatory Purchase Date described in the "SUMMARY OF OFFERING" on the inside cover hereof or on any date when such Series of 2019B Bonds are subject to optional redemption as described in "—Redemption—*2019B Bonds— Optional Redemption*" below.

Any Conversion of a Series of Bonds shall be in whole or in part in Authorized Denominations in a minimum aggregate principal amount of $5,000,000. The Bond Trustee shall give Electronic Notice, confirmed by first class mail, of the Conversion and mandatory tender to the holders of such Series of Bonds, not less than 15 days (with respect to the 2019B Bonds) or 20 days (with respect to the Fixed Mode Bonds) prior to the Conversion Date. Interest shall accrue on such Bonds at the new interest rate commencing on such Conversion Date, whether or not a Business Day.

Rescission. In connection with any proposed Conversion of a Series of Bonds (or a portion of a Series of Bonds) on a Purchase Date (and, with respect to the 2019B Bonds, a Purchase Date that is not otherwise a Long Term Rate Mandatory Purchase Date), OHSU shall have the right to deliver, on or prior to 10:00 a.m., New York City time, on the effective date of any such Conversion, a notice to the effect that OHSU elects to rescind its election to implement any such Conversion. If OHSU rescinds its election to implement any such Conversion, then such Conversion shall not occur, the mandatory tender shall not occur (unless such proposed Conversion Date is also a Long Term Rate Mandatory Purchase Date), and such Series of Bonds shall continue to bear interest in the current Interest Rate Mode and the current interest rate in effect immediately prior to such proposed Conversion Date.

Conditions to Conversion. No Conversion shall take effect under this Bond Indenture unless the following conditions have been satisfied: (i) in the case of any Conversion with respect to which there shall be no Liquidity Facility or Credit Facility in effect to provide funds for the purchase of Bonds to be converted on the Conversion Date, the remarketing proceeds and funds available on the Conversion Date shall not be less than the amount required to purchase all of the Series of Bonds to be converted at the applicable Purchase Price, (ii) in the case of any Conversion of a Series of Bonds to any Interest Rate Mode (except a Direct Purchase Period), prior to the Conversion Date OHSU shall have appointed a Remarketing Agent and there shall have been executed and delivered a Remarketing Agreement, (iii) if such Conversion is with respect to less than all of a Series of Bonds, such Series of Bonds shall be designated as separate sub-Series, and (iv) delivery of a Favorable Opinion of Bond Counsel (with respect to the Tax-Exempt Bonds). In addition, such Conversion shall not take effect if (i) the Remarketing Agent fails to determine, when required, the interest rate for the new Interest Rate Mode or Interest Rate Period, as applicable; (ii) the notice to Holders of Bonds of the Conversion is not given when required;

(iii) sufficient funds are not available by 2:00 p.m., New York City time, on the Conversion Date to purchase all of the Bonds required to be purchased on such Conversion Date, or (iv) in the case of Conversion of the Fixed Mode Bonds from the Initial Fixed Period, not all of the Bonds are remarketed in the new Interest Rate Mode or Interest Rate Period, as applicable, on the applicable Conversion Date.

With respect to the Fixed Mode Bonds, failure of OHSU to provide sufficient funds for the purchase of all tendered Fixed Mode Bonds on a Conversion Date shall not constitute an Event of Default under the Bond Indenture. If such Fixed Mode Bonds are not purchased when required, then such Conversion of the Interest Rate Mode shall not occur and such Fixed Mode Bonds shall continue to bear interest in the Initial Fixed Period at the current interest rate as in effect immediately prior to such proposed Conversion Date.

Redemption*

2019A Bonds

Optional Redemption. During the Initial Fixed Period, the 2019A Bonds maturing on or after July 1, 20__ are subject to redemption prior to their Maturity Date on any Business Day on or after _____ 1, 20__, at the option of OHSU, in whole or in part in Authorized Denominations at any time, in such amounts as may be designated by OHSU, at a Redemption Price equal to principal amount thereof, plus interest accrued thereon, if any, to the date fixed for redemption, without premium.

At the option of OHSU, for the 2019A Bonds, all or a portion of the 2019A Bonds may be converted to operate in a Daily Mode, a Two Day Mode, a Weekly Mode, a Short Term Mode, a Long Term Mode, a Flexible Mode, an FRN Mode, a VRO Mode, a Window Mode, a Direct Purchase Mode or a new Fixed Period bearing interest at new Fixed Rates on any date during the period such 2019A Bonds are subject to optional redemption as described under this caption.

Sinking Fund Redemption. The 2019A Bonds maturing on July 1, 20__, are subject to redemption in part prior to their stated maturity from Sinking Fund Installments on a date that any Sinking Fund Installment is due at a Redemption Price equal to the principal amount thereof, plus interest accrued thereon, if any, to the date fixed for redemption, without premium, at the following amounts and on the following dates:

Sinking Fund Installment Date (July 1)	Sinking Fund Installments
	$
±	

± Maturity

* Preliminary, subject to change.

The 2019A Bonds maturing on July 1, 20__, are subject to redemption in part prior to their stated maturity from Sinking Fund Installments on a date that any Sinking Fund Installment is due at a Redemption Price equal to the principal amount thereof, plus interest accrued thereon, if any, to the date fixed for redemption, without premium, at the following amounts and on the following dates:

Sinking Fund Installment Date (July 1)	Sinking Fund Installments
	$
±	

± Maturity

2019B Bonds

Optional Redemption. During the Initial Long Term Period, 2019B-1 Bonds are subject to optional redemption prior to their stated maturity date, on any Business Day on or after ___, 20__ at the option of OHSU, in whole or in part, in such amounts as may be designated by OHSU, at a Redemption Price equal to the principal amount thereof, plus interest accrued thereon, if any, to the date fixed for redemption, without premium

During the Initial Long Term Period, 2019B-2 Bonds are subject to optional redemption prior to their stated maturity date, on any Business Day on or after ___, 20__, at the option of OHSU, in whole or in part, in such amounts as may be designated by OHSU, at a Redemption Price equal to the principal amount thereof, plus interest accrued thereon, if any, to the date fixed for redemption, without premium.

At the option of OHSU, for each Series of the 2019B Bonds, all or a portion of the 2019B Bonds may be converted to operate in a Daily Mode, a Two Day Mode, a Weekly Mode, a Short Term Mode, a Fixed Mode, a Flexible Mode, an FRN Mode, a VRO Mode, a Window Mode, a Direct Purchase Mode or a new Long Term Interest Rate Period on any date during the period such Series of 2019B Bonds are subject to optional redemption as described under this caption.

Sinking Fund Redemption. The 2019B-1 Bonds are subject to redemption in part prior to their stated maturity from Sinking Fund Installments on a date that any Sinking Fund Installment is due at a Redemption Price equal to the principal amount thereof, plus interest accrued thereon, if any, to the date fixed for redemption, without premium, at the following amounts and on the following dates:

Sinking Fund Installment Date (July 1)	Sinking Fund Installments
	$
±	

± Maturity

The 2019B-2 Bonds, are subject to redemption in part prior to their stated maturity from Sinking Fund Installments on a date that any Sinking Fund Installment is due at a Redemption Price equal to the principal amount thereof, plus interest accrued thereon, if any, to the date fixed for redemption, without premium, at the following amounts and on the following dates:

Sinking Fund Installment Date (July 1)	Sinking Fund Installments
	$
±	

± Maturity

2019C Bonds

Make-Whole Redemption. During the Initial Fixed Period, the 2019C Bonds are subject to optional redemption prior to their stated maturity date, on any Business Day, at the option of OHSU, in whole or in part, in such amounts as may be designated by OHSU, at the "Make-Whole Redemption Price," as described below, plus interest accrued thereon, if any, to the date fixed for redemption.

The "Make-Whole Redemption Price" is the greater of (i) 100 percent of the principal amount of the 2019C Bonds to be redeemed and (ii) the sum of the present value of the remaining scheduled payments of principal and interest on the 2019C Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which such 2019C Bonds are to be redeemed, discounted to the date on which the 2019C Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the "Treasury Rate" defined below, plus ___ basis points.

"Treasury Rate" means, with respect to any redemption date for a particular 2019C Bond, the rate per annum, expressed as a percentage of the principal amount, equal to the semi-annual equivalent yield to maturity or interpolated maturity of the Comparable Treasury Issue, assuming that the Comparable Treasury Issue is purchased on the redemption date for a price equal to the Comparable Treasury Price, as calculated by the Designated Investment Banker.

"Comparable Treasury Issue" means, with respect to any redemption date for a particular 2019C Bond, the United States Treasury security or securities selected by the Designated Investment Banker which has an actual or interpolated maturity comparable to the remaining average life of the 2019C Bond to be redeemed, and that would be utilized in accordance with customary financial practice in pricing new issues of debt securities of comparable maturity to the remaining average life of the 2019C Bond to be redeemed.

"Comparable Treasury Price" means, with respect to any redemption date for a particular 2019C Bond, the average of four Reference Treasury Dealer Quotations for that redemption date, after excluding the highest and lowest of such Reference Treasury Dealer Quotations, or if the Designated Investment Banker obtains fewer than four Reference Treasury Dealer Quotations, the average of all quotations obtained by the Designated Investment Banker.

"Designated Investment Banker" means one of the Reference Treasury Dealers appointed by OHSU.

"Reference Treasury Dealer" means each of four firms, specified by OHSU from time to time, that are primary United States Government securities dealers in the City of New York (each, a "Primary Treasury Dealer"); provided, that if any of them ceases to be a Primary Treasury Dealer, OHSU is to substitute another Primary Treasury Dealer.

"Reference Treasury Dealer Quotations" means, with respect to each Reference Treasury Dealer and any redemption date for a particular 2019C Bond, the average, as determined by the Designated Investment Banker, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Designated Investment Banker by such Reference Treasury Dealer at 3:30 p.m., New York City time, on the Valuation Date.

"Valuation Date" means at least three (3) Business Days but not more than twenty (20) calendar days prior to the mailing of redemption notice.

In connection with an optional redemption of 2019C Bonds prior to their stated maturity dates, on any business day, at the option of OHSU, in whole or in part, in such amounts as may be designated by OHSU, at the Make Whole Redemption Price, OHSU would appoint a Designated Investment Banker and specify four Reference Treasury Dealers to take any further actions as provided in the Indenture.

At the option of OHSU, for the 2019C Bonds, all or a portion of the 2019C Bonds may be converted to operate in a Daily Mode, a Two Day Mode, a Weekly Mode, a Short Term Mode, a Long Term Mode, a Flexible Mode, an FRN Mode, a VRO Mode, a Window Mode, a Direct Purchase Mode or a new Fixed Period bearing interest at new Fixed Rates on any date during the period such 2019C Bonds are subject to optional redemption as described under this caption.

Sinking Fund Redemption. The 2019C Bonds maturing on July 1, 20___ are subject to redemption in part prior to their stated maturity from Sinking Fund Installments on a date that any Sinking Fund Installment is due at a Redemption Price equal to the principal amount thereof, plus interest accrued thereon, if any, to the date fixed for redemption, without premium, at the following amounts and on the following dates:

Sinking Fund Installment Date (July 1)	**Sinking Fund Installments**
	$
±	

± Maturity

Extraordinary Optional Redemption

The Bonds are subject to redemption prior to their respective stated maturities at the option of OHSU, upon the written direction of OHSU delivered to the Bond Trustee, if OHSU elects to prepay the 2019 Obligations, as applicable, in the event of damage to or destruction of the Facilities or any part thereof or condemnation (or sale consummated under threat of condemnation) of the Facilities or any part thereof, if the net proceeds of insurance or condemnation (or sale) received in connection therewith and deposited in the Optional Redemption Fund to make prepayments on the applicable 2019 Obligations exceeds 10% of the Book Value of the Property, Plant and Equipment (each as defined in the Master Indenture) of OHSU. If called for redemption in such event, Bonds shall be subject to redemption by OHSU on any date, in whole or in part (in such amounts and maturities as may be specified by OHSU or, if OHSU fails to specify such maturities, in inverse order of maturity, and by lot within a maturity), at a

redemption price equal to 100% of the principal amount thereof, without premium, plus accrued interest thereon to the redemption date; provided, however, that in no event shall the principal amount of Bonds so redeemed exceed the amount of such net proceeds.

Purchase in Lieu of Optional Redemption

Notwithstanding the redemption provisions of the Bond Indenture, any Bonds subject to optional redemption and cancellation pursuant to the provisions of the Bond Indenture summarized under the heading "—Redemption—*2019A Bonds—Optional Redemption*," "—Redemption—*2019B Bonds—Optional Redemption*" and "—Redemption—*2019C Bonds—Make-Whole Redemption*" above, shall also be subject to optional call for purchase and, at the option of OHSU, holding, resale or cancellation by OHSU, at the same times as they would be subject to optional redemption and at the same Redemption Prices as are applicable to the optional redemption of such Bonds. To exercise such option, OHSU shall give the Bond Trustee a Written Request exercising such option as though such Written Request were a written request for redemption, and the Bond Trustee shall thereupon give the holders of the Bonds to be purchased notice of such purchase in the manner specified, and within the time period specified, under the heading "—Notice of Redemption" and the purchase of such Bonds shall be mandatory and enforceable against the Bondholders. On the date fixed for purchase pursuant to any exercise of such option, OHSU or its assignee shall pay the purchase price of the Bonds then being purchased to the Bond Trustee in immediately available funds on the purchase date, and the Bond Trustee shall pay the same to the sellers of such Bonds against delivery thereof. Following such purchase, the Bond Trustee shall cause such Bonds to be registered in the name of OHSU or its assignee and shall deliver them to OHSU or its assignee. In the case of the purchase of less than all of the Bonds, the particular Bonds to be purchased shall be selected in accordance with the provisions summarized under the heading "—Selection of Bonds for Redemption" below.

No purchase of the Bonds as described in this paragraph shall operate to extinguish the indebtedness of OHSU evidenced thereby (subject to all the limitations and conditions contained in the Bond Indenture). Notwithstanding the foregoing, no purchase shall be made as described in this paragraph unless OHSU shall have delivered to the Bond Trustee and the Authority concurrently therewith a Favorable Opinion of Bond Counsel (with respect to the Tax-Exempt Bonds).

Selection of Bonds for Redemption

Whenever provision is made in the Bond Indenture for the redemption of less than all of a Series of the Tax-Exempt Bonds or any given portion thereof, the Bond Trustee shall select the Tax-Exempt Bonds to be redeemed, from all Tax-Exempt Bonds of a Series subject to redemption or such given portion thereof not previously called for redemption, as directed in writing by OHSU or in the absence of direction by lot.

If the 2019C Bonds are registered in book-entry only form and so long as DTC or a successor securities depository is the sole registered owner of the 2019C Bonds, if less than all of the 2019C Bonds are called for prior redemption, the particular 2019C Bonds or portions thereof to be redeemed shall be selected on a "Pro Rata Pass-Through Distribution of Principal" basis in accordance with DTC procedures, provided that, so long as the 2019C Bonds are held in book-entry form, the selection for redemption of such 2019C Bonds shall be made in accordance with the operational arrangements of DTC then in effect that currently provide for adjustment of the principal by a factor provided pursuant to DTC operational arrangements. If the Bond Trustee does not provide the necessary information and identify the redemption as on a Pro Rata Pass-Through Distribution of Principal basis, the 2019C Bonds shall be selected for redemption by lot in accordance with DTC procedures.

If the 2019C Bonds are not registered in book-entry only form, the 2019C Bonds will be assigned certificate numbers. Any redemption of less than all of a maturity of the 2019C Bonds shall be effected by the Bond Trustee for optional redemption within a maturity in the order of the assigned certificate numbers.

Notice of Redemption

Notice of redemption shall be mailed by the Bond Trustee, not less than 20 days nor more than 60 days prior to the redemption date to the Holders of Bonds called for redemption at their addresses appearing on the registration books of the Bond Trustee as of the date of the giving of such notice. With respect to each Series of Bonds, each notice of redemption shall state the date of such notice, the date of issue of the Bonds, the redemption date, the Redemption Price, the place or places of redemption (including the name and appropriate address or addresses of the Bond Trustee), the maturity date, the CUSIP numbers, if any, and, in the case of Bonds of such Series to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. Each such notice shall also state that, subject to the deposit of sufficient funds with the Bond Trustee on or prior to the redemption date to effect the redemption and to prior rescission as provided in the next paragraph, on that date there will become due and payable on each of the Bonds of such Series, the Redemption Price thereof or of the specified portion of the principal amount thereof in the case of a Bond to be redeemed in part only, together with interest accrued thereon to the redemption date, and that from and after such redemption date interest thereon shall cease to accrue, and shall require that such Bonds be then surrendered.

Conditional Notice and Rescission of Notice. Any notice of optional redemption shall state (i) that it is conditioned upon the deposit with the Bond Trustee on or prior to the redemption date of moneys in an amount equal to the amount necessary to effect the redemption and (ii) that the notice may be rescinded by written notice given to the Bond Trustee by OHSU on or prior to the date specified for redemption, and in either of such cases such notice and redemption shall be of no effect if such moneys are not so deposited or if the notice is rescinded as described in the Bond Indenture. Any Bond for which a notice of redemption has been rescinded or for which sufficient funds to pay the Redemption Price thereof have not been deposited with the Bond Trustee on or prior to the redemption date shall remain outstanding and neither the rescission of the notice nor the failure to fund the Redemption Price shall constitute an Event of Default under the Bond Indenture. The Bond Trustee shall give notice of such rescission or failure to fund the Redemption Price as soon thereafter as practicable in the same manner, and to the same Persons, as notice of such optional redemption was given.

Failure by the Bond Trustee to mail notice of redemption to any one or more of the respective Holders of any Bonds designated for redemption shall not affect the sufficiency of the proceedings for redemption with respect to the Holders of Bonds to whom such notice was mailed.

Effect of Redemption

Notice of redemption having been given, and moneys for payment of the Redemption Price of, together with interest accrued to the redemption date on, the Bonds (or portions thereof) so called for redemption being held by the Bond Trustee, on the redemption date designated in such notice, the Bonds (or portions thereof) so called for redemption shall become due and payable at the Redemption Price specified in such notice together with interest accrued thereon to the redemption date, interest on the Bonds so called for redemption shall cease to accrue, said Bonds (or portions thereof) shall cease to be entitled to any benefit or security under the Bond Indenture and the Holders of said Bonds shall have no rights in respect of such Bonds except to receive payment of said Redemption Price and accrued interest to the date fixed for redemption from funds held by the Bond Trustee for such payment. All Bonds redeemed as described under the caption "—Redemption" shall be canceled upon surrender thereof (and

if applicable credited against Sinking Fund Installments), unless resold at the direction of OHSU as described under "—Purchase In Lieu of Redemption."

SECURITY AND SOURCE OF PAYMENT FOR THE BONDS

General

The Bonds are secured under the provisions of the Bond Indenture and will be payable from payments made by the Obligated Group on the 2019 Obligations and from certain funds held under the Bond Indenture. Pursuant to the applicable provisions of ORS Chapter 287A and ORS Sections 353.340 to 353.370, the Bonds are not a general obligation of OHSU and are payable solely from the revenue pledged therefor.

The 2019 Obligations are being issued by OHSU under and pursuant to the terms of the Master Indenture and Supplement Nos. 12, 13 and 14, whereunder OHSU (as the sole member of the Obligated Group) is obligated to make payments on the 2019 Obligations according to the terms thereof when due. Payments on the 2019 Obligations are required to be in an amount sufficient to pay when due the principal of and premium, if any, and interest on the Bonds. As described above, OHSU has pledged its Gross Revenues as security for its repayment obligations under the 2019 Obligations.

Further detailed description of certain provisions of the Bond Indenture and the funds and accounts established thereby are set forth in APPENDIX C—"SUMMARY OF PRINCIPAL DOCUMENTS—THE BOND INDENTURE."

The Master Indenture

2019 Obligations. Under the Master Indenture, OHSU is authorized pursuant to a Related Supplement to incur, for itself and on behalf of the other Members of the Obligated Group, if any, Master Indenture Obligations to evidence or secure indebtedness or other obligations. Obligation No. 38 is being issued by OHSU under and pursuant to the Master Indenture and Supplement No. 12. Obligation Nos. 39 and 40 are being issued by OHSU under and pursuant to the Master Indenture and Supplement No. 13. Obligation No. 41 is being issued by OHSU under and pursuant to the Master Indenture and Supplement No. 14. The 2019 Obligations are being issued on a parity with all Master Indenture Obligations previously issued and Outstanding under the Master Indenture. Additional Master Indenture Obligations have been issued to secure obligations to providers of letters of credit and interest rate swap agreements. See "—*Outstanding Indebtedness"* below. The Obligated Group (presently consisting of only OHSU) is required to make payments on the 2019 Obligations in amounts sufficient to pay when due the principal of and premium, if any, and interest on the Bonds.

The 2019 Obligations and all other Master Indenture Obligations issued under the Master Indenture are joint and several obligations of OHSU and each additional entity that becomes a Member of the Obligated Group. Additional Master Indenture Obligations may be issued from time to time in accordance with the Master Indenture.

Substitution of Obligations. Under certain circumstances set forth in the Bond Indenture and without the prior written consent of the holders of the Outstanding Bonds, each of the 2019 Obligations may be replaced with a substitute obligation issued under a replacement master trust indenture securing the obligations of a different obligated group that would include among its members the Members of the Obligated Group. This could, under certain circumstances, lead to the substitution of different security in the form of an obligation backed by an obligated group that is financially and operationally different from the current Obligated Group. Such new obligated group could have substantial debt outstanding that

would rank on a parity with the substitute obligation. See APPENDIX C—"SUMMARY OF PRINCIPAL DOCUMENTS—THE BOND INDENTURE—Replacement of Series 2019 Obligations with Master Indenture Obligation Issued Under a Separate Master Indenture."

Entry to and Withdrawal from the Obligated Group. OHSU is currently the only Member of the Obligated Group. Under certain conditions described in the Master Indenture, additional Members may be added to the Obligated Group from time to time after the issuance of the Bonds and be made jointly and severally liable with OHSU with respect to the 2019 Obligations and other Master Indenture Obligations issued under the Master Indenture. If additional Members are added to the Obligated Group, such Members may withdraw from the Obligated Group under certain conditions set forth in the Master Indenture. OHSU cannot withdraw from the Obligated Group as long as the Bonds are outstanding. For a discussion of entry to or withdrawal from the Obligated Group, see APPENDIX C—"SUMMARY OF PRINCIPAL DOCUMENTS—THE MASTER INDENTURE—Membership in Obligated Group" and "—Withdrawal from Obligated Group."

Designated Affiliates. Under the Master Indenture, OHSU, as Credit Group Representative, may designate Designated Affiliates from time to time and rescind any such designation at any time. Designated Affiliates are not obligated to make payments with respect to the 2019 Obligations or any other Master Indenture Obligations issued under the Master Indenture, but may be required to pay or otherwise transfer to the Credit Group Representative amounts necessary to enable OHSU to pay when due the principal of and premium, if any, and interest on Outstanding Master Indenture Obligations, subject to certain limitations with respect to donor-restricted funds held by any Designated Affiliate. There are currently no Designated Affiliates under the Master Indenture. For a discussion of addition of Designated Affiliates, see APPENDIX C—"SUMMARY OF PRINCIPAL DOCUMENTS—THE MASTER INDENTURE—Designation of Designated Affiliates."

Covenants. The Master Indenture contains certain financial and operating covenants applicable to the Credit Group, which are described in APPENDIX C—"SUMMARY OF PRINCIPAL DOCUMENTS—THE MASTER INDENTURE." In determining whether the Credit Group has satisfied these covenants, the Master Indenture requires OHSU to include the income and assets of OHSU, any future Obligated Group Members and any future Designated Affiliates in calculating the related ratios and in testing for compliance even though Designated Affiliates are not obligated to make payments with respect to Master Indenture Obligations issued under the Master Indenture. The Master Indenture also provides that after an entity is designated as a Designated Affiliate, the Credit Group Representative may at any time declare that such entity is no longer a Designated Affiliate without the necessity of satisfying any financial covenant. The Master Indenture also permits the financial results of Immaterial Affiliates, as defined in the Master Indenture, to be included in the Credit Group Financial Statements that are used to demonstrate compliance with the financial and operating covenants contained in the Master Indenture. See APPENDIX C—"SUMMARY OF PRINCIPAL DOCUMENTS—THE MASTER INDENTURE—Filing of Financial Statements, Certificate of No Default, Other Information."

Grant of Security Interest in Gross Revenues. Pursuant to the Master Indenture, the Obligated Group Members have agreed to pledge to the Master Trustee and grant to the Master Trustee, a security interest in, all of its right, title, and interest, whether now owned or hereafter acquired, in and to (i) the Gross Revenues of that Obligated Group Member, and (ii) the proceeds thereof. In the Master Indenture, each Obligated Group Member agrees to execute and deliver a security agreement or other instrument, if any, as may be necessary in order to give effect to the pledge and grant of the Gross Revenues or any portion thereof; to cause to be filed, if necessary, Uniform Commercial Code ("UCC") financing statements; and to execute, deliver and cause to be filed, as appropriate, such other documents (including, but not limited to, continuation statements and amendments to such UCC financing statements) as may be necessary in order to perfect or maintain the perfection of such security interest to the extent, and only to

the extent, that such security interest may be perfected by filing under the UCC. OHSU's pledge of Gross Revenues is perfected automatically by operation of statute and no financing statements are being filed or other action is being taken under the UCC in connection with the issuance of the Bonds. See "—Security and Enforceability—*Perfection of a Security Interest*" below.

Amendment of Master Indenture. The Master Indenture may be amended in certain circumstances without the consent of the Holders of the Master Indenture Obligations and, in other circumstances, upon consent of the Holders of not less than a majority in aggregate principal amount of the Master Indenture Obligations then Outstanding. See APPENDIX C—"SUMMARY OF PRINCIPAL DOCUMENTS—THE MASTER INDENTURE—Supplements and Amendments." Such amendments could be substantial and result in the modification, waiver or removal of certain existing covenants or restrictions contained in the Master Indenture. Such amendments could also adversely affect the security of the Bonds.

Outstanding Indebtedness. Pursuant to the Act, OHSU assumed liability for outstanding indebtedness of the State previously incurred for the benefit of OHSU. To evidence this obligation, OHSU and the Board of Higher Education entered into a Debt Service Payment Agreement, dated as of July 1, 1995, as subsequently amended (the "Debt Service Payment Agreement"), pursuant to which OHSU makes payments to the State in amounts sufficient to pay when due all principal, interest, and any other charges with respect to such previously issued debt. The amount outstanding under the Debt Service Payment Agreement at September 30, 2019 was approximately $1.9 million.

The table below shows the Master Indenture Obligations that will be Outstanding under the Master Indenture in addition to the 2019 Obligations, after the issuance of the Bonds.

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Obligation Nos.	Securing Obligations of OHSU Relating To
1	Debt Service Payment Agreement
2	Series 1995 Bonds
16	Revenue Bonds, Series 2012A
17C*, 19*	Variable Rate Bonds, Series 2012B-3 and 2012C, respectively
23*	Revenue Bonds, Series 2012E
29*, 20*	Letters of Credit Providers for Variable Rate Revenue Bonds, Series 2012B-3 and 2012C, respectively
25*, 27*	Variable Rate Revenue Refunding Bonds, Series 2015A and 2015B, respectively
26*, 28*	Purchasers of OHSU's Variable Rate Revenue Refunding Bonds, Series 2015A and 2015B, respectively
30	Revenue Bonds, Series 2015C
31	Revenue Bonds, Series 2016A
32	Purchaser of OHSU's Revenue Bonds, Series 2016A
33	Revenue Bonds, Series 2016B
34	Interest Rate Swap Agreement
36	Revenue Bonds, Series 2017B
37	Purchaser of OHSU's Revenue Bonds, Series 2017B
38	Revenue Bonds, Series 2019A
39	Revenue Bonds, Series 2019B-1
40	Revenue Bonds, Series 2019B-2
41	Revenue Bonds, Series 2019C

* Each of these Master Indenture Obligations will no longer be outstanding if the associated bonds are refunded in full. See "PLAN OF FINANCE—Plan of Refunding."

The Obligated Group may incur additional indebtedness, provided that the Obligated Group meets certain requirements prescribed by the Master Indenture. See APPENDIX C—"SUMMARY OF PRINCIPAL DOCUMENTS—THE MASTER INDENTURE." The additional indebtedness may be incurred as a Master Indenture Obligation issued under the Master Indenture or as other indebtedness and may be secured or unsecured. Any additional Master Indenture Obligations will be secured under the Master Indenture on a parity with all other Master Indenture Obligations Outstanding under the Master Indenture. As of September 30, 2019, the total amount of Long-Term Indebtedness Outstanding as defined under the Master Indenture was approximately $873.9 million.

Security and Enforceability

Perfection of a Security Interest. The lien created by OHSU's pledge of Gross Revenues pursuant to the Master Indenture is governed by ORS Section 287A.310 and, as such, is superior to and has priority over all subsequent liens and claims, unless expressly provided otherwise by OHSU by agreement. No filings under the UCC or other action is necessary to perfect this lien. ORS Section 287A.310, however, applies only to liens created by a public body such as OHSU. As a result, if at any time any Obligated Group Member is not a public body, the perfection and priority of a lien created

by a pledge of Gross Revenues by such Member would be subject to the UCC and not the automatic perfection and priority provided by ORS Section 287A.310. To perfect and establish the priority of a security interest in Gross Revenues under the UCC, the Master Trustee will be required to obtain control over or possession of, and/or file appropriate financing statements with respect to, such Gross Revenues. Further, even if perfected in accordance with the UCC, a security interest in Gross Revenues may be subordinated to the interest and claims of others in several instances. Some examples of cases of subordination of prior claims are (i) statutory liens, (ii) rights arising in favor of the United States of America or any agency thereof, (iii) present or future prohibitions against assignment in any statutes or regulations, (iv) constructive trusts, equitable liens or other rights impressed or conferred by any state or federal court in the exercise of its equitable jurisdiction, (v) federal or state bankruptcy or insolvency laws that may affect the enforceability of the Master Indenture or pledge of Gross Revenues which are earned by the Obligated Group Members within 90 days or, in certain circumstances with respect to related corporations, one year preceding any institution of bankruptcy proceedings, (vi) rights of third parties in Gross Revenues converted to cash and not in the possession of the Master Trustee or a Depository Bank, (vii) provisions prohibiting the direct payment of amounts due to health care providers from Medicare and Medicaid programs to persons other than such providers, (viii) certain judicial decisions that cast doubt upon the right of the Master Trustee, in the event of the bankruptcy of the Obligated Group Members, to collect and retain accounts receivable from Medicare, Medicaid and other governmental programs, (ix) commingling of proceeds of Gross Revenues with other moneys of Obligated Group Members not subject to the security interest in the Gross Revenues, and (x) claims that might arise if appropriate financing or continuation statements are not filed in accordance with the UCC, as from time to time in effect. In addition, it may not be possible to perfect a security interest in any manner whatsoever in certain types of Gross Revenues (e.g., gifts, donations, certain insurance proceeds, Medicare and Medicaid payments) prior to actual receipt by any Obligated Group Member. Further, it is uncertain whether a security interest may be granted in Medicare and Medicaid receivables. While health care providers are currently prohibited from assigning such receivables, it is unclear whether this prohibition will be interpreted so as to preclude the granting of security interests.

Enforceability of the Master Indenture, the Bond Indenture and the 2019 Obligations. The state of the insolvency, fraudulent conveyance and bankruptcy laws relating to the enforceability of guaranties or obligations issued by one corporation in favor of the creditors of another or the obligations of an Obligated Group Member to make debt service payments on behalf of an Obligated Group Member is unsettled, and the ability to enforce the Master Indenture and the Master Indenture Obligations against any Obligated Group Member that would be rendered insolvent thereby could be subject to challenge. In particular, such obligations may be voidable under the Federal Bankruptcy Code or applicable state fraudulent conveyance laws if the obligation is incurred without "fair" and/or "fairly equivalent" consideration to the obligor and if the incurrence of the obligation thereby renders the Obligated Group Member insolvent. The standards for determining the fairness of consideration and the manner of determining insolvency are not clear and may vary under the Federal Bankruptcy Code, state fraudulent conveyance statutes and applicable cases.

The limitations on the enforceability of the joint and several obligations of the Members of the Obligated Group on the 2019 Obligations also apply to their obligations on all Master Indenture Obligations. If the obligation of a particular Member of the Obligated Group to make payment on a Master Indenture Obligation is not enforceable and payment is not made on such Obligation when due in full, then Events of Default will arise under the Master Indenture.

The legal right and practical ability of the Bond Trustee to enforce its rights and remedies against OHSU under the Bond Indenture and related documents and of the Master Trustee to enforce its rights and remedies against the Obligated Group Members under the 2019 Obligations may be limited by laws relating to bankruptcy, insolvency, reorganization, fraudulent conveyance or moratorium and by other

similar laws affecting creditors' rights. In addition, the Bond Trustee's and the Master Trustee's ability to enforce such terms will depend upon the exercise of various remedies specified by such documents which may in many instances require judicial actions that are often subject to discretion and delay or that otherwise may not be readily available or may be limited.

The various legal opinions delivered concurrently with the issuance of the Bonds are qualified as to the enforceability of the various legal instruments by limitations imposed by state and federal laws, rulings, policy and decisions affecting remedies and by bankruptcy, reorganization or other laws of general application affecting the enforcement of creditors' rights or the enforceability of certain remedies or document provisions.

For a further description of the provisions of the Bond Indenture and the Master Indenture, including covenants that secure the Bonds, events of default, acceleration and remedies under the Master Indenture, see APPENDIX C—"SUMMARY OF PRINCIPAL DOCUMENTS."

Bankruptcy. OHSU is currently the only Member of the Obligated Group, and as a public corporation created by the State, OHSU is not authorized under current law to file for bankruptcy. However, if another entity joins the Obligated Group and is not a public corporation, such entity could potentially file for bankruptcy. In the event of bankruptcy of an Obligated Group Member other than OHSU, the rights and remedies of the Bondholders would be subject to various provisions of the federal Bankruptcy Code. If an Obligated Group Member other than OHSU were to file a petition in bankruptcy, payments made by that Obligated Group Member during the 90 day (or perhaps one-year) period immediately preceding the filing of such petition may be avoidable as preferential transfers to the extent such payments allow the recipients thereof to receive more than they would have received in the event of such Obligated Group Member's liquidation. Security interests and other liens granted to the Bond Trustee or the Master Trustee and perfected during such preference period also may be avoided as preferential transfers to the extent such security interest or other lien secures obligations that arose prior to the date of such perfection. Such a bankruptcy filing would operate as an automatic stay of the commencement or continuation of any judicial or other proceeding against the Obligated Group Member and its property and as an automatic stay of any act or proceeding to enforce a lien upon or to otherwise exercise control over its property, as well as various other actions to enforce, maintain or enhance the rights of the Bond Trustee and the Master Trustee. If the bankruptcy court so ordered, the property of the Obligated Group Member, including accounts receivable and proceeds thereof, could be used for the financial rehabilitation of such Obligated Group Member despite any security interest of the Bond Trustee therein. The rights of the Bond Trustee and the Master Trustee to enforce their respective security interests and other liens could be delayed during the pendency of the rehabilitation proceeding.

Such Obligated Group Member could file a plan for the adjustment of its debts in any such proceeding, which plan could include provisions modifying or altering the rights of creditors generally or any class of them, secured or unsecured. The plan, when confirmed by a court, binds all creditors who had notice or knowledge of the plan and, with certain exceptions, discharges all claims against the debtor to the extent provided for in the plan. No plan may be confirmed unless certain conditions are met, among which are conditions that the plan be feasible and that it shall have been accepted by each class of claims impaired thereunder. Each class of claims has accepted the plan if at least two-thirds in dollar amount and more than one-half in number of the class cast votes in its favor. Even if the plan is not so accepted, it may be confirmed if the court finds that the plan is fair and equitable with respect to each class of non-accepting creditors impaired thereunder and does not discriminate unfairly.

In addition, the obligations of OHSU under the Bond Indenture and of OHSU and any future Members of the Obligated Group under the Master Indenture are not secured by a lien on or security interest in any assets or revenues, other than the lien on Gross Revenues described above under the

caption "—The Master Indenture—*Grant of Security Interest in Gross Revenues*." In the event of bankruptcy of any Member of the Obligated Group, there is no assurance that certain covenants, including tax covenants, contained in the Bond Indenture and certain other documents would survive. Accordingly, a bankruptcy trustee could take action that would adversely affect the exclusion of interest on the Bonds from gross income of the Bondholders for federal income tax purposes.

Other

THE BONDS SHALL NOT BE DEEMED TO CONSTITUTE A DEBT OR LIABILITY OF THE STATE OF OREGON OR OF ANY SUBDIVISION THEREOF, OTHER THAN OHSU, OR A PLEDGE OF THE FAITH AND CREDIT OF THE STATE OF OREGON OR ANY SUCH POLITICAL SUBDIVISION, OTHER THAN OHSU, BUT SHALL BE PAYABLE SOLELY FROM THE FUNDS PROVIDED THEREFOR UNDER THE BOND INDENTURE. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF OREGON OR ANY POLITICAL SUBDIVISION THEREOF, OTHER THAN OHSU, IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR THE INTEREST ON THE BONDS. THE ISSUANCE OF THE BONDS SHALL NOT DIRECTLY OR INDIRECTLY OR CONTINGENTLY OBLIGATE THE STATE OF OREGON OR ANY POLITICAL SUBDIVISION THEREOF TO LEVY OR TO PLEDGE ANY FORM OF TAXATION WHATEVER THEREFOR OR TO MAKE ANY APPROPRIATION FOR THEIR PAYMENT. OHSU HAS NO TAXING POWER.

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ANNUAL DEBT SERVICE REQUIREMENTS

The following table sets forth, for each year ending June 30, the amounts required to be made available for the payment of principal due on the Bonds, for the payment of interest on the Bonds and for the total debt service on the Bonds. The following table also includes the estimated debt service due on the Bonds, other Indebtedness that will remain outstanding after the issuance of the Bonds, and total debt service on all such Indebtedness.

	2019A Bonds		2019B Bonds[1]		2019C Bonds				
Years Ending June 30	Principal	Interest	Principal	Interest	Principal	Interest	Total Debt Service on the Bonds[1]	Total Debt Service on Other Indebtedness[2][3]	Total Debt Service
2020								$ 52,134,219	
2021								46,683,748	
2022								44,538,976	
2023								40,726,527	
2024								35,904,539	
2025								36,372,698	
2026								36,315,043	
2027								36,699,247	
2028								34,927,598	
2029								37,260,539	
2030								22,614,184	
2031								22,614,934	
2032								22,608,309	
2033								22,624,534	
2034								44,016,228	
2035								44,020,621	
2036								44,055,859	
2037								44,069,796	
2038								44,063,472	
2039								44,064,649	
2040								44,052,172	
2041								17,752,065	
2042								17,762,815	
2043								15,970,440	
2044								46,568,874	
2045								46,336,332	
2046								9,169,840	
2047								46,097,983	
2048								50,729,167	
2049								--	
Total								$ 1,050,755,415	

(1) For the 2019B Bonds with an initial Long Term Rate that ends on the last day of the Initial Long Term Period, an annual interest rate of 3.50% is assumed after the first Long Term Rate Mandatory Purchase Date.

(2) Includes payments on other OHSU bonds, excluding the Redeemed Bonds and the 2012E Bonds, and payments under the Debt Service Payment Agreement with the State, Tenancy in Common Agreement related to the Collaborative Life Sciences Building, LID Agreements, and Capital Leases. For other indebtedness with a put or expiration date, such debt is assumed to bear interest at rate of 3.50% after such date.

(3) The 2015C Bonds are treated as Balloon Indebtedness under the Master Indenture; debt service on the 2015C Bonds is smoothed with substantially level debt service over a period of 30 years from original date of issuance at an interest rate equal to the Thirty-Year Revenue Bond Index published in The Bond Buyer. The Bond Buyer rate used as of fiscal year end 2019 was 3.99%.

PLAN OF FINANCE

General

OHSU intends to use the proceeds of the sale of the Bonds, together with certain OHSU funds, to (i) finance the acquisition of new facilities and other capital expenditures, (ii) refund, on a current or advance basis, or purchase via a tender offer, certain outstanding Revenue Bonds, as further described below, and (iii) pay costs related to the issuance of the Bonds.

The Project

OHSU expects to use a portion of the proceeds of the 2019A Bonds to provide funds needed to acquire the Physicians Pavilion building, located at OHSU's main campus on Marquam Hill and which OHSU had previously leased, as well as pay certain other capital expenditures (the "Project"). For more information about the Project see APPENDIX A—"INFORMATION CONCERNING OREGON HEALTH AND SCIENCE UNIVERSITY—HISTORY, BACKGROUND AND FACILITIES—OHSU Campuses—Marquam Hill" and "—OTHER FINANCIAL INFORMATION—Capital Budget; Facilities Additions."

Plan of Refunding*

Redemption. OHSU intends to use a portion of the proceeds of the 2019A Bonds and the 2019B Bonds to redeem on the date of delivery of the Bonds all or a portion of its outstanding Revenue Bonds, Series 2012B-3, Series 2012C, Series 2015A and Series 2015B (collectively, the "Redeemed Bonds"), at a redemption price equal to the principal amount of the Redeemed Bonds, without premium, plus interest accrued thereon, if any, to the redemption date. See "ESTIMATED SOURCES AND USES OF FUNDS" below.

REDEEMED BONDS
OREGON HEALTH AND SCIENCE UNIVERSITY
REVENUE BONDS

Series	Maturity Date (July 1)	Outstanding Principal Amount	CUSIP Number Base: 685869
2012B-3	2042	$ 28,520,000	DP1
2012C	2027	14,575,000	DR7
2015A	2042	57,050,000	EH8
2015B	2032	78,970,000	N/A

The redemption of the Redeemed Bonds is subject to market conditions and solely at the discretion of OHSU. OHSU may determine not to redeem some or all of the Redeemed Bonds and may also determine to refund additional bonds if market conditions warrant.

* Preliminary, subject to change.

2012E Bonds. OHSU expects to use a portion of the proceeds of the 2019A Bonds to purchase via a tender offer any and all of its outstanding Revenue Bonds, Series 2012E (the "2012E Bonds").

Final Maturity Date	Outstanding Principal Amount	Tender Offer Expiration Date	Tender Offer Settlement Date	First Callable Date	CUSIP Number Base: 685869
July 1, 2032	$ 126,365,000	December 4, 2019	December 19, 2019	July 1, 2022	DX4; DY2; DZ9; EA3; EB1; ED7; EE5; EF2; EG0; EC9

On the date of this Preliminary Official Statement, OHSU is making an offer to purchase for cash (the "Tender Offer") with the intent to purchase any and all of the outstanding 2012E Bonds at the applicable purchase prices disclosed in an Offer to Purchase for Cash By Oregon Health and Science University, dated and distributed on or about the date of this Preliminary Official Statement (the "Offer to Purchase"). Subject to terms described in the Offer to Purchase, all of the outstanding 2012E Bonds validly tendered at the date and time described in the Offer to Purchase (the "Expiration Date") and accepted for purchase will be purchased by OHSU on a date following the Expiration Date (the "Settlement Date"), which is expected to be the date of delivery of the Bonds. OHSU expects to use a portion of the proceeds of the 2019A Bonds to pay the purchase price of such 2012E Bonds validly tendered and accepted for purchase. J.P. Morgan Securities LLC, an underwriter of the Bonds, has been engaged by OHSU to be the dealer manager for the Tender Offer.

OHSU may modify or withdraw the Tender Offer at any time through and including the Expiration Date, which may be earlier terminated or extended at OHSU's sole discretion, and the purchase of any Bonds tendered pursuant to the Tender Officer is contingent upon the issuance by OHSU of the Bonds.

All of the 2012E Bonds validly tendered on the Expiration Date and purchased by OHSU on the Settlement Date (the "Purchased 2012E Bonds") will be surrendered to U.S. Bank National Association, as bond trustee for the 2012E Bonds (the "2012E Trustee"), for cancellation and the Purchased 2012E Bonds, upon such surrender and cancellation, will be deemed paid and retired.

It is possible that not all of the outstanding 2012E Bonds will be tendered for purchase on the Settlement Date. OHSU is considering advance refunding such remaining portion of the outstanding 2012E Bonds (the "Untendered 2012E Bonds") with a portion of the proceeds of the 2019C Bonds or through the issuance of bonds privately placed with a financial institution (the "Direct Placement Bonds"), or a combination of both such methods. If Untendered 2012E Bonds are refunded with any portion of the proceeds of the 2019C Bonds or Direct Placement Bonds, OHSU will establish an escrow deposit fund with the 2012E Trustee (the "Escrow Fund"). The Escrow Fund will be funded with moneys and securities in the necessary amount to pay principal and interest when due to, and provide for the redemption of the Untendered 2012E Bonds on, the first callable date of the 2012E Bonds. OHSU expects that if such Escrow Fund is established, it will engage a qualified verification agent to verify the mathematical accuracy of the computations of the adequacy of moneys and securities deposited in the Escrow Fund.

OHSU anticipates that if any Direct Placement Bonds should be issued, it will enter into a bondholder agreement or other similar agreement with such financial institution. Under such circumstances, OHSU will issue separate Master Indenture Obligations to secure the Direct Placement Bonds and OHSU's covenants under such bondholder agreement. Such Master Indenture Obligations will

be on parity with the 2019 Obligations securing the Bonds and all other Master Indenture Obligations previously issued and outstanding under the Master Indenture.

ESTIMATED SOURCES AND USES OF FUNDS

The following table sets forth the estimated sources and uses of funds related to the Bonds.

	2019A Bonds	2019B Bonds	2019C Bonds	Total
Estimated Sources of Funds				
Principal Amount				
Original Issue Premium				
OHSU Contribution/Funds on Hand				
Total				
Estimated Uses of Funds				
Project Fund				
Redemption Fund				
Purchase of 2012E Bonds				
Escrow Fund related to 2012E Bonds				
Costs of Issuance Fund[(1)]				
Total				

(1) Includes legal, printing, rating and trustee fees and expenses, the Underwriters' and Initial Purchasers' discount and other miscellaneous issuance costs.

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CONTINUING DISCLOSURE

OHSU will undertake in a Continuing Disclosure Certificate for the benefit of Bondholders and Beneficial Owners of the Bonds to provide certain annual financial information and operating data relating to OHSU by not later than 150 days after the end of OHSU's fiscal year (which fiscal year currently ends on June 30), commencing with the report for fiscal year ending June 30, 2020 (the "Annual Report"), and to provide timely notices of the occurrence of certain enumerated material events. OHSU has additionally covenanted that it will provide not later than 60 days after the end of the first three fiscal quarters, commencing with the fiscal quarter ending December 31, 2019, unaudited financial information for OHSU for such fiscal quarters, including a statement of financial position, a statement of revenues, expenses and changes in net position, a statement of cash flows, the information under "PATIENT CARE PROGRAMS − Summary of Historical Utilization—Selected Statistical Indicators of Patient Activity" in APPENDIX A, and management's discussion of recent financial performance (the "Quarterly Report" and together with the Annual Report, the "Reports"). The Reports will be filed by or on behalf of OHSU with the Municipal Securities Rulemaking Board's Electronic Municipal Market Access system ("EMMA"). The Reports and notices of enumerated events will be filed by or on behalf of OHSU in accordance with the requirements of Securities and Exchange Commission Rule 15c2-12(b)(5) (the "Rule"). The specific nature of the information to be contained in the Annual Report, the Quarterly Report or the notices of enumerated events is set forth in the Continuing Disclosure Certificate, the form of which is attached hereto as APPENDIX E. OHSU will be entering into these covenants to assist the Underwriters and the Initial Purchasers in complying with the Rule. See APPENDIX E—"FORM OF CONTINUING DISCLOSURE CERTIFICATE."

OHSU previously entered into continuing disclosure undertakings related to certain of its prior issued bonds, as contemplated by the Rule. The following notices were not filed on EMMA within the 10-day period required by the Rule: An October 6, 2015, rating increase on the long-term credit-enhanced rating assigned by Fitch Ratings to OHSU's Variable Rate Revenue Bonds, Series 2012B-3 and Series 2012C (the "2012B-3 Bonds" and "2012C Bonds," respectively), and a February 22, 2018 rating decrease on the long-term credit-enhanced rating assigned by Fitch Ratings to the 2012B-3 Bonds and 2012C Bonds. In addition, the quarterly financial information report for the fiscal quarter ended September 30, 2014, was not properly linked to the CUSIP numbers of a series of bonds issued by OHSU in 2012, which OHSU has since corrected. The quarterly financial information required to be filed for the fiscal quarter ended December 31, 2014, was filed four days after the applicable deadline.

BONDHOLDERS' RISKS

The purchase of the Bonds involves investment risks that are discussed throughout this Official Statement. Prospective purchasers of the Bonds should evaluate all of the information presented in this Official Statement to make an informed investment decision.

This section titled "BONDHOLDERS' RISKS" focuses primarily on certain risks generally associated with hospital, research or educational operations; whereas APPENDIX A describes OHSU, specifically. These should be read together. Set forth below is a limited discussion of certain of the risks affecting OHSU and the ability of OHSU to provide for payment of the Bonds. Investors should recognize that the discussion below does not cover all such risks, that payment provisions and regulations and restrictions change frequently, and that additional material payment limitations and regulations and restrictions may be created, implemented or expanded while the Bonds are outstanding. The following discussion is not meant to be an exhaustive list of the risks associated with the purchase of any Bonds and does not necessarily reflect the relative importance of the various risks. Potential investors are advised to consider the following special factors along with all other information described elsewhere or

incorporated by reference in this Official Statement, including the Appendices hereto, in evaluating the Bonds.

The operations, financial condition and financial performance of OHSU and the Credit Group may be affected by factors other than those described below. No assurance can be given as to the nature of such factors or the potential effects thereof upon OHSU and the Credit Group.

General

Except as described under "SECURITY AND SOURCE OF PAYMENT FOR THE BONDS," the Bonds are payable from payments made pursuant to the Bond Indenture and the 2019 Obligations. No representation or assurance can be made that revenues will be realized by OHSU in amounts sufficient and timely to pay principal of and interest on the Bonds.

As a public corporation providing health care services and conducting research, OHSU operates in a complex federal and state regulatory environment and is subject to a wide variety of federal and state regulatory actions and legislative and policy changes by those governmental and private agencies that administer Medicare, Medicaid and other payors and is subject to actions by, among others, Oregon Employment Relations Board, Det Norske Veritas Healthcare, Inc., the Centers for Medicare and Medicaid Services ("CMS") of the U.S. Department of Health and Human Services ("DHHS"), the Attorney General of the State of Oregon, and other federal, state and local government agencies. In addition, the operations, financial condition and financial performance of OHSU could be adversely affected by, among other things, changes in the method, timing, and amount of payments to OHSU by governmental and nongovernmental payors, the financial viability of these payors, increased competition from other health care entities, the costs associated with responding to governmental audits, inquiries and investigations, demand for health care, other forms of care or treatment, changes in the methods by which employers purchase health care for employees, capability of management, changes in the structure of how health care is delivered and paid for (*e.g.*, accountable care organizations, value based purchasing, bundled payments and other health care reform payment mechanisms, including a "single-payor" system), future changes in the economy, demographic changes, availability of physicians, nurses and other health care professionals, and malpractice claims and other litigation. These factors and others may adversely affect payment by OHSU under the Bond Indenture and the 2019 Obligations and, consequently, on the Bonds.

These and other risks may adversely affect OHSU and jeopardize its ability to generate revenues and make payments under the Master Indenture Obligations issued pursuant to the Master Indenture when due. There can be no assurance that the financial condition and financial performance of OHSU and/or the utilization of OHSU's facilities will not be adversely affected by any of these circumstances. Wherever in this discussion of risks reference is made OHSU, the risks described may also be applicable to future Members of the Obligated Group.

General Economic Conditions; Bad Debt, Indigent Care and Investment Performance

Health care providers are economically influenced by the environment in which they operate. Any national, regional or local economic difficulties may constrain corporate and personal spending, limit the availability of credit and increase the national debt and any federal and state government deficits. To the extent that employers reduce their workforces, unemployment rates are high, employers reduce their budgets for employee health care coverage or private and public insurers seek to reduce payments to health care providers or curb utilization of health care services, health care providers may experience decreases in insured patient volume, decreases in demands for services and reductions in payments for services. In addition, to the extent that state, county or municipal governments are unable to provide a

safety net of medical services, local health care providers are subject to pressures to increase free care. Furthermore, economic downturns and lower funding of Medicare and state Medicaid and other state health care programs may increase the number of patients who are unable to pay for their medical and hospital services care. Economic downturns put increased stresses on state budgets, which could potentially result in reductions in Medicaid payment rates or Medicaid eligibility standards, and delays of payment of amounts due under Medicaid and other state or local payment programs. These conditions may give rise to increases in health care providers' uncollectible accounts, or "bad debts," uninsured discounts and charity care and, consequently, to reductions in operating income. In addition, economic downturns may result in declines in investment portfolio values which may reduce or eliminate non-operating revenues. Investment losses (even if unrealized) may trigger debt covenants to be violated and may jeopardize hospitals' economic security. Losses in pension and other postretirement benefit funds may result in increased funding requirements for hospitals and health systems. Potential failure of lenders, insurers or vendors may negatively impact the results of operations, the financial performance and the overall financial condition of health care providers. Philanthropic support may also decrease or be delayed.

Effect of Disruptions in the Credit Market

A disruption of the credit and financial markets may produce volatility in the securities markets, resulting in significant losses in investment portfolios, increased business failures and consumer and business bankruptcies. Previous credit market turmoil materially adversely affected the health care sector, and the health care sector may be materially adversely affected by adverse economic conditions in the future. The consequences of these developments have generally included realized and unrealized investment portfolio losses, reduced investment income, limitations on access to the credit markets, difficulties in extending existing or obtaining new liquidity facilities, difficulties in rolling maturing commercial paper and remarketing revenue bonds subject to tender, requiring the expenditure of internal liquidity to fund principal payments on commercial paper or tenders of revenue bonds, expenditure of funds to restructure debt capital and increased borrowing costs. Increased stresses on state budgets could potentially result in reductions in Medicaid payment rates or Medicaid eligibility standards, and delays of payment of amounts due under Medicaid and other state or local payment programs.

Federal Budget Matters

Federal Budget Cuts. The Budget Control Act of 2011 (the "BCA") mandated significant reductions and spending caps on the federal budget for fiscal years 2012-2021. The BCA also created a Joint Select Committee on Deficit Reduction (the "Super Committee") to develop a plan to further reduce the federal deficit by at least $1.5 trillion on or before November 23, 2011. Because the Super Committee failed to act, the debt ceiling was to be automatically raised and sequestration (the process of automatic across the board cuts) was to be triggered in an amount necessary to achieve $1.2 trillion in savings to take effect on January 2, 2013. A wide range of spending is exempted from sequestration, including: Social Security, Medicaid, Veteran's programs, specified federal retirement funds, child nutrition, and other programs. Medicare was not exempted from sequestration, but Medicare payment reductions were to be limited to 2% of total program costs.

The American Taxpayer Relief Act of 2012 ("ATRA") postponed this scheduled reduction until March 1, 2013 and the 2% Medicare spending reduction ultimately took effect for services provided on or after April 1, 2013. Additionally, ATRA significantly affects hospital Medicare reimbursement in that it requires the Medicare program to recoup funds from hospitals based on changes in documentation and coding that have increased Medicare inpatient prospective payment system ("IPPS") payments but that do not represent real increases in the intensity of services provided to patients. The Medicare Access and CHIP Reauthorization Act of 2015 ("MACRA") and the 21st Century Cures Act (Public Law No. 144-

255) (the "Cures Act") combined to replace these recoupment adjustments with 0.5 percent positive adjustments to the standardized amount of Medicare payments to acute care hospitals for fiscal years 2018 through 2023.

The BBA 2013 extended the 2% reduction to Medicare providers and insurers at least through March 31, 2024, subject to additional Congressional action. Certain commercial Medicare Advantage plans are passing this 2% reduction on to health care providers.

The Bipartisan Budget Act of 2015 (the "BBA 2015"), increased the discretionary spending caps imposed by the BCA for federal fiscal years 2016 and 2017 and authorized $80 billion in increased spending over the two years. The BBA 2015 also extended the 2% reduction to Medicare providers and insurers for another year, to at least March 31, 2025, and suspended the limit on the federal government's debt until March 2017.

The Bipartisan Budget Act of 2018 ("BBA 2018") increased the discretionary spending caps imposed by the BCA for federal fiscal years 2018 and 2019 and authorized $63 billion in increased discretionary spending over the two years.

Additionally, federal health care reform legislation has also resulted in significant reimbursement cuts. See "Health Care Reform—*Federal Health Care Reform*" below for additional information.

There is a substantial likelihood that Congress could further reduce Medicare or Medicaid spending. President Trump's 2020 budget proposal calls for an $845 billion reduction in Medicare spending and a $1.5 trillion reduction in Medicaid spending over the next decade. It is impossible to predict what portion, if any, of the proposed reductions will be included in any congressionally approved budget.

Because Congress may make changes to the budget in the future, it is impossible to predict the impact any spending cuts may have upon OHSU. Similarly, it is impossible to predict whether any automatic reductions to Medicare may be triggered in lieu of other spending cuts that may be proposed by Congress. To the extent Medicare and/or Medicaid spending is reduced under either scenario, this may have a material adverse effect upon the financial condition of OHSU. Ultimately, these reductions or alternatives could have a disproportionate impact on hospital providers and could have a material adverse effect on the financial condition of OHSU.

Debt Limit Increase. Through legislation, the federal government has created a debt "ceiling" or limit on the amount of debt that may be issued by the United States Treasury. In the past several years, political disputes have arisen within the federal government in connection with discussions concerning the authorization for an increase in the federal debt ceiling that have threatened to shut down substantial portions of the federal government. On August 2, 2019, the Bipartisan Budget Act of 2019 was signed into law, which suspended the debt ceiling until July 31, 2021. Any future failure to increase the federal debt limit could have a material adverse effect on the operations, financial condition, and financial performance of the health care industry and OHSU. In addition, the market price or marketability of the Bonds in the secondary market could be materially adversely affected by any failure to increase the federal debt limit. Any failure by Congress to increase the federal debt limit may impact the federal government's ability to incur additional debt, pay its existing debt instruments and to satisfy its obligations relating to the Medicare and Medicaid programs.

Management of OHSU is unable to determine at this time what impact any future failure to increase the federal debt limit may have on the operations, financial condition and financial performance of OHSU, although such impact may be material. Additionally, the market price or marketability of the

Bonds in the secondary market may be materially adversely impacted by any failure of Congress to increase the federal debt limit.

Federal Legislative and Regulatory Initiatives

The Patient Protection and Affordable Care Act, as amended by the Health Care and Education Reconciliation Act of 2010 (the "Affordable Care Act" or "ACA"), has significantly changed, and continues to change, how health care services are covered, delivered, and financed in the United States. The ACA and its implementation have been, and remain, politically controversial. The ACA has continually faced, and continues to face, legal and legislative challenges, including repeal efforts. President Trump and Republican leaders of Congress have repeatedly cited health care reform, and particularly repeal and replacement of the ACA, as a key goal. To that end, Congressional leaders have introduced various ACA repeal bills. While no bills wholly repealing the ACA have passed both chambers of Congress, on December 22, 2017, President Trump signed into law the Tax Cuts and Jobs Act (the "Tax Cuts and Jobs Act of 2017") which effectively eliminated a key provision of the ACA—a tax penalty associated with failing to maintain health coverage (the "Individual Mandate Tax Penalty") by reducing the penalty to zero dollars effective 2019. Additionally, on December 14, 2018, a Texas Federal District Court judge, in the case of Texas v. Azar, declared the ACA unconstitutional, reasoning that the Individual Mandate Tax Penalty was essential to and inseverable from the remainder of the ACA. The case is being appealed to the U.S. Court of Appeals for the Fifth Circuit. In a letter dated March 25, 2019, the U.S. Department of Justice stated that it "has determined that the district court's judgment should be affirmed." The ACA will remain law while the case proceeds through the appeals process; however, the case creates additional uncertainty as to whether any or all of the ACA should be struck down, which creates operational risk for the health care industry. Management of OHSU cannot predict the effect of the elimination of the Individual Mandate Tax Penalty, the final result and effect of the Texas v. Azar case, the likelihood of any future ACA repeal bills or other health care reform bills becoming law, or the subsequent effects of any such laws or legal decisions, though such effects could have a material adverse effect on OHSU's operations, financial performance or financial condition. In particular, any legal, legislative or executive action that (1) reduces federal health care program spending, (2) increases the number of individuals without health insurance, (3) reduces the number of people seeking health care, or (4) otherwise significantly alters the health care delivery system or insurance markets could have a material adverse effect on OHSU's operations, financial performance or financial condition.

Executive branch actions can also have a significant impact on the viability of the ACA. President Trump has issued two broad executive orders aimed at de-regulation: (1) one requiring federal agencies to remove two previously implemented regulations for every new regulation added, and (2) one directing each federal agency to set up a "regulatory reform task force" to review existing regulations and eliminate those that are costly or unnecessary. Additionally, President Trump has issued executive actions directly aimed at the ACA: (1) one requiring federal agencies with authorities and responsibilities under the ACA to "exercise all authority and discretion available to them to waive, defer, grant exemptions from, or delay" parts of the law that place "unwarranted economic and regulatory burdens" on states, individuals or health care providers; (2) a second instructing federal agencies to make new rules allowing the proliferation of "association health plans" and short term health insurance, which plans have fewer benefit requirements than those sold through ACA insurance exchanges; and (3) a third ordering the federal government to withhold ACA cost sharing subsidies currently paid to insurance companies in order to reduce deductibles and co pays for many low income people. These executive actions have the potential to significantly impact the insurance exchange market by causing a reduction in the number of healthy individuals in the ACA health insurance exchanges, a reduction in the number of plans available on the health insurance exchanges, and/or an increase in insurance premiums.

Further, President Trump has issued executive orders related to immigration. Any changes to laws related to visas and other immigration matters, and enforcement thereof, could impact health care providers that employ personnel who have employment-based or other visas.

Based on these executive orders and the present political climate, there can be no assurances that any existing health care laws and regulations will remain in their current form. Further, there can be no assurances that any potential changes to the laws and regulations governing health care would not have a material adverse effect on the operations, financial performance or financial condition of OHSU and any future Members of the Obligated Group. Therefore, the following discussion should be read with the understanding that significant changes could occur in many of the statutory and regulatory matters discussed.

On December 22, 2017, President Trump signed into law the Tax Cuts and Jobs Act which eliminates the issuance of tax-exempt bonds to advance refund outstanding tax-exempt bonds. This could have a material adverse effect on the market price or marketability of outstanding tax-exempt bonds issued by and on behalf of OHSU and/or availability of borrowed funds for OHSU, particularly for capital expenditures, as well as the operations, financial position and cash flows of OHSU.

Health Care Reform

Federal Health Care Reform. The content and implementation of the ACA has been highly controversial, President Trump and Republican leaders of Congress have repeatedly cited repeal and replacement of the ACA as a key goal, certain provisions of the ACA have been repealed, Congress has taken steps to repeal and replace the ACA, and the ACA has been challenged in the courts. See "—Federal Legislative and Regulatory Initiatives" above.

One key provision of the ACA was the Individual Mandate Tax Penalty (discussed above), which required most Americans to maintain "minimum essential" health insurance coverage or pay a yearly tax penalty to the federal government. Individuals who were not deemed exempt from the Individual Mandate Tax Penalty and otherwise did not obtain health insurance coverage through an employer or government program were expected to satisfy the mandate by purchasing insurance from a private company or through a "health insurance exchange." The health insurance exchanges are government established organizations that provide competitive markets for buying health insurance by offering individuals and small employers a choice of different health plans, certifying plans that participate, and providing information to help consumers better understand their options. The 2017 Tax Cuts and Jobs Act effectively eliminated the Individual Mandate Tax Penalty by reducing the penalty to zero dollars effective 2019. While the effect of the elimination of the Individual Mandate Tax Penalty is uncertain, it has been predicted that it will result in fewer healthy individuals purchasing insurance (through the exchanges or otherwise) and increase the number of uninsured individuals. Management of OHSU cannot predict the likelihood of any future ACA repeal bills or other health care reform bills becoming law, or the subsequent effects of any such laws, though such effects could have a material adverse effect on OHSU's operations, financial performance or financial condition.

In addition to legislative repeal or replacement efforts, the ACA implementation and the ACA insurance exchange markets could be significantly impacted by executive branch actions as described further in "—Federal Legislative and Regulatory Initiatives" above.

In August 2018 DHHS, Labor, and Treasury published a final rule to expand the availability of short-term, limited-duration insurance. This final rule is expected to reduce the population of individuals purchasing health insurance through an exchange. In June 2018 the United States Department of Labor issued a final rule that will increase the availability of association health plans and is anticipated to have a

similar effect on exchange participation. Congress is currently evaluating proposals intended to continue cost sharing reduction payments, but no such legislation has been passed to date.

These executive actions have the potential to significantly impact the insurance exchange market by causing a reduction in the number of healthy individuals in the ACA health insurance exchanges, a reduction in the number of plans available on the health insurance exchanges, and/or an increase in insurance premiums. OHSU cannot predict the likelihood or effect of any current or future executive actions on OHSU's operations, financial performance or financial condition, though such effects could be material.

The majority of the ACA remains law. Certain key provisions of the law are briefly described below.

The ACA addresses almost all aspects of hospital and provider operations and health care delivery, and has changed and is changing how health care services are covered, delivered and reimbursed. These changes have resulted in, and will continue to result in new payment models with the risk of lower health care provider reimbursement from Medicare, utilization changes, increased government enforcement and the necessity for health care providers to assess, and potentially alter, their business strategy and practices, among other consequences. While many providers will receive reduced payments for care, millions of previously uninsured Americans may have gained health insurance coverage. "Health insurance exchanges" could fundamentally alter the health insurance market and negatively impact health care providers by, for example, enabling insurers to aggressively negotiate rates. Federal deficit reduction efforts will likely curb federal Medicare and Medicaid spending further to the detriment of hospitals, physicians and other health care providers.

The ACA has led to substantial changes in the United States health care system. As discussed herein, the future of the ACA is uncertain. Nevertheless, the ACA continues to impact the delivery of health care services, the financing of health care costs, reimbursement of health care providers and the legal obligations of health insurers, providers, employers and consumers. Some of the provisions of the ACA took effect immediately or within a few months of final approval, while others were or will be phased in over time, ranging from one year to ten years from adoption. Because of the complexity of the ACA generally, additional legislation will likely be considered and enacted over time. The ACA has also required, and will continue to require, the promulgation of substantial regulations with significant effects on the health care industry and third-party payors. Thus, the health care industry has been and continues to be the subject of significant new statutory and regulatory requirements and, consequently, to structural and operational changes and challenges for a substantial period of time. The full ramifications of the ACA may also become apparent only over additional time and through later regulatory and judicial interpretations. Portions of the ACA have already been limited and nullified as a result of legislative amendments and judicial interpretations, while others have been upheld after being challenged, and future legislative actions and legal challenges may further change its impact. The uncertainties regarding the implementation of the ACA create unpredictability for the strategic and business planning efforts of health care providers, which in itself constitutes a risk.

The changes in the health care industry brought about by the ACA have had and may have both positive and negative effects, directly and indirectly, on the nation's hospitals and other health care providers, including OHSU. For example, the increase in the numbers of individuals with health care insurance occurring as a consequence of Medicaid expansion, creation of health insurance exchanges, subsidies for insurance purchase and the penalty on certain individuals who do not purchase insurance could continue to result in lower levels of bad debt and increased utilization or profitable shifts in utilization patterns for hospitals. However, the extent to which Medicaid expansion, which is now optional on a state by state basis, is either not pursued or results in a shifting of significant numbers of

commercially-insured individuals to Medicaid, or health insurance options on exchanges are limited or unaffordable, as well as the cost containment measures and pilot programs that the ACA requires, may offset these benefits. A negative impact to the hospital industry overall will likely continue from scheduled cumulative reductions in Medicare payments; such reductions may be substantial. The ACA's cost-cutting provisions to the Medicare program include reduction in Medicare market basket updates to hospital reimbursement rates under the IPPS, additional reductions to or elimination of Medicare reimbursement for certain patient readmissions and hospital-acquired conditions, as well as anticipated reductions in rates paid to Medicare managed care plans that may ultimately be passed on to providers. Industry experts also expect that government cost reduction actions may be followed by private insurers and payors. Because a large percentage of the gross patient revenues of OHSU for each of its fiscal years ended June 30, 2019 and 2018 were from Medicare spending, the reductions may have a material impact, and could offset any positive effects of the ACA. See also "—Patient Service Revenues—Medicare and Medicaid Programs" below.

The ACA created state "health insurance exchanges" through which health insurance can be purchased by certain groups and segments of the population, expanded the availability of subsidies and tax credits for premium payments by some consumers and employers, and required that certain terms and conditions be included by commercial insurers in contracts with providers. Additionally, the ACA imposed many new obligations on states related to health insurance. It is unclear how the increased federal oversight of state health care may affect future state oversight or affect OHSU. The health insurance exchanges may have positive impact for hospitals by increasing the availability of health insurance to individuals who were previously uninsured. Conversely, employers or individuals may shift their purchase of health insurance to new plans offered through the exchanges, which may or may not reimburse providers at rates equivalent to rates the providers currently receive. Beginning in 2020 and absent modifying legislation, an excise tax will be imposed under the ACA on certain high-cost, employment-based health plans. This tax was originally scheduled to take effect in federal fiscal year 2018, but its implementation was delayed by subsequent legislation. The exchanges could alter the health insurance markets in ways that cannot be predicted, and exchanges might, directly or indirectly, take on a rate-setting function that could negatively impact providers. In the past years, many insurance companies decided to cease offering plans through the exchanges due to financial losses on such plans. The efforts to repeal the ACA described herein, the current administration's discontinuation of payments for cost-sharing subsidies and the repeal of the Individual Mandate Tax Penalty further have destabilized the insurance markets. Under these circumstances, it is possible that even more insurers may drop out of the exchanges.

Additionally, the Obama administration delayed the effective date of certain aspects of the ACA and in November 2015, BBA 2015 repealed a provision of the ACA that would require employers that offer one or more health benefit plans and have more than 200 full-time employees to automatically enroll new full-time employees in a health plan. Similarly, delaying the ACA adjusted community rating provisions for small group plans temporarily stabilized renewal rates for many small employers with young, healthy employees in many markets. When this delay expires, many of these small employers are expected to receive significant rate increases as they are moved toward an average "community" rate.

High deductible insurance plans have become more common in recent years, and the ACA has encouraged an increase in high deductible insurance plans as the health care exchanges include a variety of plans, several of which offer lower monthly premiums in return for higher deductibles. Many plans offered on the exchanges have high deductibles. High deductible plans may contribute to lower inpatient volumes as patients may forgo or choose less expensive medical treatment to avoid having to pay the costs of the high deductibles. There is also a potential concern that some patients with high deductible plans will not be able to pay their medical bills as they may not be able to cover their high deductible. This factor may increase bad debt expense for hospitals and providers.

The ACA will likely affect some health care organizations differently from others, depending, in part, on how each organization adapts to the legislation's emphasis on directing more federal health care dollars to integrated provider organizations and providers with demonstrable achievements in quality care. The ACA established a value-based purchasing system for hospitals under the Medicare program, which was designed to provide incentive payments to hospitals that are contingent on satisfaction of specified performance measures related to common and high-cost medical conditions, such as cardiac, surgical and pneumonia care.

The ACA established the Medicare Savings Program ("MSSP") that promotes accountability for the care of Medicare beneficiaries and encourages coordination of care and other efficiencies through entities called "accountable care organizations" ("ACOs"). The ACA also established a mechanism by which the government develops and tests various demonstration programs and pilot projects and other voluntary and mandatory programs to evaluate and encourage new provider delivery models and payment structures, including ACOs and bundled provider payments. The outcomes of these demonstration projects and programs, including their effect on payments to providers and financial performance, cannot be predicted.

In general, these initiatives and others under the ACA seek to transition Medicare payments away from traditional fee-for-service models and towards payments based, at least in part, on quality. These projects and programs continue to be implemented and updated and affect many types of providers. This transition of Medicare payment from volume to quality and value will place increasing risk on providers and could have a significant negative impact upon the economic performance of OHSU. The outcomes of these projects and programs, including the likelihood of being made permanent or expanded or their effect on health care organizations' revenues or financial performance, cannot be predicted.

As mentioned above, the ACA established the MSSP program that seeks to promote accountability and coordination of care through the creation of ACOs. The program allows hospitals, physicians and others to form ACOs and work together to invest in infrastructure and redesign integrated delivery processes to achieve high quality and efficient delivery of services. ACOs that achieve quality performance standards will be eligible to share in a portion of the amounts saved by the Medicare program and, depending on their participation status, may share in a portion of any losses suffered by the Medicare program. DHHS has significant discretion to determine key elements of the program, including what steps providers must take to be considered an ACO, how to decide if Medicare program savings have occurred, and what portion of such savings will be paid to ACOs. The ACO and MSSP final rules were published in November 2011 and June 2015; however, the regulations are complex and it remains unclear whether the qualification requirements will be a formidable barrier to entry. In particular, because the federal ACO regulations do not preempt state law, providers in any state participating as a federal ACO must be organized and operated in compliance with such state's existing statutes and regulations. In January 2016, CMS issued a proposed rule that aims to revise the benchmark rebasing calculations for ACOs. While these revised benchmark rebasing calculations may be particularly attractive for high performing ACOs, the delayed onset of these revised benchmark calculations (e.g., the revised methodology would not apply for the earliest ACOs until the start of their third participation agreement in 2019) leaves the MSSP ACO landscape somewhat uncertain. Also, the Federal Trade Commission ("FTC") and Department of Justice ("DOJ") issued a joint statement of antitrust enforcement policy in October 2011 as applied to ACOs; CMS and the OIG issued a final rule in October 2015 on certain waivers of the Anti-Kickback Statute, Stark Law and the Civil Monetary Penalties Law for ACOs; and the IRS issued a notice and fact sheet in October 2011 addressing the impact on tax-exempt organizations participating in ACOs; however, there may remain regulatory risks for participating hospitals, as well as financial and operational risks. It is possible that hospital participants in ACOs will have to marshal a large upfront financial investment to form unique and untested ACO structures, which may or may not succeed in gaining qualification. For those that do qualify, it is uncertain whether the savings will be

adequate to recoup the initial investment. CMS is also developing and implementing more advanced ACO payment models, such as the Next Generation ACO Model, which require ACOs to assume greater risk for attributed beneficiaries. Providers participating in MSSP and other ACO payment models developed by CMS may not be able to recoup their investments and may suffer further losses if they are not able to meet quality targets and sufficiently control the cost of care for their attributed beneficiaries. In addition, private insurers and self-insured employers are beginning to establish similar incentives for providers, requiring changes in infrastructure and organization. The potential impacts of these initiatives and the regulation for ACOs are unknown and continually evolving, but introduce greater risk and complexity to health care finance and operations.

The ACA expands access to Medicaid and the scope of services covered thereunder. With respect to access, Medicaid is expected to cover all individuals with incomes of less than 133% of the federal poverty level. The ACA currently gives states the option to expand Medicaid eligibility to non-elderly, non-pregnant individuals who are not otherwise eligible for Medicare, if they have incomes of less than 133% of the federal poverty level. To assist states with the cost of covering such newly eligible individuals, the federal government agreed to pay 100% of the new cost for a limited number of years. Thereafter, the cost share is expected to decrease to 90% by 2020, which decrease will occur in phases. However, as stated above, the U.S. Supreme Court's decision made the decision to expand Medicaid an option for each state. In the event a state chooses not to participate in the expanded Medicaid program, the net effect of the reforms in the ACA could be significantly reduced. Additionally, Medicaid reimbursement rates differ by state and the effect of expanded Medicaid enrollment must be determined on a state-by-state basis. The State of Oregon chose to expand Medicaid under the ACA. See "—Medicaid Program" below.

Changes to the ACA could result in additional pressure on Medicaid funding. A repeal or modification of the ACA could reduce the number of individuals qualifying for treatment as Medicaid patients, resulting in OHSU's care for greater numbers of uninsured individuals.

The ACA establishes criteria for Qualified Health Plans ("QHPs") that may participate in the state run exchanges. A QHP must meet certain minimum essential coverage requirements. Minimum essential coverage requirements may be offered at one of four levels of coverage: bronze, silver, gold or platinum. Each QHP issuer must agree to offer at least one plan at the silver and gold level. The ACA sets forth the minimum coverage offered under each plan level and limits the variations in premiums that may be charged for exchange coverage on the basis of age and tobacco use. A QHP must also be certified by each exchange through which the plan is offered, must be licensed in each state where it offers insurance, and the QHP must limit cost sharing with the insured. Under the ACA, individuals with family income under 400% of the Federal Poverty Level are eligible for subsidized premiums, deductibles and co-pays for coverage purchased on the exchange. Initially, only individuals and small employers were able to access coverage through the exchanges. The ACA authorizes large employers to use the exchanges to provide employer-based coverage to their employees. Although existing health insurance plans may continue to offer coverage as grandfathered plans in the individual and group markets, enrollment in such plans will be limited to those who were enrolled before March 23, 2010 and their families and must still meet select ACA requirements. Non-grandfathered plans must meet the ACA's QHP requirements.

The ACA contains amendments to existing criminal, civil and administrative anti-fraud statutes and increases in funding for enforcement and efforts to recoup prior federal health care payments to providers. Under the ACA, a broad range of providers, suppliers and physicians are required to adopt a compliance and ethics program. While the government has already increased its enforcement efforts, failure to implement certain core compliance program features provides new opportunities for regulatory and enforcement scrutiny, as well as potential liability if an organization fails to prevent or identify improper federal health care program claims and payments. See also "—Regulatory Environment" herein.

With respect to charity care, the ACA contains many features from previous tax exempt reform proposals, including a set of sweeping changes applicable to charitable hospitals exempt under Section 501(c)(3) of the Code. The ACA: (i) imposes new eligibility requirements for 501(c)(3) hospitals, coupled with an excise tax for failures to meet certain of those requirements; (ii) requires mandatory IRS review of the hospitals' entitlement to exemption; (iii) sets forth new reporting requirements, including information related to community health needs assessments and audited financial statements; (iv) requires hospitals to adopt and publicize a financial assistance policy, limit charges to patients who qualify for financial assistance to the lowest amount charged to insured patients, and control the billing and collection processes; and (v) imposes further reporting requirements on the Secretary of the Treasury regarding charity care levels. Failure to satisfy these conditions may result in the imposition of fines and the loss of tax exempt status.

Finally, the ACA includes many new legal obligations with respect to, for example, nondiscrimination. Final regulations implementing the nondiscrimination provision of the ACA (Section 1557) were issued on May 13, 2016. The impact of compliance with these obligations cannot be predicted.

To the extent the ACA remains law, it is difficult to predict the full impact of the ACA on OHSU's future revenues and operations at this time due to uncertainty regarding a number of material factors, including: (1) the number of uninsured individuals to ultimately obtain and retain insurance coverage as a result of the ACA, (2) the percentage of any newly insured patients covered by Medicaid versus a commercial plan, (3) the pace at which insurance coverage expands (or contracts), (4) changes in delivery system models and the corresponding changes in reimbursement rates and methods, (5) the percentage of individuals in the exchanges who select the high deductible plans, (6) the extent to which the enhanced program integrity and fraud and abuse provisions lead to a greater number of civil or criminal actions, (7) the extent to which the ACA tightens health insurers' profits, causing the plans to reduce reimbursement rates, (8) the extent of lost revenues, if any, resulting from ACA quality initiatives, (9) the success of any clinical integration efforts or programs in which OHSU participates, and (10) changes in executive branch policy implementing provisions of the ACA.

State Health Care Reform. Oregon has a long history of health care reform and innovation in its Medicaid program. In 2009, the Oregon Legislative Assembly enacted legislation that established the Oregon Health Policy Board (the "Board"), a nine-member citizen panel appointed by the Governor to oversee the development and implementation of health care policy in Oregon. The Board was charged with carrying out these duties through the Oregon Health Authority and with the development of a plan to provide and fund access to affordable health care for all Oregonians by 2015, which is called the Action Plan for Health. The Board is to establish statewide health care quality standards, clinical standards, and cost containment mechanisms to reduce health care costs. A number of state governmental agencies have been placed within the Board's jurisdiction. The Board is also working on a number of health care reform initiatives including the establishment and operation of a statewide physician orders for life sustaining treatment registry, the creation of a council to promote the use of electronic health records and data exchange, the establishment of a health care workforce database, and the development of evidence-based health care guidelines for use by health care providers, consumers, and purchasers of health care in Oregon.

After the enactment of the ACA, former Governor Kitzhaber established the Health System Transformation Team ("HSST"). The HSST is chartered by the Board and was charged with providing assistance to the Board in developing a plan to improve the health delivery system for Oregon Health Plan and Medicaid clients. Generally speaking, the plan focuses on coordinated mental, physical, behavioral and oral health to focus on prevention, and improve care.

In the 2011 Legislative Session, former Governor Kitzhaber and the Legislative Assembly enacted legislation ("HB 3650") establishing the Oregon Integrated and Coordinated Health Care Delivery System to replace managed care systems for recipients of medical assistance by January 1, 2014. The legislation requires the Oregon Health Authority to seek federal approval to allow enrollment of individuals who are dually eligible for Medicare and Medicaid into coordinated care organizations ("CCOs") and requires authority to establish alternate payment methodologies for coordinated care organizations. CCOs were developed to improve health, improve health care and lower costs by transforming the delivery of health care. HB 3650 required the Legislative Assembly to give final approval of the implementation plan for CCOs during the February 2012 Session, and in the February 2012 Session, the Legislative Assembly enacted Senate Bill 1580 to approve the business plan for implementation of CCOs. CCOs are responsible for the delivery of physical, mental, addiction, oral and other health care to Medicaid beneficiaries and given flexibility and incentives for delivering care that keeps people healthier, including preventive services and team-based care for chronic illnesses.

The State received a Section 1115 Medicaid Demonstration waiver from CMS for the period of 2012 to 2017 that allowed it to receive a federal Medicaid match for certain health care services that were funded from the general fund, pursuant to which the State established the CCOs. In 2017, CMS approved extension of the waiver for the period 2017 to 2022 to build on improving the CCO model. In October 2018, at the request of Governor Brown, the Oregon Health Policy Board approved a comprehensive set of policies to improve the health of Oregon Health Plan members serviced by CCOs, address health disparities, control program costs, and continue to transform health care delivery in Oregon. The Oregon Health Authority subsequently undertook an evaluation of the CCO program and have since implemented CCO 2.0 to achieve the aforementioned policy goals. In so doing, the Oregon Health Authority in early 2019 sought Request for Applications for five-year CCO 2.0 contract awards. The awardees' contracts will commence January 1, 2020.

Federal government action on the Section 1115 Demonstration Waiver request, legislation or regulation on any of the above or related topics could have a negative impact on OHSU and, in turn, its ability to make payments under the Obligations issued pursuant to the Master Indenture.

Nonprofit Health Care Environment

The operations and practices of nonprofit, tax-exempt health care organizations are routinely challenged or criticized for inconsistency or inadequate compliance with the regulatory requirements for, and societal expectations of, nonprofit tax-exempt organizations. These challenges, in some cases, are broader than concerns about compliance with federal and state statutes and regulations, such as Medicare and Medicaid compliance, and instead in many cases are examinations of core business practices of the health care organizations. A common theme of these challenges is that nonprofit health care organizations may not confer community benefits that justify the benefit received from their tax-exempt status. Areas that have come under examination have included pricing practices, billing and collection practices, charitable care, methods of providing and reporting community benefit, executive compensation, exemption of property from real property taxation, private use of facilities financed with tax-exempt bonds and others. These challenges and questions have come from a variety of sources, including state attorneys general, the Internal Revenue Service ("IRS"), state and local tax authorities, labor unions, Congress, state legislatures and patients, and in a variety of forums, including hearings, audits and litigation. Although OHSU is a public and not a nonprofit corporation, the challenges and examinations, and any resulting legislation, regulations, judgments or penalties, could have a material adverse effect on the operations, financial performance or financial condition of OHSU and future Members of the Credit Group. These challenges or examinations include the following, among others:

Congressional Hearings. Senate and House committees have conducted several nationwide investigations of hospital billing and collection practices, charity care and community benefits, and prices charged to uninsured patients and have considered reforms to the nonprofit sector, including proposed reform in the area of tax-exempt health care organizations. See "*—IRS Examination of Compensation Practices*" and "*—Challenges to Real Property Tax Exemptions*" below. It is uncertain whether any of these committees will pursue further investigations or whether Congress will adopt legislative changes negatively impacting tax-exempt organizations generally or tax-exempt hospitals in particular. See "Tax-Exempt Status and Other Tax Matters—*Tax-Exemption for Not-For Profit Corporations*" below.

IRS Bond Examinations. The IRS audits tax-exempt bonds in the charitable organization sector, with specific review of private use. Schedule K to the Form 990 return requires information relating to recordkeeping and record retention requirements for tax-exempt bonds. Schedule K also requires tax-exempt organizations to report on the investment and use of tax-exempt bond proceeds to address IRS concerns regarding compliance with arbitrage rebate requirements and the private use and research use of bond-financed facilities.

IRS Examination of Compensation Practice. Executive compensation arrangements, practices and procedures of tax-exempt hospitals and other tax-exempt organizations come under heavy IRS scrutiny, and in certain circumstances, the IRS may conduct further investigations or impose fines on tax-exempt organizations. The IRS has also undertaken a community benefit initiative directed at hospitals. An IRS report on this initiative determined that a lack of uniformity in definitions of community benefit used by reporting hospitals, including those regarding uncompensated care and various types of community benefit, made it difficult for the IRS to assess whether any particular hospital is in compliance with current law. Schedule H to Form 990, which hospitals and health systems must use to report their community benefit activities, requires information that includes the cost of providing charity care and other tax-exemption related information. Proposals have also been made within Congressional committees to codify the requirements for hospitals' tax-exempt status, including requirements to provide minimum levels of charity care. Additionally, the ACA contains requirements for nonprofit hospitals in order to maintain their tax-exempt status. See "—Tax-Exempt Status and Other Tax Matters—Maintenance of the Tax-Exempt Status of OHSU" below.

IRS Scrutiny of Employee Classification. The IRS is aggressively pursuing businesses, including nonprofit tax-exempt organizations, which misclassify their employees as independent contractors. A number of employers incorrectly treat their workers (or a class or group of workers) as independent contractors or other nonemployees to reduce their employment tax withholding burden. An IRS audit of employee classification can result in employment tax liability for the employers, as well as interest and penalties on the amounts owed. Whether a worker is performing services as an employee or as an independent contractor depends on facts and circumstances and generally is determined under various common law tests, like whether the service recipient has the right to direct and control the worker regarding how he or she performs the services. The IRS is offering a Voluntary Classification Settlement program that provides partial relief from federal employment taxes owed for employers that agree to prospectively treat workers as employees and not independent contractors.

Litigation Relating to Billing and Collection Practices. Lawsuits have been filed in federal and state courts alleging, among other things, that hospitals have failed to fulfill their obligations to provide charity care to uninsured patients and have overcharged uninsured patients. Other cases have alleged that charging patients more for services furnished in a hospital-based setting is a wrongful or deceptive practice. Many of these cases have since been dismissed by the courts. Some hospitals and health systems have entered into substantial settlements.

Class Actions. Hospitals and health systems have long been subject to a wide variety of litigation risks, including liability for care outcomes, employer liability, property and premises liability, and peer review litigation with physicians, among others. In recent years, consumer class action litigation has emerged as a potentially significant source of litigation liability for nonprofit hospitals and health systems. These class action suits have most recently focused on hospital billing and collections practices and breaches of privacy, and they may be used for a variety of currently unanticipated causes of action. Since the subject matter of class action suits may involve uninsured risks, and since such actions often involve alleged large classes of plaintiffs, they may have material adverse consequences on hospitals and health systems in the future.

Challenges to Real Property Tax Exemptions. The real property tax exemptions afforded to certain nonprofit health care providers by state and local taxing authorities have been challenged on the grounds that the health care providers were not engaged in charitable activities. These challenges have been based on a variety of grounds, including allegations of aggressive billing and collection practices, excessive financial margins and operations that closely resemble for-profit businesses. Several of these disputes have been determined in favor of the taxing authorities or have resulted in settlements. While OHSU is a governmental entity and not a charitable organization, it is conceivable that OHSU's real property tax exemptions could be challenged. OHSU closely monitors these disputes, challenges and matters related to the tax exemption afforded to any material real property of OHSU. There can be no assurance that these types of challenges will not occur in the future.

Indigent Care. Public and nonprofit health care providers often treat large numbers of indigent patients who are unable to pay in full for their medical care. Typically, urban, inner-city hospitals and other health care providers may treat significant numbers of indigents. These hospitals and health care providers may be susceptible to economic and political changes that could increase the number of indigents or their responsibility for caring for this population. General economic conditions affect the number of employed individuals who have health coverage and the ability of patients to pay for their care. Similarly, changes in governmental policy, which may result in coverage exclusions under local, county, state and federal health care programs (including Medicare and Medicaid), may increase the frequency and severity of indigent treatment by such hospitals and other providers. It also is possible that future legislation could require that tax-exempt hospitals and other providers maintain minimum levels of indigent care as a condition to federal income tax exemption or exemption from certain state or local taxes.

Increasing Consumer Choice and Action by Purchasers of Hospital Services and Consumers. Hospitals and other health care providers face increased pressure to be transparent and provide information about cost and quality of services, which may lead to a loss of business as consumers and others make choices about where to receive health care services based upon cost and quality data accumulated by a variety of sources. Under Oregon Law (SB 900; Oregon Laws 2015, chapter 845), as of July 1, 2016, health care price information, including median prices for the 50 most common inpatient procedures and the 100 most common outpatient procedures, are posted to the website of the Oregon Health Authority.

Major purchasers of health care services also could take action to restrain hospital or other provider charges or charge increases. As a result of increased public scrutiny, it is also possible that the pricing strategies of hospitals may be perceived negatively by consumers, and hospitals may be forced to reduce fees for their services. Decreased utilization could result, and health care organizations' revenues may be negatively impacted. In addition, consumers and consumer advocates are increasing pressure for hospitals and other health care providers to be transparent and provide information about costs and quality of services that may affect future consumer choices about where to receive health care services.

The foregoing are some examples of the challenges and examinations facing public and nonprofit health care organizations. They are indicative of a greater scrutiny of the billing, collection and other business practices of these organizations, and may indicate an increasingly more difficult operating environment for health care organizations, including public corporations such as OHSU. The challenges and examinations, and any resulting legislation, regulations, judgments, or penalties, could have a material adverse effect on OHSU's operations, financial performance or financial condition, and in turn, OHSU's ability to make payments on Master Indenture Obligations, and consequently, on the Bonds.

Patient Service Revenues

Net patient revenues realized by OHSU are derived from a variety of sources and will vary among the individual facilities owned and operated by OHSU. Certain facilities and regions may realize substantially more revenues from private payment programs, such as managed care organizations, than do others.

A substantial portion of the net patient service revenues of OHSU is derived from third-party payors which pay for the services provided to patients covered by third parties for services. These third-party payors include the federal Medicare program, state Medicaid programs and private health plans and insurers, including health maintenance organizations and preferred provider organizations. Many of those programs make payments to OHSU in amounts that may not reflect the direct and indirect costs of OHSU of providing services to patients.

The financial performance of OHSU has been and could be in the future adversely affected by the financial position or the insolvency or bankruptcy of or other delay in receipt of payments from third-party payors that provide coverage for services to their patients.

Health care providers have been and continue to be affected significantly by changes made in the last several years in federal and state health care laws and regulations, particularly those pertaining to Medicare and Medicaid. The purpose of much of this statutory and regulatory activity has been to reduce the rate of increase in health care costs, particularly costs paid under the Medicare and Medicaid programs.

Medicare and Medicaid Programs

Medicare and Medicaid are the commonly used names for reimbursement or payment programs governed by certain provisions of the federal Social Security Act. Medicare is an exclusively federal program, and Medicaid is a combined federal and state program. Medicare provides certain health care benefits to beneficiaries who are 65 years of age or older, or who are blind, disabled or qualify for the End Stage Renal Disease Program. Medicare Part A covers inpatient hospital services, skilled nursing care and some home health care, and Medicare Part B covers physician services and some supplies. Medicaid is designed to pay providers for care given to the medically indigent and others who receive federal aid. Medicaid is funded by federal and state appropriations and administered by the various states.

Approximately 33.0% and 23.2% of the hospital gross patient service revenue of OHSU for the fiscal year ended June 30, 2019 were derived from the Medicare program and Medicaid programs, respectively. See APPENDIX A—"INFORMATION CONCERNING OREGON HEALTH AND SCIENCE UNIVERSITY—FINANCIAL INFORMATION—Sources of Revenues."

Medicare. Medicare is a federal governmental health insurance system under which physicians, hospitals and other health care providers or suppliers are reimbursed or paid directly for services provided to eligible elderly persons, disabled persons and persons with end-stage renal disease. Medicare is

administered by the CMS of the federal Department of Health and Human Services. CMS delegates to the states the process for certifying hospitals to which CMS will make payments. In order to achieve and maintain Medicare certification, certain health care providers, including hospitals must meet CMS's "Conditions of Participation" on an ongoing basis, as determined by the state in which the provider is located and/or ongoing compliance with standards of a chosen accreditation program, such as The Joint Commission or the Healthcare Facilities Accreditation Program. The requirements for Medicare certification are subject to change, and hospitals may be required to effect changes from time to time in their facilities, equipment, personnel, billing procedures, policies and services. Failure to comply with certification and accreditation requirements could result in a loss of eligibility to participate in the Medicare program. A loss of participation in the Medicare program could have a material adverse effect on OHSU's operations, financial performance or financial condition.

OHSU depends significantly on Medicare as a source of revenue. Because of this dependence, changes in the Medicare program may have a material effect on OHSU. As the population ages, more people will become eligible for the Medicare program. Current projections indicate that demographic changes and continuation of current cost trends will exert significant and negative forces on the overall federal budget, including the ability of the federal government to continue to fund the Medicare program and changes to the way the federal government reimburses hospitals for services. The Medicare program reimburses hospitals based on a fixed schedule of rates based on categories of treatments or conditions. These rates change over time and there is no assurance that these rates will cover the actual costs of providing services to Medicare patients. Further, it is anticipated there will be reductions in rates paid to Medicare managed care plans that may ultimately be passed on to providers.

Subject to the challenges to the ACA described under the caption "—Nonprofit Health Care Environment" above, the ACA institutes multiple mechanisms for reducing the costs of the Medicare program and thus reimbursements paid to hospitals, including the following:

Market Basket Reductions. Generally, Medicare payment rates to hospitals are adjusted annually based on a "market basket" of estimated cost increases. The ACA calls for reductions ranging from 0.10% to 0.75% each year through federal fiscal year 2020.

Market Productivity Adjustments. Market basket updates for hospitals are subject to productivity adjustments. The reductions in market basket updates and the productivity adjustments have had, and will continue to have, a disproportionately negative effect upon those providers that are relatively more dependent upon Medicare than other providers. The combination of reductions to the market basket updates and the imposition of the productivity adjustments may result in reductions in Medicare payment per discharge on a year-to-year basis.

Value-Based Purchasing. Medicare inpatient payments to participating hospitals are now determined, in part, based on a program under which value-based incentive payments are made in a fiscal year to hospitals that meet certain performance standards during that fiscal year. The program is funded through a pool of money collected from participating hospital providers, as a result of the reduction of hospital inpatient care payments to these hospitals by a certain percentage each year. In each federal fiscal year, the total amount collected from these reductions is pooled and used to fund value-based incentive payments to reward participating hospitals that meet or exceed certain quality performance standards established by DHHS so the reduction of payments to a particular hospital may or may not be offset by these incentive payments.

Hospital Acquired Conditions Penalty. Medicare inpatient payments to hospitals that are in the top quartile nationally for frequency of certain "hospital-acquired conditions" identified by CMS are reduced by 1% of what would otherwise be payable to each hospital for the applicable federal fiscal

year. Further, federal payments to states for Medicaid services related to health care-acquired conditions are prohibited.

Readmission Rate Penalty. Medicare inpatient payments to those hospitals with excess readmissions compared to the national average for certain medical conditions are being reduced based on the dollar value of that hospital's percentage of excess preventable Medicare readmissions within 30 days of discharge, for those medical conditions. The current maximum penalty is 3%. CMS recently expanded the list of conditions subject to the readmission rate penalty. The Cures Act adjusted the hospital readmission reduction program to take into account the socioeconomic status of patients (specifically, the proportion of patients a hospital serves that are eligible for both Medicare and Medicaid). See below for further information on the Cures Act.

Medicare and Medicaid Disproportionate Share Payments. The ACA provided that, beginning in federal fiscal year 2014, hospitals receiving disproportionate share payments ("DSH payments") from Medicare (i.e., those hospitals that care for a disproportionate share of low-income individuals) were slated to have their Medicare DSH payments reduced significantly. This reduction was potentially adjusted to add back payments based on the volume of uncompensated care provided by each such hospital, with uncompensated care being predicted to decline due to other provisions of the ACA. The ACA also mandated cuts to Medicaid DSH payments to account for anticipated reductions in uninsured individuals and uncompensated care. Several laws have been passed restructuring and delaying the Medicaid DSH payments reductions that were to commence in fiscal year 2014. Commencing October 1, 2020 and through 2025, a state's Medicaid DSH allotment from federal funds will be reduced. Initially, DSH payments will be reduced by $4 billion in 2020, and then $8 billion per year between 2021 and 2025. See also "*—Disproportionate Share Payments*" and "*—Private Health Plans and Managed Care*" below.

