

## **Oregon Facilities Authority**

### **Minutes of Meeting of**

July 10, 2017

A duly called meeting of the Oregon Facilities Authority ("OFA" or the "Authority") was held on July 10, 2017, commencing at approximately 12:00 p.m. at Tonkon Torp LLP, 888 SW Fifth Avenue, Suite 1600, Portland, Oregon.

Authority Members participating in the meeting were: Chair Sean Hubert and Vice-Chair Martha McLennan; and Authority Members Beth deHamel, Karen Weylandt (via telephone for a portion of the meeting), J. Kevin McAuliffe (via telephone) and Eric Johansen.

Participating in the meeting to assist the Authority were: Gwendolyn Griffith, Executive Director of the Authority; Jessica Morgan, Associate Executive Director of the Authority; Nikki Pham, Executive Assistant to the Authority; Pat Clancy of Western Financial Group, Financial Adviser; Carol McCoog and Gulgun Mersereau of Hawkins Delafield & Wood LLP, SNAP and Special Bond Counsel; Michael Schrader and Doug Goe (via telephone) of Orrick, Herrington and Sutcliffe LLP, Lead Bond Counsel; Lee Anaya of the Office of the State Treasurer ("OST"); and Assistant Attorney General Dave Elott, Oregon Department of Justice.

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

### **Approval of Minutes**

The Minutes of the meeting of June 12, 2017, were unanimously approved, subject to correction of removal of Ms. DeHamel from attendance at the meeting.

### **Executive Director Reports**

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

Ms. Griffith informed the Board of the upcoming items for Board attention, including the RFP schedule for the new financial advisor contract and the Annual Report.

After discussion, the Board approved Ms. Griffith's recommendation to cancel the September out-of-Portland meeting, but requested that she investigate whether an out-of-Portland meeting could be held in October.

Ms. Morgan gave an overview of Post-Issuance Compliance (PIC) reporting and the current status of received reports.

## **Business Matters**

Mr. Elott reported on the issue of potential and actual conflicts of interest as they affect Authority staff. Mr. Elott reviewed his memorandum (which is available upon request) for the Board. If an action (such as a recommendation) to be made by OFA staff would or could have a positive or detrimental pecuniary impact on a person related to OFA staff, the OFA staff is required to inform OST, the appointing authority, of that matter. OST will then dispose of the matter as it sees fit on a case-by-case basis. Ms. Griffith provided the Board with an example and the Board and Mr. Elott reviewed what would likely happen in the event of a conflict of interest. After discussion, Ms. Griffith explained that the next steps would be to create a formal procedure for addressing actual and potential conflicts in the future.

*The Board took a brief recess to change rooms and reconvened at approximately 1:10 p.m. Ms. Weylandt joined the meeting.*

## **Consideration of Preliminary Approval for the Application by Forest Grove Community School for an OFA SNAP Loan in an approximate amount of \$1,400,000.**

Ms. Vanessa Gray, Principal and Director of School Programs, and Mr. Jon Stagnitti, Board Treasurer, appeared on behalf of the Applicant. Mr. Kendall Hansen and Mr. Mike Drennan of Key Government Finance, Inc., the sponsoring bank, appeared to assist in the presentation.

Ms. Gray described the Applicant's mission, core values and history. The Applicant's presentation materials are available upon request. The Applicant is a nonprofit charter school located in Forest Grove, Oregon. It has been operating since 2007 and currently serves students in first to eighth grade with a focus on diversifying enrollment. The Applicant uses a "learning by doing" method in order to foster development of connections between school, family, community and environment.

The Project is the refinance of (1) a commercial loan made by Bank of the West in 2013 in the approximate amount of \$994,500; and (2) a private note held by three individuals in the approximate amount of \$37,148. The funds from both loans enabled the Applicant to purchase and construct the existing facility. The building offers seven classrooms, administrative offices, and common spaces, totaling 14,580 square feet.

Mr. Hansen provided details on the financing terms. The total SNAP loan amount requested is \$1,400,000. The term is 20 years, with an initial fixed interest rate, estimated at 3.38%, for five years and repricings every five years thereafter. Mr. Hansen explained that the five-year repricing period corresponds with renewal of the Applicant's charter.

