

Oregon Facilities Authority

Minutes of Special Meeting

September 20, 2016

A duly called special meeting of the Oregon Facilities Authority ("OFA" or the "Authority") was held on September 20, 2016, commencing at approximately 8:00 a.m. at 888 SW Fifth Ave., Suite 1600, Portland, OR.

Authority Members participating during the meeting by telephone were: Chair Sean Hubert and Vice-Chair Martha McLennan, and Authority Members J. Kevin McAuliffe and Beth deHamel.

Participating by phone to assist the Authority were: Kieu-Oanh Nguyen of Western Financial Group, Financial Adviser; Doug Goe of Orrick, Herrington and Sutcliffe LLP, Lead Bond Counsel; Lee Anaya of the Office of the State Treasurer ("OST"); and Cynthia Byrnes, Attorney General's Office. Participating in person to assist the Authority was Gwendolyn Griffith, Executive Director of the Authority.

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

Consideration of Preliminary Approval for the Application for an OFA Traditional Bond for Samaritan Health Services in an approximate amount of \$90,000,000.

Mr. Daniel Smith, Chief Financial Officer participated by phone on behalf of the Applicant. Mr. Steven Proeschel of Piper Jaffray & Co., the underwriter, participated by phone to assist in the Application.

Mr. Smith reviewed the history, background and current activities of the organization. His presentation slides are available upon request. The Applicant's mission is to enhance community health and achieve high value through quality services across continuum of care. The Applicant employs nearly 6,000 people, operates five acute care hospitals, more than 10 urgent care centers and more than 80 physician clinics.

Mr. Smith provided an overview of the projects, including replacing the critical access hospital in Lincoln City and converting the two largest hospitals in the system to private patient rooms. He outlined the organization's need for expansion to serve the community.

Mr. Duncan Brown of PFM Group, the Borrower's Financial Advisor, summarized the plan of finance, which includes \$61 million of funding for new projects, partial refunding of the OFA Series 2010 bonds, and refinancing of Series 1998 Bonds. He reviewed the proposed schedule for obtaining a new rating in the first week of October.

Bond Counsel's Report is included in the materials. Mr. Doug Goe reported that due diligence is well under way and that the Financing Team is currently circulating second drafts of transaction documents. He recommended the transaction for preliminary approval.

The Financial Advisor's Report is included with the materials. Ms. Nguyen reminded the Board that the Applicant is an experienced borrower, having closed OFA transactions in 2009, 2010 and 2014. It has a strong tenured management team and positive operating performance. Ms. Nguyen reviewed the most recent rating issued in March of 2016 (BBB+) and she stated that she felt confident that the rating would not drop, but noted that if it did, a second rating could be requested. She recommended the transaction for preliminary approval.

The Executive Director's Report is included in the materials. Ms. Griffith welcomed the Applicant back to OFA and observed that the Financial Team is well positioned to close the proposed transaction on the proposed timeline. She recommended the transaction for preliminary approval and further recommended waiving the administrative rule regarding the fee, authorizing a fee of five basis points for the portion of this transaction involving the refunding of non-OFA bonds.

After discussion, Ms. McLennan moved that the Authority adopt Resolution 2016-20, granting preliminary approval to Samaritan Health Services for an OFA Traditional Bond in the approximate amount of \$90,000,000, and waiving the administrative rule regarding the fee to be charged to the Applicant for refunding of non-OFA bonds, and authorizing a fee of five basis points to the portion of this transaction involving the refunding of non-OFA bonds. Mr. McAuliffe seconded the motion and Resolution 2016-20 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 8:45 a.m.

Sean Hubert, Chair


Gwendolyn Griffith, Executive Director