Medicare Advantage. Hospitals also receive payments from health plans under the Medicare Advantage program. The ACA included significant changes to federal payments to Medicare Advantage plans, including a transition to benchmark payments tied to the level of fee-for-service spending in the applicable county. Decreased federal payments to the Medicare Advantage plans could in turn affect the scope of coverage of these plans or cause plan sponsors to negotiate lower payments to providers.

Electronic Health Information Systems Medicare and Medicaid Incentive Payments and Payment Reductions. The American Recovery and Reinvestment Act of 2009 ("ARRA") provides for Medicare incentive payments to hospital providers meeting designated deadlines for adopting and demonstrating meaningful use of electronic health information systems. For those hospital providers failing to meet the applicable deadlines, Medicare payments are significantly reduced. See also "—Regulatory Environment—*The HITECH Act*" below.

ARRA also negatively affects hospital Medicare reimbursement in that it requires the Medicare program to recoup funds from hospitals based on changes in documentation and coding that have increased Medicare IPPS payments but that do not represent real increases in the intensity of services provided to patients.

The Cures Act is intended to create broadened patient access to care, involving patients in new research, and leveraging technology to create efficiencies. The Cures Act will support efforts to improve telehealth services in Medicare and is intended to improve the process for determining which Medicare treatments are covered, potentially leading to increased access to treatments for Medicare beneficiaries. In addition to numerous provisions related to research and clinical trials, the Cures Act includes a number of changes to the Medicare program, which are described herein.

Hospital Inpatient Reimbursement. A substantial portion of the Medicare revenues of OHSU is anticipated to be derived from payments made for services rendered to Medicare beneficiaries under a hospital inpatient prospective payment system ("IPPS"). Under IPPS, for each covered hospitalization Medicare pays a predetermined base operating payment and a separate predetermined base payment for capital-related costs. Each hospitalization of a Medicare beneficiary is classified into one of several hundred diagnosis related groups ("DRGs") or Medicare severity diagnosis related groups ("MS-DRGs"). The actual cost of care, including capital costs, may be more or less than the IPPS rate. IPPS rates are subject to adjustment by CMS, including reductions mandated by the ACA and the BCA and are subject to federal budget considerations. There is no guarantee that IPPS payment rates, as they change from time to time, will cover actual costs of providing services to Medicare patients. For information regarding the impact of the ACA on payments to hospitals for inpatient services, see "— Medicare and Medicaid Programs."

Effective October 1, 2013, CMS adopted a policy known as the Inpatient Hospital Prepayment Review "Probe & Educate" review process or the "Two-Midnight" rule. The "Two-Midnight" rule specifies that hospital stays spanning two or more midnights after the beneficiary is properly and formally admitted as an inpatient will be presumed to be "reasonable and necessary" for purposes of inpatient reimbursement. With some exceptions, stays not expected to extend past two midnights should not be admitted and instead be billed as outpatient. CMS delayed enforcement of the "Two-Midnight" rule several times. Effective October 1, 2015, responsibility for enforcement of the "Two-Midnight" rule shifted from Medicare administrative contractors to quality improvement organizations ("QIO"), and recovery audit contractors will only conduct reviews for providers that have been referred by the related QIO. The 2016 Outpatient Prospective Payment System ("OPPS") final rule, issued in November 2015 and effective January 1, 2016, revised the Two-Midnight rule to allow an exception for Medicare Part A payment on a case-by-case basis for inpatient admissions that do not satisfy the two-midnight benchmark if documentation in the medical records supports that the patient required inpatient care. Following ongoing industry criticism and a legal challenge, in the 2017 IPPS final rule effective October 1, 2016, CMS removed the inpatient payment cuts of 0.2% that were in place from 2014–2016 to offset the estimated increase in IPPS expenditures as a result of the "Two Midnight" rule and provided a temporary increase of 0.6% in payment rates for fiscal year 2017 to help offset the prior cuts. The "Two-Midnight" rule has had an adverse financial impact for hospitals. In December 2016, the DHHS Office of Inspector General (the "OIG") issued a report concluding that "vulnerabilities remain" under the CMS "Two-Midnight" rule and that CMS needs to improve oversight of hospital billing under this policy. Therefore, CMS may be increasing scrutiny of short inpatient stays in the near future.

Inpatient rehabilitation facilities and units ("IRFs") and inpatient psychiatric facilities and units ("IPFs") have been excluded from the DRG-based PPS established for general inpatient acute care facilities. Both IPFs and IRFs are paid by Medicare under a separate generally higher-paying inpatient prospective payment system that is distinct from general inpatient PPS. The Social Security Act authorizes the Secretary of DHHS to determine which facilities are classified as IRFs. Such rehabilitation facilities and units are required to draw at least 60% of their inpatients from 13 specific rehabilitation diagnoses identified by CMS, in order to qualify for payment as an IRF. Effective October 1, 2014, CMS reduced the number of ICD-9 billing codes presumed to "count" toward meeting the 60% rule. There is no guarantee that the IRF payment will be adequate to cover OHSU's cost of furnishing care, or that a given IRF will continue to satisfy the 60% rule.

Recent Medicare Payment Advisory Commission ("MedPAC") guidance has recommended site-neutral payment policies for certain services provided in the IRF setting. These policies reflect MedPAC's position that Medicare should not pay more for care in one setting than in another if the care can safely and effectively be provided in a lower cost setting. Accordingly, MedPAC has proposed to reimburse certain IRF services at rates commensurate with payments made to skilled nursing facilities.

To the extent adopted by CMS, these policies would have the potential to decrease Medicare revenues available to IRFs.

Hospital Outpatient Reimbursement. Hospitals are generally paid for outpatient services provided to Medicare beneficiaries under the OPPS, which is based upon established categories of treatments or conditions known as ambulatory payment classifications ("APCs"). The payment rate established for each APC is based upon national median hospital costs (including operating and capital costs) adjusted for variations in labor costs across geographic areas. The actual cost of care, including capital costs, may be more or less than the reimbursements. CMS makes additional payment adjustments including: (i) outlier payments for services where the hospital's costs exceed a threshold amount determined by CMS for that service and (ii) pass-through payments for certain drugs and medical devices. Some hospital outpatient services (such as physical, speech and occupational therapy) are paid on the basis of the Medicare Physician Fee Schedule, instead of APCs. The ACA provides for a reduction to the market basket used to determine annual OPPS increases by an adjustment factor for 2010 through 2019 and by a productivity adjustment for 2012 and subsequent years. Application of the productivity adjustment can result in a market basket increase of less than zero, such that payments in a current year may be less than the prior year. There is no guarantee that OPPS payment rates, as they change from time to time, will cover actual costs of providing services to Medicare patients. Additionally, Congress or regulators in the future may impose additional limits or cutbacks in such payments or modify the method of calculating such payments.

Other Medicare Service Payments. Medicare payment for skilled nursing services, psychiatric services, inpatient rehabilitation services, general outpatient services and home health services are based on regulatory formulas or predetermined rates. There is no guarantee that these rates, as they may change from time to time, will be adequate to cover the actual cost of providing these services to Medicare patients.

Reimbursement of Hospital Capital Costs. Hospital capital costs apportioned to Medicare patient use (including depreciation and interest) are paid by Medicare on the basis of a standard federal rate (based upon average national costs of capital), subject to limited adjustments specific to the hospital. There can be no assurance that future capital-related payments will be sufficient to cover the actual capital-related costs of OHSU's facilities applicable to Medicare patient stays or will provide flexibility for hospitals to meet changing capital needs.

Hospital Outpatient Departments. Under the BBA 2015, effective January 1, 2017, off-campus provider-based clinics, physician offices, and ambulatory surgical centers ("off-campus hospital outpatient departments") established or acquired after November 2, 2015 are scheduled to receive reimbursement payments for only the professional fee under the Medicare Physician Fee Schedule or Ambulatory Surgical Center Payment System and will no longer receive an additional facility fee paid under the Medicare Hospital OPPS. For purposes of the BBA 2015, "campus" includes the physical areas immediately adjacent to a hospital's main buildings and other areas not strictly contiguous to the main buildings but located within a 250-yard radius of the hospital's main buildings.

This decrease in reimbursement payments does not apply to (i) any off-campus hospital outpatient departments that existed and were billing as off-campus hospital outpatient departments for covered off-campus hospital outpatient department services on November 2, 2015 (i.e., an "excepted" or "grandfathered" location), (ii) any on-campus outpatient departments, or (iii) any off-campus organizations, other than off-campus hospital outpatient departments, that are required to satisfy the provider-based regulations including satellite facilities and provider-based entities such as rural health clinics. To the extent OHSU's South Waterfront campus is not considered "on campus," OHSU's

Center for Health and Healing ("CHH") at the South Waterfront qualifies as an excepted or grandfathered location.

Effective January 1, 2016, the 2015 OPPS Final Rule requires hospitals to use new modifiers for services provided to Medicare beneficiaries at off-campus hospital outpatient departments. The stated purpose of the new modifiers is to permit CMS to obtain information regarding the effect of the trend of the conversion of physician offices to off-campus hospital outpatient departments. A potential result of this information could be a future reduction in reimbursement for certain services provided at certain types of off-campus hospital outpatient departments. In any event, failure to use the modifiers correctly could jeopardize the provider-based status of associated off-campus locations.

CMS has published final rules implementing the provisions of BBA 2015. These rules have restricted the ability of hospitals to replace or expand their existing off-campus hospital outpatient departments while receiving full payment under the OPPS while also limiting the reimbursement for services provided at non-excepted off-campus outpatient departments established after the enactment of the BBA 2015. CMS has also proposed to limit expansion of service lines at excepted off-campus provider-based hospital departments and to reduce completely the distinction in reimbursement for evaluation and management services at all off-campus locations for total site-neutrality.

The Cures Act, enacted in December 2016, expands the categories of projects that would be exempt from the decrease in OPPS reimbursement payments. They include: (i) off-campus outpatient department if the host hospital had submitted a voluntary provider-based attestation to CMS before December 2, 2015, as long as the construction of the new off-campus outpatient department is complete and the hospital is accepting or poised to accept patients; (ii) off-campus outpatient department locations providing services on or after January 1, 2018, that had a "binding written agreement with an outside unrelated party for the actual construction" of the new off-campus outpatient department before November 2, 2015, as long as the host hospital made certain attestations and certifications to CMS within 60 days of the enactment of the Cures Act and adds the department to the host hospital's Medicare enrollment form; and (iii) off-campus outpatient departments of certain cancer hospitals that file provider-based attestations within 60 days of the date of enactment of the Cures Act (for departments meeting provider-based requirements between November 2, 2015 and the date of enactment) or within 60 days of the date of meeting provider-based requirements. OHSU's new CHH2 building (immediately adjacent to CHH) should qualify for the Cures Act exception under (i) immediately above.

CMS promulgated a 2018 OPPS final rule - which provided that excepted (grandfathered) off - campus hospital outpatient department will be paid for clinic visit services at 70% of the OPPS rate in 2019 and 40% of the OPPS rate in 2020 and beyond. The American Hospital Association and others challenged the rule, and two recent federal court rulings have effectively vacated the rule. CMS is likely to introduce new site-neutral payment policies in the future and additional legal challenges are likely, making it impossible to determine the precise effect of CMS rules regarding reimbursement of off-campus locations.

Medical Education Payments. Medicare currently pays for a portion of the costs of medical education at hospitals that have teaching programs. These payments are vulnerable to reduction or elimination. The direct and indirect medical education reimbursement programs have repeatedly emerged as targets in the legislative efforts to reduce the federal budget deficit. Legislation has capped the number of residents recognized by Medicare for reimbursement purposes and has limited reimbursement for both direct and indirect medical education costs. These payments are vulnerable to reduction or elimination. Many past budget proposals have recommended reducing Medicare indirect medical education payments. Whether proposed budget reductions will take effect is unclear but such reductions may have an adverse financial effect on OHSU.

Medicare Bad Debt Reimbursement. Under Medicare, the costs attributable to the deductible and coinsurance amounts which remain unpaid by the Medicare beneficiary can be added to the Medicare share of allowable costs as cost reports are filed. Hospitals generally receive interim pass-through payments during the cost report year which were determined by the Medicare Administrative Contractor ("MAC") from the prior cost report filing. Bad debts must meet the following criteria to be allowable:

- the debt must be related to covered services and derived from deductible and coinsurance amounts;
- the provider must be able to establish that reasonable collection efforts were made;
- the debt was actually uncollectible when claimed as worthless; and
- sound business judgment established that there was no likelihood of recovery at any time in the future.

The amounts uncollectible from specific beneficiaries are to be charged off as bad debts in the accounting period in which the accounts are deemed to be uncollectible. In some cases, an amount previously written off as a bad debt and allocated to the program may be recovered in a subsequent accounting period. In these cases, the recoveries must be used to reduce the cost of beneficiary services for the period in which the collection is made. In determining reasonable costs for hospitals, the amount of bad debts otherwise treated as allowable costs is reduced by 35%. Amounts incurred by a hospital as reimbursement for bad debts are subject to audit and recoupment by the MAC. Bad debt reimbursement has been a focus of MAC audit/recoupment efforts in the past.

Medicare Physician Payments. Certain physician services are reimbursed on the basis of a national fee schedule called the "resource based-relative value scale" ("RB-RVS"). The RB-RVS fee schedule establishes payment amounts for all physician services, including services of provider-based physicians, and is subject to annual updates. CMS previously relied on a formula known as the sustainable growth rate ("SGR"), which imposed a limit on the growth of Medicare payments for physician services based on changes to the U.S. Gross Domestic Product over a ten-year period.

In April 2016, Congress adopted legislation to permanently repeal the SGR formula. This legislation, known as the Medicare Access and CHIP Reauthorization Act of 2015 or MACRA, replaced the SGR formula with statutorily prescribed physician payment updates and incentives. This legislation increased physician Medicare reimbursement by 0.5% annually through 2019 and then provided for no additional increases to base physician reimbursement through 2025. BBA 2018 reduced the physician update to 0.25% for 2019. Beginning January 1, 2026, and effective January 1 of each subsequent calendar year, physician payments will be updated 0.75% for physicians who adequately participate in qualified alternative payment models, but only 0.25% for those who do not. MACRA moved Medicare physician reimbursement from a fee-for-service to a pay-for-performance model that will continue to control the growth of physician payments based on clinical outcomes and quality reporting. In addition to the base payment methodology, physicians can earn merit-based payments based on factors including compliance with use of certified electronic health record technology and demonstration of quality-based medicine. These changes could influence physician referral and utilization behaviors, which could affect utilization of hospital services. Ultimately, it remains unclear what effect this legislation will have on OHSU, including whether reimbursement will cover the actual costs of providing physician services to Medicare beneficiaries.

Medicaid Program. Medicaid is a health insurance program for certain low-income and needy individuals that is funded jointly by the federal government and the states. Pursuant to broad federal guidelines, each state establishes its own eligibility standards; determines the type, amount, duration, and scope of services; sets the payment rates for services; and administers its own programs. Effective 2014, the ACA allows states to expand Medicaid to all individuals under the age of 65 with income less than 133% of the federal poverty limit. The State of Oregon has expanded Medicaid under the ACA.

Under the Medicaid program, the federal government supplements funds provided by the various states for medical assistance. Payment for medical and health services is made to providers in amounts determined in accordance with procedures and standards established by state law under federal guidelines. Fiscal considerations of both federal and state governments in establishing their budgets will directly affect the funds available to the providers for payment of services rendered to Medicaid beneficiaries.

The ACA makes changes to Medicaid funding and substantially increases the potential number of Medicaid beneficiaries. While management of OHSU cannot predict the effect of these changes to the Medicaid program on the operations, results from operations, financial performance or financial condition of OHSU, historically Medicaid has reimbursed at rates below the cost of care. Therefore, increases in the overall proportion of Medicaid patients poses a risk. It is uncertain to what extent this risk may be mitigated if the increased Medicaid utilization replaces previously uncompensated patients.

Effect of Medicaid Payment Reductions. The ACA makes changes to Medicaid funding and substantially increases the potential number of Medicaid beneficiaries. To fund this expansion, the ACA provides that the federal government will fund 100% of the costs of this expansion from fiscal years 2014–2016, decreasing to 90% of the costs of this expansion in fiscal year 2020 and thereafter. In June 2012, the U.S. Supreme Court held that the federal government cannot withhold existing federal funds for states that refuse to expand Medicaid as required by the ACA. At present, 19 states have chosen not to expand Medicaid coverage. While management of OHSU cannot predict the effect of these changes to the Medicaid program on operations, results from operations, financial performance or financial condition of OHSU, historically Medicaid has reimbursed at rates below the cost of care. Therefore, increases in the overall proportion of Medicaid patients pose a financial risk to OHSU. It is uncertain to what extent this risk may be mitigated if the increased Medicaid utilization replaces previously uncompensated patients.

Medicare and Medicaid Audits. Hospitals that participate in the Medicare and Medicaid programs are subject from time to time to audits and other reviews and investigations relating to various aspects of their operations and billing practices, as well as to retroactive adjustments of reimbursements received from these programs. Medicare and Medicaid regulations also provide for withholding reimbursement in certain circumstances. New billing rules and reporting requirements for which there is no clear guidance from CMS or state Medicaid agencies could result in claims submissions being considered inaccurate. The penalties for violations may include an obligation to refund money to the Medicare or Medicaid program, payment of criminal or civil fines and, for serious or repeated violations, exclusion from participation in federal health programs.

Most Medicare and Medicaid audits involve the auditing of a random sample of claims, from which any alleged overpayment is calculated and then statistically extrapolated to a larger universe of claims. Consequently, such audits typically result in alleged overpayments that are equal to many multiples of the value of the claims actually audited, and can sometimes be measured in the millions of dollars. Such audits may be conducted by a variety of entities, including DHHS, the Department of Justice ("DOJ"), state attorney general offices and private contractors of the state and federal health care programs, including MACs and other contractors described further below. CMS has consolidated several of its contractor programs and replaced them with the Unified Program Integrity Contractor ("UPIC")

program. UPIC contractors perform fraud, waste, and abuse detection, deterrence, and prevention activities for Medicare and Medicaid claims processed in the United States. Specifically, the UPIC contractors perform integrity related activities associated with Medicare Parts A, B, durable medical equipment, home health and hospice, Medicaid, and the Medicare-Medicaid data match program. The UPIC contractors operate in five separate geographical jurisdictions in the United States and combine and integrate functions previously performed by zone program integrity contractors ("ZPICs"), program safeguard contractors ("PSCs"), and Medicaid integrity contractors ("MICs"). These multiple auditing efforts reflect increased governmental concern, enforcement and resources devoted to monitoring the Medicare and Medicaid Programs.

Authorized by the Health Insurance Portability and Accountability Act of 1996 ("HIPAA"), the Medicare Integrity Program ("MIP") was established to deter fraud and abuse in the Medicare program. Funded separately from the MAC program, the MIP allows CMS to enter into contracts with outside entities to ensure the "integrity" of the Medicare program. These entities include, but are not limited to, recovery audit contractors ("RACs"). Under the RAC program, which CMS has implemented on a nationwide basis, CMS contracts with private contractors to conduct post-payment reviews to detect and correct improper payments in the fee-for-service Medicare program. There is also a demonstration for RACs to conduct pre-payment reviews. The ACA expands the RAC program's scope to include managed Medicare plans and Medicaid claims.

The federal Medicaid Integrity Program was created by the Deficit Reduction Act of 2005 ("DRA") and appropriations for enforcement began in 2006. The Medicaid Integrity Program was the first federal program established to combat fraud and abuse in state Medicaid programs. Congress determined a federal program was necessary due to the substantial variations in state Medicaid enforcement efforts. The Medicaid Integrity Program's enforcement efforts support existing state Medicaid Fraud Control Units. Once a Medicaid overpayment is identified, the state has one year to recover, or attempt to recover, such overpayment before making an adjustment to refund the state's share of federal financial participation to CMS. If a state is unable to recover an overpayment due to fraud within one year of discovery because there is not a final determination of the amount of the overpayment under an administrative or judicial proceeding, no adjustment can be made to the federal share prior to 30 days after the date on which the final judgment is made.

Medicare and Medicaid audits may result in reduced reimbursement or repayment obligations and may also delay Medicare or Medicaid payments to providers pending resolution of the appeals process. The ACA explicitly gives DHHS the authority to suspend Medicare and Medicaid payments to a provider or supplier during a pending investigation of fraud. The ACA also amended certain provisions of the FCA (as defined herein) to include retention of overpayments as a violation of the FCA. It also added provisions respecting the timing of the obligation to identify, report and reimburse overpayments.

In addition, contracts between health care providers and third-party payers often have contractual audit, setoff and withhold language that may cause substantial retroactive adjustments of amounts received from the payers. Such contractual adjustments also could have a material adverse effect on OHSU's operations, financial performance or financial condition.

State Children's Health Insurance Program. The State Children's Health Insurance Program ("SCHIP") is a federally funded insurance program for children whose families are financially ineligible for Medicaid, but cannot afford commercial health insurance. The CMS administers SCHIP, but each state creates its own program based upon minimum federal guidelines. SCHIP insurance is provided through private health plans contracting with the state. Each state must periodically submit its SCHIP plan to CMS for review to determine if it meets the federal requirements. If it does not meet the federal

requirements, a state can lose its federal funding for the program. Any such loss of funding or federal or state budget cuts to the program could have an adverse effect on provider revenues.

On May 6, 2016, CMS published a final rule to modernize and enhance the provision of quality care to Medicaid managed care and CHIP beneficiaries. The final rule aligns Medicaid and CHIP managed care requirements with other major health coverage programs; enhances the beneficiary experience of care and strengthens beneficiary protections; strengthens the actuarial soundness payment provisions and program integrity provisions; promotes quality of care; and supports efforts to reform the delivery systems that serve Medicaid and CHIP beneficiaries.

From time to time, Congress or the President may seek to expand or reduce CHIP. The BBA 2018 extended CHIP funding through 2027. When such funding expires there can be no assurances that funding for an increase will be reestablished at either a state or federal level, or that professional and /or facility reimbursement rates will not subsequently be reduced in efforts to manage costs.

Private Health Plans and Managed Care. Most private health insurance coverage is provided by various types of "managed care" plans, including health maintenance organizations ("HMOs") and preferred provider organizations ("PPOs") that generally use discounts and other economic incentives to reduce or limit the cost and utilization of health care services. Medicare and Medicaid also purchase health care using managed care options. Payments to health care organizations from managed care plans typically are lower than those received from traditional indemnity or commercial insurers.

In many markets, managed care plans have replaced indemnity insurance as the primary source of non-governmental payment for health care services, and health care organizations must be capable of attracting and maintaining managed care business, often on a regional basis. Regional coverage and aggressive pricing may be required. It is also essential that contracting health care organizations be able to provide the contracted services without significant operating losses, which may require multiple forms of cost containment.

Many HMOs and PPOs currently pay providers on a negotiated fee-for-service basis or, for institutional care, on a fixed rate per day of care, or a fixed rate per hospital stay, which, in each case, usually is discounted from the usual and customary charges for the care provided. As a result, the discounts offered to HMOs and PPOs may result in payment to a provider that is less than its actual cost. Additionally, the volume of patients directed to a provider may vary significantly from projections, and changes in the utilization may be dramatic and unexpected, thus jeopardizing the provider's ability to manage this component of revenue and cost.

Some HMOs employ a "capitation" payment method under which health care organizations are paid a predetermined periodic rate for each enrollee in the HMO who is "assigned" or otherwise directed to receive care from a particular health care organization. The health care organization may assume financial risk for the cost and scope of institutional care given. If payment is insufficient to meet the health care organization's actual costs of care, or if utilization by such enrollees materially exceeds projections, the financial condition of the health care organization could erode rapidly and significantly. In addition to this standard managed care risk sharing approach, private health insurance companies are increasingly adopting various additional risk sharing/cost containing measures, sometimes similar to those introduced by government payors. Providers may expect health care cost containment and its associated risk sharing to continue to increase in the coming years amongst all payors.

Often, managed care contracts are enforceable for a stated term, regardless of health care organizations losses and may require health care organizations to care for enrollees for a certain time period, regardless of whether the payor is able to pay the health care organization. Health care

organizations from time to time have disputes with HMOs, PPOs and other managed care payors concerning payment and contract interpretation issues. Such disputes may result in mediation, arbitration or litigation.

There can be no assurance that OHSU will maintain managed care contracts or obtain other similar contracts in the future. Failure to maintain contracts could have the effect of reducing a health care organization's market share and net patient services revenues. Conversely, participation may result in lower net income if participating health care organizations are unable to adequately contain their costs. In part to reduce costs, health plans are increasingly implementing, and offering to purchasing employers, tiered provider networks, which involve classification of a plan's network providers into different tiers based on care quality and cost. With tiered benefit designs, plan enrollees are generally encouraged, through incentives or reductions in copayments or deductibles, to seek care from providers in the top tier. Classification of a hospital in a non-preferred or lower tier by a significant payor may result in a material loss of volume.

In addition to tiered provider networks, managed care plans are also implementing narrow provider networks in which only a select group of providers participate as in-network providers. Managed care plans often look at quality performance and cost in selecting providers to participate in their narrow networks. A provider's exclusion from a narrow network may result in a material loss of volume. Managed care plans may offer lower reimbursement for providers in their narrow network(s) in exchange for additional volume expected from being one of a select group of network providers. This reimbursement may be insufficient to cover a network provider's cost in providing the services. The new demands of dominant health plans and other shifts in the managed care industry may also reduce patient volume and revenue.

The current trend of consolidation in the health insurance industry is also likely to increase the leverage of commercial insurers when negotiating rates with health care providers. Large health insurers that assume dominant positions in local markets threaten to increase health insurer concentration, reduce competition and decrease choice. If OHSU were to terminate its agreement with any of the major managed care payers or not agree to terms proposed by such payers, or if the payers were to exit the regional marketplace in some or all of their product lines, it could have a material adverse effect on OHSU's operations, financial performance or financial condition.

With implementation of the ACA, substantial numbers of employers may elect to discontinue employer-funded medical care for employees eligible for federal assistance in securing private insurance, and the employees could then choose health insurance under the health insurance exchanges. Individuals choosing their own coverage may become highly price sensitive, which could increase the number of enrollees in HMO plans and increase the use of capitation, making price negotiations with HMO and other insurance plans more difficult.

Defined broadly, for the fiscal year ended June 30, 2019, managed care payments constituted approximately 42% of the gross patient service revenues of OHSU, but there is no assurance that OHSU will maintain managed care contracts or obtain other similar contracts in the future. Failure to maintain contracts could have the effect of reducing the market share of OHSU and its net patient services revenues. Conversely, participation may maintain or increase the patient base but could result in lower net income or operating losses to OHSU if the members are unable to adequately contain their costs. Thus, managed care poses one of the most significant business risks (and opportunities) OHSU faces. See APPENDIX A—"INFORMATION CONCERNING OREGON HEALTH AND SCIENCE UNIVERSITY—FINANCIAL INFORMATION—Sources of Revenues."

Rate Pressure from Insurers and Purchasers. Certain health care markets, including many communities in Oregon, are strongly influenced by large health insurers and, in some cases, by major purchasers of health services. In those areas, health insurers may have significant influence over the rates, utilization and competition of hospitals and other health care providers. Rate pressure imposed by health insurers or other major purchasers, including managed care payors, may have a material adverse impact on health care providers, particularly if major purchasers put increasing pressure on payors to restrain rate increases. Business failures by health insurers also could have a material adverse impact on contracted hospitals and other health care providers in the form of payment shortfalls or delays, and/or continuing obligations to care for managed care patients without receiving payment. In addition, disputes with non-contracted payors are increasing and may result in an inability to collect billed charges from these payors.

Oregon Medicaid Programs. The State has established a system similar to Medicare+Choice programs under which coordinated health plans or providers could establish Medicaid HMOs and receive a capitated amount from the State to provide all needed health services for enrollees of the HMO. These HMOs traditionally contract with hospitals to pay predetermined rates for the services provided. Payment is similar to the Medicare DRG payment methodology or a per diem payment methodology.

Oregon has a longstanding federal waiver to use its Medicaid funding to operate the Oregon Health Plan, which is a managed care program. The Oregon Health Plan was created by legislation passed in 1989 and was designed to cover some additional individuals who previously could not qualify for Medicaid. The Oregon Health Plan includes a standard benefits package that enlarges the prior Medicaid benefits package by providing extra services such as dental services, routine physicals, and mammograms. The standard package under the Oregon Health Plan emphasizes prevention. The money saved by not covering services below a certain cutoff point on a prioritized list allows the State to extend Medicaid coverage to more of Oregon's poor. Coverage of services could be reduced by the State of Oregon's raising the cutoff point on the priority list.

In 2012, CMS approved Oregon's revised Medicaid Demonstration waiver pursuant to which Oregon has established CCOs; approximately 90% of Oregon's Medicaid eligible population are enrolled through the Oregon Health Plan. Oregon has entered into a revised Section 1115 waiver with CMS, and is receiving an additional $1.9 billion over five years through CMS's Designated State Health Program to support the implementation of the CCO-based health delivery system. CCOs receive a global budget from the State of Oregon and provide the full care continuum of medical services (except skilled nursing facility services). For Medicaid beneficiaries who are not enrolled in CCOs and who receive hospital services, the State of Oregon employs a DRG-based payment system. Outpatient services for these beneficiaries are paid on a fee schedule basis. In Oregon, the Oregon Health Authority ("OHA") establishes these payment levels which are below the payments in the Medicare program. Accordingly, such payments may not cover the cost of providing such services. In 2017, CMS approved extension of the waiver for the period 2017 to 2022 to build on improving the CCO model. Beginning January 1, 2020, OHSU's arrangements with CCOs will include reimbursement based on mutually agreed-upon fee schedules, fee for service rates established by OHA, and global budgets (prospectively and mutually agreed to per member per month amounts) paid by the CCO to OHSU to provide a continuum of medical services to enrollees. The per member per month reimbursement methodology involves financial risk that the cost of care actually provided could exceed the prospective per member per month amount received. OHSU has entered into arrangements with health plans and other health care providers to manage and coordinate the care and costs associated with care provided under and subject to a global budget.

For several years Oregon has levied a provider tax on hospitals to fund the state's share of the Medicaid program, allowing Oregon to obtain federal Medicaid matching funds. The tax, which has gone through different legislative iterations, is set at 6.0% of hospital net revenues. The tax is designed to be

cost neutral to hospitals, with the intention that additional Medicaid enrollees and reimbursement will offset the impact of the tax. This tax is statutorily scheduled to expire on September 30, 2021, and it is unknown whether it will then be continued or amended. OHSU does not currently participate in Oregon's provider tax program, but OHSU does help fund state Medicaid expenditures (also eligible for federal matching funds) through an intergovernmental transfer ("IGT"). The IGT amount is mutually agreed to by OHSU and OHA.

The Oregon Medicaid program reimburses nursing facilities under one of two state-wide flat rate prospective payment rates. There are no geographic adjustments to these two rates. The lower rate covers most patients, while the higher rate covers complex medical cases which require additional nursing care. The facility component of Medicaid long term care services is not included in the health care transformation legislation.

Changes to the Section 1115 Waiver, reductions in payments by Oregon's Medicaid program, or loss of contracts for such programs, could have a material adverse effect on OHSU's operations, financial performance or financial condition.

Disproportionate Share Payments. The federal Medicare and the Oregon Medicaid programs each provide additional payment for hospitals that serve a disproportionate share of certain low-income patients with special needs. Some of OHSU's facilities qualify as a disproportionate share hospital and receives disproportionate share payments, but there can be no assurances that they will qualify for DSH payments in the future. The ACA substantially reduces federal DSH payments to account for the expected decline in the number of uninsured individuals and hospital uncompensated costs. The DSH replacement program's funding level is currently linked to Oregon's federal DSH allotment. It cannot be assured that the level and timing of health insurance coverage gains will reduce hospital uncompensated care costs so as to fully offset these authorized reductions to federal DSH funding. Nor can there be any assurance that DSH funding will not be further decreased beyond projected reductions or eliminated entirely.

State Budgets. As of June 30, 2019, OHSU receives approximately 1.2% of its Restricted and Unrestricted Budgeted Operating Revenue from the State of Oregon. State support for OHSU has declined steadily from the time of adoption of the Act. The ongoing financial challenges facing many states, including the State of Oregon, include, among other things, erosion of general fund tax revenues, falling real estate values, slowing economic growth, unfunded public employee retirement liabilities and future costs and higher unemployment, each of which may continue or worsen over the coming years. These factors have resulted in shortfalls between anticipated revenues and spending demands. The financial challenges facing states may negatively affect system hospitals in a number of ways, including but not limited to, elimination or reduction of state and local health care safety net programs (causing a greater number of indigent, uninsured or underinsured patients), reimbursement rate caps and reductions in Medicaid reimbursement rates. For example, in 2019 the Oregon Legislature enacted Senate Bill 1067 capping reimbursement for a number of DRG Hospitals' services provided to certain public employees. The financial challenges may also result in a greater number of indigent, uninsured or underinsured patients who are unable to pay for their care or access primary care facilities, and a greater number of individuals who qualify for Medicaid and reductions in Medicaid reimbursement rates. It cannot be predicted what actions will be taken in the current and future years by the Legislative Assembly and the Governor to address those financial problems, and actions will likely depend on national and state economic conditions and other factors that are uncertain at this time.

Public Employee's Retirement System

OHSU offers qualified employees the option to participate in various pension plans, including the option to participate in the Public Employees Retirement System ("PERS" or the "System"), which is

administered by the Public Employees Retirement Service Board ("PERS Board"). Oregon statutes require an actuarial valuation of PERS by a competent actuary at least once every two years. Under current practice, actuarial valuations are performed annually, but only valuations as of the end of each odd-numbered year are used to determine annual required employer contribution rates. Valuations are released approximately one year after the valuation date. The current PERS actuary is Milliman, Inc. ("Milliman"). The actuarial valuations are based on actuarial methods and assumptions adopted by the PERS Board.

On September 28, 2018 Milliman released the December 31, 2017 System Valuation (the "2017 System Valuation"). The 2017 System Valuation indicated that the System-wide funded status increased from approximately 69 percent at December 31, 2016 to 73 percent as of December 31, 2017, without taking into account offsets for deposits made by individual employers. The System-wide unfunded actuarial liability ("UAL") decreased from approximately $25.3 billion as of December 31, 2016 to $22.3 billion as of December 31, 2017. The 2017 Valuation was adjusted to take into account actuarial assumption and method changes including the decision by the PERS Board on July 28, 2017 to reduce the assumed earnings rate from 7.50% to 7.20%. At its July 26, 2019 meeting, the PERS Board decided to retain the majority of the actuarial assumptions and methods used on the 2017 System Valuation, including retaining the investment fund's assumed earnings rate of 7.2% and an assumed payroll growth rate of 3.50%.

In a presentation on October 4, 2019 to the PERS Board, Milliman estimated that the UAL of the System, as of December 31, 2018, increased by approximately $5 billion from the System UAL as of December 31, 2017. This increase is due primarily to investment returns for the Oregon Public Employees Retirement Fund ("OPERF") for calendar year 2018 of approximately 0.5%. According to the Milliman estimates, the System-wide UAL is expected to increase to approximately $25.3 billion, excluding side accounts, resulting in a funded status of 69%. The actuarial valuation report for the System as of December 31, 2018 is expected to be released later in 2019.

The funded status of PERS and of the OHSU's share as reported by Milliman will change over time depending on a variety of factors, including the market performance of the securities in which the Oregon Public Employees Retirement Fund is invested, future changes in compensation and benefits of covered employees, demographic characteristics of members, methodologies and assumptions used by the actuary in estimating the assets and liabilities of PERS, and other actions taken by the PERS Board and the Legislative Assembly.

In 2019, Senate Bill 1049, which contains provisions to address funding of the System, was enacted. These provisions include a one-time re-amortization of UAL from 20 to 22 years. The law also diverts a portion of employee retirement contributions that now flow into an individual retirement account—for workers hired before 2004, 2.5% of the 6% they put into such account would be diverted, and newer workers would see 0.75% diverted. Such diversion would not apply to workers earning below $30,000 per year. The law also limits the final salary used to calculate pension benefits to $195,000 for PERS members hired after 1996.

In August 2019, certain public employees filed a petition in the Oregon Supreme Court against state agencies and OHSU challenging the constitutionality of the portions of the law which require employees to contribute to their pensions (the above-described diversions), as well as the new limits on salaries used to calculate PERS retirement benefits.

For additional information concerning PERS, see APPENDIX A—"INFORMATION CONCERNING OREGON HEALTH AND SCIENCE UNIVERSITY—OTHER FINANCIAL INFORMATION—Retirement Plans."

Limitations on Revenues for Research Programs

Future revenues and expenses of OHSU with regard to its research programs will be affected by events and conditions relating generally to, among other things, OHSU's ability to raise funds for research programs, the extent of funding obtained through research grants, government contracts and corporate sponsored research agreements, the continued quality of OHSU's research personnel and the relevance of their research programs, OHSU's ability to control expenses and maintain good relations with the sponsors of research and governmental legislation and regulation. Statutes and regulations governing the funding of research will change, and unanticipated events and circumstances may occur, any of which could cause material variations in future revenues. These and the additional factors discussed herein, among others, will affect the level of OHSU's revenues related to its research programs and could result in risks for Bondholders.

Funding of Research. The future funding of OHSU's research programs is dependent on the continued availability of funds from the United States government, the State government, industry and other public, private and commercial sources and the ability of OHSU to compete successfully for those funds. Although OHSU's grant dollars have nearly quadrupled in the past decade, there can be no assurance that such increases in funding will continue. For the fiscal year ended June 30, 2019, approximately 71% of OHSU's contract and grant awards were derived from United States government agencies, branches of the United States military and State government agencies. Grants from federal and State agencies have been funded in past years, but they are subject to annual congressional and legislative, as appropriate, appropriations and payment. No assurance can be given that such appropriations or payments will be made in the future or that the various forms of federal and State grant, contract or aid programs will continue at current levels. A loss or significant reduction of such programs could have a material adverse effect on OHSU's research activities, which could have a material adverse effect on OHSU's operations, financial performance or financial condition.

Change in Payment and Recapture Methodology. Certain costs of OHSU relating to its research programs are generally eligible for recovery through direct and indirect rates charged to all federal and State government contracts and grants. Direct costs are specifically related to a research project and include wages of scientists and technicians, supplies and grant-specific equipment. Indirect costs also are incurred in the accomplishment of research programs, but such costs have been incurred for purposes common to some or all of the research programs of OHSU. Examples of indirect costs include utilities, occupancy and facility costs, and general management and administrative services such as accounting, purchasing, human resources and library.

The federal Office of Management and Budget ("OMB") has established regulations to govern indirect cost reimbursement recovery principles and procedures to ensure that the federal government bears a fair share of the total costs associated with research programs. OHSU negotiates, prospectively, a predetermined rate for a certain number of years with Cost Allocation Services for the West Coast region of DHHS, OHSU's "cognizant" agency. The indirect costs that are recovered with respect to any individual federal grant are determined by applying the negotiated indirect cost rate to the total of that grant's direct costs. While the cost principles are intended to provide for a sharing and allocation of indirect costs, certain costs, such as fund raising, are not allowable. There can be no assurance that the fixed rate cost reimbursement negotiated by OHSU will cover the indirect costs associated with OHSU's research functions. Any shortfall may have a material adverse effect on OHSU's operations, financial performance or financial condition.

Change in Regulatory Environment. A substantial portion of OHSU's revenues is derived from government contracts. From time to time regulatory changes at the State or federal level are proposed that may impact OHSU's performance with respect to government contracts. Such regulations may

increase compliance burdens of OHSU, and OHSU may elect to alter its operations to mitigate the effect of such changes. Management does not expect such regulatory changes would have a material adverse effect on OHSU's operations; however, no assurance can be given that a material adverse effect on OHSU's operations, financial performance or financial condition would not occur.

Research Program Restrictions. Federal and state laws, regulations, and guidelines impact all areas of research and may create risk for OHSU. Federal agencies that regulate research at OHSU include DHHS agencies such as the Office for Human Research Protections, the Office for Research Integrity, the National Institutes of Health ("NIH"), the Food and Drug Administration ("FDA"), the United States Department of Agriculture, the Department of Defense, among others. The NIH has significantly increased the number of facility inspections that these agencies perform. State laws related to OHSU's programs of research include the Genetic Privacy Act, ORS 192.531 et seq., environmental and radiation laws, and others. Federal agencies may impose fines for non-compliance with research related laws, and the State may impose fines for non-compliance with the Genetic Privacy Act. In addition, federal agencies have the power to suspend all or some research at OHSU and withdraw funding in cases of alleged non-compliance.

The FDA also has authority over the conduct of clinical trials performed in hospitals when these trials are conducted on behalf of sponsors seeking FDA approval to market the drug or device that is the subject of the research. Moreover, in the past, the Office of Inspector General in its "Work Plan" included several enforcement initiatives related to reimbursement for experimental drugs and devices and kickback concerns and issued compliance program guidance directed at recipients of extramural research awards from the NIH and other agencies of the U.S. Public Health Service. OHSU receives payments for health care items and services under many of these grants and is subject to complex and ambiguous coverage principles and rules governing billing for items or services it provides to patients participating in clinical trials funded by governmental agencies and private sponsors.

DHHS has elevated and strengthened its Office of Human Research Protection. OHSU is permitted to engage in human subjects research by virtue of a Federal Wide Assurance ("FWA") that is granted by the DHHS Office of Human Research Protections. This FWA stipulates conditions for ongoing approval and requirements for research compliance. An FWA may be restricted or suspended if the DHHS Office of Human Research Protections is not satisfied with an institution's program of human subjects protections. Suspension of an FWA would result in an immediate interruption of funding from all sources of human subjects research funding until the conditions that led to the suspension are remediated.

Similarly, research involving animals is governed by federal agencies, including the National Institutes of Health and the United States Department of Agriculture. These agencies may audit and restrict or suspend programs of research involving animals at institutions. Again, the effect of such actions would be to interrupt research funding.

In addition, the Office for Research Integrity is responsible for overseeing scientific integrity in all areas of research. Institutions are required to have policies for investigating and reporting to the Office for Research Integrity instances of possible research misconduct (defined as fabrication or falsification of data or plagiarism). If scientific misconduct is found to have occurred, the investigator will lose governmental sources of funding and may also be required to cease all research activities regardless of funding source.

Regulatory Environment

The health care industry is subject to numerous laws, ordinances, and regulations enacted or issued by federal, state, and local governments. Compliance with these laws and regulations can be subject to future government review and interpretation. OHSU actively monitors its compliance with the laws and regulations to which it is subject. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government healthcare program participation requirements, reimbursement laws and regulations, anti-kickback and anti-referral laws, and false claims prohibitions, and the requirements for maintaining tax exemption. Nationally, government activity has continued with respect to investigations and allegations concerning possible violations by healthcare providers of reimbursement, false claims, anti-kickback and anti-referral statutes, and regulations. The costs of legal proceedings of OHSU are not or may not be covered by insurance, in whole or in part, because of the type of action or amounts or types of damages requested (e.g., punitive damages), because of a reservation of rights by an insurance carrier, or because the action has not proceeded to a stage which permits full evaluation.

Licensing, Surveys, Investigations and Audits. Health facilities, including those of OHSU, are subject to numerous legal, regulatory, professional and private licensing, certification and accreditation requirements. These include, but are not limited to, requirements relating to Medicare Conditions of Participation, requirements for participation in Medicaid, state licensing agencies, private payors and the accreditation standards of The Joint Commission. Renewal and continuation of certain of these licenses, certifications and accreditations are based on inspections, surveys, audits, investigations or other reviews, some of which may require affirmative actions by OHSU.

OHSU management currently anticipates no difficulty renewing or continuing currently held licenses, certifications or accreditations, nor does management anticipate a reduction in third-party payments from events that would have a material adverse effect on OHSU's operations, financial performance or financial condition. Nevertheless, actions in any of these areas could result in the loss of utilization or revenues, or the ability of OHSU to operate all or a portion of its health care facilities, and consequently, could have a material and adverse effect on OHSU.

Negative Rankings Based on Clinical Outcomes, Cost, Quality, Patient Satisfaction and Other Performance Measures. Health plans, Medicare, Medicaid, employers, trade groups and other purchasers of health services, private standard-setting organizations and accrediting agencies increasingly are using statistical and other measures in efforts to characterize, publicize, compare, rank and change the quality, safety and cost of health care services provided by hospitals and providers. The ACA initiated a shift in reimbursements from paying for volume to paying for value, based on various health outcome measures, reporting requirements and quality and efficiency metrics. Published rankings such as Medicare's "Hospital Compare" quality ranking systems, "score cards," "pay for performance" and other financial and non-financial incentive programs are being introduced to affect the reputation and revenue of hospitals and the members of their medical staffs to influence the behavior of consumers and providers such as OHSU. Currently prevalent are measures of quality based on clinical outcomes of patient care, reduction in costs, patient satisfaction and investment in health information technology. Measures of performance set by others that characterize a hospital or a provider negatively may adversely affect its reputation and financial condition.

Civil and Criminal Fraud and Abuse Laws and Enforcement. Health care "fraud and abuse" laws have been enacted at the federal and state levels to broadly regulate the provision of services to government program beneficiaries and the methods and requirements for submitting claims for services rendered to the beneficiaries. Under these laws, hospitals and others can be penalized for a wide variety of conduct, including submitting claims for services that are not provided, billing in a manner that does

not comply with government requirements or submitting inaccurate billing information, billing for services deemed to be medically unnecessary, or billings accompanied by an illegal inducement to utilize or refrain from utilizing a service or product.

Violations and alleged violations may be deliberate, but also frequently occur in circumstances where management is unaware of the conduct in question, as a result of mistake, or where the individual participants do not know that their conduct may violate the law. Violations may occur and be prosecuted in circumstances that do not have the traditional elements of fraud, and enforcement actions may extend to conduct that occurred in the past. Violations carry significant sanctions. The government periodically conducts widespread investigations covering categories of services or certain accounting or billing practices.

Federal and state governments have a broad range of criminal, civil and administrative sanctions available to penalize and remediate health care fraud, including the exclusion of a hospital from participation in the Medicare/Medicaid programs, civil monetary penalties, suspension of Medicare/Medicaid payments and imprisonment. Fraud and abuse cases may be prosecuted by one or more government entities and private individuals, and more than one of the available sanctions may be, and often are, imposed for each violation.

Laws governing fraud and abuse may apply to a health care organization and to nearly all individuals and entities with which a health care organization does business. Fraud and abuse investigations, settlements, prosecutions and related publicity can have a material adverse effect on health care organizations. Aggressive investigation tactics, negative publicity and threatened penalties can be, and often are, used to force health care providers to enter into monetary settlements in exchange for releases of liability for past conduct. The settlements often require the provider to enter into some type of "corporate integrity" agreement, imposing prospective restrictions, mandated compliance requirements and/or reporting obligations. These negotiated settlements may have a materially adverse impact on hospital and other health care provider operations, financial condition, results of operations and reputation. Multi-million dollar fines and settlements for alleged misconduct, fraud or false claims are not uncommon in the health care industry. These risks are generally uninsured. Government enforcement and private whistleblower suits are increasing in the hospital and health care sector. Many hospital and other health care provider systems are likely to be adversely impacted. See "*Enforcement Activity*" below. Major elements of these often highly technical laws and regulations are generally summarized below.

The ACA authorizes the Secretary of DHHS to exclude a provider's participation in Medicare and Medicaid, as well as suspend payments to a provider, pending an investigation or prosecution of a credible allegation of fraud against the provider.

OHSU has internal policies and procedures and has developed and implemented a compliance program that management believes will effectively reduce exposure for violations of these laws. However, because the government's enforcement efforts presently are widespread within the industry and may vary from region to region, there can be no assurance that the compliance program will significantly reduce or eliminate the exposure OHSU to civil or criminal sanctions or adverse administrative determinations.

False Claims Act. The federal False Claims Act ("FCA") makes it illegal to knowingly submit or present a false, fictitious or fraudulent claim for payment or approval for payment for which the federal government provides, or reimburses, at least some portion of the requested money or property. Because the term "knowingly" is defined broadly under the law to include not only actual knowledge but also deliberate ignorance or reckless disregard of the facts, the FCA can be used to punish a wide range of

conduct. The ACA amends the FCA by expanding the number of activities that are subject to civil monetary penalties to include, among other things, failure to report and return known overpayments within statutory time limits. FCA investigations and cases have become common in the health care field and may cover a range of activity from submission of intentionally inflated billings, to highly technical billing infractions, to allegations of inadequate care. In June 2016 the DOJ issued a rule that more than doubles civil monetary penalties under the FCA. These increases took effect on August 1, 2016 and apply to FCA violations after November 2, 2015. Penalties under the FCA are severe and may include damages equal to three times the amount of the alleged false claims, as well as substantial civil monetary penalties. As a result, violation or alleged violation of the FCA frequently results in settlements that require multi-million dollar payments and costly corporate integrity agreements. The FCA also permits individuals to initiate civil actions on behalf of the government in lawsuits called "qui tam" actions. Qui tam relators, or "whistleblowers," can share in the damages recovered by the federal government. Because qui tam lawsuits are kept under seal while the federal government evaluates whether the United States will join the lawsuit, it is generally impossible to determine whether any such actions under seal are pending against OHSU and no assurances can be made that such actions will not be filed in the future. The FCA has become one of the federal government's primary weapons against health care fraud and suspected fraud. FCA violations or alleged violations could lead to settlements, fines, exclusion or reputation damage that could have a material adverse impact on a hospital and other health care providers.

Under the ACA, the FCA has been expanded to include retention of overpayments as a violation. Specifically, the FCA is now violated when overpayments that are discovered by a health care provider and are not reported and returned to the applicable federal health care program by the date which is 60 days after the date on which the overpayment was "identified" or the date the corresponding cost report is due, if applicable, even if the claims relating to the overpayment were initially submitted without any knowledge that they were false. If the overpayment is not so reported and returned, it becomes an "obligation" under the FCA. This expansion of the FCA exposes hospitals and other health care providers to liability under the FCA for a considerably broader range of claims than in the past. There was initially great uncertainty in the industry as to when an overpayment is technically "identified" and the ability of a provider to determine the total amount of an overpayment and satisfy its repayment obligation within the required time period. The March 14, 2016 final rule clarified that an overpayment is considered to have been identified when the person has or should have, through the exercise of reasonable diligence, determined that the person has received an overpayment and quantified the amount of the overpayment. That final rule also established a six year lookback period, meaning overpayments must be reported and returned only if a person identifies the overpayment within six years of the date the overpayment was received.

In June 2016, the United States Supreme Court announced its decision in *Universal Health Services, Inc. v. United States ex rel. Escobar*, No. 15-7 (U.S. June 16, 2016). Prior to Escobar, lower courts had split on the issue of whether the FCA extended to so-called "implied certification" of compliance with laws, and whether such compliance was limited to express conditions of payment or extended to conditions of participation. The United States Supreme Court affirmed the theory of "implied certification" and rejected the distinction between conditions of payment and conditions of participation for these purposes, ruling that the relevant inquiry is whether the alleged noncompliance, if known to the government, would have in fact been material to the government's determination as to whether to pay the claim. There is considerable uncertainty as to the application of the *Escobar* holding, but depending on how it is interpreted by the lower courts, it could result in an expanded scope of potential FCA liability for noncompliance with applicable laws, regulations and subregulatory guidance.

Anti-Kickback Law. The federal "Anti-Kickback Law" is a criminal statute that prohibits anyone from soliciting, receiving, offering or paying any remuneration, directly or indirectly, overtly or covertly, in cash or in kind, in return for a referral of a patient (or to induce a referral) or the ordering or

recommending of the purchase (or lease) of any item or service that is paid by any federal or state health care programs. The Anti-Kickback Law potentially applies to many common health care transactions between persons and entities with which a hospital does business, including hospital-physician joint ventures, services agreements, medical director agreements, physician recruitment agreements, physician office leases, and other transactions. OHSU participates in such arrangements in the ordinary course of business. The ACA amended the Anti-Kickback Law to provide explicitly that a claim that includes items or services resulting from a violation of the Anti-Kickback Law constitutes a false or fraudulent claim for purposes of the FCA. Another amendment provides that an Anti-Kickback Law violation may be established without showing that an individual knew of the statute's proscriptions or acted with specific intent to violate the Anti-Kickback Law, but only that the conduct was generally unlawful.

Violations or alleged violations of the Anti-Kickback Law most often result in settlements that require multi-million dollar payments and onerous corporate integrity agreements. The Anti-Kickback Law can be prosecuted either criminally or civilly. A criminal violation may be prosecuted as a felony, subject to a fine of up to $250,000 for each act (which may be each item or each bill sent to a federal program), imprisonment and exclusion from the Medicare and Medicaid programs, any of which would have a significant detrimental effect on the financial stability of most hospitals. In addition, civil monetary penalties of $10,000 per item or service in noncompliance (which may be each item or each bill sent to a federal program) or an "assessment" of three times the amount claimed may be imposed. Increasingly, the federal government and qui tam relators are prosecuting violations of the Anti-Kickback Law under the FCA, based on the argument that claims resulting from an illegal kickback arrangement are also false claims for FCA purposes. See the discussion under the subheading "*—False Claims Act*" above. The IRS has taken the position that hospitals that are in violation of the Anti-Kickback Law may also be subject to revocation of their tax-exempt status.

Stark Law. The federal "Stark Law" prohibits the referral of Medicare and Medicaid patients for certain designated health services (including inpatient and outpatient hospital services, clinical laboratory services, and radiation and other imaging services) to entities with which the referring physician has a financial relationship unless an exception applies. The Stark Law also prohibits a hospital furnishing the designated services from billing Medicare for services performed pursuant to a prohibited referral. The government does not need to prove that the entity knew that the referral was prohibited to establish a Stark Law violation. The types of financial arrangements between a physician (or a physician's immediate family member) and an entity that trigger the prohibitions of the Stark Law are broad and include ownership and investment interests and compensation arrangements. There are, however, exceptions for certain specified arrangements. If certain substantive and technical requirements of an applicable Stark exception are not satisfied, many ordinary business practices and economically desirable arrangements between hospitals and physicians may constitute improper "financial relationships" within the meaning of the Stark Law, thus triggering the referral and billing prohibitions. Most providers of "designated health services" have some exposure to liability under the Stark Law. CMS has promulgated a series of regulations interpreting the Stark Law and Congress has occasionally amended the statute. The net result is an incredibly complex set of definitions, exceptions and rules, that are subject to frequent amendment and agency interpretation, that must be navigated in order to avoid running afoul of the Stark Law. Virtually all hospitals run a substantial risk of violating this statute.

Medicare may deny payment for all services performed based on a prohibited referral and a hospital that has billed for prohibited services is obligated to notify and refund the amounts collected from the Medicare program. For example, if an office lease between a hospital and a large group of heart surgeons is found to violate the Stark Law, the hospital could be obligated to refund the payments received from Medicare for all of the heart surgeries performed at the hospital by all of the physicians in the group for the duration of the lease. As a result, even relatively minor, technical violations of the law may trigger substantial refund obligations.

Potential repayments to CMS, settlements, fines or exclusion for a Stark Law violation or alleged violation could have a material adverse impact on a hospital and other health care providers. Penalties for violation of the Stark Law include denial of payment, recoupment, refunds of amounts paid in violation of the law, exclusion from the Medicare or Medicaid program, and substantial civil monetary penalties. Increasingly, the federal government is prosecuting violations of the Stark Law under the FCA, based on the argument that Stark prohibits the submission of claims for services furnished pursuant to a tainted referral. See the discussion under the subheading "*—False Claims Act*" above. While the Stark Law focuses on Medicare, the Federal government has recently sought to expand the statute by attempting to recover the Federal portion of Medicaid claims that allegedly fall within the ambit of the referral and billing prohibitions.

CMS has established a voluntary self-disclosure program under which hospitals and other entities may report Stark Law violations and seek a reduction in potential refund obligations. The limited publicly available information with respect to the self-disclosure program and the short period it has been available make it difficult to predict how CMS will react to any specific voluntary disclosure of a Stark violation. OHSU may make self-disclosures under this program as appropriate from time to time. Any submission pursuant to the self-disclosure program does not waive or limit the ability of the OIG or DOJ to seek or prosecute violations of the Anti-Kickback Statute or impose civil monetary penalties.

State "Fraud" and "False Claims" Laws. Hospital providers also are subject to a variety of state laws related to false claims (similar to the federal FCA), anti-kickback (similar to the federal Anti-Kickback Law), and physician referral (similar to the federal Stark Law). These prohibitions may vary in focus and scope from their federal counterparts and often have very limited regulatory guidance or enforcement history to help define their parameters. However, these state laws pose the possibility of material adverse impact for the same reasons as the federal statutes. See "*—False Claims Act*," "*—Anti-Kickback Law*" and "*—Stark Law*" above.

Federal Civil Monetary Penalties Law. The federal Civil Monetary Penalties Law ("CMPL") provides for administrative sanctions against health care providers for a broad range of billing improprieties and other abuses. A health care provider is liable under the CMPL if it knowingly presents, or causes to be presented, improper claims for reimbursement under Medicare, Medicaid or other federal health care benefit programs. CMPL also prohibits: (a) a hospital from directly or indirectly paying a physician to limit or reduce medically necessary services to Medicare fee-for-service beneficiaries; or (b) a health care provider from offering benefits to Medicare or Medicaid beneficiaries that such provider knows or should know are likely to induce the beneficiaries to choose the provider for their care. The CMPL authorizes imposition of a civil money penalty and treble damages. The ACA also amended the CMPL laws to establish various new grounds for exclusion and civil monetary penalties, as well as increased penalty thresholds for existing civil monetary penalties.

Health care providers may be found liable under the CMPL even when they did not have actual knowledge of the impropriety of the claim. It is sufficient that the provider "should have known" that the claim was false and ignorance of the Medicare regulations is no defense. The imposition of civil money penalties on a health care provider could have a material adverse effect on the provider's business or financial condition.

Patient Records and Patient Confidentiality. HIPAA adds additional criminal sanctions for health care fraud and applies to all health care benefit programs, whether public or private. HIPAA also provides for punishment of a health care provider for knowingly and willfully embezzling, stealing, converting or intentionally misapplying any money, funds, or other assets of a health care benefit program. A health care provider convicted of health care fraud could be subject to mandatory exclusion from Medicare.

HIPAA also addresses the confidentiality of individuals' health information. Disclosure of certain broadly defined protected health information is prohibited unless expressly permitted under the provisions of the HIPAA statute and regulations or authorized by the patient. HIPAA's confidentiality provisions extend not only to patient medical records, but also to a wide variety of health care clinical and financial settings where patient privacy restrictions often impose new communication, operational, accounting and billing restrictions.

DHHS has promulgated privacy regulations under HIPAA that protect patient medical records and other personal health information maintained by health care providers, hospitals, health plans, health insurers and health care clearinghouses (the "Privacy Regulations"). Management of OHSU believes that its operations and information systems comply with the Privacy Regulations. Security regulations have also been promulgated under HIPAA (the "Security Regulations"). Additionally, DHHS has promulgated regulations to standardize the electronic transfer of information pursuant to certain enumerated transactions (the "Code Set Transactions"). Management of OHSU believes that it is in substantial compliance with the Security Regulations and the Code Set Transactions. However, as national and international security breaches show, no organization is immune from any number of intentional or unintentional attacks or breaches of information security.

HIPAA imposes civil monetary penalties for violations and criminal penalties for knowingly obtaining or using individually identifiable health information. For more information, see "—The HITECH Act" below.

The HITECH Act. Provisions in the Health Information Technology for Economic and Clinical Health Act (the "HITECH Act"), enacted as part of ARRA, increased the maximum civil monetary penalties for violations of HIPAA and granted enforcement authority of HIPAA to state attorneys general. The HITECH Act also (i) extended the reach of HIPAA beyond "covered entities" to include the direct regulation of "business associates," (ii) imposed a breach notification requirement on HIPAA covered entities and business associates, (iii) further limited certain uses and disclosures of individually identifiable health information, and (iv) restricted covered entities' marketing communications.

The breach notification obligation, in particular, may expose covered entities such as hospitals to heightened liability. Under HITECH, in the event of a data privacy breach, covered entities are required to notify affected individuals and the federal government. If 500 or more individuals are affected by the breach the federal government posts a description of the breach on its website. If more than 500 residents of a state or jurisdiction are affected, the covered entity also must notify local media. Although HIPAA does not provide for a private right of action, these reporting obligations increase the risk of government enforcement as well as class action lawsuits filed under state privacy or consumer protection laws, especially if large numbers of individuals are affected by a breach and can cause reputational harm.

The HITECH Act revises the civil monetary penalties associated with violations of HIPAA as well as provides state attorneys general with authority to enforce the HIPAA privacy and security regulations in some cases through damages assessment. The resulting penalties or damages assessment can be substantial. The HITECH Act revised the criminal penalties to provide for enforcement against any person who obtains or discloses protected health information without authorization, even if not a covered entity or business associate.

Pursuant to the HITECH Act, DHHS in its continuing enforcement of compliance with HIPAA, is performing periodic audits of health care providers, group health plans and their business associates to ensure that required policies under HIPAA and the HITECH Act are in place.

Finally, the HITECH Act provides that individuals harmed by violations will be able to recover a percentage of monetary penalties or a monetary settlement based upon methods to be established by DHHS for this private recovery, although DHHS has not yet issued rulemaking to effectuate this statutory provision.

The Office for Civil Rights ("OCR") is the administrative office that is tasked with enforcing HIPAA. OCR has stated that it has now moved from education to enforcement in its implementation of the law. Recent settlements of HIPAA violations for breaches involving lost data have reached the millions of dollars. Any breach of HIPAA, regardless of intent or scope, may result in penalties or settlement amounts that are material to a covered health care provider or health plan.

On January 25, 2013, DHHS issued comprehensive modifications to the existing HIPAA regulations, commonly known as the "HIPAA Omnibus Rule," to implement the requirements of the HITECH Act. The HIPAA Omnibus Rule became effective on March 26, 2013, and covered entities were required to be in compliance by September 23, 2013 (though certain requirements have a longer timeframe). Key aspects of the HIPAA Omnibus Rule include, but are not limited to: (i) a new standard for what constitutes a breach of protected health information, (ii) establishing four levels of culpability with respect to civil monetary penalties assessed for HIPAA violations, (iii) direct liability of business associates for certain violations of HIPAA, (iv) modifications to the rules governing research, (v) stricter requirements regarding non-exempt marketing practices, (vi) modification and re-distribution of notices of privacy practices, and (vii) stricter requirements regarding the protection of genetic information.

The HITECH Act also established programs under Medicare and Medicaid to provide incentive payments to certain eligible hospitals and health care professionals ("Eligible Providers") that demonstrate the "meaningful use" of certified electronic health record ("CEHRT"). Eligible Providers demonstrate meaningful use of CEHRT by meeting and attesting to meaningful use objectives and associated measure specified by CMS for using CEHRT and by reporting on specified clinical quality measures. Eligible Providers who have not satisfied the performance and reporting criteria for demonstrating meaningful use in the applicable meaningful use reporting year will have their Medicare payments reduced. The payment adjustments under the meaningful use program for eligible professionals (but not eligible hospitals) sunset in 2018 pursuant to MACRA, which combined certain aspects of this and other programs under the Medicare Physician Fee Schedule. For more information on MACRA, see "—Medicare and Medicaid Program—*Medicare Physician Payments*" above.

Business Associates. Under existing HIPAA regulations, covered entities must include certain required provisions in their contractual relationships with organizations that perform functions on their behalf which involve use or disclosure of protected health information. These organizations are called business associates, and prior to the HITECH Act, business associates have been indirectly regulated by HIPAA through those contractual obligations. The HITECH Act and the final rules promulgated thereunder provide that all of the HIPAA security administrative, physical, and technical safeguards, as well as security policies, procedures, and documentation requirements now apply directly to all business associates. In addition, the HITECH Act makes certain privacy provisions directly applicable to business associates. These changes are significant because business associates will now be directly regulated by DHHS for those requirements, and as a result, will be subject to penalties imposed by DHHS and/or state attorneys general. Likewise, to the extent a business associate is deemed to be an agent of the covered entity under the Federal common law, the covered entity will be liable for the breaches of the business associate. Covered entities have had to review and amend their business associate agreements in recent years in order to comply with these changing rules, which can be costly and administratively burdensome.

Other Privacy Requirements. Regulations espoused under 42 C.F.R. Part 2 also provide a heightened level of privacy of records associated with the provision of substance abuse counseling and

treatment by covered alcohol and substance abuse treatment programs and greater protection for certain health information, such as mental health records. These rules are significantly more restrictive than the privacy provisions set forth in HIPAA. States may adopt privacy laws that are more restrictive than HIPAA but not less restrictive. These laws are either more detailed and/or more restrictive than HIPAA with respect to these particular types of treatment records.

Security Breaches and Unauthorized Releases of Personal Information. Federal, state and local authorities are increasingly focused on the importance of protecting the confidentiality of individuals' personal information, including patient health information. Many states have enacted laws requiring businesses to notify individuals of security breaches that result in the unauthorized release of personal information. In some states, notification requirements may be triggered even where information has not been used or disclosed, but rather has been inappropriately accessed. State consumer protection laws may also provide the basis for legal action for privacy and security breaches and frequently, unlike HIPAA, authorize a private right of action. In particular, the public nature of security breaches exposes health organizations to increased risk of individual or class action lawsuits from patients or other affected persons, in addition to government enforcement and negative media attention. Failure to comply with restrictions on patient privacy or to maintain robust information security safeguards, including taking steps to ensure that contractors who have access to sensitive patient information maintain the confidentiality of such information, could consequently damage a health care provider's reputation and materially adversely affect business operations. In a large hospital, health system or health care organization, there can often be security incidents related to patient information, which stem from a variety of causes ranging from external or internal deliberate invasions by individuals or employees, to inadvertent loss or misdirection of paper or electronic records, to theft of hardware or software.

Cybersecurity Risks. Health care providers are highly dependent upon integrated electronic medical record and other information technology systems to deliver high quality, coordinated and cost-effective health care. These systems necessarily hold large quantities of highly sensitive protected health information that is highly valued on the black market for such information. As a result, the electronic systems and networks of health care providers are considered likely targets for cyberattacks and other potential breaches of their systems. In addition to regulatory fines and penalties, the health care entities subject to the breaches may be liable for the costs of remediating the breaches, damages to individuals (or classes) whose information has been breached, reputational damage and business loss, and damage to the information technology infrastructure. OHSU has taken, and continues to take measures to protect its information technology system against such cyberattacks, but there can be no assurance that OHSU will not experience a significant breach. If such a breach occurs, the financial consequences of such a breach could have a material adverse effect on OHSU's operations, financial performance or financial condition.

Payment Card Industry Security Standards. Health care providers have seen significant changes in the method, amount of transactions and dollar amount of patient payments. Health care providers recognize that financial data security is a paramount concern as is continuing to protect and secure patient information. Chip cards used at Europay, MasterCard and Visa ("EMV") terminals protect against counterfeit transactions by replacing static data with dynamic data. Merchants are in the process of migrating to EMV chip card technology to improve the security of the card-present payments infrastructure. As a result, EMV is being introduced to health care providers.

Beginning October 1, 2015, the liability for card-present fraud shifts to whichever party is the least EMV-compliant in a fraudulent transaction. This means in practice that if a health care provider has not updated its system to accept chip cards and fraud occurs when a chip card is inserted into the terminal, the health care provider would be liable for the costs. It is not mandatory to begin using EMV compliant terminals on or after October 1, 2015 and there are no fines or other penalties, however, a health care provider that does not use EMV-compliant terminals may face much higher costs in the event of a large

data breach. At this time, it is too early to predict the impact that this new technology will have on OHSU.

Compliance with Conditions of Participation. CMS, in its role of monitoring participating providers' compliance with conditions of participation in the Medicare program, may determine that a provider is not in compliance with its conditions of participation. In that event, a notice of termination of participation may be issued or other sanctions could potentially be imposed such as corrective action plans. If the corrective action plan is not accepted by CMS, or if it is not successfully implemented, the provider's Medicare provider agreement could be terminated or other sanctions imposed.

Exclusions from Medicare or Medicaid Participation. The government may exclude a health care provider from Medicare/Medicaid program participation if such provider has been convicted of a criminal offense relating to the delivery of any item or service reimbursed under Medicare or a state health care program, any criminal offense relating to patient neglect or abuse in connection with the delivery of health care, fraud against any federal, state or locally financed health care program or an offense relating to the illegal manufacture, distribution, prescription, or dispensing of a controlled substance. The government also may exclude individuals or entities under certain other circumstances, such as an unrelated conviction of fraud, or other financial misconduct relating either to the delivery of health care in general or to participation in a federal, state or local government program. Exclusion from the Medicare/Medicaid program means that a health care provider would be decertified from program participation and no program payments can be made. Any health care provider exclusion or suspension could be a materially adverse event. In addition, exclusion of health care organization employees or independent contractors or their employees under Medicare or Medicaid may be another source of potential liability for hospitals or health systems based on services provided by those excluded individuals or entities.

Administrative Enforcement. Administrative regulations may require less proof of a violation than do criminal laws, and, thus, health care providers may have a higher risk of imposition of monetary penalties as a result of administrative enforcement actions.

Patient Transfers. The Emergency Medical Treatment and Active Labor Act ("EMTALA") is a federal civil statute that requires hospitals to treat or conduct a medical screening for emergency conditions and to stabilize a patient's emergency medical condition before releasing, discharging or transferring the patient. A hospital that violates EMTALA is subject to civil penalties of up to $103,139 per offense and exclusion from the Medicare and Medicaid programs. In addition, the hospital may be liable for any claim by an individual who has suffered harm as a result of a violation. Failure of OHSU to meet its responsibilities under the EMTALA could have a material adverse effect on OHSU's operations, financial performance or financial condition.

Management is not aware of any pending or threatened claim, investigation, or enforcement action regarding patient transfers that, if determined adversely to OHSU, would have material adverse effect on OHSU's operations, financial performance or financial condition.

Environmental Laws and Regulations. OHSU's health care operations generate medical waste that must be disposed of in compliance with federal, state and local environmental and occupational health and safety laws and regulations. OHSU's operations, as well as OHSU's purchases and sales of facilities, also are subject to compliance with various other environmental laws, rules and regulations. These include but are not limited to: air and water quality control requirements; waste management requirements; specific regulatory requirements applicable to asbestos and radioactive substances; requirements for providing notice to employees and members of the public about hazardous materials

handled by or located at the health facilities; and requirements for training employees in the proper handling and management of hazardous materials and wastes.

Health facilities may be subject to requirements related to investigating and remedying hazardous substances located on their property, including such substances that may have migrated off the property. Typical hospital operations include the handling, use, storage, transportation, disposal and discharge of hazardous, infectious, toxic, radioactive, flammable and other hazardous materials, wastes, pollutants and contaminants. As such, hospital operations are particularly susceptible to the practical, financial and legal risks associated with the environmental laws and regulations. Such risks may result in damage to individuals, property or the environment; may interrupt operations and increase their cost; may result in legal liability, damages, injunctions or fines; and may result in investigations, administrative proceedings, civil litigation, criminal prosecution, penalties or other governmental agency actions; and may not be covered by insurance.

Management is not aware of any pending or threatened claim, investigation or enforcement action regarding environmental issues or any instance of contamination that, if determined adversely to OHSU, would have material adverse effect on OHSU's operations, financial performance or financial condition. OHSU anticipates that compliance with such environmental laws and regulations will not have a material adverse effect on OHSU's operations, financial performance or financial condition.

Enforcement Affecting Clinical Research. In addition to increasing enforcement of laws governing payment and reimbursement, in the last decade the federal government has also stepped up enforcement of laws and regulations governing the conduct of clinical trials at hospitals. DHHS elevated and strengthened its Office of Human Research Protection, one of the agencies with responsibility for monitoring federally funded research. In addition, the National Institutes of Health significantly increased the number of facility inspections that these agencies perform. The Food and Drug Administration ("FDA") also has authority over the conduct of clinical trials performed in hospitals when these trials are conducted on behalf of sponsors seeking FDA approval to market the drug or device that is the subject of the research. Moreover, the OIG, in "Work Plans" has included several enforcement initiatives related to reimbursement for experimental drugs and devices (including kickback concerns) and has issued compliance program guidance directed at recipients of extramural research awards from the National Institutes of Health and other agencies of the U.S. Public Health Service. There have been a number of recent government investigations and settlements involving hospital use of federal grant funding in connection with clinical trials and also a settlement involving the submission of claims to Medicare for services provided in a clinical trial. These agencies' enforcement powers range from substantial fines and penalties to exclusion of researchers and suspension or termination of entire research programs, and errors in billing of the Medicare Program for care provided to patients enrolled in clinical trials that is not eligible for Medicare reimbursement can subject health care organizations, including OHSU, to sanctions as well as repayment obligations.

Enforcement Activity. Enforcement activity against health care providers has increased, and enforcement authorities have adopted increasingly aggressive tactics. In the current regulatory climate, it is anticipated that many hospitals and physician groups will be subject to an audit, investigation or other enforcement action regarding the health care fraud laws mentioned above.

Enforcement authorities are often in a position to compel settlements by providers charged with or being investigated for false claims or other health care regulatory violations by either the sheer size of the potential liability or withholding or threatening to withhold Medicare, Medicaid and similar payments. In addition, the cost of defending such an action, the time and management attention consumed, and the facts of a case may dictate settlement. Therefore, regardless of the merits of a particular case, a hospital could experience materially adverse settlement costs, as well as materially adverse costs associated with

implementation of any settlement agreement. Prolonged and publicized investigations could be damaging to the reputation and business of a health care organization, regardless of outcome.

Certain acts or transactions may result in violation or alleged violation of a number of the federal health care fraud laws described above, and therefore penalties or settlement amounts often are compounded. Generally these risks are not covered by insurance. Enforcement actions may involve multiple hospitals or other facilities in a health system, as the government often extends enforcement actions regarding health care fraud to other entities in the same organization. Therefore, Medicare fraud related risks identified as being materially adverse to a health care organization could have materially adverse consequences to an organization taken as a whole.

Business Relationships and Other Business Matters

Physician Relations. The primary relationship between a hospital and physicians who practice in it is through the hospital's organized professional staff. Professional staff bylaws, rules and policies establish the criteria and procedures by which a provider may have his or her privileges or membership curtailed, denied or revoked. Providers who are denied medical staff membership or certain clinical privileges, or who have such membership or privileges curtailed or revoked often file legal actions against hospitals and medical staffs. Such actions may include a wide variety of claims, some of which could result in substantial damages to a hospital. In addition, failure of the hospital governing body to adequately oversee the conduct of its professional staff may result in hospital liability to third parties.

OHSU employs almost all physicians who maintain medical staff membership and clinical privileges at OHSU and provide almost all clinical services at OHSU hospitals and clinics.

The success of OHSU will be partially dependent upon its ability to attract and employ physicians to join the physician organizations and to provide care as directed by OHSU, and upon the ability of the physicians to perform their obligations and deliver high quality patient care in a cost-effective manner. There can be no assurance that OHSU will be able to attract and retain the requisite number of physicians, or that physicians will deliver high quality health care services. Without employing a sufficient number and type of providers, OHSU could fail to be competitive, could fail to keep or attract payor contracts, or could be prohibited from operating until its physicians provided adequate access to patients. Such occurrences could have a material adverse effect on OHSU's operations, financial performance or financial condition.

Physician Contracting. OHSU may contract with physician organizations (such as independent physician associations and physician-hospital organizations) to arrange for the provision of physician and ancillary services. Because physician organizations are separate legal entities with their own goals, obligations to shareholders, financial status, and personnel, there are risks involved in contracting with the physician organizations.

Affiliations, Merger, Acquisition and Divestiture. OHSU evaluates and pursues potential acquisition, merger and affiliation candidates as part of the overall strategic planning and development process. As part of its ongoing planning and property management functions, OHSU reviews the use, compatibility and business viability of operations, and from time to time may pursue changes in the use of, or disposition of, its facilities. Likewise, OHSU occasionally receives offers from, or conducts discussions with, third parties about the potential acquisition of operations and properties which may become subsidiaries, affiliates, or Members of the Credit Group in the future, or about the potential sale of some of the operations or property which are currently conducted or owned by OHSU. Discussion with respect to affiliation, merger, acquisition, disposition or change of use of facilities are held from time to time with other parties. These may be conducted with acute care hospital facilities and may be related

to potential affiliation with OHSU, including but not limited to, integrated health system affiliations expanding upon or similar to the affiliation with Adventist and Portland Adventist (each as defined below). As a result, it is possible that the current organization and assets of the Credit Group may change from time to time. Any such changes are subject to compliance with the applicable provisions of the Master Indenture. See APPENDIX A—"INFORMATION CONCERNING OREGON HEALTH AND SCIENCE UNIVERSITY—OHSU STRATEGIC PLAN" and APPENDIX C—"SUMMARY OF PRINCIPAL DOCUMENTS—THE MASTER INDENTURE—Limitation on Disposition of Assets" and "—Membership in Obligated Group."

In addition to relationships with other hospitals and physicians, OHSU may consider investments, ventures, affiliations, development and acquisition of other health care-related entities. These may include home health care, long-term care entities or operations, infusion providers, pharmaceutical providers, and other health care enterprises that support the overall operations of OHSU. In addition, OHSU may pursue transactions with health insurers, HMOs, preferred provider organizations, third-party administrators and other health insurance-related businesses. Because of the integration occurring throughout the health care field, management will consider these arrangements if there is a perceived strategic or operational benefit for OHSU. Any initiative may involve significant capital commitments and/or capital or operating risk (including, potentially, insurance risk) in a business in which OHSU may have less expertise than in hospital operations. There can be no assurance that these projects, if pursued, will not have a material adverse effect on OHSU's operations, financial performance or financial condition.

Antitrust. Antitrust liability may arise in a wide variety of circumstances, including medical staff privilege disputes, payor contracting, physician relations, joint ventures, merger, affiliation and acquisition activities, certain pricing or salary setting activities, as well as other areas of activity. Consolidation transactions among health care providers is an area in which investigation and enforcement activity by federal and state antitrust agencies is particularly frequent and vigorous. The application of the federal and state antitrust laws to health care and to governmental actors is evolving (especially as the ACA and other coordination of care initiatives are implemented), and therefore not always clear. Currently, the most common areas of potential liability are joint action among providers with respect to payor contracting, medical staff credentialing disputes, and hospital mergers and acquisitions. From time to time, OHSU may be involved with all of the types of activities described above, and OHSU cannot predict when or to what extent liability, if any, may arise. Liability in any of these or other trade regulation areas may be substantial, depending upon the facts and circumstances of each case.

Violation of the antitrust laws could result in criminal and/or civil enforcement proceedings by federal and state agencies, as well as actions by private litigants. In certain actions, private litigants may be entitled to treble damages, and in others, governmental entities may be able to assess substantial monetary fines. Investigations and proceedings arising from the application of federal and state antitrust laws can require the dedication of substantial resources by affected providers and can delay or impede proposed transactions even if ultimately it is determined that no violation of applicable law would occur as a result of the proposed transaction. By Oregon statute, OHSU has been granted immunity from antitrust liability under the state action immunity doctrine, but this immunity has not been tested in the appellate courts.

Indigent Care. Tax-exempt health care providers often treat large numbers of indigent patients who are unable to pay in full for their medical care. Typically, urban, inner-city hospitals and other health care providers may treat significant numbers of indigents. These hospitals and other health care providers may be susceptible to economic and political changes that could increase the number of indigents or their responsibility for caring for this population. General economic conditions that affect the number of employed individuals who have health coverage affects the ability of patients to pay for their

care. Similarly, changes in governmental policy, which may result in coverage exclusions under local, county, state and federal health care programs (including Medicare and Medicaid) may increase the frequency and severity of indigent treatment by such hospitals and other providers. It also is possible that future legislation could require that tax-exempt hospitals and other providers maintain minimum levels of indigent care as a condition to federal income tax exemption or exemption from certain state or local taxes.

Integrated Delivery Systems. Integrated delivery systems present business challenges and risks. Inability to attract or retain physicians may negatively affect managed care, contracting and utilization. The technological and administrative infrastructure necessary both to develop and operate integrated delivery systems and to implement new payment arrangements in response to changes in Medicare and other payor reimbursement is costly. Hospitals may not achieve savings sufficient to offset the substantial costs of creating and maintaining this infrastructure.

Whether these programs will achieve their objectives and be expanded or mandated as conditions of Medicare participation cannot be predicted. However, Congress and CMS have clearly emphasized continuing the trend away from the fee-for-service reimbursement model, which began in the 1980s with the introduction of the prospective payment system for inpatient care, and toward an episode-based payment model that rewards use of evidence-based protocols, quality and satisfaction in patient outcomes, efficiency in using resources, and the ability to measure and report clinical performance. This shift is likely to favor integrated delivery systems, which may be better able than stand-alone providers to realize efficiencies, coordinate services across the continuum of patient care, track performance, and monitor and control patient outcomes. Changes to the reimbursement methods and payment requirements of Medicare, which is the dominant purchaser of medical services, are likely to prompt equivalent changes in the commercial sector, because commercial payors frequently follow Medicare's lead in adopting payment policies.

While payment trends may stimulate the growth of integrated delivery systems, these systems carry with them the potential for legal or regulatory risks. Many of the risks discussed in "—Regulatory Environment" above, may be heightened in an integrated delivery system. The foregoing laws were not designed to accommodate coordinated action among hospitals, and other health care providers to set standards, reduce costs and share savings, among other things. The ability of hospitals or health systems to conduct integrated physician operations may be altered or eliminated in the future by legal or regulatory interpretation or changes, or by health care fraud enforcement. Tax-exempt hospitals and health systems also face the risk in affiliating with for-profit entities that the IRS will determine that compensation practices or business arrangements result in private benefit or private use or generate unrelated business income for the hospitals and health systems.

Health care providers, responding to health care reform and other industry pressures, are increasingly moving toward integrated delivery systems, managing the health of populations of individuals, patient-centered medical homes, bundled payments, and capitated insurance plans. These trends will require new infrastructures, including the appropriate mix of physician specialties, new administrative skills, close relationships between physicians and hospitals, insurance risk management, and new relationships between patients and providers. Provider organizations may be unsuccessful in assembling successful integrated networks, may not achieve savings sufficient to offset the substantial costs of creating and maintaining the necessary infrastructures to support such developments, could incur losses from assuming increased risk and could incur damage to reputations. Some health care organizations that traditionally operated hospitals may, directly or in partnership, take on actual insurance risk, market various health coverage products and access patients by way of new and presently unknown channels. Such new endeavors could adversely affect the financial and operating condition or reputation of an organization.

Physician Supply. Sufficient community-based physician supply is important to hospitals and other health care facilities. CMS annually reviews overall physician reimbursement formulas for Medicare and Medicaid. Changes to physician compensation under these programs could lead to physicians ceasing to accept Medicare and/or Medicaid patients. Regional differences in reimbursement by commercial and governmental payors, along with variations in the costs of living, may cause physicians to avoid locating their practices in communities with low reimbursement or high living costs. Hospitals and health systems may be required to invest additional resources in recruiting and retaining physicians, or may be compelled to affiliate with, and provide support to, physicians in order to continue serving the growing population base and maintain market share. The physician-to-population ratios in certain parts of Oregon are below the national average, and the shortage of physicians could become a significant issue for hospitals and health care systems there.

Hospital Pricing. Inflation in hospital costs may evoke action by legislatures, payors or consumers. It is possible that legislative action at the state or national level may be taken with regard to the pricing of health care services. In June 2019, the Oregon Legislative Assembly passed SB 889, which established the Oregon Health Care Cost Growth Benchmark Program with the goal of reining in health care costs. Under the program, a committee will be selected to stablish spending benchmarks for insurance companies, hospitals and health care providers and provide recommendations on how entities with unreasonable cost increases will be held accountable.

Competition Among Health Care Providers. Increased competition from a wide variety of sources, including specialty hospitals, other hospitals and health care systems, HMOs, inpatient and outpatient health care facilities, long-term care and skilled nursing services facilities, telehealth providers, clinics, physicians and others, may adversely affect the utilization and revenues of hospitals. Existing and potential competitors may not be subject to various restrictions applicable to hospitals which in some cases may enable them to pick only the most profitable service lines, and competition, in the future, may arise from new sources not currently anticipated or prevalent.

Specialty facilities or ventures that attract away an important segment of an existing hospital's admitting specialists and/or services that generate a significant source of revenue may be particularly damaging. For example, some large hospitals may have significant dependence on heart surgery or orthopedic programs, as revenue streams from those programs may cover significant fixed overhead costs. If a significant component of such a hospital's heart surgeons or orthopedists develop their own specialty hospital or surgery center (alone or in conjunction with a growing number of specialty hospital operators and promoters), taking with them their patient base, the hospital could experience a rapid and dramatic decline in net revenues that is not proportionate to the number of patient admissions or patient days lost. It is also possible that the competing specialty hospital, as a for profit venture, would not accept indigent patients or other payers and government programs, leaving low pay patient populations in the full service hospital. In certain cases, such an event could be materially adverse to the hospital. A variety of proposals have been advanced recently to permanently prohibit such investments. Nonetheless, specialty hospitals continue to represent a significant competitive challenge for full service hospitals.

Likewise, freestanding ambulatory surgery centers may attract away significant commercial outpatient services traditionally performed at hospitals. Commercial outpatient services, currently among the most profitable for hospitals, may be lost to competitors who can provide these services in an alternative, less costly setting. Full-service hospitals rely upon the revenues generated from commercial outpatient services to fund other less profitable services, and the decline of such business may result in the significant reduction of profitable income. Competing ambulatory surgery centers, more likely a for-profit business, may not accept indigent patients or low paying programs and would leave these populations to receive services in the hospital setting. Consequently, hospitals are vulnerable to competition from ambulatory surgery centers.

Such competition may increase if legislation or regulations are changed to allow for longer stays or higher acuity procedures at ambulatory surgery centers. Also, payors are increasingly entering into narrow network contracts that exclude from participation in the network all providers who are not in the narrow network. Payors also enter into exclusive contracts with certain providers from time to time. In addition, increasingly, providers are pursuing ownership interest in health insurance companies that may exclude non-owner providers from certain products. The net effect of these practices, singularly or in the aggregate, may be to foreclose and exclude OHSU from a material population of individuals who can choose or access OHSU for their care and could have a material adverse effect on OHSU's operations, financial performance or financial condition.

Additionally, scientific and technological advances, new procedures, drugs and appliances, preventive medicine and outpatient health care delivery may reduce utilization and revenues of the hospitals in the future or otherwise lead the way to new avenues of competition. In some cases, hospital investment in facilities and equipment for capital-intensive services may be lost as a result of rapid changes in diagnosis, treatment or clinical practice brought about by new technology or new pharmacology.

Information Technology. The ability to adequately price and bill health care services and to accurately report financial results depends on the integrity of the data stored within information systems, as well as the operability of such systems. Information systems require an ongoing commitment of significant resources to maintain, protect and enhance existing systems and develop new systems to keep pace with continuing changes in information processing technology, evolving systems and regulatory standards. There can be no assurance that efforts to upgrade and expand information systems capabilities, protect and enhance these systems, and develop new systems to keep pace with continuing changes in information processing technology will be successful or that additional systems issues will not arise in the future.

Electronic media are also increasingly being used in clinical operations, including the conversion from paper to electronic medical records, computerization of order entry functions and the implementation of clinical decision-support software. The reliance on information technology for these purposes imposes new expectations on physicians and other workforce members to be adept in using and managing electronic systems. It also introduces risks related to patient safety, and to the privacy, accessibility and preservation of health information. See "—Regulatory Environment" above. Technology malfunctions or failure to understand and use information systems properly could result in the dissemination of or reliance on inaccurate information, as well as in disputes with patients, physicians and other health care professionals. Health information systems may also be subject to different or higher standards or greater regulation than other information technology or the paper-based systems previously used by health care providers, which may increase the cost, complexity and risks of operations. All of these risks may have adverse consequences on hospitals and health care providers.

Future government regulation and adherence to technological advances could result in an increased need of OHSU to implement new technology. Such implementation could be costly and is subject to cost overruns and delays in application, which could negatively affect the operations, financial performance or financial condition of OHSU.

Technical and Clinical Developments. New clinical techniques and technology, as well as new pharmaceutical and genetic developments and products, may alter the course of medical diagnosis and treatment in ways that are currently unanticipated, and that may dramatically change medical and hospital care. These could result in higher health care costs, reductions in patient populations, lower utilization of hospital service and/or new sources of competition for hospitals.

Labor Relations and Collective Bargaining. Public agencies, research institutions and hospitals are large employers with a wide diversity of employees. Increasingly, employees of research and health care operations are becoming unionized, and many of these organizations have collective bargaining agreements with one or more labor organizations. Employees subject to collective bargaining agreements may include essential nursing and technical personnel, as well as food service, maintenance and other trade personnel. Renegotiation of such agreements upon expiration may result in significant cost increases to hospitals. Employee strikes or other adverse labor actions may have an adverse impact on operations, revenue and reputation. OHSU has employees currently covered by collective bargaining agreements. In the past, a labor strike has occurred at OHSU's facilities but not since 2000. See APPENDIX A—"INFORMATION CONCERNING OREGON HEALTH AND SCIENCE UNIVERSITY—OTHER INFORMATION—Employees."

Worker Classification. Research institutions and health care providers, like all businesses, are required to withhold income taxes from amounts paid to employees. If the employer fails to withhold the tax, the employer becomes liable for payment of the tax imposed on the employee. On the other hand, businesses are not required to withhold federal taxes from amounts paid to a worker classified as an independent contractor. The IRS has established criteria for determining whether a worker is an employee or an independent contractor for tax purposes. If the IRS were to reclassify a significant number of hospital independent contractors (e.g., physician medical directors) as employees, back taxes and penalties could be material.

Wage and Hour Class Actions and Litigation. Federal law and many states, including notably Oregon, impose standards related to worker classification, eligibility and payment for overtime, liability for providing rest periods, pay equity and similar requirements. Large employers with complex workforces, such as hospitals, are susceptible to actual and alleged violations of these standards. In recent years there has been a proliferation of lawsuits over these "wage and hour" issues, often in the form of large, sometimes multi-state, class actions. For large employers such as hospitals, such class actions can involve multi-million dollar claims, judgments and/or settlements. A major class action decided or settled adversely to OHSU could have a material adverse effect on OHSU's operations, financial performance or financial condition.

Staffing. From time to time, the health care industry has suffered from a scarcity of nursing personnel, respiratory therapists, pharmacists and other trained health care technicians. In addition, aging medical staffs and difficulties in recruiting physicians are leading to physician shortages. A significant factor underlying this trend includes a decrease in the number of persons entering such professions. As hospitals and other health care providers transition to a population health model of care delivery, there is expected to be a greater need for care coordinators and such need may outpace the supply of qualified personnel. In addition, state budget cuts to university programs may impact the training available for nursing personnel and other health care professionals. Competition for physicians and other health care professionals, coupled with increased recruiting and retention costs, will increase hospital operating costs, possibly significantly, and growth may be constrained. This trend could have a material adverse impact on the financial conditions and results of operations of hospitals and other health care facilities. This scarcity may further be intensified if utilization of health care services increases as a consequence of the ACA's expansion of the number of insured consumers. As reimbursement amounts are reduced to health care facilities and organizations that employ or contract with physicians, nurses and other health care professionals, pressure to control and possibly reduce wage and benefit costs may further strain the supply of those professionals.

Employer Status. Hospitals are major employers with mixed technical and nontechnical workforces. Labor costs, including salaries, benefits and other liabilities associated with a workforce, have significant impacts on hospital operations and financial condition. Developments affecting hospitals

as major employers include: (1) imposing higher minimum or living wages; (2) enhancing occupational health and safety standards; and (3) penalizing employers of undocumented immigrants. Legislation or regulation on any of the above or related topics could have a material adverse effect on OHSU's operations, financial performance or financial condition.

Professional Liability Claims and General Liability Insurance. As a public body, OHSU is subject to the provisions of the Oregon Tort Claims Act ("OTCA"), ORS 30.260 et seq. The OTCA provides a limited waiver of sovereign immunity against public bodies. As a result of legislation, effective July 1, 2009, for tort claims originating on or after December 28, 2007 liability against OHSU was limited to ("capped at") $1.5 million per claim and $3.0 million per occurrence, with step increases occurring July 1 of each year, and for tort claims originating July 1, 2019 through July 1, 2020, the limits are $2,247,000 per claim and $4,494,000 million per occurrence (collectively, "higher OTCA limits"). Prior to December 28, 2007, OHSU liability was statutorily limited to $100,000 for economic losses and $100,000 for non-economic losses per claimant and $500,000 per occurrence (collectively, "lower OTCA limits"). The OTCA requires OHSU to defend and indemnify its officers, agents, and employees for their acts in the scope of their employment or duties, except in cases involving willful or wanton misconduct or malfeasance in office. The OTCA provides limitation of tort liability in matters of general and professional liability. Claims that are raised as a matter of federal law (such as certain employment discrimination claims, for instance) would trigger the indemnification obligation of OHSU but would not be limited by the OTCA in value. Similarly, claims arising out of OHSU services rendered in locations outside the State would not be subject to the OTCA limitations. In December 2007, in a high damages case in which OHSU was a defendant ("Clarke"), the Oregon Supreme Court found that the lower OTCA limits are constitutional as applied to claims against OHSU, but as applied to the high damages awards against individuals acting in the scope of their employment or duties for OHSU, the limitations violate the Oregon Constitution. The applicability of the Clarke result to cases involving more limited damages is uncertain at this point.

In November 2006, a Multnomah County Oregon trial court disallowed the lower OTCA limits in a case involving more limited damages, based on the Clarke ruling. On appeal, the Oregon Court of Appeals determined that applying the lower OTCA limits to limit recovery against the physician as an individual violated the Oregon Constitution. At this point, no cases are pending against OHSU involving a constitutional challenge to the lower OTCA limits. Cases are pending against OHSU involving a range of claimed damage amounts that may give rise to constitutional challenges to the higher OTCA limits. It is difficult to predict the outcome of such challenges, but a negative outcome could be material.

The constitutionality of the higher OTCA limitations contained in the OTCA legislation was challenged in the case of *Horton v. OHSU*. In May 2016, the Oregon Supreme Court upheld the higher OTCA limit applicable to OHSU in that case.

In recent years, the number of professional and general liability suits and the dollar amounts of damage recoveries have increased nationwide, resulting in substantial increases in malpractice insurance premiums, higher deductibles and generally less coverage. Professional liability and other actions alleging wrongful conduct and seeking punitive damages are often filed against health care providers. In some instances, insurance does not provide coverage for judgments for punitive damages.

Beginning in 2008, CMS refused to reimburse hospitals for medical costs arising from certain "never events," which include specific preventable medical errors. Certain private insurers and HMOs followed suit. The occurrence of "never events" is more likely to be publicized and may negatively impact a hospital's reputation, thereby reducing future utilization and potentially increasing the possibility of liability claims.

Litigation also arises from the corporate and business activities of research institutions and hospitals, from their status as an employer or as a result of staff or peer review or the denial of staff or provider privileges. As with professional liability, many of these risks are covered by insurance, but some are not. For example, some antitrust claims or business disputes are not covered by insurance or other sources and may, in whole or in part, be a liability of OHSU if determined or settled adversely.

There is no assurance that research institutions and hospitals will be able to maintain coverage amounts currently in place in the future, that the coverage will be sufficient to cover malpractice judgments rendered against a research institution or hospital or that such coverage will be available at a reasonable cost in the future.

Tax-Exempt Status and Other Tax Matters

Tax Exemption for Not-For-Profit Corporations. The Bonds are being issued as qualified 501(c)(3) Bonds to preserve the ability of OHSU to enter into arrangements with organizations described in Section 501(c)(3) of the Code involving the use of property financed or refinanced by the Bonds without triggering a need for remedial action of the Bonds and to reflect that OHSU previously entered into an arrangement with Adventist Health System/West, a California nonprofit religious corporation and an organization described in Section 501(c)(3) and 170(b)(1)(A)(ii) ("Adventist"), which is the parent entity to multiple health care providers including Portland Adventist Medical Center d/b/a Adventist Health Portland, an Oregon religious corporation and organization described in Section 501(c)(3) and 170(b)(1)(A)(ii), of which Adventist is the sole member ("Portland Adventist"), that could result in all assets of OHSU used to provide health care being treated as used in the trade or business of a 501(c)(3) organization. No such material arrangements are currently in effect except with respect to assets used to provide health care. Loss of tax-exempt status by Portland Adventist or by another 501(c)(3) organization that is treated as a user of OHSU-owned assets financed or refinanced by the Bonds could adversely affect the tax-exempt status of the Bonds.

Tax-Exempt Status of the Bonds. The Code imposes a number of requirements that must be satisfied for interest on state and local obligations, such as the Bonds, to be excludable from gross income for federal income tax purposes. These requirements include limitations on the use of bond proceeds, limitations on the investment earnings of bond proceeds prior to expenditure, a requirement that certain investment earnings on bond proceeds be paid periodically to the United States Treasury, and a requirement that the issuers file an information report with the IRS. OHSU has agreed that it will comply with such requirements. Failure to comply with the requirements stated in the Code and related regulations, rulings and policies may result in the treatment of the interest on the Bonds as taxable, retroactively to the date of issuance.