Bond Counsel's report is included in the materials. Ms. McCoog reported on the discussions from the scoping call, noting that the transaction seems relatively straightforward, the Applicant appears to be a qualified institution and the use of the proceeds from the refinancing of the facility appears to meet the federal and state qualifications for OFA tax exempt financing. Ms. McCoog recommended the transaction for preliminary approval.

The Financial Advisor's report is included in the materials. Mr. Clancy summarized his conversations with the Applicant. He reported that the Applicant appears to understand the transaction and appears to be aware of the implications of the SNAP Loan structure. Mr. Clancy recommended the transaction for preliminary approval.

The Associate Executive Director's report is included in the materials. Ms. Morgan welcomed the Applicant to OFA. She reported on the various discussions she has had with the Applicant and Bank and reviewed the timeline for closing in late September or early October 2017. Ms. Morgan recommended the transaction for preliminary approval.

**After discussion, Ms. McLennan moved that the Authority adopt Resolution 2017-8, granting preliminary approval to Forest Grove Community School for an OFA SNAP Loan in an approximate amount of \$1,400,000. Ms. DeHamel seconded the motion and Resolution 2017-8 was unanimously approved.**

**Consideration of Conditional Final Approval for the Application by French-American International School for an OFA SNAP Loan in an amount not to exceed \$5,000,000.**

Mr. Paul Mallon, Director of Finance, Ms. Kathy Fleener, Director of All-School Programs, Mr. Scott Shaw, Board Member, and Mr. Matthew Litwin, Board Member, appeared on behalf of the Applicant. Mr. Kendall Hansen appeared on behalf of the sponsoring bank, Key Government Finance, Inc., to assist in the presentation.

Mr. Litwin reviewed the operations of the School. The Applicant's presentation materials are available upon request. The Applicant currently enrolls 549 students in grades K-8, which is capacity. Seventeen percent of students receive financial aid. The Lower School program is a French-language immersion program and the Middle School program offers a curriculum for students with no foreign language background as well as for students continuing their immersion studies in French, Spanish, German and Mandarin. The Applicant intends to build a new 27,000 square foot facility to house the Middle School and enrichment programs. The Applicant owns the land on which the facility will be constructed. The Applicant will use the entire facility in its educational program.

Mr. Hansen reviewed the terms of the proposed loan: a 15-year term, with a call option at the end of year 10, at which times the interest rate will also be reset. The expected SNAP Loan rate is 3.09%. This is the Applicant's third OFA financing. The remaining OFA loans will remain in place.

The Financial Advisor's Report is included in the materials. Mr. Clancy reported that he has spoken with the Applicant several times over the preceding months. The Applicant appears to be financially sophisticated and understands the terms of the financing. Mr. Clancy recommended the transaction for conditional final approval.

Bond Counsel's Report is included in the materials. Ms. McCoog reported that she anticipated that this would be a straightforward transaction with an experienced SNAP Loan lender, with no

private use or other difficult issues. She recommended the transaction for conditional final approval.

The Associate Executive Director's Report is included in the materials. Ms. Morgan reported on the scoping call with the financing team, in which it appeared that there were no issues that would require special attention. It appeared to be a straightforward construction financing with an experienced financing team. Therefore, Ms. Morgan recommended the transaction for conditional final approval, which means that the Applicant would not be required to appear before the Authority for final approval unless OFA staff determined that there were significant changes in the transaction or policy issues arose that required consideration by the Board. The condition to closing would be removed when OFA staff, in consultation with Bond Counsel and OST, determined that the transaction documents were in final form.

**After discussion, Ms. McLennan moved that the Authority adopt Resolution 2017-9, granting conditional final approval to French-American International School for an OFA SNAP Loan in an approximate amount of \$5,000,000. Mr. Johansen seconded the motion and Resolution 2017-9 was unanimously approved.**

Mr. Hubert asked for any public comment. There was none.

There being no further business to come before the meeting, the meeting was adjourned at approximately 2:18 p.m.

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Sean Hubert, Chair

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Gwendolyn Griffith, Executive Director

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