

## **Oregon Facilities Authority**

### **Minutes of Meeting of**

June 13, 2016

A duly called meeting of the Oregon Facilities Authority ("OFA" or "the Authority") was held on June 13, 2016, commencing at approximately 12:15 p.m. at 888 SW Fifth Ave., Suite 1600, Portland, OR.

Authority Members participating during the meeting were: Chair Sean Hubert, and Authority Members Sue Cutsogeorge, (by telephone), Beth deHamel, J. Kevin McAuliffe, and Martha McLennan (for the portion of the meeting beginning at 1:00 p.m.)

Participating in person to assist the Authority were: Gwendolyn Griffith, Executive Director of the Authority, Pat Clancy of Western Financial Group, Financial Adviser; Carol McCoog, of Hawkins, Delafield & Wood LLP, SNAP and Special Bond Counsel; Michael Schrader and Greg Blonde of Orrick, Herrington and Sutcliffe, LLP, Lead Bond Counsel; Lee Anaya, Office of the State Treasurer ("OST"); and David Elott, Attorney General's office.

Chair Sean Hubert called the meeting to order and presented the notice of meeting.

#### **Approval of Minutes**

The Minutes of the meetings of May 9, 2016, (as amended to reflect Mr. McAuliffe's participation in the meeting and correcting the Motion for Resolution 2016-7) and April 11, 2016, were unanimously approved.

#### **Executive Director's Reports**

Ms. Griffith directed the Board's attention to the Bonding Report, and her General Report. She gave an update on the planned Coos Bay Board meeting. Bond Counsels reported on closed and pending transactions.

#### **Consideration of Budget for FY 2016-17**

Ms. Griffith directed the Board's attention to the proposed budget included in the agenda book, and her budget memo. The Board reviewed these materials and discussed the proposed changes to SNAP Bond Fees and the budgeted amounts for various items. The Board discussed the website project. After discussion, Mr. McAuliffe made a motion to approve the budget as proposed, but with an increase in the amount budgeted for the website to \$30,000. Ms. deHamel seconded the motion, and the motion was unanimously approved.

*The Board took a brief recess to change rooms and reconvened at 1:00 p.m. Ms. McLennan joined the meeting. Mr. Hubert called the meeting to order. Ms. Griffith advised the Chair that the application by College Housing Northwest would not be heard at this meeting.*

**Consideration of Final Approval for the Application for an OFA Traditional Bond for Willamette University in an amount not to exceed \$55,000,000.**

Ms. Monica Remail, Senior Vice President for Finance and Administration, appeared on behalf of the Applicant. Jason Appelt of Georg K. Baum, the underwriter, and Mr. James Goldsmith of Washington Federal, the purchasing bank, appeared to assist in the Application.

Ms. Remail reviewed the transaction and the benefits to the University of locking in favorable interest rates for its debt. She presented slides that are available upon request. Ms. Remail reported that the Board of Trustees had reviewed the transaction in detail at its recent meeting and had approved it. She reported that all issues had been resolved, and thanked the Authority for the great partnership and support provided throughout the process. Mr. Appelt briefly described the particulars of the financing, which involves both a public offering and private placement with Washington Federal. A July 14, 2016 closing date is anticipated for two of the three bond series. The third will close in 2017.

Bond Counsel's Report is included in the materials. Mr. Blonde explained the financing structure and the gross revenue pledge provided by the University. He reported that the bond documents were in substantially final form and that all issues had been resolved. He recommended the transaction for final approval.

The Financial Advisor's Report is included in the materials. Mr. Clancy noted the S&P rating of the bonds as "A/Stable" and explained the forward commitment by Washington Federal to purchase the bonds in October, 2017. In response to a Board member inquiry, he explained that forward commitments have a long history, and that risks to the Applicant of a forward commitment by a bank were relatively small. Typically, the bank has an "out" only if the Applicant's credit is materially impaired or other unusual events occur. Otherwise, the bank is locked in to purchase the bonds at the due date. Mr. Clancy recommended the transaction for final approval.

The Executive Director's Report is included in the materials. Ms. Griffith recommended the transaction for final approval.