Bond Examinations. IRS officials have recently indicated that more resources will be invested in audits of tax-exempt bonds, including the use of bond proceeds, in the charitable organization sector, with specific reviews of private use. In addition, under its compliance check program initiated in 2007, the IRS has from time to time sent post-issuance compliance questionnaires to several hundred governmental entities that have borrowed on a tax-exempt basis regarding their post-issuance compliance with various requirements for maintaining the federal tax exemption of interest on their bonds. The questionnaire includes questions relating to the borrower's (i) record retention, which the IRS has particularly emphasized, (ii) qualified use of bond-financed property, (iii) arbitrage yield restriction and rebate requirements, (iv) debt management policies, and (v) voluntary compliance and education. IRS representatives indicate that questionnaires will be sent to additional nonprofit organizations.

Management of OHSU believes that the Bonds properly comply with the tax laws. In addition, Bond Counsel will render an opinion with respect to the tax-exempt status of the Bonds, as described

under the caption "TAX MATTERS." No ruling with respect to the tax-exempt status of the Bonds has been or will be sought from the IRS, however, and the opinions of counsel are not binding on the IRS or the courts. There can be no assurance that any IRS examination of the Bonds will not adversely affect the market value of the Bonds. See "TAX MATTERS" below.

OHSU Real Property Interests

OHSU's control of the real property and facilities that constitute its Marquam Hill campus and certain other sites in Portland (the "Property") derives from the Act and a long-term ground lease with the State. The Act provides that title to the Property shall remain with the State and that OHSU shall have "exclusive care, custody, and control" of the Property. Amendments to the Act adopted in 1999 provide that the State's Department of Administrative Services shall execute a ground lease granting OHSU an exclusive leasehold interest in the Property for a term beginning July 1, 1995 and ending June 30, 2094, and renewing thereafter automatically and perpetually for consecutive 99 year terms (the "State Lease").

OHSU's care, custody, and control of the Property may be altered in the future by an amendment to the Act by the Legislative Assembly. Such an amendment could adversely affect OHSU's right to occupy the Property and its ability to generate revenues in amounts sufficient to pay the principal or redemption price of and interest on the Bonds when due. The Act also provides that the real property of the State that is dedicated to the care, custody, and control of OHSU shall not be sold by OHSU and shall only be obligated in accordance with State law and in a manner that would not impair the financial condition of OHSU or the rights of the holders of any obligations of OHSU issued or incurred under any master indenture or other financial arrangement. While management of OHSU is not aware of any proposal to amend the Act in such a manner as would alter OHSU's exclusive care, custody, and control of the Property, there can be no assurance that such an amendment will not occur in the future.

Under the terms of the State Lease, the State may terminate the State Lease if, prior to such termination, the State causes the defeasance or discharge of all then outstanding obligations of OHSU which were issued to finance Improvements on the Property or to refinance obligations of OHSU to the State. "Improvements" as defined in the State Lease does not include moveable equipment located on the Property or facilities acquired or constructed other than on the Property. Accordingly, if the State were to terminate the State Lease pursuant to this provision, any portion of the Bonds the proceeds of which were used to finance construction or acquisition of facilities not located on the Property or used to finance equipment purchases for OHSU would not be subject to this defeasance requirement. In such event, that portion of the Bonds would remain outstanding after termination of the Lease and would continue to be revenue obligations of OHSU. However, OHSU would retain title to such facilities not located on the Property and to such equipment. The facilities or equipment that OHSU would continue to own after termination of the State Lease may or may not produce operating revenues or proceeds from their disposition in an amount sufficient to pay the principal or redemption price, including, if applicable, the interest on such remaining Bonds. Management of OHSU is not aware of any proposal to terminate the State Lease.

In addition, several of the deeds that granted the State title to those parcels of land that comprise the Property contain restrictive covenants. Those covenants generally require the property conveyed to be used by the named grantees and for the benefit of the University of Oregon medical school (OHSU's predecessor in interest), its hospital, and related purposes. In the State Lease, OHSU agrees to abide by these restrictive covenants. In the opinion of OHSU's management and general counsel, the current use of such property is in compliance with all restrictions and limitations contained in the granting instruments. If any of the parcels subject to such restrictive covenants is used in a manner that violates those covenants, or if OHSU is not considered the legal successor to the State, title to those parcels could revert to the party that transferred title to the State. Such an action could adversely affect OHSU's ability

to generate revenues sufficient to pay the principal or redemption price, including, if applicable, interest on the Bonds.

Subsequent to the Act, OHSU acquired ownership of real property and facilities in connection with its acquisition of the Oregon National Primate Research Center, the Vaccine and Gene Therapy Institute and the Data Center West.

In August 2002, OHSU acquired approximately 8 acres of land in an area near downtown Portland and the Marquam Hill campus. OHSU has begun to redevelop this property, known as the "South Waterfront," to serve research, educational, clinical and administrative functions and connect it to the Marquam Hill campus via an aerial tram that was completed and began operations in December 2006. The first building OHSU constructed in the South Waterfront was the Center for Health & Healing Building 1. In June 2004, OHSU received a donation of approximately 19 acres of additional land in the South Waterfront, a few hundred feet north of the initial land it acquired in 2002 (the "Schnitzer Campus"). In 2011, OHSU approved proceeding with the Collaborative Life Sciences Building project. Construction of this $295 million facility was completed on time and on budget in fiscal year 2014. This facility combines programs of OHSU, Portland State University ("PSU") and Oregon State University ("OSU") under one roof at the Schnitzer Campus on the South Waterfront and is designed to expand partnerships between OHSU, PSU and OSU, expand teaching facilities, student enrollment, and research activities, and create new employment opportunities. In May 2012, OHSU acquired two additional blocks of property in the South Waterfront. In 2018, OHSU completed construction on the Schnitzer Campus of the Knight Cancer Research Building. In 2019, OHSU completed construction in the South Waterfront of the Center for Health & Healing Building 2 and the Rood Family Pavilion. For a further description of OHSU's campuses and facilities, see APPENDIX A—"INFORMATION CONCERNING OREGON HEALTH AND SCIENCE UNIVERSITY—HISTORY, BACKGROUND AND FACILITIES."

In addition to its campus facilities, OHSU leases various facilities throughout the Portland metropolitan area and the State for administrative and programmatic purposes.

Other Risk Factors

Risks Related to Variable Rate Obligations. OHSU has previously issued, and may in the future issue, variable rate bonds, the interest rates on which could rise. Such interest rates vary on a periodic basis and may be converted to a fixed interest rate. This protection against rising interest rates is not unrestricted, however, because OHSU would be required to continue to pay interest at the variable rate until it is permitted to convert the obligations to a fixed rate pursuant to the terms of the applicable transaction documents. Credit market turmoil in the auction rate markets and dislocation among various bond insurers and swap providers previously triggered suddenly high interest costs to many health care organizations holding debt with interest rates that varied on a periodic basis.

Market Risk. As of June 30, 2019, OHSU had approximately $979 million in total long-term debt and capital leases outstanding. Of that, approximately 18% was variable rate debt issued in the form of variable rate and direct placement demand bonds. As of June 30, 2019, OHSU had approximately $181 million principal amount outstanding of variable rate bonds bearing interest at daily, weekly or monthly reset rates and which are supported by dedicated letters of credit or other dedicated liquidity facilities. See "PLAN OF FINANCE—Plan of Refunding."

Hedging Transactions. OHSU has entered into an interest rate swap transaction (the "Swap") with an outstanding notional amount of $70.2 million as of June 30, 2019, under which OHSU is paid a variable rate of interest and receives a fixed rate of interest on a "notional amount" equal to the principal

amount of a particular variable rate bond issue, and OHSU may enter into more in the future. The Swap is subject to periodic "mark-to-market" valuations and at any time may have a negative value to OHSU. Pursuant to the Swap, the counterparty payments may be more or less than the variable rates that OHSU is required to pay with respect to a comparable principal amount of the related bond indebtedness. No determination can be made at this time as to the potential exposure to OHSU relating to the difference in variable rate payments. The existing Swap is secured under the Master Indenture, and OHSU may, in the future, enter into interest rate swap agreements and other financial product and hedge devices that may also be secured under the Master Indenture. The Swap and other investment contracts are subject to counterparty risk. The Swap counterparty may terminate the Swap upon the occurrence of certain "termination events" or "events of default." If either the counterparty to the Swap or OHSU terminates the Swap during a negative value situation, OHSU may be required to make a termination payment to such Swap counterparty, and such payment could be material. Under the agreements entered into by OHSU with its counterparty, OHSU may be required from time to time to post investment securities as collateral to secure its obligations under such agreements. As of September 30, 2019, OHSU was not required to post collateral. Depending upon changes in the market value of transactions, the collateral amount required to be posted by OHSU could be material and will vary from time to time.

Investments. OHSU has significant holdings in a diversified portfolio of investments. Market fluctuations have affected and will continue to affect materially the value of those investments and those fluctuations may be and historically have been material.

Section 340B Drug Pricing Program. Hospitals that participate (as "covered entities") in the prescription drug discount program established under Section 340B of the federal Public Health Service Act (the "340B Program") are able to purchase certain outpatient prescription drugs for their patients at a reduced cost. In the 2018 and 2019 OPPS rules, CMS reduced payments to hospitals for drugs purchased under the 340B program by nearly 30% (from average sales price (ASP) plus 6% to ASP minus 22.5%) in order to reduce reimbursement to reflect the discounts received by 340B hospitals. Hospital organizations and associations challenged the legality of the cuts, and a federal district court ruled the 340B rate cuts for drugs purchased through the 340B Program by 340B providers in the 2018 and 2019 rules are unlawful and remanded the matter back to HHS for determination of the remedies. OHSU participates in the 340B Program and such potential reimbursement reductions could potentially have an adverse effect on OHSU.

Facility Damage. Hospitals and health systems are highly dependent on the condition and functionality of their physical facilities. Damage from earthquakes, floods, fires, other natural causes, deliberate acts of destruction, or various facilities system failures may have a material adverse effect on operations, financial performance, financial conditions and results of operations of affected hospitals and health systems. A significant earthquake in Oregon could destroy or disable facilities of OHSU, including the main campus located in Portland, Oregon.

Public Health Emergencies or Crises. The occurrence of a public health emergency or crisis, including an unexpected widespread outbreak of a contagious virus such as Ebola, Zika, or H1N1, may put stress on the capacity of part or all of the facilities of OHSU, could require that resources be diverted from one part of the operations of OHSU to another part, or could impair the operation of part or all of the facilities of OHSU.

Construction Risks. Construction projects are subject to a variety of risks, including but not limited to delays in issuance of required building permits or other necessary approvals or permits, including environmental approvals, strikes, shortages of qualified contractors or materials and labor, and adverse weather conditions. Such events could delay occupancy of major construction projects. Cost overruns may occur due to change orders, delays in construction schedules, scarcity of building materials

and labor and other factors. Cost overruns could cause project costs to exceed estimates and require more funds than originally allocated or require OHSU to borrow additional funds to complete projects.

Marketability of the Bonds. There is no assurance as to the liquidity of markets that may develop for the Bonds, the ability of beneficial owners to sell the Bonds or the price at which beneficial owners would be able to sell the Bonds. None of the Underwriters, the Initial Purchasers or any other financial institution is obligated to make a market in the Bonds, and any financial institution that does so may discontinue its market-making activities at any time without notice. Any market for the Bonds may be subject to disruption which could adversely affect the prices at which beneficial owners may sell the Bonds. The Bonds may trade at a discount from their original purchase prices depending upon interest rates, the market for obligations similar to the Bonds, the financial condition of OHSU and other factors.

Bond Ratings. There is no assurance that the ratings assigned to the Bonds at the time of issuance will not be lowered or withdrawn at any time, the effect of which could adversely affect the market price for, and the marketability and liquidity of, the Bonds. See "RATINGS."

Other Future Risks. In the future, the following factors, among others, may adversely affect the operations of research institutions and health care providers, including OHSU, or the market value of the Bonds, to an extent that cannot be determined at this time.

(a) Adoption of legislation or implementation of regulations that would establish a national or statewide single-payor health program or that would establish national, statewide or otherwise regulated rates applicable to hospitals and other health care providers.

(b) Reduced demand for the services of OHSU that might result from decreases in population or loss of market share to competitors.

(c) Bankruptcy of an indemnity/commercial insurer, managed care plan or other payors.

(d) Efforts by insurers and governmental agencies to limit the cost of hospital services, to reduce the number of hospital beds or other ancillary services and to reduce the utilization of hospital facilities by such means as preventive medicine, improved occupational health and safety and outpatient care, or comparable regulations or attempts by third-party payers to control or restrict the operations of certain health care facilities.

(e) Cost and availability of any insurance, such as professional liability, fire, automobile and general comprehensive liability coverages, which health care facilities of a similar size and type generally carry.

(f) The occurrence of a natural or man-made disaster, a pandemic or an epidemic that could damage OHSU's facilities, interrupt utility service to the facilities, result in an abnormally high demand for health care services or otherwise impair OHSU's operations and the generation of revenues from the facilities.

(g) Limitations on the availability of, and increased compensation necessary to secure and retain, nursing, technical and other professional personnel.

LEGAL PROCEEDINGS AND RELATED MATTERS

There is no controversy or litigation of any nature now pending or, to the knowledge of its officers, threatened against OHSU restraining or enjoining the execution, sale or delivery of the Bonds or in any way contesting or affecting the validity of the Bonds, any proceedings of OHSU taken concerning the execution, sale or delivery thereof, the pledge or application of any moneys or security provided for the payment of the Bonds, or existence or powers of OHSU relating to the execution or delivery of the Bonds.

OHSU, like similar institutions, is subject to a variety of legal actions, investigations, inquiries and proceedings arising in the ordinary course of business. No litigation or proceedings are now pending or, to the knowledge of its officers, threatened against OHSU which, if successful, would have a material adverse effect on OHSU's operations, financial performance or financial condition.

TAX MATTERS

Tax-Exempt Bonds

In the opinion of Orrick, Herrington & Sutcliffe LLP ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Tax-Exempt Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"). Bond Counsel is of the further opinion that interest on the Tax-Exempt Bonds is not a specific preference item for purposes of the federal alternative minimum tax. Bond Counsel is also of the opinion that interest on the Tax-Exempt Bonds is exempt from State of Oregon personal income taxes under existing law. A complete copy of the proposed form of opinion of Bond Counsel is set forth in APPENDIX D hereto.

To the extent the issue price of any maturity of the Tax-Exempt Bonds is less than the amount to be paid at maturity of such Tax-Exempt Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Tax-Exempt Bonds), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each Beneficial Owner thereof, is treated as interest on the Tax-Exempt Bonds which is excluded from gross income for federal income tax purposes and State of Oregon personal income taxes. For this purpose, the issue price of a particular maturity of the Tax-Exempt Bonds is the first price at which a substantial amount of such maturity of the Tax-Exempt Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Tax-Exempt Bonds accrues daily over the term to maturity of such Tax-Exempt Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Tax-Exempt Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Tax-Exempt Bonds. Beneficial Owners of the Tax-Exempt Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Tax-Exempt Bonds with original issue discount, including the treatment of Beneficial Owners who do not purchase such Tax-Exempt Bonds in the original offering to the public at the first price at which a substantial amount of such Tax-Exempt Bonds is sold to the public.

Tax-Exempt Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) ("Premium Bonds") will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Bonds, the interest on which is

excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a Beneficial Owner's basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such Beneficial Owner. Beneficial Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Tax-Exempt Bonds. OHSU has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Tax-Exempt Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Tax-Exempt Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Tax-Exempt Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel's attention after the date of issuance of the Tax-Exempt Bonds may adversely affect the value of, or the tax status of interest on, the Tax-Exempt Bonds. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

In addition, Bond Counsel has relied, among other things, on the opinion of Katten Muchin Rosenman LLP, Counsel to Portland Adventist, a potential user of the Project, regarding the current qualification of Portland Adventist as an organization described in Section 501(c)(3) of the Code. Such opinion is subject to a number of qualifications and limitations. Neither Bond Counsel nor Counsel to the Portland Adventist has given any opinion or assurance concerning Section 513(a) of the Code and neither Bond Counsel nor Counsel to Portland Adventist can give or has given any opinion or assurance about the future activities of Portland Adventist, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the resulting changes in enforcement thereof by the Internal Revenue Service. Failure of Portland Adventist to be organized and operated in accordance with the Internal Revenue Service's requirements for the maintenance of its status as an organization described in Section 501(c)(3) of the Code, or to operate the facilities financed by the Tax-Exempt Bonds in a manner that is substantially related to Portland Adventist's charitable purpose under Section 513(a) of the Code, may result in interest payable with respect to the Tax-Exempt Bonds being included in federal gross income, possibly from the date of the original issuance of the Tax-Exempt Bonds.

Although Bond Counsel is of the opinion that interest on the Tax-Exempt Bonds is excluded from gross income for federal income tax purposes and is exempt from State of Oregon personal income taxes, the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the Tax-Exempt Bonds may otherwise affect a Beneficial Owner's federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Beneficial Owner or the Beneficial Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Tax-Exempt Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. For example, presidential budget proposals in previous years have proposed legislation that would limit the exclusion from gross income of interest on the Tax-Exempt Bonds to some extent for high-income individuals. The introduction or enactment of any such legislative proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the

Tax-Exempt Bonds. Prospective purchasers of the Tax-Exempt Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel is expected to express no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Tax-Exempt Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of OHSU, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. OHSU has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Tax-Exempt Bonds ends with the issuance of the Tax-Exempt Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend OHSU or the Beneficial Owners regarding the tax-exempt status of the Tax-Exempt Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than OHSU and its appointed counsel, including the Beneficial Owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which OHSU legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Tax-Exempt Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Tax-Exempt Bonds, and may cause OHSU or the Beneficial Owners to incur significant expense.

Taxable Bonds

In the opinion of Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Taxable Bonds is exempt from State of Oregon personal income taxes under existing law. Bond Counsel observes that interest on the Taxable Bonds is not excluded from gross income for federal income tax purposes under Section 103 of the Code. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on the Taxable Bonds. A complete copy of the proposed form of the opinion of Bond Counsel is set forth in Appendix D hereto.

The following discussion summarizes certain U.S. federal tax considerations generally applicable to holders of the Taxable Bonds that acquire their Taxable Bonds in the initial offering. The discussion below is based upon laws, regulations, rulings, and decisions in effect and available on the date hereof, all of which are subject to change, possibly with retroactive effect. Prospective investors should note that no rulings have been or are expected to be sought from the Internal Revenue Service ("IRS") with respect to any of the U.S. federal tax consequences discussed below, and no assurance can be given that the IRS will not take contrary positions. Further, the following discussion does not deal with U.S. tax consequences applicable to any given investor, nor does it address the U.S. tax considerations applicable to all categories of investors, some of which may be subject to special taxing rules (regardless of whether or not such investors constitute U.S. Holders), such as certain U.S. expatriates, banks, REITs, RICs, insurance companies, tax-exempt organizations, dealers or traders in securities or currencies, partnerships, S corporations, estates and trusts, investors that hold their Taxable Bonds as part of a hedge, straddle or an integrated or conversion transaction, or investors whose "functional currency" is not the U.S. dollar. Furthermore, it does not address (i) alternative minimum tax consequences, (ii) the net investment income tax imposed under Section 1411 of the Code, or (iii) the indirect effects on persons who hold equity interests in a holder. This summary also does not consider the taxation of the Taxable Bonds under state,

local or non-U.S. tax laws. In addition, this summary generally is limited to U.S. tax considerations applicable to investors that acquire their Taxable Bonds pursuant to this offering for the issue price that is applicable to such Taxable Bonds (i.e., the price at which a substantial amount of the Taxable Bonds are sold to the public) and who will hold their Taxable Bonds as "capital assets" within the meaning of Section 1221 of the Code.

As used herein, "U.S. Holder" means a beneficial owner of a Taxable Bond that for U.S. federal income tax purposes is an individual citizen or resident of the United States, a corporation or other entity taxable as a corporation created or organized in or under the laws of the United States or any state thereof (including the District of Columbia), an estate the income of which is subject to U.S. federal income taxation regardless of its source or a trust where a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons (as defined in the Code) have the authority to control all substantial decisions of the trust (or a trust that has made a valid election under U.S. Treasury Regulations to be treated as a domestic trust). As used herein, "Non-U.S. Holder" generally means a beneficial owner of a Taxable Bond (other than a partnership) that is not a U.S. Holder. If a partnership holds Taxable Bonds, the tax treatment of such partnership or a partner in such partnership generally will depend upon the status of the partner and upon the activities of the partnership. Partnerships holding Taxable Bonds, and partners in such partnerships, should consult their own tax advisors regarding the tax consequences of an investment in the Taxable Bonds (including their status as U.S. Holders or Non-U.S. Holders).

Notwithstanding the rules described below, it should be noted that certain taxpayers that are required to prepare certified financial statements or file financial statements with certain regulatory or governmental agencies may be required to recognize income, gain and loss with respect to the Taxable Bonds at the time that such income, gain or loss is recognized on such financial statements instead of under the rules described below (in the case of original issue discount, such requirements are only effective for tax years beginning after December 31, 2018).

Prospective investors should consult their own tax advisors in determining the U.S. federal, state, local or non-U.S. tax consequences to them from the purchase, ownership and disposition of the Taxable Bonds in light of their particular circumstances.

U.S. Holders

Interest. Interest on the Taxable Bonds generally will be taxable to a U.S. Holder as ordinary interest income at the time such amounts are accrued or received, in accordance with the U.S. Holder's method of accounting for U.S. federal income tax purposes.

To the extent that the issue price of any maturity of the Taxable Bonds is less than the amount to be paid at maturity of such Taxable Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Taxable Bonds) by more than a de minimis amount, the difference may constitute original issue discount ("OID"). U.S. Holders of Taxable Bonds will be required to include OID in income for U.S. federal income tax purposes as it accrues, in accordance with a constant yield method based on a compounding of interest (which may be before the receipt of cash payments attributable to such income). Under this method, U.S. Holders generally will be required to include in income increasingly greater amounts of OID in successive accrual periods.

Taxable Bonds purchased for an amount in excess of the principal amount payable at maturity (or, in some cases, at their earlier call date) will be treated as issued at a premium. A U.S. Holder of a Taxable Bond issued at a premium may make an election, applicable to all debt securities purchased at a

premium by such U.S. Holder, to amortize such premium, using a constant yield method over the term of such Taxable Bond.

Sale or Other Taxable Disposition of the Taxable Bonds. Unless a nonrecognition provision of the Code applies, the sale, exchange, redemption, retirement (including pursuant to an offer by the OHSU) or other disposition of a Taxable Bond will be a taxable event for U.S. federal income tax purposes. In such event, in general, a U.S. Holder of a Taxable Bond will recognize gain or loss equal to the difference between (i) the amount of cash plus the fair market value of property received (except to the extent attributable to accrued but unpaid interest on the Taxable Bond, which will be taxed in the manner described above) and (ii) the U.S. Holder's adjusted U.S. federal income tax basis in the Taxable Bond (generally, the purchase price paid by the U.S. Holder for the Taxable Bond, decreased by any amortized premium, and increased by the amount of any OID previously included in income by such U.S. Holder with respect to such Taxable Bond). Any such gain or loss generally will be capital gain or loss. In the case of a non-corporate U.S. Holder of the Taxable Bonds, the maximum marginal U.S. federal income tax rate applicable to any such gain will be lower than the maximum marginal U.S. federal income tax rate applicable to ordinary income if such U.S. holder's holding period for the Taxable Bonds exceeds one year. The deductibility of capital losses is subject to limitations.

Defeasance of the Taxable Bonds. If the OHSU defeases any Taxable Bond, the Taxable Bond may be deemed to be retired for U.S. federal income tax purposes as a result of the defeasance. In that event, in general, a holder will recognize taxable gain or loss equal to the difference between (i) the amount realized from the deemed sale, exchange or retirement (less any accrued qualified stated interest which will be taxable as such) and (ii) the holder's adjusted tax basis in the Taxable Bond.

Information Reporting and Backup Withholding. Payments on the Taxable Bonds generally will be subject to U.S. information reporting and possibly to "backup withholding." Under Section 3406 of the Code and applicable U.S. Treasury Regulations issued thereunder, a non-corporate U.S. Holder of the Taxable Bonds may be subject to backup withholding at the current rate of 24% with respect to "reportable payments," which include interest paid on the Taxable Bonds and the gross proceeds of a sale, exchange, redemption, retirement or other disposition of the Taxable Bonds. The payor will be required to deduct and withhold the prescribed amounts if (i) the payee fails to furnish a U.S. taxpayer identification number ("TIN") to the payor in the manner required, (ii) the IRS notifies the payor that the TIN furnished by the payee is incorrect, (iii) there has been a "notified payee underreporting" described in Section 3406(c) of the Code or (iv) the payee fails to certify under penalty of perjury that the payee is not subject to withholding under Section 3406(a)(1)(C) of the Code. Amounts withheld under the backup withholding rules may be refunded or credited against the U.S. Holder's federal income tax liability, if any, provided that the required information is timely furnished to the IRS. Certain U.S. holders (including among others, corporations and certain tax-exempt organizations) are not subject to backup withholding. A holder's failure to comply with the backup withholding rules may result in the imposition of penalties by the IRS.

Non-U.S. Holders

Interest. Subject to the discussions below under the headings "Information Reporting and Backup Withholding" and "Foreign Account Tax Compliance Act," payments of principal of, and interest on, any Taxable Bond to a Non-U.S. Holder, other than (1) a controlled foreign corporation, a such term is defined in the Code, which is related to the OHSU through stock ownership and (2) a bank which acquires such Taxable Bond in consideration of an extension of credit made pursuant to a loan agreement entered into in the ordinary course of business, will not be subject to any U.S. federal withholding tax provided that the beneficial owner of the Taxable Bond provides a certification completed in compliance

with applicable statutory and regulatory requirements, which requirements are discussed below under the heading "Information Reporting and Backup Withholding," or an exemption is otherwise established.

Disposition of the Taxable Bonds. Subject to the discussions below under the headings "Information Reporting and Backup Withholding" and "FATCA," any gain realized by a Non-U.S. Holder upon the sale, exchange, redemption, retirement (including pursuant to an offer by the OHSU or a deemed retirement due to defeasance of the Taxable Bond) or other disposition of a Taxable Bond generally will not be subject to U.S. federal income tax, unless (i) such gain is effectively connected with the conduct by such Non-U.S. Holder of a trade or business within the United States; or (ii) in the case of any gain realized by an individual Non-U.S. Holder, such holder is present in the United States for 183 days or more in the taxable year of such sale, exchange, redemption, retirement (including pursuant to an offer by the OHSU) or other disposition and certain other conditions are met.

U.S. Federal Estate Tax. A Taxable Bond that is held by an individual who at the time of death is not a citizen or resident of the United States will not be subject to U.S. federal estate tax as a result of such individual's death, provided that, at the time of such individual's death, payments of interest with respect to such Taxable Bond would not have been effectively connected with the conduct by such individual of a trade or business within the United States.

Information Reporting and Backup Withholding. Subject to the discussion below under the heading "FATCA," under current U.S. Treasury Regulations, payments of principal and interest on any Taxable Bonds to a holder that is not a United States person will not be subject to any backup withholding tax requirements if the beneficial owner of the Taxable Bond or a financial institution holding the Taxable Bond on behalf of the beneficial owner in the ordinary course of its trade or business provides an appropriate certification to the payor and the payor does not have actual knowledge that the certification is false. If a beneficial owner provides the certification, the certification must give the name and address of such owner, state that such owner is not a United States person, or, in the case of an individual, that such owner is neither a citizen nor a resident of the United States, and the owner must sign the certificate under penalties of perjury. The current backup withholding tax rate is 24%.

Foreign Account Tax Compliance Act ("FATCA")—U.S. Holders and Non-U.S. Holders

Sections 1471 through 1474 of the Code impose a 30% withholding tax on certain types of payments made to foreign financial institutions, unless the foreign financial institution enters into an agreement with the U.S. Treasury to, among other things, undertake to identify accounts held by certain U.S. persons or U.S.-owned entities, annually report certain information about such accounts, and withhold 30% on payments to account holders whose actions prevent it from complying with these and other reporting requirements, or unless the foreign financial institution is otherwise exempt from those requirements. In addition, FATCA imposes a 30% withholding tax on the same types of payments to a non-financial foreign entity unless the entity certifies that it does not have any substantial U.S. owners or the entity furnishes identifying information regarding each substantial U.S. owner. Under current guidance, failure to comply with the additional certification, information reporting and other specified requirements imposed under FATCA could result in the 30% withholding tax being imposed on payments of interest on the Taxable Bonds. In general, withholding under FATCA currently applies to payments of U.S. source interest (including OID) and, under current guidance, will apply to certain "passthru" payments no earlier than the date that is two years after publication of final U.S. Treasury Regulations defining the term "foreign passthru payments." Prospective investors should consult their own tax advisors regarding FATCA and its effect on them.

The foregoing summary is included herein for general information only and does not discuss all aspects of U.S. federal taxation that may be relevant to a particular holder of Taxable Bonds in light of the

holder's particular circumstances and income tax situation. Prospective investors are urged to consult their own tax advisors as to any tax consequences to them from the purchase, ownership and disposition of Taxable Bonds, including the application and effect of state, local, non-U.S., and other tax laws.

ERISA CONSIDERATIONS

The Employee Retirement Income Security Act of 1974, as amended ("ERISA"), imposes certain requirements on employee benefit plans subject to Title I of ERISA ("ERISA Plans"), and on those persons who are fiduciaries with respect to ERISA Plans. Investments by ERISA Plans are subject to ERISA's general fiduciary requirements, including, but not limited to, the requirements of investment prudence and diversification and the requirement that an ERISA Plan's investments be made in accordance with the documents governing the Plan. Under ERISA, any person who exercises any authority or control respecting the management or disposition of the assets of an ERISA Plan is considered to be a fiduciary of such ERISA Plan.

Section 406 of ERISA and Section 4975 of the Code prohibit certain transactions involving (i) the assets of an ERISA Plan, (ii) the assets of a benefit plan that may not be subject to Title I of ERISA but that is a "plan" as defined in, and subject to, Section 4975 of the Code, such as an individual retirement account, and (iii) entities that are deemed to hold "plan assets" of ERISA Plans and "plans" described in the foregoing clauses (i) and (ii) by reason of the investment in such entities by such ERISA Plans or "plans" (collectively, clauses (i), (ii) and (iii) referred to herein as "Plans"). ERISA imposes such prohibited transaction restrictions with respect to transactions involving a Plan and certain persons (referred to as "parties in interest" or "disqualified persons" (each, a "Party in Interest")) having certain relationships to such Plans, unless a statutory or administrative exemption is applicable to the transaction. A Party in Interest who engages in a prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and the Code.

Employee benefit plans that are governmental plans (as defined in Section 3(32) of ERISA) and certain church plans (as defined in Section 3(33) of ERISA) are not subject to the requirements relating to fiduciary duties or prohibited transactions under ERISA but may be subject to similar requirements under applicable federal or state law that is materially similar to ERISA ("Similar Law").

The fiduciary of a Plan that proposes to purchase, hold or dispose of any Taxable Bonds should consider, among other things, whether such purchase, holding or disposition may involve (i) the direct or indirect extension of credit to a Party in Interest, (ii) the sale or exchange of any property between a Plan and a Party in Interest, (iii) the transfer to, or use by or for the benefit of, a Party in Interest, of any Plan assets, or (iv) another transaction that is a prohibited transaction pursuant to ERISA or Section 4975 of the Code. Depending on the identity of the Plan fiduciary making the decision to acquire or hold Taxable Bonds on behalf of a Plan and other factors, U.S. Department of Labor Prohibited Transaction Class Exemption ("PTCE") 75-1 (relating to certain broker-dealer transactions), PTCE 84-14 (relating to transactions effected by "qualified professional asset managers"), PTCE 90-1 (relating to investments by insurance company pooled separate accounts), PTCE 91-38 (relating to investments by bank collective investment funds), PTCE 95-60 (relating to investments by an insurance company general account), or PTCE 96-23 (relating to transactions directed by certain "in-house asset managers") (collectively, the "Class Exemptions") could provide an exemption from the prohibited transaction provisions of ERISA and Section 4975 of the Code. In addition, Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code generally provide for a statutory exemption from the prohibitions of Section 406(a) of ERISA and Section 4975 of the Code for certain transactions between Plans and persons who are Parties in Interest solely by reason of providing services to such Plans or that are affiliated with such service providers, provided generally that such persons are not fiduciaries or their affiliates with respect to the "plan assets" of any Plan involved in the transaction and that certain other conditions are satisfied.

By its acceptance of a 2019 Federally Taxable Bond, each purchaser will be deemed to have represented and warranted that either (i) no "plan assets" of any Plan have been used to purchase such 2019 Federally Taxable Bond, or (ii) the Underwriter is not a Party in Interest with respect to the "plan assets" of any Plan used to purchase such 2019 Federally Taxable Bond, or (iii) the purchase and holding of such 2019 Federally Taxable Bond is exempt from the prohibited transaction restrictions of ERISA and Section 4975 of the Code pursuant to a statutory exemption or an administrative class exemption.

Each Plan fiduciary (and each fiduciary for a governmental or church plan subject to Similar Law) should consult with its legal advisor concerning a purchase of any of the Taxable Bonds, and should make a determination as to whether the purchase, holding or disposition of such Taxable Bonds would comply with ERISA or Similar Law, as applicable.

LEGALITY

The validity of the Bonds and certain other legal matters are subject to the approving opinion of Orrick, Herrington & Sutcliffe LLP, Portland, Oregon, Bond Counsel to OHSU. A complete copy of the proposed form of Bond Counsel opinion is contained in APPENDIX D hereto. Orrick, Herrington & Sutcliffe LLP, as Disclosure Counsel, will provide certain other legal services for OHSU. Orrick, Herrington & Sutcliffe LLP undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement. Certain legal matters will be passed upon for OHSU by its Executive Vice President and General Counsel, Alice Cuprill-Comas, Esq., Portland, Oregon and for the Underwriters by Hawkins Delafield & Wood LLP, which also undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement.

UNDERWRITING

The Negotiated Bonds are being purchased by J.P. Morgan Securities LLC, for itself and as representative (the "Representative") of Goldman Sachs & Co. LLC, BofA Securities Inc., Loop Capital Markets and UBS Financial Services Inc. (collectively, the "Underwriters"). Pursuant to a Bond Purchase Contract (the "Purchase Contract") with OHSU, the Underwriters have agreed to purchase the Negotiated Bonds at a purchase price of $_____ (which represents the principal amount of the Negotiated Bonds, plus/minus [net] original issue premium/discount of $_____, less the Underwriters' discount of $_____), and to make a public offering of the Negotiated Bonds at prices that are not in excess of the public offering prices stated on the inside cover page of this Official Statement. The Purchase Contract provides that the Underwriters will purchase all of the Negotiated Bonds, if any are purchased, and contains the agreement of OHSU to indemnify the Underwriters against certain liabilities to the extent permitted by law. The Purchase Contract for the Negotiated Bonds also provides that the fees of counsel for the Underwriters will be paid by OHSU. The initial public offering prices set forth on the cover page may be changed without notice from time to time by the Underwriters.

The Group 1 Competitive Bonds are being purchased by _____, as initial purchaser (the "Group 1 Initial Purchaser") of such Group 1 Competitive Bonds, pursuant to a Notice of Sale dated on or around November 26, 2019, at a purchase price of $_____ (which represents the principal amount of the Group 1 Competitive Bonds, plus/minus [net] original issue premium/discount of $_____, less the Group 1 Initial Purchaser's discount of $_____).

The Group 2 Competitive Bonds are being purchased by _____, as initial purchaser (the "Group 2 Initial Purchaser" and, together with the Group 1 Initial Purchaser, the "Initial Purchasers") of such Group 2 Competitive Bonds, pursuant to a Notice of Sale dated on or around November 26, 2019, at a purchase price of $_____ (which represents the principal amount of the Group 2 Competitive

Bonds, plus/minus [net] original issue premium/discount of $_____, less the Group 2 Initial Purchaser's discount of $_____).

J.P. Morgan Securities LLC ("JPMS"), one of the Underwriters of the Negotiated Bonds, has entered into negotiated dealer agreements (each, a "Dealer Agreement") with each of Charles Schwab & Co., Inc. ("CS&Co.") and LPL Financial LLC ("LPL") for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement, each of CS&Co. and LPL may purchase Negotiated Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to any Negotiated Bonds that such firm sells.

BofA Securities, Inc., one of the Underwriters of the Negotiated Bonds, has entered into a distribution agreement with its affiliate Merrill Lynch, Pierce, Fenner & Smith Incorporated ("MLPF&S"). As part of this arrangement, BofA Securities, Inc. may distribute securities to MLPF&S, which may in turn distribute such securities to investors through the financial advisor network of MLPF&S. As part of this arrangement, BofA Securities, Inc. may compensate MLPF&S as a dealer for their reoffering efforts with respect to the Negotiated Bonds.

CERTAIN RELATIONSHIPS

The Underwriters, the Initial Purchasers and their affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The Underwriters, the Initial Purchasers and certain of their affiliates may have, from time to time, performed and may in the future perform, various investment banking services for OHSU, for which they may have received or will receive customary fees and expenses. In the ordinary course of their various business activities, the Underwriters, Initial Purchasers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of OHSU.

JPMorgan Chase Bank, N.A., an affiliate of JPMS, is the holder for the 2015B Bonds, which OHSU expects to redeem with a portion of the proceeds of the Bonds.

JPMS, one of the Underwriters of the Negotiated Bonds, is the dealer manager for the Tender Offer related to the 2012E Bonds. See "PLAN OF FINANCE—PLAN OF REFUNDING—*2012E Bonds*."

INDEPENDENT AUDITOR

The financial statements of OHSU as of June 30, 2019 and 2018, and for the years then ended, included in APPENDIX B to this Official Statement, have been audited by KPMG LLP, independent auditors, as stated in their report appearing in APPENDIX B hereto.

FINANCIAL ADVISOR

Melio & Company, LLC, Chicago, Illinois ("Melio"), was engaged by OHSU to provide financial advisory services for the development and implementation of a capital financing plan for OHSU. Melio has not been engaged by OHSU to compile, create, or interpret any information in this Official Statement relating to OHSU, including without limitation any of OHSU's financial and operating data, whether

historical or projected. Any information contained in this Official Statement concerning OHSU has not been independently verified by Melio and inclusion of such information is not, and should not be construed as, a representation by Melio as to its accuracy or completeness or otherwise. Melio is not a public accounting firm and has not been engaged by OHSU to review or audit any information in this Official Statement in accordance with auditing standards generally accepted in the United States.

RATINGS

Moody's Investors Service, Inc., S&P Global Ratings, and Fitch Ratings, have assigned the Bonds ratings of "Aa3" with a stable outlook, "AA-" with a stable outlook, and "AA-" with a stable outlook, respectively, and the Underwriters' obligations under the Purchase Contract are conditioned on such ratings. Such ratings reflect only the views of such organizations and any explanation of the significance of such ratings may only be obtained from the rating agency furnishing the same. No application was made to any other rating agencies for the purpose of obtaining additional ratings on the Bonds. A securities rating is not a recommendation to buy, sell or hold securities. There is no assurance that the ratings mentioned above will remain in effect for any given period of time or that the ratings might not be lowered or withdrawn entirely by such rating agencies, if in their judgment circumstances so warrant. OHSU has undertaken to bring to the attention of the owners of the Bonds any change in the ratings of the Bonds. See "CONTINUING DISCLOSURE" herein. Any such downward change in or withdrawal of the ratings might have an adverse effect on the market price or marketability of the Bonds.

MISCELLANEOUS

The foregoing and subsequent summaries or descriptions of provisions of the Bonds, the Bond Indenture, the Master Indenture, the 2019 Obligations and all references to other materials not purporting to be quoted in full are only brief outlines of some of the provisions thereof and do not purport to summarize or describe all of the provisions thereof. Reference is made to said documents for full and complete statements of the provisions of such documents. The appendices attached hereto are a part of this Official Statement. Copies, in reasonable quantity, of the Bond Indenture and the Master Indenture may be obtained during the offering period upon request to the Underwriters and thereafter upon request to the principal corporate trust office of the Bond Trustee.

This Official Statement has been issued by OHSU. This Official Statement is not to be construed as a contract or agreement between OHSU and the purchasers or Holders of any of the Bonds.

OREGON HEALTH AND SCIENCE UNIVERSITY

By: _____

Lawrence J. Furnstahl
Chief Financial Officer

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APPENDIX A

INFORMATION CONCERNING
OREGON HEALTH AND SCIENCE UNIVERSITY

The information contained herein as Appendix A to this Official Statement has been obtained from Oregon Health and Science University.

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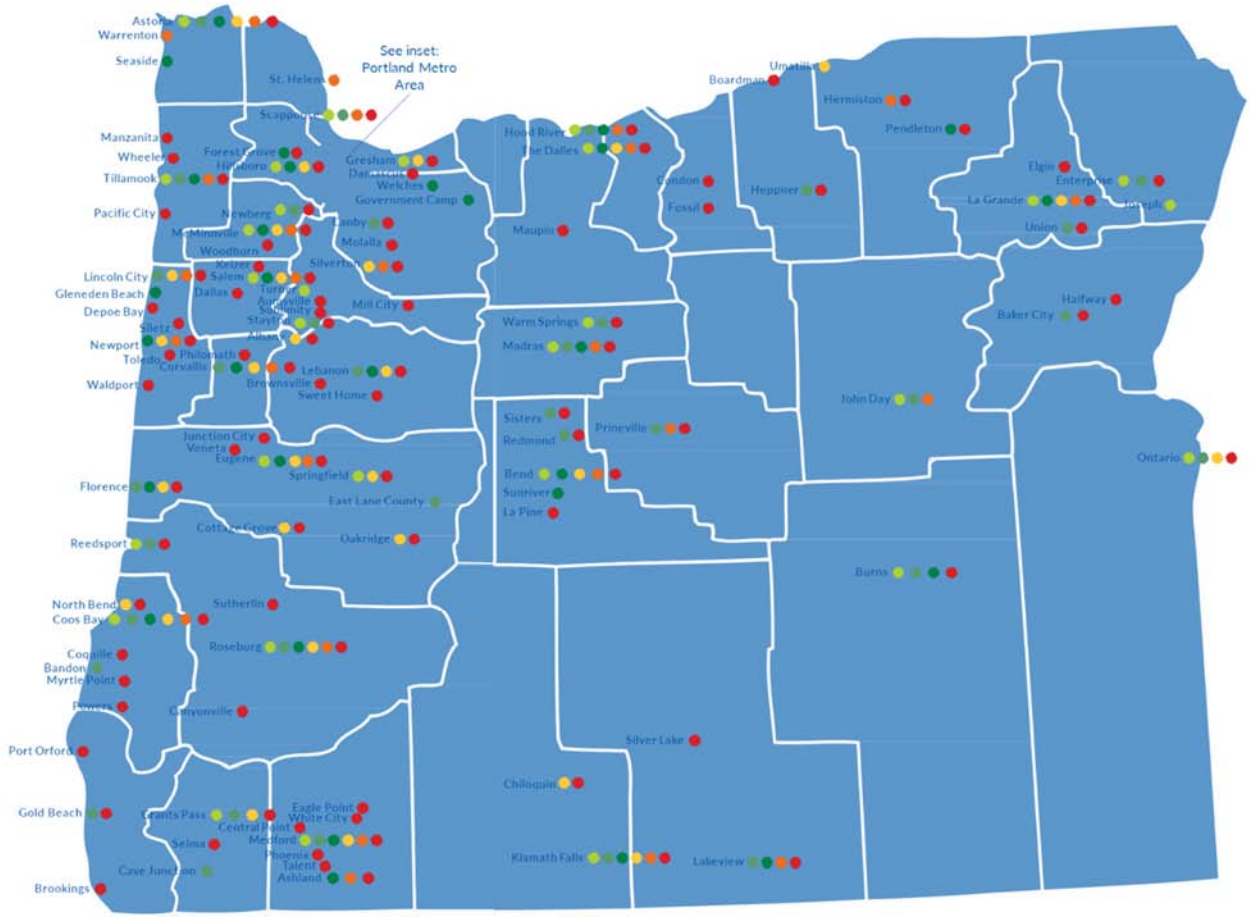

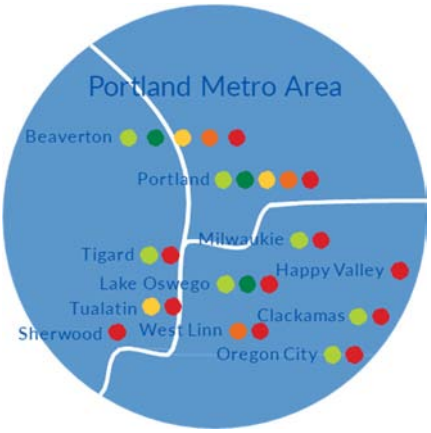

- Residency training sites*
- Student rotations or clerkships
- Continuing medical education
- Clinical practices
- Research
- Oregon Rural Practice-based Network (ORPN)

*Includes existing and planned sites for residencies in coming years.

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INTRODUCTION

Oregon Health and Science University ("OHSU") is an Oregon public corporation and a component unit of the State of Oregon (the "State") that operates the only health sciences university in the State, and provides a wide array of education, research, patient care and outreach services. OHSU became an independent public corporation pursuant to an act of the Oregon Legislative Assembly in 1995 (the "Act"). All of the members of OHSU's Board of Directors (except the President of OHSU, who serves as an ex officio voting member) are appointed by the Governor of the State and confirmed by the Oregon Senate. Under the Act, OHSU was charged with carrying out the following missions on behalf of the State:

- Provide high quality education programs appropriate for a health and science university
- Conduct research in health care, engineering, biomedical sciences and general sciences
- Engage in the provision of inpatient and outpatient clinical care and health care delivery systems throughout the State
- Provide outreach programs in education, research and health care
- Serve as a local, regional and statewide resource for health care providers
- Continue a commitment to provide health care to the underserved patient population of Oregon

OHSU has become an internationally known public research university with programs that significantly influence the State, the nation and the world. OHSU is considered a unique and crucial asset to the State of Oregon. It is the fourth largest employer in the State and the largest in Portland (excluding government), generating over $4.3 billion of annual economic impact, in terms of economic output, financial contributions, and jobs in the health care, education, research and bioscience industries. A summary of OHSU's core enterprise strengths include:

- Essential position as the State's public health sciences university and only major academic health center
- 132-year history of educating Oregon's health providers
- World-class faculty generating ground-breaking discovery
- #1 ranked hospital in Oregon according to *U.S. News & World Report* with 2.26 all-payer case mix
- Single leadership team unifies and leverages all missions
- #26 in national NIH funding (top 1%) and #1 in Oregon with 70% of NIH funding in the State
- Consistent financial performance with 7% top-line growth, 10%+ EBITDA margin and 4%+ operating margin over last eight years
- Positioned for continued success with OHSU's 2025 strategic plan

OHSU has a unified governance and management structure, with the senior officers in charge of each area reporting to a single president. OHSU believes that this flat organization structure facilitates strategic planning and financial performance and leads to a culture of internal and external collaboration that permeates the organization. OHSU has engaged, and expects to

continue to engage, in collaborative activities with strategic partners in furtherance of its missions. Recent selected highlights of OHSU's missions and associated philanthropic activities include:

Education – OHSU is the only university in the State to award doctoral degrees in all three disciplines of dentistry, medicine and nursing. In 2018-19, OHSU awarded a total of 1,500 degrees and certificates, including degrees and certificates co-awarded with Portland State University ("PSU"), Oregon State University ("OSU") and Oregon Institute of Technology ("OIT"). Of this total, 52 percent are graduate or professional degrees or certificates and 48 percent are undergraduate degrees. As of June 30, 2019, 2,992 faculty employees were engaged in educating OHSU students. Among many other leading national recognitions awarded to OHSU, in 2019 for the 2020 year, *U.S. News and World Report* ranked the OHSU School of Medicine #1 in family medicine programs, tied at #6 among the nation's best primary care medical schools, at #29 for research-oriented medicine and tied at #10 for the Master of Physician Assistant Studies (M.P.A.S). In prior years, *U.S. News and World Report* ranked the School of Nursing tied at #4 in nursing-midwifery (not all programs are included every year in the rankings).

Research – OHSU is a national leader in neuroscience, microbiology, hearing, ophthalmology, infectious disease and immunology, imaging, and cancer and stem cell research, with emerging strengths in cardiovascular disease and stroke, diabetes/metabolism research, evidence-based medicine, and aging. Through September 2019, OHSU research projects received 70% of the grants made by the National Institutes of Health ("NIH") in the state of Oregon, with the next largest recipient receiving 12% of the grants. OHSU was ranked 26th out of the 2,532 entities that received funding from the NIH in 2019. Faculty members include five members of the National Academy of Sciences and six members of the National Academy of Medicine. Researchers at OHSU have developed many of the leading advances in medicine, including the first artificial heart valve, pioneering use of optical coherence tomography, the first percutaneous angioplasty procedure and the first molecularly targeted cancer therapy (Gleevec®). OHSU's many institutes are nationally and internationally recognized, including the Knight Cancer Institute, the only National Cancer Institute designated Comprehensive Cancer Center in Oregon.

Patient Care – OHSU is home to Oregon's only major academic health center, which serves a multistate area with tertiary health care services from its campus in Portland, Oregon, where it operates two hospitals, OHSU Hospital and OHSU Doernbecher Children's Hospital ("Doernbecher Hospital" and, collectively with OHSU Hospital, the "OHSU Hospitals"), with 576 licensed beds. During 2019, the OHSU Hospitals represented 8.4% of the available beds and 11.8% of the filled beds for the entire State. The OHSU Hospitals had an 85% occupancy rate for available beds in 2019, compared to the Oregon statewide average of 60% according to the Oregon Association of Hospitals and Health Systems' Oregon DataBank. As an academic health center, OHSU's professional staff is composed primarily of the faculty of OHSU's School of Medicine. The OHSU faculty practice plan is the largest organized clinical practice in Oregon. As of June 30, 2019, there were 1,566 active faculty practice plan members, including physicians, nurse practitioners, physician assistants and other licensed independent practitioners from across all medical specialties. OHSU Hospital was ranked number one in the State by *U.S.*

News and World Report's 2018-19 "Best Hospitals" designation, with 10 adult specialties achieving high-performing or national ranking. Doernbecher Hospital was also ranked the best children's hospital in the State, with 6 nationally ranked specialties. OHSU Hospital is one of only four academic health centers in the US to achieve both a five star rating from CMS and recognition as a top performer in Quality Leadership from Vizient in 2019. In addition to its inpatient focus in Portland, OHSU is working with other health care providers to leverage expertise and resources throughout Oregon. OHSU is preparing designs for a possible expansion of its primary hospital building on Marquam Hill. See "PATIENT CARE PROGRAMS—Hospitals and Clinical Facilities" below.

Fundraising – OHSU continues to excel at fundraising that furthers OHSU key mission areas of education, research and patient care. Since 2013, the two foundations supporting OHSU consistently have raised more than $100 million annually, and over the past 10 years the foundations have transferred $1.04 billion in philanthropy to OHSU to support its core missions. The current $2 billion ONWARD OHSU campaign is nearing completion, with more than $1.8 billion raised toward the goal since July 2013. This campaign is generating vital philanthropy to support critical areas of research, including cancer, cardiovascular disease, infectious disease and neurology, expand education opportunities through scholarships, grow OHSU's public health and rural health programs and broaden access to OHSU's clinical care facilities. Currently, OHSU is undergoing an extensive strategic planning process that aims to drive the institution's priorities and investments for the next five years. To support OHSU's 2025 strategic plan, the OHSU and Doernbecher Foundations recently completed and began implementing their own strategic plan with the goal to raise at least $200 million annually by 2023 – with an increased focus on transformational discoveries and ideas.

OHSU STRATEGIC PLAN

Overview

OHSU embarked on a new strategic planning process in fiscal year 2019. Dr. Jacobs, OHSU's President, began with one of his favorite proverbs, "If you want to go fast, go alone; if you want to go far, go together." The President believed the best way to build upon our history and tradition of excellence was to ask all of OHSU's members for their thoughts about what should come next for our institution and their recommendations on how to get there. That's why the strategic planning process was driven by the principle of crowdsourcing. With crowdsourcing, all members decided our missions, vision and values, timeless aspirations, objectives, tactics, resource requirements and performance measures together. Ideas were put forth and the members decided which should go forward and when.

The strategic planning process had five stages:

Stage one: 5,300 OHSU members contributed to the OHSU 2025 future picture

Stage two: 83 OHSU members developed high-level OHSU 2025 goals and objectives

Stage three: 853 OHSU members helped develop the implementation requirements for objectives built on that initial input from 5,300 members

Stage four: 3,500 OHSU members reviewed those objectives and provided additional input

Stage five: Finalized the strategic plan encompassing 6 goals and 42 objectives

OHSU's use of crowdsourcing created a plan that encompassed all missions and wasn't specific to one area. This is reflected in the OHSU 2025 major goals listed below:

- Build a diverse, equitable environment where all can thrive and excel
- Be the destination for transformational learning
- Enhance health and health care in every community
- Discover and innovate to advance science and optimize health worldwide
- Partner with communities for a better world
- Ensure a sustainable foundational infrastructure

These goals advance OHSU's core missions by striving to:

- Educate tomorrow's health professionals, scientists, engineers and managers in top-tier programs that prepare them for a lifetime of learning, leadership and contribution.
- Explore new basic, clinical and applied research frontiers in health and biomedical sciences, environmental and biomedical engineering and information sciences, and translate these discoveries, wherever possible, into applications in the health and commercial sectors.
- Deliver excellence in health care, emphasizing the creation and implementation of new knowledge and cutting-edge technologies.
- Lead and advocate for programs that improve health for all Oregonians, and extend OHSU's education, research and healthcare missions through community service, partnerships and outreach.

OHSU has identified 42 objectives to achieve the six major goals in the OHSU 2025 strategic plan; including 23 that have been prioritized with $100 million in investment over the next three years and 19 objectives worthy of pursuit through everything members can currently do while additional resources are sought.

Goal: Build a diverse, equitable environment where all can thrive and excel

Prioritized objectives:

- People first
- Faculty / staff development
- Learner success
- Faculty support principles
- Aligned provider enterprise
- Clinician wellness

Additional objectives:

- Coordinated recruitment
- Junior faculty development

Goal: Be the destination for transformational learning

Prioritized objectives:

- Learner placement
- Simulation

Additional objectives:

- Lifelong learning
- Competency-based education
- Assessment infrastructure
- Course fluidity
- Interprofessional education

Enhance health and health care in every community

Prioritized objectives:

- Ambulatory expansion
- Cancer service line
- Women's and children's service line
- Payor partnerships
- Cardiovascular service line

Additional objectives:

- Graduate medical education
- Global health

Discover and innovate to advance science and optimize health worldwide

Prioritized objectives:

- Increase research funding
- Research support services
- Research informatics

Additional objectives:

- Research investment
- Educational scholarship
- Clinical research

Partner with communities for a better world

Prioritized objectives:

- Population health and value-based care

Additional objectives:

- Rural and tribal health

Ensure a sustainable foundational infrastructure

Prioritized objectives:

- POWER / data governance

- Enterprise project management office
- Transparent decision-making process
- Collaboration platform
- Classroom technology tools
- Optimize clinical operations

Additional objectives:

- Learner assessment
- Research cores
- Accessible services
- Active workplace
- Brand marketing
- Aligned communications

OHSU will continue to partner to be a leader in health and science innovation for the purposes of improving the health and well-being of people in Oregon and beyond. Current partnerships undertaken by OHSU are highlighted below.

Affiliations and Partnerships in Education and Research

Oregon Consortium for Nursing Education ("OCNE"). OCNE is a partnership of eleven Oregon community colleges and six campuses of the OHSU School of Nursing with a shared curriculum taught on all consortium campuses. Through OCNE, Oregon nursing programs can dramatically expand their capacity and enrollment, and prepare graduates of these programs with the competencies to address the rapidly changing health care needs of Oregon's aging and ethnically diverse population. OCNE transformed nursing education in Oregon. The consortium improved access to baccalaureate education, particularly in rural areas, and increased faculty opportunities for collaboration across campuses. OCNE continues to accept new partner campuses. Clatsop Community College in Astoria admitted its first OCNE class in fall 2016. OCNE's newest partner, Columbia Gorge Community College, will began delivering the OCNE nursing curriculum in fall 2018. Nationally, OCNE has inspired nursing faculty around the country to engage in education redesign in order to align nursing education more closely with emerging health care needs and health care system changes, and to increase educational capacity for baccalaureate education. Ten years after OCNE's initial vision, the focus remains the same: educating nurses with the competencies necessary to provide high quality, compassionate health care to all.

Portland State University ("PSU"). OHSU has a growing partnership with PSU, which provides OHSU with access to the academic and student resources of a general arts and sciences university without diluting OHSU's focus on health sciences. In addition to the Robertson Life Sciences Building ("RLSB") described below, OHSU and PSU have a joint MBA program and have partnered to create a new joint School of Public Health, with a clinical focus on improving the health and well-being of Oregonians, the social determinants of health, and people in urban populations.

Robertson Life Sciences Building and Skourtes Tower ("RLSB"). In fiscal year ended June 30, 2012, OHSU began construction of the RLSB and Skourtes Tower, which was completed

and opened in the summer of 2014. This new facility places programs of OHSU, PSU, and OSU under one roof at the Schnitzer campus on the South Waterfront. In doing so, the facility strengthens partnerships between OHSU and the other institutions, expanding their teaching facilities, student enrollment and research activities, while creating new employment opportunities. The RLSB provides students across undergraduate, graduate and professional education a new learning environment and inter-professional programs. The approximately 650,000 square foot facility (including parking) houses lecture halls, classrooms, laboratories, a specialty research center, office space, and a complete replacement of the OHSU School of Dentistry.

Global Health OHSU. In October 2014, OHSU entered into a memorandum of understanding with Bangkok Dusit Medical Services Public Company Limited, the operator of the Bangkok Hospital and a network of healthcare subsidiaries in Thailand and elsewhere in Southeast Asia. OHSU also entered a separate agreement with Mahidol University and its medical school, Siriraj Hospital. The agreements are intended to lead to the development of comprehensive education, research and health promotion plans that will improve the quality of healthcare in Southeast Asia. The collaboration is expected to focus first on occupational health issues in Thailand, as well as eye care in Myanmar and nutrition in Laos. Additionally, the collaboration includes cross-cultural scientific exchange and collaboration in vaccine research and clinical trials for HIV and Dengue Fever. On November 2, 2016, the U.S. Government, OHSU, and the Lao PDR Ministry of Health held a ground breaking ceremony at the site of the future campus of the Lao-American Nutrition Institute in Vientiane, Laos in an effort to improve nutrition in Laos.

Oregon Rural Practice-based Research Network ("ORPRN"). ORPRN was established in 2002 with the mission to improve the health of rural populations in Oregon through conducting and promoting health research in partnership with the communities and practitioners it serves. ORPRN is directed by a steering committee of 9 rural Oregon primary care clinicians. The network has its main headquarters at OHSU, with five regional offices staffed by Practice Enhancement and Research Coordinators (PERCs) that are distributed across the State. One in five rural Oregonians receives their primary care at an ORPRN member. ORPRN research focuses on chronic disease prevention, practice transformation, and health services research in primary care and community settings. ORPRN also engages in community-based participatory research (CBPR) with our rural clinic and community partners to address the social determinants of health.

Cryo-Electron Microscopy. In 2018 in partnership with the Pacific Northwest National Laboratory, OHSU became one of three national centers established by the NIH in cryo-electron microscopy, or cryo-EM. The others are located at the New York Structural Biology Center in Manhattan and at Stanford University. The NIH is investing $128 million to establish all three centers and expand the use of this Nobel Prize-winning method of imaging. The NIH is putting an additional $1.5 million toward training users. The new Pacific Northwest Center for Cryo-EM will add three powerful microscopes to OHSU's campus and will be jointly staffed by scientists from OHSU and PNNL. The new center will be co-located with the cryo-EM facility in the OHSU Center for Spatial Systems Biomedicine. Each of the three NIH centers will provide scientists across the nation with access to state-of-the-art technology and training, from sample preparation to microscope data collection and computational analysis. The joint collaboration between OHSU and PNNL was a strong factor in realization of the new award.

International Alliance for Cancer Early Detection. In 2019, the OHSU Knight Cancer Institute, together with collaborators across the U.S. and the U.K., announced the formation of the International Alliance for Cancer Early Detection, or ACED. This new alliance is formed by the coordinated efforts of Cancer Research UK, Canary Center at Stanford University, the University of Cambridge, the OHSU Knight Cancer Institute, University College London (UCL) and the University of Manchester. ACED scientists will collaborate to translate research into realistic ways to improve cancer diagnosis that can be implemented into health systems. The partners will engage with pharmaceutical and biotechnology companies to ensure discoveries can achieve economies of scale and reach patients as soon as possible.

University of Oregon. In 2013, the Knights pledged a $500 million match to the OHSU Knight Cancer Institute. In 2016, they pledged $500 million to the University of Oregon to create the Knight Campus for Accelerating Scientific Impact. In 2019, OHSU and the University of Oregon joined forces through a joint center in biomedical data science, empowering researchers at both institutions to attack cancer and other diseases with big data. The partnership engendered another $10 million gift was given towards strengthening this effort. Initially, the jointly operated center will involve up to 20 researchers and their teams.

Affiliations and Partnerships in Health

Tuality Healthcare. On February 1, 2016, OHSU affiliated with Tuality through the execution of a management agreement (the Tuality Agreement) between the organizations. Tuality owns and operates Tuality Community Hospital, a 215 licensed bed acute care hospital located in Hillsboro, Oregon. Under the Tuality Agreement, OHSU agrees to oversee the unified and integrated clinical enterprises of OHSU and Tuality as a single, integrated economic unit. OHSU and Tuality remain as separate legal entities with separate boards of directors, own their own assets and continue to be the licensed operators of their own facilities. Under the Tuality Agreement, OHSU assumes authority for significant financial and strategic decisions and agrees to be responsible for Tuality's operating income and loss, including making cash payments to Tuality in an amount equal to any Tuality operating loss, in the manner specified in the Tuality Agreement. Tuality is treated as a component unit of OHSU for financial purposes as OHSU approves Tuality's annual operating budget. Effective November 13, 2019, Tuality Healthcare changed its name to the Hillsboro Medical Center. The Hillsboro Medical Center will remain an independent, nonprofit health care provider and continue to be an important partner in the OHSU health system.

Adventist Health. Adventist Health Portland and OHSU finalized an agreement to integrate their clinical activities and services in the Portland metropolitan area through an affiliation effective January 1, 2018. This agreement makes OHSU and Adventist Health Portland part of the same Portland metropolitan health system, bringing together Adventist's health care enterprise that includes a 302 bed medical center, 34 medical clinics and home care and hospice services in the Portland Vancouver metro area. Under this affiliation, OHSU and Adventist Health will share a bottom line and operate as a unified system. The agreement does not include OHSU's research and education missions. The other nineteen Adventist Health hospitals in the western United States are also excluded from the agreement. Each organization will retain its existing hospital licenses, capital assets and employees. Each entity will continue to maintain its own mission and culture but together will seek to transform access and the delivery of health to Oregonians through a unified clinical enterprise and shared brand experience.

Mid-Columbia Medical Center. In August 2014, Mid-Columbia Medical Center (MCMC) and OHSU signed a 10 year mutual cooperation agreement. MCMC is a 49 bed general medical and surgical hospital in The Dalles, Oregon, approximately 85 miles east of Portland. The collaboration supports the continued and enhanced availability and local provision of primary care and specialty services at MCMC and in the MCMC service area recruitment. As part of the collaboration, OHSU supports the management and delivery of outpatient services at MCMC, and MCMC added an eighth position to its board of directors, selected by OHSU. In addition, MCMC converted to the EPIC electronic health records system, as used by OHSU.

Columbia Memorial Hospital. OHSU and Columbia Memorial Hospital (CMH) in Astoria, Oregon, have collaborated on programs, including cardiology and cancer, offering chemotherapy, imaging, pharmacy, and other services for individuals on the North Oregon Coast. OHSU and CMH entered into a Clinical Collaboration Agreement in January 2019 to help sustain and enhance CMH's ability to be the local provider of a broad range of quality clinical care in Astoria, Oregon. The Clinical Collaboration Agreement provides for efficient deployment of OHSU-employed physicians to administer, provide and support care at CMH. The Clinical Collaboration Agreement also allows OHSU to appoint one individual to serve as a voting member of CMH Board. OHSU and CMH also jointly organize and operate an Oncology Collaboration, including a 18,000 square foot comprehensive cancer treatment center and specialty clinic, with radiation therapy. CMH owns and operates the cancer treatment center, opened in October 2017, under its license while OHSU has provided the professional services and medical direction through OHSU employed physicians.

Unity Center for Behavioral Health. In August 2015, OHSU, Adventist Health, Kaiser Permanente, and Legacy Health executed a joint operating agreement to open the Portland metropolitan area's first comprehensive behavioral health care center. The grand opening ceremony was held on January 5, 2017. Called the Unity Center for Behavioral Health, the facility was designed to include psychiatric emergency services for people with acute psychiatric crises, as well as an inpatient facility with services for both adults and adolescents. The inpatient facility has 79 adult and 22 adolescent patient beds. Adventist Health and OHSU discontinued operating their own separate behavioral health inpatient facilities and combined with Legacy Health to operate a single facility at Unity Center for Behavioral Health. The center is located on Legacy Health's Holladay Park campus in Portland and will be operated under Legacy's hospital license. The licensed independent practitioners providing professional services at Unity will be employed by OHSU.

Health Share of Oregon. Health Share of Oregon was established as a nonprofit, public benefit corporation under Oregon law in 2012 and is a coordinated care organization that includes OHSU, Adventist Health, CareOregon, Central City Concern, Kaiser Permanente, Legacy Health, Providence Health & Services, Tuality and Clackamas, Washington and Multnomah counties. Together, the members are working to develop integrated healthcare delivery for the members of the Oregon Health Plan (Medicaid) in the tri-county Portland metropolitan area. The goal of the organization is to foster a community of sharing and learning across systems through identification and promotion of the best practices, process enhancements and technical expertise.

Cancer Collaborative. OHSU and Legacy Health signed a joint operating agreement in 2013 to provide a more integrated network of adult cancer care clinics covering Multnomah,

Washington, Clackamas, Columbia and Clark counties. The agreement expands on existing collaboration and leverages mutual strengths to improve access to advanced cancer care. The joint operating agreement, called the OHSU Knight-Legacy Health Cancer Collaborative, enhances both organizations' ability to deliver the best available cancer care in the communities where patients live and more effectively leverage their mutual resources. Under the agreement, all Legacy outpatient Medical Oncology infusion clinics will be managed by OHSU.

Life Flight Network. OHSU is a member of the Life Flight Network, LLC, an Oregon limited liability company that provides critical care transportation services to patients in Oregon, Washington, Idaho and Montana. Other participants in the network include other non-profit hospital systems. The company administers ICU level care to patients being transported from the emergency scene to a hospital facility or transfers between hospital facilities. The company began operations in 1978.

HISTORY, BACKGROUND AND FACILITIES

History and Background

OHSU traces its origins to the formation of the University of Oregon Medical School in 1887, one of the two oldest medical schools west of the Mississippi River. OHSU was established as a freestanding academic health sciences university in 1974 when the State Legislature mandated the combination of the University of Oregon Medical School, University of Oregon School of Dentistry, and University of Oregon School of Nursing. When it was established, OHSU also included OHSU Hospital, Doernbecher Hospital and the Child Development and Rehabilitation Center. At that time, OHSU was one of eight units within the University System of the State and was governed by the State Board of Higher Education (the "Board of Higher Education"). Since 1974, OHSU has grown to include several research institutes, several smaller research and clinical centers, a number of allied health training programs, and a series of multidisciplinary units. Pursuant to the Act, on July 1, 1995, OHSU became an independent public corporation, and its governance became vested in the OHSU Board of Directors (the "OHSU Board").

Pursuant to the Act, OHSU assumed liability for outstanding indebtedness of the State previously incurred for the benefit of OHSU. To evidence this obligation, OHSU and the State entered into a Debt Service Payment Agreement, dated as of July 1, 1995, as subsequently amended (the "State DSPA"), pursuant to which OHSU makes payments to the State in amounts sufficient to pay when due all principal, interest, and any other charges with respect to such previously issued debt. The amount outstanding under the State DSPA as of September 30, 2019, was $1.9 million, inclusive of accreted interest.

OHSU Campuses

Marquam Hill. A significant part of OHSU's main campus is located on Marquam Hill, immediately south of downtown Portland. On Marquam Hill, OHSU owns nine buildings and leases 27 major buildings from the State, comprising approximately 3.8 million gross square feet, as well as eight on-campus parking structures. OHSU also leases approximately 85,000 square feet of space in the Physician's Pavilion, which is a privately-owned building located on the Marquam Hill Campus on land that is leased to OHSU under the State Lease (described below).

The majority of the real property that constitutes OHSU's campus on Marquam Hill (and certain off-campus properties) in Portland is owned by the State. Pursuant to the Act, the State retained title to, and granted OHSU exclusive care, custody and control of, this real property. The State and OHSU entered into a 99-year lease, dated July 1, 1995 (the "State Lease"), under which the State leased to OHSU all of the State's leasable interests in such real property. Under the terms of the State Lease, the State may terminate the State Lease if, prior to such termination, the State causes the defeasance or discharge of all then outstanding obligations of OHSU that were issued to finance improvements on the property subject to the State Lease or to refinance obligations of OHSU to the State. Under the State Lease, improvements include completed and partially completed buildings, fixtures, structures and other improvements constructed on the property subject to the State Lease. In addition, OHSU was granted ownership of all personal property of the university, as it existed prior to the enactment of the Act.

South Waterfront. In August 2002, OHSU, in collaboration with several other entities, purchased approximately six acres and entered into a lease-to-purchase agreement for approximately two additional acres along the Willamette River in Portland, as OHSU's next area of growth and expansion. In 2004, 20 acres of riverfront property in the South Waterfront area were deeded to OHSU by the Schnitzer Investment Corp. OHSU donated two acres of this property to TriMet for development of the Tilikum Crossing Transit Bridge, which opened in September 2015 and carries MAX trains, buses, streetcars, cyclists and pedestrians. Development of this property, known as the "South Waterfront," has proceeded with condominium towers and retail space owned by private parties, and the continued development of OHSU's main campus with construction of OHSU's Center for Health and Healing 1 (the "CHH-1"), a 16-story platinum Leadership in Energy and Environmental Design ("LEED") rated medical building. The CHH-1 is a 450,500 square foot tower that includes approximately 285,000 square feet of clinical space, approximately 47,500 square feet of research space, a wellness and fitness center known as March Wellness, and a limited amount of retail space. In 2014, the Robertson Life Sciences Building and Skourtes Tower were completed as a partnership between OHSU, Oregon State University and Portland State University. The 650,000 square foot building is designed to encourage interaction among university faculty, graduates, and undergraduates with integrated labs and shared classrooms and office space.

In 2018, OHSU announced the official completion of the Knight Cancer Research Building (the "KCRB"), a 320,000 square foot building designed to bring together people from different scientific disciplines with the goal of accelerating cancer research. The building will house the majority of researchers contributing to the Knight Cancer Institute's mission and will house CEDAR – Cancer Early Detection Advanced Research Center – the first large-scale early cancer detection program of its kind. In 2019, OHSU opened the Center for Health and Healing 2 (the

"CHH-2"), a 15-story health care facility where approximately 700 OHSU employees and an estimated 600 patients will be housed every day. The first seven floors of CHH-2 are dedicated to high-acuity ambulatory care, highly complex outpatient surgery and invasive procedures, and an innovative outpatient care unit; with the above floors dedicated to Knight Cancer Institute outpatient clinics, infusion and clinical trials space, and the Digestive Health Center.

West Campus. OHSU's 32-acre West Campus in Hillsboro, located on land owned by OHSU, includes the Oregon National Primate Research Center, the Vaccine and Gene Therapy Institute and the Data Center West.

Other Facilities Throughout Oregon. Pursuant to the State Lease, OHSU leases four additional State-owned buildings and one parking structure, none of which are located on any of OHSU's existing campuses. Collectively, these buildings comprise approximately 170,000 square feet of space including parking spaces. They are used for administrative services, clinical support, a dental clinic and a parking structure. OHSU also leases approximately 666,000 square feet of space in 42 privately owned buildings, none of which are located on any of OHSU's existing campuses, for physician offices, ambulatory care services, clinics, hospital and administrative support, and clinical research. OHSU also leases approximately 23,000 square feet of space in 3 privately owned buildings, none of which are located on any of OHSU's existing campuses, for housing OHSU undergraduate and graduate students.

GOVERNANCE AND MANAGEMENT

Board of Directors

OHSU is governed by the OHSU Board, which has nine members: the President of OHSU, who is appointed by the OHSU Board and serves as an ex officio voting member, and eight members appointed by the Governor and confirmed by the Oregon State Senate. The eight members appointed by the Governor must include seven individuals who, at the discretion of the Governor, have experience in areas related to OHSU's missions or are important to the success of OHSU; and one member who is an OHSU student. The OHSU Board is required to meet at least once every three months.

Except for the President, the term for each non-student member is four years and the term for the student member is two years. Each member is eligible for reappointment for one additional term. The Governor may remove any member at any time for cause, after notice and public hearing, but not more than three members may be removed within a period of four years, unless it is for corrupt conduct in office. The OHSU Board has adopted bylaws that govern its internal affairs. Pursuant to its bylaws, the OHSU Board has assigned duties concerning its affairs to the OHSU Board secretary, who is appointed by the OHSU Board.

The table below lists the members of the OHSU Board.

Name	Expiration of Term	Occupation
Wayne Monfries, Chair	September 30, 2020	Vice President of Tax, TransUnion
Ruth Beyer, Vice Chairwoman	September 30, 2021	Senior Vice President and General Counsel of Precision Castparts Corporation
Stacy Chamberlain	September 30, 2021	Executive Director, Oregon AFSCME Council 75
Prashant Dubey	September 30, 2021	Vice President, Contracts Solutions at Elevate Services
Danny Jacobs, M.D., M.P.H., F.A.C.S.	No expiration	President, OHSU
Lubna Khan	May 31, 2021	OHSU School of Medicine Student
Chad Paulson	September 30, 2021	Senior Vice President, General Counsel and Secretary of Blount International, Inc.
Amy Tykeson	September 30, 2020	Managing Trustee for the Tykeson Family Charitable Trust
Steve Zika	September 30, 2021	CEO of Hampton Lumber

Connie Seeley, Executive Vice President, Chief Administrative Officer and Chief of Staff to OHSU, serves as the OHSU Board Secretary. Alice Cuprill-Comas, Executive Vice President and General Counsel to OHSU, serves as the Assistant Secretary to the OHSU Board.

Management

The policies established by the OHSU Board are implemented and administered by OHSU senior level management, which consists of OHSU Executive Vice Presidents, Deans and Directors. The President and Executive Vice Presidents, as a group, address major financial, strategic and policy issues, with final decision-making authority reserved for the President or, in certain instances, the OHSU Board. The President also relies on two advisory groups, the Executive Leadership group and the University Health System Board (the "Health System Board"). The Health System Board oversees quality within the health system. The following are brief professional biographical summaries of OHSU's senior level management:

Danny O. Jacobs, M.D., M.P.H., F.A.C.S., *OHSU President*. Dr. Jacobs was named the fifth president of OHSU on May 8, 2018. Prior to joining OHSU, Dr. Jacobs was the executive vice president, provost and dean of the School of Medicine at the University of Texas Medical Branch (UTMB). At UTMB, Dr. Jacobs was the chief academic officer, responsible for approximately 3,800 employees and trainees for its schools of Medicine, Nursing, Health Professions and Biomedical Sciences. A surgeon by training, Dr. Jacobs' faculty appointments at UTMB include professorships in the Institute for Translational Sciences as well as the departments of Surgery, and Preventive Medicine and Community Health. He also oversaw the institution's research programs. He received his M.D. from Washington University in St. Louis; completed his residency in general surgery and fellowships in surgical nutrition and metabolism at the University

of Pennsylvania and the Brigham and Women's Hospital; and earned his M.P.H. from Harvard. He previously held faculty appointments at the University of Pennsylvania School of Medicine, Harvard Medical School, Creighton University School of Medicine and Duke University Medical Center. Dr. Jacobs is a Fellow of the American College of Surgeons and a member of the National Academy of Medicine.

Lawrence J. Furnstahl, ***Executive Vice President and Chief Financial Officer***. Mr. Furnstahl was appointed Chief Financial Officer of OHSU, effective January 31, 2011. He has three decades' experience in the strategic and financial management of complex organizations—universities and academic health centers—including over 30 years as a chief financial officer. Prior to joining OHSU, Mr. Furnstahl served as Vice President and Treasurer of the University of Chicago Hospitals from 1987 to 1993, Vice President and Chief Financial Officer of the University of Chicago from 1993 to 1997, and Senior Vice President and Chief Financial Officer of UCSF Stanford Health Care from 1997 to 1999. From 2000 to 2011, he served as Chief Financial and Strategy Officer for the University of Chicago's Medical Center and Biological Sciences Division, University Vice President for Financial Planning for Science and executive sponsor for a $700 million, 1.2-million-square-foot new hospital pavilion. Mr. Furnstahl obtained his degree in economics from the College of the University of Chicago. In May 2015, Governor Kate Brown appointed Mr. Furnstahl to serve as a member of the Oregon Public Employees Retirement System Board, where he is currently vice chair.

Sharon Anderson, M.D., ***Executive Vice President and Dean of the School of Medicine***. Dr. Anderson was appointed as Executive Vice President and Dean of the OHSU School of Medicine on July 5, 2017. She began her leadership roles in 1994 as associate head then interim head of the OHSU Division of Nephrology and Hypertension, as well as chief of the Nephrology Section at the VA Portland Health Care System from 1995 to 2004. During the next decade, she served as vice chair for clinical affairs and also vice chair for VA affairs in the Department of Medicine, associate dean for Faculty Development and Faculty Affairs in the School of Medicine and chief of the Division of Hospital and Specialty Medicine in the VA. She became interim chair of medicine in 2013 and then chair. Dr. Anderson received her M.D. from Louisiana State University Medical Center. After internal medicine residency training at OHSU, she completed her clinical nephrology training at the Beth Israel Deaconess Medical Center (formerly Beth Israel Hospital), and her research training at the Brigham and Women's Hospital, Harvard Medical School. Dr. Anderson is a Fellow of the American Heart Association, Fellow of the American Society of Nephrology, and Master of the American College of Physicians.

Peter Barr-Gillespie, Ph.D., ***Executive Vice President and Chief Research Officer***. Dr. Barr-Gillespie was appointed as Executive Vice President and OHSU's Chief Research Officer on January 1, 2019. Prior to assuming these roles, Dr. Barr-Gillespie served as interim senior vice president for research at OHSU since 2017. Dr. Barr-Gillespie is an internationally recognized scholar, biomedical researcher and visionary academic leader who has been on faculty at OHSU since 1999. He currently holds faculty appointments in the departments of Otolaryngology/Head and Neck Surgery, Biochemistry and Molecular Biology and Cell and Developmental Biology in the School of Medicine and Oregon Hearing Research Center. He also is a senior scientist in the Vollum Institute. Dr. Barr-Gillespie earned his bachelor's degree in chemistry from Reed College in 1981, his doctorate in pharmacology at the University of Washington in 1988, and completed a postdoctoral fellowship in physiology, cell biology, and neuroscience with Jim Hudspeth, M.D.,

Ph.D., at the University of California San Francisco and the University of Texas Southwestern Medical Center in 1993. Following his fellowship, he accepted a faculty position in physiology at Johns Hopkins and remained there until accepting the position of scientist at the Vollum Institute and associate professor of otolaryngology/head and neck surgery in the School of Medicine in 1999. In 2014, Dr. Barr-Gillespie was appointed associate vice president for basic research at OHSU.

Elena Andresen, PhD., ***Executive Vice President and Provost***. Dr. Andresen was appointed Executive Vice President and Provost of OHSU in June 2017, overseeing the education mission for the schools of Medicine, Nursing, Dentistry, Pharmacy and Public Health, as well as other health care professional programs and initiatives. Prior to her permanent appointment as provost, Dr. Andresen served as interim executive vice president and provost as well as interim dean of the OHSU-PSU School of Public Health. Dr. Andresen joined OHSU in 2011 after serving as professor and the founding chair of the Department of Epidemiology and Biostatistics at the University of Florida College of Public Health and Health Professions. Elena is an experienced epidemiologist (Ph.D., University of Washington, 1991) who received additional training in health services research. Her collaboratively funded research history includes the National Institutes of Health, the Agency for Healthcare Research and Quality, the Department of Veterans Affairs, and the Centers for Disease Control and Prevention. Her recent work has been directed at aging and the public health outcomes of disability across the lifespan, and health services outcomes research methods and measures. Dr. Andresen is the Principal Investigator of the Oregon Office on Disability and Health at OHSU.

John G. Hunter, M.D., F.A.C.S., F.R.C.S., ***Executive Vice President and Chief Executive Officer of OHSU Health System***. Dr. Hunter is Executive Vice President of OHSU and Chief Executive Officer of the OHSU Health System. Prior to assuming these roles, Dr. Hunter was chief clinical officer for OHSU and served as interim dean for the OHSU School of Medicine in 2016-17. From 2001 until he was appointed interim dean, Dr. Hunter served as Mackenzie Professor and Chair of the OHSU Department of Surgery. Dr. Hunter is a Fellow in the American College of Surgeons as well as in the Royal College of Surgeons. Dr. Hunter earned his medical degree at the University of Pennsylvania. He did his surgical residency at the University of Utah and a fellowship at Massachusetts General Hospital before returning to Utah in 1988 to launch the university's surgical endoscopy and minimally invasive surgery program. In 1992, he left for Emory University in Atlanta, where he served as chief of gastrointestinal surgery and vice chair of surgery (clinical). In 2001, he came to OHSU as Mackenzie Chair and Chief of Surgery. He served the American Board of Surgery (ABS) for 13 years, chairing the ABS in 2016-17. He has been President of several international surgical societies including the SSAT and SAGES. Dr. Hunter is the President of the International Society of Surgery (ISS-SIC), a role he will serve until 2021. He has received several honorary memberships, including the European Association of Endoscopic Surgeons, the European Surgical Association, and the Royal College of Surgeons of Edinburg. He was the Editor in Chief of the World Journal of Surgery from 2005 until the end of 2017.

Connie Seeley, ***Executive Vice President, Chief Administrative Officer and Chief of Staff***. Ms. Seeley is the Chief Administrative Officer and Chief of Staff to President Dr. Jacobs at OHSU. Ms. Seeley manages Campus Development (Campus Planning and Real Estate, Design and Construction), Campus Safety (Affirmative Action and Equal Opportunity, Emergency

Management, Public Safety, Title IX), Campus Services (Facilities and Transportation, Logistics, March Wellness) and Human Resources. She is also responsible for Government Relations, Marketing and Communications, board relations and the other responsibilities of President Jacobs' Chief of Staff. Prior to joining OHSU, she served 13 years as leadership staff in the Oregon Legislative Assembly. She served as Chief of Staff to Senate President Peter Courtney from 2003 to 2010 where she was responsible for management of the day-to-day operations of the Legislative Assembly and the creation of the State budget. Before becoming Chief of Staff to the Senate President, she worked as Legislative Director to then Senate Minority Leader Kate Brown for 5 years. Ms. Seeley is an Oregon native and graduate of the University of Oregon.

Alice Cuprill-Comas, J.D., ***Executive Vice President and General Counsel***. As Executive Vice President and General Counsel, Ms. Cuprill-Comas oversees all of OHSU's legal affairs and serves as counsel to the OHSU Board of Directors, the OHSU President and the President's executive leadership team. Alice joined OHSU in 2012 and since that time has provided legal counsel on a broad range of topics important to our institution. She also serves as the current president of the Port of Portland Commission and as a trustee for the Meyer Memorial Trust. Ms. Cuprill-Comas is a 1992 graduate of the University of Texas, Austin (Political Science) and a 1995 graduate of Lewis and Clark Law School. Prior to joining OHSU, Alice was an associate at Tonkon Torp LLP, Vinson and Elkins LLP, then a partner at the law firm of Ater Wynne LLP in Portland. She previously served as general counsel of a public company based in Seattle.

EDUCATION PROGRAMS

General

OHSU's fundamental educational mission is the education and training of dentists, nurses, physicians, other health professionals and biomedical scientists. Additional health education at OHSU encompasses a range of undergraduate and graduate programs, including master and graduate certificate programs in Human Nutrition, a Bachelor of Science (B.S.) degree in Radiation Therapy and a M.P.A.S. The education programs are conducted on the OHSU campus and at various locations throughout the State. Collaborative programs enable OHSU to offer a joint Doctor of Pharmacy (Pharm.D.) degree through an affiliation with OSU as well as a joint Ph.D. degree and a joint Master of Science (M.S.) degree in Medical Physics. In partnership with OIT, OHSU offers a joint B.S. degree in Medical Laboratory Science, a joint B.S. degree in Emergency Medical Services Management and a joint Associate of Applied Science (A.A.S.) degree in Emergency Medical Technology–Paramedic. OHSU also offers a joint Master of Business Administration (M.B.A.) in Health Care Management with PSU and has also established a joint School of Public Health with PSU comprised of several undergraduate and graduate joint programs including Bachelor degrees, Graduate Certificates, M.S., Master of Public Health (M.P.H) and Ph.D. programs.

The statistics below illustrate OHSU's education programs' impact on Oregon:

- 1/3 of Oregon's practicing physicians trained at OHSU
- 45% of M.D. graduates continue to practice in Oregon
- 53% of OHSU medical residents continue to practice in Oregon
- 43% of Oregon's licensed dentists are graduates of the OHSU School of Dentistry
- 41,000 alumni with 54% living in Oregon

Accreditation

Oregon Health & Science University has received continuous regional accreditation by the Northwest Commission on Colleges and Universities (NWCCU) since 1980. OHSU is authorized to offer associate, baccalaureate, masters, professional practice doctoral and research doctoral degrees, as well as graduate certificates.

In addition, OHSU has 26 academic fields of study with specialized accreditation from 15 different specialized accrediting agencies. Specialized accreditation is a type of accreditation status that is designated for specialized academic programs within an institution of higher education that have already been awarded regional institutional accreditation. Specialized accreditation focuses on specific aspects of the program's academic field of study.

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Accredited Program	Specialized Accreditation Agency
Doctor of Dental Medicine (DMD)	Commission on Dental Accreditation (CODA)
Endodontology (MS, Graduate Certificate)	Commission on Dental Accreditation (CODA)
Orthodontics & Dentofacial Orthopedics (MS, Graduate Certificate)	Commission on Dental Accreditation (CODA)
Periodontology (MS, Graduate Certificate)	Commission on Dental Accreditation (CODA)
Clinical Dietetics (MCD)	Accreditation Council for Education in Nutrition and Dietetics (ACEND)
Human Nutrition (MS)	Accreditation Council for Education in Nutrition and Dietetics (ACEND)
Dietetic Internship (Graduate Certificate)	Accreditation Council for Education in Nutrition and Dietetics (ACEND)
Radiation Therapy (BS)	Joint Review Committee on Education in Radiologic Technology (JRCERT)
Doctor of Medicine (MD)	Liaison Commission on Medical Education (LCME)
Medical Physics (MS, PhD)*	Commission on Accreditation of Medical Physics Education Programs (CAMPEP)
Health & Clinical Informatics (MS)	Commission on Accreditation for Health Informatics and Information Management Education (CAHIIM)
Physician Assistant Studies (MPAS)	Accreditation Review Committee on Education for the Physician Assistant (ARC-PA)
Nursing (BS, PhD, DNP)	Commission on Collegiate Nursing Education (CCNE)
Adult Gero Acute Care Nurse Practitioner (MN, Post Master Certificate)	Commission on Collegiate Nursing Education (CCNE)
Pediatric Nurse Practitioner (MN, Post Master Certificate)	Commission on Collegiate Nursing Education (CCNE)
Health Systems & Organizational Leadership (MN, Post Master Certificate)	Commission on Collegiate Nursing Education (CCNE)
Nursing Education (MN, Post Master Certificate)	Commission on Collegiate Nursing Education (CCNE)
Psychiatric Mental Health Nurse Practitioner (MN, Post Master Certificate)	Commission on Collegiate Nursing Education (CCNE)
Family Nurse Practitioner (MN, Post Master Certificate)	Commission on Collegiate Nursing Education (CCNE)
Nurse Anesthesia (MN)	Council on Accreditation of Nurse Anesthesia Educational Programs (COA)
Nurse Midwifery (MN, Post Master Certificate)	Accreditation Commission for Midwifery Education (ACME)
Healthcare Management (MBA)*	Association to Advance Collegiate Schools of Business (AACSB)
Pharmacy (PharmD)*	Accreditation Council of Pharmacy Education (ACPE)
Master of Public Health (MPH)*	Council on Education in Public Health (CEPH)
Medical Laboratory Science (BS)*	National Accrediting Agency for Clinical Laboratory Sciences (NAACLS)
Emergency Medical Technology-Paramedic (AAS)*	Committee on Accreditation of Educational Programs for Emergency Medical Services Professions CoAEMSP)

* Indicates joint degree awarded by OHSU and partner institution. Joint Degree Program partners include: Oregon Institute of Technology (OIT), Oregon State University (OSU) and Portland State University (PSU).

School of Dentistry

The School of Dentistry, originally established in 1898, offers a Doctor of Dental Medicine (D.M.D.) degree, advanced specialty certificates or M.S. degrees in Periodontics, Orthodontics and Endodontics as well as residency programs in General Practice Residency, Oral Maxillofacial Surgery and Pediatric Dentistry. The School of Dentistry is divided into 8 departments including Integrated Biomedical & Diagnostic Sciences, and 7 clinical dental sciences. All School of Dentistry programs are fully accredited by the Commission on Dental Accreditation, the sole agency accrediting U.S. dental schools. In addition, the School of Dentistry has a 99% overall passing rate for first attempt on the National Board Dental Exam Part II, a clinically based exam required for dental licensure. The School of Dentistry is located in the RLSB.

School of Medicine

The School of Medicine is one of the oldest in the western United States, having admitted its first class in 1887. The School of Medicine is divided into 26 departments, six focused on the basic sciences and 20 focused on clinical sciences. In addition, there are two freestanding divisions and 30 centers and institutes under the School of Medicine. The faculty members of the clinical departments are also clinicians and investigators and staff OHSU's hospitals and clinics. Degrees offered include the Doctor of Medicine (M.D.) degree, a combined M.D./M.P.H. program with the School of Public Health, and a combined M.D./Ph.D. program, which allows a select group of students to prepare for dual careers in medicine and biomedical research. The School of Medicine admits students into more than 30 graduate education programs and offers Ph.D. degrees in basic sciences, M.S. degrees, as well as master degrees and graduate certificates in other health sciences disciplines. The School of Medicine offers a joint M.B.A. in Health Care Management in collaboration with PSU as well as a joint M.S. or Ph.D. degree in Medical Physics in collaboration with OSU.

School of Nursing

The School of Nursing, originally established in 1926, offers the following degrees: Ph.D. in Nursing, Doctor of Nursing Practice (D.N.P.), Master of Nursing (M.N.), B.S. degree in Nursing, as well as post-master specialty certificates in several programs. As a statewide system of nursing education, the School of Nursing enrolls students on campuses including OHSU in Portland, Southern Oregon University (SOU) in Ashland, OIT in Klamath Falls, Eastern Oregon University (EOU) in La Grande and Western Oregon University (WOU) in Monmouth.

School of Public Health

OHSU has partnered with PSU to form the joint OHSU-PSU School of Public Health. The School of Public Health offers graduate certificate programs in public health and biostatistics, a Master of Science degree in biostatistics, several Master of public health degrees and several Ph.D. degrees including a Ph.D. in epidemiology.

Additional Health Education Programs

Additional health education at OHSU encompasses a wide range of undergraduate and graduate programs including: (1) the Emergency Medical Technology - Paramedic Program (joint with OIT); (2) the Emergency Medical Services Management Program (joint with OIT); (3) the Medical Laboratory Science Program (joint with OIT); (4) the Radiation Therapy Technology Program; (5) master and certificate programs in Human Nutrition; and (6) the M.P.A.S. program.

Other Education Programs

In addition to the education programs described above, OHSU offers a number of other interdisciplinary programs, clinical training programs, and continuing education programs. OHSU offers a diverse and extensive variety of continuing education programs, sponsoring hundreds of courses and seminars at sites around the state, offered in person and by satellite transmission.

Academic Faculty

As of June 30, 2019, 2,992 faculty employees, including the 1,566 members of the OHSU faculty practice plan, were engaged in educating OHSU students. They may be assigned to professional schools or academic units. Faculty employees may be full-time or part-time, and they may have fixed term, tenure track or tenured appointments.

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Enrollment

As of the fall 2019 term, OHSU had 3,017 students enrolled in its various programs (excluding students enrolled in the joint degree programs with OSU and OIT as well as the School of Public Health joint degree students registered by PSU). The following table sets forth the number of students enrolled in several of OHSU's programs for each of the past five academic years.

FALL HEADCOUNT ENROLLMENT
FOR PROGRAMS IN THE YEARS INDICATED [(1)]

	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020
School of Dentistry					
Graduate	27	27	27	27	26
Professional	298	294	290	296	297
Subtotal	325	321	317	323	323
School of Medicine					
Undergraduate	15	13	14	18	17
Graduate	806	827	773	812	780
Professional	556	578	592	603	630
Subtotal	1,377	1,418	1,379	1,433	1,427
School of Nursing					
Undergraduate	812	764	762	764	759
Graduate	228	217	214	222	177
Professional	36	41	40	44	100
Subtotal	1,076	1,022	1,016	1,030	1,036
School of Public Health					
Graduate	117	138	183	213	231
TOTAL	**2,895**	**2,899**	**2,895**	**2,999**	**3,017**

[(1)] This table excludes interns, residents and trainees. This table also excludes students enrolled in the joint Pharm.D. degree program with OSU, the joint undergraduate programs with OIT and the School of Public Health joint degree students registered by PSU.

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Admission Statistics

Data regarding applications, acceptances, and admissions for several of OHSU's largest programs is provided in the following table.

APPLICATIONS, ACCEPTANCES AND ADMISSIONS
FOR PROGRAMS BEGINNING IN THE YEARS INDICATED [(1)]

	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020
School of Dentistry (D.M.D)					
Applications	1,245	1,294	1,243	1,108	1,000
Acceptances	112	121	173	140	166
Admissions	75	76	74	73	75
School of Medicine (M.D.)					
Applications	6,049	6,749	6,365	6,588	6,264
Acceptances	237	233	245	270	251
Admissions	146	153	160	160	160
School of Nursing (B.S.)					
Applications	1,490	1,720	1,804	1,819	1,780 [(2)]
Acceptances	515	498	547	457	446 [(2)]
Admissions	387	365	398	372	364 [(2)]

[(1)] Data represents un-duplicated counts of applications

[(2)] The School of Nursing accepts applications and admits students throughout the academic year. 2019-2020 data represents applications, acceptances and admitted students as of 10/3/2019.

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Tuition and Financial Aid

Tuition rates for OHSU students vary among students based on the program, year of study, and Oregon residency status.

