

## SECOND PARTY OPINION

### SUMMARY

Kestrel Verifiers is of the opinion that the Tualatin Hills Park & Recreation District Washington County, Oregon General Obligation Refunding Bonds, Series 2021 (Green Bonds) ("Series 2021 Bonds") conform with the four pillars of the Green Bond Principles 2018 as follows:

### Use of Proceeds

The Tualatin Hills Park & Recreation District ("THPRD" or "District") intends to issue Green Bonds to refund bonds issued in 2011 to finance natural area preservation, recreational facility improvements and trail expansion projects. The Series 2021 Bonds align with the environmentally sustainable management of living natural resources and land use eligible project category under the Green Bond Principles.

### Process for Project Evaluation and Selection

THPRD's Comprehensive Plan, Strategic Plan, and Service and Financial Sustainability Plan guide decision-making and establish sustainability goals. The District's responsible use and stewardship of natural resources is evident in the Green Bond-financed activities.

### Management of Proceeds

100% of the proceeds from the Series 2021 Bonds will be allocated to pay the costs of issuance and to refund the Series 2011 Bonds which financed eligible green projects.

### Reporting

THPRD commits to posting continuing disclosures to the Municipal Securities Rulemaking Board (MSRB) annually through the Electronic Municipal Market Access (EMMA) system. Since the issuance of the Series 2011 Bonds being refunded, THPRD has also maintained multiple websites with project details and statuses ([www.thprd.org](http://www.thprd.org)).



### ISSUER

Tualatin Hills Park & Recreation  
District Washington County,  
Oregon

### OPINION ON

General Obligation Refunding  
Bonds, Series 2021 (Green Bonds)

### GREEN CATEGORY

Environmentally sustainable  
management of living natural  
resources and land use

### EVALUATION DATE

March 2021

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## SECOND PARTY OPINION

<b>Issuer:</b>	Tualatin Hills Park & Recreation District Washington County, Oregon
<b>Issue Description:</b>	General Obligation Refunding Bonds, Series 2021 (Green Bonds)
<b>Project:</b>	Parks and Recreation Improvements
<b>Green Category:</b>	Environmentally sustainable management of living natural resources and land use
<b>Par:</b>	\$13,265,000
<b>Evaluation date:</b>	March 16, 2021

### GREEN BONDS DESIGNATION

Kestrel Verifiers, an Approved Verifier accredited by the Climate Bonds Initiative, conducted an independent external review of this bond to evaluate conformance with the Green Bond Principles (June 2018) established by the International Capital Market Association.

This Second Party Opinion reflects our review of the uses and allocation of proceeds and oversight and conformance of the bonds with the Green Bond Principles. In our opinion, the Tualatin Hills Park & Recreation District, Oregon General Obligation Refunding Bonds, Series 2021 (“Series 2021 Bonds”) are aligned with the four pillars of the Green Bond Principles and qualify for green bonds designation.

### ABOUT THE ISSUER

Established in 1955, the Tualatin Hills Park & Recreation District (the “District” or “THPRD”) is a special service district that operates under the Oregon Revised Statutes Chapter 266. It is the largest special park district in Oregon and provides year-round park and recreation services to approximately 250,000 residents within 50 square miles of east Washington County, Oregon, including the City of Beaverton. The District is governed by a five-member board of directors who are elected to four-year office terms and the daily operations is administered by a general manager. The district has 305 park and recreation facility sites totaling approximately 2,495 acres, consisting of 1,371 acres of wetland/natural areas, and 1,124 acres of developed sites, including neighborhood, community and regional parks. District sites include three lakes, 27 miles of stream corridor, and 52 miles of off-street pathways.

The environmental sustainability goals of the District are multi-faceted and include responsible use of resources and materials, respecting and conserving natural system, and education within the organization and the community. The District sources 100% of its electricity from renewable resources through PGE’s Clean Wind and Green Source programs and has conducted a greenhouse gas emissions inventory. District activities are guided by a commitment to protect habitats, wildlife, and ecosystem functions through integrated planning and a focus on low-impact development.

District facilities include:

- five indoor and two outdoor swim centers
- a combined recreation/aquatic center
- two recreation centers
- an athletic center with six indoor multi-purpose athletic courts and a running track
- a senior center
- historic sites (Jenkins Estate, Fanno Farmhouse and John Quincy Adams Young House)
- a 220-acre Nature Park and Interpretive Center
- the Cooper Mountain Nature Park and Interpretive Center
- a tennis center with six indoor and eight outdoor courts (covered by two air structures for fall and winter season usage)
- and a camp for developmentally disabled youth.