**After discussion, Ms. McLennan moved that the Board adopt Resolution 2016-9, granting final approval for its application for an OFA Traditional Bond in an amount not to exceed \$55,000,000 and requesting that the State Treasurer consider issuing the bond. Mr. McAuliffe seconded the motion and Resolution 2016-9 was unanimously approved.**

**Consideration of Final Approval for the Application for an OFA SNAP Bond for Robison Jewish Home, dba Cedar Sinai Park, in an amount not to exceed \$20,000,000.**

Ms. Bobbi Jenkins, Chief Financial Officer, and Ms. Sandra Simon, Chief Executive Officer, appeared on behalf of the Applicant. Mr. Phil Bridge, of the Sponsoring Bank, Pacific Continental Bank, appeared to assist in the Application.

Ms. Jenkins reported that all issues had been resolved and that the transaction was ready for closing. She thanked the financing team and the Authority for all their help during the process. Mr. Bridge reported that the transaction was exactly the same as described in the application for preliminary approval.

Bond Counsel's Report is included in the materials. Ms. McCoog reported that the due diligence was complete, and the bond documents were in substantially final form. The transaction is ready for closing by June 30. She recommended the transaction for final approval.

The Executive Director's Report is included in the materials. Ms. Griffith and recommended the transaction for final approval.

**After discussion, Ms. deHamel moved that the Authority adopt Resolution 2016-10, granting final approval to Robison Jewish Home, dba Cedar Sinai Park, for an OFA SNAP Bond in an amount not to exceed \$20,000,000, and requesting that the State Treasurer consider issuing the bond. Ms. McLennan seconded the motion and Resolution 2016-10 was unanimously approved.**

**Consideration of Preliminary Approval for the Application for an OFA Traditional Bond for Childpeace Montessori School in an approximate amount of \$8,150,000.**

Ms. Sue Pritzker, Head of School, Ms. Rose Rodgers, Business Manager, and two Board Members, Mr. Ulysses Sherman and Mr. Ewan Rose, appeared on behalf of the Applicant. Mr. Kevin Quinn, financial adviser to the Applicant, and Ms. Sharon Wynde, of the purchasing bank, US Bank, appeared to assist in the application.

Ms. Pritzker explained the history and development of the school. Her presentation slides are available upon request. The Applicant's mission is to guide the development of the whole child, socially and academically, through the principles of AMI Montessori education in an urban setting, located in NW Portland. It was founded in 1976, and serves children toddler-age through middle school. It currently serves 350 students.

Mr. Rose reviewed the previous financing through OFA and the purposes of this financing. In 2007, the Applicant borrowed \$7,000,000 through OFA's Traditional Bond program. The purpose of this financing is to refund that bond issue, acquire a leased building that the Applicant is using for classroom space, and to pay the costs of financing. Ms. Wynde explained the financing structure. US Bank is offering a variable rate loan secured by the property, with a 25-year term. Mr. Quinn and Ms. Rodgers explained the swap aspect of the transaction. The swap associated with the 2007 bonds requires a significant termination fee. The existing swap may be novated to US Bank, in whole or in part, so that the Applicant will be able to hedge the risk of rising interest rates. Ms. Wynde also explained that the bank's required appraisal is currently being reviewed and would likely be modified.

The Financial Adviser's report is included with the materials. Mr. Clancy reviewed the terms of the transaction. He assisted the Board with a robust discussion of the swap situation in this transaction. He noted the experience of the financing team, and that the Applicant had engaged its own financial adviser. He recommended the transaction for preliminary approval.

Bond Counsel's report is included with the materials. Mr. Schrader reported that the transaction was just underway and that Bond Counsel would conduct the usual due diligence process and tax analysis. He recommended the transaction for preliminary approval.

**After discussion, Ms. McLennan moved that the Authority adopt Resolution 2016-12, granting preliminary approval to Childpeace Montessori for an OFA Traditional Bond in an approximate amount of \$8,150,000. Mr. McAuliffe seconded the motion and Resolution 2016-12 was unanimously approved.**

**Other Items and Public Comment:**

Mr. Hubert asked for any other matters for the Authority, and for public comment. There was none.

There being no further business to come before the meeting, the meeting was adjourned at approximately 3:00 p.m.

/s/ Sean Hubert  
Sean Hubert, Chair

/s/ Gwendolyn Griffith  
Gwendolyn Griffith, Executive Director

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