Resident and Non-Resident Annual First-Year Tuition
2019-20

School	Program	# Terms	Resident Tuition	Non-Resident Tuition
Dentistry	DMD	4	$45,216	$72,976
	Postdoctoral Specialty Programs (MS, Certificate)	4	$44,380	$52,860
Medicine	Human Nutrition (MS, MCD, Dietetic Internship)	4	$27,000	$27,000
	Food Systems & Society (MS)	3	$18,225	$18,225
	Physician Assistant (MPAS)	4	$40,032	$40,032
	Radiation Therapy (BS)	4	$22,560	$27,120
	MD	4	$43,488	$66,844
	PhD	3	$20,412	$20,412
	Medical Physics	3	$16,200	$25,839
	Bioinformatics & Computational Biology / Health & Clinical Informatics (PhD, MS, MBI, Certificate)			
	On-Campus	3	$18,567	$22,185
	Online	3	$20,595	$24,285
	Clinical Research (MCR, Certificate)	3	$14,220	$14,220
	Engineering (MS - Computer Science, MS - Electrical Engineering)	3	$19,485	$19,485
	Health Care Management (MS, MBA, Certificate)	3	$16,218	$16,218
Nursing	Undergraduate Nursing (OCNE)	3	$14,220	$26,028
	Undergraduate Nursing (Accelerated)	4	$26,160	$34,896
	Undergraduate Nursing (RN to BS)	3	$10,368	$10,368
	Graduate Programs (PhD, Post-Master's DNP, MN - Health Systems Organizational Leadership, MN - Nursing Ed)	3	$16,875	$21,843
	Graduate Programs (MN or DNP in an Advance Practice Specialty)	3	$17,172	$22,275
	Nurse Anesthesia (MN or DNP)	4	$28,512	$29,700
Public Health	MPH			
	On Campus	3	$11,971	$18,073
	Online	3	$15,724	$20,233
	MS, Certificate			
	On Campus	3	$11,718	$17,820
	Online	3	$15,471	$19,980
	PhD	3	$15,147	$17,658

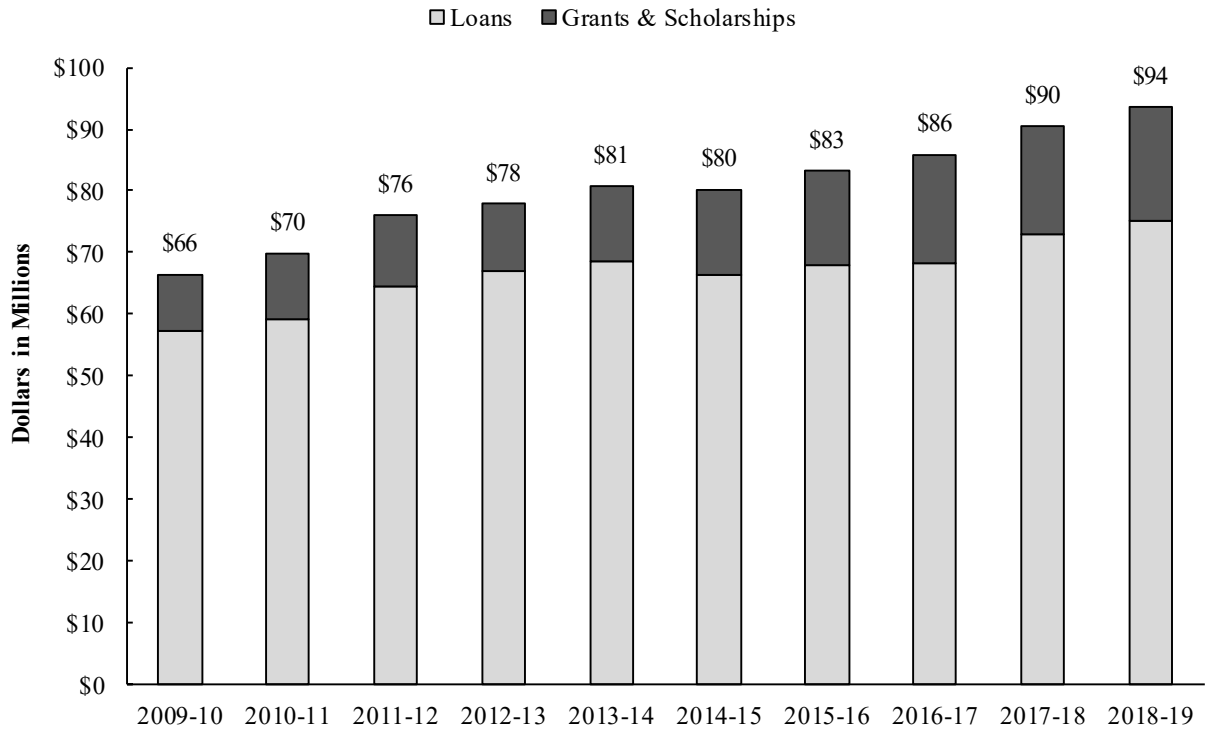
Note: Tuition is based on 9 credit hours per term for Graduate and 12 credit hours per term for Undergraduate. Actual enrollment varies.

Source: OHSU Office of the Registrar.

The admissions policies of OHSU are designed to enable the most qualified students to attend OHSU. Decisions regarding admissions to all of OHSU's schools and programs are made without regard to financial need, and student financial aid funding is available to eligible students. Financial aid is offered in the form of grants, scholarships, loans, and employment. In the fiscal year ended June 30, 2019, the total financial aid provided to OHSU students for all types of funding

(except School of Medicine graduate students exclusively receiving graduate assistantships) was approximately $93 million, with loan programs accounting for approximately 80% of this amount.

Total Grants, Scholarships and Loans Awarded
2009-10 through 2018-19



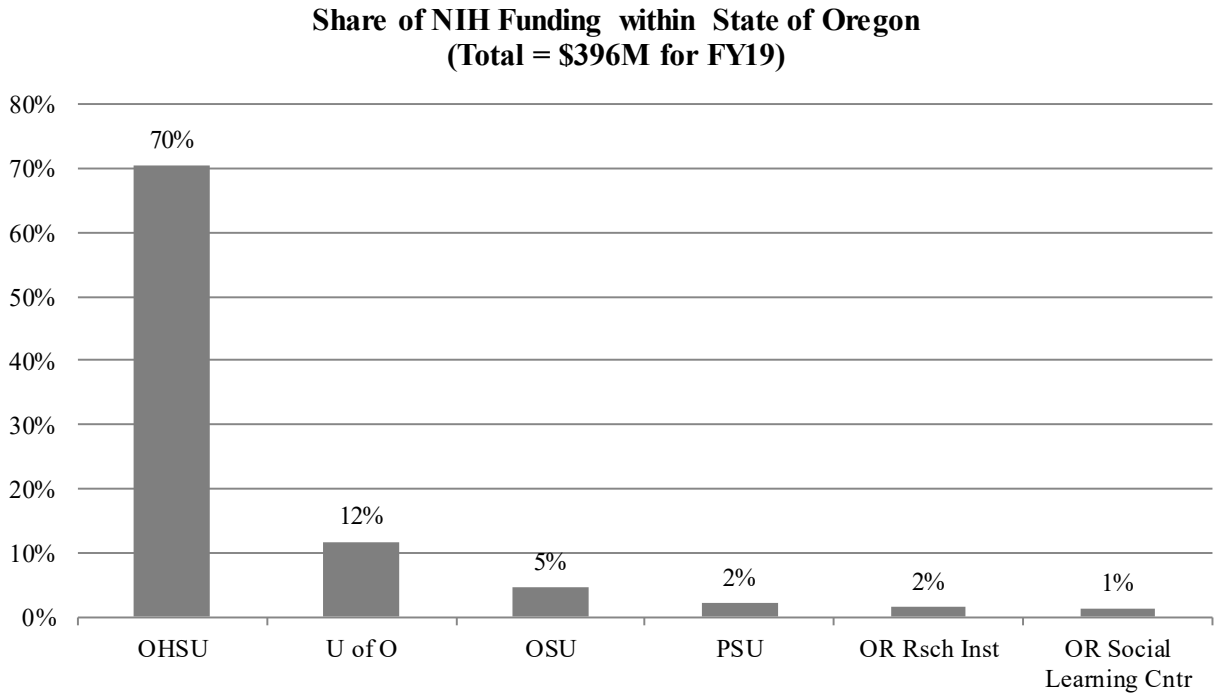
RESEARCH PROGRAMS

General

One of the primary missions of OHSU is to conduct basic science, translational, applied, and clinical research that promotes health and the prevention and treatment of disease. OHSU supports wide-ranging, multi-disciplinary research and education and has earned a national reputation for such programs. OHSU research groups maintain multimillion-dollar, multiyear training and research grants in many diverse areas. More than 1,200 OHSU scientists are currently working on approximately 3,000 research projects with active sponsored funding.

Research Awards

During OHSU's fiscal year 2019 research awards totaled approximately $486.3 million including more than $106 million for clinical trials. In total, for fiscal year 2019, OHSU received nearly $343 million from federal agencies. OHSU research projects received 70% of the grants made by the NIH in the State, with the next largest recipient receiving 12% of the grants. OHSU was ranked 26th out of the 2,532 entities that received funding from the NIH in 2019.



Footnote: NIH fiscal year-end is September 30th. OHSU fiscal year-end is June 30th.

To compete for the limited number of award dollars available from research programs funded by NIH, OHSU researchers are reviewed and evaluated by other members of the scientific community through a rigorous peer review process. Federal budget constraints in recent years have resulted in funding for only the most highly rated applications. In this intensely competitive environment, OHSU's researchers have been very successful. OHSU's recruitment and retention efforts help achieve this success.

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The following table shows the dollar amount of research awards, by source, issued to OHSU for each fiscal year in the ten-year period ended June 30, 2019.

RESEARCH AWARDS RECEIVED BY FUNDING SOURCE
FISCAL YEARS ENDED JUNE 30
(Dollars in Thousands)

	Federal - NIH *	Other Federal	Non-Federal Government	Industry	Private	Total
2010	$263,441	$61,648	$3,630	$37,917	$25,037	$391,673
2011	$228,195	$55,870	$3,358	$43,866	$26,808	$358,097
2012	$226,718	$53,154	$3,633	$44,246	$31,330	$359,081
2013	$220,885	$41,487	$1,209	$42,524	$34,162	$340,267
2014	$231,802	$40,453	$2,793	$46,756	$34,076	$355,880
2015	$230,362	$44,864	$5,606	$52,145	$42,902	$375,879
2016	$234,321	$48,924	$3,512	$51,193	$51,653	$389,603
2017	$227,408	$57,265	$5,472	$66,047	$54,033	$410,224
2018	$280,112	$60,578	$4,050	$61,770	$55,307	$461,817
2019	$293,150	$49,776	$2,665	$91,362	$49,349	$486,302

(*) AMERICAN RECOVERY AND REINVESTMENT ACT FUNDING: FY10 $70,091,063; FY11 $32,660,548; FY12 $4,449,005; FY13 $1,205,902; FY14 $67,050; FY15 $23,400; FY16 $966,434; FY17 $0; FY18 $0; FY19 $0.

Organization of Research

The research activity at OHSU is accomplished through the professional schools, research institutes, and research centers. The actual execution of research at OHSU crosses these boundaries through joint appointments, collaborations and partnerships, and attention to facilitating an interdisciplinary research approach to solving myriad health care issues.

Research in the Schools

School of Dentistry. Research programs in the School of Dentistry have led to advancements in oral health that affect the lives of patients and allow dentists to provide excellent oral health care. The School of Dentistry established the Dental Clinical Research Center with the support of several funding partners to expand clinical research in dentistry. This facility provides opportunities for dentists to explore the efficacy of new dental materials, treatment drugs and procedures using volunteer research participants. The school also houses the Integrative Biosciences Department, which has active research programs in the areas of cell and developmental biology, neurological science, protein biochemistry, and microbiology. The School of Dentistry is rapidly expanding; over the past three years, more than thirty new faculty members have been hired with more additions planned. In 2014, the School of Dentistry moved into a new building—the Skourtes Tower—on the South Waterfront campus, with cutting-edge research, clinical, and teaching space. New research faculty recruited to the School in 2016 are already having a positive impact on research funding. The School of Dentistry received approximately $6 million in external funding in fiscal year 2019.

School of Medicine. Researchers in the School of Medicine explore nearly every aspect of health, illness, and injury, and in particular the basic sciences that are the foundation of understanding these critical components to human health. School of Medicine scientists are making major strides in the areas of cancer, heart disease, vision and hearing disorders, trauma and emergency medicine, mental health and illness, infectious diseases, neurological disorders, transplantation, medical informatics and outcomes research, and numerous other fields. Noted strengths of OHSU School of Medicine research include, among others, microbiology, cancer, ophthalmology, neuroscience, rare disease and genetic research, immunology, evidence-based medicine, pediatric medicine, otolaryngology, and endocrinology. The School of Medicine received approximately $339 million in external funding in fiscal year 2019.

Basic Science: There are seven basic science departments within the School of Medicine. These departments include Behavioral Neuroscience; Biochemistry and Molecular Biology; Cell, Developmental, and Cancer Biology; Molecular and Medical Genetics; Molecular Microbiology and Immunology; Physiology and Pharmacology; and Biomedical Engineering. The research varies from the cellular and molecular underpinnings of health to the testing of new treatments in preclinical settings. In 2016, Bita Moghaddam, Ph.D., from the University of Pittsburgh was appointed chair of the Department of Behavioral Neuroscience. In 2016, Carsten Schultz, Ph.D., from the European Molecular Biology Laboratory in Heidelberg, Germany, was appointed the chair of Physiology and Pharmacology.

Clinical Science: In the School of Medicine, 20 departments are involved in both clinical activities and research, and many discoveries of fundamental importance to human health are made at this intersection of research and patient care. Investigators in clinical departments utilize a spectrum of research approaches, including basic laboratory methods, animal models, clinical trials of new diagnostic or therapeutic approaches, and large epidemiological and outcome studies.

Research Centers within the School of Medicine: The School of Medicine is home to several notable research centers, including the following, among others:

The Knight Cancer Institute. The OHSU Knight Cancer Institute, the only National Cancer Institute-designated Cancer Center in Oregon, continues to be an international leader in personalized cancer medicine. The concept of personalized cancer treatments revolves around using DNA codes and test results to specifically target and disable tumors, without weakening healthy cells the way current chemotherapy and radiation treatments do. Knight researchers and Intel Corp. have teamed up to develop next-generation computing technologies that advance the field of personalized medicine by dramatically increasing the speed, precision and cost-effectiveness of analyzing patients' individual genetic profiles. With nearly 200 basic and clinical researchers, approximately 1,000 research projects and more than 400 clinical trials, the Institute helps translate laboratory results into new preventive, diagnostic and therapeutic methods. Dr. Brian Druker, the head of the Knight Cancer Institute—and winner of the 2009 Lasker Award, the U.S. equivalent of the Nobel Prize in medicine—and his team were the first to develop a successful targeted treatment for cancer—the drug called Gleevec®. The Institute continues to grow.

In March 2016, OHSU hired Dr. Sadik Esener, Ph.D., a professor from the Nano Engineering and Electrical and Computer Engineering departments at the University of California, San Diego (UCSD). He has joined Oregon Health & Science University's Knight Cancer Institute as director of the Center for Early Detection Research and Wendt Family Endowed Chair in Early Cancer Detection. Dr. Esener has served in several leadership roles in which he achieved results by bringing together scientists and technology across disciplines. He served as the director and principal investigator of the NanoTumor Center for Cancer Nanotechnology of Excellence funded by the National Cancer Institute. He has also held leadership roles with the Center for Heterogeneously Integrated Photonics Systems (CHIPS) as well as the Opto-Electronic Stacked Processors (OESP) and the Fast Read-out Optical Data Storage Industrial Consortium, which were both funded by DARPA.

In October 2017, OHSU hired Dr. Gordon Mills, M.D., Ph.D., an esteemed clinical and research leader and professor in the Departments of Medicine, Immunology and Tumor Biology and MD Anderson Cancer Center in Houston. He has joined OHSU's Knight Cancer Institute as the Director of Precision Oncology. Dr. Mills' role will be to integrate research across multiple areas, including early detection, immunotherapy and systems biology. Dr. Mills' research has been referenced more than 70,000 times, is in the top one percent of all authors in medicine and has more than 20 patents in novel technologies. He has held leadership roles and earned awards from a variety of nationally recognized cancer organizations, including the American Association for Cancer Research, Stand Up 2 Cancer, and the Susan G. Komen Foundation. Dr. Mills' research focuses on the genomics and genetics of breast and ovarian cancers and identifying and characterizing a number of potential tumor suppressor genes.

The Oregon Center for Spatial Systems Biomedicine ("OCCSB"). Housed in the Robertson Life Sciences Building, the OCSSB facility supports a spectrum of programs linking multiple fields of research including cancer, neurobiology, cardiovascular disease, and immunology and infectious disease. The primary research focus of OCSSB is to advance the science of measuring the spatial organization of the molecular components that comprise and control cells and tissues and resultant influences on biological function, as well as focus on how these features are altered in various diseases. The Center for Spatial Systems Biomedicine has developed a comprehensive program focusing on the genomics of molecular, cellular and tissue structures and is comprised of faculty with expertise in multiple aspects of spatial systems biology, utilizing a collection of state of the art electron microscopy imaging platforms housed in one lab.

The Knight Cardiovascular Institute. The Knight Cardiovascular Institute was founded in 2013 with a $125 million gift from Phil and Penny Knight. This new institute is in a building phase, concentrating on highly specialized ultrasound imaging, the developmental origins of cardiovascular disease, and new approaches to surgery. In 2016, the Institute completed a new facility for Positron Emission Tomography ("PET") imaging: the Center for Radiochemistry Research.

Casey Eye Institute. The Casey Eye Institute is an academic regional eye center dedicated to ground-breaking research, education and eye disease treatment, including specialty pediatric care. The first OHSU department to organize as an institute, it is named after James and George Casey, founders of United Parcel Service. The Casey Eye Institute is one of seven regional eye research centers in the nation sponsored by Research to Prevent Blindness, the world's leading voluntary organization in support of eye research, and has operated the Elks Children's Eye Clinic since 1949, with significant support from the Oregon State Elks Association. 2016 marked the Center's 25th anniversary, as well as awards for David Huang, M.D., Ph.D., who is a co-inventor of optical coherence tomography ("OCT"), an imaging technology that has been applied to the measurement of eye structures with unprecedented precision and a pioneer of anterior segment OCT and OCT angiography.

Center for Health Systems Effectiveness ("CHSE"). CHSE was chartered as an OHSU research entity in 2011. CHSE's focus is on large scale, aggregate interactions between different elements of health care delivery systems. It takes a broad economic and policy perspective on service delivery questions, using a quantitative toolkit of large dataset analyses and econometric methods. CHSE has access to the Oregon All Payer All Claims database, state Medicaid data, and related datasets, affording the group rich resources for examining the outcomes of various health care reform strategies in Oregon, a leader in reform. Consulting work with the Oregon Health Authority on issues such as health care workforce needs and data analysis gives additional valuable insight into the State's delivery systems.

School of Nursing. The mission and philosophy of the School of Nursing require that faculty members be or strive to become nationally and internationally renowned scholars, educators and clinicians dedicated to the pursuit of knowledge and discovery. The School of Nursing model for generating sustainable programs of research includes a multi-year commitment to individual faculty members who demonstrate a high level of potential for success in research. The OHSU School of Nursing has earned a reputation as a leader in both gerontology and symptom-management research. The School of Nursing received approximately $5.8 million in external funding in fiscal year 2019.

School of Public Health. OHSU and PSU have established a unique joint School of Public Health, with a focus on the social determinants of health. The School builds on the research track record of Public Health and Preventive Medicine, formerly within the School of Medicine, as well as the successful OMPH program, the longest running collaborative accredited M.P.H. program in the country. The School appointed its founding dean, David Bangsberg, M.D., M.P.H., formerly of Harvard and Massachusetts General Hospital, in the fall of 2016. In January 2019, leaders from OHSU, Portland State University, Portland Community College and the City of Portland broke ground on a new education and health center in the heart of Portland State University's downtown campus. The new 175,000 square foot, seven-story building will house the OHSU-PSU School of Public Health as well as other education programs, a dental clinic, public health services and retail/restaurants. The new facility is slated for completion in the fall of 2020. The School of Public Health received approximately $9.8 million in external funding in fiscal year 2019.

Research Institutes

In addition to the professional schools, a number of major institutes, some of which are described below, play a prominent role in the research capacity of OHSU. Research also takes place in a variety of other research centers and institutes associated with OHSU.

Advanced Imaging Research Center ("AIRC"). The AIRC provides insight into areas of human health that were previously mysterious for researchers, including from how the molecular events in alcoholism are translated into behavior to substantially reducing the risk from unneeded biopsies for breast cancer. The AIRC is home to one of the most powerful MRI instruments in the world, a 12 Tesla small animal imaging magnet, as well as one of the most powerful human-scaled imaging magnets, a 7 Tesla instrument. AIRC received approximately $748,000 in external funding in fiscal year 2019.

The Vollum Institute. The Vollum Institute is dedicated to the study of the molecular basis of nervous system function, with pioneering studies of synaptic modulation, neurotransmitter secretion, gene regulation, protein trafficking, protein structure, and neuronal development. It was endowed by Howard Vollum the inventor of the cathode-ray oscilloscope. The Vollum Institute maintains a close affiliation with the School of Medicine and other research centers across the university. Faculty have joint appointments in the School of Medicine, mentoring graduate students and postdoctoral fellows, and they collaborate closely with scientists in the Jungers Center, the Knight Cancer Institute, the Departments of Neurology and Pediatrics, the Hearing Research Center and the Stem Cell Center. It is home to 21 faculty scientists and 100 research staff, postdoctoral fellows, and graduate students, all working together to unravel the molecular mysteries leading to diseases from autism to addiction, from multiple sclerosis to stroke. In 2016, prominent neuroscientist Marc Freeman, Ph.D., was appointed director, replacing long-time director Richard Goodman. Freeman was recruited from the University of Massachusetts Medical School where he was a Howard Hughes Investigator, and his research focuses on glia-neuron interactions in the healthy and diseased brain. The Vollum Institute received approximately $10.5 million in external funding in fiscal year 2019.

Oregon Institute of Occupational Health Sciences. This institute, formerly called Center for Research on Occupational and Environmental Toxicology, was formed in 1988 with base State funding from the State's workers' compensation system. The institute focuses on health and safety in the workplace through the prevention and amelioration of occupational disorders. The institute pursues both basic and applied research as well as outreach and education pertaining to factors that affect workplace performance; damage and repair of the nervous system and muscles; occupational/environmental exposures and their consequences; and DNA damage, genetic alterations, and disease. The Toxicology Information Center within the Institute provides the general public and workplaces with access to information about the availability of safety and health resources. The Institute received approximately $8.0 million in external funding in fiscal year 2019.

Oregon National Primate Research Center ("ONPRC"). ONPRC is one of seven national primate centers, providing essential research for human health. The mission of the center is to support programs in basic and applied biomedical research, using the nonhuman primate as the model for studying important aspects of human health and disease. Much of its research activity

focuses on areas supported by research funding from the National Institutes of Health. These areas include AIDS and infectious disease, aging, stem cell biology, women's health, and neurological diseases. Basic research findings form the groundwork for pharmaceutical and preclinical studies, and become shortcuts to medical breakthroughs. ONPRC received approximately $66.9 million in external funding in fiscal year 2019.

Vaccine & Gene Therapy Institute ("VGTI"). The VGTI was established in March 2001 with the founding goal of assembling a multidisciplinary team of scientists to respond to serious infectious disease threats facing the people of Oregon, the United States and the world, including AIDS, chronic viral infection-associated diseases, newly emerging viral diseases, and infectious diseases of the elderly. Vaccine development and development of novel immune and gene therapeutic approaches to these diseases are the major priorities of the faculty. VGTI researcher Louis Picker, M.D., has published groundbreaking research that is changing the way that the field pursues effective vaccines for HIV. In 2016, he received at $14 million award from the NIH for this work, as well as significant funding from the Bill & Melinda Gates Foundation. VGTI received approximately $22.0 million in external funding in fiscal year 2019.

Oregon Clinical & Translational Research Institute ("OCTRI"). OCTRI creates an academic home for clinical and translational investigation - the research that translates basic science discoveries into useful therapies that help patients in the clinic. OCTRI has numerous partnerships with community hospitals and other organizations that bring together a strong biomedical research university and large patient populations. OCTRI was one of the first institutes created through a large, competitive endeavor of the National Institutes of Health, through the Clinical & Translational Science Awards program. OCTRI received approximately $11.6 million in external funding in fiscal year 2019.

Center for Embryonic Cell and Gene Therapy. Established in 2014 and led by prominent researcher Shoukhrat Mitalipov, Ph.D., this center provides researchers with a foundation that will boost them to new levels of scientific exploration, building on their previous research. In 2013, Dr. Mitalipov and his colleagues developed a new process for creating embryonic stem cells from human skin cells. The discovery was named a top 10 scientific breakthrough of 2013 by several international publications because of the promise it holds for treating Parkinson's disease, cardiac disease, spinal cord injuries, and other conditions. The new center has allowed for expansion of private funding. In 2017, Mitalipov and colleagues published groundbreaking research in Nature demonstrating that the gene-editing tool CRISPR can be used to repair a disease-causing gene mutation in early human embryos and prevent the disease from being passed down to future generations. The study focused on the gene mutation that causes hypertrophic cardiomyopathy, a common inherited condition that can cause sudden cardiac death and heart failure. This approach can be applied to roughly 10,000 other single-gene disorders affecting millions of people around the globe, including cystic fibrosis, Huntington's disease and cancer related to the BRCA gene. This research was reported in 2,400 media outlets across the globe and has been hailed as one of the century's most important scientific breakthroughs. The center received approximately $689K in external funding in fiscal year 2019.

Center for Regenerative Medicine (OCRM). Established in 2012 and directed by Dr. Kenton Gregory this center is dedicated to the translation of regenerative therapies from the bench to the clinic and battlefield. The research is focused on developing novel biomaterials for

the replacement of damaged tissues, perfecting cell-based therapies to regenerate a variety of damaged organs, and engineering enhancements to medical devices such as vascular stents. The center is the first Regenerative Medicine laboratory in Oregon, working to build collaborative research programs throughout the campus, nationally and internationally. These partnerships will allow the center to efficiently build the critical elements of knowledge and technology in this rapidly evolving field. The center received approximately $1.6 million in external funding in fiscal year 2019.

PATIENT CARE PROGRAMS

General

OHSU is Oregon's only major academic health center. OHSU brings together education, research, patient care and community service to deliver quality care in Oregon. OHSU's Hospitals and Clinics are fully accredited by DNV GL Healthcare and, together with providers in the OHSU School of Medicine Faculty Practice Plan, offered adult and pediatric care to more than 308,554 patients throughout Oregon and the Pacific Northwest during the fiscal year ended June 30, 2019. OHSU's highly specialized tertiary and quaternary care fills a unique need in the state's healthcare system and also serves as a resource for many referring providers seeking consultation and specialty services for their patients.

OHSU is one of only two designated Level I trauma centers in Oregon and holds "Magnet Status" designation for nursing excellence from the American Nurses Credentialing Center. Numerous OHSU Healthcare units have been recognized for excellence in their disciplines; in addition, the OHSU Center for Women's Health is a designated National Center of Excellence in Women's Health; the OHSU Knight Cancer Institute is the only National Cancer Institute-designated Comprehensive Cancer Center in Oregon; and the OHSU Brain Institute ranks in the top one percent in the nation for neuroscience research funding, providing cures and care found nowhere else in Oregon. For seventeen consecutive years, the National Research Corporation ("NRC") has awarded OHSU Hospital the Consumer Choice Award for the Portland Metropolitan Survey Area. The NRC survey measures consumer preference and awareness related to best overall quality, image/reputation, doctors and nurses, as well as several designated specialties and services. In addition, OHSU has achieved the criteria for "meaningful use" of electronic medical records established under American Recovery and Reinvestment Act ("ARRA") for both its hospital and faculty practice, which demonstrates integration of clinical enterprise and information technology, rewards medical professionals with financial incentives under the ARRA, and provides for minimization of medical errors and timely quality medical service.

With the establishment of the Oregon Integrated and Coordinated Health Care Delivery System during the 2011 Legislative Session, coordinated care organizations ("CCOs") were created. CCOs are charged with integrating physical, dental and behavioral health for populations of Medicaid members across providers and care settings, under a global budget but with increased flexibility to implement new and innovative care models. Over the past few years, Oregon's Medicaid enrollment increased from approximately 614,000 to 1,030,000 members, including coverage expansion under the Affordable Care Act ("ACA"). OHSU is a founding member of Health Share of Oregon, a collaboration of public and private entities that have formed the CCO for the tri-county region surrounding Portland. In addition, half of OHSU's inpatient care (on a

casemix weighted basis) comes from outside the tri-county area, so OHSU will participate with CCOs across Oregon to provide care to individuals enrolled with these other CCOs. A reduction in the rate of growth of health care expenditures will likely be necessary in other health care programs, such as Medicare and government employee health plans, to help bring federal and state budgets into balance over the long run. Government budget deficits are also putting pressure on funding for research and education.

Medical Faculty and Professional Staff

The OHSU Hospitals and Clinics professional staff is organized into 22 clinical services with oversight by the OHSU Professional Board. The professional staff is the staff-government body of qualified health care professionals who practice at OHSU Hospitals and Clinics organized to oversee, promote and ensure the delivery of the higher quality patient care, treatment and services in and at OHSU.

Hospital clinical services correspond to academic departments within the School of Medicine. The OHSU professional staff consists of active, affiliate and community-based members. The active professional staff consists of licensed independent practitioners including physicians, dentists, advance practice nurses and clinical psychologists of the Schools of Dentistry, Medicine and Nursing who regularly attend, consult, provide patient service or admit patients to OHSU Hospitals and Clinics. The majority of members of the active professional staff are full-time or part-time members of the OHSU faculty and employees of OHSU and hold privileges in specific clinical departments. Affiliate professional staff consists of licensed providers who qualify for professional staff membership but who do not regularly admit or practice at OHSU Hospitals and Clinics. Affiliate staff members admit and care for patients in OHSU Hospitals and Clinics within the limits of their privileges and teaching assignment made by the department chairman. Community-based professional staff members do not practice at an OHSU location and do not hold privileges to provide care at OHSU. Those who do not qualify as members of the professional staff (because they lack a faculty appointment, practice as dependent providers or hold a limited license) are designated as "non-staff" providers. Non-staff providers include fellows and physician assistants. As of June 30, 2019, the OHSU professional staff included 1,566 active members and 56 affiliate members, and non-staff providers totaled 245. OHSU's active professional staff has an average age of 46 years.

Hospitals and Clinical Facilities

OHSU is licensed to operate 576 beds in its Marquam Hill hospital facilities: OHSU Hospital (which includes both a primary hospital building and the Peter O. Kohler Pavilion) and OHSU Doernbecher Children's Hospital. Ambulatory and professional services are provided in multiple facilities on Marquam Hill, as well as in the Center for Health & Healing at the bottom of the aerial tram in Portland's South Waterfront district, in several neighborhoods throughout the Portland metropolitan area, and at more than a dozen outreach clinics statewide.

OHSU's Marquam Hill hospital facilities offer advanced specialized care across a range of disciplines in several multi-story buildings. The Kohler Pavilion opened in 2006 and the Doernbecher Hospital opened in 1998. The three primary hospital facilities offer both inpatient and ambulatory services, with particular strengths in oncology, neurosciences and cardiac services.

As one of only two Level 1 Trauma Centers in the state, OHSU also has intensive care units for neurology and cardiac patients, in addition to medical and surgical intensive care units. The hospitals also provide extensive services for women and children, spanning from the comprehensive services offered at the nationally recognized Center for Women's Health, to the Mother-Baby Unit, through the wide range of care provided at the state's only academic children's hospital. 23 percent of OHSU's patient visits are from children ages 17 or younger, and Doernbecher Hospital has the largest pediatric intensive care unit in Oregon. Given OHSU's strengths, it is nationally recognized in the fields of oncology, neurology and cardiac care for children. Board-certified pediatric emergency medicine physicians provide emergency services for children in the OHSU and Doernbecher Hospital Emergency Department.

OHSU is preparing designs for a possible expansion of its primary hospital building on Marquam Hill. The project is expected to provide additional medical surgical adult beds; relocate, update and expand Neonatal Intensive Care Unit ("NICU"), labor & delivery, mother baby and ante partum units; and add parking for patients and family members. The project is expected to include approximately $250 million of new debt, to be issued over the next calendar year.

Ambulatory and professional services are also provided in the three main hospital facilities, as well as at a number of clinics on Marquam Hill and in the community. The bulk of these are, however, located at the Center for Health and Healing Buildings, CHH-1 & -2. CHH-1, a 16-story outpatient satellite health care facility located in Portland's South Waterfront neighborhood, includes twelve floors of medical practices, two floors of primarily research and academic space, and two floors dedicated to a wellness center and rehabilitative services, complemented by retail space on the lobby level. CHH-2 is a 14-story building that opened in 2019 consisting of twelve floors of medical practices and two floors of primarily research and academic space. Both CHH-1 & -2 are connected via a skybridge on levels 3 & 4 and include ambulatory surgery and procedural sites (in addition to those on Marquam Hill), a retail pharmacy and optical outlets.

OHSU's other ambulatory clinics – nearly 80 in total – are largely clustered in the Portland metro area with most near Marquam Hill, but they also offer care at clinics scattered around Oregon. Many of the more remote outreach clinics are a primary source of health care in their areas.

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Bed Complement

As of June 30, 2019, the licensed and operational bed complement of OHSU was allocated among the following services:

BED COMPLEMENT BY SERVICE
AS OF JUNE 30, 2019

Service	Available Beds
Adult	
Adult Critical Care	79
Adult Acute Care	305
Mother-Baby / Women's Health	27
Total Adult	411
Pediatrics	
Pediatric Critical Care	20
Pediatric Acute Care	85
Neonatal ICU (DNCC)	46
Total Pediatrics	151
Total Hospital Available Beds	**562**

Source: OHSU Internal Records.

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Summary of Historical Utilization

The table below presents selected statistical indicators of patient activity for OHSU Hospitals and Clinics operations.

	2017	2018	2019
Beds at End of Period	556	556	562
Census Days [1]	171,554	169,169	173,653
Admits [2]	29,747	29,213	29,174
Average Length of Stay [3]	5.9	5.9	6.1
Occupancy Rate [4]	85%	83%	85%
Births [5]	2,391	2,264	2,245
Total Surgical Cases [6]	33,892	35,560	37,080
Hospital / Faculty Clinic / Patient Visits [7]	893,999	955,857	987,024
Emergency Room Visits [8]	47,193	48,461	47,856
Case Mix Index	2.09	2.18	2.26

[1] Excludes newborns.

[2] Admissions includes Neonatology births.

[3] Length of Stay Definition: Discharge days (w/o newborns) / Discharges (w/o newborns).

[4] Occupancy Rate = census days / (days per month x available beds). Year-to-date total is a calculation of year-to-date numbers, not a summation of the months.

[5] Births include Normal Newborns and Neonatology births.

[6] Total inpatient and outpatient surgical cases.

[7] Visit counts include all visits that result in a charge; n/c global fee visits are counted; when visits and procedures happen on the same day, only one visit is counted.

[8] Reflects the number of people who come to the ED and register (ED outpatient, ED admitted to inpatient and ED observation).

Services

OHSU's key service lines or programs include cancer, cardiovascular, children's services, digestive health, eye services, neuroscience/spine, orthopaedics and rehabilitation, transplantation, trauma, and women's health. OHSU offers a full range of surgical services, including day surgery. Some of the extremely sophisticated and highly technical surgical procedures provided at OHSU are not available anywhere else in the region. Additionally, OHSU offers both routine and highly specialized laboratory, radiology and pharmacy services.

Cancer Services. From its inception in 1992, the OHSU Knight Cancer Institute was conceived as a resource that would draw on its strengths as part of an academic health center and research powerhouse. In 1997, the OHSU Knight Cancer Institute became the only National Cancer Institute-designated Cancer Center between Sacramento and Seattle. OHSU has become the largest provider of cancer care in the region by leveraging the Knight Cancer Institute's science and brand. Renowned for its leukemia and prostate cancer care programs, the OHSU Knight Cancer Institute is the only resource in the region for allogeneic bone marrow transplant, and it

offers unique expertise in complex sarcoma, head and neck, pancreatic, liver, and neurosurgical cancer treatment.

Cardiovascular Services. OHSU continues to be a regional leader in heart and vascular clinical care, research, and teaching. The OHSU Knight Cardiovascular Institute was established in 2012 with $125M gift from Nike co-founder Phil Knight – the largest private contribution ever made to a university to advance cardiovascular disease research. The Institute integrates clinical care, translational research, and professional training in the clinical disciplines of cardiology, cardiothoracic surgery, and vascular surgery. OHSU voluntarily deactivated its heart transplant program in 2018 due to a shortage of qualified physicians. The program was reactivated in September 2019.

OHSU consistently achieves excellence in quality, safety, and health outcomes as evidenced by the fact that its Adult Cardiology and Heart Surgery program ranked in the top 50 in *U.S. News and World Report* for the past three years. OHSU holds DNV and/or Joint Commission disease-specific care certifications in advanced comprehensive stroke, resuscitation, heart failure, and ventricular-assist devices; the congenital heart program is accredited by the Adult Congenital Heart Association; the hypertrophic cardiomyopathy program is recognized as a center of excellence by the Hypertrophic Cardiomyopathy Association; the cardiac rehabilitation program is certified by the American Association of Cardiovascular and Pulmonary Rehabilitation; and the echocardiography and noninvasive vascular labs are accredited by the Intersocietal Accreditation Commission. OHSU intensively participates in cardiovascular quality benchmarking registries and earned the 2019 American Heart Association Get With The Guidelines® Gold Plus award in heart failure care, the Action Registry Platinum Achievement Award in heart attack care, and the American Heart Association Mission:Lifeline® Gold STEMI and Silver NSTEMI Awards in heart attack care. Finally, OHSU recently won the Building a Culture of Quality Award at the Vizient Consortium Cardiovascular Network meeting.

Children's Services. Doernbecher Hospital provides the most comprehensive range of children's health care services in the region. Many of its services are not available anywhere else in Oregon. Doernbecher is one of the few hospitals in the nation recognized by the American College of Surgeons as a Level I site for Children's Surgery and has a dedicated pediatric emergency department designed and equipped especially for children. Doernbecher Hospital was ranked by the *U.S. News and World Report* as a top 50 hospital in 6 specialties in 2019.

Digestive Health Services. The OHSU Digestive Health Center is the state's only comprehensive and multidisciplinary center of its type. The Digestive Health Center gastroenterologists and surgeons combine clinical expertise with advanced technology and therapeutics to prevent, detect and treat the esophageal, intestinal, liver, bile duct, pancreatic and nutritional disorders, ranging from gastroesophageal reflux disease ("GERD") and irritable bowel syndrome to obesity, Barrett's esophagus and colorectal cancer.

Eye Services. OHSU's Casey Eye Institute ("Casey") is one of the largest eye care centers on the West Coast and is a major tertiary referral center for ophthalmology in the Pacific Northwest. Casey providers complete approximately 140,000 patient visits annually. Complex imaging, surgery and research contribute to making Casey a premier eye institute ranked in the top 10 percent nationally by *U.S. News and World Report*. Casey offers unique ophthalmologic

services including uveitis and ocular genetics clinics, and laboratories dedicated to ocular pathology, and immunology. While primarily serving Oregonians, Casey's reputation draws referrals internationally and nationally, particularly from a general catchment area spanning seven states.

Neurosciences. The Departments of Neurology and Neurosurgery provide care and treatment for neurological disorders. Neurosurgical programs include surgical neuro-oncology, pituitary tumors, deep brain stimulation (DBS) for movement disorders such as essential tremors and Parkinson disease, medical and surgical management of chronic pain, complex spinal disorders and reconstruction as part of a comprehensive spinal disorders center, neurovascular disease, pediatric and congenital nervous system disorders, hydrocephalus, nervous system trauma, and a high-level accredited epilepsy treatment and surgery center. The Layton Aging & Alzheimer's Disease Center is a leader in dementia care and research and is one of 30 funded centers nationwide supported by the National Institute on Aging. The Multiple Sclerosis Center is the largest clinic of its type in the Northwest. The OHSU Parkinson Center, the largest Parkinson's clinic in the Pacific Northwest, provides expertise and comprehensive care and education to patients, families and professionals, and to promote research into the causes and treatments of Parkinson's disease and other movement disorders. The OHSU Stroke Center provides 24-hour-a-day response to stroke victims in the Portland metropolitan area as well as telemedicine for acute stroke at ten other hospitals throughout the state of Oregon. The Sleep Medicine program provides multidisciplinary care for both adults and children, including in-lab sleep studies. OHSU is also home to the West Coast's only intra-operative MRI unit in a children's hospital (part of a new integrated children's imaging, intervention and sedation unit at Doernbecher Hospital). The volume of pediatric neurosurgical care provided at Doernbecher Hospital is the largest in the region.

Orthopaedics and Rehabilitation Services. OHSU's orthopedic and rehabilitation practice offers complete consultation services, inpatient management and outpatient treatment for adult and pediatric patients. The practice has partnerships with three community-based hospitals, opened up a satellite orthopaedic clinic in the Western Portland, and is increasing the number of physicians trained in the State through expanded residency programs and the establishment of a sports medicine fellowship program. The Orthopedic Department is undertaking many innovative treatments including: cartilage replacement, hip resurfacing and hip arthroscopy, and other minimally invasive procedures.

Telemedicine. The Oregon Health & Science University Telemedicine Network provides immediate patient access to pediatric, neonatal, stroke, and other specialists throughout Oregon twenty-four hours a day, seven days a week. Using secure two-way video and audio communication, OHSU connects pediatric intensivists, neonatologists, and stroke neurologists, to emergency room physicians statewide to help evaluate time-critical patient needs and assist with treatment plans. Last Fall, OHSU launched its direct to consumer virtual visits-urgent care program, connecting patients in Oregon to an Advanced Practice Provider for minor clinical issues (ex. ear infections, sore throats, fever, etc.), all in an effort to reduce unnecessary visits to the emergency room.

Transplantation. OHSU is home to the largest transplant center in the State. OHSU provides kidney, heart, pancreas, and liver transplantation services to Oregonians and In-Network

Patients living outside of our state. There is a robust living kidney donor program that affords patients the opportunity to secure a transplant through donation from a relative, friend or in some cases, an altruistic donor. The program also offers multi-organ transplantation services, which include heart-kidney, liver-kidney, and kidney-pancreas transplants. OHSU's transplantation services have been designated as a Center of Excellence by many insurance carriers across the country through consistently delivering above-standard outcomes through exemplary surgical and medical multi-disciplinary team care models.

Trauma Services. OHSU plays a prominent role in the care of trauma patients throughout the State of Oregon and Southwest Washington as one of only two Level I trauma centers in the region. OHSU's commitment to trauma care is evident through the "in-house" availability of trauma surgeons 24 hours per day and the rapid availability of a multitude of subspecialists, such as orthopaedics, neurosurgery, pediatric surgery, cardiothoracic surgery, plastic surgery, and others. The Trauma Program also provides support to rural trauma centers throughout the state through an extensive outreach program.

Obstetrics, Gynecology, and Women's Health Services. The Department of Obstetrics and Gynecology provides care across the spectrum of women's reproductive health including general obstetrics, general gynecology, maternal-fetal medicine, gynecologic oncology, infertility services, urogynecology, family planning services, and menopause care. The OHSU Center for Women's Health is the only designated National Center of Excellence in Women's Health in the Pacific Northwest, an indication of OHSU's commitment to providing exemplary clinical care, research, community outreach, professional education and leadership at every stage of a woman's life. Additionally, the OHSU fetal diagnostic and treatment center is the only multi-disciplinary comprehensive center of its kind in the Pacific Northwest.

Service Area and Competition

Service Area. OHSU Hospitals' primary service areas are the four-county Portland metropolitan area consisting of Multnomah, Clackamas, and Washington Counties in the State and Clark County in southwest Washington. This area covers approximately 3,655 square miles and had a population of approximately 2.2 million residents in 2014 according to the U.S. Census Bureau, Population Division. OHSU Hospitals' secondary service area includes two additional counties comprising the remainder of the Portland-Vancouver metropolitan area including Yamhill and Columbia Counties in the State. Its tertiary market is the remainder of the State. OHSU Hospitals also provide tertiary care to patients outside of the State, primarily in southwest Washington, northern California, and western Idaho and Alaska.

The following table describes the origin of OHSU Hospitals' patients during the last three fiscal years. When weighted by CMI, 51.5% of OHSU's inpatient activity comes from outside the four-county Portland metropolitan area.

OHSU HOSPITALS
SUMMARY OF PATIENT ORIGIN DISCHARGES [1]
FOR THE FISCAL YEARS ENDED JUNE 30

	2017		2018		2019	
Service Area	**# of discharges**	**% of discharges**	**# of discharges**	**% of discharges**	**# of discharges**	**% of discharges**
Metropolitan Portland [2]	16,291	55%	15,487	53%	15,785	54%
Other State of Oregon	11,796	39%	11,403	39%	11,797	40%
Out of State [3]	1,690	6%	2,340	8%	1,593	6%
Total	**29,777**	**100%**	**29,230**	**100%**	**29,175**	**100%**

Source: OHSU Internal Records.

[1] Excludes Normal Newborns, which are any births that do not result in a NICU stay.

[2] Includes Multnomah, Clackamas, Washington Counties in Oregon and Clark County in Washington.

[3] Primarily southwest Washington, northern California and western Idaho.

Competition. OHSU both competes and collaborates with Legacy Health, Providence Health & Services, and Kaiser Permanente - the three health care systems with a major presence in the Portland metropolitan area, as well as PeaceHealth Southwest Medical Center in Clark County, Washington. As a major provider of primary through tertiary health care, OHSU competes directly for patient care revenue with each of these systems. As the State's only academic health center, OHSU collaborates on a wide variety of clinical, educational, and research ventures. Examples of such collaboration include: air transport, treatment of child abuse, cancer, and end stage renal disease with Legacy Health, air transport with Providence Health & Services and children's care with Kaiser Permanente. Kaiser Permanente contracts with OHSU for certain services, including inpatient pediatric specialty care. OHSU has close affiliations with two other hospitals located in the Portland metropolitan area and Adventist Health.

The market share of OHSU Hospitals and other metropolitan Portland hospitals for each of the last three years is set forth in the following table.

MARKET SHARE
METROPOLITAN PORTLAND HOSPITAL DISCHARGES
(EXCLUDES NORMAL NEWBORNS)
FISCAL YEARS ENDED JUNE 30

	2017		2018		2019	
	Discharges	**Market Share**	**Discharges**	**Market Share**	**Discharges**	**Market Share**
OHSU & Affiliated Health Systems [2]						
OHSU Hospital	29,777	17.7%	29,230	17.8%	29,175	17.9%
Portland Adventist Medical Center	10,242	6.1%	9,278	5.6%	9,325	5.7%
Tuality Community Hospital	4,259	2.5%	4,668	2.8%	4,518	2.8%
Subtotal	**44,278**	**26.3%**	**43,176**	**26.2%**	**43,018**	**26.4%**
Legacy Health						
Legacy Emanuel Hospital	19,038	11.4%	18,108	11.0%	17,740	10.9%
Legacy Good Samaritan Hospital	10,063	6.0%	9,840	6.0%	9,544	5.8%
Legacy Meridian Park Hospital	8,865	5.3%	9,108	5.6%	8,598	5.3%
Legacy Mt. Hood Medical Center	6,372	3.8%	6,074	3.7%	6,070	3.7%
Subtotal	**44,338**	**26.5%**	**43,130**	**26.3%**	**41,952**	**25.7%**
Providence Health & Services						
Providence Portland Medical Center	20,988	12.5%	19,779	12.0%	19,993	12.3%
Providence St. Vincent Medical Center	24,429	14.5%	24,378	14.8%	24,982	15.3%
Providence Willamette Falls Medical Center	4,784	2.8%	4,444	2.7%	4,402	2.7%
Providence Milwaukie Hospital	2,584	1.6%	2,708	1.7%	2,742	1.7%
Subtotal	**52,785**	**31.4%**	**51,309**	**31.2%**	**52,119**	**32.0%**
Kaiser Permanente						
Kaiser Sunnyside	18,238	10.9%	18,217	11.1%	17,859	11.0%
Kaiser Westside	8,290	4.9%	8,508	5.2%	8,071	4.9%
Subtotal	**26,528**	**15.8%**	**26,725**	**16.3%**	**25,930**	**15.9%**
Total [1]	**167,929**	**100.0%**	**164,340**	**100.0%**	**163,019**	**100.0%**

Source: Oregon Association of Hospital and Health Systems (OAHHS).

[1] Market Share data does not take into account discharges at Southwest Washington Medical Center or Legacy Salmon Creek located in Vancouver, Washington.

[2] OHSU affiliated with Tuality Healthcare in FY16 and with Adventist Health in FY18.

The growth of OHSU Hospitals since the fiscal year ended June 30, 2011, compared to other hospitals in the State of Oregon is set forth in the following table.

EIGHT YEAR GROWTH AT OHSU HOSPITALS
COMPARED TO ALL OTHER OREGON HOSPITALS

	Available Beds	Percent Occupancy	Inpatient Discharges	Patient Days	Outpatient Visits	Revenues (millions)
OHSU FY 11	537	80%	28,690	156,581	753,929	$1,075
OHSU FY 19	562	85%	29,174	173,653	1,053,703	$1,886
8 Year Change	**5%**	**5%**	**2%**	**11%**	**40%**	**75%**
All Other Oregon FY 11	5,944	54%	303,741	1,167,182	8,611,492	$7,545
All Other Oregon FY 19	6,124	58%	304,014	1,300,048	10,932,987	$12,057
8 Year Change	**3%**	**4%**	**0%**	**11%**	**27%**	**60%**

Source: Derived by OHSU from OAHHS data.

As of June 30, 2019, OHSU had the highest case mix index as compared to its competitors in the Portland market, indicating the highest level of patient acuity, as shown in the table below:

METROPOLITAN PORTLAND HOSPITAL CASE MIX INDEX
AS OF JUNE 30, 2019

OHSU Hospitals	**2.26**
Legacy Emanuel Medical Center	1.98
Providence St. Vincent Medical Center	1.97
Kaiser Sunnyside Medical Center	1.84
Adventist Medical Center	1.77
Providence Portland Medical Center	1.73
Legacy Good Samaritan Hospital	1.65
Legacy Meridian Park Medical Center	1.61
Providence Willamette Falls Medical Center	1.52
Tuality Healthcare	1.50
Kaiser Westside Medical Center	1.50
Providence Milwaukie Medical Center	1.46
Legacy Mount Hood Medical Center	1.43

Source: Oregon Association of Hospitals and Health Systems (OAHHS)

OUTREACH AND PUBLIC SERVICE PROGRAMS

OHSU provides educational and service programs throughout Oregon. Statewide programs are provided by Area Health Education Centers, the Biomedical Information Communication Center, the Oregon Office of Rural Health, the Office of Science Education Opportunities, the School of Dentistry, the School of Medicine, the School of Nursing, the Poison Center, Physician Consult Service, Oregon Rural Practice-Based Network, the Child Development and Rehabilitation Center, and the Center for Research on Occupational and Environmental Toxicology, among others. OHSU internally coordinates statewide efforts through its Community Partnerships groups, representing most of the OHSU programs having missions and activities away from the OHSU campus.

Sky Lakes Medical Center, located in Klamath Falls, Oregon, and OHSU announced a partnership in April 2016 to launch a $50 million project for a new clinical and education building known as the Sky Lakes Collaborative Center. The building is expected to be completed in late 2019 with opening expected to occur in 2020. The facility will host clinical care, provide training to students in OHSU's Family Practice Residency Program and be the academic center for OHSU's Campus for Rural Health. Another Rural Health site was launched in Coos Bay in October 2015. This is the only program in the country where students train in interdisciplinary teams in rural communities and includes students from all of our programs: medical, dental, nursing, dentistry, pharmacy, and physician assistant.

OHSU AND DOERNBECHER FOUNDATIONS

OHSU has two designated independent nonprofit foundations – the Oregon Health and Science University Foundation (the "OHSU Foundation") and the Doernbecher Children's Hospital Foundation (the "Doernbecher Foundation"), collectively, the Foundations. The Foundations exist to secure private philanthropic support to advance OHSU's vital missions and to invest and manage gifts responsibly to honor donors' wishes.

The OHSU Foundation is an Oregon nonprofit corporation promoting the charitable, scientific, and educational purposes of OHSU. Doernbecher Foundation is an Oregon nonprofit corporation promoting interest in and support for Doernbecher Children's Hospital. Both Foundations are component units of OHSU for financial reporting purposes, but are not part of the OHSU Obligated Group (the "Obligated Group") established pursuant to the Master Indenture, which currently consists solely of OHSU. Both Foundations have self perpetuating boards of directors, on which the OHSU president sits as an ex officio voting member.

In September 2013, Phil and Penny Knight challenged OHSU to raise $500 million in two years, which they would match for a total of $1 billion to revolutionize cancer research. On June 25, 2015 Mr. Knight and OHSU announced that OHSU met the challenge, raising $511 million in 22 months, well in advance of the deadline. Achievement of this historic fundraising challenge demonstrates the strength of this research area at OHSU.

As OHSU's designated foundations, all development activities conducted by the Foundations must be coordinated with OHSU. In accepting gifts, the Foundations must obtain OHSU approval for all endowments and any gifts that result in new programs. In addition, if either

foundation were dissolved or if the OHSU president were to revoke recognition of either foundation as an OHSU designated foundation, the assets of such Foundation would, within the limits of legal and fiduciary rights, be distributed to OHSU, its successor in interest, or to another entity recognized by OHSU as an institution foundation. These interrelated functions and requirements have been further confirmed and implemented in the articles and bylaws of the Foundations. The table below identifies major gifts, which are reported as required under the Council for Advancement and Support of Education (CASE) Reporting Standards and Management Guidelines, which may differ from recognition rules under governmental accounting standards.

Amount	OHSU Major Gifts Description	Fiscal Year
$25 million	OHSU and Doernbecher Children's Hospital gift	2017–18
$14.7 million	SMMART Trials grant	2017–18
$10 million	Doernbecher Children's Hospital Foundation NICU construction gift	2017–18
$15 million	Center for Pancreatic Health gift	2016–17
$15 million	Casey Eye Institute gift	2015–16
$12 million	Gary and Christine Rood Family Pavilion gift	2015–16
$500 million	Knight Cancer Institute gift	2014–15
$100 million	Knight Cancer Institute gift	2014–15
$38.8 million	Vaccine and Gene Therapy Institute, Oregon National Primate Research Center, and Behavioral Neuroscience grant	2014–15
$28.9 million	Knight Cancer Institute and OHSU Parkinson Center gift	2013–14
$25 million	Center for Pancreatic Health gift	2013–14
$10 million	Knight Cancer Institute gift	2013–14
$125 million	Gift to create a Cardiovascular Institute at OHSU	2012–13
$25 million	Bob and Charlee Moore Institute for Nutrition gift	2011–12
$10 million	New School of Dentistry gift	2010–11
$100 million	Knight Cancer Institute gift	2008–09

FINANCIAL INFORMATION

The summary financial information presented below for the fiscal years ended June 30, 2017, 2018 and 2019 has been derived by OHSU management from OHSU's audited financial statements. The summary financial information should be read in conjunction with the financial statements for the fiscal year ended June 30, 2019 and 2018, and related notes contained in APPENDIX B hereto. The audited financial statements and related notes for the fiscal year ended June 30, 2017 are not included in this Official Statement. The unaudited financial information for the three-month periods ended September 30, 2018 and 2019 is derived from OHSU's internal data and reflects, in the opinion of OHSU management, all adjustments (including normal recurring adjustments) necessary to present fairly the results for such periods, except for the matter described in the following paragraph with respect to the Foundations. The unaudited financial information for the three-month periods ended September 30, 2018 and 2019 are reported on a modified method, with a few key differences from the GAAP financial statements. See "MANAGEMENT'S DISCUSSION OF RECENT FINANCIAL PERFORMANCE—Critical Accounting Policies" for additional information. The results for the three-month period ended

September 30, 2019, are not necessarily indicative of the results that may be expected for the full fiscal year ended June 30, 2020.

OHSU's financial statements and the summary financial information presented below include the results of operations of the Foundations. For the three-month periods ending September 30, 2018 and 2019, OHSU includes the OHSU Foundation and the Doernbecher Foundation (the "Foundations") on an equity basis, which represents the most significant difference from U.S. generally accepted accounting principles ("GAAP"). In the audited statements for the full fiscal years ended June 30, 2019 and 2018, OHSU includes the Foundations on a fully consolidated basis in accordance with GAAP. The results of operations of OHSU Insurance Company ("INSCO"), a captive insurance company operated by OHSU, and the University Medical Group ("UMG"), a billing and reporting entity operated to provide services to the Faculty Practice Plan within the School of Medicine, are also consolidated in OHSU's financial statements both for interim reporting and the audited statements. NONE OF THE FOUNDATIONS, INSCO OR UMG ARE MEMBERS OF THE OBLIGATED GROUP.

Additional financial information concerning the Foundations and INSCO for the fiscal year ended June 30, 2019 and 2018 is found in the unaudited supplementary information of the OHSU audited financial statements contained in APPENDIX B.

Statements of Revenues, Expenses and Changes in Net Position

The table on the following page is the Statements of Revenues, Expenses and Changes in Net Position of OHSU for the fiscal years ended June 30, 2017, 2018 and 2019, followed by the Statements of Revenues, Expenses and Changes in Net Position for the three-month periods ended September 30, 2018 and 2019.

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STATEMENTS OF REVENUES,
EXPENSES AND CHANGES IN NET POSITION
FOR FISCAL YEARS ENDING JUNE 30, 2017, 2018 AND 2019
(DOLLARS IN THOUSANDS)

	Fiscal Years Ended June 30, (audited)		
	2017	**2018**	**2019**
Operating revenues:			
Patient service revenue, net of bad debt adjustments	$2,097,255	$2,210,653	$2,350,926
Student tuition and fees, net	69,706	73,975	78,332
Gifts, grants, and contracts	554,829	613,352	611,080
Other revenue	126,984	152,078	137,780
Total operating revenues	$2,848,774	$3,050,058	$3,178,118
Operating expenses:			
Salaries, wages, and benefits	1,623,266	1,732,915	1,859,136
Defined benefit pension	85,277	76,587	72,043
Services, supplies, and other	915,879	950,843	983,489
Depreciation and amortization	146,596	151,095	186,720
Interest	29,202	28,537	31,300
Total operating expenses	$2,800,220	$2,939,977	$3,132,688
Operating income	$48,554	$110,081	$45,430
Nonoperating revenues (expenses), net:			
Investment income and gain in fair value of investments	111,940	90,823	141,110
State appropriations	35,560	37,026	37,276
Other	257	1,720	(3,989)
Total nonoperating revenues (expenses), net	$147,757	$129,569	$174,397
Net income before contributions for capital and other	$196,311	$239,650	$219,827
Other changes in net position:			
Contributions for capital and other	9,586	3,053	7,593
Nonexpendable donations	15,145	16,981	24,488
Total other changes in net position	$24,731	$20,034	$32,081
Total increase in net position	$221,042	$259,684	$251,908
Net position – beginning of year [(1)]	$2,890,539	$3,111,581	$3,367,291
Adjustment due to implementation of GASB Statement No. 75		(3,974)	
Net position – end of year	$3,111,581	$3,367,291	$3,619,199

[(1)] Beginning year net position for year ended June 30, 2018 has been adjusted by ($3,974) to reflect the impact of implementing GASB 75 - Accounting and Financial Reporting for Postemployment Benefits Other than Pensions.

The table on the following page is the Statements of Revenues, Expenses and Changes in Net Position of OHSU for the three-month periods ended September 30, 2018 and 2019. In quarterly financial reporting, OHSU includes the OHSU Foundation and the Doernbecher Foundation using the equity method, listed as "Change in interest in the Foundations" in the Other Changes in Net Position section of the Statement of Revenue, Expenses and Changes in Net Position and as "Interest in the Foundations" on the Statements of Financial Position, which represents a difference from GAAP. In addition, State appropriations are shown within operating revenues. See "MANAGEMENT'S DISCUSSION OF RECENT FINANCIAL PERFORMANCE—Critical Accounting Policies" for additional information concerning financial reporting differences between the audited consolidated financial statements and the interim financial statements set forth below.

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
(DOLLARS IN THOUSANDS)

	Three-Month Periods Ended September 30, (unaudited)	
	2018	**2019**
Operating revenues		
Patient service revenue, net of bad debt adjustments	$567,598	$622,298
Student tuition and fees, net	17,324	18,052
State appropriations	9,319	9,896
Gifts, grants, and contracts	141,296	159,735
Other revenue	46,229	52,495
Total operating revenues	$781,766	$862,476
Operating expenses:		
Salaries, wages, and benefits	454,450	500,201
Defined benefit pension[2]	-	-
Services, supplies, and other	233,474	280,218
Depreciation and amortization	40,256	43,896
Interest	7,019	8,681
Total operating expenses	$735,199	$832,996
Operating income	$46,567	$29,480
Nonoperating revenues (expenses), net:		
Investment income and loss in fair value of investments	12,540	13,890
Other	(104)	172
Total nonoperating revenues (expenses), net	$12,436	$14,062
Net income before contributions for capital and other	$59,003	$43,542
Other changes in net position:		
Contributions for capital and other	13,751	3,346
Change in interest in the Foundations	(3,196)	(16,820)
Total other changes in net position	$10,555	($13,474)
Total increase in net position	$69,558	$30,068
Net position - beginning of year (adjusted)[1]	$3,367,291	$3,619,199
Net position - end of period	$3,436,849	$3,649,267

[1] 2018 beginning net position was reduced by $3,974 for the impact of implementing GASB 75 – Accounting and Financial Reporting for Postemployment Benefits Other than Pensions.

[2] The schedule of pension amounts from PERS has not been published for the fiscal year ended June 30, 2020, and the pension amount for fiscal year ended June 30, 2019, was recorded as a year-end adjustment when the impact was known from PERS.

Sources of Revenues

OHSU's gross revenues are derived from a number of sources, the largest of which are payments for patient care services performed by OHSU's Hospitals and Clinics. Other major revenue sources include government grants and contracts, government appropriations, private gifts, grants, and contracts, tuition and fees, sales and services of educational activities, and endowment distributions.

The following table was prepared by management and provides a summary of total OHSU operating revenue by source for each fiscal year in the three-year period ended June 30, 2019. For purposes of the table below, OHSU includes State Appropriations as a part of Operating Revenues.

OHSU CONSOLIDATED OPERATING REVENUE PERCENTAGES BY MAJOR CATEGORY

	Fiscal Years Ended June 30,		
	2017	**2018**	**2019**
Patient service revenue, net	72.8%	71.6%	73.1%
Student tuition and fees, net	2.4%	2.4%	2.4%
State appropriations	1.2%	1.2%	1.2%
Gifts, grants, and contracts	19.2%	19.9%	19.0%
Other revenue	4.4%	4.9%	4.3%
Total Operating Revenues	100.0%	100.0%	100.0%

Patient Service Revenue. Patient service revenue, which is OHSU's single largest source of revenues, includes payments on behalf of certain patients made to OHSU by the federal government under the Medicare Program, by the State and the Federal government under the Medicaid Program, by managed care payers such as health maintenance organizations ("HMOs"), and by other commercial insurance carriers.

The following is a summary of the gross patient service revenue of all of OHSU's Hospitals and Clinics by payer source for each fiscal year in the three-year period ended June 30, 2019.

PERCENT GROSS PATIENT SERVICE REVENUE BY PAYER

	Fiscal Years Ended June 30,		
	2017	**2018**	**2019**
Medicare	31.2%	32.1%	33.0%
Medicaid	25.2%	25.0%	23.2%
Commercial / Managed Care	41.8%	41.1%	42.0%
Non-sponsored	1.8%	1.8%	1.8%
	100%	100%	100%

Student Tuition and Fees. OHSU received approximately $78.3 million in student tuition and fees in the fiscal year ended June 30, 2019, representing 2.4% of total Operating Revenue for that fiscal year. The majority of student tuition and fees revenue comes from student tuition, with a smaller portion coming from student building, incidental, and health service fees.

State Appropriations. The Legislature makes an appropriation to OHSU on a biennial basis. OHSU received approximately $37.3 million in State Appropriations in the fiscal year ended June 30, 2019, accounting for 1.2% of total Operating Revenue for the fiscal year.

Gifts, Grants, and Contracts. Gifts, grants, and contracts accounted for 19.0% of total Operating Revenue in the fiscal year ended June 30, 2019. The major sources of gifts, grants and contracts include reimbursement for direct and indirect costs related to sponsored grants, contracts for services provided, direct private contributions to OHSU, and funding of research, scientific, and education programs received from the Foundations.

Calculation of Maximum Annual Debt Service Coverage

The following table sets forth OHSU's debt service coverage for the last three fiscal years. There can be no assurance that OHSU will generate income available for debt service in future years comparable to historical performance. The maximum annual debt service coverage ratio for an entity represents the amount of cash flow available to meet the maximum annual interest and principal payment on debt. Under the Master Indenture, the Credit Group must maintain a debt coverage ratio of 1.10 times or greater. OHSU continues to exceed this minimum requirement with ratios of 4.70 in fiscal year 2017, 4.90 in 2018, and 6.65 in 2019.

MAXIMUM ANNUAL DEBT SERVICE COVERAGE RATIO - UNRESTRICTED

(Dollars in thousands)

	Fiscal Years Ended June 30,		
	2017	**2018**	**2019**
Total excess of revenues over expenses	$ 196,311	$ 239,650	$ 219,827
Add/subtract restricted net loss/(gain)	(56,505)	(95,251)	51,905
Unrestricted excess of revenues over expenses	$ 139,806	$ 144,399	$ 271,732
Adjustments:			
Net unrealized (gain) loss in fair value of investments	$ (34,788)	$ (22,856)	$ (58,639)
Loss on disposal of assets	255	296	411
Interest expense [(1)]	28,657	27,319	30,965
Depreciation and amortization	146,596	151,095	186,720
	$ 140,720	$ 155,854	$ 159,457
Income available for debt service	$ 280,526	$ 300,253	$ 431,189
Maximum annual debt service	59,629	61,230	64,879
Maximum annual debt service coverage	4.70	4.90	6.65
Maximum annual debt service coverage (pre-GASB 68)[(2)]	5.61	5.54	7.18

[(1)] Interest expense is decreased by investment income on trust accounts.

[(2)] Calculated with the removal of pension adjustments due to the adoption of GASB 68.

Expendable Financial Resources to Debt Ratio

The following table shows OHSU's expendable financial resources to debt ratio for the last three fiscal years and as calculated at September 30, 2019:

EXPENDABLE FINANCIAL RESOURCES TO DEBT RATIO
(Dollars in Thousands)

	As of June 30,			As of Sept. 30, 2019
	2017	**2018**	**2019**	**(Unaudited)**
Expendable Financial Resources				
Unrestricted net assets [1]	$ 1,039,148	$ 1,143,931	$ 1,388,033	$ 1,446,277
Restricted, expendable	842,794	813,023	717,100	705,527
Expendable financial resources	$ 1,881,942	$ 1,956,954	$ 2,105,133	$ 2,151,804
Debt [2]				
Current portion of long term debt	$ 5,659	$ 23,394	$ 23,971	$ 24,147
Current portion of capital leases	845	866	3,919	3,882
Long-term debt - less current portion	998,731	974,677	949,535	926,754
Long-term capital leases - less current portion	3,454	2,714	1,906	1,762
Total debt	$ 1,008,689	$ 1,001,651	$ 979,331	$ 956,545
Expendable financial resources to debt	1.87	1.95	2.15	2.25

[1] Excludes net investments in capital assets.
[2] Does not include the projected amounts of the Bonds.

Liquidity and Capital Resources

Investment Portfolio. The total investment assets for OHSU and the Foundations was $2,368 million as of June 30, 2019 compared to $2,139 million as of June 30, 2018. The investment assets are managed holistically with aggregate asset class exposures targeted and selected based on the institution's strategic objectives and risk tolerance.

The total investment assets for OHSU slightly increased to approximately $1,282 million as of September 30, 2019. At September 30, 2019, OHSU's fixed income allocation comprised approximately 83% of the overall allocation mostly consisting of money market instruments and assets held in short duration fixed income strategies. Equity exposure, primarily comprised of public equities and strategic investments, represented the remaining 17%. These assets are managed conservatively with the primary purpose to serve as liquidity support.

The Foundations' investment assets increased to approximately $1,141 million at June 30, 2019, from approximately $1,079 million at June 30, 2018. The total cash and investments for the Foundations stood at $1,116 million as of September 30, 2019. At September 30, 2019, the Foundations' fixed income allocation comprised approximately 25% of the overall allocation,

comprised of money market instruments, short duration and core fixed income strategies. Equities represented the remaining 75% of investment assets with the majority held in illiquid private assets (inclusive of private equity, marketable alternatives, natural resources and real estate). The primary purpose of these assets is to provide a long-term funding source in support of OHSU's missions and programs.

Neither of the Foundations is a Member of the Obligated Group, but both are dedicated to the support of OHSU and its programs. OHSU and the Foundations each have adopted investment policies with the stated objectives of preserving principal, generating income, and enhancing value over the long-term with prudent and reasonable risk taking. The cash and investments were invested in the following asset classes at June 30, 2017, 2018 and 2019 and September 30, 2019:

CONSOLIDATED ASSET ALLOCATION OF CASH AND INVESTMENTS
(Dollars in Thousands)

	As of Fiscal Years Ended June 30,			As of Sept. 30, 2019 (Unaudited)	
	2017	2018	2019	2019	%
OHSU[1]					
Cash and Cash Equivalents	$ 54,167	$ 28,984	$ 63,854	$ 63,314	5%
Fixed Income	707,535	824,247	942,157	994,711	78%
Equity	110,892	113,444	119,395	119,148	9%
Private Equity, Marketable Alt. & Other	72,020	92,429	101,931	104,533	8%
Subtotal: OHSU	$ 944,614	$ 1,059,104	$ 1,227,337	$ 1,281,706	100%
OHSU and Doernbecher Foundations:					
Cash and Cash Equivalents	$ 28,940	$ 45,069	$ 49,045	$ 57,164	5%
Fixed Income	299,779	264,259	259,630	225,021	20%
Equity	357,648	323,515	297,110	281,436	25%
Private Equity, Marketable Alt. & Other	319,069	446,617	535,274	552,048	50%
Subtotal: Foundations	$ 1,005,436	$ 1,079,460	$ 1,141,058	$ 1,115,669	100%
Totals[1]	**$1,950,050**	**$2,138,564**	**$2,368,396**	**$2,397,375**	

(1) Excludes cash and investments held in trust.

The ability of OHSU and the Foundations to generate investment income and gains is dependent in large measure on market conditions and the composition of its investment portfolio. The fair value of the investment portfolio, as well as OHSU's and the Foundations' investment income, have fluctuated significantly from time to time and will fluctuate in the future. All net unrealized gains and losses of OHSU and the Foundations are reported in the summary of operations and are included in their net income before contributions for capital and other. OHSU management anticipates that changes in levels of returns on its portfolio and on the Foundations' portfolios are likely to continue to have a significant impact on the net income before contributions for capital and other of OHSU and the Foundations. OHSU and the Foundations continue to carefully review both current and endowment holdings for purposes of liquidity and safety.

Liquidity. The following table presents the days unrestricted cash on hand for OHSU as of June 30, 2017, 2018 and 2019 and as of September 30, 2019.

DAYS UNRESTRICTED CASH AND INVESTMENTS ON HAND

(Dollars in Thousands)

	As of June 30,			As of Sept. 30, 2019
	2017	**2018**	**2019**	**(Unaudited)**
OHSU, excluding Foundations:				
Unrestricted cash and investments	$ 881,840	$ 1,025,102	$ 1,171,106	$ 1,220,294
Less nonoperating cash and investments	(33,508)	(38,909)	(45,297)	(47,348)
Operating cash and investments	$ 848,332	$ 986,193	$ 1,125,809	$ 1,172,946
Unrestricted operating expenses:				
Total operating expenses	$ 2,487,844	$ 2,607,181	$ 2,777,553	$ 748,381
Less depreciation and amortization	(146,473)	(150,986)	(186,621)	(43,896)
Net unrestricted operating expenses	$ 2,341,371	$ 2,456,195	$ 2,590,932	$ 704,485
Daily expense [(1)]	$ 6,415	$ 6,729	$ 7,098	$ 7,657
Days cash on hand [(2)]	132	147	159	153
OHSU plus OHSU and Doernbecher Foundations:				
Unrestricted cash and investments	$ 1,310,436	$ 1,481,753	$ 1,676,621	$ 1,708,242
Less nonoperating cash and investments	(33,508)	(38,909)	(45,297)	(47,348)
Operating cash and investments	$ 1,276,928	$ 1,442,844	$ 1,631,324	$ 1,660,894
Unrestricted operating expenses:				
Total operating expenses	$ 2,511,126	$ 2,630,036	$ 2,797,999	$ 752,361
Less depreciation and amortization	(146,596)	(151,095)	(186,720)	(43,921)
Net unrestricted operating expenses	$ 2,364,530	$ 2,478,941	$ 2,611,279	$ 708,440
Daily expense [(1)]	$ 6,478	$ 6,792	$ 7,154	$ 7,700
Days cash on hand [(3)]	197	212	228	216
Days cash on hand (pre-GASB 68) [(4)]	202	216	231	216

[(1)] Net unrestricted operating expenses divided by the number of days in period.

[(2)] OHSU total unrestricted operating cash and investments divided by daily expenses.

[(3)] Days Cash reflects inclusion of the Foundations.

[(4)] Calculated with the removal of pension adjustments due to the adoption of GASB 68.

Outstanding Indebtedness

OHSU pays the State of Oregon debt service on debt issued prior to July 1, 1995 for which OHSU received proceeds as well as on a jointly owned Robertson Life Sciences Building. In addition, OHSU has issued Revenue Bonds for the purpose of construction and rehabilitation of facilities, the acquisition of equipment, non-capital expenses and the refunding of previous issues. The table below sets forth OHSU's outstanding Revenue Bonds as of September 30, 2019.

(As of September 30, 2019)

Series	Principal Outstanding	Final Maturity July 1,	Interest Mode	Letter of Credit or Bank Placement
1995A	$5,744,496 [3]	2021	Fixed Rate	n/a
2012A	$79,230,000	2028	Fixed Rate	n/a
2012B-3*	$28,520,000	2042	Variable Rate	Letter of Credit
2012C*	$14,575,000	2027	Variable Rate	Letter of Credit
2012E*	$126,365,000	2032	Fixed Rate	n/a
2015A*	$57,050,000	2042	Variable Rate	Bank Placement
2015B*	$78,970,000	2032	Variable Rate	Bank Placement
2015C	$100,000,000	2045	Fixed Rate	n/a
2016A	$50,000,000	2046	Fixed Rate	Bank Placement
2016B	$199,835,000	2046	Fixed Rate	n/a
2017A	$65,460,000	2046	Fixed Rate	n/a
2017B	$50,000,000	2047	Fixed Rate	Bank Placement
Total	$855,749,496			

[1] Excludes long-term debt obligations of OHSU under the DSPA, the Tenancy in Common Agreement for the RLSB, local improvement district agreements, capital equipment loans and other capital leases. See Note 9 in APPENDIX B—"Oregon Health and Science University Financial Statements" for additional information concerning long-term debt, bonds and capital leases.

[2] Does not include projected amounts of the Bonds.

[3] Capital appreciation bonds. Accreted interest value as of September 30, 2019 was $16,326,072.

* See "PLAN OF FINANCE - PLAN OF REFUNDING" in the forepart of this Official Statement.

Hedging Transactions and Debt Management

As part of its efforts to manage interest rate risk, OHSU holds an interest rate swap agreement with Wells Fargo Bank, NA (the "Wells Fargo Swap"). The balances of OHSU's swap as of September 30, 2019 and 2018 were as follows:

OHSU INTEREST RATE SWAP OUTSTANDING
(As of September 30, 2019 and 2018)
(Dollars in Thousands)

	Notional		Fair value	
	As of September 30,		As of September 30,	
	2019	2018	2019	2018
Wells Fargo Swap	$ 70,200	$ 70,200	$ (18,397)	$ (4,611)
	$ 70,200	$ 70,200	$ (18,397)	$ (4,611)

As of September 30, 2019, the Wells Fargo Swap had an outstanding notional amount of $70.2 million. The notional amount of the outstanding swap with Wells Fargo Bank, NA and the principal amounts of the associated debt decline over time and terminate on July 1, 2042. The Series 2012B-3 and Series 2015A bonds are the assigned hedges under the current swap agreement with Wells Fargo Bank, NA. The swap has the option of early termination with a cash settlement. Under the swap agreement with Wells Fargo Bank, NA, OHSU makes fixed rate interest payments of 2.506% and receives a variable rate payment computed as 70.00% of the London Interbank Offered Rate ("LIBOR"). The fair value represents the estimated amount that OHSU would pay or receive if the swap agreement was terminated at year end, taking into account current interest rates and the creditworthiness of the underlying counterparty.

As of September 30, 2019, the approximate fair value of the Wells Fargo Swap was ($18.4) million. The fair value represents the estimated amount that OHSU would pay or receive if the swap agreement was terminated at year end, taking into account current interest rates and the creditworthiness of the underlying counterparty. The swap counterparty may terminate the swap upon the occurrence of certain "termination events" or "events of default." If either the counterparty to the swap or OHSU terminates the swap during a negative value situation, OHSU may be required to make a termination payment to such swap counterparty, and such payment could be material. Under the current Wells Fargo Swap, OHSU may be required from time to time to post investment securities as collateral to secure its obligations under such agreement. As of September 30, 2019, OHSU was not required to post collateral under the Wells Fargo Swap. Depending upon changes in the market value of transactions and credit rating, the collateral amount required to be posted by OHSU could be material.

All or a portion of the Series 2012B-3 and the Series 2015A bonds are expected to be refinanced with a portion of the proceeds of the Bonds. See "PLAN OF FINANCE — Plan of Refunding" in the forepart of the Official Statement.

MANAGEMENT'S DISCUSSION OF RECENT FINANCIAL PERFORMANCE

Critical Accounting Policies

Audited Financial Reporting. The accounting policies of OHSU conform to accounting principles generally accepted in the United States of America. OHSU's financial statements and footnote disclosures are based on all applicable Government Accounting Standards Board ("GASB") pronouncements and interpretations. Basis of accounting refers to the timing of when revenues and expenses are recognized in the accounts and reported in the financial statements. OHSU reports as a proprietary fund within the governmental model. OHSU's financial statements have been prepared using the accrual basis of accounting with the economic resources measurement focus. Under this method of accounting, revenues are recognized when earned and expenses are recorded when liabilities are incurred without regard to receipt or disbursement of cash. The preparation of financial statements, in conformity with GAAP, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates in OHSU's financial statements include patient accounts receivable allowances, third party payor settlements, liabilities related to self-insurance programs, the fair value of investments, and the fair value of interest rate swap agreements. In general, these estimates are based on historical experience and various assumptions that management of OHSU believes to be reasonable under the particular facts and circumstances. Actual results may vary from these estimates.

Unaudited Interim Internal Financial Reporting. Throughout the year, OHSU reports on a modified method, with key elements reported in such a way as to allow leadership better evaluation of the actual operations of OHSU. There are a few key differences from the GAAP financial statements. First, in interim financial reporting, OHSU records state appropriations as a component of operating revenues, rather than as non-operating revenues as required by GASB. This is done because, although the total percentage of funds received from the State of Oregon is less than 2% of total revenues, it is still an amount material to the operations of components of OHSU supported by this funding. Second, reporting for GASB 68, Accounting and Financial Reporting for Pensions, and GASB 75, Postemployment Benefits Other Than Pensions (OPEB), are not reflected in the interim statements as the Oregon Public Employees Retirement System (PERS) has not published the current year calculations; interim statements reflect the current year's cash contributions as pension and OPEB expense. Finally, in the interim financial reporting, OHSU consolidates the OHSU Foundation and the Doernbecher Foundation using the equity method, listed as "Change in interest in the Foundations" in the Other Changes in Net Position section of the Statements of Revenue, Expenses and Changes in Net Position and as "Interest in the Foundations" on the Statements of Net Position. Interim unaudited financial statements follow this basis of reporting and show all funds of OHSU, both unrestricted and restricted. OHSU's year-end audited consolidated financial statements include the Foundations reported on a fully consolidated method, state appropriations as non-operating revenues, pension reporting (GASB 68) and OPEB reporting (GASB 75) as required by GAAP.

Three Months Ended September 30, 2019 Compared to Three Months Ended September 30, 2018

In fiscal year 2020, for the three months ended September 30, 2019, operating revenues increased by $80.7 million or 10.3%, as compared to the same period in 2018. This was driven by a 9.6% increase in patient revenues due to higher volumes in patient activity, a 4.2% increase in student tuition, and a 13.0% increase in gifts, grants and contracts.

Operating expenses for the three months ended September 30, 2019 increased by $97.8 million or 13.3%, as compared to the same period in fiscal year 2018 due to drug and other supply costs, operating costs for new buildings (CHH-2, Rood Pavilion, and the Knight Cancer Research Building) on the South Waterfront and Schnitzer campus, as well as unusually large purchases of capital equipment from grants in the first quarter of 2018. This resulted in a total operating income decrease of $29.5 million, or 36.7% compared to $46.6 million of the same period in 2018.

OHSU's net position remained strong year-to-date due to investment returns, both at OHSU and the Foundations, and has increased OHSU's consolidated net position $30.1 million in the first three months of fiscal year 2020.

Fiscal Year Ended June 30, 2019 Compared to Fiscal Year Ended June 30, 2018

To manage its operations and monitor its financial position, OHSU focuses on two key indicators: the Total University operations component of operating income (before consolidation of the Foundations and reclassification of state appropriations to nonoperating revenues) and the total change in consolidated net position, which includes the Foundations, investment income and other nonoperating items.

The broadest measure of OHSU's financial strength is net position, or assets and deferred outflows, less liabilities and deferred inflows. In fiscal year 2019, net position increased by $252 million or 7.5% from strong operating income and investment returns. This follows an increase in net position of $260 million or 8.4% in 2018, also driven by strong operations and investments, as well as the State grant to the Knight Cancer Challenge.

The recording of large gifts, the State grant to the Knight Cancer Challenge, and accrued expense for pension have caused large swings in OHSU's revenues and expenses over the past several years. Management uses the following analysis of changes in net position to track underlying operating performance on a consistent basis.

On the Consolidating Statements of Revenues, Expenses and Changes in Net Position (Schedule 2) included at the end of the financial statements contained in APPENDIX B, the "Total University" column presents revenues and expenses before consolidation of the Foundations, with gifts recorded when transferred from the Foundations to OHSU for use, rather than when pledged. In addition, State appropriations are included within operating revenues to match the operating expenses for education and operations that the appropriations support. From this column, two other adjustments are made: revenue from the State grant to the Knight Cancer Challenge is removed, and expenses for pension benefits are recorded on a cash basis, rather than an accrual basis, as they were prior to adoption of GASB 68.

Components of OHSU Change in Net Position

(Dollars in thousands)

	2019	2018	Change
Total University operating income less Knight Cancer Challenge funding and accrual adjustments for pension benefits	$ 176,479	$ 137,863	$ 38,616
Knight Cancer Research Building - KCI Funding	22,061	3,999	18,062
State grant to Knight Cancer Challenge	8,332	116,085	(107,753)
Accrual adjustments for pension benefits	(34,336)	(38,938)	4,602
Total university operations	172,536	219,009	(46,473)
Foundations operations	(115,053)	(72,054)	(42,999)
Elimination of Foundations' restricted capital activity	25,223	152	25,071
Reclassification of state appropriations	(37,276)	(37,026)	(250)
Consolidated operating income	45,430	110,081	(64,651)
State appropriations	37,276	37,026	250
Investment and other nonoperating income (expense)	137,121	92,543	44,578
Consolidated net income	219,827	239,650	(19,823)
Capital/nonexpendable contributions and other	32,081	20,034	12,047
Total change in net position	251,908	259,684	(7,776)
Net position – beginning of year	3,367,291	3,111,581	255,710
Adjustment due to implementation of GASB Statement No. 75		(3,974)	3,974
Net position – end of year	$ 3,619,199	$ 3,367,291	$ 251,908

Using the noted management adjustments, Total University operating income was $176 million in fiscal year 2019, an increase of $39 million or 28.0% from $137 million in fiscal year 2018. Excluding the $200 million State grant to the Knight Cancer Challenge and netting the provider tax, total core operating revenues increased by 10.3% in fiscal year 2019 and 7.4% in 2018. These results reflect the consistency of OHSU's underlying operating performance, despite an environment where health care cost containment and industry consolidation, government budget constraints, and high student debt levels all limit the payment rate increases possible for most OHSU revenue streams.

As a result of the OHSU Knight Cancer Challenge initiatives (see "OTHER FINANCIAL INFORMATION — Capital Budget; Facilities Additions" below), fiscal year 2019 operating income reflects both revenues and expenses related to the South Waterfront campus buildings and supporting programs, some of which are one-time activities, others of which are ongoing to the total university operating income. Additionally, operating income reflects the multi-year initiative called Accelerate OHSU that is designed to narrow the gap between payment rate and unit cost inflation; to facilitate volume growth across missions; to moderate variable costs; and to reduce current expense base until new capacity can be brought fully online.

Fiscal Year Ended June 30, 2018 Compared to Fiscal Year Ended June 30, 2017

In fiscal year 2018, net position increased by $260 million or 8.4% from strong operating income and investment returns. This follows an increase in net position of $221 million or 7.6% in 2017 (using adjusted positions), also driven by operations and investments.

Operating income comprised $110 million of fiscal year 2018's increase in net position, up from $49 million in fiscal year 2017, on 7% revenue growth. Higher earnings reflected ongoing focus on OHSU's missions of education, research, health care and outreach, combined with the Knight Cancer Challenge, support from the State of Oregon (the State), and University-wide efforts to control costs.

During fiscal year 2018, the State and OHSU worked closely to secure federal funding through a new intergovernmental transfer (IGT) approach that reduced OHSU's loss on Medicaid and other unique services provided as the State's only public academic health center. The legislature authorized the program within the Oregon Health Authority's 2017-2019 budget, and the Centers for Medicare and Medicaid Services (CMS) gave federal approval prior to implementation on January 1, 2018. This new approach replaces several previous funding mechanisms and ended OHSU's participation in Oregon's provider tax.

Patient service revenue increased 5.4% to $2.2 billion in fiscal year 2018, on higher surgical cases, ambulatory visits and case mix index, a measure of the complexity of inpatient care provided. Patient services revenue net of provider tax, which ended midway through fiscal year 2018, increased by 7.5% in fiscal year 2018.

Revenues to OHSU from grants and contracts, excluding the State grant to the Knight Cancer Challenge, totaled $448 million in fiscal year 2018, including nearly $92 million of indirect cost recovery for facility and administrative costs. This is an increase of 6.1% from fiscal year 2017, driven by consistent growth in federal government, industry and external Foundation grants, an indicator of the success of OHSU's research and other programs.

State appropriations increased 4% in fiscal year 2018, the start of the State's 2017-2019 budget biennium. State appropriations support education in the Schools of Nursing, Dentistry and Medicine, as well as operations of the Child Development and Rehabilitation Center, the Office of Rural Health, and the Poison Center.

Student tuition and fees were $74 million and $70 million in fiscal year 2018 and 2017, respectively. Fiscal year 2018 marks the fifth year of the OHSU Tuition Promise. Under this initiative, students enrolled in eligible clinical degree programs pay a tuition rate that is fixed for the remainder of their studies, as long as they complete the degree within the normal timeframe specified by the program.

Operating expense was been impacted by OHSU's proportionate share of the Oregon Public Employees Retirement System (PERS) defined-benefit pension expense. Defined-benefit pension expense for 2018 and 2017 was $77 million and $85 million, respectively, reflecting several assumption changes made in prior years, including lowering the long term expected rate of return to 7.5%. Fiscal year 2018 operating expense also included integrated clinical operations support for Adventist Health Portland at $5 million, an affiliate since January 1, 2018, and Tuality Healthcare (Tuality) at $7 million, a partner since February 2016.

OTHER FINANCIAL INFORMATION

Retirement Plans

OHSU offers its employees the option of participating in PERS or in the University Pension Plan ("UPP"), a defined contribution plan established by OHSU in 1996.

Description of Defined-Benefit Pension Plan. PERS, a multi-employer retirement plan, is administered by the Public Employees Retirement System Board ("PERS Board") under the guidelines of Oregon Revised Statutes. The retirement pension benefit programs provided through PERS (collectively the "PERS Plans") are comprised of three defined benefit programs, commonly referred to as Tier 1, Tier 2, and the Oregon Public Service Retirement Plan ("OPSRP"). All qualified employees hired subsequent to August 29, 2003, who elect PERS benefits, are enrolled in OPSRP unless they are a previous Tier 1 or Tier 2 member with another PERS employer in which case they may be re-enrolled in their respective Tier 1 or Tier 2 plan.

Contributions. The employer contribution rates for the PERS Plans are calculated by the PERS Board as a percent of actuarially determined, covered payroll, and are based upon the biennial actuarial valuations prepared by the PERS actuary, as of December 31 of odd-numbered years. The rates become effective 18 months later, at the start of the next odd-numbered fiscal year, resulting in an 18-month time lag. Employer contribution rates are subject to future adjustment as a result of subsequent actuarial valuations, changes in benefits and/or changes in methods resulting from legislative modifications, court rulings or changes directed by the PERS Board.

The employer contribution rates for the PERS Tier 1 and Tier 2 were 14.98% from July 1, 2017 to June 30, 2019. The employer contribution rate for the OPSRP was 7.86% (OPSRP Police and Fire 12.63%) from July 1, 2017 to June 30, 2019. Additionally, OHSU has established a "side account" with PERS and made contributions of $10 million to the side account during fiscal years 2019 and 2018. A side account is a lump-sum payment to prepay part of OHSU's pension unfunded actuarial liability ("UAL"); the money is placed in a special account called a "side account" in exchange for reduced rates in future years. This account is attributed solely to OHSU and is held separate from other employer reserves.

Net Pension (Asset)/Liability. OHSU's proportionate share of the net pension (asset)/liability for PERS as of June 30, 2019 and 2018 is $456 million and $424 million, respectively, utilizing a June 30, 2018 and 2017 measurement date, respectively. The net pension (asset)/liability for the June 30, 2016 and 2015 fiscal year end was determined based on the results of the December 31, 2016 and December 31, 2015 actuarial valuation rolled forward to the respective measurement dates, using standard actuarial procedures. OHSU's proportion of the net pension (asset)/liability was based on an actuarial projection of the OHSU long term share of contributions to PERS relative to the projected contributions of all participating members. OHSU's proportionate share was 3.01% as of June 30, 2018 measurement date and 3.15% as of June 30, 2017 measurement date.

Proportionate Share of Pension Expense and Deferrals Related to Pensions. OHSU's pension expense for the years ended June 30, 2019 and 2018 was $72.0 million and $76.6 million,

respectively. The pension expense, considered period interest cost, service cost, amortization of deferred outflows and inflows, and changes in benefit terms, has decreased since the prior year.

For additional information regarding OHSU's retirement plans, please see Note 7 of the 2019 Oregon Health and Science University financial statements contained in APPENDIX B.

Other Retirement Plans

In addition to the PERS defined benefit retirement plan, OHSU has three defined contribution plans – PERS Individual Account Program (the "IAP"), the University Pension Plan (the "UPP"), and the Clinical Retirement Plan (the "CRP").

Effective January 1, 2004, employees participating in PERS (Tier 1, Tier 2, and OPSRP) have had their 6% member contributions placed in the IAP. The IAP is a defined contribution plan and is managed separately from the defined benefit portion of the PERS pension plan.

Effective July 1, 1996, OHSU established the UPP. The UPP is a defined contribution plan, which is available as an alternate to PERS for employees who are not eligible for the CRP. Employees become fully vested in employer contributions over a three to four year period (depending on collective bargaining agreements) or upon reaching age 50. Contribution levels are determined by the collective bargaining agreements for union represented employees and the board of directors of OHSU for noncollective bargaining employees. In fiscal years 2019 and 2018, all employer contributions to the plan were 6% of salary.

For Oregon Nurse Association (ONA) represented employees and noncollective bargaining employees, which includes faculty, research, and unclassified administrative participating in the UPP; OHSU offers a 6% employee contribution, which is employer paid and is fully vested at the time of the contribution.

In January 2016, the 6% employee contributions that OHSU funded for American Federation of State, County and Municipal Employees (AFSCME) represented employees, were eliminated per a Memorandum of Understanding of the July 19, 2015–June 30, 2019 collective bargaining agreement, which states that the Employer will discontinue the 6% employee contribution pickup for eligible employees participating in the UPP.

In July 2016, the 6% employee contributions that OHSU funded for the OHSU Police Association represented employees, were eliminated from the July 1, 2016–June 30, 2019 collective bargaining agreement, which states that the Employer shall continue to make a 6% employee retirement plan contribution for eligible employees participating in the UPP prior to the first full pay period following July 1, 2016, at which time the contribution will be discontinued.

Capital Budget; Facilities Additions

OHSU's strategic planning process guides the creation of its capital budget. This plan establishes a series of financial goals that are necessary for OHSU to achieve its planned growth. The capital needs identified as part of OHSU's capital budget include a number of projects related to OHSU's clinical, education, and research programs, including expansion of existing facilities

and acquisition, construction and equipping of additional facilities, all of which are intended to complement OHSU's varied missions.

During fiscal years ending June 30, 2018 and 2019, total capital expenditures for OHSU were $418 million and $250 million, respectively. The OHSU Board approved capital budget for the year ending June 30, 2020 is $233 million. The 10-year capital plan totals an estimated $2.3 billion with an expected $150 million funded from gifts and grants, $250 million from additional debt and the remainder from cash flow.

In fiscal year 2019, OHSU opened several new buildings on the South Waterfront and Schnitzer campus, including the Knight Cancer Research Building (KCRB) a transformational 320,000 square foot cancer research facility made possible by a commitment of $200 million grant funding from the State opened in August 2018. The state support contributed to the OHSU Knight Cancer Challenge and helps create new health care opportunities for Oregonians across the state, in addition to short and long-term economic benefits for the region.

OHSU also opened two other buildings in early 2019 on the South Waterfront: Center for Health & Healing Building 2 (CHH-2) and the Gary and Christine Rood Family Pavilion. The CHH-2 operates as a high-acuity ambulatory care facility specializing in highly complex outpatient surgery and invasive procedures. It has extended stay capacity where patients can recover up to 48 hours. The building also houses clinical space for the Knight Cancer Institute, including oncology clinics, infusion and clinical trials. CHH-2 allows patients previously filling inpatient beds to be cared for in an advanced outpatient and short-stay setting, with access to leading-edge diagnostic and treatment services.

To the east of CHH-2 is the Gary and Christine Rood Family Pavilion. The Rood Family Pavilion includes a guest house serving both pediatric and adult traveling patients and their families as well as a parking structure, conference center and space for a future urgent care facility.

Under construction currently is a 60,000 square foot expansion to the Casey Eye Institute funded with largely with philanthropy. The new facility will house an expanded pediatric eye clinic, the World Family Macular Degeneration Center, ophthalmic genetics center, and a clinical trials center.

OHSU is preparing designs for a possible expansion of its primary hospital building on Marquam Hill. The project is expected to provide additional medical surgical adult beds; relocate, update and expand NICU, labor & delivery, mother baby and ante partum units; and add parking for patients and family members. The project is expected to include approximately $250 million of new debt, to be issued over the next calendar year.

Actual capital expenditures and the incurrence of indebtedness to finance those expenditures may be modified from the current capital plan, and any changes will depend on a number of factors, including market conditions, the economic condition of the State, the operating performance of OHSU, and the performance of OHSU Foundation's investment portfolio.

OTHER INFORMATION

Insurance

Until July 1, 1995, OHSU's liability insurance needs were provided through the State Department of Administrative Services, Division of Risk Management. Claims were administered and paid through a self-insurance program managed by that division. No excess insurance was provided due to the large self-insurance pool.

On July 1, 1995, OHSU assumed responsibility for its claims and insurance needs. OHSU purchases excess insurance through OHSU Insurance Company, its wholly owned captive insurance vehicle. In addition, the retention is fully funded and managed utilizing OHSU Insurance Company.

For the fiscal year beginning July 1, 2019 OHSU Insurance Company provides medical professional liability up to $4,500,000 per occurrence and general liability coverage up to $3,000,000 with an aggregate limitation of $17,500,000. For employment practice liability and directors and officers liability claims, OHSU's captive funds up to $1,000,000 per claim with no aggregate limitation. The captive then purchases excess liability insurance/reinsurance coverage for general, professional, employment practices, and directors and officers and other lines of coverage through a select group of carriers with a variety of attachment points and aggregate limits. The captive is reinsured up to a limit of $130,000,000.

OHSU has cyber liability coverage, renewed on January 1, 2018, from Beazley with limits of $10,000,000 to cover exposures due to privacy and security liabilities. The $250,000 deductible for the cyber liability coverage is funded through the captive.

OHSU currently has no material general, professional or liability claims or lawsuits pending that are not covered by liability insurance.

In September 2013, a judgment was awarded against OHSU in a professional liability case that was in excess of the Oregon Tort Claims Act ("OTCA") which limits OHSU's and other Oregon public bodies' liability for acts of its employees and agents. OHSU disbursed the sum of $3,000,000, the amount of the tort cap in place on the date of the event. The constitutionality of the OTCA limitations has been challenged in a case before the Oregon Supreme Court. On May 16, 2016, the court affirmed the OTCA limits applicable to OHSU in that case. All case reserves included in the unpaid claims liability are limited to the thresholds established by the current OTCA.

Employees

As of June 30, 2019, OHSU employed a staff of 17,532 (15,144 FTE) individuals, including 16,097 regular employees, 1,143 interns, residents and fellows, and 292 student employees. Approximately 55% of OHSU's employees are represented by labor organizations, including the Oregon Nurses Association, the OHSU Police Association and the American Federation of State, County and Municipal Employees ("AFSCME"). OHSU's contract with the Oregon Nurses Association expires June 30, 2020, OHSU Police Association expires June 30, 2021, and its contract with the American Federation of State, County and Municipal Employees

was recently renegotiated and is scheduled to expire June 30, 2022. OHSU and AFSCME are currently in the process of bargaining a new agreement for Graduate Researchers. The terms and duration of this new agreement are yet to be determined. Collective bargaining agreements are subject to renegotiation from time to time. Renegotiation could result in significant changes to labor costs, work stoppages or other adverse labor actions. OHSU's physicians-in-training (known as house officers) have submitted a petition for union recognition to the Oregon Employment Relations Board. Management of OHSU believes the salary levels and benefits of its employees are competitive.