District programs include:

- aquatics instruction
- leagues and drop-in programs
- youth and adult sports leagues and fitness programs
- youth and adult general and specialized recreation programs
- youth after-school and day camps
- senior fitness and recreation programs
- developmentally disabled and special needs recreation programs
- and natural resource education programs.

Through the THPRD Scholarship Program, the district offers financial assistance to residents who cannot afford program fees. The residents who live within the district boundaries and have household income that falls below federal poverty guidelines are eligible to receive up to \$200 per person in annual credit toward THPRD or any affiliated youth sports league. The district also offers Adaptive & Inclusive Recreation program that provides recreation opportunities for individuals who are 16 or older and who have developmental/physical/learning disabilities or mental illness.

## **ALIGNMENT TO GREEN STANDARDS**

*Green Bonds are any type of bond instrument where the proceeds will be exclusively applied to finance or re-finance, in part or in full, new and/or existing eligible Green Projects and which are aligned with the four core components of the Green Bonds Principles (“pillars”) which include: Use of Proceeds, Process for Project Evaluation and Selection, Management of Proceeds, and Reporting (International Capital Market Association definition).*

### **Use of Proceeds**

The Series 2021 Bonds will be used to refund the District’s Series 2011 Bonds which financed parks, recreation, and conservation projects in the District. Projects financed are eligible green projects as defined by the Green Bond Principles in the category of environmentally sustainable management of living natural resources and land use.


The environmental benefits of well-managed parks and recreation facilities are far-reaching. The projects financed by the Series 2021 Bonds have the following impacts:

- Preserve habitat for wildlife
- Improve water quality
- Improve air quality
- Foster appreciation of nature
- Expand multi-modal transport

THPRD offers an exemplary model of green space and parks management. Through all of their activities, they strive to protect habitats, wildlife, and ecosystem functions. Projects are designed for stormwater run-off management and incorporate a wide range of sustainable features. With an Integrated Pest Management strategy, the District employs a multi-faceted approach to pest control that minimizes adverse impacts on the environment and human health. Kestrel views recreation facility expansion projects as critical elements of the District's sustainability and service to local communities. The District has ambitious goals to reduce greenhouse gas emissions and has elected to acquire 100% of its energy through the local electric utility's renewable energy program.

Project	Purpose	Features
Park Additions and Upgrades	Redevelopment of neighborhood and community parks which expand access	Includes community gardens, park reconfigurations to restore natural areas, low impact development strategies, and use of sustainable materials and method.
Natural Area Preservation	Preserve natural areas for habitat and native flora and fauna	Includes acquisition of new properties, invasive species removal, native plantings, pollinator projects, and partnerships with other entities to maximize stewardship opportunities.
Trail Expansions	Extend access to natural areas for District residents and visitors	Includes community soft surface trails, boardwalks, and a trail that allows users to travel the length of the park district.
Athletic Field Additions	Expand opportunities for outdoor activities	Includes multi-use fields, open areas, bike racks, and stormwater swales. Outdoor activities inspire community appreciation and stewardship of natural resources.
Facility Expansion and Improvements	Expansion and upgrades to serve community recreation and park needs	Includes structural seismic upgrades which significantly reduce the environmental impact of a catastrophic earthquake and features such as irrigation systems which improve water conservation.
Planning & Maintenance	Reduce long-term costs with ongoing maintenance and planning	Includes trail planning to account for expected growth and community needs. Facilities and park maintenance are critical components of a strong community park system.

The projects conform with the Green Bond Principles:

STANDARD	ELIGIBLE PROJECT CATEGORY
	Environmentally sustainable management of living natural resources and land use

## Process for Project Evaluation and Selection

THPRD has several planning documents which guide decision making and establish sustainability goals. The Comprehensive Plan Update (July 2013) is a public document that lays out the vision and mission of THPRD and references a complete inventory of the 102 visited sites and 17 indoor facilities contained in an internal atlas. This atlas was developed for wide variety of planning and operations tasks, such as asset management and future strategic master plans (such as the projects set forth in the District's Series 2011 Bond).

The Strategic Plan and the Service and Financial Sustainability Plan (November 2013) is a public document that details actionable goals to help meet park, recreation, and trail needs over the next ten years as identified in the Comprehensive Plan Update. The Goals outlined in the Strategic Plan are:

- **Goal 1** - Provide quality neighborhood and community parks that are readily accessible to residents throughout the District's service area
- **Goal 2** - Provide quality sports and recreation facilities and programs for park district residents and workers of all ages, cultural backgrounds, abilities and income levels.
- **Goal 3** - Operate and maintain parks in an efficient, safe and cost effective manner, while maintaining high standards.
- **Goal 4** - Acquire, conserve and enhance natural areas and open spaces within the district
- **Goal 5** - Develop and maintain a core system of regional trails, complemented by an interconnected system of community and neighborhood trails, to provide a variety of recreational opportunities, such as walking, bicycling and jogging.
- **Goal 6** - Provide value and efficient service delivery for taxpayers, patrons and others who help fund park district activities.
- **Goal 7** - Effectively communicate information about park district goals, policies, programs and facilities among District residents, customers, staff, District advisory committees the District Board, partnering agencies and other groups.
- **Goal 8** - Incorporate principles of environmental and financial sustainability into the design, operation, improvement, maintenance and funding of park district programs and facilities.

