

Oregon Facilities Authority

Minutes of Meeting of

November 13, 2018

A duly called meeting of the Oregon Facilities Authority ("OFA" or the "Authority") was held on November 13, 2018, commencing at approximately 12:00 p.m. at 200 SW Market Street, Suite 350, Portland, Oregon.

Authority Members participating in the meeting (in person, unless otherwise indicated) were: Chair Martha McLennan, Vice-Chair Eric Johansen, and Authority Members J. Kevin McAuliffe, Beth deHamel and Roy Kim.

Participating in the meeting to assist the Authority (in person, unless otherwise indicated) were: Gwendolyn Griffith, Executive Director of the Authority; Duncan Brown of PFM, Financial Advisor; Carol McCoog and Jennifer Cordova of Hawkins Delafield & Wood LLP, SNAP Loan and Special Bond Counsel, Michael Schrader, and Douglas Goe of Orrick, Herrington and Sutcliffe LLP, Lead Bond Counsel; Laura Lockwood-McCall and Lee Anaya (both by telephone) of the Office of the State Treasurer ("OST"); and Assistant Attorney General Cynthia Byrnes (by phone), Oregon Department of Justice ("DOJ").

Chair Martha McLennan called the meeting to order and presented the notice of meeting.

Approval of Minutes

The Minutes of the meetings of August 13 and October 5, 2018, were unanimously approved.

Presentation by Mr. Mark Stevenson, CFO, Craft3

Mr. Stevenson presented to the Board a summary of the mission and work of Craft3.

Presentation by Ms. Christine Reynolds, on New Rules for Materials Event Disclosure

Ms. Christine Reynolds, Lead Bond Counsel, made a presentation to the Board on the new rules for Materials Event Disclosure. Her materials are available upon request.

Executive Director Reports

Ms. Griffith directed the Board's attention to the Bonding Report and General Report, both of which were included with the materials.

Mr. Duncan Brown reported that the QSH Medford transaction has been terminated due to market conditions that made the transaction impractical.

The Board took a brief recess and reconvened at approximately 1:00 p.m. at Suite L-101.

Consideration of Preliminary Approval for the application by Cascadia Behavioral Healthcare, Inc. for an OFA SNAP Loan in an approximate amount of \$9,900,000.

Mr. Derald Walker, Chief Executive Officer and Ms. Janice Jacobs, Chief Financial Officer, appeared on behalf of the Applicant. Mr. Kendall Hansen, Vice President and Western Region Manager (by telephone), and Mr. Jerry Robinson, Vice President / Relationship Manager, of Key Bank, the sponsoring bank, appeared to assist with the presentation.

Mr. Walker's slide deck is available upon request. He presented on the history and the mission of the Applicant which provides mental health services, addiction recovery support, primary care, wellness programs, permanent housing solutions and affordable housing to people of all ages. The project is the purchase of the Plaza Health Center facility which is currently leased by the Applicant and in which it carries on some of its health care activities.

Mr. Robinson described the terms of the financing. The amortization period will be 25 years. The initial interest rate (computed with a tax factor of .79) will be fixed for ten years, and reset at the ten-year mark. The projected interest rate is 4.64%.

SNAP Counsel's report is included in the materials. Ms. McCoog reported that no unusual issues were identified on the scoping call for this transaction. The usual diligence process would be conducted, along with document preparation. Ms. McCoog recommended the transaction for preliminary approval.

The Financial Advisor's report is included in the materials. Mr. Brown reported the application was consistent with his discussions with the Applicant and summarized the key terms of the Loan.

Ms. Griffith explained she has a conflict of interest because the law firm in which she is a partner provides legal representation to the Applicant. As a result, she did not provide any recommendation relating to this transaction.

Mr. Lee Anaya, on behalf of OST, recommended the transaction for preliminary approval.

After discussion, Mr. Johansen moved that the Authority adopt Resolution 2018-18, granting preliminary approval to Cascadia Behavioral Healthcare, Inc. for an OFA SNAP Loan in an approximate amount of \$9,900,000. Ms. deHamel seconded the motion. Resolution 2018-18 was unanimously approved.