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APPENDIX B

OREGON HEALTH AND SCIENCE UNIVERSITY FINANCIAL STATEMENTS

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OREGON HEALTH & SCIENCE UNIVERSITY

(A Component Unit of the State of Oregon)

Financial Statements
and Supplementary Information

June 30, 2019 and 2018

(Dollars in thousands)

(With Independent Auditors' Report Thereon)

OREGON HEALTH & SCIENCE UNIVERSITY

(A Component Unit of the State of Oregon)

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Independent Auditors' Report

The Board of Directors
Oregon Health & Science University:

We have audited the accompanying financial statements of the business-type activities and discretely presented component unit of Oregon Health & Science University (OHSU), which comprise the statements of net position as of June 30, 2019 and 2018, and the related statements of revenue, expenses, and changes in net position and cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise OHSU's basic financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We audited the financial statements of the aggregate discretely presented component unit for the years ended June 30, 2019 and 2018. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Oregon Health & Science University, the discretely presented component unit as of June 30, 2019 and 2018 and the respective changes in its financial position and, where applicable its cash flows thereof, for the years then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 3 through 26, the schedule of funding progress for the postemployment healthcare benefit plan on page 102, the proportionate share of the net pension liability, and related ratios on page 102, and the schedule of defined-benefit pension plan contributions on page 102, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information, in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements as a whole. The supplemental information included in schedules 1 and 2 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted accounting principles. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

KPMG LLP

Portland, Oregon
October 25, 2019

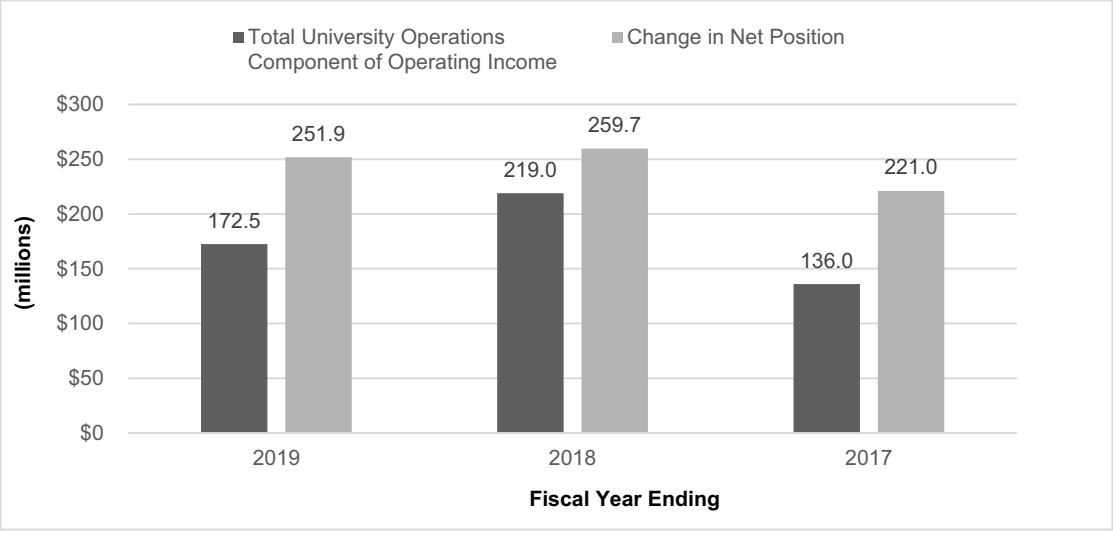
Introduction

Oregon Health & Science University (OHSU or the University) is Oregon's only public health sciences university and major academic health center. It is a national leader in education of health professionals and scientists, advanced biomedical and healthcare research, leading-edge patient care and outreach. As part of its multifaceted public mission, OHSU strives for excellence in education, research and scholarship, clinical practice and community service. Through its dynamic interdisciplinary environment, OHSU stimulates the spirit of inquiry, initiative and collaboration among students, faculty and staff.

The following discussion and analysis provides an overview of the financial activities of OHSU for the year ended June 30, 2019 and should be read in conjunction with the financial statements and related note disclosures. This discussion was prepared by management and is designed to focus on current activities, resulting changes, and current known facts with selective comparative information for the years ended June 30, 2018 and June 30, 2017.

Financial Highlights

To manage its operations and monitor its financial position, OHSU focuses on two key indicators: the Total University operations component of operating income (before consolidation of the Foundations and reclassification of state appropriations to nonoperating revenues) and the total change in consolidated net position, which includes the Foundations, investment income and other nonoperating items.



The broadest measure of OHSU's financial strength is net position, or assets and deferred outflows, less liabilities and deferred inflows. In fiscal year 2019, net position increased by $252 million or 7.5% from strong operating income and investment returns. This follows two preceding years of increase in net position of $260 million or 8.4% in 2018 and $221 million or 7.6% in 2017, also driven by strong operations and investments, as well as the State grant to the Knight Cancer Challenge. Over these three years, OHSU's net position increased by a cumulative 25.2% to $3.62 billion.

The recording of large gifts, the State grant to the Knight Cancer Challenge, and accrued expense for pension have caused large swings in OHSU's revenues and expenses over the past several years. Management uses the following analysis of changes in net position to track underlying operating performance on a consistent basis.

On the Consolidating Statements of Revenues, Expenses and Changes in Net Position (Schedule 2) included at the end of the financial statements, the "Total University" column presents revenues and expenses before consolidation of the Foundations, with gifts recorded when transferred from the Foundations to the University for use, rather than when pledged. In addition, State appropriations are included within operating revenues to match the operating expenses for education and operations that the appropriations support. From this column, two other adjustments are made: revenue from the State grant to the Knight Cancer Challenge is removed, and expenses for pension benefits are recorded on a cash basis, rather than an accrual basis, as they were prior to adoption of GASB 68.

Components of OHSU Change in Net Position

(Dollars in thousands)

	2019	2018	Change
Total University operating income less Knight Cancer Challenge funding and accrual adjustments for pension benefits	$ 176,479	137,863	38,616
Knight Cancer Research Building – KCI Funding	22,061	3,999	18,062
State grant to Knight Cancer Challenge	8,332	116,085	(107,753)
Accrual adjustments for pension benefits	(34,336)	(38,938)	4,602
Total university operations	172,536	219,009	(46,473)
Foundations operations	(115,053)	(72,054)	(42,999)
Elimination of Foundations' restricted capital activity	25,223	152	25,071
Reclassification of state appropriations	(37,276)	(37,026)	(250)
Consolidated operating income	45,430	110,081	(64,651)

(Continued)

Components of OHSU Change in Net Position

(Dollars in thousands)

	2019	2018	Change
State appropriations	$ 37,276	37,026	250
Investment and other nonoperating income (expense)	137,121	92,543	44,578
Consolidated net income	219,827	239,650	(19,823)
Capital/nonexpendable contributions and other	32,081	20,034	12,047
Total change in net position	251,908	259,684	(7,776)
Net position – beginning of year	3,367,291	3,111,581	255,710
Adjustment due to implementation of GASB Statement No. 75	—	(3,974)	3,974
Net position – end of year	$ 3,619,199	3,367,291	251,908

Using the noted management adjustments, Total University operating income was $176 million in fiscal year 2019, an increase of $39 million or 28.0% from $137 million in fiscal year 2018. Excluding the $200 million State grant to the Knight Cancer Challenge and netting the provider tax, total core operating revenues increased by 10.3% in fiscal year 2019 and 7.4% in 2018. These results reflect the consistency of OHSU's underlying operating performance, despite an environment where health care cost containment and industry consolidation, government budget constraints, and high student debt levels all limit the payment rate increases possible for most OHSU revenue streams.

	Fiscal year ending June 30			Variance	
Total University	2019	2018	2017	2019 v 2018	2018 v 2017
Total operating revenues	$ 3,284,778	3,136,131	2,912,907	4.7 %	7.7 %
Less state grant to Knight Cancer Challenge	8,332	116,085	59,037	(92.8)	96.6
Less provider tax	—	49,600	87,766	(100.0)	(43.5)
Total core operating revenues	$ 3,276,446	2,970,446	2,766,104	10.3 %	7.4 %

(Continued)

Results of Operations

The statements of revenues, expenses, and changes in net position present OHSU's results of operations, including the Foundations. In accordance with generally accepted accounting principles for a government entity, revenues and expenses are classified as either operating or nonoperating.

Condensed Statements of Revenues, Expenses, and Changes in Net Position

(Dollars in thousands)

	2019	2018	2017
Patient service revenue, net	$ 2,350,926	2,210,653	2,097,255
Gifts, grants and contracts	611,080	613,352	554,829
All other operating revenues	216,112	226,053	196,690
Total operating revenues	3,178,118	3,050,058	2,848,774
Salaries, wages and benefits	1,859,136	1,732,915	1,623,266
Defined benefit pension	72,043	76,587	85,277
All other operating expenses	1,201,509	1,130,475	1,091,677
Total operating expenses	3,132,688	2,939,977	2,800,220
Operating income	45,430	110,081	48,554
State appropriations	37,276	37,026	35,560
Other nonoperating revenues (expenses)	137,121	92,543	112,197
Other changes in net position	32,081	20,034	24,731
Total increase in net position	$ 251,908	259,684	221,042

In fiscal year 2019, OHSU opened several new buildings on the South Waterfront campus, including the Knight Cancer Research Building (KCRB) a transformational 320,000 square foot cancer research facility made possible by a commitment of $200 million grant funding from the State opened in August 2018. The state support contributed to the OHSU Knight Cancer Challenge and helps create new health care opportunities for Oregonians across the state, in addition to short and long-term economic benefits for the region.

OHSU also opened two other buildings in early 2019 on the South Waterfront: Center for Health & Healing Building 2 (CHH-2) and the Gary and Christine Rood Family Pavilion. The CHH-2 operates as a high-acuity ambulatory care facility specializing in highly complex outpatient surgery and invasive procedures. It has extended stay capacity where patients can recover up to 48 hours. The building also houses clinical space for the Knight Cancer Institute, including oncology clinics, infusion and clinical trials. CHH-2 allows patients previously filling inpatient beds to be cared for in an advanced outpatient and short-stay setting, with access to leading-edge diagnostic and treatment services

To the east of CHH-2 is the Gary and Christine Rood Family Pavilion. The Rood Family Pavilion includes a guest house serving both pediatric and adult traveling patients and their families as well as a parking structure, conference center and space for a future urgent care facility.

(Continued)

As a result of the OHSU Knight Cancer Challenge initiatives, fiscal year 2019 operating income reflects both revenues and expenses related to the South Waterfront campus buildings and supporting programs, some of which are one-time activities, others of which are ongoing to the total university operating income. Additionally, operating income reflects the multi-year initiative called Accelerate OHSU that is designed to narrow the gap between payment rate and unit cost inflation; to facilitate volume growth across missions; to moderate variable costs; and to reduce current expense base until new capacity can be brought fully online.

Revenues Supporting Core Activities

OHSU's operating revenues for the fiscal year end June 30, 2019 totaled $3.18 billion driven by continued growth in net patient service revenue and gifts, grants and contracts. This follows increases in the two preceding fiscal years, with operating revenues of $3.05 billion and $2.85 billion in 2018 and 2017, respectively.

Net patient service revenue increased in fiscal year 2019 by 6.3% (adjusting for a half year of provider tax in fiscal year 2018 the underlying revenue growth was 8.8%) to $2.35 billion, reflecting continued high occupancy in specialty adult medical-surgical beds, higher case mix, and surgical and ambulatory growth. In January of fiscal year 2018, through an intergovernmental transfer approach, the State of Oregon (the State) and OHSU worked closely to secure federal funding to ensure Medicaid patients have access to high-quality specialty care and support activities essential to the quality of health care across the state of Oregon. This new approach replaced other funding mechanisms and ended OHSU's participation in Oregon's provider tax.

	Fiscal year ending June 30			Variance	
	2019	2018	2017	2019 v 2018	2018 v 2017
	(Dollars in thousands)				
Patient service revenue	$ 2,350,926	2,210,653	2,097,255	6.3 %	5.4 %
Provider tax	—	49,600	87,766	(100.0)	(43.5)
Patient service revenue net of provider tax	$ 2,350,926	2,161,053	2,009,489	8.8 %	7.5 %

Grants, gifts and contracts continue to remain strong in fiscal year 2019 at $611 million, compared to $613 million in 2018 and $555 million in 2017, despite the conclusion of revenue recognition associated with the State's $200 million grant supporting the Knight Cancer Challenge research facility. The State supported the Knight Cancer Challenge with a $200 million grant, for research and clinical trial facilities on the South Waterfront campus, first recognized in fiscal year 2016 with the last application in 2019 of $8 million.

The University continues to report consistent growth in federal government and industry grants, an indicator of the success of OHSU's research and other programs, along with steady increases in medical contracts over the last three fiscal years, reflecting partnerships that extend OHSU programs across the region.

Gifts are recorded at the OHSU Foundation and Doernbecher Children's Hospital Foundation (the Foundations) when pledged, and at the University when transferred from the Foundations and applied to program expenditures. The receipt of large gifts pledged in one year, received in cash over time, then spent during subsequent periods, results in significant fluctuation in the gift component of OHSU revenues on a combined basis. Gifts from the Foundations, such as the Knight Cancer Institute gift supporting the KCRB at $22 million in

(Continued)

2019 and $4 million in 2018, continue to provide critical funding to faculty in support of programs and academic initiatives.

	Fiscal year ending June 30		
	2019	2018	2017
	(Dollars in thousands)		
University grants and contracts, direct portion	$ 457,088	356,587	336,206
University grants and contracts, indirect cost recovery	97,974	91,869	86,430
State grant to the Knight Cancer Challenge	8,332	116,085	59,037
Foundation gifts, net of eliminations, transferred to the University	47,686	48,811	73,156
Total gifts, grants and contracts	$ 611,080	613,352	554,829

Student tuition and fees were $78 million and $74 million in fiscal year 2019 and 2018, respectively. Fiscal year 2019 marks the sixth year of the OHSU Tuition Promise. Under this initiative, students enrolled in eligible clinical degree programs pay a tuition rate that is fixed for the remainder of their studies, as long as they complete the degree within the normal timeframe specified by the program.

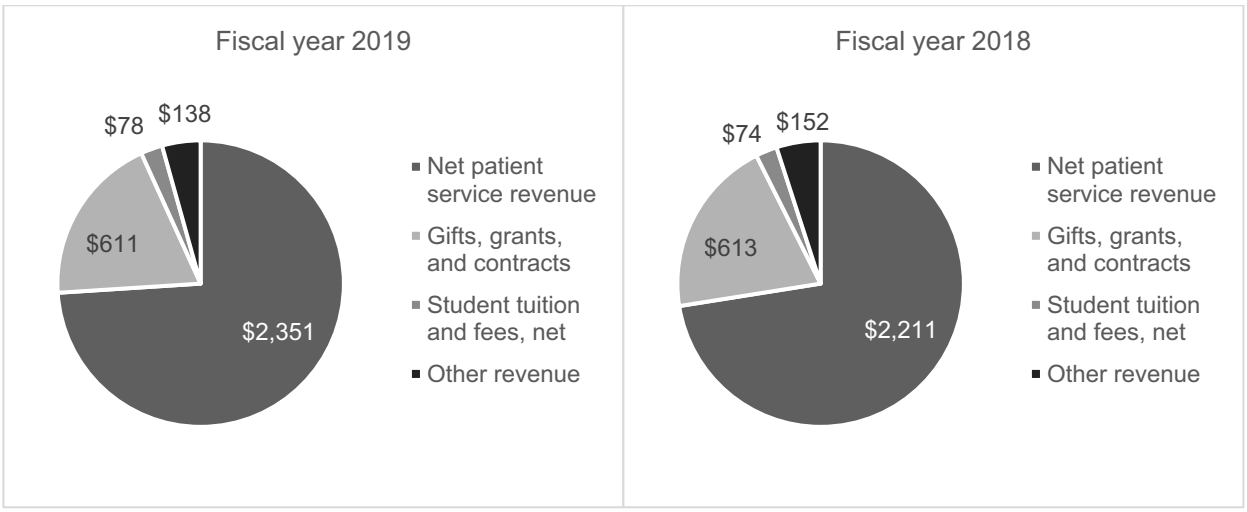
Certain revenues relied upon and budgeted for in operational support of education and service programs of the University are required to be recorded as nonoperating revenues. For management purposes, OHSU measures operating results including state appropriations. State appropriations totaled $37 million in both fiscal year 2019 and 2018. State appropriations support education in the Schools of Nursing, Dentistry and Medicine, as well as operations of the Child Development and Rehabilitation Center, the Office of Rural Health, and the Poison Center.

(Continued)

Investment returns, reflected in other nonoperating revenues (expenses), totaled $141 million in fiscal year 2019 compared to $91 million in fiscal year 2018, largely due to higher market returns.

Operating Revenue by Source
Fiscal years 2019 and 2018 (Total $3.18 billion and $3.05 billion, respectively)

(Dollars in millions)



Expenses Associated with Core Activities

OHSU's total operating expenses on a combined basis increased by $193 million, or 6.6%, in fiscal year 2019, and $140 million, or 5.0%, in fiscal year 2018.

As a result of the OHSU Knight Cancer Challenge initiatives, expenses related to the South Waterfront campus buildings and supporting programs, including salaries, wages, and benefits, services, supplies and other, and depreciation and amortization, increased in the current fiscal year. These were offset by a reduction in OHSU's proportionate share of the Oregon Public Employees Retirement System (PERS) defined-benefit pension expense and provider tax.

Fiscal year 2019 and 2018 operating expense also included integrated clinical operations support for Adventist Health Portland at $5 million and $5 million, respectively, an affiliate since January 1, 2018, and Tuality Healthcare (Tuality) at $8 million and $7 million, respectively, a partner since February 2017.

Salaries, wages, and benefits (excluding the impact of defined-benefit pension expense) comprised approximately 59.3% of total expenses, increased by $126 million, or 7.3%, in 2019 and $110 million, or 6.8%, in 2018, respectively. In the current fiscal year, the increase was due to recruitment for clinical programs and staff in support of CHH-2 ambulatory building with cancer clinical trial space and the Rood Family Pavilion for patient and family housing. This was offset by a slight reduction in the PERS defined benefit pension of $5 million. In fiscal year 2018 salaries and wages were adjusted to reflect market compensation levels for highly productive clinical staff, as well as recruitment for clinical programs that supported the continued growth in patient revenues.

Services, supplies, and other expenses, showed an increase of $82 million, or 9.1%, in 2019, and $73 million, or 8.8%, in 2018 representing the nonlabor costs associated with the targeted program growth noted above and increased direct foundation support, along with approximately $16 million in CHH-2 one time startup costs in fiscal year 2019 and OHSU's participation ending in Oregon's provider tax.

Depreciation and amortization, which represents the reduction in value of capital assets with the passage of time, increased by $36 million, or 23.6%, in 2019, and $4.5 million, or 3.1%, in 2018. In 2019, the increase in depreciation reflects the opening of the new buildings noted previously along with a change in capitalization threshold for capital assets of $17 million.

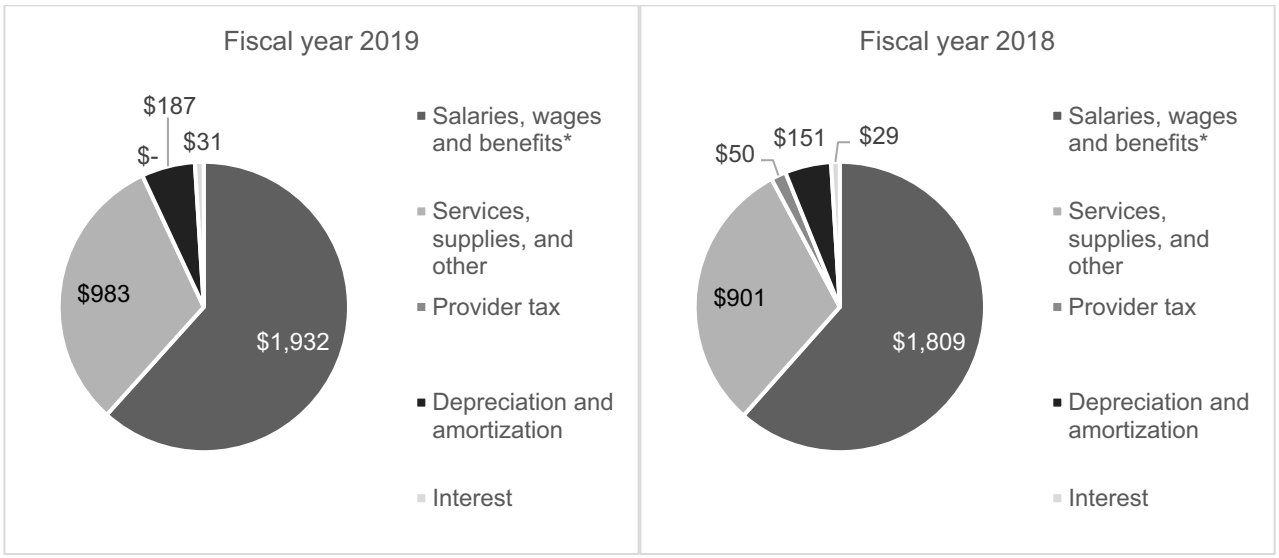
Interest expense increased by $2.8 million, or 9.7%, in fiscal year 2019. The increase in interest expense in 2019 is largely driven by a reduction in capitalized interest. Capitalized interest for 2019 and 2018 was

(Continued)

$6.1 million and $8.7 million, respectively. Capitalized interest decreased as a consequence of decreased capital spending with the completion of CHH-2 in fiscal year 2019.

Operating Expenses
Fiscal years 2019 and 2018 (Total $3.13 billion and $2.94 billion, respectively)

(Dollars in millions)



* Salaries, wages, and benefits figures include OHSU's proportionate share of the Oregon PERS's net pension liability of $72 million and $77 million expensed in fiscal years 2019 and 2018, respectively.

Operating Expenses by Functional Classification

(Dollars in thousands)

		2019	2018	2017
Instruction, research, and public service	$	507,049	471,869	436,645
Clinical activity		1,986,762	1,860,679	1,745,058
Auxiliary activities		7,498	7,470	8,740
Internal service centers		10,327	9,082	12,184
Student services		14,800	13,545	12,459
Academic support		82,662	82,955	84,353
Institutional support		146,093	164,421	159,342
Operations, maintenance, and other		118,943	106,288	104,195
Direct foundation expenditures		37,499	33,635	36,606
Depreciation and amortization		186,719	151,095	146,597
Defined pension benefit, net of contribution		34,336	38,938	54,041
Total operating expenses	$	3,132,688	2,939,977	2,800,220

Financial Position

The statements of net position present the assets and liabilities, deferred inflows of resources and deferred outflows of resources, and net position of OHSU as of a point in time. Net position, the difference between total assets and deferred outflows as compared to total liabilities and deferred inflows, presents the financial position at the end of the fiscal year and is one of the broadest measures of the financial condition of OHSU, while the change in net position is an indication of whether the overall financial condition has improved or worsened during the year.

(Continued)

The following table summarizes OHSU's statements of net position for the past three years by major category of assets, liabilities, deferred inflows and outflows, and net position.

Condensed Statements of Net Position

(Dollars in thousands)

	2019	2018	2017
Assets:			
Current assets	$ 1,125,847	1,155,648	1,209,077
Capital assets	2,072,996	2,009,564	1,742,740
Other noncurrent assets	2,371,988	2,229,923	2,143,462
Total assets	5,570,831	5,395,135	5,095,279
Deferred outflows	205,752	182,548	299,377
Total assets and deferred outflows	$ 5,776,583	5,577,683	5,394,656
Liabilities:			
Current liabilities	$ 460,019	536,439	517,683
Noncurrent liabilities	1,503,847	1,498,180	1,619,739
Total liabilities	1,963,866	2,034,619	2,137,422
Deferred inflows	193,518	175,773	145,653
Net position:			
Net investment in capital assets	1,239,304	1,160,403	997,731
Restricted, expendable	717,100	813,026	842,794
Restricted, nonexpendable	274,762	249,931	231,908
Unrestricted	1,388,033	1,143,931	1,039,148
Total net position	3,619,199	3,367,291	3,111,581
Total liabilities, deferred outflows and net position – end of year	$ 5,776,583	5,577,683	5,394,656

(Continued)

Assets

The largest components of OHSU's assets are cash and investments and capital assets, or physical plant.

Cash and Investments. During fiscal year 2019, OHSU's unrestricted and restricted cash and investments increased from $2.14 billion to $2.37 billion attributable to operating and investment performance and the Foundations activity. Policies set by OHSU and the Foundations dictate how investments are allocated and what risk profiles are assumed. Working capital is primarily invested in short duration, liquid fixed-income assets. Long-term investment strategy, including the investment of endowment funds and the associated spending distribution policy at the OHSU Foundations, is equity oriented, aiming to maximize total return, promote diversification, preserve capital, and provide for cash flow needs of the University.

Consolidated Asset Allocation of
Unrestricted and Restricted Cash and Investments

(Dollars in thousands)

	2019	2018	2017
Unrestricted cash and investments:			
Cash and equivalents	$ 96,419	60,678	82,583
Fixed-income investments	974,916	894,594	764,344
Equity investments	251,643	221,997	268,164
Mutual funds	151,418	138,980	126,396
Other	202,225	165,504	68,950
Subtotal	1,676,621	1,481,753	1,310,437
Restricted cash and investments:			
Cash and equivalents	16,480	13,374	3,712
Fixed-income investments	166,309	138,320	185,551
Equity investments	342,747	353,108	418,256
Mutual funds	—	—	9,181
Other	166,239	152,009	22,913
Subtotal	691,775	656,811	639,613
Totals	$ 2,368,396	2,138,564	1,950,050

(Continued)

The unrestricted portion of cash and investments is represented in the calculation of days cash on hand for OHSU. Days cash on hand increased from 212 days in 2018 to 228 days in 2019, the effect of a 13.1% increase in unrestricted operating cash and investments compared to a 5.3% increase in net unrestricted operating expenses.

Days Unrestricted Cash and Investments on Hand

(Dollars in thousands)

		2019	2018	2017
OHSU:				
Unrestricted cash and investments	$	1,171,106	1,025,102	881,840
Less nonoperating cash and investments		(45,297)	(38,909)	(33,508)
Operating cash and investments	$	1,125,809	986,193	848,332
Unrestricted operating expenses:				
Total operating expenses	$	2,777,553	2,607,181	2,487,844
Less depreciation and amortization		(186,621)	(150,986)	(146,473)
Net unrestricted operating expenses	$	2,590,932	2,456,195	2,341,371
Daily expense	$	7,098	6,729	6,415
Days cash on hand		159	147	132
OHSU plus OHSU and Doernbecher Foundations:				
Unrestricted cash and investments	$	1,676,621	1,481,753	1,310,436
Less nonoperating cash and investments		(45,297)	(38,909)	(33,508)
Operating cash and investments	$	1,631,324	1,442,844	1,276,928
Unrestricted operating expenses:				
Total operating expenses	$	2,797,999	2,630,036	2,511,126
Less depreciation and amortization		(186,720)	(151,095)	(146,596)
Net unrestricted operating expenses	$	2,611,279	2,478,941	2,364,530
Daily expense	$	7,154	6,792	6,478
Days cash on hand		228	212	197

(Continued)

The following table presents the days unrestricted cash on hand for OHSU as of fiscal year ended June 30, 2019, 2018, and 2017, calculated with the removal of pension adjustments due to the adoption of GASB 68.

Days Unrestricted Cash and Investments on Hand Pre-GASB 68 Adjustment

(Dollars in thousands)

		2019	2018	2017
OHSU plus OHSU and Doernbecher Foundations:				
Operating cash and investments	$	1,631,324	1,442,844	1,276,928
Net unrestricted operating expenses	$	2,611,279	2,478,941	2,364,530
Pension adjustment GASB 68		(34,336)	(38,938)	(54,041)
Adjusted net unrestricted operating expenses	$	2,576,943	2,440,003	2,310,489
Daily expense	$	7,060	6,685	6,330
Days cash on hand (pre-GASB 68)		231	216	202

Capital Assets. Capital investments in patient care, research, education and outreach are scaled and paced to available funding from operating earnings and philanthropy. Capital assets, net of accumulated depreciation, increased by $63 million and $267 million, respectively, during fiscal years 2019 and 2018. In 2019 and 2018, capital expenditures included the design, construction and completion of CHH-2, KCRB, and the Gary and Christine Rood family pavilion. Additionally in fiscal year 2019, capital assets increased due to the initial activities associated with the Elks Children's Eye Clinic/Casey Eye Institute expansion and the OHSU Hospital Expansion Project (OHEP) along with annual capital for replacement, infrastructure and new capacities.

Liabilities

Total liabilities decreased by $71 million, or 3.5%, in fiscal year 2019. This follows a decrease of $103 million, or 4.8%, in fiscal year 2018. In fiscal year 2019, the decreases were related to activities in other noncurrent liabilities, compensated absences payable and noncurrent liabilities. In fiscal year 2018, the decreases were primarily due to recognition of unearned revenue associated with the State grant supporting the Knight Cancer Challenge and a reduction of OHSU's proportionate share of the PERS pension liability.

Current liabilities consist primarily of the current portion of long-term debt, including capital leases, and self-funded insurance, accounts payable and accrued expenses, salaries, wages, and benefits payable and unearned revenue. In fiscal year 2019, the reduction in current liabilities is primarily due to a decrease in intergovernmental transfers (IGT) payables to the State of $69 million and $15.8 million of retainage payables related to the new buildings reflected in other current liabilities. Compensated absences payable lowered by $23 million due to the implementation of a new paid time off program implemented in fiscal year 2019. These decreases were offset by accrued salaries, wages, and benefits and accounts payable and accrued expenses.

(Continued)

Noncurrent liabilities increased $6 million in fiscal year 2019 due to an increase in the pension liability offset by long-term debt less current portion.

Debt Management. At the close of fiscal years 2019 and 2018, OHSU had a total of approximately $951 million and $977 million in long-term debt and capital leases outstanding, respectively, excluding current portion.

Due to OHSU's sustained operating performance and increasing net position in 2019 and 2018, credit ratings have remained strong and stable. OHSU has maintained its Standard & Poor's and Fitch ratings of AA-, and Moody's rating of Aa3.

One measure of the degree of leverage on the University's statements of net position is the ratio of total debt to net position, shown below. From fiscal years 2017 to 2019, this metric has decreased (improved) as the newly issued long-term debt related to the new ambulatory care tower was offset by operating results and investment returns.

		2019	2018	2017
			(Dollars in millions)	
Total debt and capital leases	$	979	1,002	1,009
Net position, as adjusted		3,619	3,367	3,112
Total debt and capital leases to net position	$	0.27	0.30	0.32

Maximum Annual Debt Service Coverage. The maximum annual debt service coverage ratio for an entity represents the amount of cash flow available to meet the maximum annual interest and principal payment on debt. Per bond covenants, OHSU's credit group must maintain a debt coverage ratio of 1.10 times or greater. The University continues to exceed this minimum requirement with ratios of 6.65 in fiscal year 2019, 4.90 in 2018, and 4.70 in 2017.

Calculation of Maximum Annual Debt Service Coverage Ratio – Unrestricted

(Dollars in thousands)

		2019	2018	2017
Total excess of revenues over expenses	$	219,827	239,650	196,311
Add/subtract restricted net loss/gain		51,905	(95,251)	(56,505)
Unrestricted excess of revenues over expenses	$	271,732	144,399	139,806

(Continued)

Calculation of Maximum Annual Debt Service Coverage Ratio – Unrestricted

(Dollars in thousands)

		2019	2018	2017
Adjustments:				
Net unrealized (gain) loss in fair value of investments	$	(58,639)	(22,856)	(34,788)
Loss on disposal of assets		411	296	255
Interest expense[(1)]		30,965	27,319	28,657
Depreciation and amortization		186,720	151,095	146,596
Other		—	—	—
	$	159,457	155,854	140,720
Income available for debt service	$	431,189	300,253	280,526
Maximum annual debt service		64,879	61,230	59,629
Maximum annual debt service coverage		6.65	4.90	4.70

[(1)] Interest expense is decreased by investment income on trust accounts.

The following table presents the maximum annual debt service coverage ratio for the last three fiscal years, calculated with the removal of pension adjustments due to the adoption of GASB 68.

Calculation of Maximum Annual Debt Service Coverage Ratio – Unrestricted
Pre-GASB 68 Adjustment

(Dollars in thousands)

		2019	2018	2017
Income available for debt service	$	431,189	300,253	280,526
Pension adjustment GASB 68		34,336	38,938	54,041
Adjusted income available for debt service	$	465,525	339,191	334,567
Maximum annual debt service	$	64,879	61,230	59,629
Maximum annual debt service coverage (pre-GASB 68)		7.18	5.54	5.61

Deferred Inflows and Outflows

Under GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, certain deferred outflows are presented below assets and certain deferred inflows are presented below liabilities.

(Continued)

In fiscal year 2019, the increase in deferred outflows of $23 million and increase of deferred inflows of $18 million were primarily attributed to changes in the defined-benefit pension obligations. In fiscal year 2018, the deferred outflows decreased $117 million and the deferred inflows increased $30 million due to several items of significance, including deferred amortization of derivative instruments, gains and losses on refunding debt, and obligations related to defined-benefit pension activities and the addition of the life income agreements and pending funds.

Within the deferred outflows section of the statements of net position is the deferred amortization of derivative instruments. OHSU currently holds one interest rate swap agreement. Previously, OHSU held two interest rate swap agreements, which were novated during 2016 and reassigned to a new counterparty under different terms. The 2019 and 2018 deferred outflow for the amortization of derivative instruments was $7.3 million and $8.5 million, respectively.

Losses and gains on refunding of debt are amortized over the shorter of the life of the new debt or the remaining life of the old debt. Absent any refunding activity, these numbers will slowly decline. OHSU has both deferred gains and losses. The deferred loss on refunding of debt of $22.3 million in 2019 and $23.8 million in 2018 is reported in the deferred outflows section below assets. The deferred gain on refunding of debt of $1.8 million in 2019 and $2.2 million in 2018 is reported in the deferred inflows section below liabilities. The last refunding transaction occurred in 2016 with the advance refunding of the Series 2009A Revenue Bonds.

With the adoption of GASB 68 in fiscal year 2015, defined-pension obligation activities are now included in deferred inflows and outflows. In fiscal year 2019 and 2018, the deferred outflows related to the Oregon PERS pension obligation were $174 million and $149 million, respectively, primarily representing assumption changes. Contributions made post measurement date are also reflected in deferred outflows. In fiscal year 2019, OHSU's contributions were $48 million, which included an additional $10 million in excess contribution above the contractually required $38 million. In fiscal year 2018, OHSU's contributions made post measurement date were $47 million. Deferred inflows related to pension activities for fiscal years 2019 and 2018 were $69 million and $52 million, respectively, representing an increase in proportionate share.

Net Position

As noted earlier, total net position increased $252 million during fiscal year 2019, as compared to an increase of $260 million during fiscal year 2018.

In fiscal years 2019 and 2018, the increase of net position occurred within net investment in capital assets and unrestricted, with net investment in capital assets up $79 million in 2019 and $163 million in 2018. Unrestricted net position increased $244 million and $105 million in 2019 and 2018, respectively. Restricted net position, which is 27.4% and 31.6% of OHSU's total net position, decreased by $71 million and $12 million, in 2019 and 2018, respectively, primarily driven by programmatic spending on research and academics. In fiscal year 2018, the restricted net position included an adjustment related to irrevocable split-interest agreements with adoption of GASB 81.

When evaluating OHSU's net position, it is important to note that OHSU's Marquam Hill property is leased from the State for renewable 99-year periods, at a lease payment equal to the debt service on bonds outstanding at the time of OHSU's separation from the Oregon University System. As that debt service is relatively low, the

capitalized net present value of those lease payments is significantly less than the fair value of the included land and buildings.

OHSU Missions

The University launched a new strategic planning process in fiscal year 2019 called OHSU 2025, which has identified five major goals.

- Build a diverse, equitable environment where all can thrive and excel
- Be the destination for transformational learning
- Enhance health and health care in every community
- Discover and innovate to advance science and optimize health worldwide
- Partner with communities for a better world

These goals advance OHSU's core missions of healing, teaching and discovery, striving to:

- Educate tomorrow's health professionals, scientists, engineers and managers in top-tier programs that prepare them for a lifetime of learning, leadership and contribution.
- Explore new basic, clinical and applied research frontiers in health and biomedical sciences, environmental and biomedical engineering and information sciences, and translate these discoveries, wherever possible, into applications in the health and commercial sectors.
- Deliver excellence in health care, emphasizing the creation and implementation of new knowledge and cutting-edge technologies.
- Lead and advocate for programs that improve health for all Oregonians, and extend OHSU's education, research and healthcare missions through community service, partnerships and outreach.

The following sections highlight achievements for each of our missions.

OHSU Education

One foundation of OHSU's mission is the education and training of dentists, nurses, physicians, physician assistants, other health professionals, biomedical scientists and engineers, through a broad range of undergraduate and graduate programs that provide healthcare and biomedical workforce for Oregon and beyond. Educational programs are conducted on the OHSU campus in Portland and at various locations throughout the State.

Collaborative programs enable OHSU to offer a joint Doctor of Pharmacy degree through an affiliation with Oregon State University (OSU) as well as a joint Ph.D. degree and a joint Master of Science degree in Medical Physics. In partnership with Oregon Institute of Technology (OIT), OHSU offers a joint B.S. degree in Medical Laboratory Science, a joint B.S. degree in Emergency Medical Services Management and a joint Associate of Applied Science degree in Emergency Medical Technology–Paramedic. OHSU also offers a joint Master of Business Administration in Health Care Management with Portland State University (PSU) and has also established a joint School of Public Health with PSU comprised of several undergraduate and graduate joint

programs including Bachelor degrees, Graduate Certificates, Master of Science, Master of Public Health and Ph.D. programs.

As of the fall 2018 term, OHSU had 2,999 students enrolled in its various programs (excluding students enrolled in the joint degree programs with OSU and OIT as well as the School of Public Health joint degree students registered by PSU). The following table sets forth the number of students enrolled in OHSU's programs for each of the past three academic years.

Fall Headcount Enrollment [(a)]
For Programs in the Years Indicated

	2018/2019	2017/2018	2016/2017
School of Dentistry:			
Graduate	27	27	27
Professional	296	290	294
Subtotal	323	317	321
School of Medicine:			
Undergraduate	18	14	13
Graduate	812	773	827
Professional	603	592	578
Subtotal	1,433	1,379	1,418
School of Nursing:			
Undergraduate	764	762	764
Graduate	222	214	217
Professional	44	40	41
Subtotal	1,030	1,016	1,022
School of Public Health:			
Graduate	213	183	138
Total	2,999	2,895	2,899

(a) This table excludes interns, residents and trainees. This table also excludes students enrolled in the joint Pharm.D. degree program with OSU, the joint undergraduate programs with OIT and the School of Public Health joint degree students registered by PSU.

(b) Public Health enrollment under the Schools of Medicine and Nursing were transferred to the School of Public Health.

(Continued)

OHSU Research

OHSU is a national leader in neuroscience; cancer research; hearing; microbiology; ophthalmology; infectious disease and immunology; reproductive biology; atomic, molecular, cellular, and tissue imaging; and evidence-based medicine. In 2019, OHSU research projects received 70% of the grants made by the National Institutes of Health (NIH) in the state of Oregon, with the next largest recipient receiving 12% of the grants. OHSU was ranked 25th out of the 2,532 entities that received funding from the NIH in 2019. Faculty members include five members of the National Academy of Sciences and six members of the National Academy of Medicine. Researchers at OHSU have developed many of the leading advances in medicine, including the first artificial heart valve, pioneering use of optical coherence tomography, the first percutaneous angioplasty procedure, and the first molecularly targeted cancer therapy (Gleevec®).

OHSU's many institutes are nationally and internationally recognized, including the Knight Cancer Institute, the only National Cancer Institute designated Comprehensive Cancer Center in Oregon, the Vollum Institute, privately endowed and dedicated to basic science research that has led to new treatments for neurological and psychiatric diseases, the Casey Eye Institute, a world-recognized academic regional eye center that attracts top specialists from around the globe, the Vaccine and Gene Therapy Institute, which focuses on serious viral disease threats and programs intended to span the continuum between basic and clinical science, where discoveries are rapidly advanced from the level of molecular and cellular biology through animal models and ultimately into clinical testing, and the Oregon Non-Human Primate Research Center, one of the seven National Primate Research Centers supported by the National Institutes of Health. Their world-class translational research programs focus on current, developing and projected high-priority human medical needs that are projected to increase in importance over the coming decades.

OHSU actively pursues private and public partnerships on important and innovative research projects to supplement federal funding, with corporate partners such Thermo Fisher Scientific's Analytical Instrumentals Segment, a leading electronic microscopy company, and other major information technology and life sciences companies, and with academic partners such as PSU, OSU, University of Oregon, Pacific Northwest National Laboratory and Lawrence Berkeley National Laboratory.

In May 2018, OHSU was awarded a $42 million, 6-year grant to establish the Pacific Northwest Center for Cryo-EM. This state-of-the-art electron microscopy user facility is operated jointly by OHSU and Pacific Northwest National Laboratory, and will allow researchers from a diverse range of backgrounds to tackle the most challenging scientific problems and train the next generation of cryo-electron microscopy (cryo-EM) specialists and users. With the purchase of four revolutionary microscopes to be located in the Robertson Life Sciences Building, cryo-EM researchers can visualize biological molecules at an atomic scale, leading to advances in diseases such as Parkinson's, Alzheimer's, and cancer.

OHSU Healthcare

OHSU is home to Oregon's only major academic health center, which serves a multistate area with tertiary health care services from its campus in Portland, Oregon, where it operates two hospitals, OHSU Hospital and OHSU Doernbecher Children's Hospital (Doernbecher Hospital and, collectively with OHSU Hospital, the OHSU Hospitals), with 576 licensed beds. During 2019, the OHSU Hospitals represented 8.4% of the available beds and 11.8% of the filled beds for the entire State. The OHSU Hospitals had an 85% occupancy rate for available beds in 2019, compared to the Oregon statewide average of 60% according to the Oregon Association of Hospitals and Health Systems' Oregon DataBank. As an academic health center, OHSU's professional staff is composed primarily of the faculty of OHSU's School of Medicine. The OHSU Practice Plan (OPP) is the largest organized clinical practice in Oregon. As of June 30, 2019, there were over 1,879 active faculty practice plan members, including physicians, nurse practitioners, physician assistants and other licensed independent practitioners from across all medical specialties.

OHSU Patient Activity	Fiscal year ending June 30			Variance	
	2019	2018	2017	2019 v 2018	2018 v 2017
	(Dollars in thousands)				
Inpatient admissions	29,174	29,213	29,747	(0.1)%	(1.8)%
Average length of stay	6.12	5.94	5.92	3.0	0.3
Average daily census	476	464	470	2.6	(1.3)
Day/observation patients	42,320	40,378	37,552	4.8 %	7.5 %
Emergency visits	47,856	48,461	47,193	(1.2)	2.7
Ambulatory visits	987,024	955,857	893,999	3.3	6.9
Surgical cases	37,080	35,560	33,892	4.3	4.9
Case mix index	2.26	2.18	2.09	3.7 %	4.3 %
Outpatient share of activity	52.3 %	51.5 %	49.5 %	1.6	4.0
CMI/OP adjusted admissions	137,995	131,210	122,967	5.2	6.7

In addition to its tertiary care focus in Portland, OHSU is working with other health care providers noted below to leverage expertise and resources throughout Oregon.

Adventist Health. Adventist Health Portland and OHSU finalized an agreement to integrate their clinical activities and services in the Portland metropolitan area through an affiliation effective January 1, 2018. This agreement makes OHSU and Adventist Health Portland part of the same Portland metropolitan health system, bringing together Adventist's health care enterprise that includes a 302-bed medical center, 34 medical clinics and home care and hospice services in the Portland-Vancouver metro area. Under this affiliation, OHSU and Adventist Health will share a bottom line and operate as a unified system. The agreement does not include OHSU's research and education missions. The other nineteen Adventist Health hospitals in the western United States are also excluded from the agreement. Each organization will retain its existing hospital licenses, capital assets and employees. Each entity will continue to maintain its own mission and culture but together will seek to transform access and the delivery of health to Oregonians through a unified clinical enterprise and shared brand experience.

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Tuality Healthcare. On February 1, 2016, OHSU affiliated with Tuality through the execution of a management agreement (the Tuality Agreement) between the organizations. Tuality owns and operates Tuality Community Hospital, a 215-licensed-bed acute care hospital located in Hillsboro, Oregon. Under the Tuality Agreement, OHSU agrees to oversee the unified and integrated clinical enterprises of OHSU and Tuality as a single, integrated economic unit. OHSU and Tuality remain as separate entities, own their own assets and continue to be the licensed operators of their own facilities. Under the Tuality Agreement, OHSU agrees to be responsible for Tuality's operating income and loss, including making cash payments to Tuality in an amount equal to any Tuality operating loss, in the manner specified in the Tuality Agreement. Tuality is a component unit of OHSU as OHSU approves Tuality's annual operating budget. Since Tuality has a separate board of directors and they do not provide services exclusively to OHSU, they are presented as a discretely presented component unit of OHSU.

Mid-Columbia Medical Center. In August 2014, Mid-Columbia Medical Center (MCMC) and OHSU signed a 10-year mutual cooperation agreement. MCMC is a 49-bed general medical and surgical hospital in The Dalles, Oregon, approximately 85 miles east of Portland. The collaboration supports the continued and enhanced availability and local provision of primary care and specialty services at MCMC and in the MCMC service area recruitment. As part of the collaboration, OHSU supports the management and delivery of outpatient services at MCMC, and MCMC added an eighth position to its board of directors, selected by OHSU. In addition, MCMC converted to the EPIC electronic health records system, as used by OHSU.

Columbia Memorial Hospital. OHSU and Columbia Memorial Hospital (CMH) in Astoria, Oregon, have collaborated on programs, including cardiology and cancer, offering chemotherapy, imaging, pharmacy, and other services for individuals on the North Oregon Coast. OHSU and CMH jointly organize and operate an Oncology Collaboration, including a 18,000-square-foot comprehensive cancer treatment center and specialty clinic, with radiation therapy. CMH owns and operates the cancer treatment center, opened in October 2017, under its license while OHSU has provided the professional services and medical direction through OHSU-employed physicians.

OHSU and Doernbecher Foundations

OHSU has two designated independent nonprofit foundations – the Oregon Health and Science University Foundation (the OHSU Foundation) and the Doernbecher Children's Hospital Foundation (the Doernbecher Foundation), collectively, the Foundations. The Foundations exist to secure private philanthropic support to advance OHSU's vital missions and to invest and manage gifts responsibly to honor donors' wishes.

The OHSU Foundation is an Oregon nonprofit corporation promoting the charitable, scientific, and educational purposes of OHSU. Doernbecher Foundation is an Oregon nonprofit corporation promoting interest in and support for Doernbecher Children's Hospital. Both Foundations are component units of OHSU for financial reporting purposes, but are not part of the OHSU Obligated Group established pursuant to the Master Indenture, which currently consists solely of OHSU. Both Foundations have self-perpetuating boards of directors, on which the OHSU president sits as an ex officio voting member.

(Continued)

As OHSU's designated foundations, all development activities conducted by the Foundations must be coordinated with OHSU. In accepting gifts, the Foundations must obtain OHSU approval for all endowments and any gifts that result in new programs. In addition, if either foundation were dissolved or if the OHSU president were to revoke recognition of either foundation as an OHSU-designated foundation, the assets of such Foundation would, within the limits of legal and fiduciary rights, be distributed to OHSU, its successor in interest, or to another entity recognized by OHSU as an institution foundation. These interrelated functions and requirements have been further confirmed and implemented in the articles and bylaws of the Foundations. The table below identifies major gifts, which are reported as required under the Council for Advancement and Support of Education (CASE) Reporting Standards and Management Guidelines, which may differ from recognition rules under governmental accounting standards.

Amount	OHSU major gifts description	Fiscal year
$25 million	OHSU and Doernbecher Children's Hospital gift	2017–18
$14.7 million	SMMART Trials grant	2017–18
$10 million	Doernbecher Children's Hospital Foundation NICU construction gift	2017–18
$15 million	Center for Pancreatic Health gift	2016–17
$15 million	Casey Eye Institute gift	2015–16
$12 million	Gary and Christine Rood Family Pavilion gift	2015–16
$500 million	Knight Cancer Institute gift	2014–15
$100 million	Knight Cancer Institute gift	2014–15
$38.8 million	Vaccine and Gene Therapy Institute, Oregon National Primate Research Center, and Behavioral Neuroscience grant	2014–15
$28.9 million	Knight Cancer Institute and OHSU Parkinson Center gift	2013–14
$25 million	Center for Pancreatic Health gift	2013–14
$10 million	Knight Cancer Institute gift	2013–14
$125 million	Gift to create a Cardiovascular Institute at OHSU	2012–13
$25 million	Bob and Charlee Moore Institute for Nutrition gift	2011–12
$10 million	New School of Dentistry gift	2010–11
$100 million	Knight Cancer Institute gift	2008–09

Economic Outlook

As the U.S. economy enters the eleventh year of recovery from the 2008 financial crisis and ensuing recession, the US and Oregon economies have exhibited continued economic growth accompanied with robust labor markets. The Oregon unemployment rate continued to maintain historically low levels during the fiscal year, remaining unchanged from 4.0% in June 2018 to 4.0% as of June 2019. Nationally, the unemployment rate decreased from 3.9% in June 2018 to 3.7% in June 2019. Economic growth has modestly accelerated above the post-recession trend of approximately 2% annually, with real GDP growing 2.3% year over year from March 2018 to March 2019.

(Continued)

For much of the past decade post financial crisis, interest rates in the U.S. and much of the developed world remained at historically low levels, with periodic temporary increases followed by subsequent reversion. This trend continued during the first half of the fiscal year. During the second half of the year however concerns over trade and the health of the aggregate global economy mounted. For the full fiscal year, the bull market in equities continued with the Russell 3000 Index, a broad-based measure of US Equity performance posting a 8.8% return. The fixed income markets also performed well with the Barclays Aggregate posting a 9.5% return, with May and June 2019 in particular contributing to the strong absolute returns as concerns over trade and geopolitics subsumed market attention and drove safe haven asset returns.

The healthcare regulatory environment continues to exhibit policy uncertainty, especially at the federal level. Although legislative efforts to modify or repeal the Affordable Care Act (ACA) appear to have subsided, executive actions continue to be considered and taken which have the potential to materially affect the functioning of the law going forward.

Since inception, Oregon and OHSU have leaned into the ACA, to significant effect on both. Approximately 500,000 Oregonians have gained health insurance coverage through the Oregon Health Plan (Medicaid expansion) or the new individual insurance market, with 95% of adults and 98% of children now covered. This has substantially reduced OHSU's share of patient activity without any insurance coverage, from approximately 5% to 1%.

The economic trends described above are major inputs to OHSU's financial and strategic planning. In response, the University continues to build a diverse and equitable environment for all its members, refine its partnership strategy to maintain access for Oregonians to their public academic health center, to accelerate the development and application of new knowledge, and to educate health professionals and scientists across disciplines to improve health and well-being. Results over the past several fiscal years show that OHSU's financial position remains strong, with net position increasing 25.2% over the last three fiscal years, from $2.89 billion in June 2016 to $3.62 billion in June 2019, driven by strong operating performance, public support, philanthropy and investment returns.

OHSU's financial strength is further recognized by its credit ratings, Aa3/AA-/AA- with stable outlooks, confirmed during the past fiscal year with Moody's, S&P and Fitch, respectively. The University's disciplined budget process and long range financial planning are designed to maintain this trajectory, while continuing to invest in faculty, programs, technology and facilities consistent with a nationally ranked health sciences university. On this path, OHSU has continued to receive unwavering public and philanthropic support, as evidenced by the Knight Cancer Challenge, the OHSU Onward campaign to raise a second billion dollars, success in federal and nonfederal research awards, and continued support from the State of Oregon through biennial appropriations, capital support and Medicaid funding.

(1) Organization and Summary of Significant Accounting Policies

(a) Organization

As the only health sciences university and major academic health center in the state of Oregon (the State), Oregon Health & Science University (OHSU or the University) is dedicated to the education and training of healthcare professionals, research, patient care, outreach, and public service. In addition to the School of Medicine, School of Nursing, School of Dentistry, the joint College of Pharmacy with Oregon State University, and the joint School of Public Health with Portland State University, OHSU comprises several other academic and research units, including the Vollum Institute, the Vaccine and Gene Therapy Institute, Oregon National Primate Research Center, OHSU Brain Institute, Oregon Institute of Occupational Health Science, Oregon Clinical and Translational Research Institute, and the Pacific Northwest Center for Cryo-EM. OHSU also comprises several clinical units, including OHSU Hospital (the Hospital), the OHSU Practice Plan (OPP), and the Institute on Development and Disability (IDD). Doernbecher Children's Hospital is a unit of the Hospital serving pediatric patients. The Knight Cancer Institute is the only National Cancer Institute designated cancer center in the State, and the Knight Cardiovascular Institute provides the State's most comprehensive clinical and research heart program. In addition, OHSU operates a captive insurance company domiciled in Arizona for self-insurance purposes, OHSU Insurance Company (INSCO), which is blended in the accompanying financial statements.

Pursuant to an act of the Oregon Legislature (the Act), on July 1, 1995, OHSU was restructured from one of seven component units of the Oregon University System (OUS) to an independent public corporation. OHSU remains a component unit of the State.

The majority of the real property that constitutes OHSU's main campus on Marquam Hill (and certain off-campus properties) in Portland is owned by the State. Pursuant to the Act, the State retained title of such real property and OHSU was granted exclusive care, custody, and control of such real property. To evidence this condition, the State and OHSU entered into a 99-year lease, dated July 1, 1995 (the State Lease), under which the State leased to OHSU all of the State's leasable interest in such real property. Under the terms of the State Lease, the State may terminate the State Lease if, prior to such termination, the State causes the defeasance or discharge of all then-outstanding obligations of OHSU that were issued to finance improvements on the property subject to the State Lease or to refinance obligations of OHSU to the State. Under the State Lease, improvements include completed and partially completed buildings, fixtures, structures, and other improvements constructed on the property subject to the State Lease. In addition, OHSU was granted ownership of all personal property of the University, as it existed prior to the enactment of the Act.

Oregon Health & Science University Foundation (OHSU Foundation) and Doernbecher Children's Hospital Foundation (together, the Foundations) are separately incorporated nonprofit foundations affiliated with OHSU. The primary purpose of the Foundations is to raise money for OHSU research, scientific, charitable, and educational purposes and to promote support for Doernbecher Children's Hospital. Consequently, the financial position and the changes in financial position of the Foundations are blended in the accompanying financial statements.

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Additionally, the University Medical Group (UMG) is included as a blended component unit of OHSU. UMG is an Oregon public benefit corporation, organized and operated to provide billing and reporting services solely for the OPP within the School of Medicine at OHSU. The OPP management committee acts as the board of directors for UMG and is responsible for the day-to-day oversight of the clinical practice. As the board of UMG is under the supervision and control of the OPP, and therefore, OHSU, UMG is a blended component unit of OHSU.

On February 1, 2016, OHSU affiliated with Tuality Healthcare (Tuality) through the execution of a management agreement (the Tuality Agreement) between the organizations. Tuality owns and operates Tuality Community Hospital, a 215-licensed-bed acute care hospital located in Hillsboro, Oregon. Under the Tuality Agreement, OHSU agrees to oversee the unified and integrated clinical enterprises of OHSU and Tuality as a single, integrated economic unit. OHSU and Tuality remain as separate legal entities, own their own assets, and continue to be the licensed operators of their respective facilities. Tuality is a component unit of OHSU as OHSU approves Tuality's annual operating budget. Since Tuality has a separate board of directors and they do not provide services exclusively to OHSU, they are presented as a discretely presented component unit of OHSU.

(b) Accounting Standards

The accompanying financial statements are prepared in accordance with accounting principles generally accepted in the United States of America using the accrual basis of accounting. OHSU's financial statements and note disclosures are based on all applicable Governmental Accounting Standards Board (GASB) pronouncements and interpretations. OHSU uses proprietary fund accounting.

OHSU prepares and presents its financial information in accordance with GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* (GASB 34), known as the "Reporting Model" statement. GASB 34 established the requirements and reporting model for annual financial statements. GASB 34 requires that financial statements be accompanied by a narrative introduction and analytical overview of the reporting entity in the form of "management's discussion and analysis." This reporting model also requires the use of a direct-method cash flow statement.

OHSU has also adopted GASB Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities – an amendment of GASB Statement No. 34*. This statement establishes accounting and financial reporting standards for public colleges and universities within the financial reporting guidelines of GASB 34.

(c) New Accounting Pronouncements

During the year ended June 30, 2019, OHSU adopted GASB Statement No. 83, *Certain Asset Retirement Obligations* (GASB 83). GASB 83 provides financial statement users with information about asset retirement obligations (AROs) that were not addressed in GASB standards by establishing uniform accounting and financial reporting requirements for these obligations. GASB 83 establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred

outflow of resources for ARO's. The adoption of GASB 83 did not have a significant impact on the financial statements taken as a whole.

(d) Accounting Standards Impacting the Future

In January 2017, GASB issued Statement No. 84, *Fiduciary Activities* (GASB 84), which is effective for reporting periods beginning after December 15, 2018. The objective of GASB 84 is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. GASB 84 establishes criteria for identifying activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. An exception to that requirement is provided for a business-type activity that normally expects to hold custodial assets for three months or less. GASB 84 describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria. The University is currently analyzing the impact of this statement.

In June 2017, GASB issued Statement No. 87, *Leases* (GASB 87), which is effective for reporting periods beginning after December 15, 2019. The objective of GASB 87 is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. GASB 87 increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as deferred inflows of resources or deferred outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under GASB 87, a lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The University is currently analyzing the impact of this statement.

In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period* (GASB 89), which is effective for reporting periods beginning after December 15, 2019. The objectives of GASB 89 are to (1) enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reported period and (2) simplify accounting for interest cost incurred before the end of a construction period. GASB 89 requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. GASB 89 also reiterates that in financial statements prepared using the current financial resources measurement

focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The University is currently analyzing the impact of this statement.

In August 2018, GASB issued Statement No. 90, *Majority Equity Interests* (GASB 90), which is effective for reporting periods beginning after December 15, 2018. The objective of GASB 90 is to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. The University is currently analyzing the impact of this statement.

(e) Financial Reporting Entity

As defined by generally accepted accounting principles, the financial reporting entity consists of OHSU as the primary government and its component units, which are legally separate organizations for which the primary government is financially accountable. Financial accountability is defined as a) appointment of the voting majority of the component units' board, and either (1) the ability to impose will by the primary government or (2) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government, or (b) the component unit is financially dependent on and there is potential for the component unit to provide specific financial benefits to, or impose specific burdens on, the primary government.

Component units are reported as part of the reporting entity under the blended or discrete method of presentation. Blending involves merging the component unit data with the primary government. There are three situations when blending is allowed: (1) when the board of the component unit is substantially the same as that of the primary government and there is a financial benefit or burden relationship between the primary government and the component unit or management of the primary government has operational responsibility for the component unit, (2) when the component unit provides services entirely, or almost entirely, to the primary government or otherwise exclusively, or almost exclusively, benefits the primary government even though it does not provide services directly to it, or (3) the component unit's total debt outstanding, including leases, is expected to be repaid entirely or almost entirely with resources of the primary government. OHSU Foundation, Doernbecher Children's Hospital Foundation, INSCO and UMG are considered to be blended component units as they serve the primary government exclusively. All transactions between OHSU and its blended component units are eliminated upon consolidation. Tuality is presented discretely since it has a separate board of directors and it does not provide services exclusively to OHSU. It is considered a nonmajor component unit as there are no significant transactions with OHSU and there is not a significant financial benefit/burden relationship with OHSU.

Financial reports for INSCO, UMG, OHSU Foundation, and Doernbecher Children's Hospital Foundation that include financial statements and required supplementary information are publicly available. These reports, and those of Tuality, may be obtained by contacting the management of OHSU.

(f) Basis of Accounting

Basis of accounting refers to the timing of when revenues and expenses are recognized in the accounts and reported in the financial statements. OHSU reports as a proprietary fund within the governmental model. OHSU's financial statements have been prepared using the accrual basis of accounting with the economic resources measurement focus. Under this method of accounting, revenue is recognized when earned and expenses are recorded when liabilities are incurred without regard to receipt or disbursement of cash.

(g) Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates in OHSU's financial statements include patient accounts receivable allowances, liabilities related to self-insurance programs, the fair value of interest rate swap agreements, and valuation of pension liabilities.

(h) Cash and Cash Equivalents

OHSU held no cash equivalents within cash and cash equivalents at June 30, 2019 or 2018.

(i) Investments

Investments are carried at fair value. Fair values are determined based on quoted market prices, where available. Investments in joint ventures are recorded using the equity method of accounting. Alternative investments, which are not readily marketable, are carried at estimated fair values as provided by investment managers, primarily using net asset values (NAVs). OHSU reviews and evaluates the values provided by the investment managers and agrees with the valuation methods and assumptions used in determining the fair value of the alternative investments. These estimated fair values may differ from the values that would have been used had a ready market for those securities existed.

Net unrealized gains and losses are included in the net unrealized gain (loss) in fair value of investments in nonoperating revenues in the statements of revenues, expenses, and changes in net position. Interest, dividends, and realized gains and losses on investments are included in nonoperating revenues as investment income when earned.

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(j) Inventories

Inventories consist primarily of supplies in organized stores at various locations across the campus and in the Hospital. Inventories are recorded using several different methodologies dependent upon the operational use of the supplies and system capabilities. OHSU utilizes standard-cost and average-cost methodologies to record and report inventory value. In fiscal year 2019, pharmaceutical supplies were moved to inventory. The impact of this change in policy did not have a significant impact in the financial position or results of operations of OHSU as of and for the year ended June 30, 2019.

(k) Capital Assets

Capital asset acquisitions are stated at cost. Donated items are recorded on the basis of fair market value at the date of donation. Effective July 1, 2018, OHSU capitalizes equipment additions greater than $5 and capital projects greater than $25 which is a change from the prior threshold of $3 for equipment and $10 for capital projects. The impact of this change in policy did not have a significant impact in the financial position or results of operations of OHSU as of and for the year ended June 30, 2019. Maintenance, repairs, and minor replacements are expensed as incurred. When properties are retired or otherwise disposed of, the related cost and accumulated depreciation are removed from the respective accounts and any gain or loss on disposition is recorded as other in nonoperating revenue.

Interest on borrowed amounts during major construction is capitalized and amortized over the depreciable life of the related asset. During fiscal years 2019 and 2018, OHSU capitalized interest expense of approximately $6,095 and $8,701, respectively. This was net of approximately $15 and $941, respectively, of interest income on unspent project funds.

The provision for depreciation is determined by the straight-line method at rates calculated to amortize the cost of assets over the shorter of their estimated useful lives or the related lease term as follows: buildings and other improvements, 10 to 40 years; and equipment, 3 to 20 years.

(l) Net Position Classifications

Net position is classified into four net asset categories, in accordance with donor-imposed restrictions:

- Net investment in capital assets represents the depreciated value of capital purchases, net of related debt.
- Net position restricted, expendable, carries externally imposed time or purpose restrictions that expire in the future.
- Net position restricted, nonexpendable, carries externally imposed restrictions that never expire.
- Net position unrestricted carries no externally imposed restrictions.

Investment income earned on donor-restricted endowment funds in excess of the annual spending distribution is accounted for in the expendable restricted net position category.

The Foundations first apply restricted resources to an expense where an expense is incurred for a purpose for which both restricted and unrestricted funds are available.

A summary of restricted funds by restriction category for fiscal years ended June 30, 2019 and 2018 is as follows:

		2019	2018
Restricted expendable:			
Research	$	506,307	595,298
Academic support		47,974	40,720
Instruction		40,218	38,225
Capital projects and planning		29,756	52,646
Student aid		54,156	52,123
Clinical support		12,525	12,939
Institutional support		3,400	3,340
Defined-benefit OPEB		3,493	1,389
Other		19,271	16,346
	$	717,100	813,026
Restricted nonexpendable:			
Research	$	38,615	32,406
Instruction		74,657	68,620
Clinical support		450	429
Public service		4,710	4,603
Academic support		88,370	80,614
Student aid		45,760	44,316
Other		22,200	18,943
	$	274,762	249,931

(m) Endowments

The endowment corpus is accounted for in the restricted, nonexpendable net position category and reported on the statements of net position as restricted long-term investments. The Foundations' spending policy for endowment funds is determined by the boards of trustees and is based on a three-year moving average of the fair value of the endowment fund. The boards of trustees authorized a 4.5% distribution in the years ended June 30, 2019 and 2018.

The Foundations' management and investment of donor-restricted endowment funds are subject to the provisions of the Uniform Prudent Management of Institutional Funds Act enacted by the State in January 2008.

The endowment fund investment pool (endowment fund) held by the Foundations is the repository for funds from restricted, nonexpendable contributions where the principal amount cannot be used, but a spending distribution, described below, can be used for the designated purpose. The endowment fund also holds quasi-endowment funds, which have been designated as endowment by the Foundations'

(Continued)

boards of trustees. All interest, dividends, and changes in fair value on the endowment fund are allocated to the appropriate unrestricted or restricted net position classification as specified by the donor at the time of receipt. Endowment accounts receive spending distributions subject to the Foundations' boards of trustees approved spending policy, which provides a predetermined amount of total return that can be spent for purposes designated by the donor. All expendable income restricted by the donor is carried as restricted, expendable net position until such time as the restriction has been met. At June 30, 2019 and 2018, the fair value of investments in the endowment fund was $773,900 and $651,900, respectively. The fair value of the unspent portion of endowments in excess of corpus at June 30, 2019 and 2018 was $60,300 and $59,600, respectively.

Spending distributions were not made for certain endowment accounts during 2019 and 2018 because the market value of the individual endowment accounts dropped below the corpus. Spending distributions on these accounts will be resumed if specifically authorized by the Foundations' boards of trustees or at the time that the earnings of the endowment are sufficient to restore the corpus and support the annual spending distribution. At June 30, 2019 and 2018, the accumulated loss of $0 and $0, respectively, related to endowment accounts with market value below corpus was reflected in nonexpendable restricted net position.

(n) Federal Income Taxes

OHSU, as a division of the State, is not subject to federal income taxes of the Internal Revenue Code, except for unrelated business income.

(o) State Appropriations

The Oregon State Legislature makes an appropriation to OHSU on a biennial basis. The appropriation is recognized as nonoperating revenues over the related appropriation period as applicable eligibility requirements are met.

(p) Research Activity

Restricted grants receivable represent receivables for grant activities on which OHSU has met all applicable eligibility requirements and on which the funds are available from the granting agency. As of June 30, 2019 and 2018, the grants receivable balance was $26,905 and $36,025, respectively, and was included in grant and contract receivables in the accompanying statements of net position. The balance in unearned revenue as of year-end represents amounts advanced for which OHSU has not met all applicable eligibility requirements. As of June 30, 2019 and 2018, the grants unearned revenue balance was $38,309 and $31,613, respectively; additionally, unearned revenue for the Knight Cancer Challenge State Grant of $0 and $7,217 was included in unearned revenue in the accompanying statements of net position as of June 30, 2019 and 2018, respectively.

(q) Operating Revenues

OHSU includes patient service revenue, student tuition and fees, gifts, grants and contracts, and other income from sales and services in operating revenues. These revenues are key components of the operations of OHSU.

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(r) Net Patient Service Revenue

A summary of patient service revenues during the years ended June 30, 2019 and 2018 is as follows:

		2019	2018
Gross patient charges	$	5,450,576	4,958,597
Contractual discounts		(3,078,429)	(2,728,880)
Bad debt adjustments		(21,221)	(19,064)
Net patient service revenues	$	2,350,926	2,210,653

OHSU has agreements with third-party payors that provide for payments at amounts different from established rates. Payment arrangements include prospectively determined rates per discharge, outpatient case rates, reimbursed costs, discounted charges, and per diem payments. Net patient service revenue is reported at the estimated net realizable amounts due and determined to be collectible from patients, third-party payors, and others for services rendered and includes estimates for potential retroactive revenue adjustments under reimbursement agreements with third-party payors. Such estimates are adjusted in future periods as final settlements are determined.

A significant portion of OHSU's services are provided to Medicare, Medicaid, and Oregon Health Plan (OHP) patients under contractual arrangements. Inpatient acute care services rendered by OHSU to Medicare, Medicaid, and OHP program beneficiaries are generally reimbursed at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors (i.e., Medicare severity diagnosis related groups or MS DRGs). Such payments include a capital cost component and may be greater or less than the actual charges for services. Most outpatient services related to Medicare beneficiaries are reimbursed prospectively under the ambulatory payment classifications methodology. Home health services related to Medicare beneficiaries are reimbursed under a prospective payment system methodology. OHSU is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after audits of OHSU's annual cost reports by the Medicare fiscal intermediary and Medicaid.

During fiscal year 2018, OHSU partnered with the State of Oregon (the State) and created an innovative collaboration leveraging significant federal funding for Oregon's Medicaid program. Through the Intergovernmental Transfer (IGT) partnership with the State this program enabled support for OHSU's research and education missions and in fiscal years 2019 and 2018 the program generated $116,000 and $55,000, respectively. The legislature approved the program in the Oregon Health Authority's 2017–2019 budget and Oregon's OHSU IGT Program was approved by Centers for Medicare and Medicaid Services (CMS) and implemented on January 1, 2018. By reducing OHSU's losses from the Medicaid program, the IGT program enables OHSU to fund research and education missions. This new approach replaces several of OHSU's previous funding mechanisms and ended OHSU's participation in Oregon's provider tax.

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The laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. As a result, there is at least a reasonable possibility that estimated third-party payor settlements payable, net will change by a material amount in the near term. For the years ended June 30, 2019 and 2018, OHSU received third-party settlements of $151 and $104, respectively, as a result of final settlements of prior years' cost reports and revisions of estimates for prior years cost report settlements.

OHSU has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations to provide medical services to subscribing participants. The basis for payment to OHSU under these agreements includes prospectively determined rates per discharge, discounts from established charges, prospectively determined fee schedules, and certain capitated per member per month payment arrangements.

Significant concentrations of gross patient accounts receivable as of June 30, 2019 and 2018 were approximately as follows:

	2019	2018
Medicare and Medicare managed care contracts	24 %	25 %
Medicaid and OHP	21	20
Commercial and managed care insurance	53	53
Nonsponsored	2	2
	100 %	100 %

(s) Student Tuition and Fees Revenues

A summary of student tuition and fees revenues during the years ended June 30, 2019 and 2018 is as follows:

		2019	2018
Gross student tuition	$	92,392	86,521
Exemptions		(14,060)	(12,546)
Student tuition and fees revenues, net	$	78,332	73,975

(t) Charity Care

OHSU provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its published rates. Because OHSU does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue.

OHSU maintains records to identify and monitor the level of charity care it provides. These records include the amount of charges forgone for services and supplies furnished under its charity care policy.

Charity care provided measured as charges forgone and based on established rates was $52,799 and $45,537 in 2019 and 2018, respectively.

(u) Pledges and Estates Receivable

Pledges and estates receivable are recorded as receivables and revenues in the appropriate net asset category based upon donor-imposed restrictions and are reported at fair value at the date the promise is received. Pledges are generally received within 5 to 10 years of the date of original commitment. The majority of estates are received within one year. Pledges and estates receivable, less reserves for estimated uncollectible amounts, are discounted to their present value using rates that range from 0.30% to 4.88%.

(v) Life Income Agreements

The Foundations have been named as remainder beneficiaries for various life income agreements. Life income agreements provide for contractual payments to designated beneficiaries for a specific period, after which the remaining principal and interest revert to the Foundations. Contributions received under life income agreements are included in long-term investments, restricted, with the corresponding commitment to the beneficiary included in liability for life income agreements in the accompanying statements of net position. The Foundations have investments with a fair value of $55,400 and $56,500 as at June 30, 2019 and 2018, respectively, related to its individually managed life income agreements.

(w) Moda Note Receivable

OHSU has contracts with, and receives patient revenues from the major health plans in Oregon. OHSU's guiding principle in developing payor provider partnerships is to ensure that Oregonians continue to have access to Oregon's public health sciences university and academic health center and its affiliates and that OHSU has access to major populations of Oregon across its missions of patient care, education, research, and outreach.

Since 2013, OHSU has partnered with Moda Health Plan, Inc. (Moda) to advance population health management. In December 2014, OHSU invested $50,000 in Moda through a 10-year surplus note to help capitalize Moda's Oregon healthcare efforts. The principal balance of this note shall become due and payable in full on December 15, 2024, and the note bears interest on its unpaid principal balance at a rate equal to 4% per annum. Payment of interest and principal is subject to approval by the Oregon insurance commissioner, which is part of the Department of Consumer and Business Services (DCBS).

Moda had a large share of Oregon's new individual insurance market during the initial years of the Affordable Care Act and has significant receivables due from the federal government under the risk corridor program that was designed to encourage plans to offer individual coverage. However, it is uncertain if, or when, the federal government will pay these amounts. In light of uncertain payment of federal risk corridor receivables, higher risk from losses at Moda, and the likelihood that interest payments will be deferred, OHSU recorded a valuation reserve of $16,500 against the surplus note receivable as of June 30, 2015.

In February 2016, DCBS issued a consent order requiring Moda to sell a variety of assets and take steps to improve its financial position. In June 2017, as a result of Moda completing several transactions to generate the capital needed to meet regulatory standards, together with Moda reducing its risk by withdrawing from some markets, DCBS lifted the consent order. In February 2019, Delta Dental of California and Moda announced the completion of a $152,400 investment by Delta Dental of California for a 49.5% ownership interest in Moda. The California Department of Managed Health Care (DMHC) and Oregon's DCBS have approved the investment. As a result of the improved financial position of Moda, the Oregon insurance commissioner allowed payment of accrued interest to OHSU for $7,000 in fiscal year 2019.

OHSU reviewed the valuation of the note receivable as of June 30, 2019 and 2018 and has retained the current net valuation of $33,500, which represents 0.9% and 1.00% of the University's total net position as of June 30, 2019 and June 30, 2018, respectively.

(2) Cash and Investments

OHSU holds substantially all of its cash, cash equivalents, and investment balances at financial institutions. OHSU's cash is insured by the Federal Deposit Insurance Corporation subject to standard limits. Additionally, a portion of cash and cash equivalents are collateralized deposits as required under the Oregon Revised Statutes (ORS).

OHSU's investment policies are approved by the board of directors and are accounted for as prescribed by GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Changes in the fair value of investments are included in nonoperating revenues. The composition of investments at fair value at June 30, 2019 and 2018 is as follows:

	2019	2018
Short-term investments:		
Cash and cash equivalents	$ 423	409
Mutual funds	151,418	138,980
U.S. government securities	—	2,145
U.S. agency securities	505	785
Corporate obligations	57,619	79,924
Fixed income	115,200	90,522
	325,165	312,765
Funds held by trustee, current portion:		
Fixed income	42,891	48,893
	42,891	48,893

(Continued)

	2019	2018
Funds held by trustee, less current portion:		
Other fixed income	$ 13,040	12,734
	13,040	12,734
Long-term investments – less current portion:		
Cash and cash equivalents	28,703	22,771
U.S. government securities	379,017	313,149
U.S. agency securities	57,957	21,879
Corporate obligations	374,797	406,642
Fixed income	152,684	115,823
Equities	369,779	362,749
Alternative investments	204,178	215,177
Joint ventures and partnerships	343,958	280,071
Real estate investments and other	45,143	34,620
	1,956,216	1,772,881
Total investments, all categories	$ 2,337,312	2,147,273

The methods used to determine the fair value of financial instruments reflect market participant objectives and are based on the application of a valuation hierarchy. These methods are prescribed by GASB No. 72, *Fair Value Measurement and Application*. The hierarchy is based on the reliability of inputs as follows:

- Level 1 – Valuation is based on quoted prices for identical financial instruments in active markets. OHSU does not adjust the quoted price for Level 1 financial instruments.
- Level 2 – Valuation is based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and independent pricing models or other model-based valuation techniques using observable inputs.
- Level 3 – Certain types of financial instruments are classified as Level 3 within the valuation hierarchy because these financial instruments trade infrequently and, therefore, have little or no price transparency.

(Continued)

The following table presents a categorization, based on the foregoing valuation hierarchy, of OHSU's financial instruments measured at fair value as of June 30, 2019:

	Level 1	Level 2	Level 3	Fair value
Cash and money market funds	$ —	143,987	—	143,987
U.S. government securities	—	379,017	—	379,017
U.S. agency securities	—	58,462	—	58,462
Domestic equity securities	92,827	2	134	92,963
International equity securities	74,002	—	—	74,002
Commercial paper	—	7,779	—	7,779
U.S. corporate securities	—	283,528	—	283,528
Non-U.S. corporate securities	—	148,886	—	148,886
Asset-backed securities	—	65,745	—	65,745
Venture capital and private equity	—	—	8,554	8,554
Mutual funds – fixed income only	126,704	5,335	—	132,039
Municipal bonds	—	2,326	—	2,326
Other fixed income	1,820	600	—	2,420
Mutual funds – other	151,418	—	—	151,418
Real estate investments and other	1,273	1,607	2,191	5,071
	$ 448,044	1,097,274	10,879	1,556,197
Investments measured using NAV per share or its equivalent				735,820
Equity-method investments				45,295
Total assets				$ 2,337,312

(Continued)

The following table presents a categorization, based on the foregoing valuation hierarchy, of OHSU's financial instruments measured at fair value as of June 30, 2018.

	Level 1	Level 2	Level 3	Fair value
Cash and money market funds	$ —	126,433	—	126,433
U.S. government securities	—	315,294	—	315,294
U.S. agency securities	—	22,664	—	22,664
Domestic equity securities	85,383	—	134	85,517
International equity securities	43,694	—	—	43,694
Commercial paper	—	9,508	—	9,508
U.S. corporate securities	—	337,807	—	337,807
Non-U.S. corporate securities	—	148,758	—	148,758
Asset-backed securities	—	58,023	—	58,023
Venture capital and private equity	—	—	47,354	47,354
Mutual funds – fixed income only	85,351	6,045	—	91,396
Municipal bonds	—	5,622	—	5,622
Other fixed income	—	1,633	—	1,633
Mutual funds – other	138,980	—	—	138,980
Real estate investments and other	1,209	1,797	5,382	8,388
	$ 354,617	1,033,584	52,870	1,441,071
Investments measured using NAV per share or its equivalent				667,293
Equity-method investments				38,909
Total assets				$ 2,147,273

There were no transfers of financial instruments between Level 1 or Level 2 classifications either in 2019 or 2018. Changes in Level 3 financial instruments are as follows:

	2019	2018
Balance at beginning of year	$ 52,870	5,558
Net realized losses	(115)	(132)
Net unrealized gains	99	108
Purchases	8,569	47,371
Sales	(3,190)	(35)
Transfer to NAV per share, or its equivalent, classification from sales	(47,354)	—
Balance at end of year	$ 10,879	52,870

(Continued)

Net realized and unrealized gains and losses on financial instruments classified as Level 3 are reported as nonoperating revenues as investment income when earned.

OHSU uses a practical expedient for the estimation of the fair value of investments in funds for which the investment does not have a readily determinable fair value. The practical expedient used by OHSU for certain financial instruments is the NAV per share. Valuations provided by fund administrators for these financial instruments consider variables such as the financial performance of underlying investments, recent sales prices and other pertinent information. The valuation is adjusted when changes to inputs and assumptions are corroborated by evidence, such as completed or pending third-party transactions in the underlying security and changes in financial results, data or cash flows. Management or its discretionary investment partner reviews the valuations and assumptions provided by fund administrators for reasonableness and believes that the carrying amounts of these financial instruments are reasonable estimates of fair value.

The following table presents information for investments where either the NAV per share or its equivalent was used to value the investments as of June 30, 2019 and 2018:

	Redemption frequency	Redemption notice period
Domestic equities	Quarterly	3–90 days
Non-U.S. equities	Weekly to every four years	3–90 days
Global equities	Quarterly	3–90 days
Venture capital/private equity	Event-driven	N/A
Marketable alternative investments	Monthly to annually	15–95 days
Real estate investments and contracts	Event-driven	N/A

Domestic Equities, Non-U.S. Equities, Global Equities and Natural Resources funds represent investments in equities, both U.S. and international, and may include investments in developed and emerging markets.

(Continued)

(3) Investments and Related Policies

(a) Interest Rate Risk

As of June 30, 2019 and 2018, OHSU had the following investments and maturities at fair value:

	2019 Maturity				
	Less than 1 year	1–5 Years	6–10 Years	More than 10 years or none	Total
Cash and money market funds	$ 143,636	351	—	—	143,987
U.S. government securities	1,029	358,864	17,713	1,411	379,017
U.S. agency securities	505	48,564	1,385	8,008	58,462
Domestic equity securities	—	—	—	128,885	128,885
International equity securities	—	—	—	240,894	240,894
Commercial paper	7,779	—	—	—	7,779
U.S. corporate securities	44,594	226,103	10,929	1,902	283,528
Non-U.S. corporate securities	23,554	121,914	3,418	—	148,886
Asset-backed securities	20,250	23,411	2,539	19,545	65,745
Joint ventures and partnerships	—	—	—	343,957	343,957
Mutual funds – fixed income only	43,833	50,222	25,331	13,120	132,506
Municipal bonds	71	994	1,037	224	2,326
Other fixed income	—	535	65	—	600
Mutual funds, other	—	—	—	151,418	151,418
Alternative investments	—	—	—	204,179	204,179
Real estate investments and other	—	—	—	45,143	45,143
	$ 285,251	830,958	62,417	1,158,686	2,337,312

(Continued)

	2018 Maturity				
	Less than 1 year	1–5 Years	6–10 Years	More than 10 years or none	Total
Cash and money market funds	$ 123,884	2,549	—	—	126,433
U.S. government securities	4,943	301,671	7,470	1,210	315,294
U.S. agency securities	785	12,889	4,685	4,305	22,664
Domestic equity securities	—	—	—	125,746	125,746
International equity securities	—	—	—	237,002	237,002
Commercial paper	9,508	—	—	—	9,508
U.S. corporate securities	68,757	257,188	9,664	2,198	337,807
Non-U.S. corporate securities	24,352	122,196	1,965	245	148,758
Asset-backed securities	19,221	24,163	1,359	13,280	58,023
Joint ventures and partnerships	—	—	—	280,071	280,071
Mutual funds – fixed income only	32,170	26,237	21,128	10,400	89,935
Municipal bonds	87	4,058	1,015	462	5,622
Other fixed income	—	1,299	334	—	1,633
Mutual funds, other	—	—	—	138,980	138,980
Alternative investments	—	—	—	215,177	215,177
Real estate investments and other	—	—	—	34,620	34,620
	$ 283,707	752,250	47,620	1,063,696	2,147,273

OHSU held $65,745 and $58,023 of asset-backed securities collateralized primarily by auto loans, credit card receivables, and collateralized mortgage obligations as of June 30, 2019 and 2018, respectively. These securities are valued at their estimated fair values. The valuation of these securities is sensitive to principal prepayments, which may result from a decline in interest rates, and they are sensitive to an increase in average maturity, which may result from interest rate increases that lead to decreasing prepayments.

At June 30, 2019 and 2018, OHSU had certain joint ventures and partnerships, alternative investments, real estate investments, and other investments. These investments may contain elements of both credit and market risk. Such risks may include limited liquidity, absence of regulatory oversight, dependence upon key individuals, and nondisclosure of portfolio composition. Because these investments are not readily marketable, their estimated fair value is subject to uncertainty and, therefore, may differ from the value that would have been used had a ready market for such investments existed. Such differences could be material.

OHSU's investment policies vary based on the investment objectives of the portfolio. The operating and trustee-held portfolios seek to preserve principal with the intent of maximizing total return within appropriate risk parameters. Maturities of securities selected in these portfolios are driven by prevailing market conditions, while considering cash requirements of the organization.

(Continued)

The endowment portfolio, which is included in long-term investments in the accompanying statements of net position, seeks to produce a predictable and stable payout stream that increases over time while achieving growth of corpus. Foundation investment policies are established based on the investment objectives of the portfolio. Each portfolio has its own board-authorized asset allocation guidelines. The objective for the current fund is to provide a reliable source of liquidity to meet short-term working capital needs. The current fund may invest in cash, cash equivalents, fixed income securities, equity mutual funds and ETFs, and quasi endowment within the endowment fund. The duration of the current fund 1-5 year portfolio shall be within a range of 75% to 125% of the Barclay's 1–5 Year Government/Credit Bond Index. The objective for the endowment fund is to produce a predictable and stable payout stream that increases over time, while achieving growth of corpus. The endowment fund may invest in cash and cash equivalents, fixed-income securities, U.S. and non U.S. equity securities and other alternative investments. The charitable gift annuity pool seeks to produce a relatively predictable and stable payout stream that will satisfy the funds distribution obligations while achieving long-term capital appreciation of the overall fund balance. The charitable gift annuity pool may invest in cash and cash equivalents, U.S. and non-U.S. equities, fixed-income, and real estate. Charitable trusts are managed to provide for the distribution of a stated income payment while attempting to achieve reasonable expected total returns. Charitable trust investment objectives and asset allocation guidelines are determined based on the individual circumstances of each trust account. Allowable investments for charitable trusts include cash and cash equivalents, U.S. and non-U.S. equities, fixed-income, real estate and commodities.

(Continued)

(b) Credit Risk

The operating and trustee-held portfolios require the following minimum ratings or better from Moody's or Standard & Poor's (S&P) at the date of purchase:

	Minimum Moody's rating	Minimum S&P rating
Bankers acceptances	P-1	A-1
Commercial paper	P-2	A-2
Certificates of deposit	Baa3/P-2	BBB-/A-2
Deposit notes	Baa3/P-2	BBB-/A-2
Eurodollar certificate of deposits (CD) or Eurodollar time deposits	Baa3/P-2	BBB-/A-2
Yankee CDs	Baa3/P-2	BBB-/A-2
Corporate debt	Baa3	BBB-
Foreign government and supranational debt	Baa3	BBB-
Insurance company annuity contracts and guaranteed investment contracts	A3	A-
Mortgage pass-through securities	Aaa	AAA
Structured securities, including asset-backed securities	Aaa	AAA
Pooled investments	Aa	AA
Municipal bonds (taxable or tax-exempt)	A2/P-1	A/A-1

The current fund investment policy requires minimum ratings or better from S & P's, Moody's, or Fitch as follows:

	Minimum Standard & Poor's rating	Minimum Moody's rating	Minimum Fitch rating
U.S. and foreign corporate indebtedness	BBB- or A-2	Baa3 or P-2	BBB- or F-2
Certificates of deposit	BBB- or A-2	Baa3 or P-2	BBB- or F-2
Foreign government, foreign agency or supranational organization debt	A or A-1	A2 or P-1	A or F-1
Agency mortgage-backed securities	AAA	Aaa	AAA
Commercial mortgage-backed securities	AAA	Aaa	AAA
Asset-backed securities	AAA	Aaa	AAA
Municipal bonds	A	A2	A

(Continued)

At the time of purchase, securities must be rated by at least two of the three rating agencies. If the security is rated by all three agencies, the middle rating will apply. If only two ratings are available, then the lower rating will be used.

If the credit quality of a holding in the current fund declines so that it is below the level required as stated above, a decision will be made by the Investment Committee to hold or sell the security.

Investments in the charitable gift annuity pool shall have a minimum credit quality rating of Baa/BBB or an average credit rating of Baa/BBB for mutual funds or pooled funds and a minimum rating of A-1/P-1 for investments in commercial paper. The charitable trust investments generally have a minimum credit quality rating in investment-grade Baa/BBB bond investments and a minimum rating of A-1/P-1 for investments in commercial paper. However, an individual trust may hold up to 9% of the portfolio in below-investment-grade investments.

As of June 30, 2019 and 2018, OHSU had the following investments with credit rating at fair value:

Investment type	Credit rating S&P or equivalent	Total 2019	Total 2018
Cash and money market funds	AAA	$ 54,493	2,926
	AA-	1,006	—
	A+	1,005	1,002
	A-1+	74,902	3,024
	A-1	—	11,809
	Not rated	884	40,595
	NA	11,697	67,077
U.S. government securities	AAA	87,448	64,850
	AA+	291,569	236,046
	AA	—	1,525
	AA-	—	2,662
	A+	—	3,618
	A	—	1,677
	A-	—	508
	BBB	—	117
	BBB-	—	1,155
	B	—	3,135
U.S. agency securities	AAA	10,649	7,979
	AA+	47,812	14,686
	A-1+	—	3,431
	A-1	7,779	4,844
	A-2	—	746

(Continued)

Investment type	Credit rating S&P or equivalent	Total 2019	Total 2018
	NA	$ —	486
U.S. corporate securities	AAA	714	1,238
	AA+	2,047	3,718
	AA	9,950	12,545
	AA-	19,093	24,153
	A+	36,568	19,119
	A	58,214	89,137
	A-	39,605	46,955
	BBB+	51,076	54,244
	BBB	55,611	76,238
	BBB-	8,493	6,155
	BB	1,164	1,320
	B	341	324
	Below B	45	37
	Not rated	607	612
	n/a	—	2,013
Non-U.S. corporate securities	AAA	—	4,922
	AA-	19,158	25,449
	A+	18,791	24,009
	A	33,838	55,760
	A-	28,053	8,620
	BBB+	23,074	11,145
	BBB	17,287	10,621
	BBB-	7,370	7,021
	A-1	998	—
	Not rated	—	567
	NA	319	645
Asset-backed securities	AAA	39,430	37,053
	AA+	—	193
	AA	4,370	2,528
	AA-	267	—
	A	753	880
	BBB	280	156
	BB	179	46
	B	62	50
	Below B	1,535	1,368
	A-1+	5,247	5,138
	Not rated	2,682	852
	NA	10,940	9,760

(Continued)

Investment type	Credit rating S&P or equivalent		Total 2019	Total 2018
Mutual funds – fixed income only	AAA	$	84,940	56,904
	AA		6,456	4,917
	A		14,136	7,892
	BBB		12,606	8,540
	BB		3,574	3,136
	B		4,426	3,369
	Below B		2,828	2,282
	Not rated		3,539	2,893
Municipal bonds	AAA		163	1,874
	AA		1,995	2,236
	A		168	1,513
Other fixed income	BBB		265	342
	BB		193	760
	B		123	524
	Below B		8	5
	Not rated		10	1
Joint ventures and partnerships	NA		343,958	280,071
Mutual funds – other	NA		151,418	138,980
Alternative investments	NA		204,179	215,177
Real estate investments and other	NA		45,143	34,620
Domestic equity securities	NA		128,885	125,746
International equity securities	NA		240,894	237,002
		$	2,337,312	2,147,273

(c) Concentration of Credit Risk

OHSU's operating and trustee-held portfolios limit investments in any one issue to a maximum of 5% (10% prior to investment policy amendment adopted by the board in October 2013) depending upon the investment type, except for issues of the U.S. government, which may be held without limitation, or

(Continued)

U.S. government agencies limited to 15% (without limit prior to policy amendment). The current fund's investment policy limits investments in any issuer or issuer as follows:

	Maximum concentration
U.S. and foreign corporate indebtedness	No more than 3% per issuer
Certificates of deposit	No more than 5% per issuer
Foreign government, foreign agency, or supranational organization debt	No more than 5% per issuer
Agency mortgage-backed securities	No more than 15% per cusip
Commercial mortgage-backed securities	No more than 5% per cusip
Asset-backed securities	No more than 5% per cusip
Municipal bonds	No more than 5% per cusip

The endowment and charitable gift annuity portfolios limit investments in any one issue to a maximum of 5%, except for issues of the U.S. government or agencies of the U.S. government or diversified mutual funds, which may also be held without limitation. The Foundations' policies relating to the charitable gift annuity pool limit investments in any one issue to a maximum of 5%, except for issues of the U.S. government and its agencies or diversified mutual funds, which may be held without limitation. The Foundations' investment policy for charitable trusts limits investments in any one issue to a maximum of 5%, except for issues of the U.S. government and its agencies or diversified mutual funds. The current fund investment policy places no limit on the amount that may be invested in any one issuer, except that a maximum of 3% may be invested in the securities of any nongovernmental issuer. As of June 30, 2019 or 2018, OHSU had no investments in excess of the thresholds discussed above.

(d) Foreign Currency Risk

OHSU's investment policies permit investments in international equities and other asset classes, which can include foreign currency exposure. The endowment fund allows for investments in international equities and in non-U.S. dollar-denominated bonds. The current fund allows up to 20% of the portfolio to be invested in non-U.S. sovereign or supranational issues. The charitable gift annuity pool investment policy allows up to 30% of the portfolio to be invested in international equities. The charitable trust investment policy allows up to 32% of the portfolio to be invested in international

(Continued)

equities, based on the individual circumstances of each trust account. The following table details the fair value of foreign denominated securities by currency type:

Foreign currency	Value (U.S. dollar) 2019	2018
British sterling pound	$ 9,655	5,265
Canadian dollar	8,122	7,228
Euro	19,438	4,462
Total	$ 37,215	16,955

(4) Due from/to Contractual Agencies

Due from contractual agencies, reflected in patient accounts receivable under current assets in the statements of net position, represents amounts receivable from the State Medicaid Program (Medicaid), the Federal Medicare Program (Medicare), and other contractual agencies. Due to contractual agencies, reflected in other current liabilities in the statements of net position, represents amounts payable to Medicaid, Medicare and other contractual agencies. A summary of the balances as of June 30, 2019 and 2018 is as follows:

	Due from contractual agencies		Due to contractual agencies		Net, due from (to)	
	As of June 30, 2019	As of June 30, 2018	As of June 30, 2019	As of June 30, 2018	As of June 30, 2019	As of June 30, 2018
Medicaid	$ 14,682	18,693	—	—	14,682	18,693
Intergovernmental transfer	18,984	77,295	(4,215)	(73,136)	14,769	4,159
Medicare	—	—	(815)	(647)	(815)	(647)
Other contractual agencies	6,351	4,420	—	—	6,351	4,420
	$ 40,017	100,408	(5,030)	(73,783)	34,987	26,625

In 2017, OHSU worked with the state legislature and the Oregon Health Authority to build a new program that would leverage additional federal funds for the state's Medicaid program, maintain historical principles of support for OHSU's missions, and simplify the complexity of prior funding programs between OHSU and the State. The legislature approved the program in the Oregon Health Authority's 2017–2019 budget and Oregon's OHSU Intergovernmental Transfer (IGT) Program was approved by the U.S. Centers for Medicare and Medicaid Services (CMS) and implemented on January 1, 2018, with the corresponding funding payments between entities beginning in March 2018. Under this new IGT program, OHSU no longer pays the hospital tax paid by other hospitals in Oregon. Instead, because OHSU is an Oregon public corporation, it transfers funds directly to the state to be used for Oregon's Medicaid program. The federal government matches funds used in the Medicaid program on approximately a three-to-one basis.

Oregon's Medicaid coordinated care organizations (CCO's) pay OHSU an additional amount per clinical service provided to patients as Quality and Access payments. These additional payments have been approved by CMS and are funded through a combination of OHSU's IGT and federal dollars. The purpose of these funds is to maintain access to the high quality unique academic health center services OHSU provides to Medicaid patients.

During fiscal year 2019 and 2018 respectively, OHSU made intergovernmental transfers of $299,570 and $71,850 to the State of Oregon. The State of Oregon used these dollars, and the corresponding federal match, for payment of Medicaid services throughout Oregon. Oregon's Medicaid CCO's paid OHSU $357,415 and $113,946, in fiscal year 2019 and 2018 respectively, through Quality and Access payments. The Quality and Access Payments and the Intergovernmental transfers, are included as a net reduction in the contractual discounts and represents a portion of the Medicaid payment for patient care services. A net benefit of the program, including funding from other federal and state sources, allows the University to have resources available to support OHSU's missions. During the year ended June 30, 2019 and 2018, the University was able to provide support for research and education of $116,000 and $55,000, respectively.

(5) Capital Assets

Capital assets for fiscal years ended June 30, 2019 and 2018 are listed by category below:

		2019	2018
Land and land improvements	$	83,645	83,645
Buildings and other improvements		2,655,655	2,123,230
Equipment		1,058,487	986,769
Construction in progress		102,172	523,114
Accumulated depreciation		(1,826,963)	(1,707,194)
Total capital assets, net	$	2,072,996	2,009,564

(Continued)

The following is a summary of capital assets for the fiscal years ended June 30, 2019 and 2018:

	Balance June 30, 2018	Increases	Decreases	Balance June 30, 2019
Capital assets not depreciated:				
Land and land improvements	$ 83,645	—	—	83,645
Construction in progress	523,114	—	(420,942)	102,172
Total capital assets not depreciated	606,759	—	(420,942)	185,817
Other capital assets:				
Buildings and other improvements	2,123,230	554,193	(21,768)	2,655,655
Equipment	986,769	128,614	(56,896)	1,058,487
Total other capital assets	3,109,999	682,807	(78,664)	3,714,142
Less accumulated depreciation:				
Buildings and other improvements	(951,805)	(93,289)	13,646	(1,031,448)
Equipment	(755,389)	(74,956)	34,830	(795,515)
Total accumulated depreciation	(1,707,194)	(168,245)	48,476	(1,826,963)
Other capital assets, net	1,402,805	514,562	(30,188)	1,887,179
Total capital assets, net	$ 2,009,564	514,562	(451,130)	2,072,996

(Continued)

	Balance June 30, 2017	Increases	Decreases	Balance June 30, 2018
Capital assets not depreciated:				
Land and land improvements	$ 79,580	4,065	—	83,645
Construction in progress	255,019	394,014	(125,919)	523,114
Total capital assets not depreciated	334,599	398,079	(125,919)	606,759
Other capital assets:				
Buildings and other improvements	2,047,035	76,284	(89)	2,123,230
Equipment	940,085	69,788	(23,104)	986,769
Total other capital assets	2,987,120	146,072	(23,193)	3,109,999
Less accumulated depreciation:				
Buildings and other improvements	(868,826)	(83,068)	89	(951,805)
Equipment	(710,153)	(68,027)	22,791	(755,389)
Total accumulated depreciation	(1,578,979)	(151,095)	22,880	(1,707,194)
Other capital assets, net	1,408,141	(5,023)	(313)	1,402,805
Total capital assets, net	$ 1,742,740	393,056	(126,232)	2,009,564

(6) Compensated Absences Payable

Vacation pay for classified employees is earned at 8 to 24 hours per month, depending on the length of service and classification, with a maximum accrual of up to 364 hours per employee and a maximum payment upon separation of up to 364 hours. A maximum of 96 to 288 hours of vacation can be earned per year, depending on the length of service and classification. Vacation pay for unclassified employees is earned at 14.67 hours per month, with a maximum accrual of 256 hours. The maximum payment of unused vacation hours at termination varies from 80 to 136 hours at a 50% payment rate. There are a few exceptions, such as: the previous Management Service employees who transitioned to Unclassified Administrative on July 8, 1996 will be paid up to 250 hours unused accrued vacation at 100% pay rate. Eligible employees have the opportunity to cash-out unused accrued vacation hours, up to 100 hours per year based on their representational group.

