

Oregon Facilities Authority

Minutes of Meeting of

October 5, 2017

A duly called meeting of the Oregon Facilities Authority ("OFA" or the "Authority") was held on October 5, 2017, commencing at approximately 12:00 p.m. at 888 SW Fifth Avenue, Suite 1600, Portland, Oregon.

Authority Members participating in the meeting (in person, unless otherwise indicated) were: Chair Sean Hubert; Vice-Chair Martha McLennan; and Authority Members Karen Weylandt (by telephone), J. Kevin McAuliffe, Eric Johansen and Allyson Anderson.

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; Duncan Brown of PFM, Financial Adviser; Jennifer Cordova of Hawkins Delafield & Wood LLP, SNAP Loan and Special Bond Counsel; Michael Schrader of Orrick, Herrington and Sutcliffe LLP, Lead Bond Counsel; Laura Lockwood-McCall and James Sinks 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.

Recognition of Ms. Allyson Anderson

Mr. Hubert introduced Ms. Anderson to the Board and advisors as the newest OFA Board appointee. The Board welcomed Ms. Anderson to the Authority.

Approval of Minutes

The Minutes of the meeting of September 11, 2017, were unanimously approved.

Other Updates

Housing Northwest, Inc. Update by Mr. Schrader. S&P downgraded the rating on the Authority's Housing Northwest, Inc. Revenue Bonds (Clifton House Project) Series 2016 from BBB- to BB+ (with a Stable outlook) pursuant to a Report issued on September 29, 2017. The rating downgrade is the result of an eight-month construction delay on the project caused by heavy snow and the need for additional excavation and related construction. Completion of the project is now expected in May 2018 rather than the originally targeted September 2017 date. As a result, commencement of lease-up will likely be delayed for almost an entire academic year. Mr. Schrader explained that the downgrade is not expected to materially affect the bondholders or require adjustment to the financing. However, he did observe that no material event notice had been filed. Mr. Schrader will continue to monitor the situation and update the Board.

Website Preview by Ms. Morgan. Ms. Morgan introduced the final version of the new OFA website and previewed each page with the Board. Mr. Sinks will be sending out a press release on the release announcing the new website.

Presentations by Invited Guests

Ms. Griffith introduced the Board to the invited guests from the Jessie F. Richardson Foundation ("JFRF") and Mr. Mark Stephenson from Pacific Continental Bank. JFRF was represented by Ms. Keren Brown Wilson, Ph.D., President and Founder, Ms. Stephanie Hooper, Deputy Director, and Mr. Dave Carboneau, Board Member.

The team made a presentation to the Board on the background and philanthropic goals of the Foundation, which was established to improve conditions for vulnerable older adults in the communities in which they live. The Foundation's mission is to invest in long-term partnerships and develop sustainable resources for housing for low income seniors, particularly in rural or under-served communities. Recently, the Foundation has been working toward development of a community-based model for small, rural housing developments for seniors, and Capital Pacific Bank has been considering innovative ways in which such projects could be financed. JFRF and the Board discussed various ways OFA might work together with the Foundation and a banking partner in the financing of these projects.

The Board took a brief recess and reconvened at approximately 1:05 p.m.

Consideration of Final Approval for the Application by Forest Grove Community School for an OFA SNAP Loan in an approximate amount of \$1,100,000.

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 summarized the status of the Project. The transaction has been moving smoothly and as planned. The only complication was the exclusion of the two residences on the property, which lowered the requested loan amount from \$1,400,000 to \$1,100,000. There have been no significant issues with the financing. Mr. Hansen commented that the bank is ready to go with final documents and the loan has received final credit approval. The projected SNAP Loan interest rate is 3.32%.

SNAP Counsel's report is included in the materials. Ms. McCoog reported that diligence was complete. She explained that the exclusion of the residential property was required because these properties were non-qualifying under OFA's statute and rules. Documentation is in substantially final form. Ms. McCoog recommended the transaction for final approval.

The Associate Executive Director's report is included in the materials. Ms. Morgan complimented the financing team on their diligent efforts throughout the transaction. A TEFRA hearing was held at the school's facility and there was no public comment. She recommended the transaction for final approval, with closing expected in October.

There being no further discussion, Ms. McLennan moved that the Authority adopt Resolution 2017-17, granting final approval to Forest Grove Community School for an OFA SNAP Loan in an amount not to exceed \$1,100,000, and requesting that the State Treasurer consider closing the transaction. Mr. McAuliffe seconded the motion and Resolution 2017-17 was unanimously approved.

Consideration of Conditional Final Approval for the Application by The Reed Institute, dba Reed College, for an OFA Traditional Bond in an amount not to exceed \$73,000,000.

Ms. Lorraine Arvin, Vice President and Treasurer, appeared on behalf of the Applicant to present the application. Mr. Christopher Cowan of Bank of America Merrill Lynch, the underwriter, and Mr. Saul Rosenbaum of Prager & Co., the financial advisor to the Applicant, appeared to assist with the presentation.

Ms. Arvin provided an update on the status of the project. The financial statements have been approved by the Board of Trustees and the Applicant has resolved to refund the Series 2011 Bonds, thereby increasing the amount of the request to \$73,000,000. The Applicant is satisfied that all business issues have been resolved. The financial advisor to the Applicant and the underwriter confirmed the status of the transaction, and reviewed their expectations for ratings, as well as the plan and schedule for pricing.

Bond Counsel's report is included in the materials. Mr. Schrader distributed a revised form of Resolution, which changed the condition to approval in the Resolution. Under the revised Resolution, the Applicant must receive a minimum rating of "Aa2" by Moody's and "AA-" by S&P. He reported that diligence was complete and the documents were in substantially final form. Mr. Schrader recommended the transaction for conditional final approval.

The Financial Advisor's report is included in the materials. Mr. Clancy commented on the sophistication of the financing team and their diligence in moving the transaction forward. He sees no impediments to the Applicant obtaining the appropriate ratings and recommended the transaction for conditional final approval.

The Executive Director's report is included in the materials. Ms. Griffith expressed her appreciation to the financing team for their hard work in keeping this transaction moving forward so smoothly. Ms. Griffith recommended the transaction for conditional final approval.

After discussion, Ms. McLennan moved that the Authority adopt Resolution 2017-18, as revised in the new Resolution distributed at the meeting, granting conditional final approval to The Reed Institute, dba Reed College, for an OFA Traditional Bond in an amount not to exceed \$73,000,000 and recommending that the State Treasurer consider issuing the bonds when the conditions described in the revised Resolution have been satisfied. Mr. McAuliffe seconded the motion and Resolution 2017-18 was unanimously approved.

The Board then discussed general OFA business. Ms. Lockwood-McCall reported that OST had received four responses to the RFP for municipal advisory services. She informed the Board that OST had, after receiving input from the selection committee, selected PFM to provide municipal advisory services to OST and OFA. She described, and the Board discussed, the expected upcoming negotiations for finalizing a contract.

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 2:05 p.m.

Sean Hubert, Chair

Gwendolyn Griffith, Executive Director

034439/00001/8476533v3