Consideration of Preliminary Approval for the application by Howard Street Charter School for an OFA Traditional Bond in an approximate amount of \$4,500,000.

Ms. Christina Tracy, Chief Executive Officer and Mr. Erik Davis, Board Treasurer, appeared on behalf of the Applicant to present the application. Mr. David Robertson of the financial Advisory firm, Lewis Young Robertson & Burningham, Inc., and Mr. Nick Hagen of the underwriting firm, Piper Jaffray & Co., also appeared to assist with the presentation.

Ms. Tracy's slide deck is available upon request. She presented on the history and mission of the Applicant. Since its inception in 1997, the Applicant has leased space from its sponsoring school district (Salem Keizer Public Schools). The Applicant has been informed that it must vacate those premises in mid-2019. The purpose of the bond issuance is to obtain funds to construct a new school on ground leased from a church, and to pay costs of financing. The project is 100% financed through this offering, which is typical in the charter school arena, according to this charter school financing team.

Bond Counsel's Report is included in the materials. Mr. Schrader reports the bond is expected to be structured as a limited offering only to qualified institutional buyers. No ratings will be sought. The usual diligence process will be conducted, along with document preparation. Mr. Schrader recommended the transaction for preliminary approval.

The Financial Advisor's report is included in the materials. Mr. Brown reported on his conversation with the Applicant. He recommended the transaction for preliminary approval.

The Executive Director's report is included in the materials. Ms. Griffith reported that, if the transaction were approved today, the Applicant would be expected to return in January of 2019 for Final Approval and to close the transaction before the end of January. Ms. Griffith recommended the transaction for preliminary approval.

After discussion, Mr. Johansen moved that the Authority adopt Resolution 2018-19, granting preliminary approval to Howard Street Charter School for an OFA Traditional Bond in an amount not to exceed \$4,500,000. Mr. McAuliffe seconded the motion and Resolution 2018-19 was unanimously approved.

Consideration of Preliminary Approval for the application by Portland Community Reinvestment Initiatives, Inc., for an OFA SNAP Loan in the approximate amount of \$6,000,000.

Ms. Maxine Fitzpatrick, Executive Director, appeared on behalf of the Applicant to present the application. Ms. Michelle Lamb, Senior Vice President, Relationship Manager, of Beneficial State Bank, the sponsoring bank, appeared to assist with the presentation.

Ms. Fitzpatrick presented on the history and mission of the Applicant. The Project is the refinancing of existing debt with another bank that allowed the Applicant to purchase a portfolio of single family homes in North and Northeast Portland, consisting of approximately 270 units.

Ms. Lamb summarized the financing terms, reporting that the bank is offering a 20-30 year financing that will be fully amortizing and have a 79% tax factor. She reported that a swap is a possibility and the Applicant is currently considering its options to manage interest rate risk.

Bond Counsel's report is included in the materials. Mr. Schrader reported that the bond is expected to be structured as a bank placement with Beneficial State Bank. The usual diligence process will be conducted, which will be more complex than usual because of the number of properties in the portfolio. Mr. Schrader recommended the transaction for preliminary approval.

The Executive Director's report is included in the materials. Ms. Griffith reported that, if the transaction were approved today, the Applicant would be expected to return in January of 2019 for final approval. Ms. Griffith recommended this transaction for preliminary approval.

After discussion, Mr. Johansen moved that the Authority adopt Resolution 2018-20, granting preliminary approval to Portland Community Reinvestment Initiatives, Inc. for an OFA Traditional Bond in an approximate amount of \$6,000,000. Ms. deHamel seconded the motion and Resolution 2018-20 was unanimously approved.

Ms. McLennan asked for any public comment. There was none.

There being no further business to come before the meeting, the meeting was adjourned at approximately 2:30 pm.

/s/ Martha McLennan

Martha McLennan, Chair

/s/ Gwendolyn Griffith

Gwendolyn Griffith, Executive Director

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