Sick leave is recorded as an expense when paid. Sick leave for employees is earned at the rate of 8 hours per month and a maximum of 96 hours per year, with no restrictions on maximum hours accrued. Employees in the following groups earn sick leave at the rate of 1 hour for 30 hours worked: resource, flex, temporary, unclassified below 0.5FTE, OHSU student, non-OHSU student, graduate assistant. No liability exists for terminated employees.

(Continued)

(7) Retirement Plans

The University, excluding blended component units, offers various pension plans to all qualified employees: the State's Public Employees Retirement System (PERS), which includes a cost-sharing, defined-benefit plan and a defined-contribution plan (individual account plan – IAP), the University Pension Plan (UPP), and the Clinical Retirement Plan (CRP).

(a) Defined-Benefit Pension Plan Descriptions

PERS is a cost-sharing, multiemployer retirement system available to units of state government, political subdivisions, community colleges, and school districts, containing multiple actuarial pools. Plan assets may be used to pay the benefits of the employees of any employer that provides pensions through the plan. As of the June 30, 2018 measurement date, there were 904 participating employers.

PERS is administered in accordance with ORS Chapter 238, Chapter 238A, and Internal Revenue Code Section 401(a). The State's legislature has delegated authority to the Public Employees Retirement Board (PERS Board) to administer the system. The PERS Board is composed of five trustees who administer retirement (service and disability), death, and retiree health insurance benefits. All members of the PERS Board are appointed by the governor and confirmed by the state senate. The governor designates the chairperson. Statute specifies PERS Board membership must be three people with experience in business management, pension management, or investing who are not members of the PERS system; one person who is either an employee of the state in a management position or a person who holds an elective office in the governing body of a participating public employer other than the state; and one person representing public employees and retirees.

The State's PERS issues a publicly available financial report that includes financial statements and required supplementary information, including a 10-year historical trend information showing the accumulation of sufficient assets to pay benefits when due. Copies of the State's PERS's Comprehensive Annual Financial Report and Actuarial Valuations may be obtained from the PERS Web site at https://www.oregon.gov/pers/EMP/Pages/Actuarial-Financial-Information.aspx.

PERS comprises three separate defined-benefit groups: PERS Tier 1, PERS Tier 2, and Oregon Public Service Retirement Plan (OPSRP).

(i) Benefits Provided

The following describes the benefits provided through the PERS plan:

(1) PERS Tier 1/PERS Tier 2

(a) The Tier 1/Tier 2 plans are closed to new members hired on or after August 29, 2003.

(b) Members are provided retirement, disability, and death benefits.

(c) Vesting occurs if either of the following conditions are met, unless the account is withdrawn:

1. An active member in each of 5 calendar years

2. Reached at least 55 years of age while working in a qualifying position (age 50 for police and fire members).

(d) The retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds.

(e) The basic benefit is based on years of service and final average salary. A percentage (2.00% for police and fire employees, 1.67% for general employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results.

(f) Normal retirement age for general members is age 58 for Tier 1 and age 60 for Tier 2, or any age with 30 years or more of retirement credit. Normal retirement age for police and fire members is age 55, or age 50 with 25 years or more of retirement credit. Benefits are reduced if normal retirement age is not attained.

(g) Annual Cost of Living Adjustments (COLA) of up to 2% annually for service time accrued before October 1, 2013; COLA for service time after that date uses a lower rate. Service time accrued in both periods is “blended.”

(2) PERS OPSRP

(a) The OPSRP plan is open to members hired on or after August 29, 2003.

(b) Members are provided retirement, disability, and death benefits.

(c) Vesting occurs if either of the following conditions are met, unless the account is withdrawn:

1. Completion of at least 600 hours of service in each of five calendar years

2. Reached normal retirement age as an active member on that date.

(d) The retirement allowance is payable monthly for life.

(e) The basic benefit is based on years of service and final average salary. A percentage (1.8% for police and fire employees, 1.5% for general employees) is multiplied by the number of years of service and the final average salary.

(Continued)

(f) Normal retirement age for general members is age 65, or age 58 with 30 years or more of retirement credit. Normal retirement age for police and fire members is age 60, or age 53 with 25 years or more of retirement credit. Benefits are reduced if normal retirement age is not attained.

(g) Annual COLA of up to 2% annually for service time accrued before October 1, 2013; COLA for service time after that date uses a lower rate. Service time accrued in both periods is "blended."

(ii) Contributions

PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the PERS defined-benefit plan and the OPEBs.

The employer contribution rate for active employees is established by the PERS Board based upon actuarial valuations, which are performed once every two years to determine the level of employer contributions. Employer contribution rates during the period were based on the December 31, 2015 actuarial valuation. The rates were based on a percentage of payroll and first became effective July 1, 2017. The employer contribution rate for PERS Tier 1 and Tier 2 was 14.98% from July 1, 2017 to June 30, 2019. The employer contribution rate for OPSRP was 7.86% (OPSRP Police and Fire, 12.63%) from July 1, 2017 to June 30, 2019.

The State and certain schools, community colleges, and political subdivisions have made lump-sum payments to establish side accounts and their rates have been reduced. OHSU made $10,000 lump-sum payments to PERS during fiscal years 2019 and 2018, respectively. Amounts contributed post measurement date, including fiscal year 2019 and 2018 side account contributions of $10,000, are recorded as deferred outflows in the amount of $47,919 and $47,087 for the years ended June 30, 2019 and 2018, respectively.

The defined-benefit pension plan contributions can be found in the required supplementary information.

(iii) Net Pension Liability

OHSU's proportionate share of the net pension liability for PERS as of June 30, 2019 and 2018 is $456,006 and $424,000, respectively, utilizing a June 30, 2018 and 2017 measurement date, respectively. The net pension liability for the June 30, 2019 and 2018 fiscal year-end was determined based on the results of the December 31, 2016 and December 31, 2015 actuarial valuation rolled forward to the respective measurement dates using standard actuarial procedures.

The basis for OHSU's proportion is actuarially determined by comparing OHSU's projected long-term contribution effort to the PERS cost-sharing, multiple-employer defined benefit pension plan with the total projected long-term contribution effort of all participating employers. OHSU's proportionate share was 3.01% for the June 30, 2018 measurement date and 3.15% for the June 30, 2017 measurement date.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of PERS, and additions to/deductions from PERS' fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

(iv) Proportionate Share of Pension Expense and Deferrals Related to Pensions

OHSU's pension expense for the years ended June 30, 2019 and 2018 was $72,043 and $76,587, respectively. The pension expense, which is considered period interest cost, service cost, amortization of deferred outflows and inflows, and changes in benefit terms, has decreased since prior year.

In July 2017, the assumed rate of return on investments was reduced from 7.50% to 7.20%. The new assumed rate became effective for Tier One earnings crediting in calendar year 2018, and was used as the basis for updated actuarial equivalency factors effective January 1, 2018. The new assumed rate was also used in the actuarial valuation which established the employer contribution rates for the 2019-21 biennium.

(Continued)

Deferred outflows of resources and deferred inflows of resources for pensions were related to the following sources as of the fiscal years ended June 30, 2019 and 2018:

	Deferred outflow of resources		Deferred inflow of resources	
	2019	2018	2019	2018
Differences between expected and actual experience	$ 15,512	20,505		—
Changes of assumptions	106,021	77,288		—
Net difference between projected and actual earnings on pension plan investments		4,367	(20,250)	—
Changes in proportionate share		—	(45,026)	(46,547)
Differences between contributions and OHSU's proportionate share of system contributions	4,062	—	(3,399)	(5,531)
Total (prior to post-MD contributions)	125,595	102,160	(68,675)	(52,078)
Contributions subsequent to the measurement date	47,919	47,087	—	—
Gross deferred outflow (inflow) of resources	$ 173,514	149,247	(68,675)	(52,078)

The contributions made subsequent to the measurement date of $47,919 will be recognized as a reduction in the net pension liability during the year ending June 30, 2020.

(Continued)

Remaining amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal year ending		Deferred outflow/(inflow) of resources
2020	$	40,836
2021		25,517
2022		(13,962)
2023		2,188
2024		2,341
Total	$	56,920

(v) Actuarial Methods and Assumptions

The following methods and assumptions were used in developing total pension liability reported as of June 30, 2019 and 2018.

Actuarial methods and assumptions	2019	2018
Valuation date	December 31, 2016	December 31, 2015
Measurement date	June 30, 2018	June 30, 2017
Experience study report	2016, published July 2017 Based on data for the experience period January 1, 2013 to December 31, 2016	2014, published Sep. 2015 Based on data for the experience period January 1, 2011 to December 31, 2014
Actuarial assumptions:		
Actuarial cost method	Entry Age Normal	Entry Age Normal
Inflation rate	2.50%	2.50%
Long-term expected rate of return	7.20%	7.20%
Discount rate	7.20%	7.20%
Projected salary increases	3.50%	3.50%
Cost of Living Adjustments (COLA)	Blend of 2% COLA and graded COLA (1.25%/ 0.15%) in accordance with Moro case decision; blend based on service	Blend of 2% COLA and graded COLA (1.25%/ 0.15%) in accordance with Moro case decision; blend based on service

(Continued)

Actuarial methods and assumptions	2019	2018
Mortality	***Healthy retirees and beneficiaries:*** RP-2014 Healthy annuitant, sex-distinct, generational with Unsex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation ***Active members:*** RP-2014 Employees, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation ***Disabled retirees:*** RP-2014 Disabled retirees, sex-distinct, generational with Unsex, Social Security Data Scale.	***Healthy retirees and beneficiaries:*** RP-2000 sex-distinct, generational per Scale BB, with collar adjustments and setbacks, as described in the valuation ***Active members:*** Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation. ***Disabled retirees:*** Mortality rates are a percentage (70% for males and 95% for females) of the RP-2000 sex-distinct, generational per Scale BB, disabled mortality table.

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The 2016 experience study, used in developing total pension liability reported as of June 30, 2019, was based on the data for the experience period January 1, 2013 to December 31, 2016 and the 2014 experience study, used in developing total pension liability reported as of June 30, 2018, was based on the data for the experience period January 1, 2011 to December 31, 2014.

(vi) Discount Rate

The discount rate used to measure the total pension liability at June 30, 2018 was 7.20% and at June 30, 2017 was 7.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future

benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for PERS was applied to all periods of projected benefit payments to determine the total pension liability. The impact of a 1.00% decrease and increase in the discount rate on the net pension liability is as follows:

Discount Rate Sensitivity – Net Pension Liability
(Dollars in thousands)

OHSU's proportionate share	1% Decrease	Current discount rate	1% Increase
June 30, 2019	$ 762,072	456,006	203,373
June 30, 2018	722,573	424,000	174,337

(vii) Investments

The Oregon State Treasury is the investment officer for the State. Investment standards are established in ORS 293.726 and require funds to be managed as a prudent investor would do. The Oregon Investment Council (OIC) establishes policies for the investment and reinvestment of moneys in the Oregon Public Employees Retirement Fund (OPERF).

ORS 293.701 defines the investment funds over which OIC has responsibility. Included is the OPERF, which comprises the defined benefit pension plan, the individual account program, and the other postemployment benefit plans. OIC establishes policies for the investment and reinvestment of moneys in the investment funds as well as the acquisition, retention, management, and disposition of investments in the investment funds. OIC is also responsible for providing an examination of the effectiveness of the investment program.

(1) Assumed Asset Allocation

The following table illustrates both the assumed asset allocation. Deferred outflows of resources and deferred inflows of resources for pensions were related to the following sources as of the measurement date June 30, 2018:

OIC Target and Actual Investment Allocation as of June 30, 2018*

Asset class/strategy	OIC policy low range	OIC policy high range	OIC target allocation	Asset class/strategy	Actual allocation
Cash	— %	3.0 %	— %	Cash	5.2 %
Debt securities	15.0	25.0	20.0	Debt securities	18.9
Public equity	32.5	42.5	37.5	Public equity	36.7
Real estate	9.5	15.5	12.5	Real estate	10.1
Private equity	13.5	21.5	17.5	Private equity	19.7
Alternative equity	—	12.5	12.5	Alternative equity	7.3
Opportunity portfolio[1]	—	3.0	—	Opportunity portfolio[1]	2.1
Total			100.0 %	Total	100.0 %

[1] Opportunity portfolio is an investment strategy, and it may be invested up to 3% of total plan net assets.

(Continued)

The following table illustrates both the assumed asset allocation. Deferred outflows of resources and deferred inflows of resources for pensions were related to the following sources as of the measurement date June 30, 2017:

OIC Target and Actual Investment Allocation as of June 30, 2017*

Asset class/strategy	OIC policy low range	OIC policy high range	OIC target allocation	Asset class/strategy	Actual allocation
Cash	— %	3.0 %	— %	Cash	4.1 %
Debt securities	15.0	25.0	20.0	Debt securities	19.2
Public equity	32.5	42.5	37.5	Public equity	38.8
Real estate	9.5	15.5	12.5	Real estate	11.2
Private equity	14.0	21.0	17.5	Private equity	19.4
Alternative equity	—	12.5	12.5	Alternative equity	5.3
Opportunity portfolio[1]	—	3.0	—	Opportunity portfolio[1]	2.0
Total			100.0 %	Total	100.0 %

[1] Opportunity portfolio is an investment strategy, and it may be invested up to 3% of total plan net assets.

* The OIC target allocations are based on OIC asset classes as determined by each manager's primary investment type, not the financial statement classification of individual holdings. The target allocation amounts do not include deferred compensation plan investments. The actual investment allocation is based on the financial statement investment classifications, including deferred compensation plan investments.

(2) Long-Term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption the PERS Board reviews long-term assumptions developed by the consulting actuary's capital market assumptions team and the OIC investment advisers. The table below shows the actuary's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions and includes

(Continued)

adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

Asset class	2019 Target allocation*	2019 Compound annual return (Geometric)	2018 Target allocation**	2018 Compound annual return (Geometric)
Core fixed income	8.00 %	3.49 %	8.00 %	4.00 %
Short-term bonds	8.00	3.38	8.00	3.61
Bank/leveraged loans	3.00	5.09	3.00	5.42
High-yield bonds	1.00	6.45	1.00	6.20
Large/mid cap U.S. equities	15.75	6.30	15.75	6.70
Small cap U.S. equities	1.30	6.69	1.30	6.99
Micro cap U.S. equities	1.30	6.80	1.30	7.01
Developed foreign equities	13.13	6.71	13.13	6.73
Emerging market equities	4.12	7.45	4.12	7.25
Non-U.S. small cap equities	1.88	7.01	1.88	7.22
Private equity	17.50	7.82	17.50	7.97
Real estate (property)	10.00	5.51	10.00	5.84
Real estate (REITs)	2.50	6.37	2.50	6.69
Hedge fund of funds – diversified	2.50	4.09	2.50	4.64
Hedge fund – event-driven	0.63	5.86	0.63	6.72
Timber	1.88	5.62	1.88	5.85
Farmland	1.88	6.15	1.88	6.37
Infrastructure	3.75	6.60	3.75	7.13
Commodities	1.88	3.84	1.88	4.58
Assumed inflation – mean	—	2.50	—	2.50
	100.00 %		100.00 %	

* Based on the OIC Statement of Investment Objectives and Policy Framework for the Oregon Public Employees Retirement Fund, revised as of December 3, 2014. The revised allocation was adopted at the June 7,2017 OIC meeting.

** Based on the OIC Statement of Investment Objectives and Policy Framework for the Oregon Public Employees Retirement Fund, revised as of December 3, 2014. The revised allocation was adopted at the June 26, 2015 OIC meeting.

(b) Other Retirement Plans

In addition to the PERS defined benefit retirement plan, OHSU has three defined-contribution plans – the PERS IAP, the UPP, and the CRP.

Effective January 1, 2004, employees participating in PERS (Tier 1, Tier 2, and OPSRP) have had their 6% member contributions placed in the IAP. The IAP is a defined-contribution plan and is managed separately from the defined-benefit portion of the PERS pension plan.

(Continued)

Effective July 1, 1996, OHSU established the UPP. The UPP is a defined-contribution plan, which is available as an alternate to PERS for employees who are not eligible for the CRP. Employees become fully vested in employer contributions over a three- to four-year period (depending on collective bargaining agreements) or upon reaching age 50. Contribution levels are determined by the collective bargaining agreements for union represented employees and the board of directors of OHSU for noncollective bargaining employees. In fiscal years 2019 and 2018, all employer contributions to the plan were 6% of salary.

For Oregon Nurse Association (ONA) represented employees and noncollective bargaining employees, which includes faculty, research, and unclassified administrative participating in the UPP; OHSU offers a 6% employee contribution, which is employer paid and is fully vested at the time of the contribution.

In January 2016, the 6% employee contributions that OHSU funded for American Federation of State, County and Municipal Employees (AFSCME) represented employees, were eliminated per a Memorandum of Understanding of the July 19, 2015–June 30, 2019 collective bargaining agreement, which states that the Employer will discontinue the 6% employee contribution pickup for eligible employees participating in the UPP.

In July 2016, the 6% employee contributions that OHSU funded for the OHSU Police Association-represented employees, were eliminated from the July 1, 2016–June 30, 2019 collective bargaining agreement, which states that the Employer shall continue to make a 6% employee retirement plan contribution for eligible employees participating in the UPP prior to the first full-pay period following July 1, 2016, at which time the contribution will be discontinued.

For employees who are members of the OPP who work in a qualifying position, OHSU offers participation in the CRP. The CRP is an employer-paid, defined-contribution plan, and contributions to this plan are fully vested at the time of the contribution. A variable contribution rate is used for employees enrolled prior to January 1, 2009. After January 1, 2009, a 12% contribution rate is used.

		2019	2018
UPP:			
Employer contribution	$	41,305	37,551
Employee contribution [1]		23,989	24,185
	$	65,294	61,736
CRP:			
Employer contribution	$	28,620	26,308
	$	28,620	26,308

[1] Of the employees' share, the employer paid $23,989 and $24,185 related to noncollective bargaining employees and ONA-represented employees in fiscal years 2019 and 2018, respectively.

(Continued)

OHSU offers all eligible employees, full and part time, an option to participate in one of two tax-deferred savings plans through the University Voluntary Savings Program. The 403(b) Plan is often referred to as a tax-deferred investment plan while the 457(b) Plan is referred to as a deferred compensation plan. Both plans offer a variety of investment options. The contribution and investment earnings under these plans are tax deferred, which may be accumulated by the employee for distribution at a future date. All contributions to these plans are made by the employee and are fully vested at the time of the contribution.

The Foundations have defined-contribution plans available for substantially all employees. The plans are funded through the purchase of a group annuity contract with an insurance company at a discretionary amount equal to 12% of eligible compensation. Contributions are fully vested after five years. The Foundations contributed $1,000 and $1,000 for the purchase of retirement annuities during the fiscal years ended June 30, 2019 and 2018, respectively.

(8) Postemployment Benefits Other than Pensions (OPEB)

OHSU administers a single-employer, defined-benefit healthcare plan for qualified employees and postemployment healthcare for retiring employees eligible to receive medical coverage. Additionally, for eligible PERS members, PERS administers the Retirement Health Insurance Account (RHIA) cost-sharing, multiple-employer defined-benefit OPEB plan.

(a) Single-Employer, Defined-Benefit Plans

(i) Plan Description

OHSU provides retiree health program coverage to current and future retirees of OHSU who qualify for retirement. Members who terminate prior to retirement eligibility or are not participating in the plan at retirement are not eligible to participate in the program. The employee must be actively enrolled in an OHSU medical plan at the time of separation from OHSU.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

(ii) Employees Covered by Benefit Terms

The plan provides access for retiring employees to OHSU's employee medical plans at the same premium rates assessed to active employees. As of the measurement date of October 1, 2018, the following employees were covered by the benefit terms.

	October 1, 2018	October 1, 2017
Active employees	13,018	13,018
Retired members and others, receiving benefits	101	101
Total participants	13,119	13,119

(Continued)

(iii) Benefit Payments

Benefit payments made for the fiscal year end June 30, 2019 and June 30, 2018 were $458 and $663, respectively.

(iv) Total OPEB Liability

The total OPEB liability as of the reporting date June 30, 2019 and 2018 is $12,335 and $12,506, respectively. The total OPEB liability was determined by an actuarial valuation as of October 1, 2017, calculated based on the discount rate and actuarial assumptions below, and was then projected forward to the measurement date. The liability is included in other noncurrent liabilities in the accompanying statements of net position.

(v) Actuarial Assumptions and Other Inputs

The following methods and assumptions were used in developing the total OPEB liability.

Fiscal year ending	June 30, 2019	June 30, 2018
Valuation date	October 1, 2017	October 1, 2017
Measurement date	October 1, 2018	October 1, 2017
Reporting date	June 30, 2019	June 30, 2018
Experience study report	2016 Oregon PERS Experience Study Based on January 1, 2013 to December 31, 2016	2016 Oregon PERS Experience Study Based on January 1, 2013 to December 31, 2016
Inflation	2.50%	2.50%
Discount rate*	4.18%	3.64%

* The discount rate was based on the Bond Buyer General Obligation 20-Bond Municipal Index.

(vi) Expense and Deferred (Inflows)/Outflows of Resources Related to OPEB

The OPEB expense, which is considered concurrent period interest cost, service cost, amortization of deferred outflows and inflows, and effect of plan changes, was $1,033 and $1,140 for the fiscal year ended June 30, 2019 and June 30, 2018, respectively.

As of June 30, 2019 and 2018 the deferred inflows and outflows of resources were as follows:

	Deferred outflow of resources		Deferred inflow of resources	
	2019	2018	2019	2018
Differences between expected and actual experience	$ —		—	—
Changes of assumptions	—		(1,249)	(709)
Total (prior to post-MD contributions)	—	—	(1,249)	(709)
Contributions subsequent to the measurement date	458	205		—
Gross deferred outflow (inflow) of resources	$ 458	205	(1,249)	(709)

The contributions made subsequent to the measurement date of $458 will be recognized as a reduction in the total OPEB liability during the year ending June 30, 2020.

(b) Cost-Sharing, Multiple-Employer Defined-Benefit Plans

(i) Plan Description

ORS 238.420 established the RHIA. RHIA is a cost-sharing, multiple-employer OPEB plan for 904 participating employers. The plan was closed to new entrants hired on or after August 29, 2003.

The State's PERS issues a publicly available financial report that includes financial statements and required supplementary information, including a 10-year historical trend information showing the accumulation of sufficient assets to pay benefits when due. Copies of the Oregon Public Employees Retirement System's Comprehensive Annual Financial Report and Actuarial Valuations may be obtained from the PERS Web site at: www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx.

(ii) Benefits Provided

The plan authorizes a payment of up to sixty dollars from RHIA toward the monthly cost of health insurance for eligible PERS members.

(iii) Contributions

Contributions are advance-funded on an actuarially determined basis. The contractually required contributions for retiree healthcare liabilities for the period July 1, 2017 through June 30, 2019 are 0.43% of all PERS-covered salaries to amortize the unfunded actuarial accrued liability and 0.07%

of PERS-covered salaries for Tier One and Tier Two members normal cost portion of RHIA benefits. These rates were based on the December 31, 2015 actuarial valuation.

Contributions to the OPEB plan from OHSU were $1,590 and $1,656 for the years ended June 30, 2019 and June 30, 2018, respectively. Employees are not required to contribute to the OPEB plan.

(iv) OPEB Asset/(Liability), OPEB Expense/(Income), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At fiscal year ended June 30, 2019 and 2018, OHSU reported an asset of $3,493 and $1,389 for its proportionate share of the net OPEB asset/(liability), respectively. The net OPEB asset/(liability) was measured as of June 30, 2018 and 2017 and the total OPEB asset/(liability) used to calculate the net OPEB asset/(liability) was determined by an actuarial valuation as of December 31, 2016 and December 31, 2015, respectively. OHSU's proportion of the net OPEB asset/(liability) was based on a projection of OHSU's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating members, actuarially determined. At the June 30, 2018 and 2017 measurement date, OHSU's proportionate share was 3.13% and 3.33%, respectively.

The OPEB expense/(income), which is considered concurrent period interest cost, service cost, amortization of deferred outflows and inflows, and effect of plan changes, was $(1) and $(3), for the

(Continued)

year ended June 30, 2019 and 2018, respectively. As of June 30, 2019 and 2018, the deferred inflows and outflows of resources were as follows:

	Deferred outflow of resources		Deferred inflow of resources	
	2019	2018	2019	2018
Differences between expected and actual experience	$ —	—	(198)	—
Changes of assumptions	—	—		—
Net difference between projected and actual earnings on investments	—	—	(11) (753)	—
Changes in proportionate share	31	—	(18)	(643)
Differences between contributions and OHSU's proportionate share of system contributions	—	—	—	(27) —
Total (prior to post-MD contributions)	31	—	(980)	(670)
Contributions subsequent to the measurement date	1,590	151	—	—
Gross deferred outflow (inflow) of resources	$ 1,621	151	(980)	(670)

The contributions made subsequent to the measurement date of $1,590 will be recognized as a reduction in the total OPEB liability during the year ending June 30, 2020.

(Continued)

(v) Actuarial Assumptions and Other Inputs

The total OPEB liability/(asset) in the December 31, 2016 and 2015 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement.

Fiscal year ending	June 30, 2019	June 30, 2018
Valuation date	December 31, 2016	December 31, 2015
Measurement date	June 30, 2018	June 30, 2017
Reporting date	June 30, 2019	June 30, 2018
Experience study report	2016, published July 26, 2017	2014, published September 23, 2015
	Based on data for the experience period January 1, 2013 to December 31, 2016	Based on data for the experience period January 1, 2011 to December 31, 2014
Actuarial assumptions:		
Actuarial cost method	Entry age normal	Entry age normal
Inflation rate	2.50%	2.50%
Long-term expected rate of return	7.20%	7.50%
Discount rate	7.20%	7.50%

(9) Long-Term Debt, Bonds, and Capital Leases

Long-term debt, including related unamortized original issue discounts and premiums and capital leases at June 30, 2019 and 2018, is as follows:

	2019	2018
Debt Service Payment Agreement (DSPA)	$ 3,976	5,864
Tenancy in Common Agreement (TIC)	24,682	25,258
Bonds payable, revenue bonds, Series 1995A	32,180	41,023
Bonds payable, revenue bonds, Series 2012A, B, C, and E	272,289	281,418
Bonds payable, revenue bonds, Series 2015A and B	137,320	138,380
Bonds payable, revenue bonds, Series 2015C	100,000	100,000
Bonds payable, revenue bonds, Series 2016A and B	268,018	269,015
Bonds payable, revenue bonds, Series 2017A and B	119,935	120,152
Local improvement district agreements	15,106	16,961
Capital leases	5,825	3,580
Less current portion of debt and capital leases	(27,890)	(24,260)
	$ 951,441	977,391

(Continued)

(a) Debt Service Payment Agreement

OHSU became an independent public corporation pursuant to an act of the Oregon Legislative Assembly in 1995 (the Act). Pursuant to the Act, OHSU assumed liability for outstanding indebtedness of the State previously incurred for the benefit of OHSU. To evidence this obligation, OHSU and the Oregon State Board of Higher Education (on behalf of the State of Oregon) entered into a DSPA, dated as of July 1, 1995, as subsequently amended (the State DSPA), pursuant to which OHSU makes payments to the State in amounts sufficient to pay when due all principal, interest, and any other charges with respect to such previously issued debt. In fiscal year 2017, the State refunded a portion of the 2007 Bonds included as part of the State DSPA with the 2017 Series I Bonds, which resulted in decreased debt service payments over time. Payment under the terms of the DSPA by OHSU represents full satisfaction of any legal obligation related to such outstanding indebtedness.

(b) Tenancy in Common Agreement – Robertson Life Sciences Building

During fiscal year 2011, OHSU entered into a joint construction project with the Oregon State Board of Higher Education (previously referred to as Oregon University System) to build the Robertson Life Sciences Building (previously referred to as the Collaborative Life Sciences Building) on OHSU's Schnitzer Campus located in Portland's South Waterfront to be jointly owned, developed, and operated collaboratively with Portland State University and Oregon State University. As partial consideration for OHSU's receipt of 50% undivided percentage interest in the tenancy in common of the Robertson Life Sciences Building, OHSU agreed to pay to the State one half of each assigned scheduled fixed-rate Series 2011F and G State Bonds debt service issued to fund the construction of the project. Subsequently, in fiscal year 2017, the State refunded a portion of the 2011 Series G Bonds with the 2017 Series I Bonds, which resulted in decreased debt service payments over time. Payments under the terms of the TIC by OHSU represents full satisfaction of any legal obligation related to such outstanding indebtedness.

(c) Bonds Payable

During fiscal year 1996, OHSU issued its first Insured Revenue Bonds Series A and B (1995 Revenue Bonds), which were partially refunded in fiscal years 2005 and 2012. The remaining outstanding 1995 Revenue Bond maturities are due July 1, 2019 through July 1, 2021 requiring semiannual interest payments with outstanding rate of 5.75%. Under the terms of the outstanding 1995 Revenue Bonds, OHSU is required to maintain funds held by a trustee for debt service reserve requirements for these bonds in amounts sufficient to pay specified principal and interest payments. The 1995 Revenue Bonds are limited obligations of OHSU and are secured by OHSU's gross revenue. Pursuant to the Oregon Uniform Revenue Bond Act, the 1995 Revenue Bonds are not general obligation bonds and are payable solely from the revenue pledged.

In fiscal year 2012, as part of a comprehensive bond portfolio restructuring, OHSU issued refunding Revenue Bonds, Series 2012A, Series 2012C, and Series 2012D, which refinanced over 50% of its existing outstanding debt portfolio. The Series 2012A was issued as fixed-rate bonds with remaining outstanding maturities due July 1, 2019 through July 1, 2028 requiring semiannual interest payments with outstanding rates ranging from 3.0% to 5.0%. The Series 2012C was issued as variable rate bond with remaining outstanding maturities due July 1, 2019 through July 1, 2027. The Series 2012D was

(Continued)

issued as direct placement variable rate bonds and subsequently refunded with a new Series 2015B in fiscal year 2015. In fiscal year 2013, Series 2012E was issued as fixed-rate bonds with maturities due beginning July 1, 2023 to July 1, 2032 requiring semiannual interest payments with rates ranging from 4.0% to 5.0%. The 2012 Revenue Bonds are limited obligations of OHSU and are secured by OHSU's gross revenues. Pursuant to the Oregon Uniform Revenue Bond Act, the 2012 Revenue Bonds are not general obligation bonds and are payable solely from revenue pledged.

Additionally, in fiscal year 2012, during the restructuring process, OHSU simultaneously issued $85,570 of new tax-exempt variable rate revenue bonds, the Series 2012B-1, 2012B-2, and 2012B-3 to pay for certain costs of construction and other costs of issuance for the expanded CLSB Skourtes Tower project, which contains the OHSU School of Dentistry. The Series 2012B-1 and 2012B-2 were refunded with a new Series 2015A in fiscal year 2015. The remaining Series 2012B-3 bonds have maturities due beginning July 1, 2040 through July 1, 2042. The 2012 Revenue Bonds are limited obligations of OHSU and are secured by OHSU's gross revenues. Pursuant to the Oregon Uniform Revenue Bond Act, the 2012 Revenue Bonds are not general obligation bonds and are payable solely from revenue pledged.

In fiscal year 2015, OHSU restructured its Series 2012B 1, 2012B 2, and 2012D variable rate bonds with the Series 2015A and 2015B refunding revenue bonds to extend and stagger renewal dates of letters of credit and direct placement expiration dates. The Series 2015A refunded the 2012B-1 and 2012B-2 bonds. The Series 2015A was issued as direct placement variable rate bonds, with maturities due beginning July 1, 2040 to July 1, 2042. The Series 2015B refunded the Series 2012D bonds. The Series 2015B was issued as direct placement variable rate bonds, with and has remaining outstanding maturities due July 1, 2019 to July 1, 2032. No economic gain or loss was incurred as a result of this restructuring. The 2015 Revenue Bonds are limited obligations of OHSU and are secured by OHSU's gross revenues. Pursuant to the Oregon Uniform Revenue Bond Act, the 2015A and 2015B Revenue Bonds are not general obligation bonds and are payable solely from revenue pledged. In fiscal year 2016, OHSU issued the federally taxable Series 2015C Revenue Bonds in the amount of $100,000. The Series 2015C was issued as fixed-rate bonds with a maturity date of July 1, 2045 requiring semiannual interest payments at a rate of 5.0%. The proceeds from the Series 2015C will be used for general public corporation or other public purposes, including, but not limited to, financing capital expenses, noncapital expenses, and costs related to the issuance of the bonds. The 2015C Revenue Bonds are limited obligations of OHSU and are secured by OHSU's gross revenues. Pursuant to the Oregon Uniform Revenue Bond Act, the 2015C Revenue Bonds are not general obligation bonds and are payable solely from revenue pledged.

In fiscal year 2016, OHSU issued the Series 2016A Revenue Bonds in the amount of $50,000. The Series 2016A was issued as direct placement bonds with maturities due beginning July 1, 2043 through July 1, 2046 requiring monthly interest payments currently calculated at a rate of 2.30%. The Series 2016A was issued for capital improvements related to the construction of a new ambulatory care tower and as a prerequisite to the receipt of state matching grant funds for the construction of a new Knight Cancer Research Building. The 2016A Revenue Bonds are limited obligations of OHSU and are secured by OHSU's gross revenues. Pursuant to the Oregon Uniform Revenue Bond Act, the 2016A Revenue Bonds are not general obligation bonds and are payable solely from revenue pledged.

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Additionally in fiscal year 2016, OHSU issued the Series 2016B Revenue Bonds in the amount of $199,835. The Series 2016B was issued as fixed-rate bond with maturities due beginning July 1, 2028 through July 1, 2046 requiring semiannual interest payments with outstanding interest rates ranging from 2.5% to 5.0%. The Series 2016B was issued to advance refund the Series 2009A and for capital improvements related to the construction of a new ambulatory care tower and as a prerequisite to the receipt of state matching grant funds for the construction of a new Knight Cancer Research Building. The 2016B Revenue Bonds are limited obligations of OHSU and are secured by OHSU's gross revenues. Pursuant to the Oregon Uniform Revenue Bond Act, the 2016B Revenue Bonds are not general obligation bonds and are payable solely from revenue pledged.

The Series 2009A Revenue Bonds, which were advance refunded in fiscal year 2016, were fixed rate bonds with maturities due beginning July 1, 2033 through July 1, 2039. The amount of in-substance defeased debt outstanding as of June 30, 2019 is $158,505. The Series 2009A bonds are considered to be defeased in substance and the liability related to these bonds has been removed from long-term debt. At the time of the advance refunding, funds were deposited into an irrevocable escrow account to provide for all future payments of principal and interest for the Series 2009A up to the redemption date of July 1, 2019 on which the University intends to redeem the bonds. The funds held in escrow for the refunding of the Series 2009A as of June 30, 2019 is $163,074.

While the advance refunding of the Series 2009A resulted in an economic gain for OHSU, the event generated a deferred accounting loss, which has been reflected as a deferred outflow in the financial statements. The deferred accounting loss is being amortized using the effective-interest method over the original life of the Series 2009A. The balances of the deferred accounting loss from the advance refunding of the Series 2009A as of June 30, 2019 and 2018 were $20,640 and $21,839, respectively.

In fiscal year 2017, OHSU issued the Series 2017A Revenue Bonds in the amount of $65,460. The Series 2017A Revenue Bonds were issued as fixed rate bonds with maturities due beginning July 1, 2033 through July 1, 2046 requiring semiannual interest payments with outstanding interest rates ranging from 3.5% to 5.0%. The Series 2017A Revenue Bonds were issued for capital improvements related to the construction of a new ambulatory care tower and as a prerequisite to the receipt of State matching grant funds for the construction of a new Knight Cancer Research Building. The 2017A Revenue Bonds are limited obligations of OHSU and are secured by OHSU's gross revenues. Pursuant to the Oregon Uniform Revenue Bond Act, the 2017A Revenue Bonds are not general obligation bonds and are payable solely from revenue pledged.

Additionally, in fiscal year 2017, OHSU issued the Series 2017B Revenue Bonds in the amount of $50,000. The Series 2017B Revenue Bonds were issued as direct placement bonds with a maturity date of July 1, 2047, requiring monthly interest payments currently calculated at a rate of 2.16%. The Series 2017B Revenue Bonds were issued for capital improvements related to the construction of a new ambulatory care tower and as a prerequisite to the receipt of state matching grant funds for the construction of a new Knight Cancer Research Building. The 2017B Revenue Bonds are limited obligations of OHSU and are secured by OHSU's gross revenues. Pursuant to the Oregon Uniform Revenue Bond Act, the 2017B Revenue Bonds are not general obligation bonds and are payable solely from revenue pledged.

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OHSU has multiple credit enhancement facilities, including irrevocable standby letters of credit with U.S. Bank NA and direct placements with Wells Fargo Municipal Capital Strategies LLC and JPMorgan Chase Bank, NA as bondholder representative for DNT Asset Trust, as noted in the tables below for the periods ended June 30, 2019 and 2018:

2012BC and 2015AB variable rate debt as of June 30, 2019

Series	Facility counterparty	Principal outstanding	Facility matures	LT Ratings S&P/Moody's /Fitch	Reset
2012B-3	U.S. Bank, NA	$ 28,520	7/31/2020	AA-/A1/AA-	Daily
2012C	U.S. Bank, NA	14,685	7/31/2020	AA-/A1/AA-	Daily
2015A	Wells Fargo Municipal Capital Strategies LLC	57,050	5/2/2022	A+/Aa2/AA-	Monthly
2015B	JPMorgan Chase Bank NA/DNT Asset Trust	80,270	5/3/2027	A+/Aa2/AA	Monthly
		$ 180,525			

2012BC and 2015AB variable rate debt as of June 30, 2018

Series	Facility counterparty	Principal outstanding	Facility matures	LT Ratings S&P/Moody's /Fitch	Reset
2012B-3	U.S. Bank, NA	$ 28,520	5/21/2020	AA-/Aa2/AA	Daily
2012C	U.S. Bank, NA	14,905	5/21/2020	AA-/Aa2/AA	Daily
2015A	Wells Fargo Municipal Capital Strategies LLC	57,050	5/2/2022	AA-/Aa2/AA	Monthly
2015B	JPMorgan Chase Bank NA/DNT Asset Trust	82,410	5/3/2027	A+/Aa3/AA-	Monthly
		$ 182,885			

The letters of credit will fund any put made by bondholders that is not successfully remarketed. In the event the standby letter of credit funds a put by bondholders, no principal payments are due for 367 days.

The indenture and other loan agreements contain, among other things, provisions placing restrictions on additional borrowings and leases and require the maintenance of days cash of hand and debt service coverage ratio. Management believes that it is in compliance with its debt covenants.

(d) Local Improvement District Assessments

OHSU initially entered into various local improvement district agreements (LIDs) with the City of Portland, Oregon during fiscal years 2007 and 2008 for real improvements to Portland's South Waterfront District, of which $30,000 of the initial debt is considered to be nonrecourse obligations of

OHSU. During fiscal year 2012, OHSU entered into additional LIDs with the City of Portland for real improvements to the same Portland South Waterfront District for $4,807. All outstanding LID debt is scheduled to be repaid in semiannual installments, with final maturities through fiscal year 2029 and interest rates ranging between 4.19% and 4.71%. The total outstanding balances due as of June 30, 2019 and 2018 are $15,106 and $16,961, respectively, and have been included in long-term debt in the statements of net position.

(e) Interest Rate Swap Agreement

As of June 30, 2019 and 2018, OHSU held one interest rate swap agreement with Wells Fargo Bank, NA. The balances of OHSU's swap as of June 30, 2019 and 2018 are as follows:

	Notional		Fair value	
	2019	2018	2019	2018
Wells Fargo swap	$ 70,200	70,200	(13,413)	(6,272)
	$ 70,200	70,200	(13,413)	(6,272)

The notional amount of the outstanding swap with Wells Fargo Bank, NA and the principal amounts of the associated debt decline over time and terminate on July 1, 2042. The Series 2012B-3 and Series 2015A bonds are the assigned hedges under the current swap agreement with Wells Fargo Bank, NA. The swap has the option of early termination with a cash settlement. Under the swap agreement with Wells Fargo Bank, NA, OHSU makes fixed-rate interest payments of 2.51% and receives a variable-rate payment computed as 70.00% of the London Interbank Offered Rate. The fair value represents the estimated amount that OHSU would pay or receive if the swap agreement was terminated at year-end, taking into account current interest rates and the creditworthiness of the underlying counterparty. Total cash payments made to the swap counterparty were $590 and $993 during the years ended June 30, 2019 and 2018, respectively.

OHSU's interest rate swap agreement with Wells Fargo Bank, NA was established when OHSU entered into an International Swaps and Derivatives Association swap novation in fiscal year 2016. Previously, OHSU held two interest rate swap agreements with U.S. Bank, NA. Prior to the swap agreements with U.S. Bank, NA, OHSU held swap agreements with UBS originally established in fiscal year 2005 and subsequently novated in fiscal year 2013. The assigned hedges at the time of novation in fiscal year 2013 were the Series 2012B-1, Series 2012B-2, and Series 2012B-3 Bonds. Subsequently, the Series 2012B-1 and 2012B-2 Bonds were refunded with the Series 2015A Bonds in fiscal year 2015, at which point the Series 2012B-3 and Series 2015A Bonds were established as the new assigned hedges. The Series 2012B-3 and Series 2015A Bonds are the assigned hedges under the current agreement with Wells Fargo Bank, NA.

Management has evaluated the effectiveness of the current hedges assuming hybrid instruments; each swap consists of a companion debt instrument, amortized using the effective-interest method, representing the value of the swap at the inception of the current hedge, and a hedging instrument,

amortized using the effective-interest method, representing the hypothetical value of the swap had it held no value at the inception of the hedge.

The companion debt instrument for the Wells Fargo Bank, NA swap was determined at the date of novation in fiscal year 2016 and is reported in other liabilities. The liability is being amortized over the remaining term of the swap agreement on an effective-interest basis as an offset to interest expense. The value of the companion debt instrument as of June 30, 2019 and 2018 is $13,871 and $14,501, respectively. The value of the debt instrument is offset by deferred amortization of debt instruments, a deferred outflow, which is amortized on an effective-interest method and has a balance of $7,330 and $8,529 as of June 30, 2019 and 2018, respectively.

The on-market value portion of the hedging derivative instrument for the Wells Fargo Bank, NA swap is recorded in other noncurrent liabilities, with an offsetting balance recorded in either deferred outflows or deferred inflows dependent on the fair value as of fiscal year-end. Any changes to the value of the hedging instruments are recorded by increasing or decreasing the statements of net position accounts. During the current fiscal year, the total value changed from a liability and corresponding deferred outflow to an asset and corresponding deferred inflow. The total value recorded is an asset of $643 and $7,051 as of June 30, 2019 and 2018, respectively.

OHSU is exposed to swap credit risk, which is the risk that the counterparty will not fulfill its obligation. As of June 30, 2019 and 2018, the counterparties' long-term credit ratings were A+ from Standard & Poor's, Aa2 from Moody's, and AA- from Fitch. Additionally, the swap exposes OHSU to basis risk, which is the risk that arises when the relationship between the rates on the variable rate bonds and the swap formulas noted above vary from historical norms. If this occurs, swap payments received by OHSU may not fully offset its bond interest payments. As these rates change, the effective synthetic rate on the bonds will change.

OHSU may be additionally responsible for posting collateral based on its credit ratings and if the total swap liability exceeds a predetermined value on its reporting date. Based on current credit ratings for OHSU and the current market value of the swap, OHSU is not required to post any collateral at this time.

OHSU or the counterparty may terminate the swaps if the other party fails to perform under the terms of the contracts.

(f) Capital Leases

OHSU has entered into agreements for the lease of certain equipment and vehicles. Amortization of the capitalized value of these assets is included in depreciation and amortization expense on the

statements of revenues, expenses, and changes in net position. Future minimum lease payments under these agreements are as follows:

Year ending June 30:		
2020	$	4,103
2021		975
2022		972
2023		34
2024		5
		6,089
Less amount representing interest		(264)
		5,825
Less current portion		(3,919)
	$	1,906

(g) Summary of Long-Term Debt, Bonds, and Capital Leases

Long-term debt listed on the accompanying statements of net position comprises outstanding state DSPA and TIC agreements, revenue bonds, and City of Portland Local Improvement District agreements totaling $973,506 and $998,071 as of June 30, 2019 and 2018, respectively. Included in long-term debt are unamortized net original issue discounts and premiums of $38,514 and $41,651 and accreted interest for the DSPA and 1995 Revenue Bonds of $26,004 and $32,942 as of June 30, 2019 and 2018, respectively. Interest is accreted on the DSPA and the 1995 Revenue Bonds from the date the obligations were issued until maturity using the effective-interest method.

The issuance cost of obtaining debt is deferred and amortized over the term of the related debt using the effective-interest method and is listed as prepaid finance costs on the accompanying statements of net position.

(Continued)

Principal and interest payments under the DSPA, the various revenue bond obligations, and the local improvement district agreements are as follows:

	Principal	Interest	Total
Year(s) ending June 30:			
2020	$ 14,836	44,565	59,401
2021	14,834	44,252	59,086
2022	15,489	44,013	59,502
2023	24,922	33,645	58,567
2024	23,941	32,684	56,625
2025–2029	129,161	149,063	278,224
2030–2034	155,015	119,587	274,602
2035–2039	134,100	86,905	221,005
2040–2044	166,488	55,671	222,159
2045–2049	230,205	14,592	244,797
	$ 908,991	624,977	1,533,968

Interest on variable rate debt has been projected forward based on trailing 12-month average interest rates.

(h) Changes in Long-Term Liabilities

Changes in OHSU's total long-term liabilities during the fiscal years ended June 30, 2019 is summarized below:

	Balance June 30, 2018	Increases	Decreases	Balance June 30, 2019
Liability for self-funded insurance programs	$ 67,945	31,009	(26,051)	72,903
Liability for life income agreements	23,975	2,560	(3,300)	23,235
Long-term debt	998,071	—	(24,565)	973,506
Long-term capital leases	3,580	3,460	(1,215)	5,825
Other noncurrent liabilities	34,754	33	(1,304)	33,483
Pension liability	424,000	32,006	—	456,006
	$ 1,552,325	69,068	(56,435)	1,564,958

(Continued)

	Balance June 30, 2017	Increases	Decreases	Balance June 30, 2018
Liability for self-funded insurance programs	$ 62,414	30,611	(25,080)	67,945
Liability for life income agreements	23,933	5,635	(5,593)	23,975
Long-term debt	1,004,390	—	(6,319)	998,071
Long-term capital leases	4,299	126	(845)	3,580
Other noncurrent liabilities	31,963	6,699	(3,908)	34,754
Pension liability	526,200	—	(102,200)	424,000
	$ 1,653,199	43,071	(143,945)	1,552,325

(10) Life Income Fund – Annuities

Assets contributed as life income agreements are recorded at their fair value. The present value of estimated future payments to beneficiaries of annuity agreements is recorded as a liability. The present values of these estimated payments were determined on the basis of published actuarial factors for the ages of the respective annuity beneficiaries. Differences between the assets contributed and the expected payments to be made to beneficiaries have been recorded as donations in the year established.

Life income contributions, including gifts, grants, and contracts in the accompanying statements of revenues, expenses, and changes in net position, are as follows for the fiscal years ended June 30, 2019 and 2018:

	2019		
	Agreements	Asset	Liability
Charitable remainder unitrusts	3	$ 2	1
Charitable lead unitrusts	1	1,011	299
Charitable gift annuities	13	1,545	902
Total	17	$ 2,558	1,202

	2018		
	Agreements	Asset	Liability
Charitable remainder unitrusts	5	$ 2,813	949
Charitable gift annuities	6	113	54
Total	11	$ 2,926	1,003

(Continued)

The assets and corresponding liabilities related to life income agreements are included in long-term investments, restricted, and the liability for life income agreements in the accompanying statements of net position.

Total life income instruments held at June 30, 2019 and 2018 are as follows:

	2019			
	Agreements		**Asset**	**Liability**
Charitable remainder unitrusts	64	$	23,820	7,922
Charitable lead unitrusts	3		21,615	8,451
Charitable remainder trust annuities	1		117	79
Charitable gift annuities	191		10,446	6,185
Life estate agreements	3		996	598
Total	262	$	56,994	23,235

	2018			
	Agreements		**Asset**	**Liability**
Charitable remainder unitrusts	68	$	24,136	8,685
Charitable lead unitrusts	2		21,096	8,935
Charitable remainder trust annuities	2		217	127
Charitable gift annuities	190		9,641	5,664
Life estate agreements	3		909	564
Total	265	$	55,999	23,975

Fifteen charitable gift annuities, included above, have been reinsured with insurance carriers in order to reduce liability exposure. Under the reinsurance contracts, the future beneficiary payments are paid by the insurance carrier. To the extent the insurance carriers are unable to perform under the contract, OHSU would be responsible for payment.

(11) Funds Held in Trust by Others

The Foundations are the named beneficiaries of 41 and 43 trusts held by outside trustees as of June 30, 2019 and 2018, respectively. The reported fair market value of trust assets held by others was $50,400 and $50,000 of the years ended June 30, 2019 and 2018, respectively. The Foundations record contributions as trust distributions occur. Trust distributions of $2,400 and $1,800 were recorded as contributions during the fiscal years ended June 30, 2019 and 2018, respectively.

(Continued)

(12) Pledges and Estates Receivables

The Foundations had the following pledges and estates receivable as of June 30, 2019 and 2018:

		2019	2018
Pledges maturing within 1 year	$	72,949	128,449
Pledges maturing within 2–10 years		372,939	417,770
		445,888	546,219
Less allowance for uncollectible pledges		(2,420)	(2,741)
		443,468	543,478
Less discount for net present value		(19,814)	(24,964)
Total net pledges receivable		423,654	518,514
Estates receivable		1,935	1,789
Less allowance for uncollectible estates		(97)	(89)
Total net estates receivable		1,838	1,700
Total pledges and estates receivable	$	425,492	520,214

(13) Commitments and Contingencies

(a) Liability for Self-Funded Insurance Programs

Coverage for professional liability, patient general liability, and automobile liability is provided through OHSU's solely owned captive insurance company, OHSU Insurance Company. Current coverage limits are $4,500 per claim with an annual aggregate of $17,500 for professional liability and $3,000 per claim for general liabilities.

Coverage for the directors' and officers' liability and employment practices liability deductible is also provided through OHSU Insurance Company. Current coverage limits for claims made on or after July 1, 2014 are $1,000 for each and every claim.

Coverage for the cyber liability deductible is also provided through OHSU Insurance Company. The coverage limit for cyber liability is $250 for each and every claim.

Excess coverage and reinsurance is provided by a variety of insurers for claims that may exceed these limits. Coverage is written on a claims-made basis.

OHSU has contracted with independent actuaries to estimate the ultimate costs of settlement related to the coverage provided by OHSU Insurance Company. The liabilities are discounted at 3.0% in 2019 and 2018 and, in management's opinion, provide an adequate reserve for loss contingencies.

(Continued)

In December 2007, the Oregon Supreme Court found unconstitutional certain provisions of the Oregon Tort Claims Act (OTCA) that limited OHSU's liability for the acts of its employees and agents in large damages cases.

Effective July 1, 2009, the OTCA was amended by Senate Bill 311 for events occurring on or after December 28, 2007. The new OTCA limits are as follows:

Date of event	New OTCA limit (per claim)	Occurrence aggregate
12/28/2007–06/30/2010	$ 1,500,000	3,000,000
07/01/2010–06/30/2011	1,600,000	3,200,000
07/01/2011–06/30/2012	1,700,000	3,400,000
07/01/2012–06/30/2013	1,800,000	3,600,000
07/01/2013–06/30/2014	1,900,000	3,800,000
07/01/2014–06/30/2015	2,000,000	4,000,000
07/01/2015–06/30/2016	2,048,000	4,096,000
07/01/2016–06/30/2017	2,073,600	4,147,100
07/01/2017–06/30/2018	2,118,000	4,236,000
07/01/2018–06/30/2019	2,181,600	4,363,100

The impact of this decision has been included in the liability for self-funded insurance programs in the accompanying financial statements.

In September 2013, a judgment was awarded against OHSU in a professional liability case that was in excess of the OTCA, which limits OHSU's and other Oregon public body's liability for the acts of its employees and agents. OHSU disbursed the sum of $3,000, the amount of the tort cap in place at the date of the event. In May 2016, the Oregon Supreme Court affirmed the OTCA in this case.

Effective January 1, 2017, OHSU Insurance Company affiliated with a newly formed Oregon limited liability company called OHSU Project Co., LLC (a controlled affiliate of OHSU), which comprises OHSU and other nonaffiliated healthcare providers and systems, referred to as members. The operating agreement of OHSU Project Co., LLC asserts that OHSU's membership interest or voting power with respect to OHSU Project Co., LLC may not constitute less than ten percent (10%) of the outstanding membership interests. OHSU's membership interest was 34.2% and 33.1% as of June 30, 2019 and 2018, respectively.

The OHSU Project Co., LLC's sole purpose is to purchase casualty stop-loss insurance from OHSU Insurance Company for the benefit of its members. Each provider is entitled to coverage equal to its percentage membership interest in the limited liability company. The contracted payor effectuated the health insurance products entering into a provider-networking contract with OHSU Project Co., LLC.

Insco provides to OHSU Project Co., LLC medical aggregate excess of loss coverage for its share of the medical loss ratio (MLR) risk and cedes a portion of the risk to Swiss Re. Should MLR deteriorate

sufficiently so as to trigger the risk ceded to Swiss Re, then Swiss Re will be liable for 90% of OHSU Project Co., LLC's risk share, subject to a maximum liability of $1,500 with the 10% retention staying with OHSU Insurance Company.

On January 1, 2006, workers compensation coverage for all employees was placed with the SAIF Corporation in accordance with statutory requirements. The State Accident Insurance Fund also provides Employers Liability coverage in the amount of $500, without retention. The State Accident Insurance Fund policy was written as a paid loss retrospective plan until July 1, 2017 at which time it converted its coverage to a guaranteed cost plan. This paid premium is an estimate and varies with audited payroll. In addition, the State Accident Insurance Fund bills monthly for the prior year's claims paid losses. (2006 to June 2017), adding a 16.5% loss conversion factor to the paid loss costs. Six months after the policy term, and every 12 months thereafter, a retrospective evaluation is completed (for years 2006 to June 2017) to determine any additional amounts to be paid, including outstanding reserves, for claims relating to the policy year.

(b) Unemployment Compensation

Unemployment compensation claims are administered by the Oregon Employment Division pursuant to Oregon Revised Statutes. The estimated amount of future benefits payments to claimants and the resulting liability to OHSU have been reflected as accrued salaries, wages, and benefits in the accompanying statements of net position.

(c) Employee Health Programs

OHSU is self-insured for its risk of loss related to costs to insure its employees for medical, dental, and vision coverage. OHSU has utilized a third-party actuary to assist in the estimation of its liability for the employee health programs related to claims payable and those claims incurred but not yet paid or reported of approximately $17,957 and $16,241 as of June 30, 2019 and 2018, respectively. These amounts are included in current portion of self-funded insurance program liabilities in the accompanying statements of net position.

(d) Labor Organizations

As of fiscal year end June 30, 2019, approximately 57% of OHSU's employees are represented by labor organizations: 16% of OHSU's employees are nurses represented by the ONA, 40% of OHSU's employees are represented by the AFSCME, and less than 1% of OHSU's employees are represented by the OHSU Police Association. The current contract with ONA expires on June 30, 2020. The current contract with AFSCME will be in effect until June 30, 2022. The current contract with the OHSU Police Association expires on June 30, 2021.

(e) Construction Contracts

OHSU had outstanding commitments on unexpended construction contracts totaling approximately $42,362 and $71,503 at June 30, 2019 and 2018, respectively. These commitments will be primarily funded from gifts, grants, funds held by trustee, and other investment accounts.

(Continued)

(f) Legal Proceedings

The healthcare industry and academic medical centers are subject to numerous laws and regulations of federal, state, and local governments. These laws and regulations include, but are not limited to, laws and regulations related to licensure, accreditation, government health program participation, reimbursement for patient services, Medicare and Medicaid fraud and abuse, and laws and regulations governing the conduct of federally funded research, research involving human and animal subjects, and other facets of research. Government monitoring and enforcement activity continues with respect to possible violations of fraud and abuse laws and regulations and other laws and regulations applicable to healthcare providers and healthcare institutions, including academic medical centers. Violations of these laws and regulations could result in expulsion from government healthcare programs, together with the imposition of significant fines and penalties and repayments for patient services previously billed. Management believes OHSU is in compliance with applicable fraud and abuse laws and regulations, as well as other applicable government laws and regulations.

OHSU's compliance with the referenced laws and regulations may be subject to current or future government review and interpretation, as well as regulatory actions unknown or unasserted at this time.

OHSU is involved in litigation and is periodically the subject of regulatory inquiries in the normal course of its business. In past years, OHSU was subject to several federal healthcare audits as a part of national initiatives targeting large numbers of hospitals and academic medical centers and was the subject of government-issued subpoenas and postpayment reviews concerning specific OHSU billing practices. OHSU responded to these audits, subpoenas, and reviews, and these matters were resolved or are expected to be resolved without material adverse effect on OHSU's financial position, changes in financial position, or liquidity.

(g) Operating Leases

Leases that do not meet the criteria for capitalization are classified as operating leases, with the related rentals charged to operations as incurred.

Rental expenses under operating leases were approximately $22,393 and $21,720 in 2019 and 2018, respectively. The following is a schedule of future minimum rental commitments under operating leases as of June 30, 2019 and 2018 that have initial or remaining lease terms in excess of one year:

Year ending June 30:	
2020	$ 17,269
2021	16,399
2022	13,908
2023	9,585
2024	7,622
Thereafter	22,229
	$ 87,012

(Continued)

(h) Tuality Health Affiliation

On February 1, 2016, OHSU affiliated with Tuality Healthcare (Tuality) through the execution of a management agreement (the Tuality Agreement) between the organizations. Under the Tuality Agreement, OHSU agrees to oversee the unified and integrated clinical enterprises of OHSU and Tuality as a single, integrated economic unit. OHSU and Tuality remain as separate entities, own their own assets, and continue to be the licensed operators of their own facilities. Per the agreement, OHSU has guaranteed Tuality's operating income and will provide operating cash flow support. The initial term of the Tuality Agreement is 20 years and it may be renewed or extended by written agreement of the parties. The Tuality Agreement is subject to termination in the event of material breaches of the Tuality Agreement or for certain other reasons specified in the Tuality Agreement.

After February 1, 2016, OHSU guarantees operating income support in the following manner: to the extent Tuality incurs an operating loss for any fiscal year, OHSU will provide operating support in the form of a cash payment to Tuality in an amount equal to the operating loss, which will result in Tuality's operating income being equal to zero.

If in any fiscal year, Tuality's operating cash flow, defined in the Tuality Agreement as operating income plus depreciation less regular principal payments on long-term debt and less capital spending, is negative, OHSU will provide Tuality a capital advance in the form of a cash payment to bring Tuality's operating cash flow to a balance of zero. The capital advance will be recorded on Tuality's financial statements as a payable to OHSU, and on OHSU's financial statements as a receivable from Tuality, subject to any required reserves for estimates of collectability. Such capital advances will not bear interest and will be repayable by Tuality to OHSU from positive operating cash flow generated in future fiscal years under general guidelines specified in the Tuality Agreement.

For fiscal years 2019 and 2018, operating income support amounted to $7,556 and $7,236, respectively. The operating cash flow support, recorded as a note receivable, in other noncurrent assets on the statements of net position, was $7,952 and $2,592 for the years ended June 30, 2019 and 2018, respectively. In light of uncertain operating income in the near term and the likelihood that cash flow available for repayment will be deferred into future years, OHSU recorded a valuation reserve of $7,632 against the note receivable under other noncurrent assets as of June 30, 2019. The total note receivable as of June 30, 2019 was $15,265.

(i) Adventist Health

On January 1, 2018, OHSU and Adventist Health entered into a Health System agreement, an operating agreement and an academic affiliation agreement. Under this affiliation, OHSU and Adventist Health will operate as a unified clinical system with a shared bottom line. The affiliation applies to OHSU's Portland-area clinical services and activities and Adventist Health Portland, which includes the 302-bed Adventist Health Portland Medical Center and its 34 affiliated clinics and home care and hospice services in the Portland-Vancouver metro area. The other 19 Adventist Health hospitals in the western United States are excluded from the agreements. Each organization will retain its existing hospital licenses, capital assets, and employees and will not join each other's master trust indenture obligated group or otherwise guarantee each other's outstanding debt.

Each entity will continue to maintain its individual mission and culture but will together strive to transform access and the delivery of healthcare to Oregonians through a unified clinical enterprise and shared brand experience. A board of managers comprising representatives from each organization has been created to oversee the system.

The initial term of the Adventist agreement is 20 years and it may be renewed or extended by written agreement of the parties, and the agreement is subject to termination in the event of material breaches or for certain other reasons specified in the agreement.

OHSU and Adventist Health's allocation amount is determined by multiplying the consolidated Metro Health System net operating results by such party's proportional allocation percentage, including the amount of such party's total capital charges (for the same period for which such allocation amount is determined). The result shall equal the party's net share of the Metro Health System earnings before interest, depreciation, and amortization (EBIDA).

OHSU and Adventist's net share for each period shall be compared to each party's actual metro clinical enterprise adjusted EBIDA for the same period. OHSU and Adventist Health agree that if a party's net share for a period is less than such party's metro clinical enterprise adjusted EBIDA for such period, such party shall pay to the other party the amount of the difference (net share payment). OHSU and Adventist agree that if a party's net share for a period is more than such party's metro clinical enterprise adjusted EBIDA for the same period, such party shall receive from the other party a payment in the amount of the difference (net share receivable). During the first five years of the agreement, a net share payment cap of $5,000 will be applied in any calendar year.

For fiscal years 2019 and 2018, OHSU's support payment to Adventist amounted to $5,000 per year as the net share payment cap was met, respectively. In order to optimize health care provider coverage and accessibility within the Portland metropolitan area, OHSU also paid $263 for physician recruitments in fiscal year 2019.

(14) Blended Component Units

Condensed combining statements for OHSU and its blended component units are shown below:

	2019						
	University	INSCO	UMG	OHSUF Foundation	DCH Foundation	Eliminations/ reclassifications	Total combined
Assets:							
Current assets	$ 1,003,339	68,174	12,058	98,912	4,967	(61,603)	1,125,847
Noncurrent assets:							
Capital assets, net of accumulated depreciation	2,072,351	—	478	167	—	—	2,072,996
Other noncurrent assets	899,181	—	—	1,386,424	86,383	—	2,371,988
Total noncurrent assets	2,971,532	—	478	1,386,591	86,383	—	4,444,984
Total assets	3,974,871	68,174	12,536	1,485,503	91,350	(61,603)	5,570,831
Deferred outflows	205,752	—	—	—	—	—	205,752
Total assets and deferred outflows	$ 4,180,623	68,174	12,536	1,485,503	91,350	(61,603)	5,776,583
Liabilities:							
Current liabilities	$ 449,792	871	3,595	66,695	669	(61,603)	460,019
Noncurrent liabilities	1,441,698	36,111	7	24,314	1,717	—	1,503,847
Total liabilities	1,891,490	36,982	3,602	91,009	2,386	(61,603)	1,963,866
Deferred inflows	73,381	—	—	117,943	2,194	—	193,518
Net position:							
Net investment in capital assets	1,239,137	—	—	167	—	—	1,239,304
Restricted, expendable	82,979	—	—	608,639	25,482	—	717,100
Restricted, nonexpendable	—	—	—	244,651	30,111	—	274,762
Unrestricted	893,636	31,192	8,934	423,094	31,177	—	1,388,033
Total net position	2,215,752	31,192	8,934	1,276,551	86,770	—	3,619,199
Total liabilities, deferred inflows and net position	$ 4,180,623	68,174	12,536	1,485,503	91,350	(61,603)	5,776,583

(Continued)

	2018						
	University	INSCO	UMG	OHSUF Foundation	DCH Foundation	Eliminations/ reclassifications	Total combined
Assets:							
Current assets	$ 1,037,394	9,571	10,852	156,468	5,292	(63,929)	1,155,648
Noncurrent assets:							
Capital assets, net of accumulated depreciation	2,009,125	—	176	263	—	—	2,009,564
Other noncurrent assets	733,359	48,749	—	1,362,354	85,461	—	2,229,923
Total noncurrent assets	2,742,484	48,749	176	1,362,617	85,461	—	4,239,487
Total assets	3,779,878	58,320	11,028	1,519,085	90,753	(63,929)	5,395,135
Deferred outflows	182,548	—	—	—	—	—	182,548
Total assets and deferred outflows	$ 3,962,426	58,320	11,028	1,519,085	90,753	(63,929)	5,577,683
Liabilities:							
Current liabilities	$ 514,138	833	2,964	82,036	397	(63,929)	536,439
Noncurrent liabilities	1,438,175	33,245	69	24,872	1,819	—	1,498,180
Total liabilities	1,952,313	34,078	3,033	106,908	2,216	(63,929)	2,034,619
Deferred inflows	62,673	—	—	110,885	2,215	—	175,773
Net position:							
Net investment in capital assets	1,160,140	—	—	263	—	—	1,160,403
Restricted, expendable	78,712	—	—	704,548	29,766	—	813,026
Restricted, nonexpendable	—	—	—	221,061	28,870	—	249,931
Unrestricted	708,588	24,242	7,995	375,420	27,686	—	1,143,931
Total net position	1,947,440	24,242	7,995	1,301,292	86,322	—	3,367,291
Total liabilities, deferred inflows and net position	$ 3,962,426	58,320	11,028	1,519,085	90,753	(63,929)	5,577,683

(Continued)

Condensed combining information related to revenues, expenses, and changes in net position for the years ended June 30, 2019 and 2018 is as follows:

	2019						
	University	INSCO	UMG	OHSUF Foundations	DCH Foundations	Eliminations/ reclassifications	Total combined
Operating revenues:							
Patient service revenue	$ 2,350,926	—	—	—	—	—	2,350,926
Student tuition and fees, net	78,332	—	—	—	—	—	78,332
Gifts, grants, and contracts	679,603	—	—	55,217	14,962	(138,702)	611,080
Other revenue	135,961	19,893	19,229	3,516	134	(40,953)	137,780
Total operating revenues	3,244,822	19,893	19,229	58,733	15,096	(179,655)	3,178,118
Operating expenses:							
Salaries, wages, and benefits	1,832,965	—	12,549	13,622	—	—	1,859,136
Defined-benefit pension	72,043	—	—	—	—	—	72,043
Services, supplies, and other	990,334	17,224	5,647	156,361	18,801	(204,878)	983,489
Depreciation and amortization	186,526	—	95	99	—	—	186,720
Interest	31,300	—	—	—	—	—	31,300
Total operating expenses	3,113,168	17,224	18,291	170,082	18,801	(204,878)	3,132,688
Operating income (loss)	131,654	2,669	938	(111,349)	(3,705)	25,223	45,430
Nonoperating revenues (expenses):							
Investment income and change in fair value of investments	74,606	4,281	1	58,410	3,812	—	141,110
State appropriations	37,276	—	—			—	37,276
Other	(8,040)	—	—	5,006	(955)	—	(3,989)
Total nonoperating revenues (expenses), net	103,842	4,281	1	63,416	2,857	—	174,397
Net income (loss) before other changes in net position	235,496	6,950	939	(47,933)	(848)	25,223	219,827
Other changes in net position:							
Contributions for capital and other	32,816	—	—	—	—	(25,223)	7,593
Nonexpendable donations	—	—	—	23,192	1,296	—	24,488
Total other changes in net position	32,816	—	—	23,192	1,296	(25,223)	32,081
Total increase (decrease) in net position	268,312	6,950	939	(24,741)	448	—	251,908
Net position – beginning of year	1,947,440	24,242	7,995	1,301,292	86,322	—	3,367,291
Net position – end of year	$ 2,215,752	31,192	8,934	1,276,551	86,770	—	3,619,199

(Continued)

	2018						
	University	INSCO	UMG	OHSUF Foundations	DCH Foundations	Eliminations/ reclassifications	Total combined
Operating revenues:							
Patient service revenue	$ 2,210,653	—	—	—	—	—	2,210,653
Student tuition and fees, net	73,975	—	—	—	—	—	73,975
Gifts, grants, and contracts	662,755	—	—	48,061	15,774	(113,238)	613,352
Other revenue	149,428	18,527	18,532	3,387	103	(37,899)	152,078
Total operating revenues	3,096,811	18,527	18,532	51,448	15,877	(151,137)	3,050,058
Operating expenses:							
Salaries, wages, and benefits	1,708,088	—	12,056	12,771	—	—	1,732,915
Defined-benefit pension	76,587	—	—	—	—	—	76,587
Services, supplies, and other	954,216	16,161	5,256	115,571	10,928	(151,289)	950,843
Depreciation and amortization	150,867	—	119	109	—	—	151,095
Interest	28,537	—	—	—	—	—	28,537
Total operating expenses	2,918,295	16,161	17,431	128,451	10,928	(151,289)	2,939,977
Operating income (loss)	178,516	2,366	1,101	(77,003)	4,949	152	110,081
Nonoperating revenues (expenses):							
Investment income and change in fair value of investments	24,233	(208)	2	62,031	4,765	—	90,823
State appropriations	37,026	—	—			—	37,026
Other	(297)	—	—	2,732	(715)	—	1,720
Total nonoperating revenues (expenses), net	60,962	(208)	2	64,763	4,050	—	129,569
Net income (loss) before other changes in net position	239,478	2,158	1,103	(12,240)	8,999	152	239,650
Other changes in net position:							
Contributions for capital and other	9,053	(5,848)	—	—	—	(152)	3,053
Nonexpendable donations	—	—	—	15,803	1,178	—	16,981
Total other changes in net position	9,053	(5,848)	—	15,803	1,178	(152)	20,034
Total increase (decrease) in net position	248,531	(3,690)	1,103	3,563	10,177	—	259,684
Net position – beginning of year, as adjusted	1,702,883	27,932	6,892	1,297,729	76,145	—	3,111,581
Adjustment to implementation of GASB Statement No. 75	(3,974)	—	—	—	—	—	(3,974)
Net position – end of year	$ 1,947,440	24,242	7,995	1,301,292	86,322	—	3,367,291

(Continued)

Condensed combining information related to cash flows for the years ended June 30, 2019 and 2018 is as follows:

	2019						
	University	INSCO	UMG	OHSUF Foundations	DCH Foundations	Eliminations/ reclassifications	Total combined
Net cash provided by (used for) operating activities	$ 322,655	7,212	1,497	(91,513)	(3,313)	—	236,538
Net cash provided by noncapital financing activities	57,377	—	—	(456)	(41)	—	56,880
Net cash provided by (used for) capital and related financing activities	(296,203)	—	(396)	(4)	—	—	(296,603)
Net cash provided by (used for) investing activities	(50,746)	(6,529)	—	91,813	2,744	—	37,282
Net change in cash and cash equivalents	33,083	683	1,101	(160)	(610)	—	34,097
Cash and cash equivalents, beginning of year	16,726	3,402	8,662	20,771	3,357	—	52,918
Cash and cash equivalents, end of year	$ 49,809	4,085	9,763	20,611	2,747	—	87,015

	2018						
	University	INSCO	UMG	OHSUF Foundations	DCH Foundations	Eliminations/ reclassifications	Total combined
Net cash provided by (used for) operating activities	$ 292,600	2,540	992	(37,191)	6,684	—	265,625
Net cash provided by noncapital financing activities	27,837	—	—	8,000	151	—	35,988
Net cash provided by (used for) capital and related financing activities	(450,649)	—	(22)	11	—	—	(450,660)
Net cash provided by (used for) investing activities	103,608	(2,090)	—	25,572	(5,895)	—	121,195
Net change in cash and cash equivalents	(26,604)	450	970	(3,608)	940	—	(27,852)
Cash and cash equivalents, beginning of year	43,330	2,952	7,692	24,379	2,417	—	80,770
Cash and cash equivalents, end of year	$ 16,726	3,402	8,662	20,771	3,357	—	52,918

OREGON HEALTH & SCIENCE UNIVERSITY
(A Component Unit of the State of Oregon)
Required Supplementary Information (Unaudited)
June 30, 2019 and 2018

Required Supplementary Information – Unaudited
OHSU's Proportionate Share of the Net Pension (Asset)/Liability and Related Ratios

(Dollar amounts in thousands)

Defined-benefit pension plan[1]	2019	2018	2017	2016	2015
OHSU's proportion of the net pension (asset) liability (rounded)	3.01 %	3.51 %	3.51 %	3.98 %	4.26 %
OHSU's proportionate share of the net pension (asset) liability	$ 456,006	424,000	526,200	228,337	(96,652)
Covered payroll	323,343	337,473	326,959	345,363	365,618
OHSU's proportionate share of the net pension (asset) liability as a percentage of covered payroll	141.03 %	125.64 %	160.94 %	66.12 %	(26.44)%
Plan fiduciary net position as a percentage of the total pension liability	82.10 %	83.10 %	80.50 %	91.90 %	103.60 %

[1] Ten-year trend information will be presented prospectively.

Required Supplementary Information – Unaudited
Schedule of Defined-Benefit Pension Plan Contributions

(Dollars in thousands)

Year ended June 30[1]	2019	2018	2017	2016	2015
Contractually required contributions	$ 37,919	37,087	30,809	31,353	30,250
Contributions in relation to the contractually required contributions	47,919	47,087	30,809	31,353	37,750
Contribution excess	$ (10,000)	(10,000)	—	—	(7,500)
OHSU's covered payroll	$ 330,868	323,343	337,473	326,959	345,363
Contributions as a percentage of covered payroll	14.48 %	14.56 %	9.13 %	9.59 %	10.93 %

[1] Ten-year trend information will be presented prospectively.

See accompanying independent auditors' report.

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APPENDIX C

SUMMARY OF PRINCIPAL DOCUMENTS

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APPENDIX C

SUMMARY OF PRINCIPAL DOCUMENTS

The following is a summary of certain provisions of the Master Indenture, Supplement No. 12, Supplement No. 13 and Supplement No. 14 (together, the "Series 2019 Supplements") and the Bond Indenture that are not described elsewhere in this Official Statement. These summaries do not purport to be comprehensive and reference should be made to the Master Indenture, the Series 2019 Supplements and the Bond Indenture for a full and complete statement of their provisions.

DEFINITIONS OF CERTAIN TERMS IN THE MASTER INDENTURE AND THE SERIES 2019 SUPPLEMENTS

Unless the context otherwise requires, the terms defined in this summary shall, for all purposes of this summary, have the meanings herein specified, to be equally applicable to both singular and plural forms of any of the terms herein defined. Unless otherwise defined in this summary, all terms used herein or elsewhere in the Official Statement shall have the meanings assigned to such terms in the Master Indenture or the Series 2019 Supplements, as applicable.

"2019A Bonds" means the Oregon Health and Science University Revenue Bonds, Series 2019A (Tax-Exempt Fixed Rate), issued pursuant to the Bond Indenture.

"2019B-1 Bonds" means the Oregon Health and Science University Revenue Bonds, Series 2019B-1 (Tax-Exempt Long Term Rate), issued pursuant to the Bond Indenture.

"2019B-2 Bonds" means the Oregon Health and Science University Revenue Bonds, Series 2019B-2 (Tax-Exempt Long Term Rate), issued pursuant to the Bond Indenture.

"2019C Bonds" means the Oregon Health and Science University Revenue Bonds, Series 2019C (Federally Taxable Fixed Rate), issued pursuant to the Bond Indenture.

"Accountant" means any independent certified public accountant licensed to practice in the State (who may be the accountant or a member of the firm of accountants who regularly audit the books and accounts of the University or other Credit Group Members) from time to time selected and approved by the Credit Group Representative.

"Act" means ORS 353.340 to 353.370, and applicable provisions of ORS Chapter 287A, as amended.

"Additional Indebtedness" means any Indebtedness (including all Master Indenture Obligations) incurred subsequent to the effectiveness of the Master Indenture.

"Aggregate Principal Amount" means when used with respect to Master Indenture Obligations, the principal amount of such Master Indenture Obligation; provided, however, that to the extent that the amount of a Master Indenture Obligation securing amounts due under a Financial Products Agreement is used to determine voting rights, consent rights or rights to control remedies under the Master Indenture, its amount shall be deemed to be zero.

"Annual Debt Service" means for each Fiscal Year the sum (without duplication) of the aggregate amount of principal and interest scheduled to become due and payable in such Fiscal Year on all Long-Term Indebtedness of the Credit Group then Outstanding (by scheduled maturity, acceleration, mandatory redemption or otherwise, but not including purchase price coming due as a result of a mandatory or optional tender or put), less any amounts of such principal or interest to be paid during such Fiscal Year from (a) the proceeds of Indebtedness or (b) moneys or Government Obligations deposited in trust for the purpose of paying such principal

or interest; provided that if an Identified Financial Products Agreement has been entered into by any Credit Group Member with respect to Long-Term Indebtedness, interest on such Long-Term Indebtedness shall be included in the calculation of Annual Debt Service by including for each Fiscal Year an amount equal to the amount of interest payable on such Long-Term Indebtedness in such Fiscal Year at the rate or rates stated in such Long-Term Indebtedness plus any Financial Product Payments under an Identified Financial Products Agreement payable in such Fiscal Year minus any Financial Product Receipts under an Identified Financial Products Agreement receivable in such Fiscal Year; provided that in no event shall any calculation made pursuant to this clause result in a number less than zero being included in the calculation of Annual Debt Service.

"Authorized Representative" means, with respect to each Credit Group Member, its chair or vice chair of the board, president, chief executive officer, chief financial officer or any other person designated as an Authorized Representative of such Credit Group Member by a Certificate of that Credit Group Member signed by its chair or vice chair of the board, president, chief executive officer, or chief financial officer and filed with the Master Trustee.

"Balloon Indebtedness" means Long-Term Indebtedness, twenty-five percent (25%) or more of the principal of which (calculated as of the date of issuance) becomes due during any period of twelve (12) consecutive months if such maturing principal amount is not required to be amortized below such percentage by mandatory redemption prior to such 12-month period.

"Bond Indenture" means the Bond Indenture, dated as of December 1, 2019, between the University and the Bond Trustee related to the issuance of the 2019A Bonds, the 2019B-1 Bonds, the 2019B-2 Bonds and the 2019C Bonds, as the same may be modified, amended or supplemented pursuant to the terms thereof.

"Bond Trustee" means U.S. Bank National Association, or any successor bond trustee under the Bond Indenture.

"Book Value" means, when used in connection with Property, Plant and Equipment or other Property of any Credit Group Member, the value of such property, net of accumulated depreciation, as it is carried on the books of the Credit Group Member and in conformity with GAAP, and when used in connection with Property, Plant and Equipment or other Property of the Credit Group, means the aggregate of the values so determined with respect to such Property of each Credit Group Member determined in such a way that no portion of such value of Property of any Credit Group Member is included more than once.

"*Certificate*," "*Statement*," "*Request*," "*Consent*" or "*Order*" of any Credit Group Member or of the Master Trustee means, respectively, a written certificate, statement, request, consent or order signed in the name of such Credit Group Member by its Authorized Representative or in the name of the Master Trustee by its Responsible Officer. Any such instrument and supporting opinions or certificates, if any, may, but need not, be combined in a single instrument with any other instrument, opinion or certificate and the two or more so combined shall be read and construed as a single instrument.

"Commitment Indebtedness" means an obligation or obligations to repay amounts disbursed pursuant to a commitment from a Person to refinance when due other Indebtedness of such Member or purchase when tendered for purchase by the Holder thereof in accordance with the terms thereof other Indebtedness of such Member, which other Indebtedness was incurred in accordance with the provisions of the Master Indenture.

"Completion Indebtedness" means any Long-Term Indebtedness incurred for the purpose of financing the completion of construction or equipping of any project for which Long-Term Indebtedness has theretofore been incurred in accordance with the provisions of the Master Indenture, to the extent necessary to provide a completed and fully equipped facility of the type and scope contemplated at the time said Long-Term Indebtedness was incurred, and in accordance with the general plans and specifications for such facility as originally prepared and approved in connection with the related financing, modified or amended only in conformance with the provisions of the documents pursuant to which the related financing was undertaken.

"Controlling Member" means the Obligated Group Member designated by the Credit Group Representative to establish and maintain control over a Designated Affiliate.

"Credit Group" or *"Credit Group Members"* means all Obligated Group Members and Designated Affiliates.

"Credit Group Financial Statements" means unaudited financial statements prepared in accordance with the provisions of the Master Indenture.

"Credit Group Representative" means the University or such other Obligated Group Member (or Obligated Group Members acting jointly) as may have been designated pursuant to written notice to the Master Trustee executed by the University or a successor Credit Group Representative.

"Debt Service Coverage Ratio" means, for any period of time, the ratio determined by dividing Income Available for Debt Service by Maximum Annual Debt Service.

"*Default*" means, for purposes of the Master Indenture, an event that, with the passage of time or the giving of notice or both, would become an Event of Default.

"Designated Affiliate" means any Person which has been so designated by the Credit Group Representative in accordance with the Master Indenture so long as such Person has not been further designated by the Credit Group Representative as no longer being a Designated Affiliate in accordance with the Master Indenture.

"Eleventh Supplement" means the Eleventh Supplemental Master Trust Indenture, dated as of May 1, 2012, between the University, as Obligated Group Representative, and the Master Trustee, as it may from time to time be amended or supplemented.

"Event of Default" or *"event of default"* means any occurrence or event specified in the Master Indenture.

"Existing Master Indenture Obligations" means Obligation No. 1 issued pursuant to the First Supplement, Obligation No. 2 issued pursuant to the First Supplement, Obligation No. 16 issued pursuant to the Ninth Supplement, Obligation No. 17C issued pursuant to the Tenth Supplement, Obligation No. 19 issued pursuant to the Eleventh Supplement and Obligation No. 20 issued pursuant to the Eleventh Supplement.

"Fair Market Value" when used in connection with Property, means the fair market value of such Property as determined by either: (a) an appraisal of the portion of such Property which is real property made within five years of the date of determination by a "Member of the Appraisal Institute" and by an appraisal of the portion of such Property which is not real property made within five years of the date of determination by any expert qualified in relation to the subject matter, provided that any such appraisal shall be performed by an Independent Consultant, adjusted for the period, not in excess of five years, from the date of the last such appraisal for changes in the implicit price deflator for the gross national product as reported by the United States Department of Commerce or its successor agency, or if such index is no longer published, such other index certified to be comparable and appropriate in an Officer's Certificate delivered to the Master Trustee; (b) a bona fide offer for the purchase of such Property made on an arm's-length basis within six months of the date of determination, as established by an Officer's Certificate; or (c) an officer of the Credit Group Representative (whose determination shall be made in good faith and set forth in an Officer's Certificate filed with the Master Trustee) if the fair market value of such Property is less than or equal to the greater of $5,000,000 or 2.5% of cash and equivalents as shown on the most recent audited financial statements of the Credit Group Members.

"Financial Products Agreement" means any interest rate exchange agreement, hedge or similar arrangement, including, *inter alia*, an interest rate swap, asset swap, a constant maturity swap, a forward or futures contract, cap, collar, option, floor, forward or other hedging agreement, arrangement or security, direct

funding transaction or other derivative, however denominated and whether entered into on a current or forward basis.

"Financial Product Extraordinary Payments" means any payments required to be paid to a counterparty by an Obligated Group Member pursuant to a Financial Products Agreement in connection with the termination thereof, tax gross-up payments, expenses, default interest, and any other payments or indemnification obligations to be paid to a counterparty by an Obligated Group Member under a Financial Products Agreement, which payments are not Financial Product Payments.

"Financial Product Payments" means regularly scheduled payments required to be paid to a counterparty by an Obligated Group Member pursuant to a Financial Products Agreement.

"Financial Product Receipts" means regularly scheduled payments required to be paid to an Obligated Group Member by a counterparty pursuant to a Financial Products Agreement.

"Financial Statements" means, for any period, the consolidated or combined financial statements of the Credit Group which are presented in the form of and prepared in accordance with generally accepted accounting principles. Such statements shall be examined by independent certified public accountants in accordance with generally accepted auditing standards. The report of such independent certified public accountants shall express an opinion relative to such financial statements and shall state that such consolidated or combined financial statements of the Credit Group have been subject to the auditing procedures applied in the examination of the financial statements of the Credit Group, and are presented fairly in all material respects in relation to such financial statements as a whole.

"First Supplement" means the First Supplemental Master Trust Indenture, dated as of December 1, 1995, between the University, as Obligated Group Representative, and the Master Trustee, as it may from time to time be amended or supplemented.

"Fiscal Year" means the period beginning on July 1 of each year and ending on the next succeeding June 30, or any other twelve-month period hereafter designated by the Credit Group Representative as the fiscal year of the Credit Group.

"GAAP" means accounting principles generally accepted in the United States of America, consistently applied.

"General Obligation Bonds" means (i) indebtedness payable from ad valorem or other taxes without limitation as to rate or amount or (ii) "general obligation bonds" as defined in ORS 287A.001(9).

"Governing Body" means, when used with respect to the University or any other Credit Group Member, its board of directors, board of trustees or other board or group of individuals in which all of the powers of the University or such Credit Group Member are vested, except for those powers reserved to the corporate membership of such Credit Group Member by the laws of the State or the articles of incorporation or bylaws of such Credit Group Member.

"*Government Issuer*" means any municipal corporation, political subdivision, state, territory or possession of the United States, or any constituted authority or agency or instrumentality of any of the foregoing empowered to issue obligations on behalf thereof, which obligations would constitute Related Bonds under the Master Indenture.

"Government Obligations" means: (1) direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury of the United States of America) or obligations the timely payment of the principal of and interest on which are fully and unconditionally guaranteed by the United States of America; (2) obligations issued or guaranteed by any agency, department or instrumentality of the United States of America if the obligations issued or guaranteed by such

entity are rated in one of the two highest Rating Categories of a Rating Agency; (3) certificates which evidence ownership of the right to the payment of the principal of and interest on obligations described in clauses (1) and/or (2), provided that such obligations are held in the custody of a bank or trust company in a special account separate from the general assets of such custodian; and (4) obligations the interest on which is excluded from gross income for purposes of federal income taxation pursuant to Section 103 of the Internal Revenue Code of 1986, and the timely payment of the principal of and interest on which is fully provided for by the deposit in trust of cash and/or obligations described in clauses (1), (2) and/or (3).

"Government Restriction" means federal, state or other applicable governmental laws or regulations affecting any Credit Group Members and its health care facilities, adult congregate living facilities or other facilities placing restrictions and limitations on the (i) fees and charges to be fixed, charged or collected by any Credit Group Member or (ii) the timing of the receipt of such revenues.

"Gross Revenues" means, unless the context provides otherwise, all legally available revenues, income, receipts and money received in any period by the Obligated Group (other than the proceeds of a borrowing or proceeds of *ad valorem* or other taxes levied or imposed to pay debt service on General Obligation Bonds), including, but without limiting the generality of the foregoing, (a) gross revenues derived from its or their operations, including but not limited to patient service revenues, student tuition and other student fees and charges, (b) gifts, grants, bequests, donations and contributions exclusive of any gifts, grants, bequests, donations and contributions to the extent specifically restricted by the donor to a particular purpose inconsistent with their use for the payment of principal of, redemption premium, if any, and interest on Indebtedness or for the payment of operating expenses, (c) proceeds derived from (i) insurance, other than insurance proceeds the application of which is the subject of an agreement entered into between any Obligated Group Member and the holder of Indebtedness with respect to application of insurance proceeds or condemnation awards received in connection with Property, (ii) accounts receivable, (iii) securities and other investments, (iv) inventory and other tangible and intangible property, (v) medical or hospital insurance or indemnity programs or agreements and (vi) contract rights and other rights and assets now or hereafter owned, held or possessed by or on behalf of any Obligated Group Member and (d) rentals received from the lease of office space and (e) any other legally available revenue.

"Guaranty" means all loan commitments and all obligations of any Credit Group Member guaranteeing in any manner whatever, whether directly or indirectly, any obligation of any other Person which would, if such other Person were a Credit Group Member, constitute Indebtedness.

"Holder" means the registered owner of any Master Indenture Obligation in registered form or the bearer of any Master Indenture Obligation in coupon form which is not registered or is registered to bearer.

"Identified Financial Products Agreement" means a Financial Products Agreement identified to the Master Trustee in a Certificate of the Credit Group Representative as having been entered into by an Obligated Group Member with a Qualified Provider with respect to Indebtedness (which is either then-Outstanding or to be issued after the date of such Certificate) identified in such Certificate.

"Immaterial Affiliates" means Persons that are not Members of the Credit Group and whose combined total unrestricted net assets, as shown on their financial statements for their most recently completed fiscal year, aggregated less than 10% of the combined or consolidated unrestricted net assets of the Credit Group as shown on the Credit Group Financial Statements, plus the unrestricted net assets of such Persons as if they were Members of the Credit Group for such period, for the most recently completed Fiscal Year of the Credit Group.

"Income Available for Debt Service" means, unless the context provides otherwise, with respect to the Credit Group as to any period of time, excess of revenues over expenses (or "net income before contributions for capital and other") before depreciation, amortization, and interest expense, as determined in accordance with GAAP and as shown on the Credit Group Financial Statements; provided, that no determination thereof shall take into account: (a) gifts, grants, bequests, donations or contributions, to the extent specifically restricted by the donor to a particular purpose inconsistent with their use for the payment of principal of, redemption premium and interest on Indebtedness or the payment of operating expenses; (b) the net proceeds of insurance (other than

business interruption insurance) and condemnation awards; (c) any gain or loss resulting from the extinguishment of Indebtedness; (d) any gain or loss resulting from the sale, exchange or other disposition of assets not in the ordinary course of business; (e) any gain or loss resulting from any discontinued operations; (f) any gain or loss resulting from pension terminations, settlements or curtailments; (g) any unusual charges for employee severance; (h) adjustments to the value of assets or liabilities resulting from changes in GAAP; (i) unrealized gains or losses on investments, including "other than temporary" declines in Book Value; (j) gains or losses resulting from changes in valuation of any hedging, derivative, interest rate exchange or similar contract; (k) (i) any Financial Product Extraordinary Payments or (ii) similar payments on any hedging, derivative, interest rate exchange or similar contract that does not constitute a Financial Products Agreement; (l) unrealized gains or losses from the write-down, reappraisal or revaluation of assets; (m) proceeds of ad valorem or other taxes levied or imposed to pay debt service on General Obligation Bonds; (n) income from all Irrevocable Deposits; or (o) other nonrecurring items which do not involve the receipt, expenditure or transfer of assets.

"Indebtedness" means any Guaranty (other than any Guaranty by any Credit Group Member of Indebtedness of any other Credit Group Member) and any obligation of any Credit Group Member (a) for repayment of borrowed money, (b) with respect to leases which are considered capital leases or (c) under installment sale agreements, in each case as determined in accordance with GAAP; provided, however, that if more than one Credit Group Member shall have incurred or assumed a Guaranty of a Person other than a Credit Group Member, or if more than one Credit Group Member shall be obligated to pay any obligation, for purposes of any computations or calculations under the Master Indenture such Guaranty or obligation shall be included only one time. Financial Products Agreements, physician income guaranties and General Obligation Bonds shall not constitute Indebtedness.

"Independent Consultant" means a firm (but not an individual) which, as reasonably determined by the Credit Group Representative, (1) is in fact independent, (2) does not have any direct financial interest or any material indirect financial interest in any Credit Group Member (other than the agreement pursuant to which such firm is retained), (3) is not connected with any Credit Group Member as an officer, employee, promoter, trustee, partner, director or person performing similar functions and (4) is qualified to pass upon questions relating to the financial affairs of organizations similar to the Credit Group or facilities of the type or types operated by the Credit Group and having the skill and experience necessary to render the particular opinion or report required by the provision of the Master Indenture in which such requirement appears.

"Irrevocable Deposit" means the irrevocable deposit with a trustee or escrow agent of moneys in an amount, or Government Obligations, the principal of and interest on which will be an amount sufficient to pay all or a portion of the principal of, premium, if any, and interest on, as the same shall become due, any Long-Term Indebtedness.

"Lien" means any mortgage or pledge of, or security interest in, or lien or encumbrance on, any Property of a Credit Group Member (i) which secures any Indebtedness or any other obligation of such Credit Group Member or (ii) which secures any obligation of any Person other than a Credit Group Member, and excluding liens applicable to Property in which a Credit Group Member has only a leasehold interest unless the lien secures Indebtedness of that Credit Group Member.

"Long-Term Indebtedness" means Indebtedness other than Short-Term Indebtedness.

"Master Indenture" means the Amended and Restated Master Trust Indenture dated as of May 1, 2012, between the University and the Master Trustee, as it may from time to time be supplemented, modified or amended in accordance with the terms thereof, including as supplemented and amended by Supplement No. 12, Supplement No. 13 and Supplement No. 14.

"Master Indenture Obligation" means the Existing Master Indenture Obligations and any obligation of the Obligated Group issued pursuant to the Master Indenture, as a joint and several obligation of each Obligated Group Member, which may be in any form set forth in a Related Supplement, including, but not limited to, bonds, notes, obligations, debentures, reimbursement agreements, loan agreements, Financial Products Agreements or

leases. Reference to a Series of Master Indenture Obligations or to Master Indenture Obligations of a Series means Master Indenture Obligations or Series of Master Indenture Obligations issued pursuant to a single Related Supplement.

"Master Trustee" means The Bank of New York Mellon Trust Company, N.A., or any successor trustee under the Master Indenture.

"Material Credit Group Members" means the Credit Group Members whose combined or consolidated unrestricted net assets, as shown on their financial statements for their most recently completed fiscal year, were equal to or greater than 90% of the combined or consolidated unrestricted net assets of the entire Credit Group as shown on the Credit Group Financial Statements for the most recently completed Fiscal Year of the Credit Group.

"Maximum Annual Debt Service" means the greatest amount of Annual Debt Service becoming due and payable in any Fiscal Year including the Fiscal Year in which the calculation is made or any subsequent Fiscal Year; provided, however that for the purposes of computing Maximum Annual Debt Service: (a) with respect to a Guaranty, (i) if the Credit Group Members have made a payment pursuant to such Guaranty, one hundred percent (100%) of the Annual Debt Service (calculated as if such Person were a Credit Group Member) guaranteed by the Credit Group Members under the Guaranty shall be included in the calculation of Annual Debt Service in the year in which such payment was made and for two Fiscal Years thereafter and (ii) otherwise, no portion of the Annual Debt Service guaranteed by the Credit Group Members under the Guaranty shall be included in the calculation of Annual Debt Service, provided, however, solely for the purpose of determining compliance with the provisions of the Master Indenture in connection with the incurrence of a Guaranty (but not in connection with determining compliance with the Transaction Test), there shall be included in the calculation of Annual Debt Service a percentage of the Annual Debt Service (calculated as if such Person were a Credit Group Member) guaranteed by the Credit Group Members under the Guaranty being incurred, based on the ratio of Income Available for Debt Service of the Person whose indebtedness is guaranteed by the Credit Group Member (calculated as if such Person were a Credit Group Member), over the Maximum Annual Debt Service of such Person (calculated as if such Person were a Credit Group Member) (the "Ratio"). If the Ratio is less than 1.25, one hundred percent of Annual Debt Service on such indebtedness shall be included in the calculation of Annual Debt Service. If the Ratio is greater than or equal to the values set forth below, the applicable percentage of Annual Debt Service on such indebtedness shall be included in the calculation of Annual Debt Service, as follows:

Ratio	Percentage of Annual Debt Service on such Indebtedness to be Included
1.25 to 1.50	75%
1.50 to 2.0	25%
2.0 or greater	0%

(b) if interest on Long-Term Indebtedness is payable pursuant to a variable interest rate formula (or if Financial Product Payments under an Identified Financial Products Agreement or Financial Product Receipts under an Identified Financial Products Agreement are determined pursuant to a variable rate formula), the interest rate on such Long-Term Indebtedness (or the variable rate formula for such Financial Product Payments under an Identified Financial Products Agreement or Financial Product Receipts under an Identified Financial Products Agreement) for periods when the actual interest rate cannot yet be determined shall be assumed to be equal to (i) if such Long-Term Indebtedness (or Identified Financial Products Agreement) was Outstanding during the twelve (12) calendar months immediately preceding the date of calculation, an average of the interest rates per annum which were in effect, and (ii) if such Long-Term Indebtedness (or Identified Financial Products Agreement) was not Outstanding during the twelve (12) calendar months immediately preceding the date of calculation, an average of the SIFMA Index during the twelve (12) calendar months immediately preceding the date of calculation, all as specified in either, at the election of the Credit Group Representative, a Certificate of the Credit Group Representative or a written statement from a investment banking or financial advisory firm; (c) if moneys or Government Obligations have been deposited with a trustee or escrow agent in an amount, together with earnings thereon, sufficient to pay all or a portion of the principal of or interest on Long-Term Indebtedness as it comes

due, such principal or interest, as the case may be, to the extent provided for, shall not be included in computations of Maximum Annual Debt Service; (d) debt service on Long-Term Indebtedness incurred to finance capital improvements shall be included in the calculation of Maximum Annual Debt Service only in proportion to the amount of interest on such Long-Term Indebtedness which is payable in the then current Fiscal Year from sources other than proceeds of such Long-Term Indebtedness (other than proceeds deposited in debt service reserve funds) held by a trustee or escrow agent for such purpose; and (e) with respect to Balloon Indebtedness, at the option of the Credit Group Representative, such Balloon Indebtedness shall be treated as Long-Term Indebtedness with substantially level debt service over a period of thirty (30) years from the date of incurrence of such Balloon Indebtedness at an interest rate equal to a fixed rate equal to the Thirty-Year Revenue Bond Index most recently published in *The Bond Buyer*; provided, however, that the entire principal amount of such Balloon Indebtedness shall be included in the calculation of Maximum Annual Debt Service if such calculation is made within twelve months of the maturity of such Balloon Indebtedness.