These goals have sub-objectives and sub-actions that ensure a consistent methodology for project evaluations and selections. Thus, the Strategic Plan and the Service and Financial Sustainability Plan establish a rationale for resource allocation and cost recovery, and identify areas for fee increases or pursuit of alternative funding, including the allocation of proceeds from the 2021 Refunding Bond.

The Series 2011 Bonds were originally authorized by voters at an election held on November 4, 2008 and Resolution No. 2011-17 was adopted by the District’s Board of Directors (“Board”) on June 20, 2011. The 2021 Bonds are being issued pursuant to Resolution No. 2021-01 adopted by the District’s Board on January 13, 2021.

## **Management of Proceeds**

100% of the proceeds from the Series 2021 Bonds will be allocated to refunding the Series 2011 Bonds and costs of issuance. Proceeds for the refunding will be deposited in an irrevocable trust to retire the Series 2011 Bonds. It is not expected that proceeds will be invested in temporary investments prior to spending.

THPRD has a consistent budget planning process. The District’s overarching Service and Financial Sustainability Plan has four core themes with sub-targets and sub-strategies which partially guide the budget development. One of these targets is to “continue to develop a consistent methodology and budget planning approach for service management,” and another is to “continue to track and communicate cost of major maintenance.” Each year, a final budget is adopted which serves a financial plan and operations guide. Most budget changes require formal approval through the Board.

## **Reporting**

Since the issuance of the Series 2011 Bonds which are being refunded, THPRD has maintained multiple websites with project details and statuses ([www.thprd.org](http://www.thprd.org)). The 12-member Citizen Oversight Committee has provided confirmation that the Series 2011 Bond proceeds were used as planned.

THPRD has also committed to submitting continuing disclosures to the Municipal Securities Rulemaking Board (MSRB) so long as the Series 2021 Bonds are outstanding. THPRD will also provide reports in the event of material developments. This reporting will be done annually on the Electronic Municipal Market Access (EMMA) system operated by the MSRB. As a model for efficient and usable financial reporting, THPRD has received a Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association for its comprehensive annual financial report (CAFR) for the past fifteen years.

## **CONCLUSION**

Based on our independent verification, the Series 2021 Bonds (Green Bonds) conform, in all material respects, with the Green Bond Principles (2018) and are in complete alignment with the Environmentally sustainable management of living natural resources and land use eligible project category. The natural areas, recreation, and parks projects financed with the Series 2021 Bonds provide direct environmental benefits through habitat conservation and water quality, but also are designed to inspire community appreciation and stewardship of natural resources.

## ABOUT KESTREL VERIFIERS



For 20 years Kestrel has been a trusted consultant in environmental finance. Kestrel Verifiers, a division of Kestrel 360, Inc. is a Climate Bonds Initiative Approved Verifier qualified to verify transactions in all asset classes worldwide. Kestrel is a US-based Woman-Owned Business and a certified Women's Business Enterprise.

For more information, visit [www.kestrelverifiers.com](http://www.kestrelverifiers.com)

## DISCLAIMER

This opinion aims to explain how and why the discussed financing meets the ICMA Green Bond Principles based on the information which was available to us during the time of this engagement (March 2021) only. By providing this opinion, Kestrel Verifiers is not certifying the materiality of the projects financed by the Green Bonds. It was beyond Kestrel Verifiers' scope of work to review issues relating to regulatory compliance and no surveys or site visits were conducted. Furthermore, we are not responsible for surveillance on the project or use of proceeds. Kestrel Verifiers relied on publicly available information. The opinion delivered by Kestrel Verifiers does not address financial performance of the Green Bonds or the effectiveness of allocation of its proceeds. This opinion does not make any assessment of the creditworthiness of the Issuer, or its ability to pay principal and interest when due. This is not a recommendation to buy, sell or hold the Bonds. Kestrel Verifiers is not liable for consequences when third parties use this opinion either to make investment decisions or to undertake any other business transactions. This Opinion may not be altered without the written consent of Kestrel Verifiers. Kestrel Verifiers certifies that there is no affiliation, involvement, financial or non-financial interest in the issuer or the projects discussed. Language in the offering disclosure supersedes any language included in this Second Party Opinion.

