

Oregon Facilities Authority

Minutes of Meeting of

April 11, 2016

A duly called meeting of the Oregon Facilities Authority ("**OFA**" or the "**Authority**") was held on April 11, 2016, commencing at approximately 12:00 p.m. at 888 SW Fifth Ave., Suite 1600, Portland, OR 97204.

Authority Members present and participating during the meeting were: Chair Sean Hubert and Members Javier Fernandez, J. Kevin McAuliffe, and Beth deHamel. Ms. Weylandt participated in a portion of the meeting via phone.

Participating in person to assist the Authority were: Gwendolyn Griffith, Executive Director of the Authority; Jessica Morgan, Associate Executive Director of the Authority; Pat Clancy of Western Financial Group, Financial Advisor; Carol McCoog and Gulgun Mersereau of Hawkins Delafield & Wood LLP, SNAP and Special Bond Counsel; Doug Goe, Michael Schrader and Greg Blonde of Orrick, Herrington and Sutcliffe, Lead Bond Counsel; Lynn Nagasako, Assistant Attorney General; and Lee Anaya, Office of the State Treasurer ("**OST**").

Mr. Hubert called the meeting to order and presented the notice of meeting.

Oregon Bond Calendar and Other Items – Informational Only

Ms. Griffith notified the Board that she would be on a leave of absence beginning on April 13th and continuing until mid-May. Ms. Morgan will be on hand during her absence.

Ms. Hasson reminded the Board of the Statement of Economic Interest. The online filing must be completed by April 15, 2016. If any Board member needs assistance with the new process, he or she should contact Ms. Hasson.

The Board decided that, due to the number of applicants scheduled for the May meeting, the panel discussion relating to the topic of charter school bond financing, previously scheduled for May, should be postponed to later in the year.

Ms. Morgan updated the Board with the number of post-issuance compliance reports received. OST reminded OFA that it has access to the bond tracking database maintained by the State of Oregon in order to be able to report on various metrics for all issued bonds.

Ms. Griffith informed the Board of the project of polling the banks on changes to the SNAP bond documents. She stated that the expected cost of the project would not likely exceed \$35,000. The project is expected for completion mid-summer. Although not in the current 2016 budget, the Board agreed to the project and asked that it be added to a 5-year cycle for Board action. Ms. deHamel made a motion to approve the project, Mr. Fernandez seconded and the Board unanimously approved.

Executive Director's Reports

Ms. Griffith directed the Board's attention to the Bonding Report and General Report. Bond Counsel updated the Board on the status of pending transactions, and Ms. Griffith described her conversations with several potential borrowers.

Approval of Minutes

The Minutes of the meeting of March 14, 2016, were unanimously approved.

The Board took a brief recess. Authority Member Karen Weylandt joined the meeting and participated by telephone. All other Authority members remained present.

Consideration of the Application by Willamette University ("Applicant") for Preliminary Approval for an OFA Traditional Bond in an approximate amount of \$53,300,000.

Ms. Monica Rimai, SVP of Finance & Administration of the Applicant appeared in person on behalf of the Applicant to present the application. Mr. Jason Appelt, of the underwriter, George K. Baum, appeared to assist in the presentation.

Ms. Rimai described the proposed transaction via a PowerPoint presentation, a copy of which is available upon request. The purpose of the financing is to refund all or a portion of the outstanding bonds previously issued by the Authority in the approximate principal amount of \$44,000,000 and for funds for renovation of existing student housing in the approximate amount of \$11,000,000. A portion of the bonds in the approximate amount of \$31,000,000 will be structured as a bank direct purchase structure through Washington Federal Bank to refinance the 2007 Series A bonds and the remaining portion in the approximate amount of \$22,500,000 will be a traditional public offering to refinance the Series 2014 debt as well as finance capital projects.

Mr. Appelt reviewed the financing plan and the proposed schedule for closing. OST requested additional information from the Applicant regarding the need to close before the fiscal year-end of June 1.

Bond Counsel's Report is included in the materials. Mr. Schrader made some preliminary observations regarding the structure of the bonds and the status of due diligence review and documentation. He recommended the transaction for preliminary approval.

The Financial Advisor's Report is included in the materials. Mr. Clancy reviewed the transaction and noted that the transaction is substantially the same as described by the Applicant. However, Mr. Clancy noted a correction his memo with respect to the forward refunding which should not have been characterized as a taxable bond sale. Mr. Clancy opined that the correction would not affect his analysis or recommendation. He recommended the transaction for preliminary approval.

The Executive Director's Report is included in the materials. Ms. Griffith welcomed Willamette back to OFA, and reviewed the schedule. She recommended the transaction for preliminary approval.

After discussion, Mr. McAuliffe moved that the Authority adopt Resolution 2016-2, granting preliminary approval for an OFA Traditional Bond for Willamette University in an approximate amount \$53,300,000. Ms. deHamel seconded the motion and Resolution 2016-2 was unanimously approved.

Consideration of the Application by College Housing NW ("Applicant") for Preliminary Approval for an OFA Traditional Bond in an approximate amount of \$21,500,000.