"Ninth Supplement" means the Ninth Supplemental Master Trust Indenture, dated as of May 1, 2012, between the University, as Obligated Group Representative, and the Master Trustee, as it may from time to time be amended or supplemented.

"Non-Recourse Indebtedness" means any Indebtedness incurred to finance the acquisition of Property secured by a Lien on such Property, liability for which is effectively limited to the Property subject to such Lien with no recourse, directly or indirectly, to any other Property of the Credit Group, including without limitation, any other Indebtedness incurred by any Credit Group Member as a conduit issuer in the form of non-recourse revenue obligations, the proceeds of which are loaned or made available by such Member to a conduit borrower (which is not a Member of the Credit Group), and for which the Credit Group's liability is limited to the Property of such conduit borrower pledged and any credit enhancement arranged to secure such non-recourse revenue obligations.

"Obligated Group" means all Obligated Group Members.

"Obligated Group Member" or *"Member"* means each Person that is obligated under the Master Indenture from and after the date upon which such Person joins the Obligated Group, but excluding any Person which withdraws from the Obligated Group to the extent and in accordance with the provisions of the Master Indenture, from and after the date of such withdrawal.

"Obligation No. 1" means the Oregon Health and Science University Obligation No. 1 issued under the First Supplement, in substantially the form attached to the First Supplement.

"Obligation No. 2" means the Oregon Health and Science University Obligation No. 2 issued under the First Supplement, in substantially the form attached to the First Supplement.

"Obligation No. 16" means the Oregon Health and Science University Obligation No. 16 issued under the Ninth Supplement, in substantially the form attached to the Ninth Supplement.

"Obligation No. 17C" means the Oregon Health and Science University Obligation No. 17C issued under the Tenth Supplement, in substantially the form attached to the Tenth Supplement.

"Obligation No. 19" means the Oregon Health and Science University Obligation No. 19 issued under the Eleventh Supplement, in substantially the form attached to the Eleventh Supplement.

"Obligation No. 20" means the Oregon Health and Science University Obligation No. 20 issued under the Eleventh Supplement, in substantially the form attached to the Eleventh Supplement.

"Obligation No. 38" means the Oregon Health and Science University Obligation No. 38 issued under Supplement No. 12, in substantially the form attached to Supplement No. 12.

"Obligation No. 39" means the Oregon Health and Science University Obligation No. 39 issued under Supplement No. 13, in substantially the form attached to Supplement No. 13.

"Obligation No. 40" means the Oregon Health and Science University Obligation No. 40 issued under Supplement No. 13, in substantially the form attached to Supplement No. 13.

"Obligation No. 41" means the Oregon Health and Science University Obligation No. 41 issued under Supplement No. 14, in substantially the form attached to Supplement No. 14.

"Outstanding" when used with reference to Indebtedness or Master Indenture Obligations, means, as of any date of determination, all Indebtedness or Master Indenture Obligations theretofore issued or incurred and not paid and discharged other than (1) Master Indenture Obligations theretofore cancelled by the Master Trustee or delivered to the Master Trustee for cancellation or otherwise deemed paid in accordance with the terms hereof, (2) Master Indenture Obligations in lieu of which other Master Indenture Obligations have been authenticated and delivered or which have been paid pursuant to the provisions of a Related Supplement regarding mutilated, destroyed, lost or stolen Master Indenture Obligations unless proof satisfactory to the Master Trustee has been received that any such Master Indenture Obligation is held by a bona fide purchaser, (3) any Master Indenture Obligation held by any Credit Group Member and (4) Indebtedness deemed paid and no longer outstanding pursuant to the terms thereof; provided, however, that if two or more obligations which constitute Indebtedness represent the same underlying obligation (as when a Master Indenture Obligation secures an issue of Related Bonds and another Master Indenture Obligation secures repayment obligations to a bank under a letter of credit which secures such Related Bonds) for purposes of calculating compliance with the various financial covenants contained in the Master Indenture, but only for such purposes, only one of such Master Indenture Obligations shall be deemed Outstanding and the Master Indenture Obligation so deemed to be Outstanding shall be that Master Indenture Obligation which produces the greatest amount of Annual Debt Service to be included in the calculation of such covenants.

"Parity Financial Product Extraordinary Payments" means Financial Product Extraordinary Payments that (1) are with respect to a Financial Products Agreement secured or evidenced by a Master Indenture Obligation and (2) have been specified to be payable on a parity with Financial Product Payments in the Related Supplement authorizing the issuance of such Master Indenture Obligation.

"Person" means an individual, corporation, limited liability company, firm, association, partnership, trust or other legal entity or group of entities, including a governmental entity or any agency or political subdivision thereof.

"Property" means any and all rights, titles and interests in and to any and all assets of any Credit Group Member, whether real or personal, tangible or intangible and wherever situated, other than Restricted Moneys as determined in accordance with GAAP. For purposes of performing certain calculations under the Master Indenture, the Credit Group Representative may treat "total assets" as shown on the Credit Group's audited financial statements as the Book Value of the Credit Group's Property.

"Property, Plant and Equipment" means all Property of any Credit Group Member which is considered property, plant and equipment of such Credit Group Member under GAAP.

"*Qualified Provider*" means any financial institution or insurance company or corporation which is a party to a Financial Products Agreement if (i) the unsecured long-term debt obligations of such provider (or of the parent or a subsidiary of such provider if such parent or subsidiary guarantees or otherwise assures the performance of such provider under such Financial Products Agreement), or (ii) obligations secured or supported by a letter of credit, contract, guarantee, agreement, insurance policy or surety bond issued by such provider (or such guarantor or assuring parent or subsidiary), are rated in one of the three highest Rating Categories of a Rating Agency at the time of the execution and delivery of the Financial Products Agreement.

"Rating Agency" or *"Rating Agencies"* means each nationally recognized securities rating agency or agencies then maintaining a rating on the Bonds.

"Rating Category" or *"Rating Categories"* means a generic securities rating category, without regard to any refinement or gradation of such rating category by a numerical modifier, outlook or otherwise.

"Related Bond Indenture" means any indenture, bond resolution, trust agreement or other comparable instrument pursuant to which a series of Related Bonds are issued.

"Related Bond Issuer" means the Government Issuer of any issue of Related Bonds.

"Related Bond Trustee" means the trustee and its successors in the trusts created under any Related Bond Indenture, and if there is no such trustee, means the Related Bond Issuer.

"Related Bonds" means the revenue bonds or other obligations (including, without limitation, certificates of participation) (i) issued by the University and secured by one or more Master Indenture Obligations and (ii) issued by any Government Issuer, the proceeds of which are loaned or otherwise made available to a Credit Group Member in consideration of the execution, authentication and delivery of a Master Indenture Obligation or Master Indenture Obligations to or for the order of such Government Issuer.

"Related Supplement" means an indenture supplemental to, and authorized and executed pursuant to the terms of, the Master Indenture.

"Required Payment" means any payment, whether at maturity, by acceleration, upon proceeding for redemption or otherwise, including without limitation, Financial Product Payments, Financial Product Extraordinary Payments and the purchase price of Related Bonds tendered or deemed tendered for purchase pursuant to the terms of a Related Bond Indenture, required to be made by any Obligated Group Member pursuant to any Related Supplement or any Master Indenture Obligation.

"Responsible Officer" means, with respect to the Master Trustee, any managing director, any vice president, any assistant vice president, any assistant secretary, any assistant treasurer, senior associate, associate or any other officer of the Master Trustee customarily performing functions similar to those performed by the persons above designated or to whom any corporate trust matter is referred because of such person's knowledge of and familiarity with the particular subject and having direct responsibility for the administration of the Master Indenture.

"Restricted Moneys" means the proceeds of any grant, gift, bequest, contribution or other donation (and, to the extent subject to the applicable restrictions, the investment income derived from the investment of such proceeds) specifically restricted by the donor or grantor to an object or purpose inconsistent with their use for the payment of Required Payments.

"Short-Term Indebtedness" means all Indebtedness having an original maturity less than or equal to one year and not renewable at the option of a Credit Group Member for a term greater than one year from the date of original incurrence or issuance, or Indebtedness with a maturity or renewable at the option of a Credit Group Member with a term greater than one year, if by the terms of such Indebtedness, no Indebtedness is permitted to be Outstanding thereunder for a period of at least twenty (20) consecutive days during each calendar year. For purposes of this definition, (i) only the stated maturity of Indebtedness (and not any tender or put right of the holder of such Indebtedness) shall be taken into account in determining if such Indebtedness constitutes Short-Term Indebtedness under the Master Indenture and (ii) classification of Indebtedness as current or short-term under GAAP shall not be controlling.

"SIFMA Index" means, on any date, a rate determined on the basis of the seven-day high grade market index of tax-exempt variable rate demand obligations, as produced by Municipal Market Data and published or made available by the Securities Industry & Financial Markets Association (formerly the Bond Market

Association) ("SIFMA") or any Person acting in cooperation with or under the sponsorship of SIFMA or if such index is no longer available "SIFMA Swap Index" shall refer to an index recommended by the remarketing agent for the obligations in question and acceptable to the Credit Group Representative and the Bond Trustee.

"State" means the State of Oregon.

"Subordinated Indebtedness" means Long-Term Indebtedness specifically subordinated as to payment and security to the payment of all Required Payments and other obligations of the Credit Group Members under the Master Indenture.

"Supplement No. 12" means Supplemental Master Trust Indenture No. 12, dated as of December 1, 2019, related to the 2019A Bonds, between the University and the Master Trustee, as it may from time to time be amended or supplemented.

"Supplement No. 13" means Supplemental Master Trust Indenture No. 13, dated as of December 1, 2019, related to the 2019B-1 Bonds and the 2019B-2 Bonds, between the University and the Master Trustee, as it may from time to time be amended or supplemented.

"Supplement No. 14" means Supplemental Master Trust Indenture No. 14, dated as of December 1, 2019, related to the 2019C Bonds, between the University and the Master Trustee, as it may from time to time be amended or supplemented.

"Tax-Exempt Organization" means a Person organized under the laws of the United States of America or any state thereof which is an organization described in Section 501(c)(3) of the Code and exempt from federal income taxes under Section 501(a) of the Code (other than the tax on unrelated business income under Section 511 of the Code), or corresponding provisions of federal income tax laws from time to time in effect.

"Tenth Supplement" means the Tenth Supplemental Master Trust Indenture, dated as of May 1, 2012, between the University, as Obligated Group Representative, and the Master Trustee, as it may from time to time be amended or supplemented.

"Total Revenues" means, for the period of calculation in question, the sum of operating revenue (including (i) net patient service revenue, (ii) net student tuition and fees, (iii) gifts, grants and contracts, (iv) sales and services of educational departments, (v) revenues of auxiliary enterprises and (vi) other revenue) and nonoperating revenues (net) as shown on the Credit Group Financial Statements for the most recent Fiscal Year.

"Transaction Test" means, with respect to any specified transaction, that no Event of Default or Default then exists and, following such transaction, the Credit Group could satisfy the conditions for the issuance of $1.00 of additional Long-Term Indebtedness set forth in the Master Indenture.

"University" means Oregon Health and Science University, a public corporation of the State, and its legal successors and assigns and any surviving, resulting or transferee entity provided such entity is a public corporation of the State.

"Value," when used with respect to Property, means the aggregate value of all such Property, with each component of such Property valued, at the option of the Credit Group Representative, at either its Fair Market Value or its Book Value.

"Variable Rate Indebtedness" means all or any portion of Indebtedness the interest rate on which has not been established at a fixed or constant rate to maturity.

THE MASTER INDENTURE

The following summarizes certain provisions of the Master Indenture. Such summary does not purport to be complete and reference is made to the Master Indenture and any Related Supplement for full and complete statements of all such provisions.

Authorization of Master Indenture Obligations

Pursuant to the provisions of the Master Indenture, each Obligated Group Member authorizes to be issued from time to time Master Indenture Obligations or series of Master Indenture Obligations, without limitation as to amount, except as provided in the Master Indenture or as may be limited by law, and subject to the terms, conditions and limitations established in the Master Indenture and in any Related Supplement.

Issuance of Master Indenture Obligations

From time to time when authorized by the Master Indenture and subject to the terms, limitations and conditions established in the Master Indenture or in a Related Supplement, the Credit Group Representative may authorize the issuance of a Master Indenture Obligation or a series of Master Indenture Obligations by entering into a Related Supplement. The Master Indenture Obligation or the Master Indenture Obligations of any such series may be issued and delivered to the Master Trustee for authentication upon compliance with the provisions of the Master Indenture and of any Related Supplement.

Each Related Supplement authorizing the issuance of a Master Indenture Obligation or a series of Master Indenture Obligations shall specify the purposes for which such Master Indenture Obligation or series of Master Indenture Obligations are being issued; the form, title, designation, manner of numbering or denominations, if applicable, of such Master Indenture Obligations; the date or dates of maturity or other final expiration of the term of such Master Indenture Obligations; the date of issuance of such Master Indenture Obligations; and any other provisions deemed advisable or necessary by the Credit Group Representative. Each Related Supplement authorizing the issuance of a Master Indenture Obligation shall also specify and determine the principal amount of such Master Indenture Obligation (if any) for purposes of calculating the percentage of Holders of Master Indenture Obligations required to take actions or give consents pursuant to the Master Indenture (which, if such Master Indenture Obligation does not evidence or secure Indebtedness, shall be equal to zero, except with respect to any action which requires the consent of all of the Holders of Master Indenture Obligations). The designation of zero as a principal amount of a Master Indenture Obligation shall not in any manner affect the obligation of the Members to make Required Payments with respect to such Master Indenture Obligation.

Appointment of Credit Group Representative

Each Obligated Group Member, by becoming an Obligated Group Member, irrevocably appoints the Credit Group Representative as its agent and attorney-in-fact and grants full power to the Credit Group Representative to execute (a) Related Supplements authorizing the issuance of Master Indenture Obligations or Series of Master Indenture Obligations and (b) Master Indenture Obligations.

Conditions to the Issuance of Master Indenture Obligations

The issuance, authentication and delivery of any Master Indenture Obligation or series of Master Indenture Obligations shall be subject to the following specific conditions:

(a) The Credit Group Representative and the Master Trustee shall have entered into a Related Supplement providing for the terms and conditions of such Master Indenture Obligations and the repayment thereof; and

(b) The Master Trustee receives an Officer's Certificate to the effect that:

(i) each Obligated Group Member is in full compliance with all warranties, covenants and agreements set forth in the Master Indenture and in any Related Supplement; and

(ii) neither an Event of Default nor any event which with the passage of time or the giving of notice or both would become an Event of Default has occurred and is continuing or would occur upon issuance of such Master Indenture Obligations under the Master Indenture or any Related Supplement; and

(iii) all requirements and conditions, if any, to the issuance of such Master Indenture Obligations set forth in the Related Supplement have been satisfied; and

(c) The Master Trustee receives an Opinion of Counsel in form and substance reasonably satisfactory to the Master Trustee, subject to customary qualifications and exceptions, to the effect that:

(i) such Master Indenture Obligations and Related Supplement have been duly authorized, executed and delivered by the Credit Group Representative on behalf of the Obligated Group and constitute valid and binding obligations of the Obligated Group, enforceable in accordance with their terms; and

(ii) such Master Indenture Obligations are not subject to registration under federal or state securities laws and such Related Supplement is not subject to registration under the Trust Indenture Act of 1939, as amended (or that such registration, if required, has occurred);

(d) The Credit Group Representative shall have delivered or caused to be delivered to the Master Trustee such opinions, certificates, proceedings, instruments and other documents as the Master Trustee may (but is not obligated to) reasonably request; and

(e) If such Master Indenture Obligation constitutes or secures Indebtedness, the requirements set forth in the Master Indenture are satisfied, as evidenced by the Officer's Certificate required by the Master Indenture, as summarized in paragraph (b)(i) above and, if applicable, any Officer's Certificate required by the Master Indenture, as summarized in paragraphs (a) through (d) below under the heading "*Payment of Required Payments*."

Payment of Required Payments

Under the Master Indenture, each Obligated Group Member jointly and severally covenants to promptly pay, or cause to be paid, all Required Payments at the place, on or before the dates and in the manner provided therein or in any Related Supplement or Master Indenture Obligation. In addition, each Obligated Group Member acknowledges that the time of such payment and performance is of the essence of the Master Indenture Obligations thereunder. Each Obligated Group Member further covenants to faithfully observe and perform all of the conditions, covenants and requirements of the Master Indenture, any Related Supplement and any Master Indenture Obligation.

The obligation of each Obligated Group Member with respect to Required Payments shall not be abrogated, prejudiced or affected by:

(a) the granting of any extension, waiver or other concession given to any Obligated Group Member by the Master Trustee or any Holder or by any compromise, release, abandonment, variation, relinquishment or renewal of any of the rights of the Master Trustee or any Holder or anything done or omitted or neglected to be done by the Master Trustee or any Holder in exercise of the authority, power and discretion vested in them by the Master Indenture, or by any other dealing or thing which, but for this provision, might operate to abrogate, prejudice or affect such obligation; or

(b) the liability of any other Obligated Group Member under the Master Indenture ceasing for any cause whatsoever, including the release of any other Obligated Group Member pursuant to the provisions of the Master Indenture or any Related Supplement; or

(c) any Obligated Group Member's failing to become liable as, or losing eligibility to become, an Obligated Group Member with respect to a Master Indenture Obligation.

Subject to the provisions of the Master Indenture permitting withdrawal from the Obligated Group, the obligation of each Obligated Group Member to make Required Payments is a continuing one and is to remain in effect until all Required Payments have been paid or deemed paid in full in accordance with the Master Indenture. All moneys from time to time received by the Credit Group Representative or the Master Trustee to reduce liability on Master Indenture Obligations, whether from or on account of the Obligated Group Members or otherwise, shall be regarded as payments in gross without any right on the part of any one or more of the Obligated Group Members to claim the benefit of any moneys so received until the whole of the amounts owing on Master Indenture Obligations has been paid or satisfied and so that in the event of any such Obligated Group Member's filing bankruptcy, the Credit Group Representative or the Master Trustee shall be entitled to prove up the total indebtedness or other liability on Master Indenture Obligations Outstanding as to which the liability of such Obligated Group Member has become fixed.

Each Master Indenture Obligation shall be a primary obligation of the Obligated Group Members and shall not be treated as ancillary to or collateral with any other obligation and shall be independent of any other security so that the covenants and agreements of each Obligated Group Member under the Master Indenture shall be enforceable without first having recourse to any such security or source of payment and without first taking any steps or proceedings against any other Person. The Credit Group Representative and the Master Trustee are each empowered to enforce each covenant and agreement of each Obligated Group Member under the Master Indenture and to enforce the making of Required Payments. Each Obligated Group Member hereby authorizes each of the Credit Group Representative and the Master Trustee to enforce or refrain from enforcing any covenant or agreement of the Obligated Group Members under the Master Indenture and to make any arrangement or compromise with any Obligated Group Member or Obligated Group Members as the Credit Group Representative or the Master Trustee may deem appropriate, consistent with the Master Indenture and any Related Supplement. Each Obligated Group Member hereby waives in favor of the Credit Group Representative and the Master Trustee all rights against the Credit Group Representative, the Master Trustee and any other Obligated Group Member, insofar as is necessary to give effect to any of the provisions summarized under this heading.

Designation of Designated Affiliates

The Credit Group Representative by resolution of its Governing Body may from time to time designate Persons as Designated Affiliates. In connection with such designation, the Credit Group Representative shall designate for each Designated Affiliate an Obligated Group Member to serve as the Controlling Member for such Designated Affiliate. There are no Designated Affiliates as of the date of the original execution of the Master Indenture. The Credit Group Representative shall at all times maintain an accurate and complete list of all Persons designated as Designated Affiliates (and of the Controlling Members for such Designated Affiliates) and file such list with the Master Trustee and any Related Bond Issuer that shall request such list in writing annually on or before April 1 of each year.

Each Controlling Member shall cause each of its Designated Affiliates to provide to the Credit Group Representative a resolution of its Governing Body accepting such Person's designation as a Designated Affiliate and acknowledging the provisions of the Master Indenture which affect the Designated Affiliates. So long as such Person is designated as a Designated Affiliate, the Controlling Member of such Designated Affiliate shall either (i) maintain, directly or indirectly, control of such Designated Affiliate to the extent necessary to cause such Designated Affiliate to comply with the terms of the Master Indenture, whether through the ownership of voting securities, by contract, corporate membership, reserved powers or the power to appoint corporate members, trustees or directors, or otherwise or (ii) execute and have in effect such contracts or other agreements which the Credit Group Representative and the Controlling Member, in the judgment of their respective Governing Bodies, deem sufficient for the Controlling Member to cause such Designated Affiliate to comply with the terms of the Master Indenture.

Each Controlling Member covenants and agrees in the Master Indenture that it will cause each of its Designated Affiliates to comply with any and all directives of the Controlling Member given pursuant to the provisions of the Master Indenture.

Any Person may cease to be a Designated Affiliate (and thus not subject to the terms of the Master Indenture) provided that prior to such Person ceasing to be a Designated Affiliate the Master Trustee receives: (i) a resolution of the Governing Body of the Credit Group Representative declaring such Person no longer a Designated Affiliate; and (ii) an Officer's Certificate to the effect that immediately following such Person ceasing to be a Designated Affiliate neither a Default nor an Event of Default would exist.

Covenants of Corporate Existence, Maintenance of Properties, Etc.

Each Obligated Group Member agrees, and each Controlling Member agrees to cause each of its Designated Affiliates:

(a) Except as otherwise expressly provided in the Master Indenture, to preserve its corporate or other legal existence and all its rights and licenses to the extent necessary or desirable in the operation of its business and affairs and to be qualified to do business in each jurisdiction where its ownership of Property or the conduct of its business requires such qualification; provided, however, that nothing therein contained shall be construed to obligate it to retain or preserve any of its rights or licenses no longer used or, in the judgment of its Governing Body, useful in the conduct of its business or affairs.

(b) At all times to cause its Property, Plant and Equipment to be maintained, preserved and kept in good repair, working order and condition, reasonable wear and tear excepted, and all needed and proper repairs, renewals and replacements thereof to be made; provided, however, that nothing contained in this subsection shall be construed to (i) prevent it from ceasing to operate any immaterial portion of its Property, Plant and Equipment, (ii) prevent it from ceasing to operate any material portion of its Property, Plant and Equipment if in its judgment it is advisable not to operate the same, and within a reasonable time endeavors to effect disposition of such material portion of its Property, Plant and Equipment, or (iii) obligate it to retain, preserve, repair, renew or replace any Property, Plant and Equipment no longer used or, in the judgment of its Governing Body, useful in the conduct of its business.

(c) To do all things reasonably necessary to conduct its affairs and carry on its business or affairs and operations in such manner as to comply in all material respects with any and all applicable laws of the United States and the several states thereof and to duly observe and conform in all material respects to all valid orders, regulations or requirements of any governmental authority relative to the conduct of its business or affairs and the ownership of its Property (except for such non-observance and non-conformance as could not reasonably be expected to have a material adverse effect on the business, operations, properties, prospects or condition (financial or otherwise) of the Credit Group, taken as a whole); provided, however, that nothing contained in the Master Indenture shall require it to comply with, observe and conform to any such law, order, regulation or requirement of any governmental authority so long as the validity thereof or the applicability thereof to it shall be contested in good faith.

(d) To pay promptly when due (i) all lawful taxes, governmental charges and assessments at any time levied or assessed upon or against it or its Property, including, but not limited to, all sales, use, occupation, real and personal property taxes, all permit and inspection fees, occupation and license fees and all water, gas, electric, light, power or other utility charges assessed or charged on or against its Property or on account of its use or occupancy thereof or the activities conducted thereon or therein, and (ii) all taxes, assessments and impositions, general and special, ordinary and extraordinary, of every name and kind, which shall be taxed, levied, imposed or assessed during the term of the Master Indenture upon its interest or the interest of any Related Bond Trustee or the interest of any Related Bond Issuer in the Master Indenture or the amounts payable thereunder or under the Master Indenture Obligations; provided, however, that it shall have the right to contest in good faith any of the foregoing or the collection of any such sums and pending the final outcome of such contest may delay or defer payment thereof. If, under applicable law, any such tax, levy, charge, fee, rate,

imposition or assessment may at the option of the taxpayer be paid in installments, any Credit Group Member may exercise such option.

(e) To pay promptly or otherwise satisfy and discharge all of its Indebtedness and all demands and claims against it as and when the same become due and payable other than any thereof (exclusive of the Master Indenture Obligations Outstanding under the Master Indenture) whose validity, amount or collectability is being contested in good faith.

(f) At all times to comply in all material respects with all terms, covenants and provisions of any Liens at such time existing upon its Property or any part thereof or securing any of its Indebtedness unless noncompliance is waived by the holder of such Lien.

(g) To procure and maintain all necessary licenses and permits pertaining to all its health care Property and the status of its health care Property (other than that not currently having such status or not having such status on the date a Person becomes a Member of the Credit Group) as providers of health care services eligible for payment under those third party payment programs which its Governing Body determines are appropriate; provided, however, that it need not comply with this subsection if and to the extent that its Governing Body shall have determined in good faith, evidenced by a resolution of the Governing Body, that such compliance is not in its best interests and that lack of such compliance would not materially impair its ability to pay its Indebtedness when due.

(h) To operate its Property so as not to discriminate on a legally impermissible basis.

Gross Revenue Pledge

(a) To secure the payment of Required Payments and the performance by the Obligated Group Members of their other obligations under the Master Indenture, each Obligated Group Member pledges under the Master Indenture to the Master Trustee, and grants to the Master Trustee a security interest in, all of its right, title, and interest, whether now owned or thereafter acquired, in and to (i) the Gross Revenues of that Obligated Group Member, and (ii) the proceeds thereof (collectively, the "Collateral").

(b) Each Obligated Group Member shall execute and deliver a security agreement or other instrument, if any, as may be necessary in order to give effect to the aforesaid pledge and grant of the Collateral or any portion thereof; shall cause to be filed, if necessary, UCC financing statements; and shall execute, deliver and cause to be filed, as appropriate, such other documents (including, but not limited to, continuation statements and amendments to such UCC financing statements) as may be necessary in order to perfect or maintain the perfection of such security interest to the extent, and only to the extent, that such security interest may be perfected by filing under the UCC. Each Obligated Group Member irrevocably authorizes the Master Trustee to execute and file any continuation statements and amendments thereto as may be required to continue the security interest in the Collateral. The Master Trustee shall cause to be filed a continuation statement with respect to each Uniform Commercial Code financing statement relating to the Collateral which was filed at the time of the issuance of the first Master Indenture Obligation under the Master Indenture or upon the addition of an Obligated Group Member to the Obligated Group, in such manner and in such places as the initial filings (copies of which shall be provided to the Master Trustee by the Credit Group Representative) were made. The Credit Group Representative shall be responsible for the reasonable costs incurred by the Master Trustee in the preparation and filing of all continuation statements under the Master Indenture. Notwithstanding anything to the contrary contained in the Master Indenture, the Master Trustee shall not be responsible for any initial filings of any financing statements or the information contained therein (including the exhibits thereto), the perfection of any such security interests, or the accuracy or sufficiency of any description of collateral in such initial filings or for filing any modifications or amendments to the initial filings required by any amendments to Article 9 of the Uniform Commercial Code, and unless the Master Trustee shall have been notified by the Credit Group Representative that any such initial filing or description of collateral was or has become defective, the Master Trustee shall be fully protected in relying on such initial filing and descriptions in filing any continuation statements or modifications thereto pursuant to the

provisions summarized under this paragraph (b) and in filing any continuation statements in the same filing offices as the initial filings were made.

(c) Upon written request of the Credit Group Representative, the Master Trustee shall execute and deliver such releases, subordinations or other instruments as may be reasonably requested by the Credit Group Representative in connection with (1) the disposition of Property in accordance with the provisions of the Master Indenture summarized below under the heading "*Limitation on Disposition of Assets*" and the applicable provisions of any Related Supplement and (2) the withdrawal of a Member pursuant to the provisions of the Master Indenture summarized below under the heading "*Withdrawal from Obligated Group*" and the applicable provisions of any Related Supplement.

(d) The provisions of the Master Indenture summarized above under the heading "*Payment of Required Payments*" shall not be construed to be abrogated in any way by the provisions summarized under this heading, and nothing summarized in this heading shall be construed to limit the joint and several obligation of the Obligated Group Members to make all Required Payments as provided in the Master Indenture, notwithstanding any insufficiency of the security granted under the Master Indenture.

(e) Pursuant to ORS 287A.310, the Collateral owned by the University is subject to the lien of the pledge created by the provisions summarized above under paragraph (a) without physical delivery, filing or other act.

Debt Coverage

(a) Under the Master Indenture, each Obligated Group Member agrees to manage its business such that in each Fiscal Year the combined or consolidated Income Available for Debt Service for the Credit Group will not be less than 1.10 times the Annual Debt Service calculated at the end of each Fiscal Year, commencing with the first full Fiscal Year following the execution of the Master Indenture.

(b) If for any two consecutive Fiscal Years the requirements summarized in paragraph (a) above are not satisfied, the Credit Group Representative covenants to retain an Independent Consultant to make recommendations to increase Income Available for Debt Service the following Fiscal Year to the level required or, if in the opinion of the Independent Consultant the attainment of such level is impracticable, to the highest level attainable. Each Obligated Group Member agrees to consider any recommendations of the Independent Consultant and shall be obligated to implement such recommendations to the extent such recommendations are feasible.

(c) If a report of an Independent Consultant is delivered to the Master Trustee that states that Government Restrictions have been imposed which make it impossible for the Income Available for Debt Service to satisfy the requirement summarized in paragraph (a) above, then the required amount of Income Available for Debt Service shall be reduced to the maximum coverage permitted by such Government Restrictions.

(d) Nothing in the provisions summarized under this heading shall be construed as prohibiting any Credit Group Member from providing indigent care at reduced or no cost to the extent required to maintain the status of such entity as a Tax-Exempt Organization or to meet the statutory missions of or otherwise comply with the statutory obligations of such entity.

(e) Notwithstanding anything in the Master Indenture to the contrary, so long as the Credit Group Representative and each Obligated Group Member complies with the provisions summarized in paragraph (b) above, failure to meet the requirements summarized in paragraph (a) above shall not result in an Event of Default.

Membership in Obligated Group

Additional Obligated Group Members may be added to the Obligated Group from time to time, provided that prior to such addition the Master Trustee receives:

(a) a copy of a resolution of the Governing Body of the proposed new Obligated Group Member which authorizes the execution and delivery of a Related Supplement and compliance with the terms of the Master Indenture; and

(b) a Related Supplement executed by the Credit Group Representative, the new Obligated Group Member and the Master Trustee pursuant to which the proposed new Obligated Group Member

(i) agrees to become an Obligated Group Member, and

(ii) agrees to be bound by the terms of the Master Indenture, the Related Supplements and the Master Indenture Obligations, and

(iii) irrevocably appoints the Credit Group Representative as its agent and attorney-in-fact and grants to the Credit Group Representative the requisite power and authority to execute Related Supplements authorizing the issuance of Master Indenture Obligations or Series of Master Indenture Obligations and to execute and deliver Master Indenture Obligations, and

(c) an Opinion of Counsel in form and substance reasonably satisfactory to the Master Trustee to the effect that (i) the proposed new Obligated Group Member has taken all necessary action to become an Obligated Group Member, and upon execution of the Related Supplement, such proposed new Obligated Group Member will be bound by the terms of the Master Indenture, (ii) the addition of such Obligated Group Member would not adversely affect the validity of any Master Indenture Obligation then Outstanding and (iii) the addition of such Obligated Group Member will not cause the Master Indenture or any Master Indenture Obligations to be subject to registration under federal or state securities laws or the Trust Indenture Act of 1939, as amended (or, that any such registration, if required, has occurred); and

(d) an Officer's Certificate to the effect that immediately after the addition of the proposed new Obligated Group Member, the Transaction Test would be satisfied; and

(e) so long as any Related Bonds that are tax-exempt obligations are Outstanding, an Opinion of Bond Counsel in form and substance reasonably satisfactory to the Master Trustee, to the effect that the addition of the proposed new Obligated Group Member (1) will not, in and of itself, result in the inclusion of interest on any Related Bonds in gross income for purposes of federal income taxation; and (2) will not cause the Master Indenture or any Master Indenture Obligations to be subject to registration under federal or state securities laws or the Trust Indenture Act of 1939, as amended (or, that any such registration, if required, has occurred).

Withdrawal from Obligated Group

Any Obligated Group Member may withdraw from the Obligated Group and be released from further liability or obligation under the provisions of the Master Indenture, and any Obligated Group Member may be redesignated as a Designated Affiliate, provided that prior to such withdrawal or redesignation the Master Trustee receives:

(a) an Officer's Certificate to the effect that the Credit Group Representative has approved the withdrawal of such Obligated Group Member (and, if applicable, redesignation of such Obligated Group Member as a Designated Affiliate);

(b) an Officer's Certificate to the effect that immediately following the withdrawal of such Obligated Group Member, the Transaction Test would be satisfied; and

(c) an Opinion of Counsel in form and substance reasonably satisfactory to the Master Trustee to the effect that (i) the withdrawal (or redesignation) of such Obligated Group Member would not adversely affect the validity of any Master Indenture Obligation then Outstanding and (ii) the withdrawal (or redesignation) of such Obligated Group Member will not cause the Master Indenture or any Master Indenture Obligations to be subject to registration under federal or state securities laws or the Trust Indenture Act of 1939, as amended (or, that any such registration, if required, has occurred).

Upon compliance with the conditions of the Master Indenture summarized under this heading, the Master Trustee shall execute any documents reasonably requested by the withdrawing Obligated Group Member to evidence the termination of such Obligated Group Member's obligations thereunder, under all Related Supplements and under all Master Indenture Obligations.

Limitation on Disposition of Assets

In the Master Indenture, each Obligated Group Member covenants that it will not, and each Controlling Member agrees that it will not permit its Designated Affiliates to, sell, lease or otherwise dispose of any part of its Property in any Fiscal Year (other than in the ordinary course of business), with a net Book Value in excess of 5% of the net Book Value of the Property of the Credit Group, unless prior to said disposition:

(a) there shall have been delivered to the Master Trustee an Officer's Certificate to the effect that such Property is inadequate, obsolete, unsuitable, undesirable or unnecessary for the operation and functioning of the primary business of the Credit Group Members; or

(b) there shall have been delivered to the Master Trustee an Officer's Certificate to the effect that the Value of the Property so disposed of by the Credit Group Members in any Fiscal Year pursuant to the provision described in this paragraph (b) does not exceed five percent (5%) of Total Revenues of the Credit Group; or

(c) there shall have been delivered to the Master Trustee an Officer's Certificate to the effect that the disposition is for Fair Market Value and such disposition will not impair the structural soundness of the remaining Property and does not materially adversely affect the operations of the Credit Group; or

(d) there shall have been delivered to the Master Trustee an Officer's Certificate to the effect that the Transaction Test is satisfied; provided, however, (i) Obligated Group Members may sell, lease or dispose of Property to other Obligated Group Members without meeting the requirements summarized under this heading and (ii) creation of a lien on Property shall not be considered a sale, lease or disposition of such Property.

Limitation on Indebtedness

In the Master Indenture, each Obligated Group Member covenants that it will not, and each Controlling Member covenants that it will not permit its Designated Affiliates to, incur any Indebtedness except that the Obligated Group Members and Designated Affiliates may incur the following Indebtedness:

(a) Long-Term Indebtedness may be incurred if prior to incurrence of such Indebtedness an Officer's Certificate is filed with the Master Trustee to the effect that:

(i) for the two most recent periods of 12 full consecutive calendar months preceding the date of delivery of such Officer's Certificate for which Financial Statements are available, the Debt Service Coverage Ratio, taking into account all Outstanding Long-Term Indebtedness and the Long-Term Indebtedness then to be incurred as if it had been incurred at the beginning of each of such periods, is not less than 1.20; or

(ii) (A) for the most recent period of 12 full consecutive calendar months preceding the date of delivery of such Officer's Certificate for which Financial Statements are available, the Debt Service Coverage Ratio, taking into account all Outstanding Long-Term Indebtedness, but not the Long-Term

Indebtedness then to be incurred, is not less than 1.25; and (B) the prospective Debt Service Coverage Ratio, taking the proposed Long-Term Indebtedness into account, for the full Fiscal Year next succeeding the date on which the Indebtedness is to be incurred, is not less than 1.25, as shown by prospective financial statements for such period prepared by the Credit Group Representative, accompanied by a statement of the relevant assumptions upon which such prospective statements are based; or

(iii) immediately after giving effect to any Long-Term Indebtedness incurred pursuant to provisions summarized under this subparagraph, the aggregate of Long-Term Indebtedness Outstanding under this subparagraph (iii) does not exceed 10% of Total Revenues of the Credit Group for the most recent period of 12 full consecutive calendar months for which Financial Statements are available; provided, however, that the aggregate principal amount of Indebtedness Outstanding under this subparagraph and under paragraph (f) summarized below shall not at any time exceed 20% of Total Revenues of the Credit Group for the most recent period of 12 full consecutive calendar months for which Financial Statements are available.

The Obligated Group shall be deemed to be in compliance with the test for the incurrence of Long-Term Indebtedness set forth in either subparagraph (i) or (ii) summarized above without attaining the Debt Service Coverage Ratio required by such subparagraph if an Independent Consultant files a report with the Master Trustee (1) stating that in his or her opinion the failure to generate sufficient Income Available for Debt Service to attain the required Debt Service Coverage Ratio is caused by compliance with Governmental Restrictions or changes in public or private third-party reimbursement programs and the Obligated Group has generated Income Available for Debt Service at the highest levels practicable and (2) reporting on prospective financial statements that demonstrate that the Debt Service Coverage Ratio was, for the tests set forth in subparagraphs (i) and (ii)(A) summarized above, and is projected to be, for the test set forth in subparagraph (ii)(B) above, as the case may be, not less than 1.00.

(b) Completion Indebtedness may be incurred without limitation provided there is filed with the Master Trustee a certificate of an independent architect setting forth the amount reasonably expected to be required to complete the capital improvement for which the Indebtedness was incurred and an Officer's Certificate stating that the proceeds of the Completion Indebtedness and other moneys available therefor, including estimated investment earnings, will be sufficient to complete the capital improvement; provided, however, that if such work is to be performed by a Member's or a Designated Affiliate's own employees and does not exceed $2,500,000, a certificate of an engineer or architect employed by such Member or Designated Affiliate may be furnished in lieu of the certificate of the independent architect.

(c) Long-Term Indebtedness may be incurred for the purpose of refunding any Outstanding Indebtedness, if prior to the incurrence thereof, there is delivered to the Master Trustee an Officer's Certificate to the effect that (1) the Maximum Annual Debt Service will not increase by more than 10% after the incurrence of such proposed refunding Long-Term Indebtedness and after giving effect to the disposition of the proceeds thereof or (2) the total Annual Debt Service on the Indebtedness being refinanced will not increase by more than 10% after the incurrence of such proposed refunding Long-Term Indebtedness and after giving effect to the disposition of the proceeds thereof; or (3) the requirements of (a)(i) or (ii) summarized above are met.

(d) Short-Term Indebtedness may be incurred if there is delivered to the Master Trustee an Officer's Certificate to the effect that immediately after the incurrence of such Short-Term Indebtedness the Outstanding principal amount of all such Short-Term Indebtedness will not exceed 15% of the Total Revenues of the Credit Group for the most recent period of 12 full consecutive calendar months for which Financial Statements are available; provided, however, that the Credit Group shall be free from all such Short-Term Indebtedness, except for an amount equal to 3% of said Total Revenues, for a period of 20 consecutive calendar days in each Fiscal Year.

(e) Non-Recourse Indebtedness, Subordinated Indebtedness and Commitment Indebtedness may be incurred without limitation.

(f) Liabilities under capitalized lease agreements for the lease of, or indebtedness for money borrowed or liabilities under instruments evidencing deferred payment arrangements for the purchase of, equipment, tangible personal property or real property provided that the aggregate of the Outstanding liabilities under capitalized leases incurred under this subsection and the Outstanding Long-Term Indebtedness incurred under subsection (a)(iii) summarized above shall not exceed, at the time of incurrence, 15% of the Total Revenues of the Credit Group for the most recent Fiscal Year for which Financial Statements are available.

(g) Any other Indebtedness, provided that the aggregate principal amount of such Indebtedness does not, as of the date of incurrence, exceed 25% of Total Revenues of the Credit Group.

For purposes of the provisions summarized under this heading, the conversion of Indebtedness from Variable Rate Indebtedness to Indebtedness bearing a fixed interest rate or from one type of Variable Rate Indebtedness to another type of Variable Rate Indebtedness or from Indebtedness bearing a fixed interest rate to Variable Rate Indebtedness pursuant to the terms of the documents providing for the issuance of such Indebtedness shall not be considered to be incurrence of Indebtedness. If, in connection with any such conversion, Additional Indebtedness is incurred to fund costs and expenses associated with such conversion (including, without limitation, costs and expenses associated with funding debt service reserve accounts, funding original issue discount with respect to the converted Indebtedness, terminating Financial Products Agreements and paying remarketing, underwriting, legal and other expenses), such Additional Indebtedness may be incurred without meeting the requirements of the Master Indenture summarized under this heading.

No Additional Indebtedness shall be deemed to arise when any funding occurs under any Commitment Indebtedness or any Commitment Indebtedness is renewed upon terms which provide for substantially the same terms of repayment of amounts disbursed pursuant to such commitment as obtained prior to such renewal.

For the purposes of meeting the tests summarized in subsections (a), (d), (f) and (g) above, any Indebtedness that will no longer be Outstanding on the proposed issuance date of the Indebtedness then to be incurred shall be excluded from the calculations required by such tests.

Indebtedness incurred pursuant to any one of the subsections summarized under this heading may be reclassified as Indebtedness incurred pursuant to any other of such subsections if the tests set forth in the subsection to which such Indebtedness is to be reclassified are met at the time of such reclassification.

Filing of Financial Statements, Certificate of No Default, Other Information

(a) In the Master Indenture, each Member covenants and agrees that it will keep adequate records and books of accounts in which complete and correct entries shall be made.

(b) In the Master Indenture, the Credit Group Representative covenants and agrees that it will furnish to the Master Trustee:

(i) As soon as practicable, but in no event more than 150 days after the last day of each Fiscal Year beginning with the Fiscal Year ending June 30, 2012, one or more financial statements which, in the aggregate, shall include the Material Credit Group Members. Such financial statements:

(A) may consist of (1) consolidated or combined financial results including one or more Credit Group Members and one or more other Persons required to be consolidated or combined with such Credit Group Member(s) under GAAP or (2) special purpose financial statements including only Credit Group Members;

(B) shall be audited by an Accountant as having been prepared in accordance with GAAP (except, in the case of special purpose financial statements, for required consolidations);

(C) shall include a consolidated or combined balance sheet, statement of operations and changes in net assets; and

(D) if more than one financial statement is delivered to the Master Trustee pursuant to this paragraph (b)(i), or if a single financial statement is delivered that includes Persons other than Credit Group Members and Immaterial Affiliates, each such financial statement shall contain, as "other financial information," a combining or consolidating schedule from which financial information solely relating to the Credit Group Members and Immaterial Affiliates may be derived.

(ii) (A) If a single financial statement containing information solely related to the Credit Group Members (which may, but need not, include any Immaterial Affiliates) is delivered pursuant to paragraph (b)(i) above, such financial statement shall constitute the "Credit Group Financial Statements."

(B) If a single financial statement containing information related solely to the Credit Group Members and, at the option of the Credit Group Representative, any Immaterial Affiliates is not delivered pursuant to paragraph (b)(i) above, the Credit Group Representative shall prepare an unaudited balance sheet and statement of operations for such Fiscal Year. The unaudited financial statements shall be prepared as soon as practicable, but in no event more than 150 days after the last day of each Fiscal Year beginning with the Fiscal Year ending June 30, 2012, and shall be based on the accompanying unaudited combining or consolidating schedules delivered with the audited financial statements described in paragraph (b)(i)(D) above. The unaudited financial statements prepared in accordance with this paragraph (ii)(B) shall be the "Credit Group Financial Statements."

(C) The Credit Group Financial Statements:

(1) shall include all Material Credit Group Members;

(2) at the option of the Credit Group Representative, may, but need not, include one or more Immaterial Affiliates as provided in paragraph (c) below;

(3) at the option of the Credit Group Representative, may exclude one or more Credit Group Members that are not Material Credit Group Members; and

(4) shall exclude all combined or consolidated entities that are neither Credit Group Members nor Immaterial Affiliates.

(iii) At the time of the delivery of the Credit Group Financial Statements, a certificate of the chief financial officer of the Credit Group Representative, stating that no event which constitutes an Event of Default has occurred and is continuing as of the end of such Fiscal Year, or specifying the nature of such event and the actions taken and proposed to be taken by the Members to cure such Event of Default.

(c) Notwithstanding the foregoing, the results of operation and financial position of Immaterial Affiliates need not be excluded from financial statements delivered to the Master Trustee pursuant to the provisions summarized under this caption, and such results of operation and financial position may be considered as if they were a portion of the results of operation and financial position of the Credit Group Members for all purposes of the Master Indenture notwithstanding the inclusion of the results of operation and financial position of such Immaterial Affiliates. The Master Trustee shall have no duty to review, verify or analyze such financial statements and shall hold such financial statements solely as a repository for the benefit of the Holders. The Master Trustee shall not be deemed to have notice of any information contained in such financial statements or event of default which may be disclosed therein in any manner.

Defaults

Events of Default.

Each of the following events shall be an Event of Default under the Master Indenture:

(a) Failure on the part of the Obligated Group Members to make due and punctual payment of the principal of, redemption premium, if any, interest on or any other Required Payment on any Master Indenture Obligation.

(b) Any Obligated Group Member shall fail to observe or perform any other covenant or agreement under the Master Indenture (including covenants or agreements contained in any Related Supplement or Master Indenture Obligation but not including failure to comply with paragraph (a) summarized above under the heading "*Debt Coverage*" so long as the Credit Group Representative and each Obligated Group Member complies with paragraph (b) summarized above under the heading "*Debt Coverage*") and shall not have cured such failure within sixty (60) days after the date on which written notice of such failure, requiring the failure to be remedied, shall have been given to the Credit Group Representative by the Master Trustee or to the Credit Group Representative and the Master Trustee by the Holders of twenty-five percent (25%) in Aggregate Principal Amount of Outstanding Master Indenture Obligations (provided that if such failure can be remedied but not within such sixty (60) day period, such failure shall not become an Event of Default for so long as the Credit Group Representative shall diligently proceed to remedy the failure.

(c) Any Credit Group Member shall default in the payment of Indebtedness (other than (1) Subordinated Indebtedness, (2) Nonrecourse Indebtedness, and (3) Indebtedness secured by a Master Indenture Obligation, which shall be governed by paragraph (a) summarized above) in an aggregate outstanding principal amount equal to the greater of one million dollars ($1,000,000) or one percent (1%) of the aggregate principal amount of all Long-Term Indebtedness of the Obligated Group then Outstanding, and any grace period for such payment shall have expired, or an event of default as defined in any mortgage, indenture or instrument under which such Indebtedness is secured or evidenced, shall occur; provided, however, that such default shall not constitute an Event of Default within the meaning of this section if, within sixty (60) days or within the time allowed for service of a responsive pleading if any proceeding to enforce payment of the Indebtedness is commenced, (1) any Credit Group Member in good faith commences proceedings to contest the existence or payment of such Indebtedness, and (2) sufficient moneys are deposited in escrow with a bank or trust company or a bond in the amount of such Indebtedness is posted for the payment of such Indebtedness.

(d) A court having jurisdiction shall enter a decree or order for relief in respect of any Credit Group Member in an involuntary case under any applicable federal or state bankruptcy, insolvency or other similar law, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) of any Credit Group Member or for any substantial part of the Property of any Credit Group Member, or ordering the winding up or liquidation of its affairs, and such decree or order shall remain unstayed and in effect for a period of sixty (60) consecutive days.

(e) Any Credit Group Member shall commence a voluntary case under any applicable federal or state bankruptcy, insolvency or other similar law, or shall consent to the entry of an order for relief in an involuntary case under any such law, or shall consent to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator (or similar official) of any Credit Group Member or for any substantial part of its Property, or shall make any general assignment for the benefit of creditors, or shall fail generally to pay its debts as they become due or shall take any corporate action in furtherance of the foregoing.

(f) An event of default shall exist under any Related Bond Indenture.

(g) An event of default shall exist under any agreement with the insurer of any Related Bonds or Master Indenture Obligations.

The Credit Group Representative agrees in the Master Indenture that, as soon as practicable, and in any event within ten (10) days after such event, the Credit Group Representative shall notify the Master Trustee of any event which is an Event of Default thereunder which has occurred and is continuing, which notice shall state the nature of such event and the action which the Obligated Group Members propose to take with respect thereto.

Acceleration; Annulment of Acceleration.

(a) Upon the occurrence and during the continuation of an Event of Default, the Master Trustee may, and upon the written request of the Holders of not less than a majority in Aggregate Principal Amount of Outstanding Master Indenture Obligations shall, by notice to the Credit Group Representative, declare all Outstanding Master Indenture Obligations immediately due and payable. Upon such declaration of acceleration, all Outstanding Master Indenture Obligations shall be immediately due and payable. If the terms of any Related Supplement give a Person the right to consent to acceleration of the Master Indenture Obligations issued pursuant to such Related Supplement, the Master Indenture Obligations issued pursuant to such Related Supplement may not be accelerated by the Master Trustee unless such consent is properly obtained pursuant to the terms of such Related Supplement. In the event of acceleration, an amount equal to the Aggregate Principal Amount of all Outstanding Master Indenture Obligations, plus all interest accrued thereon and, to the extent permitted by applicable law, which accrues on such principal and interest to the date of payment, and all other amounts due thereunder, shall be due and payable on the Master Indenture Obligations.

(b) At any time after the Master Indenture Obligations have been declared to be due and payable, and before the entry of a final judgment or decree in any proceeding instituted with respect to the Event of Default that resulted in the declaration of acceleration, the Master Trustee may annul such declaration and its consequences if:

(i) the Obligated Group Members have paid (or caused to be paid or deposited with the Master Trustee moneys sufficient to pay) all payments then due on all Outstanding Master Indenture Obligations (other than payments then due only because of such declaration); and

(ii) the Obligated Group Members have paid (or caused to be paid or deposited with the Master Trustee moneys sufficient to pay) all fees and expenses of the Master Trustee then due; and

(iii) the Obligated Group Members have paid (or caused to be paid or deposited with the Master Trustee moneys sufficient to pay) all other amounts then payable (without taking into account any acceleration) by the Obligated Group under the Master Indenture; and

(iv) every Event of Default (other than a default in the payment of the principal or other payments of such Master Indenture Obligations then due only because of such declaration) has been remedied.

No such annulment shall extend to or affect any subsequent Event of Default or impair any right with respect to any subsequent Event of Default.

Additional Remedies and Enforcement of Remedies.

(a) Upon the occurrence and continuance of any Event of Default, the Master Trustee may, and upon the written request of the Holders of not less than a majority in Aggregate Principal Amount of the Outstanding Master Indenture Obligations (and upon indemnification of the Master Trustee to its satisfaction by the Credit Group for any such request), shall, proceed to protect and enforce its rights and the rights of the Holders under the Master Indenture by such proceedings as may be deemed expedient, including but not limited to:

(i) Enforcement of the right of the Holders to collect amounts due or becoming due under the Master Indenture Obligations;

(ii) Civil action upon all or any part of the Master Indenture Obligations;

(iii) Civil action to require any Person holding moneys, documents or other property pledged to secure payment of amounts due or to become due on the Master Indenture Obligations to account as if it were the trustee of an express trust for the Holders of Master Indenture Obligations;

(iv) Civil action to enjoin any acts which may be unlawful or in violation of the rights of the Holders of Master Indenture Obligations;

(v) Civil action to obtain a writ of mandate against any Obligated Group Member or Controlling Member, or against any officer or member of the Governing Body of any Obligated Group Member or Controlling Member to compel performance of any act specifically required by the Master Indenture or any Master Indenture Obligation; and

(vi) Enforcement of any other right or remedy of the Holders conferred by law or hereby.

(b) Regardless of the occurrence of an Event of Default, if requested in writing by the Holders of not less than a majority in Aggregate Principal Amount of the Outstanding Master Indenture Obligations (and upon indemnification of the Master Trustee to its satisfaction for such request), the Master Trustee shall institute and maintain such proceedings as it may be advised shall be necessary or expedient (1) to prevent any impairment of the security under the Master Indenture by any acts which may be unlawful or in violation thereof, or (2) to preserve or protect the interests of the Holders. However, the Master Trustee shall not comply with any such request or institute and maintain any such proceeding that is in conflict with any applicable law or the provisions of the Master Indenture or (in the sole judgment of the Master Trustee) is unduly prejudicial to the interests of the Holders not making such request. Nothing in the Master Indenture shall be deemed to authorize the Master Trustee to authorize or consent to or accept or adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment, or composition affecting the Master Indenture Obligations or the rights of any Holder thereof, or to authorize the Master Trustee to vote in respect of the claim of any Holder in any such proceeding without the approval of the Holders so affected.

Application of Moneys After Default.

During the continuance of an Event of Default, all moneys received by the Master Trustee pursuant to any right given or action taken under the provisions summarized under this "*Default*" heading (after payment of the costs of the proceedings resulting in the collection of such moneys and payment of all fees, expenses and other amounts owed to the Master Trustee) shall be applied as follows:

(a) Unless all Outstanding Master Indenture Obligations have become or have been declared due and payable (or if any such declaration is annulled in accordance with the terms summarized under this "*Default*" heading):

First: To the payment of all Required Payments then due on the Master Indenture Obligations (including Financial Product Payments to the extent made pursuant to a Financial Products Agreement secured or evidenced by a Master Indenture Obligation and Parity Financial Product Extraordinary Payments), in the order of their due dates, and, if the amount available is not sufficient to pay in full all Required Payments due on the same date, then to the payment thereof ratably, according to the amount of Required Payments due on such date, without any discrimination or preference;

Second: To the payment of all Financial Product Extraordinary Payments made pursuant to a Financial Products Agreement secured or evidenced by a Master Indenture Obligation (other than Parity Financial Product Extraordinary Payments), in the order of their due dates, and, if the amount available is not sufficient to pay in full all Financial Product Extraordinary Payments due

on the same date, then to the payment thereof ratably, according to the amounts of Financial Product Extraordinary Payments due on such date, without any discrimination or preference.

(b) If all Outstanding Master Indenture Obligations have become or have been declared due and payable (and such declaration has not been annulled under the terms summarized under this "*Default*" heading):

First: To the payment of all Required Payments then due on the Master Indenture Obligations (including (i) Financial Product Payments to the extent made pursuant to a Financial Products Agreement secured or evidenced by a Master Indenture Obligation and (ii) Parity Financial Product Extraordinary Payments), and, if the amount available is not sufficient to pay in full the whole amount then due and unpaid, then to the payment thereof ratably, without preference or priority, according to the amounts due respectively, without any discrimination or preference; and

Second: To the payment of all Financial Product Extraordinary Payments made pursuant to a Financial Products Agreement secured or evidenced by a Master Indenture Obligation (other than Parity Financial Product Extraordinary Payments), and, if the amount available is not sufficient to pay in full all such Financial Product Extraordinary Payments, then to the payment thereof ratably, without any discrimination or preference.

Such moneys shall be applied at such times as the Master Trustee shall determine, having due regard for the amount of moneys available and the likelihood of additional moneys becoming available in the future. Upon any date fixed by the Master Trustee for the application of such moneys to the payment of principal, interest on the amounts of principal to be paid on such date shall cease to accrue. The Master Trustee shall give such notices as it may deem appropriate of the deposit with it of such moneys or of the fixing of such dates. The Master Trustee shall not be required to make payment to the Holder of any unpaid Master Indenture Obligation until such Master Indenture Obligation (and all unmatured interest coupons, if any) is presented to the Master Trustee for appropriate endorsement of any partial payment or for cancellation if fully paid.

Whenever all Master Indenture Obligations have been paid under the terms of the Master Indenture summarized under this subsection and all fees and expenses of the Master Trustee have been paid, any balance remaining shall be paid to the Person entitled to receive such balance. If no other Person is entitled thereto, then the balance shall be paid to the Members of the Obligated Group or such Person as a court of competent jurisdiction may direct.

Supplements and Amendments

Supplements Not Requiring Consent of Holders.

The Credit Group Representative (acting for itself and as agent for each Obligated Group Member) and the Master Trustee may, without the consent of or notice to any of the Holders, enter into one or more Related Supplements for any of the following purposes:

(a) To correct any ambiguity or formal defect or omission in the Master Indenture which does not materially and adversely affect the interests of the Holders;

(b) To correct or supplement any provision which may be inconsistent with any other provision, or to make any other provision with respect to matters or questions arising under the Master Indenture and which does not materially and adversely affect the interests of the Holders;

(c) To grant or confer ratably upon all of the Holders any additional rights, remedies, powers or authority, or to add to the covenants of and restrictions on the Obligated Group Members;

(d) To qualify the Master Indenture under the Trust Indenture Act of 1939, as amended, or corresponding provisions of federal law from time to time in effect;

(e) To create and provide for the issuance of a Master Indenture Obligation or Series of Master Indenture Obligations as permitted under the Master Indenture;

(f) To obligate a successor to any Obligated Group Member as provided in the provisions summarized above under the heading "*Membership in Obligated Group*;" or

(g) To add a new Obligated Group Member as provided in the provisions summarized above under the heading "*Membership in Obligated Group*."

In entering into any Related Supplement, the Master Trustee may rely on an Opinion of Counsel as described in the Master Indenture.

Supplements Requiring Consent of Holders.

(a) Other than Related Supplements referred to in the provisions summarized above under the heading "*Supplements Not Requiring Consent of Holders*," and subject to the terms summarized under this heading, the Holders of not less than a majority in Aggregate Principal Amount of the Outstanding Master Indenture Obligations shall have the right to consent to and approve the execution by the Credit Group Representative (acting for itself and as agent for each Obligated Group Member) and the Master Trustee of such Related Supplements as shall be deemed necessary or desirable for the purpose of modifying, altering, amending, adding to or rescinding any of the terms contained in the Master Indenture; provided, however, that nothing in the provisions summarized under this subsection shall permit or be construed as permitting a Related Supplement which would:

(i) Extend the stated maturity of or time for paying interest on any Master Indenture Obligation or reduce the principal amount of or the redemption premium or rate of interest or method of calculating interest payable on or reduce any other Required Payment on any Master Indenture Obligation without the consent of the Holder of such Master Indenture Obligation;

(ii) Permit the preference or priority of any Master Indenture Obligation over any other Master Indenture Obligation, except as expressly provided herein, or modify, alter, amend, add to or rescind any of the terms or provisions of the Master Indenture summarized under the headings "*Payment of Required Payments*" or "*Defaults*" so as to affect the right of the Holders of any Master Indenture Obligations in default to compel the Master Trustee to declare the principal of all Master Indenture Obligations to be due and payable, without the consent of the Holders of all Outstanding Master Indenture Obligations; or

(iii) Reduce the Aggregate Principal Amount of Outstanding Master Indenture Obligations the consent of the Holders of which is required to authorize such Related Supplement without the consent of the Holders of all Master Indenture Obligations then Outstanding.

(b) The Master Trustee may execute a Related Supplement (in substantially the form delivered to it as described below) without liability or responsibility to any Holder (whether or not such Holder has consented to the execution of such Related Supplement) if the Master Trustee receives:

(i) a Request of the Credit Group Representative to enter into such Related Supplement; and

(ii) a certified copy of the resolution of the Governing Body of the Credit Group Representative approving the execution of such Related Supplement; and

(iii) the proposed Related Supplement; and

(iv) an instrument or instruments executed by the Holders of not less than the Aggregate Principal Amount or number of Master Indenture Obligations specified in paragraph (a) for the Related Supplement in question which instrument or instruments shall refer to the proposed Related Supplement and shall specifically consent to and approve the execution thereof in substantially the form of the copy thereof as on file with the Master Trustee.

(c) Any such consent shall be binding upon the Holder of the Master Indenture Obligation giving such consent and upon any subsequent Holder of such Master Indenture Obligation and of any Master Indenture Obligation issued in exchange therefor (whether or not such subsequent Holder thereof has notice thereof), unless such consent is revoked in writing by the Holder of such Master Indenture Obligation giving such consent or by a subsequent Holder thereof by filing with the Master Trustee, prior to the execution by the Master Trustee of such Related Supplement, such revocation and, if such Master Indenture Obligation or Master Indenture Obligations are transferable by delivery, proof that such Master Indenture Obligations are held by the signer of such revocation. At any time after the Holders of the required principal amount or number of Master Indenture Obligations shall have filed their consents to the Related Supplement, the Master Trustee shall file a written statement to that effect with the Credit Group Representative. Such written statement shall be conclusive evidence that such consents have been so filed.

(d) If the Holders of the required principal amount or number of the Outstanding Master Indenture Obligations have consented to the execution of such Related Supplement, no Holder shall have any right to object to the execution thereof, to object to any of the terms and provisions contained therein or the operation thereof, to question the propriety of the execution thereof or to enjoin or restrain the Master Trustee or the Credit Group Representative from executing such Related Supplement or from taking any action pursuant to the provisions thereof.

Execution and Effect of Supplements.

(a) In executing any Related Supplement permitted by the provisions summarized under this "*Supplements and Amendments*" heading, the Master Trustee shall be entitled to receive and to rely upon an Opinion of Counsel stating that the execution of such Related Supplement is authorized or permitted by the Master Indenture. The Master Trustee may (but shall not be obligated to) enter into any Related Supplement that materially and adversely affects the Master Trustee's own rights, duties or immunities.

(b) Upon the execution and delivery of any Related Supplement in accordance with the provisions summarized under this "*Supplements and Amendments*" heading, the provisions of the Master Indenture shall be deemed modified in accordance therewith. Such Related Supplement shall form a part of the Master Indenture for all purposes and every Holder shall be bound thereby.

(c) Any Master Indenture Obligation authenticated and delivered after the execution and delivery of any Related Supplement in accordance with the provisions summarized under this "*Supplements and Amendments*" heading may, and, if required by the Credit Group Representative or the Master Trustee shall, bear a notation in form approved by the Master Trustee as to any matter provided for in such Related Supplement. If the Credit Group Representative or the Master Trustee shall so determine, new Master Indenture Obligations so modified as to conform in the opinion of the Master Trustee and the Governing Body of the Credit Group Representative to any such Related Supplement may be prepared and executed by the Credit Group Representative and authenticated and delivered by the Master Trustee in exchange for and upon surrender of Master Indenture Obligations then Outstanding.

Satisfaction and Discharge of Master Indenture

The Master Indenture shall cease to be of further effect (except for certain provisions of the Master Indenture related to compensation and reimbursement of the Master Trustee, which shall survive) if:

(a) all Master Indenture Obligations previously authenticated (other than any Master Indenture Obligations which have been mutilated, destroyed, lost or stolen and which have been replaced or paid as provided in any Related Supplement) and not cancelled are delivered to the Master Trustee for cancellation; or

(b) all Master Indenture Obligations not previously cancelled or delivered to the Master Trustee for cancellation are paid; or

(c) a deposit is made in trust with the Master Trustee (or with one or more banks or trust companies pursuant to one or more agreements between an Obligated Group Member and such banks or trust companies in form acceptable to the Master Trustee) in cash or Government Obligations or both, sufficient to pay at maturity or upon redemption all Master Indenture Obligations not previously cancelled or delivered to the Master Trustee for cancellation, including principal and interest or other payments (including Financial Product Payments and Financial Product Extraordinary Payments) due or to become due to such date of maturity, redemption date or payment date, as the case may be;

and all other sums payable under the Master Indenture by the Obligated Group Members are also paid. The Master Trustee, on demand of the Credit Group Representative and at the cost and expense of the Obligated Group Members, shall execute proper instruments acknowledging satisfaction of and discharging the Master Indenture and authorizing the Credit Group Representative to file such terminations and releases as may be necessary to evidence the termination of the Master Trustee's security interest in the Gross Revenues. Unless the deposit(s) pursuant to paragraph (c) above is made solely with cash, the Credit Group Representative shall cause a report to be prepared by a firm nationally recognized for providing verification services regarding the sufficiency of funds for such discharge and satisfaction provided pursuant to paragraph (c) above, upon which report the Master Trustee may rely.

The Obligated Group Members shall pay and indemnify the Master Trustee against any tax, fee or other charge imposed on or assessed against the Government Obligations deposited pursuant to the provisions summarized under this heading or the principal and interest received in respect thereof other than any such tax, fee or other charge which by law is for the account of the Holders of Outstanding Master Indenture Obligations.

SUPPLEMENT NO. 12

The following summarizes certain provisions of Supplement No. 12, which is being entered into in connection with the issuance of the 2019A Bonds. Such summary does not purport to be complete and reference is made to the Master Indenture and Supplement No. 12 for full and complete statements of all such provisions.

Creation of Obligation No. 38

There is created under Supplement No. 12 a Master Indenture Obligation of the Obligated Group to be known as and entitled "Oregon Health and Science University Obligation No. 38."

Obligation No. 38 shall be issued as a single note and shall be executed, authenticated and delivered in accordance with the Master Indenture. Obligation No. 38 shall bear interest with respect to the outstanding 2019A Bonds from their date of issuance, at the rates and in the manner set forth in the Bond Indenture. The principal of Obligation No. 38 shall be payable with respect to the outstanding 2019A Bonds on the first day of July of each year as set forth in the Bond Indenture, subject to prior redemption as set forth in the Bond Indenture. The Obligated Group shall receive certain credits against its required payments of principal of and interest on Obligation No. 38 to the extent set forth in Supplement No. 12. Such principal and interest are payable directly to the Bond Trustee. The Credit Group Representative shall give notice in writing of each such payment to the Master Trustee.

Obligation No. 38 shall be an acceleratable instrument for purposes of the Master Indenture. Upon the occurrence of an Event of Default, the Holder of Obligation No. 38 shall be entitled, by notice to the Master Trustee and the Credit Group Representative, to require the Master Trustee to declare Obligation No. 38

immediately due and payable, subject to the provisions of the Master Indenture and the terms of such Master Indenture Obligation. The Holder of Obligation No. 38 shall also be entitled to consent to any acceleration of Obligation No. 38 in accordance with the Master Indenture, and therefore Obligation No. 38 may not be accelerated by the Master Trustee without the consent of such Holder.

Purpose; Primary Obligor

Obligation No. 38 is being issued to secure the obligations of the Obligated Group to make payments required to pay all principal, redemption price, purchase price and interest due or to become due under the Bond Indenture with respect to the 2019A Bonds.

Credits

The Obligated Group Members shall receive credit for payment on Obligation No. 38, in addition to any credits resulting from payment or prepayment from other sources, as follows: (i) on installments of interest on Obligation No. 38 in an amount equal to moneys deposited in the Revenue Fund for the 2019A Bonds, which amounts are available to pay interest on such 2019A Bonds to the extent such amounts have not previously been credited against payments on Obligation No. 38; and (ii) on installments of principal of Obligation No. 38 in an amount equal to moneys deposited in the Revenue Fund for the 2019A Bonds, which amounts are available to pay the principal of such 2019A Bonds to the extent such amounts have not previously been credited against payments on Obligation No. 38.

Prepayment of Master Indenture Obligations

So long as all amounts which have become due under Obligation No. 38 have been paid, the Obligated Group Members shall have the right, at any time and from time to time, to pay in advance and in any order of due dates all or part of the amounts to become due under Obligation No. 38; provided, however, that such prepayment shall be in an amount sufficient to, and shall be used to, pay, redeem or defease an equal principal amount of the 2019A Bonds maturing on the same date pursuant to the Bond Indenture and provided further that no prepayment of Obligation No. 38 shall be made unless a prepayment of an equivalent amount of the payments could be made pursuant to the Bond Indenture. A notice of redemption for any 2019A Bonds in accordance with the terms of the Bond Indenture shall, without further notice or action by the Master Trustee or the Credit Group Representative, constitute notice of redemption of the corresponding amounts of principal of Obligation No. 38 and the same amounts of principal of such Obligation No. 38 shall thereby become due and payable on the date of redemption of such 2019A Bonds and at a redemption price equal to the redemption price payable with respect to such 2019A Bonds. All prepayments shall be deposited upon receipt in the Revenue Fund established with respect to the 2019A Bonds at the request of and as determined by the Credit Group Representative. Notwithstanding any such prepayment, as long as any 2019A Bonds remain outstanding for purposes of and as defined in the Bond Indenture or any additional payments required to be made under Supplement No. 12 with respect to Obligation No. 38 remain unpaid, the Obligated Group Members shall not otherwise be relieved of their obligations hereunder. Prepayments made under this subsection shall reduce the principal of and interest on Obligation No. 38 accordingly.

If prepayment of any of Obligation No. 38 is made in part, the Holder may, in lieu of surrendering Obligation No. 38 for a new fully registered Master Indenture Obligation pursuant to Supplement No. 12, endorse on Obligation No. 38 a notice of such partial prepayment, which notice shall set forth, over the signature of such Holder, the payment date, the principal amount or notional amount prepaid and the maturity prepaid. Such partial prepayment shall be valid upon payment of the amount thereof to or for the account of the Holder of Obligation No. 38, and the Obligated Group Members shall be fully released and discharged from all liability to the extent of such payment irrespective of whether such endorsement shall or shall not have been made upon such Obligation No. 38 by the Holder thereof and irrespective of any error or omission in such endorsement.

Registration, Number and Negotiability of Master Indenture Obligation

Except as described in the paragraph below, Obligation No. 38 shall consist of a single Master Indenture Obligation without coupons registered in the name of the Bond Trustee and no transfer of Obligation No. 38 shall be registered under the Master Indenture except for transfers to a successor Bond Trustee.

Upon the principal of all Master Indenture Obligations then Outstanding being declared immediately due and payable upon and during the continuance of an Event of Default, Obligation No. 38 may be transferred, if and to the extent the Bond Trustee requests that the restrictions described in the paragraph above on transfers be terminated.

Right to Redeem

Obligation No. 38 shall be subject to redemption, in whole or in part, prior to maturity at the times and in the amounts applicable to redemption of the 2019A Bonds as specified in the Bond Indenture and in the manner provided in Supplement No. 12; provided that in no event shall Obligation No. 38 be redeemed unless a corresponding amount of 2019A Bonds are also redeemed.

Defeasance of Obligation

Obligation No. 38 shall be deemed to be paid and discharged for all purposes of the Master Indenture if all related 2019A Bonds with respect to such Master Indenture Obligation are paid or provision for their payment has been made in compliance respectively with the provisions of the Bond Indenture.

SUPPLEMENT NO. 13

The following summarizes certain provisions of Supplement No. 13, which is being entered into in connection with the issuance of the 2019B-1 Bonds and the 2019B-2 Bonds. Such summary does not purport to be complete and reference is made to the Master Indenture and Supplement No. 13 for full and complete statements of all such provisions.

Creation of Obligation No. 39

There is created under Supplement No. 13 a Master Indenture Obligation of the Obligated Group to be known as and entitled "Oregon Health and Science University Obligation No. 39."

Obligation No. 39 shall be issued as a single note and shall be executed, authenticated and delivered in accordance with the Master Indenture. Obligation No. 39 shall bear interest with respect to the outstanding 2019B-1 Bonds from their date of issuance, at the rates and in the manner set forth in the Bond Indenture. The principal of Obligation No. 39 shall be payable with respect to the outstanding 2019B-1 Bonds on the first day of July of each year as set forth in the Bond Indenture, subject to prior redemption as set forth in the Bond Indenture. The Obligated Group shall receive certain credits against its required payments of principal of and interest on Obligation No. 39 to the extent set forth in Supplement No. 13. Such principal and interest are payable directly to the Bond Trustee. The Credit Group Representative shall give notice in writing of each such payment to the Master Trustee.

Obligation No. 39 shall be an acceleratable instrument for purposes of the Master Indenture. Upon the occurrence of an Event of Default, the Holder of Obligation No. 39 shall be entitled, by notice to the Master Trustee and the Credit Group Representative, to require the Master Trustee to declare Obligation No. 39 immediately due and payable, subject to the provisions of the Master Indenture and the terms of such Master Indenture Obligation. The Holder of Obligation No. 39 shall also be entitled to consent to any acceleration of Obligation No. 39 in accordance with the Master Indenture, and therefore Obligation No. 39 may not be accelerated by the Master Trustee without the consent of such Holder.

Creation of Obligation No. 40

There is created under Supplement No. 13 a Master Indenture Obligation of the Obligated Group to be known as and entitled "Oregon Health and Science University Obligation No. 40."

Obligation No. 40 shall be issued as a single note and shall be executed, authenticated and delivered in accordance with the Master Indenture. Obligation No. 40 shall bear interest with respect to the outstanding 2019B-2 Bonds from their date of issuance, at the rates and in the manner set forth in the Bond Indenture. The principal of Obligation No. 40 shall be payable with respect to the outstanding 2019B-2 Bonds on the first day of July of each year as set forth in the Bond Indenture, subject to prior redemption as set forth in the Bond Indenture. The Obligated Group shall receive certain credits against its required payments of principal of and interest on Obligation No. 40 to the extent set forth in Supplement No. 13. Such principal and interest are payable directly to the Bond Trustee. The Credit Group Representative shall give notice in writing of each such payment to the Master Trustee.

Obligation No. 40 shall be an acceleratable instrument for purposes of the Master Indenture. Upon the occurrence of an Event of Default, the Holder of Obligation No. 40 shall be entitled, by notice to the Master Trustee and the Credit Group Representative, to require the Master Trustee to declare Obligation No. 40 immediately due and payable, subject to the provisions of the Master Indenture and the terms of such Master Indenture Obligation. The Holder of Obligation No. 40 shall also be entitled to consent to any acceleration of Obligation No. 40 in accordance with the Master Indenture, and therefore Obligation No. 40 may not be accelerated by the Master Trustee without the consent of such Holder.

Purpose; Primary Obligor

Obligation No. 39 and Obligation No. 40 are each being issued to secure the obligations of the Obligated Group to make payments required to pay all principal, redemption price, purchase price and interest due or to become due under the Bond Indenture with respect to the 2019B-1 Bonds and the 2019B-2 Bonds, respectively.

Credits

The Obligated Group Members shall receive credit for payment on Obligation No. 39 and Obligation No. 40, respectively, in addition to any credits resulting from payment or prepayment from other sources, as follows: (i) on installments of interest on Obligation No. 39 in an amount equal to moneys deposited in the Revenue Fund for the 2019B-1 Bonds, which amounts are available to pay interest on such 2019B-1 Bonds to the extent such amounts have not previously been credited against payments on Obligation No. 39; (ii) on installments of interest on Obligation No. 40 in an amount equal to moneys deposited in the Revenue Fund for the 2019B-2 Bonds, which amounts are available to pay interest on such 2019B-2 Bonds to the extent such amounts have not previously been credited against payments on Obligation No. 40; (iii) on installments of principal of Obligation No. 39 in an amount equal to moneys deposited in the Revenue Fund for the 2019B-1 Bonds, which amounts are available to pay the principal of such 2019B-1 Bonds to the extent such amounts have not previously been credited against payments on Obligation No. 39; and (iv) on installments of principal of Obligation No. 40 in an amount equal to moneys deposited in the Revenue Fund for the 2019B-2 Bonds, which amounts are available to pay the principal of such 2019B-2 Bonds to the extent such amounts have not previously been credited against payments on Obligation No. 40.

Prepayment of Master Indenture Obligations

So long as all amounts which have become due under Obligation No. 39 or Obligation No. 40 have been paid, the Obligated Group Members shall have the right, at any time and from time to time, to pay in advance and in any order of due dates all or part of the amounts to become due under Obligation No. 39 or Obligation No. 40; provided, however, that such prepayment shall be in an amount sufficient to, and shall be used to, pay, redeem or defease an equal principal amount of the 2019B-1 Bonds or the 2019B-2 Bonds, respectively, maturing on the same date pursuant to the Bond Indenture and provided further that no prepayment of Obligation No. 39 or

Obligation No. 40 shall be made unless a prepayment of an equivalent amount of the payments could be made pursuant to the Bond Indenture. A notice of redemption for any 2019B-1 Bonds or any 2019B-2 Bonds in accordance with the terms of the Bond Indenture shall, without further notice or action by the Master Trustee or the Credit Group Representative, constitute notice of redemption of the corresponding amounts of principal of Obligation No. 39 or Obligation No. 40, as applicable, and the same amounts of principal of such Obligation No. 39 or Obligation No. 40 shall thereby become due and payable on the date of redemption of such \2019B-1 Bonds and 2019B-2 Bonds, respectively, and at a redemption price equal to the redemption price payable with respect to such applicable 2019B-1 Bonds or 2019B-2 Bonds. All prepayments shall be deposited upon receipt in the Revenue Fund established with respect to the 2019B-1 Bonds and the 2019B-2 Bonds at the request of and as determined by the Credit Group Representative. Notwithstanding any such prepayment, as long as any 2019B-1 Bonds or any 2019B-2 Bonds remain outstanding, as applicable, for purposes of and as defined in the Bond Indenture or any additional payments required to be made under Supplement No. 13 with respect to Obligation No. 39 or Obligation No. 40 remain unpaid, the Obligated Group Members shall not otherwise be relieved of their obligations hereunder. Prepayments made under this subsection shall reduce the principal of and interest on Obligation No. 39 and Obligation No. 40, as applicable, accordingly.

If prepayment of any of Obligation No. 39 or Obligation No. 40 is made in part, the Holder may, in lieu of surrendering Obligation No. 39 or Obligation No. 40, as applicable, for a new fully registered Master Indenture Obligation pursuant to Supplement No. 13, endorse on Obligation No. 39 or Obligation No. 40 a notice of such partial prepayment, which notice shall set forth, over the signature of such Holder, the payment date, the principal amount or notional amount prepaid and the maturity prepaid. Such partial prepayment shall be valid upon payment of the amount thereof to or for the account of the respective Holder of Obligation No. 39 or Obligation No. 40, and the Obligated Group Members shall be fully released and discharged from all liability to the extent of such payment irrespective of whether such endorsement shall or shall not have been made upon such Obligation No. 39 and Obligation No. 40, as applicable, by the Holder thereof and irrespective of any error or omission in such endorsement.

Registration, Number and Negotiability of Master Indenture Obligation

Except as described in the paragraph below, each of Obligation No. 39 and Obligation No. 40 shall consist of a single Master Indenture Obligation without coupons registered in the name of the Bond Trustee and no transfer of Obligation No. 39 or Obligation No. 40 shall be registered under the Master Indenture except for transfers to a successor Bond Trustee.

Upon the principal of all Master Indenture Obligations then Outstanding being declared immediately due and payable upon and during the continuance of an Event of Default, Obligation No. 39 or Obligation No. 40 may be transferred, if and to the extent the Bond Trustee requests that the restrictions described in the paragraph above on transfers be terminated.

Right to Redeem

Obligation No. 39 and Obligation No. 40 shall be subject to redemption, in whole or in part, prior to maturity at the times and in the amounts applicable to redemption of the 2019B-1 Bonds or the 2019B-2 Bonds, respectively, as specified in the Bond Indenture and in the manner provided in Supplement No. 13; provided that in no event shall Obligation No. 39 or Obligation No. 40, as applicable, be redeemed unless a corresponding amount of 2019B-1 Bonds or 2019B-2 Bonds are also redeemed.

Defeasance of Obligation

Obligation No. 39 and Obligation No. 40, as applicable, shall be deemed to be paid and discharged for all purposes of the Master Indenture if all related 2019B-1 Bonds or 2019B-2 Bonds, respectively, with respect to such Master Indenture Obligation are paid or provision for their payment has been made in compliance respectively with the provisions of the Bond Indenture.

SUPPLEMENT NO. 14

The following summarizes certain provisions of Supplement No. 14, which is being entered into in connection with the issuance of the 2019C Bonds. Such summary does not purport to be complete and reference is made to the Master Indenture and Supplement No. 14 for full and complete statements of all such provisions.

Creation of Obligation No. 41

There is created under Supplement No. 14 a Master Indenture Obligation of the Obligated Group to be known as and entitled "Oregon Health and Science University Obligation No. 41."

Obligation No. 41 shall be issued as a single note and shall be executed, authenticated and delivered in accordance with the Master Indenture. Obligation No. 41 shall bear interest with respect to the outstanding 2019C Bonds from their date of issuance, at the rates and in the manner set forth in the Bond Indenture. The principal of Obligation No. 41 shall be payable with respect to the outstanding 2019C Bonds on the first day of July of each year as set forth in the Bond Indenture, subject to prior redemption as set forth in the Bond Indenture. The Obligated Group shall receive certain credits against its required payments of principal of and interest on Obligation No. 41 to the extent set forth in Supplement No. 14. Such principal and interest are payable directly to the Bond Trustee. The Credit Group Representative shall give notice in writing of each such payment to the Master Trustee.

Obligation No. 41 shall be an acceleratable instrument for purposes of the Master Indenture. Upon the occurrence of an Event of Default, the Holder of Obligation No. 41 shall be entitled, by notice to the Master Trustee and the Credit Group Representative, to require the Master Trustee to declare Obligation No. 41 immediately due and payable, subject to the provisions of the Master Indenture and the terms of such Master Indenture Obligation. The Holder of Obligation No. 41 shall also be entitled to consent to any acceleration of Obligation No. 41 in accordance with the Master Indenture, and therefore Obligation No. 41 may not be accelerated by the Master Trustee without the consent of such Holder.

Purpose; Primary Obligor

Obligation No. 41 is being issued to secure the obligations of the Obligated Group to make payments required to pay all principal, redemption price, purchase price and interest due or to become due under the Bond Indenture with respect to the 2019C Bonds.

Credits

The Obligated Group Members shall receive credit for payment on Obligation No. 41, in addition to any credits resulting from payment or prepayment from other sources, as follows: (i) on installments of interest on Obligation No. 41 in an amount equal to moneys deposited in the Revenue Fund for the 2019C Bonds, which amounts are available to pay interest on such 2019C Bonds to the extent such amounts have not previously been credited against payments on Obligation No. 41; and (ii) on installments of principal of Obligation No. 41 in an amount equal to moneys deposited in the Revenue Fund for the 2019C Bonds, which amounts are available to pay the principal of such 2019C Bonds to the extent such amounts have not previously been credited against payments on Obligation No. 41.

Prepayment of Master Indenture Obligations

So long as all amounts which have become due under Obligation No. 41 have been paid, the Obligated Group Members shall have the right, at any time and from time to time, to pay in advance and in any order of due dates all or part of the amounts to become due under Obligation No. 41; provided, however, that such prepayment shall be in an amount sufficient to, and shall be used to, pay, redeem or defease an equal principal amount of the 2019C Bonds maturing on the same date pursuant to the Bond Indenture and provided further that no prepayment of Obligation No. 41 shall be made unless a prepayment of an equivalent amount of the payments could be made

pursuant to the Bond Indenture. A notice of redemption for any 2019C Bonds in accordance with the terms of the Bond Indenture shall, without further notice or action by the Master Trustee or the Credit Group Representative, constitute notice of redemption of the corresponding amounts of principal of Obligation No. 41 and the same amounts of principal of such Obligation No. 41 shall thereby become due and payable on the date of redemption of such 2019C Bonds and at a redemption price equal to the redemption price payable with respect to such 2019C Bonds. All prepayments shall be deposited upon receipt in the Revenue Fund established with respect to the 2019C Bonds at the request of and as determined by the Credit Group Representative. Notwithstanding any such prepayment, as long as any 2019C Bonds remain outstanding for purposes of and as defined in the Bond Indenture or any additional payments required to be made under Supplement No. 14 with respect to Obligation No. 41 remain unpaid, the Obligated Group Members shall not otherwise be relieved of their obligations hereunder. Prepayments made under this subsection shall reduce the principal of and interest on Obligation No. 41 accordingly.

If prepayment of any of Obligation No. 41 is made in part, the Holder may, in lieu of surrendering Obligation No. 41 for a new fully registered Master Indenture Obligation pursuant to Supplement No. 14, endorse on Obligation No. 41 a notice of such partial prepayment, which notice shall set forth, over the signature of such Holder, the payment date, the principal amount or notional amount prepaid and the maturity prepaid. Such partial prepayment shall be valid upon payment of the amount thereof to or for the account of the Holder of Obligation No. 41, and the Obligated Group Members shall be fully released and discharged from all liability to the extent of such payment irrespective of whether such endorsement shall or shall not have been made upon such Obligation No. 41 by the Holder thereof and irrespective of any error or omission in such endorsement.

Registration, Number and Negotiability of Master Indenture Obligation

Except as described in the paragraph below, Obligation No. 41 shall consist of a single Master Indenture Obligation without coupons registered in the name of the Bond Trustee and no transfer of Obligation No. 41 shall be registered under the Master Indenture except for transfers to a successor Bond Trustee.

Upon the principal of all Master Indenture Obligations then Outstanding being declared immediately due and payable upon and during the continuance of an Event of Default, Obligation No. 41 may be transferred, if and to the extent the Bond Trustee requests that the restrictions described in the paragraph above on transfers be terminated.

Right to Redeem

Obligation No. 41 shall be subject to redemption, in whole or in part, prior to maturity at the times and in the amounts applicable to redemption of the 2019C Bonds as specified in the Bond Indenture and in the manner provided in Supplement No. 14; provided that in no event shall Obligation No. 41 be redeemed unless a corresponding amount of 2019C Bonds are also redeemed.

Defeasance of Obligation

Obligation No. 41 shall be deemed to be paid and discharged for all purposes of the Master Indenture if all related 2019C Bonds with respect to such Master Indenture Obligation are paid or provision for their payment has been made in compliance respectively with the provisions of the Bond Indenture.

DEFINITIONS OF CERTAIN TERMS IN THE BOND INDENTURE

Unless the context otherwise requires, the terms defined in this summary shall, for all purposes of this summary, have the meanings herein specified, to be equally applicable to both singular and plural forms of any of the terms herein defined. Unless otherwise defined in this summary, all terms used herein or elsewhere in the Official Statement shall have the meanings assigned to such terms in the Bond Indenture.

"*2019A Bonds*" means the Oregon Health and Science University Revenue Bonds, Series 2019A (Tax-Exempt Fixed Rate), authorized by, and at any time Outstanding pursuant to, the Bond Indenture.

"*2019B-1 Bonds*" means the Oregon Health and Science University Revenue Bonds, Series 2019B-1 (Tax-Exempt Long Term Rate), authorized by, and at any time Outstanding pursuant to, the Bond Indenture.

"*2019B-2 Bonds*" means the Oregon Health and Science University Revenue Bonds, Series 2019B-2 (Tax-Exempt Long Term Rate), authorized by, and at any time Outstanding pursuant to, the Bond Indenture.

"2019C Bonds" means the Oregon Health and Science University Revenue Bonds, Series 2019C (Federally Taxable Fixed Rate), authorized by, and at any time Outstanding pursuant to, the Bond Indenture.

"*Act*" means the Oregon Revised Statutes 353.340 to 353.370, and applicable provisions of Oregon Revised Statutes Chapter 287A, as amended.

"*Alternative Rate*" has the meaning set forth in the definition of One Month LIBOR.

"*Alternative Rate Adjustment*" means the first alternative set forth in the order below that can be determined by the Calculation Agent, after consultation with the University and Bond Counsel, as of the effective date of the Alternative Rate:

(a) the spread adjustment, or method for calculating or determining such spread adjustment (which may be a positive or negative value or zero), that has been selected or recommended by the Relevant Governmental Body for the applicable Unadjusted Alternative Rate;

(b) if the applicable Unadjusted Alternative Rate is equivalent to the ISDA Fallback Rate, then the ISDA Fallback Adjustment;

(c) the spread adjustment (which may be a positive or negative value or zero) that has been selected by the Calculation Agent giving due consideration to any industry-accepted spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of the then-current benchmark with the applicable Unadjusted Alternative Rate for U.S. dollar denominated floating rate notes at such time.

"*Authorized Denominations*" means with respect to any Fixed Period, $5,000 and any integral multiple thereof.

"*Authorized Representative*" means the University's president, chief financial officer, executive vice president or any other individual or individuals designated as an Authorized Representative thereof by a current Authorized Representative in a writing filed with the Bond Trustee.

"*Beneficial Owner*" means any Person which (a) has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any of the Bonds (including any Person holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bond for federal income tax purposes.

"*Bond Counsel*" means a firm of attorneys, of nationally recognized standing in matters pertaining to the tax-exempt nature of interest on obligations issued by states and their political subdivisions and duly admitted to practice law before the highest court of any state of the United States of America.

"*Bond Financed Property*" means all real and personal property to be financed or refinanced or for the financing of which the University was or is to be reimbursed, in whole or in part, directly or indirectly out of the proceeds of the Bonds.

"*Bond Indenture*" means the Bond Indenture, dated as of December 1, 2019 between the University and the Bond Trustee, relating to Bonds, as originally executed or as it may from time to time be supplemented, modified or amended by any Supplemental Bond Indenture or otherwise in accordance with the terms hereof.

"*Bond Sinking Fund*" means the fund by that name established pursuant to the Bond Indenture, as more particularly described in the section captioned "THE BOND INDENTURE—Bond Sinking Fund" below.

"*Bond Trustee*" means U.S. Bank National Association, a national banking association organized under the laws of the United States of America, and, subject to certain limitations contained in the Bond Indenture, any successor or successors to said trustee in the trusts created under the Bond Indenture.

"*Bonds*" means, collectively, the 2019A Bonds, the 2019B-1 Bonds, the 2019B-2 Bonds and the 2019C Bonds.

"*Business Day*" means any day on which banks located in the city in which the Corporate Trust Office of the Bond Trustee is located are not required or authorized to be closed and on which The New York Stock Exchange or the Federal Reserve Bank is open.

"*Certificate*," "*Statement*," "*Request*" and "*Requisition*" of the University means, respectively, a written certificate, statement, request or requisition signed in the name of the University by an Authorized Representative. Any such instrument and supporting opinions or representations, if any, may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument.

"*Code*" means the Internal Revenue Code of 1986, as amended from time to time. Each reference to a section of the Code herein shall be deemed to include the United States Treasury Regulations relating to such section, including temporary and proposed regulations, relating to such section which are applicable to the Bonds or the use of the proceeds thereof.

"*Continuing Disclosure Agreement*" means any continuing disclosure agreement or certificate executed by the University with respect to the Bonds and which complies with Securities and Exchange Commission Rule 15c2-12.

"*Conversion*" means a conversion of all or a portion of the Bonds from one Interest Rate Mode to one or more other Interest Rate Modes in accordance with the terms and provisions of the Bond Indenture and shall also include a conversion from one Fixed Period to a new Fixed Period and a conversion from any Long Term Interest Rate Period to a new Long Term Interest Rate Period.

"*Conversion Date*" means the effective date of a Conversion of the Bonds or a portion of the Bonds.

"*Corporate Trust Office*" means the office of the Bond Trustee at which its corporate trust business is conducted, which at the date hereof is located at U.S. Bank National Association, Global Corporate Trust Services, 555 SW Oak Street, PD-OR-P7TD, Portland, OR 97204, provided, however, that for purposes of the surrender or presentation of Bonds for payment, transfer or exchange, the Corporate Trust Office shall be the designated corporate trust company or operators office of the Bond Trustee.

"*Corresponding Tenor*," with respect to an Alternative Rate, means a tenor (including overnight) having approximately the same length (disregarding business day adjustment) as the applicable tenor for the then-current One Month LIBOR.

"*Daily Bonds*" means Bonds that bear interest at Daily Rates.

"*Daily Interest Rate Period*" means each day during the Daily Period for which a particular Daily Rate is in effect.

"*Daily Mode*" means the Interest Rate Mode during which the Bonds bear interest at Daily Rates.

"*Daily Period*" means the entire period during which Bonds constitute Daily Bonds, which Daily Period shall generally be comprised of multiple Daily Interest Rate Periods, during which Daily Rates are in effect.

"*Daily Rate*" means the interest rate per annum on Daily Bonds determined on a daily basis as described in the Bond Indenture.

"*Direct Purchase Bonds*" means Bonds that bear interest at a Direct Purchase Rate, and any Unremarketed Bonds, if any.

"*Direct Purchase Interest Rate Period*" means each period during the Direct Purchase Period for which a particular Direct Purchase Rate is in effect.

"*Direct Purchase Mode*" means the Interest Rate Mode during which the Bonds bear interest at the Direct Purchase Rate and during which any Unremarketed Bonds, if any, remain Outstanding.

"*Direct Purchase Period*" means the entire period during which Bonds constitute Direct Purchase Bonds, which Direct Purchase Period shall generally be comprised of multiple Direct Purchase Interest Rate Periods, during which Direct Purchase Rates are in effect. A Direct Purchase Period shall also include any period during which any Unremarketed Bonds remain Outstanding.

"*Direct Purchase Rate*" means the interest rate per annum on Direct Purchase Bonds determined on a periodic basis as described in the Bond Indenture.

"*Date of Issuance*" means the date of delivery of the Bonds.

"*Electronic Means*" means the following communications methods: e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Bond Trustee, or another method or system specified by the Bond Trustee as available for use in connection with its services under the Bond Indenture.

"*Electronic Notice*" means a notice transmitted through Electronic Means.

"*Event of Default*" means any of the events specified as such in the Bond Indenture, described herein under the headings "THE BOND INDENTURE—Events of Default".

"*Favorable Opinion of Bond Counsel*" means an opinion of Bond Counsel, addressed to the University and the Bond Trustee, to the effect that the action proposed to be taken is authorized or permitted or not prohibited by or in contravention of the Bond Indenture and will not, in and of itself, result in the inclusion of interest on the Tax-Exempt Bonds in gross income of the Holders thereof for federal income tax purposes.

"*Fitch*" means Fitch Ratings, its successors and their assigns, or, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, any other nationally recognized securities rating agency designated by the University by notice in writing to the Bond Trustee.

"*Fixed Bonds*" means Bonds that bear interest at Fixed Rates.

"*Fixed Mode*" means the Interest Rate Mode during which the Bonds bear interest at a Fixed Rate or Fixed Rates to their Maturity Date.

"*Fixed Period*" means the period to the Maturity Date during which Bonds constitute Fixed Bonds.

"*Fixed Rate*" means the interest rates per annum on Fixed Bonds, set forth on the inside cover of this Official Statement, to their Maturity Date or until the Fixed Rate Conversion Date, if any, and after any Fixed Rate Conversion Date, the fixed interest rate or rates per annum determined prior to such Fixed Rate Conversion Date as provided in the Bond Indenture.

"*Fixed Rate Conversion Date*" means the effective date of a Conversion of the Bonds or a portion of the Bonds into a Fixed Period or from one Fixed Period to a new Fixed Period or another Interest Rate Period, pursuant to the provisions of the Bond Indenture.

"*Flexible Mode*" means the Interest Rate Mode during which the Bonds bear interest at the Flexible Rate.

"*Flexible Rate*" means the per annum interest rate on a Bond in the Flexible Mode determined for such Bond as described in the Bond Indenture. The Bonds in the Flexible Mode may bear interest at different Flexible Rates.

"*Flexible Rate Bond*" means a Bond in the Flexible Mode.

"*Flexible Rate Period*" means the period of from one to 270 calendar days (which period must end on a day preceding a Business Day) during which a Flexible Rate Bond shall bear interest at a Flexible Rate, as established in the Bond Indenture. The Bonds in the Flexible Mode may be in different Flexible Rate Periods.

"*FRN Bonds*" means Bonds that bear interest at FRN Rates.

"*FRN Index*" means the SIFMA Index, One Month LIBOR, or such other index as the University shall select in consultation with the Remarketing Agent not less than five Business Days prior to the FRN Rate Conversion Date as an index, which in the opinion of nationally recognized tax counsel, is reasonably expected to measure contemporaneous variations in the cost of newly borrowed funds or inflation, as applicable.

"*FRN Index Percentage*" means the percentage determined by the Remarketing Agent, in consultation with the University, as described in the Bond Indenture with respect to the determination of the FRN Rate.

"*FRN Interest Rate Period*" means each period during the FRN Period during which FRN Rates are in effect, as described in the Bond Indenture.

