

Oregon Facilities Authority

Minutes of Meeting of

December 11, 2017

A duly called meeting of the Oregon Facilities Authority ("OFA" or the "Authority") was held on December 11, 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 J. Kevin McAuliffe, Beth deHamel, 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; Patrick Clancy and Duncan Brown of PFM, Financial Adviser; Carol McCoog of Hawkins Delafield & Wood LLP, SNAP Loan and Special Bond Counsel; Douglas Goe and Angela Trout, of Orrick, Herrington and Sutcliffe LLP (via telephone), Lead Bond Counsel; Laura Lockwood-McCall (by telephone) and 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 November 13, 2017, were unanimously approved.

Executive Director Reports

Ms. Griffith directed the Board's attention to her bonding report and general report, both of which were included with the materials. Mr. Clancy reported on the recent favorable pricing in the Reed College Traditional Program bond transaction. Bond Counsels updated the Board on the status of pending and closed transactions.

Mr. Anaya informed the Board that OST will not be changing the amount charged to OFA for administrative support. Ms. Griffith signed the MOU with the State, and requested ratification by the Board. Ms. deHamel moved ratification, and Ms. McLennan seconded the motion. All Board members approved the motion.

Ms. Lockwood-McCall reported that the contract had been finalized with PFM and signed by OST, OFA and PFM. Mr. Clancy thanked OST and OFA for the continued opportunity to work with OFA.

Election of Officers for 2018

Ms. Griffith reminded the Board that the terms of Mr. Hubert and Ms. McLennan, Chair and Vice Chair, respectively, were ending at the end of December and that new officers should be elected to serve beginning January 1, 2018.

Mr. Hubert nominated Ms. McLennan to serve as Chair and Mr. Johansen to serve as Vice-Chair. Ms. deHamel seconded the nomination, and the Board, other than those nominated, elected them by acclamation.

Update on Tax Reform and PABs

The Orrick Team updated the Board on the current status of the Tax Reform Bill and described its highlights, including the elimination of advance refundings and the preservation of private activity bonds. The Board discussed the policies motivating these changes. Mr. Johansen and Ms. Lockwood-McCall offered their perspectives on the impact of Tax Reform on OFA issuance in 2018 and beyond and Mr. Clancy reiterated that any hope for retention of advance refundings was gone. In his view, while Traditional Bond applicants (such as hospitals and universities) will continue to issue in the retail markets, the largest impact will likely be on the smaller nonprofits. The changes in the corporate tax rate for banks and the resulting change in the tax factor for SNAP Loans will likely make many smaller transactions non-economic.

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

Consideration of Conditional Final Approval for the Application by Cascade AIDS Project for an OFA SNAP Loan in an amount not to exceed \$1,897,500.

Mr. Peter Perisot, Deputy Executive Director, appeared on behalf of the Applicant to present the application. Ms. Kathy Swift of Heritage Bank, the sponsoring bank, appeared to assist with the presentation.

Mr. Perisot summarized the status of the financing. He confirmed that the transaction had been moving smoothly. Almost all of the documents were in final form and all business terms were finalized. He reported that the Applicant is ready to close when all the documents were finalized.

Ms. Swift confirmed that all business issues have been resolved. The interest rate was set at 2.75%. Ms. Swift confirmed that the bank is ready to close, once the final documents were received, and that closing is scheduled for December 29th.

SNAP Counsel's report is included in the materials. Ms. McCoog reported that this is structured as a conditional final approval, but that diligence was complete and that SNAP Counsel is satisfied with the use of the proceeds. The conditional final approval is based on the need for a few documents that were still in progress in order to prepare the transaction for closing. All other documentation was in substantially final form. Ms. McCoog recommended the transaction for conditional final approval.

The Executive Director's report is included in the materials. Ms. Griffith complimented the financing team on their diligent efforts throughout the transaction. She reported on the TEFRA hearing held at the Applicant's facility on November 6, 2017; there was no public comment. She recommended the transaction for conditional final approval.

After discussion, Ms. McLennan moved that the Authority adopt Resolution 2017-23, granting conditional final approval to Cascade AIDS Project for an OFA SNAP Loan in an amount not to exceed \$1,897,500 and requesting that the State Treasurer consider closing the transaction when the conditions described in the revised Resolution have been satisfied. Mr. McAuliffe seconded the motion, and Resolution 2017-23 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 1:10 p.m.

/s/ Sean Hubert
Sean Hubert, Chair

/s/ Gwendolyn Griffith
Gwendolyn Griffith, Executive Director

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