Prior to the presentation by the Applicant, Ms. Weylandt inquired about a potential conflict of interest regarding her role on the Board and her indirect relationship with CHNW. Ms. Nagasako opined that there was no conflict.

Mr. Dave Garnand, Executive Director, and Mr. Ryan Sturley, Development Manager, of the Applicant, appeared in person on behalf of the Applicant to present the application. Mr. Michael Baird and Ms. Sara Russell, of the Underwriter, RBC Capital Markets, and Mr. Kevin Quinn, of Wye River Group, financial advisor to the Applicant, appeared to assist in the presentation.

Mr. Garnand and Mr. Sturley provided the Board with background and history of the proposed transaction via a PowerPoint presentation, a copy of which is available upon request. The Applicant is a non-profit organization which provides housing and services for post-secondary students. The purpose of the bond is for the demolition of existing student housing project and the construction of a new 5-story, 141 unit student housing project at a site that the Applicant already owns. The project is targeted at full-time enrolled single students of Portland State University seeking to live affordably in close proximity to the campus.

Mr. Baird reviewed the financing plan. The bonds are expected to be publicly traded bonds offered through the underwriter. The Board inquired as to the feasibility of the Applicant obtaining two investment grade ratings as required by the Authority's administrative rules. The Applicant explained that the alternative plan is to offer as a limited private offering. The Board reminded the Applicant that a final rating would be required before final approval could be given.

Bond Counsel's Report is included in the materials. Mr. Schrader discussed the RFP process and of choosing RBC as the underwriter and further commented on the project timeline of receiving final approval in May assuming a bond rating could be obtained. Mr. Schrader recommended the transaction for preliminary approval.

The Financial Advisor's Report is included in the materials. Mr. Clancy reviewed the transaction and noted that the transaction is substantially the same as described by the Applicant in its application. He noted the potential difficulty in obtaining one or two ratings and the importance of having the limited offering plan ready for implementation. He recommended the transaction for preliminary approval.

The Executive Director's Report is included in the materials. Ms. Griffith reiterated the rating timing issue, and also requested that Mr. Baird confer with OFA regarding the schedule. She recommended the transaction for preliminary approval.

After discussion, Mr. McAuliffe moved that the Authority adopt Resolution 2016-3, granting preliminary approval for an OFA Traditional Bond for College Housing NW in an approximate amount \$21,500,000. Ms. deHamel seconded the motion and Resolution 2016-3 was unanimously approved.

Mr. Fernandez left the meeting at approximately 2:40 p.m.

Consideration of the Application by Robinson Jewish Home dba Cedar Sinai Park ("Applicant") for Preliminary Approval for an OFA SNAP Bond in an approximate amount of \$20,000,000.

Ms. Bobbie Jenkins, CFO of the Applicant appeared in person on behalf of the Applicant to present the application. Mr. Phil Bridge, SVP at Pacific Continental Bank, the Sponsoring Bank, appeared to assist in the presentation.

Ms. Jenkins provided the Board with the background and history of the Applicant via a PowerPoint and video presentation, a copy of which is available upon request. The Applicant is a non-profit organization which provides residential and community-based care to seniors and those persons with disabilities with nursing care and housing. The facility is not exclusive to people of the Jewish faith.

The purpose of the bond is to (1) finance the construction of two long-term care facilities; (2) finance the renovation of the facility for short-term rehabilitation; and (3) refinance outstanding bonds issued through Hospital Facility Authority of Clackamas County, in the approximate amount of \$5,800,000. The total project costs are approximately \$43,000,000 of which \$20,000,000 are derived from bond proceeds. The remaining portion will be funded through a taxable revolving line of credit and proceeds from private equity fundraising.

Mr. Bridge reviewed the financing plan. The Sponsoring Bank is offering a 30-year loan, of which the first 26 months will be an interest-only draw period, with a mutual call at years 11 and 21. The initial nontaxable interest rate is estimated at 3.25% with a reset at years 11 and 21.

Bond Counsel's Report is included in the materials. Ms. McCoog reviewed the application and made preliminary observations regarding religious based inquiries and clarified that the Applicant is aware that the use of facilities must be exclusive of areas relating to religious education or prayer. Ms. McCoog recommended the transaction for preliminary approval.

The Financial Advisor's Report is included in the materials. Mr. Clancy reviewed the transaction and noted that the transaction is substantially the same as described in the application. He recommended the transaction for preliminary approval.

The Executive Director's Report is included in the materials. Ms. Griffith noted the large size of this SNAP Bond, described her discussion with the financing team regarding their acceptance of the non-negotiable SNAP bond documents. She recommended the transaction for preliminary approval.

After discussion, Mr. McAuliffe moved that the Authority adopt Resolution 2016-4, granting preliminary approval for an OFA SNAP Bond for Robinson Jewish Home dba Cedar Sinai Park in an approximate amount \$20,000,000. Ms. deHamel seconded the motion and Resolution 2016-4 was unanimously approved.

Other Items and Public Comment:

Mr. Hubert asked 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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