"*FRN Mode*" means the Interest Rate Mode during which the Bonds bear interest at FRN Rates.

"*FRN Period*" means the entire period during which Bonds constitute FRN Bonds, which FRN Period shall generally be comprised of multiple FRN Interest Rate Periods, during which FRN Rates are in effect.

"*FRN Rate*" means, with respect to the FRN Bonds in a particular FRN Interest Rate Period, the interest rate per annum on FRN Bonds during such FRN Interest Rate Period determined on a periodic basis as described in the Bond Indenture, which is equal to the sum of (a) the FRN Index multiplied by the FRN Index Percentage, plus (b) the FRN Spread.

"*FRN Rate Conversion Date*" means (a) a continuation of the FRN Bonds in a new FRN Interest Rate Period and (b) a conversion of the FRN Bonds to an FRN Interest Rate Period from an Interest Rate Period other than an FRN Interest Rate Period.

"*FRN Spread*" means the spread, determined by the Remarketing Agent, in consultation with the University, in accordance with the Bond Indenture, prior to the commencement of an FRN Interest Rate Period, based on the relative spreads of securities that bear interest based on the FRN Index and FRN Index Percentage that, in the reasonable judgment of the Remarketing Agent under prevailing market conditions, are otherwise comparable to the Bonds or affecting the market for the Bonds or affecting such other comparable securities in a manner which, in the reasonable judgment of the Remarketing Agent, will affect the market for the Bonds (assuming for these purposes that the Bonds were to bear interest at FRN Rates for a particular FRN Interest Rate Period).

"*Fund*" means any of the funds established pursuant to the Bond Indenture (other than the Rebate Fund).

"*Governing Body*" means, when used with respect to the University, its board of directors, board of trustees or other board or group of individuals in which the powers of the University are vested.

"*Government Obligations*" means (a) noncallable United States Government Obligations or (b) evidences of a direct ownership of a proportionate or individual interest in future interest or principal payments on noncallable United States Government Obligations, which United States Government Obligations are held in a custodial account by a custodian on behalf of the Bond Trustee pursuant to the terms of a custody agreement; provided, however, that if such Government Obligations consist of obligations for which the principal and interest payments have been "stripped" into separate securities, such custodian shall be a Federal Reserve Bank.

"*Holder*," "*Bondholder*," "*Owner*," "*Registered Owner*" or "*holder*" whenever used herein with respect to a Bond, means the Person in whose name such Bond is registered; provided, however, that any time the Bonds are held in a book-entry system, "Holder" or "Bondholder" shall mean Beneficial Owner of the Bonds.

"*Index Reset Date*" means the first Business Day of each calendar month.

"*Initial Fixed Period*" means, with respect to the 2019A Bonds and to the 2019C Bonds, the Fixed Period commencing on the Date of Issuance.

"*Initial Long Term Period*" means, (i) with respect to the 2019B-1 Bonds, the Long Term Interest Rate Period commencing on the Date of Issuance and ending on and including the date specified in the Official Statement; and (ii) with respect to the 2019B-2 Bonds, the Long Term Interest Rate Period commencing on the Date of Issuance and ending on and including the date specified in the Official Statement.

"*Interest Fund*" means the fund by that name established pursuant to the Bond Indenture, as described under the caption, "THE BOND INDENTURE—Interest Fund" below.

"*Interest Payment Date*" means, with respect to any Fixed Period or Long Term Period, each January 1 and July 1, which for the Initial Fixed Period and for the Initial Long Term Period shall commence July 1, 2020.

"*Interest Rate Mode*" means a Daily Mode, a Two Day Mode, a Weekly Mode, a Short Term Mode, a Long Term Mode, an FRN Mode, a VRO Mode, a Window Mode, a Flexible Mode, a Direct Purchase Mode or a Fixed Mode.

"*Interest Rate Period*" means a Daily Interest Rate Period, a Two Day Interest Rate Period, a Weekly Interest Rate Period, a Short Term Interest Rate Period, a Long Term Interest Rate Period, a Flexible Rate Period, a FRN Interest Rate Period, a VRO Interest Rate Period, a Window Interest Rate Period, a Direct Purchase Interest Rate Period or a Fixed Period.

"*ISDA Definitions*" means the 2006 ISDA Definitions published by the International Swaps and Derivatives Association, Inc. or any successor thereto, as amended or supplemented from time to time, or any successor definitional booklet for interest rate derivatives published from time to time.

"*ISDA Fallback Adjustment*" means the spread adjustment, (which may be a positive or negative value or zero) that would apply for derivatives transactions referencing the ISDA Definitions to be determined upon the occurrence of an index cessation event with respect to the Alternative Rate for the applicable tenor.

"*ISDA Fallback Rate*" means the rate that would apply for derivatives transactions referencing the ISDA Definitions to be effective upon the occurrence of an index cessation date with respect to the Alternative Rate for the applicable tenor excluding the applicable ISDA Fallback Adjustment.

"*London Banking Day*" means any day on which commercial banks are open for general business, including dealings in U.S. dollars and foreign exchange and foreign currency, in London, England.

"*Long Term Bonds*" means Bonds that bear interest at Long Term Rates.

"*Long Term Interest Rate Period*" means each period during the Long Term Period for which a particular Long Term Rate is in effect.

"*Long Term Rate Mandatory Purchase Date*" means the first day following the last day of each Long Term Interest Rate Period.

"*Long Term Mode*" means the Interest Rate Mode during which the Bonds bear interest at the Long Term Rate.

"*Long Term Period*" means the entire period during which Bonds thereof constitute Long Term Bonds, which Long Term Period shall generally be comprised of multiple Long Term Interest Rate Periods, during which Long Term Rates are in effect.

"*Long Term Rate*" means the non-variable interest rate per annum on Long Term Bonds determined on a periodic basis as described in the Bond Indenture.

"*Mandatory Purchase Date*" means any Purchase Date on which Bonds are subject to mandatory purchase pursuant to the Bond Indenture, including as set forth in the applicable Supplemental Bond Indenture.

"*Master Indenture*" means the Amended and Restated Master Trust Indenture, dated as of May 1, 2012, between the University and the Master Trustee, as originally executed and as it may from time to time be supplemented, modified or amended in accordance with its terms.

"*Master Trustee*" means The Bank of New York Mellon Trust Company, N.A., a national banking association, as master trustee under the Master Indenture, or its successor.

"*Maturity Date*" means, with respect to the 2019A Bonds and the 2019C Bonds in the Initial Fixed Period, the maturities set forth on the inside cover of this Official Statement; with respect to the 2019B-1 Bonds and the 2019B-2 Bonds in the Initial Long Term Period, the maturities set forth on the inside cover of this Official Statement; or, with respect to a Bond upon a conversion to a Fixed Period (including any Conversion from a Fixed Period to a new Fixed Period), such maturities as are determined pursuant to the relevant provisions of the Bond Indenture.

"*Member*," "*Member of the Obligated Group*" or "*Obligated Group Member*" has the meaning set forth in the Master Indenture.

"*Moody's*" means Moody's Investors Service, Inc., its successors and their assigns, or, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, any other nationally recognized securities rating agency designated by the University by notice in writing to the Bond Trustee.

"*Obligated Group*" means the University and each other Person which becomes an Obligated Group Member pursuant to the terms of the Master Indenture.

"*Obligated Group Member*" or "*Member*" means each Person that is obligated under the Master Indenture.

"*Obligation No. 38*" means Obligation No. 38 issued, authenticated and delivered under Supplement No. 12, which secures the obligations of the University with respect to the 2019A Bonds.

"*Obligation No. 39*" means Obligation No. 39 issued, authenticated and delivered under Supplement No. 13, which secures the obligations of the University with respect to the 2019B-1 Bonds.

"*Obligation No. 40*" means Obligation No. 40 issued, authenticated and delivered under Supplement No. 13, which secures the obligations of the University with respect to the 2019B-2 Bonds.

"*Obligation No. 41*" means Obligation No. 41 issued, authenticated and delivered under Supplement No. 14, which secures the obligations of the University with respect to the 2019C Bonds.

"*Officer's Certificate*" when used with reference to the Bond Indenture means a certificate signed by the chair of the Governing Body or the president, the chief financial officer, executive vice president or any other individual or individuals designated as an Authorized Representative in a writing filed with the Bond Trustee authorized to bind the University.

"*One Month LIBOR*" means the rate for deposits in U.S. dollars with one month maturity as published by Reuters (or such other service as may be nominated by the Intercontinental Exchange, for the purpose of displaying London interbank offered rates for U.S. dollar deposits) as of 11:00 a.m., London time, two London Banking Days prior to the Index Reset Date; provided, that, if such rate shall be less than zero, such rate shall be deemed to be zero for purposes of the Bonds. If at any time One Month LIBOR is no longer available, or the Calculation Agent determines that One Month LIBOR has been permanently discontinued the Calculation Agent will use, as a substitute for One Month LIBOR for each interest determination date thereafter, the first alternative reference rate that can be determined by the Calculation Agent in the following order: (1) the sum of Term SOFR and the Alternative Rate Adjustment, (2) the sum of Simple Avenge SOFR and the Alternative Rate Adjustment, (3) the sum of the reference rate selected or recommended by the Relevant Governmental Body as a substitute for One Month LIBOR and the Alternative Rate Adjustment, (4) the sum of the ISDA Fallback Rate and the Alternative Rate Adjustment, and (5) the sum of the reference rate selected by the Calculation Agent as the replacement for One Month LIBOR after giving due consideration to any industry-accepted rate as a replacement for One Month LIBOR and the Alternative Rate Adjustment (each, the "Alternative Rate"). As part of such substitution, the Calculation Agent will, in its discretion, after consultation with the University and Bond Counsel, make any technical administrative or operational changes (including changes to the definitions for each interest rate period under this Bond Indenture, timing and frequency of determining rates and making payments of interest and other administrative matters), as well as the business day convention, interest determination dates and related provisions and definitions, in each case that are consistent with accepted market practice for the use of such Alternative Rate for the Bonds. Any replacement rate must be an interest based index, variations in the value of which can reasonably be expected to measure contemporaneous variations in the costs of newly borrowed funds in United States Dollars.

"*Opinion of Bond Counsel*" means a written Opinion of Counsel, which shall be Bond Counsel.

"*Opinion of Counsel*" means a written opinion of counsel (who may be Bond Counsel or counsel for the University) selected by the University and not objected to by the Bond Trustee.

"*Optional Redemption Fund*" means the account by that name established pursuant to the Bond Indenture.

"*Outstanding*" when used as of any particular time with reference to Bonds, means (subject to the provisions of the Bond Indenture described under the caption "THE BOND INDENTURE—Disqualified Bonds")

all Bonds theretofore, or thereupon being, authenticated and delivered by the Bond Trustee under the Bond Indenture except (a) Bonds theretofore canceled by the Bond Trustee or surrendered to the Bond Trustee for cancellation; (b) certain Bonds with respect to which all liability of the University shall have been discharged in accordance with the Bond Indenture; (c) Bonds for the transfer or exchange of or in lieu of or in substitution for which other Bonds shall have been authenticated and delivered by the Bond Trustee pursuant to the Bond Indenture; (d) Bonds alleged to have been mutilated, destroyed, lost or stolen and for which security or indemnity has been provided, as provided in the Bond Indenture; and (e) any Undelivered Bond.

"*Person*" means an individual, corporation, firm, association, partnership, trust or other legal entity or group of entities, including a governmental entity or any agency or political subdivision thereof.

"*Project*" has the meaning described under the caption "PLAN OF FINANCE—The Project" in the forepart of this Official Statement

"*Project Fund*" means the fund so designated and established pursuant to the Bond Indenture, as more particularly description under the caption, "THE BOND INDENTURE—Establishment and Application of Project Fund" below.

"*Purchase Date*" means each date on which Bonds are subject to optional or mandatory purchase pursuant to the Bond Indenture and shall include each Mandatory Purchase Date and each date on which the University provides funds pursuant to the provisions in the Bond Indenture relating to insufficient funds for the payment of Purchase Price.

"*Purchase Price*" means, with respect to a Bond subject to purchase on a Purchase Date, an amount equal to the principal amount thereof plus accrued interest to, but not including, the Purchase Date; provided, however, that (a) if the Purchase Date for any Purchased Bond is an Interest Payment Date, the Purchase Price thereof shall be the principal amount thereof, and interest on such Bond shall be paid to the Holder of such Bond pursuant to the Bond Indenture; and (b) in the case of a purchase on the first day of an Interest Rate Period which is preceded by a Long Term Period and which commences prior to the day originally established as the last day of such preceding Long Term Period, "Purchase Price" of any Purchased Bonds means the optional Redemption Price set forth in the Bond Indenture which would have been applicable to such Bond if the preceding Long Term Period had continued to the day originally established as its last day, plus accrued interest, if any.

"*Qualified Investments*" means investments in any of the following:

(a) both (i) direct obligations of, or obligations the timely payment of principal of and interest on which are fully and unconditionally guaranteed by, the United States of America, including Treasury Receipts and STRIPS (Separate Trading of Registered Interests in Principal of Securities) held for the account of the Bond Trustee by a custodian, and (ii) evidences of ownership of proportionate interests in future interest and principal payments on direct and general obligations of the United States of America, if (x) a bank or trust company holds the underlying obligations as custodian, (y) the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor on the underlying obligations, and (z) the underlying obligations are held by the custodian in a special account, segregated from its general assets, and are not available to satisfy any claim of the custodian, any Person claiming through the custodian, or any person to whom the custodian may be obligated;

(b) debt obligations that are (i) issued or fully guaranteed by any state or political subdivision thereof or any agency or instrumentality or authority of such state or political subdivision, and (ii) at the time of purchase, rated in one of the two highest rating categories (without regard to any refinement or gradation of rating category by numerical modifier or otherwise) assigned by at least one nationally recognized rating agency to obligations of that nature;

(c) any bond, debenture, note, participation certificate or other similar obligation issued by a government sponsored agency (such as the Federal National Mortgage Association, the Federal Home Loan Bank

System, the Federal Home Loan Mortgage Corporation or the Federal Farm Credit Bank) which is either (i) at the time of purchase, rated in one of the two highest rating categories (without regard to any refinement or gradation of rating category by numerical modifier or otherwise) assigned by at least one nationally recognized rating agency, or (ii) backed by the full faith and credit of the United States of America;

(d) U.S. denominated deposit accounts, certificates of deposit and banker's acceptances of any bank, trust company, or savings and loan association, including the Bond Trustee or its affiliates, which have a rating on their short-term certificates of deposit on the date of purchase in one of the two highest short-term rating categories (without regard to any refinement or gradation of rating category by numerical modifier or otherwise) assigned by at least one nationally recognized rating agency, and, which mature not more than 365 days after the date of purchase;

(e) shares of a "management company" that is both an "open-end company" and a "diversified company" (as such terms are defined in the Investment Company Act of 1940) and also a money market fund, including those of the Bond Trustee and its affiliates and with respect to which the Bond Trustee or its affiliates may receive compensation, if such shares are registered with the United States Securities and Exchange Commission under the Securities Act of 1933 and are rated, at the time of purchase, by at least one nationally recognized rating agency in any of the two highest rating categories (without regard to any refinement or gradation of rating category by numerical modifier or otherwise);

(f) any money market account with a commercial bank having a combined capital, surplus and undivided profits of at least $100,000,000 and subject to supervision or examination by federal or state authority;

(g) commercial paper which is rated at the time of purchase in one of the two highest short-term rating categories (without regard to any refinement or gradation of rating category by numerical modifier or otherwise) assigned by at least one nationally recognized rating agency, and which matures not more than 270 days after the date of purchase;

(h) bonds, notes, debentures or other evidences of indebtedness issued or guaranteed by a corporation which are, at the time of purchase, rated by at least one nationally recognized rating agency in any of the two highest rating categories (without regard to any refinement or gradation of rating category by numerical modifier or otherwise);

(i) asset-backed securities, commercial mortgage-backed securities, or mortgage-backed securities which are, at the time of purchase, rated by at least one nationally recognized rating agency in any of the two highest rating categories (without regard to any refinement or gradation of rating category by numerical modifier or otherwise);

(j) investment agreements with any financial institution, the long¬term debt, the claims paying ability or the financial program strength of which is rated by at least one nationally recognized rating agency in any of the three highest rating categories (without regard to any refinement or gradation of rating category by numerical modifier or otherwise). If the investment agreement is guaranteed by a third-party, then the above rating requirements will apply to the guarantor only. In all cases, the above rating requirements will apply only at the time the investment agreement is executed;

(k) repurchase agreements with respect to and secured by obligations described in clause (a), (b) or (c) above, which agreements may be entered into with a bank (including the Bond Trustee or its affiliates), a trust company, insurance company, financial services firm or a broker dealer which is a member of the Securities Investors Protection Corporation, provided that (i) the Bond Trustee or a custodial agent of the Bond Trustee has possession of the collateral and that the collateral is free and clear of third-party claims, (ii) a master repurchase agreement or specific written repurchase agreement governs the transaction, (iii) the collateral securities are valued no less frequently than daily, (iv) the fair market value of the collateral securities in relation to the amount of the repurchase obligation, including principal and interest, is equal to at least 102%, and (v) such obligations must be held in the custody of the Bond Trustee or the Bond Trustee's agent; and

(l) forward agreements with respect to obligations described in clause (a), (b), (c) or (g) in which a bank (including the Bond Trustee or its affiliates), a trust company, insurance company, financial services firm or a broker dealer which is a member of the Securities Investors Protection Corporation has a continual obligation to deliver or purchase the obligations at an agreed upon price or yield. The forward agreement provider must have long-term debt, claims paying ability or financial program strength ratings in one of the three highest rating categories (without regard to gradations within such category) by at least one nationally recognized rating agency at the time of entering into the agreement. If the forward agreement provider's obligation is guaranteed by a third-party, then the above rating requirements will apply to the guarantor only.

"*Rating Agency*" means S&P, Moody's or Fitch.

"*Rating Category*" means a generic securities rating category, without regard, in the case of a long term rating category, to any refinement or gradation of such long term rating category by a numerical modifier or otherwise.

"*Rebate Amount*" means the Rebate Requirement (as defined in the Tax Agreement) with respect to the Bonds determined in accordance with the Bond Indenture and the Tax Agreement.

"*Rebate Analyst*" means an independent certified public accountant, financial analyst or Bond Counsel, or any firm of the foregoing, or financial institution, experienced in making the arbitrage and rebate calculations required pursuant to Section 148(f) of the Code, selected and compensated by the University to make the computations and give the directions required by the Bond Indenture and the Tax Agreement.

"*Rebate Fund*" means the fund by that name created under the Bond Indenture.

"*Record Date*" means, with respect to any Interest Payment Date, the fifteenth day of the month preceding the month in which such Interest Payment Date occurs, whether or not such day is a Business Day.

"*Redemption Price*" means, with respect to any Bond (or portion thereof), the principal amount of such Bond (or portion) plus the applicable premium, if any, payable upon redemption thereof pursuant to the provisions of such Bond and the Bond Indenture.

"*Registration Books*" means books maintained by the Bond Trustee on behalf of the University at the Corporate Trust Office of the Bond Trustee for the purpose of recording the registration, transfer, exchange or replacement of any of the Bonds.

"*Relevant Governmental Body*" means the Federal Reserve Board and/or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Federal Reserve Board and/or the Federal Reserve Bank of New York or any successor thereto.

"*Remarketing Agent*" means, with respect to the Bonds, the financial institution or institutions as may be designated by the University as the Remarketing Agent, if any, for such Bonds, or any other Remarketing Agent or successor or additional Remarketing Agent appointed in accordance with the Bond Indenture. No Remarketing Agent shall be required during any Fixed Period.

"*Responsible Officer*" means any officer within the corporate trust department of the Bond Trustee, including any vice president, assistant vice president, senior associate, associate or any other officer of the Bond Trustee who customarily performs functions similar to those performed by the persons who at the time shall be such officers, respectively, or to whom any corporate trust matter is referred because of such person's knowledge of and familiarity with the particular subject and who shall have direct responsibility for the administration of the Bond Indenture.

"*Revenue Fund*" means the fund by that name established pursuant to the Bond Indenture.

"*S&P*" means S&P Global Ratings, its successors and their assigns, or, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, any other nationally recognized securities rating agency designated by the University by notice in writing to the University and the Bond Trustee.

"*Securities Act*" means the Securities Act of 1933, as amended.

"*Series*," when used with respect to the Bonds, means all the Bonds designated as being of the same Series, whether upon initial issuance thereof or upon any Conversion of a portion of a Series and redesignation thereof, authenticated and delivered in a simultaneous transaction, and any Bonds thereafter authenticated and delivered upon a transfer or exchange or in lieu of or in substitution for such Bonds of such Series, or upon a Conversion of a portion of any Series of the Bonds, as provided in the Bond Indenture. In the event that the Bonds or a portion of the Bonds have been so designated as being in more than a single Series, references in the Bond Indenture to the Bonds shall, as the context may require, refer to only the Bonds of the particular Series in question.

"*Series 2019 Obligations*" means, collectively, Obligation No. 38, Obligation No. 39, Obligation No. 40 and Obligation No. 41, or any substitute Obligation therefor.

"*Short Term Bonds*" means Bonds that bear interest at Short Term Rates.

"*Short Term Interest Rate Period*" means each period during the Short Term Period for which a particular Short Term Rate is in effect.

"*Short Term Mode*" means the Interest Rate Mode during which the Bonds bear interest at Short Term Rates.

"*Short Term Period*" means each period during which Bonds constitute Short Term Bonds, which Short Term Period shall generally be comprised of multiple Short Term Interest Rate Periods, during which Short Term Rates are in effect.

"*Short Term Rate*" means the interest rate per annum on Short Term Bonds determined on a periodic basis as described in the Bond Indenture.

"*SIFMA*" means the Securities Industry & Financial Markets Association (formerly the Bond Market Association).

"*SIFMA Index*" means, on any date, a rate determined on the basis of the seven day high grade market index of tax exempt variable rate demand obligations, as produced by Bloomberg (or successor organizations) and published or made available by SIFMA or any Person acting in cooperation with or under the sponsorship of SIFMA and acceptable to the University and effective from such date; provided, that, if such rate shall be less than zero, such rate shall be deemed to be zero for purposes of the Bonds; or if such index is no longer produced or available, either (i) the S&P Municipal Bond 7 Day High Grade Rate Index as produced and made available by S&P Dow Jones Indices LLC (or successor organizations) or (ii) with a Favorable Opinion of Bond Counsel, such other index designed to measure the average interest rate on weekly interest rate reset demand bonds similar to the Bonds as selected by the University.

"*Simple Average SOFR*" means the simple average of SOFRs for the applicable Corresponding Tenor, with the conventions for this rate (which will be in arrears with a lookback and/or suspension period as a mechanism to determine the interest amount payable prior to the end of each Interest Period) being established by the Calculation Agent in accordance with:

(a) the conventions for this rate selected or recommended by the Relevant Governmental Body for determining simple average SOFR; provided that:

(b) if, and to the extent that, the Calculation Agent determines that Simple Average SOFR cannot be determined in accordance with clause (a) above, then the conventions for this rate that have been selected by the Calculation Agent giving due consideration to any industry-accepted market practice for U.S. dollar denominated floating rate notes at such time.

"*Sinking Fund Installment*" means the amount required by the Bond Indenture to be paid on any single date for the retirement of Bonds of a Series.

"*SOFR*," with respect to any day, means the secured overnight financing rate published for such U.S. Government Securities Business Day immediately preceding such effective date by the Federal Reserve Bank of New York, as the administrator of the benchmark (or a successor administrator), on the Federal Reserve Bank of New York's website.

"*Supplement No. 12*" means Supplemental Master Trust Indenture No. 12, dated as of December 1, 2019, between the University and the Master Trustee, as the same may be amended or supplemented, pursuant to which Obligation No. 38 is issued.

"*Supplement No. 13*" means Supplemental Master Trust Indenture No. 13, dated as of December 1, 2019, between the University and the Master Trustee, as the same may be amended or supplemented, pursuant to which Obligation No. 39 and Obligation No. 40 are issued.

"*Supplement No. 14*" means Supplemental Master Trust Indenture No. 14, dated as of December 1, 2019, between the University and the Master Trustee, as the same may be amended or supplemented, pursuant to which Obligation No. 41 is issued.

"*Supplemental Bond Indenture*" means any indenture hereafter duly authorized and entered into between the University and the Bond Trustee, supplementing, modifying or amending the Bond Indenture; but only if and to the extent that such Supplemental Bond Indenture is specifically authorized thereunder.

"*Tax Agreement*" means the Tax Certificate, dated as of the Date of Issuance, delivered by the University with respect to the Tax-Exempt Bonds, as modified from time to time pursuant to its terms.

"*Tax-Exempt Bonds*" means, collectively, the 2019A Bonds, the 2019B-1 Bonds and the 2019B-2 Bonds.

"*Term SOFR*" means the forward-looking term rate for the applicable Corresponding Tenor based on SOFR that has been selected or recommended by the Relevant Governmental Body.

"*Trust Estate*" means the property pledged, assigned and conveyed to the Bond Trustee pursuant to the granting clauses of the Bond Indenture.

"*Two Day Bonds*" means Bonds that bear interest at Two Day Rates.

"*Two Day Interest Rate Period*" means each two day period during a Two Day Period for which a particular Two Day Rate is in effect.

"*Two Day Mode*" means the Interest Rate Mode during which the Bonds bear interest at Two Day Rates.

"*Two Day Period*" means the entire period during which Bonds constitute Two Day Bonds, which Two Day Period shall generally be comprised of multiple Two Day Interest Rate Periods, during which Two Day Rates are in effect.

"*Two Day Rate*" means the interest rate per annum on Two Day Bonds determined on a two day basis as described in the Bond Indenture.

"*Unadjusted Alternative Rate*" means the Alternative Rate excluding the Alternative Rate Adjustment.

"*Undelivered Bond*" means any Bond that constitutes an Undelivered Bond under the relevant provisions of the Bond Indenture.

"*United States Government Obligations*" means obligations that are direct, full faith and credit obligations of the United States of America or are obligations with respect to which the United States of America has fully and unconditionally guaranteed the timely payment of all principal or interest or both, but only to the extent of the principal or interest so guaranteed.

"*University*" means Oregon Health and Science University, a public corporation of the State, and its legal successors and assigns and any surviving, resulting or transferee entity provided such entity is a public corporation of the State.

"*Unremarketed Bonds*" means Direct Purchase Bonds for which the Holders have not received the full Purchase Price of all of their Bonds on the applicable Direct Purchase Rate Mandatory Purchase Date specified in the Bond Indenture.

"*U.S. Government Securities Business Day*" means any day except for a Saturday, Sunday or a day on which SIFMA recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. Government Securities.

"*VRO*" means Variable Remarketed Obligation.

"*VRO Bonds*" means Bonds that bear interest at VRO Rates.

"*VRO Interest Rate Period*" means each period during which Bonds are in the VRO Mode, which VRO Interest Rate Period shall generally be comprised of multiple VRO Interest Rate Periods, during which VRO Rates are in effect.

"*VRO Mode*" means the Interest Rate Mode during which the Bonds bear interest at the VRO Rate.

"*VRO Rate*" means the interest rate per annum on VRO Bonds determined on a periodic basis as described in the Bond Indenture.

"*Weekly Bonds*" means Bonds that bear interest at Weekly Rates.

"*Weekly Interest Rate Period*" means each weekly period during the Weekly Period for which a particular Weekly Rate is in effect.

"*Weekly Mode*" means the Interest Rate Mode during which the Bonds bear interest at Weekly Rates.

"*Weekly Period*" means the entire period during which Bonds constitute Weekly Bonds, which Weekly Period shall generally be comprised of multiple Weekly Interest Rate Periods, during which Weekly Rates are in effect.

"*Weekly Rate*" means the interest rate per annum on Weekly Bonds determined on a weekly basis as described in the Bond Indenture.

"*Window Bonds*" means Bonds that bear interest at Window Rates.

"*Window Interest Rate Period*" means each period during the Window Period for which a particular Window Rate is in effect, which shall be a period generally consisting of 7 days commencing on a Thursday and ending on the following Wednesday, except in the case of (a) the initial Window Rate Interest Period occurring

after a Conversion to the Window Mode for which the period shall be from the applicable Conversion Date to and including the following Wednesday and (b) the last Window Interest Rate Period during a Window Period, for which the period shall end on the day preceding the applicable Conversion Date, redemption date or Maturity Date.

"*Window Mode*" means the Interest Rate Mode during which the Bonds bear interest at the Window Rate.

"*Window Period*" means the entire period during which Bonds constitute Window Bonds, which Window Period shall generally be comprised of multiple Window Interest Rate Periods, during which Window Rates are in effect.

"*Window Rate*" means the interest rate per annum on Window Bonds determined on a periodic basis as described in the Bond Indenture.

"*Written Request*" of the University means a written request, requisition, statement or order signed in the name of the University by its president, chief financial officer, executive vice president or any other individual or individuals designated as an Authorized Representative and authorized to sign for the University.

THE BOND INDENTURE

General

The Bond Indenture, among other matters, sets forth the terms of the Bonds, the nature and extent of security, the various rights of the Holders of the Bonds, the rights, duties and immunities of the Bond Trustee and the rights and obligations of the University. Certain provisions of the Bond Indenture are summarized below. Other provisions are summarized in this Official Statement under the captions "THE BONDS" and "SECURITY AND SOURCE OF PAYMENT FOR THE BONDS".

This Official Statement summarizes certain terms of the Bonds only while the Bonds bear interest at Fixed Rates and at Long Term Rates, as applicable, as established on the original issue date of the Bonds. Should the Bonds be converted to operate in a different Interest Rate Mode, or to a new Fixed Period to bear interest at new Fixed Rates or a new Long Term Interest Rate Period to bear interest at new Long Term Rates, the Bonds will be subject to mandatory tender for purchase and, at that time, it is expected that a reoffering circular or a supplement to this Official Statement or other disclosure document will be prepared for such Bonds.

The following is a summary of certain provisions of the Bond Indenture not described elsewhere in this Official Statement. This summary does not purport to be complete or definitive and reference is made to the Bond Indenture for the complete terms thereof.

Registration, Transfer and Exchange.

The Bond Trustee is, pursuant to the Bond Indenture, appointed "bond registrar" for the purpose of registering Bonds and transfers of Bonds as provided in the Bond Indenture. The Bond Trustee shall cause to be kept at its Corporate Trust Office the Registration Books, in which, subject to such reasonable regulations as it may prescribe, the Bond Trustee shall provide for the registration, transfer and exchange of Bonds as provided in the Bond Indenture.

Bonds may be transferred or exchanged only upon the Registration Books maintained by the Bond Trustee as provided in the Bond Indenture. Upon surrender for transfer or exchange of any Bond at the Corporate Trust Office of the Bond Trustee, the University shall execute, and the Bond Trustee shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Bonds of the same maturity, of any Authorized Denominations and of a like aggregate principal amount.

Every Bond presented or surrendered for transfer or exchange shall (if so required by the Bond Trustee, as bond registrar) be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the Bond Trustee, as bond registrar, duly executed by the Owner thereof or his attorney or legal representative duly authorized in writing.

All Bonds issued upon any transfer or exchange of Bonds shall be the valid special limited obligations of the University, evidencing the same debt, and entitled to the same security and benefits under the Bond Indenture, as the Bonds surrendered upon such transfer or exchange.

No service charge shall be made for any registration, transfer or exchange of Bonds, but the Bond Trustee may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Bonds, and such charge shall be paid before any such new Bond shall be delivered. The fees and charges of the Bond Trustee for making any transfer or exchange and the expense of any bond printing necessary to affect any such transfer or exchange shall be paid by the University. In the event any Registered Owner fails to provide a certified taxpayer identification number to the Bond Trustee, the Bond Trustee may impose a charge against such Registered Owner sufficient to pay any governmental charge required to be paid as a result of such failure. In compliance with Section 3406 of the Code, such amount may be deducted by the Bond Trustee from amounts otherwise payable to such Registered Owner under the Bond Indenture or under the Bonds.

The Bond Trustee shall not be required to (a) transfer or exchange any Bond (other than a Bond tendered for purchase pursuant to a Conversion under the Bond Indenture, on each Long Term Mandatory Purchase Date or on the first day of each Interest Rate Mode with respect to the Bonds) during a period beginning 15 days before the day of the mailing of a notice of redemption of such Bond and ending at the close of business on the day of such mailing, or (b) transfer or exchange any Bond so selected for redemption in whole or in part, during a period beginning at the opening of business on any Record Date for such Bonds and ending at the close of business on the relevant Interest Payment Date therefor.

The Person in whose name any Bond is registered on the Registration Books shall be deemed and regarded as the absolute Owner thereof for all purposes, except as otherwise provided in the Bond Indenture when a book-entry system is in effect for the Bonds, and payment of or on account of the principal and Redemption Price of and interest on any such Bond shall be made only to or upon the order of the Registered Owner thereof or his legal representative, but such registration may be changed as provided in the Bond Indenture. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

The Bond Trustee will keep the Registration Books on file at its Corporate Trust Office, which shall include a list of the names and addresses of the last known Owners of all Bonds and the serial numbers of such Bonds held by each of such Owners. At reasonable times and under reasonable regulations established by the Bond Trustee, the list may be inspected and copied by the University or the Owners of 10% in Outstanding principal amount of the Bonds or the authorized representative thereof, provided that the ownership of such Owner and the authority of any such designated representative shall be evidenced to the satisfaction of the Bond Trustee.

The transferor of a Bond shall also provide or cause to be provided to the Bond Trustee all information necessary to allow the Bond Trustee to comply with any applicable tax reporting obligations, including without limitation any cost basis reporting obligations under Internal Revenue Code Section 6045. The Bond Trustee may rely on the information provided to it and shall have no responsibility to verify or ensure the accuracy of such information.

Establishment and Application of Project Fund.

(a) The Bond Trustee shall establish, maintain and hold in trust a separate fund designated as the "Project Fund." The moneys in the Project Fund shall be used and withdrawn by the Bond Trustee to pay or

reimburse the costs of the Project and pay interest on the Bonds during construction of the Project, in accordance with the terms of the Tax Agreement. No moneys in the Project Fund shall be used to pay Costs of Issuance.

(b) When the Project shall have been completed, the Bond Trustee shall, as directed by the University, transfer any remaining balance in such Project Fund to the Optional Redemption Fund. Upon such transfer, the Project Fund shall be closed.

Insufficient Funds for the Payment of Purchase Price.

(a) If the funds available for the purchase of Bonds subject to purchase on a Purchase Date are insufficient to purchase all of such Bonds on such Purchase Date (including Undelivered Bonds), then no purchase of any Bond shall occur on such Purchase Date and, on such Purchase Date, the Bond Trustee shall (i) return all of such Bonds that were tendered to the Holders thereof, and (ii) return all moneys received by the Bond Trustee for the purchase of such Bonds to the respective Persons that provided such moneys (in the respective amounts in which such moneys were so provided).

(b) The failure to purchase Bonds on a Purchase Date shall constitute an Event of Default, provided, however, the failure to purchase Bonds on a Purchase Date due to a Conversion from Bonds operating in the Fixed Period shall not constitute an Event of Default.

(c) If Bonds are not purchased when required on a Mandatory Purchase Date, all of the Bonds shall bear interest at the Maximum Interest Rate from such Purchase Date until such date that all of such unpurchased Bonds have been purchased or payment of the principal of and interest thereon has otherwise been made in accordance with this Bond Indenture, provided, however, if Fixed Bonds are not purchased on a Purchase Date related to a Conversion of such Bonds, then such Fixed Bonds shall continue to bear interest at the interest rates in effect prior to such proposed Conversion Date.

Source of Payment of Bonds.

The Bonds and all payments to be made by the University thereon and into the various Funds established under the Bond Indenture are not general obligations of the University, but are special obligations payable solely from the Trust Estate pledged under the Bond Indenture. As authorized by ORS 287A.310, the University's pledge of the Trust Estate shall be valid and binding from the time the pledge is made. The funds so pledged shall be immediately subject to the lien of this pledge without physical delivery, filing or other act and the lien of such pledge shall be superior to all other claims and liens of any kind whatsoever.

Revenue Fund.

(a) All payments upon the Series 2019 Obligations and all other payments as and when received by the Bond Trustee, shall be promptly deposited by the Bond Trustee upon receipt thereof in a special fund designated as the "Oregon Health and Science University, Series 2019 Revenue Fund" (the "Revenue Fund"), which the Bond Trustee shall establish, maintain and hold in trust, and shall be held, disbursed, allocated and applied by the Bond Trustee only as provided in the Bond Indenture.

(b) Except as provided in the Bond Indenture, all payments upon the Series 2019 Obligations and all other payments as and when received by the Bond Trustee, shall be deposited into the Revenue Fund and shall be held therein until disbursed as herein provided. Payments upon the respective Series 2019 Obligations shall be made by or on behalf of the University at least one Business Day in advance of each respective date on which principal and interest are due on a Series of Bonds, all in accordance with the terms of the respective Series 2019 Obligations. If, on the Business Day prior to when payment upon the respective Series 2019 Obligations are due, the Bond Trustee has not received such payment, the Bond Trustee immediately shall request the Master Trustee to give immediate Electronic Notice or telephonic notice promptly confirmed in writing to the University of the nonpayment.

Interest Fund.

(a) The Bond Trustee shall establish and maintain so long as any of the Bonds are outstanding a fund to be known as the "Oregon Health and Science University, Series 2019 Interest Fund" (the "Interest Fund").

(b) On each Interest Payment Date, the Bond Trustee shall deposit in the Interest Fund from the Revenue Fund moneys in an amount which, together with the amounts already on deposit therein and available to make such payment, is not less than the interest becoming due on the applicable Series of Bonds on such date.

(c) In connection with any partial redemption or defeasance prior to maturity of the Bonds, the Bond Trustee may, at the written request of the University, use any amounts on deposit in the Interest Fund in excess of the amount needed to pay the interest on the Bonds remaining outstanding on the first Interest Payment Date occurring on or after the date of such redemption or defeasance to pay or provide for the payment of the principal of and interest on the Bonds to be redeemed or defeased or as otherwise directed by the University if the Bond Trustee shall have received a Favorable Opinion of Bond Counsel.

Bond Sinking Fund.

(a) The Bond Trustee shall establish and maintain so long as any of the Bonds are outstanding a fund to be known as the "Oregon Health and Science University, Series 2019 Bond Sinking Fund" (the "Bond Sinking Fund").

(b) On each Sinking Fund Installment date for a Series of Bonds established pursuant to the Bond Indenture and each respective Maturity Date, after making the relevant deposit required by the Bond Indenture and described in the section captioned "Interest Fund" above, the Bond Trustee shall deposit in the Bond Sinking Fund from the Revenue Fund moneys in an amount which, together with any moneys already on deposit in the Bond Sinking Fund and available to make such payment is not less than the principal becoming due on the applicable Bonds on such dates.

(c) In lieu of the mandatory Bond Sinking Fund redemption described in the forepart to this Official Statement under the caption "THE BONDS – Redemption", the Bond Trustee shall, at the Written Request of the University, purchase for cancellation an equal principal amount of Bonds of the series and maturity to be redeemed in the open market identified by the University at prices specified by the University not exceeding the principal amount of the Bonds being purchased plus accrued interest with such interest portion of the purchase price to be paid from the Interest Fund and the principal portion of such purchase price to be paid from the Bond Sinking Fund. In addition, the amount of Bonds to be redeemed on any date pursuant to the mandatory Bond Sinking Fund redemption schedule shall be reduced by the principal amount of Bonds of the maturity required to be redeemed which are acquired by the University or any other Member and delivered to the Bond Trustee for cancellation.

(d) In connection with any partial redemption or defeasance prior to maturity of a Series of Bonds, the Bond Trustee may, at the written request of the University, use any amounts on deposit in the Bond Sinking Fund in excess of the amount needed to pay principal on such Series of Bonds remaining outstanding on the first principal or Sinking Fund Installment date occurring on or after the date of such redemption or defeasance to pay or provide for the payment of the principal or Redemption Price of and interest on the Series of Bonds to be redeemed or defeased or as otherwise directed by the University if the Bond Trustee shall have received a Favorable Opinion of Bond Counsel.

Optional Redemption Fund.

There is established with the Bond Trustee and maintained so long as any of the Bonds are outstanding a separate fund to be known as the "Oregon Health and Science University, Series 2019 Optional Redemption Fund" (the "Optional Redemption Fund"). In the event of (i) prepayment by or on behalf of the University or any other Member of amounts payable on the respective Series 2019 Obligations, including prepayment with

condemnation or insurance proceeds or proceeds of a sale consummated under threat of condemnation, or (ii) deposit with the Bond Trustee by the University, any other Member moneys from any other source for redeeming Bonds or purchasing Bonds for cancellation, such moneys shall, except as otherwise provided in the Bond Indenture, be deposited in the Optional Redemption Fund. Moneys on deposit in the Optional Redemption Fund shall be used, first, to make up any deficiencies existing in the Interest Fund and the Bond Sinking Fund (in the order listed) and, second, for the redemption or purchase of Bonds in accordance with the provisions of the Bond Indenture.

Investment of Funds.

(a) Upon a Written Request of the University to the Bond Trustee, moneys constituting proceeds of Tax-Exempt Bonds in the Project Fund, Revenue Fund, the Interest Fund, the Bond Sinking Fund, the Optional Redemption Fund and the Rebate Fund shall be invested in Qualified Investments specified by the University.

(b) Unless otherwise specifically provided in the Bond Indenture, all interest, profits and other income received from the investment of moneys in any fund or account established pursuant to the Bond Indenture shall be retained when received in such fund or account.

(c) All income from investments on deposit in the Project Fund and the Rebate Fund shall be retained in the Project Fund or Rebate Fund, as applicable.

Trust Funds.

Except in relation to certain tendered Bonds only, as more particularly described in the Bond Indenture, all moneys received by the Bond Trustee under the provisions of the Bond Indenture shall be trust funds for the benefit of all Bonds outstanding under the Bond Indenture (except as otherwise provided) and shall not be subject to lien or attachment of any creditor of the University. Such moneys shall be held in trust and applied in accordance with the provisions of the Bond Indenture. The Bond Trustee is authorized under the Bond Indenture to establish such additional funds, accounts or subaccounts as are necessary or advisable to carry out its duties thereunder.

Rebate Fund.

(a) The Bond Trustee shall establish and maintain a separate account to be known as the "Oregon Health and Science University, Series 2019 Rebate Fund" (the "Rebate Fund"). The Bond Trustee shall make information regarding the Bonds and investments under the Bond Indenture available to the University and shall deposit income from such investments immediately upon receipt thereof in the Rebate Fund and shall maintain records for each investment relating to the purchase price thereof.

(b) If a deposit to the Rebate Fund is required as a result of the computations made by the University pursuant to the Tax Agreement, the Bond Trustee shall, upon receipt of written direction from the University, accept such payment and deposit such payment in the Rebate Fund for the benefit of the University.

(c) If at any time the University is required to retain the Rebate Analyst to calculate the Rebate Amount but fails to deliver a report to the Bond Trustee in a timely manner, then the Bond Trustee shall retain a Rebate Analyst, at the expense of the University, to calculate the Rebate Amount.

Payment of Principal, Redemption Price, Purchase Price and Interest.

Subject to the limited source of payment referred to in the Bond Indenture, the University covenants in the Bond Indenture that it will promptly pay or cause to be paid the principal, Redemption Price and Purchase Price of and interest on the Bonds issued under the Bond Indenture at the place, on the dates and in the manner provided in the Bond Indenture and in said Bonds according to the true intent and meaning thereof. The principal, Redemption Price and Purchase Price of and interest on the Bonds are payable solely from Trust Estate and any

other amounts (including proceeds of the sale of the Bonds) held in any Fund or account established pursuant to the Bond Indenture (other than the Rebate Fund), which is specifically pledged under the Bond Indenture to the payment thereof in the manner and to the extent specified in the Bond Indenture. Nothing in the Bonds or in the Bond Indenture shall be considered as assigning or pledging any funds or assets of the University except the moneys pledged under the Bond Indenture (other than the Rebate Fund) and the Series 2019 Obligations.

Tax Covenants.

The University and the Bond Trustee (but, with respect to the Bond Trustee only as to those actions specifically directed by the University to be taken) each covenant in the Bond Indenture for the benefit of each owner of the Tax-Exempt Bonds that they will not take any action or omit to take any action with respect to the Tax-Exempt Bonds, the proceeds thereof, any other funds of the University or the Bond Trustee or the Bond Financed Property if such action or omission (i) would cause the interest on the Tax-Exempt Bonds to lose its exclusion from gross income for federal income tax purposes under Section 103 of the Code, (ii) would cause interest on the Tax-Exempt Bonds to lose its exclusion from federal alternative minimum taxable income as defined in the Code, or (iii) would cause interest on the Tax-Exempt Bonds to lose its exclusion from state taxable income under present state law. The foregoing covenant in the Bond Indenture shall remain in full force and effect notwithstanding the payment in full or defeasance of the Tax-Exempt Bonds until the date on which all obligations of the University in fulfilling the above covenant under the Code have been met.

Limitations on Indebtedness.

The University agrees, so long as any Bonds are outstanding, that it will not incur any Additional Indebtedness other than Indebtedness allowed by the Master Indenture (each as defined in the Master Indenture).

Continuing Disclosure.

The University covenants in the Bond Indenture to undertake responsibility for compliance with continuing disclosure requirements. Notwithstanding any other provision of the Bond Indenture, failure of the University or the Dissemination Agent (as defined in the Continuing Disclosure Agreement) to comply with the Continuing Disclosure Agreement shall not be considered an Event of Default; however, the Bond Trustee shall, at the request of any Participating Underwriter (as defined in the Continuing Disclosure Agreement) or the owners of at least 25% in aggregate principal amount of all Bonds then Outstanding, or any Bondholder or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the University or the Bond Trustee to comply with their respective obligations thereunder.

Replacement of Series 2019 Obligations with Master Indenture Obligation Issued Under a Separate Master Indenture.

The Series 2019 Obligations shall be surrendered by the Bond Trustee and delivered to the Master Trustee for cancellation upon receipt by the Bond Trustee of the following:

(a) a Request of the University requesting such surrender and delivery and stating that the University has become a member of an obligated group under a master indenture (other than the Master Indenture) (or an entity which, directly or indirectly, controls the University has become a member of such an obligated group and the University is obligated, by its articles of incorporation, bylaws or by contract or otherwise, to make payments to such controlling entity in amounts sufficient to enable the entity to make payments with respect to obligations issued under such master indenture) and that an obligation is being issued to the Bond Trustee under such replacement master indenture (the "Replacement Master Indenture");

(b) a properly executed obligation (the "Replacement Obligation") issued under the Replacement Master Indenture and registered in the name of the Bond Trustee with the same tenor and effect as the Series 2019

Obligations, as applicable (in a principal amount equal to then Outstanding principal amount of the respective Series of Bonds), duly authenticated by the master trustee under the Replacement Master Indenture;

(c) an Opinion of Counsel selected by the University to the effect that the Replacement Obligation has been validly issued under the Replacement Master Indenture and constitutes a valid and binding obligation of the University (or the entity which directly or indirectly controls the University, if applicable) and each other Obligated Group Member (if any) which is jointly and severally liable under the Replacement Master Indenture;

(d) a copy of the Replacement Master Indenture, certified as a true and accurate copy by the master trustee under the Replacement Master Indenture; and

(e) written confirmation from each rating agency then rating the Bonds that the replacement of the applicable Series 2019 Obligations will not, by themselves, result in a reduction in then-current ratings on the Bonds.

Upon satisfaction of such conditions, all references in the Bond Indenture to the respective Series 2019 Obligations shall be deemed to be references to the Replacement Obligations, all references to the Master Indenture shall be deemed to be references to the Replacement Master Indenture, all references to the Master Trustee shall be deemed to be references to the master trustee under the Replacement Master Indenture, all references to the Obligated Group and the Obligated Group Members shall be deemed to be references to the obligated group and the obligated group members under the Replacement Master Indenture and all references to Supplement No. 12, Supplement No. 13 or Supplement No. 14, as applicable, shall be deemed to be references to the supplemental master indenture pursuant to which the Replacement Obligation is issued.

Events of Default.

The following events, among others, shall be Events of Default:

(a) default in the due and punctual payment of the principal or Redemption Price of any Bond when and as the same shall become due and payable, whether at maturity as therein expressed, by proceedings for redemption, by acceleration or otherwise, or default in the redemption of any Bonds from Sinking Fund Installments in the amount and at the times provided therefor;

(b) default in the due and punctual payment of any installment of interest on any Bond when and as such interest installment shall become due and payable;

(c) failure to pay when such payment is due the Purchase Price of any Bond tendered pursuant to the applicable provisions of the Bond Indenture (except when such failure is due to a Conversion from Bonds operating in the Fixed Period);

(d) an order or decree shall be entered appointing a receiver, receivers, custodian or custodians for any of the revenues of the University, or approving a petition filed against the University seeking reorganization of the University under the federal bankruptcy laws or any other similar law or statute of the United States of America or any state thereof, or if any such order or decree, having been entered without the consent or acquiescence of the University, shall not be vacated or discharged or stayed on appeal within 60 days after the entry thereof;

(e) any proceeding shall be instituted, with the consent or acquiescence of the University, or any plan shall be entered into by the University, for the purpose of effecting a composition between the University and its creditors or for the purpose of adjusting the claims of such creditors pursuant to any federal or state statute now or hereafter enacted, if the claims of such creditors are under any circumstances payable from any part or all of the Trust Estate and the revenues and other moneys derived under the Series 2019 Obligations;

(f) the University (i) files a petition in bankruptcy or under Title 11 of the United States Code, as amended, (ii) makes an assignment for the benefit of its creditors, (iii) consents to the appointment of a receiver, custodian or trustee for itself or for the whole or any part of the Trust Estate and the revenues and other moneys derived under the Series 2019 Obligations or (iv) is generally not paying its debts as such debts become due;

(g) if (i) the University is adjudged insolvent by a court of competent jurisdiction, (ii) on a petition in bankruptcy filed against the University, the University is adjudged as bankrupt or (iii) an order, judgment or decree is entered by any court of competent jurisdiction appointing, without the consent of the University, a receiver, custodian or trustee of the University or of the whole or any part of its property and any of the aforesaid adjudications, orders, judgments or decrees shall not be vacated or set aside or stayed within 60 days from the date of entry thereof;

(h) the University shall file a petition or answer seeking reorganization or any arrangement under the federal bankruptcy laws or any other applicable law or statute of the United States of America or any state thereof;

(i) under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the University or of the whole or any substantial part of its property, and such custody or control shall not be terminated within 30 days from the date of assumption of such custody or control;

(j) the University shall default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Bonds or in the Bond Indenture to be performed on the part of the University, and such default shall continue for 60 days after written notice specifying such default and requiring the same to be remedied shall have been given to the University by the Bond Trustee; provided that the Bond Trustee may give such notice in its discretion and shall give such notice at the written request of the owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding thereunder; provided that, if such default cannot with due diligence and dispatch be wholly cured within 60 days but can be wholly cured, the failure of the University to remedy such default within such 60 day period shall not constitute a default under the Bond Indenture if the University shall immediately upon receipt of such notice commence with due diligence and dispatch the curing of such default and, having so commenced the curing of such default, shall thereafter prosecute and complete the same with due diligence and dispatch; or

(k) a declaration by the Master Trustee of the entire principal amount of all Outstanding Obligations (as defined in the Master Indenture) and the interest accrued thereon to be immediately due and payable.

Acceleration; Annulment of Acceleration.

(a) If an Event of Default, described in paragraphs (a), (b), (c), (k), (l), (m) or (n) in the section captioned "EVENTS OF DEFAULT" above, shall occur, then the Bond Trustee shall declare the principal of all the Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately. If the Bond Trustee declares the principal of all the Bonds then Outstanding, and the interest accrued thereon, to be immediately due and payable, the Bond Trustee also, in its capacity as the holder of the Series 2019 Obligations, shall request the Master Trustee to declare the aggregate principal amount of the Series 2019 Obligations, as applicable, and the interest accrued thereon to be immediately due and payable in accordance with the Master Indenture.

(b) Upon the declaration by the Bond Trustee of the principal of all Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately, the principal of all the Bonds then Outstanding, and the interest accrued thereon, shall become and shall be immediately due and payable, anything in the Bond Indenture to the contrary notwithstanding. The Bond Trustee shall give or cause to be given notice of acceleration of the Bonds by first class mail to the Bond Owners and of such date for payment upon acceleration at least eight days before such date for payment. Notice of such declaration having been given as aforesaid, anything to the contrary contained in the Bond Indenture or in the Bonds, interest shall cease to accrue on such Bonds from and

after the date set forth in such notice (which date shall be no more than eight days from the date of such declaration). The Bond Trustee shall not be required to make payment to any Bond Owner until the Bonds shall be presented to the Bond Trustee for appropriate endorsement or for cancellation if fully paid. Any such declaration, however, is subject to the condition that if, at any time after such declaration and before any judgment or decree for the payment of the moneys due shall have been obtained or entered, the University shall deposit with the Bond Trustee a sum sufficient to pay all the principal, Redemption Price and Purchase Price of and installments of interest on the Bonds payment of which is overdue, with interest on such overdue principal at the rate borne by the respective Bonds, and the reasonable charges and expenses of the Bond Trustee, and if the Bond Trustee has received notification from the Master Trustee that the declaration of acceleration of the Series 2019 Obligations, as applicable, have been annulled pursuant to the Master Indenture and any and all other defaults known to the Bond Trustee (other than in the payment of principal of and interest on the Bonds due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Bond Trustee or provision deemed by the Bond Trustee to be adequate shall have been made therefor, then the Bond Trustee shall, by written notice to the University and the Bond Trustee, on behalf of the Owners of all of the Bonds, rescind and annul such declaration and its consequences and waive such default; but no such rescission and annulment shall extend to or shall affect any subsequent default, or shall impair or exhaust any right or power consequent thereon.

(c) In the event that the Master Trustee has accelerated the Series 2019 Obligations and is pursuing its available remedies under the Master Indenture, the Bond Trustee, without waiving any Event of Default under the Bond Indenture, agrees not to pursue its available remedies under the Bond Indenture in a manner that would hinder or frustrate the pursuit by the Master Trustee of its remedies under the Master Indenture provided that the Bond Trustee may take any action permitted of an Obligation holder under the Master Indenture.

(d) Notwithstanding the foregoing or any other provision of the Bond Indenture, the right of the Bond Trustee to receive payment of the Series 2019 Obligations on and after the respective due dates expressed in such Series 2019 Obligations, or to bring suit for the enforcement of any such payment on or after such respective dates, shall not be impaired or affected without the consent of the University.

Rights of the Bond Trustee Concerning the Series 2019 Obligations.

The Bond Trustee, as pledgee and assignee of all of its right, title and interest as assignee of the Series 2019 Obligations shall, upon compliance with applicable requirements of law and except as otherwise set forth in the Bond Indenture, be the real party in interest with standing to enforce each and every right granted under the Series 2019 Obligations which have been assigned to the Bond Trustee by the Bond Indenture. The Bond Trustee agrees, under the Bond Indenture, without in any way limiting the effect and scope thereof, that the pledge and assignment thereunder to the Bond Trustee of the Series 2019 Obligations shall constitute an agency appointment coupled with an interest on the part of the Bond Trustee which, for all purposes of the Bond Indenture, shall be irrevocable and shall survive and continue in full force and effect. In exercising such rights and the rights given the Bond Trustee under the Bond Indenture, the Bond Trustee shall take such action as, in the judgment of the Bond Trustee, would best serve the interests of the Bondholders, taking into account the provisions of the Master Indenture, together with the security and remedies afforded to Holders of Obligations thereunder.

Additional Remedies and Enforcement of Remedies.

(a) Upon the occurrence and continuance of any Event of Default, the Bond Trustee may, upon the written request of the Holders of a majority in principal amount of the Bonds Outstanding, together with indemnification of the Bond Trustee to its satisfaction therefor, proceed forthwith to protect and enforce its rights and the rights of the Bondholders under the Bond Indenture and under the Act and the Bonds by such suits, actions or proceedings as the Bond Trustee, being advised by counsel, shall deem expedient, including but not limited to: (i) civil action to recover money or damages due and owing; (ii) civil action to enjoin any acts or things, which may be unlawful or in violation of the rights of the Holders of Bonds; (iii) enforcement of any other right of the Bondholders conferred by law or hereby; and (iv) enforcement of any other right conferred by the Series 2019 Obligations or the Master Indenture.

(b) Regardless of the happening of an Event of Default, the Bond Trustee, if requested in writing by the Holders of a majority in aggregate principal amount of the Bonds then Outstanding, shall, upon being indemnified to its satisfaction therefor, institute and maintain such suits and proceedings as it may be advised shall be necessary or expedient (i) to prevent any impairment of the security under the Bond Indenture by any acts which may be unlawful or in violation hereof, or (ii) to preserve or protect the interests of the Holders; provided that such request is in accordance with law and the provisions hereof.

Application of Moneys and Other Funds After Default.

If an Event of Default shall occur and be continuing, all moneys received by the Bond Trustee pursuant to any right given or action taken under the provisions of the Bond Indenture, after payment of the costs and expenses of the proceedings resulting in the collection of such moneys and the expenses, liabilities and advances, including reasonable attorneys' fees incurred or made by the Bond Trustee (subject to the trust provisions in the Bond Indenture relating to monies held by the Bond Trustee for the benefit of certain Holders of particular Bonds) shall be applied by the Bond Trustee as follows and in the following order:

(a) To the payment of any expenses necessary in the opinion of the Bond Trustee to protect the interests of the Holders of the Bonds and payment of reasonable fees and expenses of the Bond Trustee (including reasonable fees and disbursements of its counsel) incurred in and about the performance of its powers and duties under the Bond Indenture and the creation of a reasonable reserve for anticipated fees, costs and expenses; and

(b) To the payment of the principal or Redemption Price of and interest then due on the Bonds (upon presentation of the Bonds to be paid, and stamping thereon of the payment if only partially paid, or surrender thereof if fully paid) subject to the provisions of the Bond Indenture, as follows:

(i) Unless the principal of all of the Bonds shall have become or have been declared due and payable,

FIRST: To the payment to the Persons entitled thereto of all installments of interest then due in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the Persons entitled thereto, without any discrimination or preference; and

SECOND: To the payment to the Persons entitled thereto of the unpaid principal (including Sinking Fund Installments) or Purchase Price or Redemption Price of any Bonds which shall have become due, whether at maturity or by call for redemption or purchase, in the order of their due dates with interest on the overdue principal at the rate borne by the respective Bonds, and, if the amount available shall not be sufficient to pay in full all the Bonds due on any date, together with such interest, then to the payment thereof ratably, according to the amounts of principal or Redemption Price due on such date to the Persons entitled thereto, without any discrimination or preference.

(ii) If the principal of all of the Bonds shall have become or have been declared due and payable to the payment of the principal and interest then due and unpaid upon the Bonds, with interest on the overdue principal at the rate borne by the respective Bonds and, if the amount available shall not be sufficient to pay in full the whole amount so due and unpaid, then to the payment thereof ratably, without preference or priority of principal over interest, or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, according to the amounts due respectively for principal and interest, to the Persons entitled thereto without any discrimination or preference.

(iii) Notwithstanding anything in the Bond Indenture to the contrary, in no event shall the Bond Trustee be entitled to payment of its fees or expenses from any amounts held under the Bond Indenture which constitute remarketing proceeds.

Remedies Not Exclusive.

No remedy by the terms of the Bond Indenture conferred upon or reserved to the Bond Trustee or the Bondholders is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given thereunder or existing at law or in equity or by statute (including the Act) on or after the date thereof.

Remedies Vested in Bond Trustee.

All rights of action (including the right to file proof of claims) under the Bond Indenture or under any of the Bonds may be enforced by the Bond Trustee, without the possession of any of the Bonds or the production thereof in any trial or other proceedings relating thereto. Any such suit or proceeding may be brought without the necessity of joining as plaintiffs or defendants any Holders of the Bonds. Subject to the provisions of the section captioned "Application of Revenues and Other Funds After Default" above, any recovery or judgment shall be for the equal benefit of the Holders of the Outstanding Bonds. Nothing in the Bond Indenture shall be deemed to authorize the Bond Trustee to authorize or consent to or accept or adopt on behalf of any Owner any plan of reorganization, arrangement, adjustment, or composition affecting the Bonds or the rights of any Owner thereof, or to authorize the Bond Trustee to vote in respect of the claim of any Owner in any such proceeding without the approval of the Owner so affected.

Bondholders' Control of Proceedings.

If an Event of Default shall have occurred and be continuing, the Holders of a majority in principal amount of all Bonds then Outstanding shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Bond Trustee, to direct the method and place of conducting any proceeding to be taken in connection with the enforcement of the terms and conditions hereof, provided that such direction is in accordance with law and the provisions hereof (including indemnity to the Bond Trustee as provided in the Bond Indenture). Nothing in this paragraph shall impair the right of the Bond Trustee in its discretion to take any other action under the Bond Indenture which it may deem proper and which is not inconsistent with such direction by Bondholders.

Individual Bondholder Action Restricted.

(a) No Holder of any Bond shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement hereof or for the execution of any trust under the Bond Indenture or for any remedy thereunder except upon the occurrence of all of the following events:

(i) the Holders of at least a majority in aggregate principal amount of Bonds Outstanding shall have made written request to the Bond Trustee to proceed to exercise the powers granted in the Bond Indenture; and

(ii) such Bondholders shall have offered the Bond Trustee indemnity as provided in the Bond Indenture; and

(iii) the Bond Trustee shall have failed or refused to exercise the duties or powers granted in the Bond Indenture for a period of 60 days after receipt by it of such request and offer of indemnity; and

(iv) during such 60 day period no direction inconsistent with such written request has been delivered to the Bond Trustee by the Holders of a majority in principal amount of Bonds then Outstanding.

(b) No one or more Holders of Bonds shall have any right in any manner whatsoever to affect, disturb or prejudice the security hereof or to enforce any right under the Bond Indenture except in the manner therein provided and for the equal benefit of the Holders of all Bonds Outstanding.

(c) Nothing contained in the Bond Indenture shall affect or impair, or be construed to affect or impair, the right of the Holder of any Bond (i) to receive payment of the principal of or interest on such Bond, as the case may be, on or after the due date thereof or (ii) to institute suit for the enforcement of any such payment on or after such due date; provided, however, no Holder of any Bond may institute or prosecute any such suit or enter judgment therein if, and to the extent that, the judgment therein would, under applicable law, result in the surrender, impairment, waiver or loss of the lien hereof on the money, funds and properties pledged under the Bond Indenture for the equal and ratable benefit of all Holders of Bonds.

Waiver of Event of Default.

(a) No delay or omission of the Bond Trustee or of any Holder of the Bonds to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or in acquiescence therein.

(b) The Bond Trustee may waive any Event of Default which in its opinion shall have been remedied before the entry of final judgment or decree in any suit, action or proceeding instituted by it under the applicable provisions of the Bond Indenture, on or before the completion of the enforcement of any other remedy thereunder.

(c) The Bond Trustee, upon the written request of the Holders of a majority in principal amount of the Bonds then Outstanding, shall waive any Event of Default under the Bond Indenture and its consequences; provided, however, that a default in the payment of the principal or Redemption Price of or interest on any Bond, when the same shall become due and payable by the terms thereof or upon call for redemption, may not be waived without the written consent of the Holders of all the Bonds at the time Outstanding, for which payment of the principal or Redemption Price of or interest on has not been made.

(d) In case of any waiver by the Bond Trustee of an Event of Default under the Bond Indenture, the Bond Trustee and the Bondholders shall be restored to their former positions and rights thereunder, respectively, but no such waiver shall extend to any subsequent or other Event of Default or impair any right consequent thereon. The Bond Trustee shall not be responsible to anyone for waiving or refraining from waiving any Event of Default described in this section.

Limitations on Remedies.

It is the purpose and intention of the Bond Indenture to provide rights and remedies to the Bond Trustee and Bondholders which may be lawfully granted, but should any right or remedy therein granted be held to be unlawful, the Bond Trustee and the Bondholders shall be entitled, as above set forth, to every other right and remedy provided in the Bond Indenture and by law.

University's Rights of Possession and Use of its Property.

So long as the University is in full compliance with the terms and provisions of the Bond Indenture, the University shall be suffered and permitted to possess, use and enjoy its property and appurtenances thereto free of claims of the Bond Trustee.

Waiver of Redemption; Effect of Sale of Trust Estate.

The University, to the extent permitted by law, shall not claim any rights under any stay, valuation, exemption or extension law, and waives in the Bond Indenture any right of redemption which it may have in respect of any sale or other disposition of the University's property (to the extent any rights or claims in and to any such property constitute a portion of the Trust Estate) pursuant to the rights and remedies granted under the Bond Indenture. Upon the institution of any foreclosure proceedings or upon any sale or other disposition of the University's property to satisfy amounts owing under the Bond Indenture, or any acceleration of the maturity of any Series 2019 Obligations, the principal of all Bonds then Outstanding under the Bond Indenture, if not previously due and payable, shall without notice become immediately due and payable.

Amendments to Bond Indenture.

(a) The Bond Indenture and the rights and obligations of the Holders of the Bonds and of the Bond Trustee may be modified or amended from time to time and at any time by an indenture or indentures supplemental hereto, which, the Bond Trustee may enter into with the written consent of the Holders of a majority in aggregate principal amount of the Bonds then Outstanding that will be affected by such amendment or modification. No such modification or amendment shall (1) extend the Maturity Date of any Bond, or reduce the amount of principal thereof, or extend the time of payment or change the method of computing the rate of interest thereon, or extend the time of payment of interest thereon, or reduce any premium payable upon the redemption thereof, without the consent of the Holder of each Bond so affected, or (2) reduce the aforesaid percentage of Bonds, the consent of the Holders of which is required to effect any such modification or amendment, or permit the creation of any lien prior to or on a parity with the lien created by the Bond Indenture, or deprive the Holders of the Bonds of the lien created by the Bond Indenture (except as expressly provided in the Bond Indenture), without the consent of the Holders of all Bonds then Outstanding. It shall not be necessary for the consent of the Bondholders to approve the particular form of any Supplemental Bond Indenture, but it shall be sufficient if such consent shall approve the substance thereof. Promptly after the execution by the Bond Trustee of any Supplemental Bond Indenture pursuant to this paragraph (a), the Bond Trustee shall mail a notice, setting forth in general terms the substance of such Supplemental Bond Indenture to the Bondholders at the addresses shown on the registration books maintained by the Bond Trustee. Any failure to give such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such Supplemental Bond Indenture.

(b) The Bond Indenture and the rights and obligations of the Bond Trustee and of the Holders of the Bonds may also be modified or amended from time to time and at any time by an indenture or indentures supplemental hereto, which the Bond Trustee may enter into with the consent of the University, but without the necessity of obtaining the consent of any Bondholders, only to the extent permitted by law and only for any one or more of the following purposes:

(i) to add to the covenants and agreements of the University contained in the Bond Indenture other covenants and agreements thereafter to be observed, to pledge or assign additional security for the Bonds (or any portion thereof), or to surrender any right or power therein reserved to or conferred upon the University; provided, that no such covenant, agreement, pledge, assignment or surrender shall materially adversely affect the interests of the Holders of the Bonds, as evidenced by an Opinion of Counsel;

(ii) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision, contained in the Bond Indenture, or in regard to matters or questions arising under the Bond Indenture, as the University or the Bond Trustee may deem necessary or desirable and not inconsistent with the Bond Indenture, and which shall not materially adversely affect the interests of the Holders of the Bonds;

(iii) to modify, amend or supplement the Bond Indenture in such manner as to permit the qualification thereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect, and to add such other terms, conditions and provisions as may be permitted by said act or similar federal statute, and which shall not materially adversely affect the interests of the Holders of the Bonds, as evidenced by an Opinion of Counsel;

(iv) to facilitate and implement any book-entry system (or any termination of a book-entry system) with respect to the Bonds in accordance with the terms hereof;

(v) to maintain the exclusion from gross income of interest payable with respect to the Bonds;

(vi) to make any modification or amendment to the Bond Indenture which will be effective upon the Conversion and/or remarketing of Bonds following the mandatory tender of the Bonds pursuant to the applicable provisions of the Bond Indenture;

(vii) to provide for the appointment of a successor bond trustee or co-trustee pursuant to the applicable terms of the Bond Indenture; or

(viii) to make any modification or amendment to the Bond Indenture which shall not materially adversely affect the interests of the Holders of the Bonds, as evidenced by an Opinion of Counsel.

(c) The Bond Trustee may in its discretion, but shall not be obligated to, enter into any such Supplemental Bond Indenture authorized by paragraphs (a) or (b) above which materially adversely affects the Bond Trustee's own rights, duties or immunities under the Bond Indenture or otherwise.

(d) In executing, or accepting the additional trusts created by, any Supplemental Bond Indenture permitted by the Bond Indenture or the modification thereby of the trusts created by the Bond Indenture, the Bond Trustee shall be entitled to receive, and shall be fully protected in relying upon, an Opinion of Counsel stating that the execution of such Supplemental Bond Indenture is authorized or permitted by the Bond Indenture and complies with the terms hereof.

Effect of Supplemental Bond Indenture.

Upon the execution of any Supplemental Bond Indenture pursuant to the Bond Indenture, the Bond Indenture shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under the Bond Indenture of the University, the Bond Trustee and all Holders of Bonds Outstanding shall thereafter be determined, exercised and enforced under the Bond Indenture subject in all respects to such modification and amendment, and all the terms and conditions of any such Supplemental Bond Indenture shall be deemed to be part of the terms and conditions of the Bond Indenture for any and all purposes.

Amendment of Particular Bonds.

The foregoing provisions shall not prevent any Bondholder from accepting any amendment as to the particular Bonds held by such Bondholder; provided that due notation thereof is made on such Bonds.

Discharge of Bond Indenture.

Bonds may be paid in any of the following ways, provided that the University also pays or causes to be paid any other sums payable under the Bond Indenture and related to such Bonds:

(a) by paying or causing to be paid the principal or Redemption Price of and interest on Outstanding Bonds, as and when the same become due and payable;

(b) by depositing with the Bond Trustee, in trust, at or before maturity, money or United States Government Obligations in the amount necessary (as provided in the section captioned "Deposit of Money or Securities with Bond Trustee" below) to pay or redeem all Bonds Outstanding; or

(c) by delivering to the Bond Trustee, for cancellation by it, Outstanding Bonds.

If the University or the Bond Trustee shall also pay or cause to be paid all other sums payable under the Bond Indenture by the University, and if the University shall have paid all expenses payable to the Bond Trustee, then and in that case, at the election of the University (evidenced by a Certificate of the University, filed with the Bond Trustee, signifying the intention of the University to discharge all such indebtedness and the Bond Indenture), and notwithstanding that any Bonds shall not have been surrendered for payment, the Bond Indenture and the pledge of the Trust Estate and other assets made under the Bond Indenture and all covenants, agreements

and other obligations of the University under the Bond Indenture shall cease, terminate, become void and be completely discharged and satisfied (except with respect to the transfer or exchange of Bonds provided for in the Bond Indenture or Bonds, the payment of principal of and interest on the Bonds when due, the redemption of Bonds provided for in the Bond Indenture and the payment of or the provision for any rebate payments then due and payable to the United States Treasury as specified in the Tax Agreement). In such event, upon Written Request of the University, the Bond Trustee shall execute and deliver to the University all such instruments as may be necessary or desirable (and prepared by or on behalf of the University) to evidence such discharge and satisfaction, and the Bond Trustee shall pay over, transfer, assign or deliver to the University all moneys or securities or other property held by it pursuant to the Bond Indenture which are not required for the payment or redemption of Bonds not theretofore surrendered for such payment or redemption. The release of the obligations of the University under the Bond Indenture shall be without prejudice to the right of the Bond Trustee to be paid reasonable compensation for all services rendered thereunder by it and all reasonable expenses, charges and other disbursements (from any money in its possession under the provisions of the Bond Indenture, subject only to the prior lien of the Bonds for the payment of the principal thereof and the interest thereon) incurred on or about the administration of the trust hereby created and the performance of its duties under the Bond Indenture, nor its right to indemnification thereunder.

Effect of Defeasance.

Upon the deposit with the Bond Trustee, in trust, at or before maturity, of money or securities in the amount necessary (as provided in the section captioned "Deposit of Money or Securities with Bond Trustee" below) to pay or redeem any Outstanding Bond (whether upon or prior to its maturity or the redemption date of such Bond) and, if such Bond is to be redeemed prior to maturity, notice of such redemption shall have been given in accordance with the applicable provisions of the Bond Indenture, the Bond Indenture may be released and discharged in accordance with the relevant provisions thereof, but the liability of the University in respect of such Bonds shall continue but only to the extent that the Holder thereof shall thereafter be entitled only to payment out of such money or securities deposited with the Bond Trustee as aforesaid for their payment; and, provided, further, that the provisions of the section below captioned "Payment of Bonds After Discharge of Bond Indenture" shall apply in any event.

Deposit of Money or Securities with Bond Trustee.

Whenever in the Bond Indenture it is provided or permitted that there be deposited with or held in trust by the Bond Trustee money or securities in the amount necessary to pay or redeem any Bonds, the money or securities so to be deposited or held may include money or securities held by the Bond Trustee in the funds and accounts established pursuant to the Bond Indenture and shall be:

(a) lawful money of the United States of America in an amount equal to the principal amount of such Bonds and all unpaid interest thereon to maturity, except that, in the case of Bonds which are to be redeemed prior to maturity and in respect of which notice of such redemption shall have been given in accordance with the applicable provisions of the Bond Indenture, the amount to be deposited or held shall be the principal amount or Redemption Price of such Bonds and all unpaid interest thereon to the redemption date; or

(b) United States Government Obligations (not callable by the issuer thereof prior to maturity), the principal of and interest on which when due will provide money sufficient, without regard to any reinvestment thereof, to pay the principal or Purchase Price for any Bonds tendered for purchase (in which case the tendered Bonds shall be purchased and shall be cancelled), or Redemption Price of and all unpaid interest to maturity or to the Purchase Date or redemption date, as the case may be, on the Bonds to be paid, purchased or redeemed, as such principal or Redemption Price and interest become due; provided that, in the case of Bonds which are to be redeemed prior to the maturity thereof, notice of such redemption shall have been given in accordance with the applicable provisions of the Bond Indenture; and, provided further, in each case, that the Bond Trustee shall have been irrevocably instructed (by the terms of the Bond Indenture or by Written Request of the University) to apply such money to the payment of such principal or Purchase Price or Redemption Price and interest with respect to such Bonds.

Prior to any defeasance becoming effective as described in this section, the University shall deliver, or caused to be delivered, to the Bond Trustee (a) if United States Government Obligations comprise all or part of the defeasance deposit, a copy of a certificate of an independent certified public accountant or firm of such accountants or financial institution experienced in delivering verification reports indicating the sufficiency of the maturing principal and the interest income on such United States Government Obligations to pay when due the principal or Redemption Price of and interest on such Bonds and (b) a Favorable Opinion of Bond Counsel, addressed to the University, to the effect that the Bonds have been paid as described in this section and are no longer Outstanding under the terms of the Bond Indenture.

Payment of Bonds After Discharge of Bond Indenture.

Notwithstanding the discharge of the lien as provided below, the Bond Trustee shall nevertheless retain such rights, powers and duties under the Bond Indenture as may be necessary and convenient for the payment of amounts due or to become due on the Bonds and the registration, transfer, exchange and replacement of Bonds as provided therein. Subject to any applicable escheat law, any money held by the Bond Trustee for the payment of the principal, Redemption Price or Purchase Price of or interest on any Bond remaining unclaimed for three years after the principal or Purchase Price of all Bonds has become due and payable, whether at maturity or proceedings for redemption or tender for purchase or by declaration as provided in the Bond Indenture, shall then be paid to the University and the Holders of any Bonds not theretofore presented for payment shall thereafter be entitled to look only to the University for payment thereof and all liability of the Bond Trustee with respect to such moneys shall thereupon cease.

Redemption after Satisfaction of Bond Indenture.

Notwithstanding anything to the contrary in the Bond Indenture, upon the provision for payment of the Bonds or a portion thereof through a date subsequent to any optional redemption date as specified in sub-paragraph (b) of the section above captioned "Discharge of Bond Indenture", the optional redemption provisions of the Bond Indenture allowing such Bonds to be called prior to maturity upon proper notice (notwithstanding provision for the payment of such Bonds having been made through a date subsequent to the first optional redemption date) shall remain available to the University, unless, in connection with making such deposit, the University shall have irrevocably elected in writing to waive any future right to call the Bonds or portions thereof for redemption prior to maturity. Notwithstanding anything to the contrary in the Bond Indenture, upon the provision for payment of the Bonds or a portion thereof prior to the maturity thereof as specified in sub-paragraph (b) of the section above captioned "Discharge of Bond Indenture", the University may elect to pay such Bonds on the respective maturity dates therefor unless, in connection with making such deposits, the University shall have irrevocably elected in writing to waive such right to provide for the payment thereof on the Maturity Date. No such redemption or restructuring shall occur, however, unless the University shall deliver on behalf of the Bond Trustee, (a) United States Government Obligations and/or cash sufficient to discharge such Bonds (or portion thereof) on the redemption or maturity date or dates selected, (b) an opinion of an independent certified public accountant verifying that such United States Government Obligations, together with the expected earnings thereon, and/or cash will be sufficient to provide for the payment of such Bonds to the redemption or maturity dates, and (c) a Favorable Opinion of Bond Counsel addressed to the Bond Trustee. The Bond Trustee will give written notice of any such redemption or restructuring to the owners of the Bonds affected thereby.

Disqualified Bonds.

In determining whether the Holders of the requisite aggregate principal amount of Bonds have concurred in any demand, request, direction, consent or waiver under the Bond Indenture, Bonds which are owned or held by or for the account of the University, or by any other obligor on the Bonds, or by any person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the University or any other obligor on the Bonds, shall be disregarded and deemed not to be Outstanding for the purpose of any such determination; except that in determining whether the Bond Trustee shall be protected in relying upon any such demand, request, direction, consent or waiver of an Owner, only Bonds which a Responsible Officer of the Bond Trustee actually knows to be owned or held by or for the account of the University, or by any other obligor on the

Bonds, or by any person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the University or any other obligor on the Bonds, shall be disregarded unless all Bonds are so owned or held, in which case such Bonds shall be considered Outstanding for the purpose of such determination. Bonds so owned which have been pledged in good faith may be regarded as Outstanding if the pledgee shall establish to the satisfaction of the Bond Trustee the pledgee's right to vote such Bonds and that the pledgee is not a person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the University or any other obligor on the Bonds. In case of a dispute as to such right, any decision by the Bond Trustee taken upon the advice of counsel shall be full protection to the Bond Trustee. Upon request of the Bond Trustee and the University shall specify in a certificate to the Bond Trustee those Bonds thus disqualified and the Bond Trustee may conclusively rely on any such certificate.

Money Held for Particular Bonds.

The money held by the Bond Trustee for the payment of the interest, principal or Redemption Price due on any date with respect to particular Bonds (or portions of Bonds in the case of Bonds redeemed in part only) shall, on and after such date and pending such payment, be set aside on its books and held in trust by it for the Holders of the Bonds entitled thereto, subject, however, to the provisions of the section captioned "Payment of Bonds After Discharge of Bond Indenture" above.

Bond Trustee as Holder of Series 2019 Obligations.

The Bond Trustee shall be considered the Holder of Series 2019 Obligations for the purposes of the Master Indenture.

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APPENDIX D

FORM OF OPINION OF BOND COUNSEL

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December __, 2019

Oregon Health and Science University
Portland, Oregon

$_____
Oregon Health and Science University
Revenue Bonds

$_____	$_____	$_____	$_____
Series 2019A (Tax-Exempt Fixed Rate)	Series 2019B-1 (Tax-Exempt Long Term Rate)	Series 2019B-2 (Tax-Exempt Long Term Rate)	Series 2019C (Federally Taxable Fixed Rate)

(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel to Oregon Health and Science University (the "University") in connection with issuance of $_____ aggregate principal amount of Oregon Health and Science University Revenue Bonds, Series 2019A (Tax-Exempt Fixed Rate) (the "2019A Bonds"), $_____ aggregate principal amount of Oregon Health and Science University Revenue Bonds, Series 2019B-1 (Tax-Exempt Long Term Rate) (the "2019B-1 Bonds") and $_____ aggregate principal amount of Oregon Health and Science University Revenue Bonds, Series 2019B-2 (Tax-Exempt Long Term Rate) (the "2019B-2 Bonds" and together with the 2019B-1 Bonds, the "2019B Bonds") and $_____ aggregate principal amount of Oregon Health and Science University Revenue Bonds, Series 2019C (Federally Taxable Fixed Rate) (the "2019C Bonds" and together with the 2019A Bonds and the 2019B Bonds, the "Bonds"), issued pursuant to a Bond Trust Indenture, dated as of December 1, 2019 (the "Indenture"), between the University and U.S. Bank National Association, as bond trustee (the "Trustee"). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Indenture.

In such connection, we have reviewed the Indenture, the Tax Certificate, dated the date hereof (the "Tax Certificate"), executed and delivered by the University in connection with the 2019A Bonds and 2019B Bonds, opinions of General Counsel to the University, of counsel to Portland Adventist (as defined below) and of counsel to the Trustee, certificates of the University, the Trustee and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

We have relied on the opinion of Katten Muchin Rosenman LLP, counsel to Adventist Health System/West, a California nonprofit corporation, as parent entity and sole member of Portland Adventist Medical Center d/b/a Adventist Health Portland, an Oregon nonprofit corporation ("Portland Adventist"), regarding, among other matters, the current qualification of

Portland Adventist as an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986 (the "Code"). We note that the opinion is subject to a number of qualifications and limitations. We note that the opinion of counsel to Portland Adventist does not address Section 513 of the Code. Failure of Portland Adventist to be organized and operated in accordance with the Internal Revenue Service's requirements for the maintenance of its status as an organization described in Section 501(c)(3) of the Code, or use of the bond-financed or refinanced facilities in activities that are considered unrelated trade or business activities of Portland Adventist within the meaning of Section 513 of the Code, may result in interest on the 2019A and 2019B Bonds being included in gross income for federal income tax purposes, possibly from the date of issuance of the 2019A and 2019B Bonds.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. Accordingly, this letter speaks only as of its date and is not intended to, and may not, be relied upon or otherwise used in connection with any such actions, events or matters. Our engagement with respect to the Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the University. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents and of the legal conclusions contained in the opinions, referred to in the second and third paragraphs hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Indenture and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the 2019A Bonds and 2019B Bonds to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Bonds, the Indenture and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, receivership, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against public corporations in the State of Oregon. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute a penalty), right of set-off, arbitration, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the foregoing documents, nor do we express any opinion with respect to the state or quality of title to or interest in any of the assets described in or as subject to the lien of the Indenture or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such assets. Our services did not include financial or other non-legal advice. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Bonds and express no opinion with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Bonds constitute the valid and binding limited obligations of the University.

2. The Indenture has been duly executed and delivered by, and constitutes the valid and binding obligation of, the University. The Indenture creates a valid pledge, to secure the payment of the principal of and interest on the Bonds, of the Trust Estate (other than moneys in the Rebate Fund), subject to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture.

3. Interest on the 2019A Bonds and 2019B Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code. Interest on the 2019A Bonds and 2019B Bonds is not a specific preference item for purposes of the federal alternative minimum tax. Interest on the Bonds is exempt from State of Oregon personal income taxes. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

per

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APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

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APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

$305,000,000*

OREGON HEALTH AND SCIENCE UNIVERSITY
REVENUE BONDS

$150,000,000* Series 2019A (Tax-Exempt Fixed Rate)	$25,000,000* Series 2019B-1 (Tax-Exempt Long Term Rate)	$50,000,000* Series 2019B-2 (Tax-Exempt Long Term Rate)	$80,000,000* Series 2019C (Federally Taxable Fixed Rate)

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by Oregon Health and Science University (the "University") in connection with the issuance of the University's $150,000,000* aggregate principal amount of Oregon Health and Science University Revenue Bonds, Series 2019A (Tax-Exempt Fixed Rate) (the "2019A Bonds"), $25,000,000* aggregate principal amount of Oregon Health and Science University Revenue Bonds, Series 2019B-1 (Tax-Exempt Long Term Rate) (the "2019B-1 Bonds") and $50,000,000* aggregate principal amount of Oregon Health and Science University Revenue Bonds, Series 2019B-2 (Tax-Exempt Long Term Rate) (the "2019B-2 Bonds" and together with the 2019B-1 Bonds, the "2019B Bonds") and $80,000,000* aggregate principal amount of Oregon Health and Science University Revenue Bonds, Series 2019C (Federally Taxable Fixed Rate) (the "2019C Bonds"). The 2019A Bonds, the 2019B Bonds and the 2019C Bonds are collectively referred to herein as the "Bonds."

The Bonds are being issued pursuant to the Bond Trust Indenture, dated as of December 1, 2019 (the "Bond Indenture"), by and between the University and U.S. Bank National Association, as bond trustee (the "Bond Trustee"), and are secured by Obligation No. 38 (with respect to the 2019A Bonds), Obligation No. 39 (with respect to the 2019B-1 Bonds), Obligation No. 40 (with respect to the 2019B-2 Bonds) and Obligation No. 41 (with respect to the 2019C Bonds), issued pursuant to the Amended and Restated Master Trust Indenture, dated as of May 1, 2012 (the "Master Indenture") by and between the University and The Bank of New York Mellon Trust Company, N.A., as master trustee (the "Master Trustee"), as supplemented and amended, including as supplemented by Supplemental Master Trust Indenture No. 12 (with respect to Obligation No. 38), Supplemental Master Trust Indenture No. 13 (with respect to Obligation No. 39 and Obligation No. 40) and Supplemental Master Trust Indenture No. 14 (with respect to Obligation No. 41), each dated as of December 1, 2019 and between the University and the Master Trustee. The University covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the University for the benefit of the Holders and Beneficial Owners of

* Preliminary, subject to change.

the Bonds and in order to assist the Participating Underwriters in complying with Securities and Exchange Commission ("S.E.C.") Rule 15c2-12(b)(5).

SECTION 2. Definitions. In addition to the definitions set forth in the Bond Indenture, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the University pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Beneficial Owner" shall mean any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

"Dissemination Agent" shall mean the University, or any successor Dissemination Agent designated in writing by the University and which has filed with the University a written acceptance of such designation.

"Financial Obligation" shall mean, for purposes of the Listed Events set out in Section 5(a)(10) and Section (5)(b)(8), a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term "Financial Obligation" shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

"Holder" shall mean the person in whose name any Bond shall be registered.

"Listed Events" shall mean any of the events listed in Section 5(a) or (b) of this Disclosure Certificate.

"MSRB" shall mean the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB, currently located at http://emma.msrb.org.

"Official Statement" means the Official Statement, dated December __, 2019 related to the Bonds.

"Participating Underwriters" shall mean the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

SECTION 3. Provision of Annual Reports.

(a) The University shall, or shall cause the Dissemination Agent to, not later than 150 days after the end of the University's fiscal year, commencing with the report for the University's fiscal year ending June 30, 2020, provide to the MSRB an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided, that the audited financial statements of the University may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the University's fiscal year changes, it shall give notice of such change in a filing with the MSRB. The Annual Report shall be submitted on a standard form in use by industry participants or other appropriate form and shall identify the Bonds by name and CUSIP number.

(b) Not later than 5 business days prior to said date, the University shall provide the Annual Report to the Dissemination Agent (if other than the University). If the University is unable to provide to the MSRB an Annual Report by the date required in subsection (a), the University shall, in a timely manner, send or cause to be sent to the MSRB a notice in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall (if the Dissemination Agent is other than the University) file a report with the University certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided to the MSRB.

SECTION 4. Content of Annual Reports. The University's Annual Report shall contain or include by reference the following:

(a) Audited financial statements of the University, substantially in the form attached as APPENDIX B to the Official Statement, for the preceding fiscal year, prepared in accordance with the laws of the State of Oregon and in accordance with generally accepted accounting principles as established by the Government Accounting Standards Board as in effect from time to time. If the University's audited financial statements are not available by the time the Annual Report is required to be provided to the MSRB pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be provided to the MSRB in the same manner as the Annual Report when they become available.

(b) To the extent not included in the audited financial statement of the University, the Annual Report shall also include the financial information regarding the University (the "Annual Financial Information") contained in Appendix A to the Official Statement under the sections or tables entitled "EDUCATION PROGRAMS—Fall Headcount Enrollment," "RESEARCH PROGRAMS," "PATIENT CARE PROGRAMS—Summary of Historical Utilization—Selected Statistical Indicators of Patient Activity," and "FINANCIAL INFORMATION."

(c) In addition to the Annual Financial Information required to be filed pursuant to subsection (b) above, the University shall file in the same manner described above no

later than sixty (60) days after the end of the first three quarters of the University's fiscal year, beginning with the fiscal quarter ending December 31, 2019, unaudited financial information for the University for such fiscal quarter prepared by the University, including a statement of financial position, a statement of revenues, expenses and changes in net position, a statement of cash flows, "PATIENT CARE PROGRAMS—Summary of Historical Utilization—Selected Statistical Indicators of Patient Activity" in APPENDIX A, and management's discussion of recent financial performance (the "Quarterly Reports").

Any or all of the items listed above may be set forth in one or a set of documents or may be included by specific reference to other documents, including official statements of debt issues of the University or related public entities, which have been made available to the public on the MSRB's website. The University reserves the right to modify from time to time the format of the presentation of information provided pursuant to this Section to the extent necessary or appropriate in the judgment of the University, provided that, in the University's discretion, such modification shall be consistent with the Rule and the purposes of this Disclosure Certificate. The University shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) The University shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not later than ten business days after the occurrence of the event:

(1) Principal and interest payment delinquencies;

(2) Unscheduled draws on debt service reserves reflecting financial difficulties;

(3) Unscheduled draws on credit enhancements reflecting financial difficulties;

(4) Substitution of credit or liquidity providers, or their failure to perform;

(5) Adverse tax opinions or issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB);

(6) Tender offers;

(7) Defeasances;

(8) Rating changes;

(9) Bankruptcy, insolvency, receivership or similar event of the obligated person; or

(10) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the University, any of which reflect financial difficulties.

Note: for the purposes of the event identified in subparagraph (9), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(b) The University shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material, in a timely manner not later than ten business days after the occurrence of the event:

(1) Unless described in Section 5(a)(5), other material notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;

(2) Modifications to rights of Bond holders;

(3) Optional, unscheduled or contingent Bond calls;

(4) Release, substitution, or sale of property securing repayment of the Bonds;

(5) Non-payment related defaults;

(6) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms; or

(7) Appointment of a successor or additional trustee or the change of name of a trustee; or

(8) Incurrence of a Financial Obligation of the University, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the University, any of which affect Bond holders.

(c) Upon the occurrence of a Listed Event described in Section 5(a), or upon the occurrence of a Listed Event described in Section 5(b) which the University determines would be material under applicable federal securities laws, the University shall within ten business days of occurrence file a notice of such occurrence with the MSRB. Notwithstanding the foregoing, notice of the Listed Event described in Section 5(b)(3) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Bond Indenture.

(d) The University intends to comply with the Listed Events described in Section 5(a)(10) and Section 5(b)(8), and the definition of "Financial Obligation" in Section 1, with reference to the Rule, any other applicable federal securities laws and the guidance provided by the Commission in Release No. 34-83885 dated August 20, 2018 (the "2018 Release"), and any further amendments or written guidance provided by the Commission or its staff with respect the amendments to the Rule effected by the 2018 Release.

SECTION 6. Format for Filings with MSRB. Any report or filing with the MSRB pursuant to this Disclosure Certificate must be submitted in electronic format, accompanied by such identifying information as is prescribed by the MSRB.

SECTION 7. Termination of Reporting Obligation. The University's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the University shall give notice of such termination in a filing with the MSRB. In addition, and notwithstanding the provisions of Section 10 below, the University may rescind its obligations under this Disclosure Certificate, in whole or in part, if (i) the University obtains an opinion of nationally recognized bond counsel that those portions of the Rule that required the execution and delivery of this Disclosure Certificate are invalid, have been repealed, or otherwise do not apply to the Bonds, and (ii) the University notifies and provides to the MSRB a copy of such legal opinion.

SECTION 8. Dissemination Agent. The University may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the University pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be the University.

SECTION 9. Enforceability and Remedies. The University agrees that this Disclosure Certificate is intended to be for the benefit of registered and Beneficial Owners of the Bonds and shall be enforceable by or on behalf of any such Beneficial Owners; provided that, the right of any owner to challenge the adequacy of the information furnished hereunder shall be limited to an action by or on behalf of owners representing at least twenty-five percent (25%) of the aggregate outstanding principal amount of the Bonds. Any failure by the University to comply with the provisions of this undertaking shall not be an event of default with respect to the Bonds under the Bond Indenture. This Certificate confers no rights on any person or entity other than the University, Beneficial Owners of the Bonds, and any Dissemination Agent.

SECTION 10. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the University may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5(a) or (b), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the University shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the University. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in a filing with the MSRB in the same manner as for a Listed Event under Section 5, and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 11. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the University from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report, Quarterly Report or notice required to be filed pursuant to this Disclosure Certificate, in addition to that which is required by this Disclosure Certificate. If the University chooses to include any information in any Annual Report, Quarterly Report or notice in addition to that which is specifically required by this Disclosure Certificate, the University shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report, Quarterly Report or notice of occurrence of a Listed Event or any other event required to be reported.

SECTION 12. Default. In the event of a failure of the University to comply with any provision of this Disclosure Certificate, any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the University to comply with its obligations under this Disclosure Certificate. The sole remedy under this Disclosure Certificate in the event of any

failure of the University to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 13. Governing Law. This Disclosure Certificate shall be governed by and construed in accordance with the laws of the State of Oregon, provided that to the extent this Disclosure Certificate addresses matters of federal securities laws, including the Rule, this Disclosure Certificate shall be construed in accordance with such federal securities laws and official interpretations thereof.

SECTION 14. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the University, the Dissemination Agent, the Participating Underwriter and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Date: December __, 2019

OREGON HEALTH AND SCIENCE UNIVERSITY

By:_____
Lawrence J. Furnstahl
Chief Financial Officer

CONTINUING DISCLOSURE EXHIBIT A

FORM OF NOTICE TO THE MUNICIPAL SECURITIES RULEMAKING BOARD
OF FAILURE TO FILE ANNUAL REPORT

Name of University:	OREGON HEALTH AND SCIENCE UNIVERSITY
Name of Bond Issue:	OREGON HEALTH AND SCIENCE UNIVERSITY REVENUE BONDS, SERIES 2019A (TAX-EXEMPT FIXED RATE) OREGON HEALTH AND SCIENCE UNIVERSITY REVENUE BONDS, SERIES 2019B-1 (TAX-EXEMPT LONG TERM RATE) OREGON HEALTH AND SCIENCE UNIVERSITY REVENUE BONDS, SERIES 2019B-2 (TAX-EXEMPT LONG TERM RATE) OREGON HEALTH AND SCIENCE UNIVERSITY REVENUE BONDS, SERIES 2019C (FEDERALLY TAXABLE FIXED RATE)
Date of Issuance:	December __, 2019

NOTICE IS HEREBY GIVEN that the University has not provided an Annual Report with respect to the above-named Bonds as required by Section 4 of the Continuing Disclosure Certificate of the University, dated the Date of Issuance. The University anticipates that the Annual Report will be filed by _____.

Dated:_____

OREGON HEALTH AND SCIENCE UNIVERSITY

By:___[to be signed only if filed]_____

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APPENDIX F

DESCRIPTION OF DTC AND ITS BOOK-ENTRY SYSTEM

The Depository Trust Company ("DTC"), New York, NY, acts as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Bond certificate will be issued for the Bonds, in the aggregate principal amount of the Bonds, and deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, defaults, and proposed amendments to the security documents relating to the Bonds. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Bond Trustee and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in the Bonds of such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to OHSU as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, redemption proceeds and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from OHSU or the Bond Trustee, on a payment date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participants and not of DTC, the Bond Trustee, or OHSU, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, redemption proceeds and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of OHSU or the Bond Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of the Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to OHSU or the Bond Trustee. Under such circumstances, in the event that a successor depository is not obtained, certificates are required to be printed and delivered.

OHSU may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

THE BOND TRUSTEE, AS LONG AS A BOOK-ENTRY ONLY SYSTEM IS USED FOR THE BONDS, WILL SEND ANY NOTICE OF REDEMPTION OR OTHER NOTICES TO OWNERS OF SUCH BONDS ONLY TO DTC. ANY FAILURE OF DTC TO ADVISE ANY PARTICIPANT, OR OF ANY PARTICIPANT TO NOTIFY ANY BENEFICIAL OWNER, OF ANY SUCH NOTICE AND ITS CONTENT OR EFFECT WILL NOT AFFECT THE VALIDITY OR SUFFICIENCY OF THE PROCEEDINGS RELATING TO THE REDEMPTION OF THE BONDS CALLED FOR REDEMPTION OR OF ANY OTHER ACTION PREMISED ON SUCH NOTICE.

Since DTC may only act on behalf of Direct Participants, who in turn act on behalf of Indirect Participants, any Owner desiring to pledge DTC Bonds to persons or entities that do not participate in DTC, or otherwise take actions with respect to such Bonds, will be required to withdraw the Bonds from DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that OHSU believes to be reliable, but OHSU takes no responsibility for the accuracy thereof.

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OREGON HEALTH AND SCIENCE UNIVERSITY • REVENUE BONDS, SERIES 2019

Mixed Sources
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