

Oregon Facilities Authority

Minutes of Meeting of

January 14, 2019

A duly called meeting of the Oregon Facilities Authority ("OFA" or the "Authority") was held on January 14, 2019, 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 Martha McLennan, and Authority Members Sean Hubert, Allyson Anderson (by phone) 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 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 (by phone) and Lee Anaya 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.

Recognition of Ms. McLennan

The Board recognized the service of Ms. McLennan as Chair, Vice-Chair and longtime OFA Board Member. Ms. McLennan was appointed to the OFA Board in 2012 and became Vice-Chair in 2016 and Chair in 2018. OST, Authority Members, and OFA staff expressed their appreciation for her outstanding leadership and commitment to the work of the Authority, and wished her well in her retirement.

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. Michael Schrader reported on the status of the Howard St. Charter School transaction explaining the Applicant did not come to an agreement with the school district that would make the financing transaction viable. The district did extend the school's lease in their current location until December, 2019. Conversations are continuing.

Mr. Schrader also reported on the PCRI transaction, noting the Applicant is engaging in a swap and engaging a swap advisor. The Applicant is expecting to see Final Approval in March.

The Bond Counsels for OFA summarized the recent changes to the TEFRA rules that may make publication of the TEFRA notices more economical for Applicants, but may also require these notices to be more detailed for some financings. The Bond Counsels will keep OFA informed.

Approval of Minutes

The Minutes of the meetings of November 13, 2018, were unanimously approved.

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

Consideration of Final Approval for the application by Cascadia Behavioral Healthcare, Inc. for an OFA SNAP Loan in an amount not to exceed \$9,900,000.

Ms. Janice Jacobs, Chief Financial Officer, appeared on behalf of the Applicant. Mr. Kendall Hansen, Vice President and Western Region Manager of Key Government Finance, the sponsoring bank, appeared to assist with the presentation.

Mr. Hansen 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 will be reset at the ten-year mark. The projected initial interest rate is 4.64%.

SNAP Counsel's report is included in the materials. Ms. McCoog reported that the preparation for final approval has been smooth and the transaction documents were in substantially final form. Ms. McCoog recommended the transaction for final approval.

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. Anaya, on behalf of OST, recommended the transaction for final approval.

After discussion, Mr. Hubert moved that the Authority adopt Resolution 2019-1, granting final approval to Cascadia Behavioral Healthcare, Inc. for an OFA SNAP Loan in an amount not to exceed \$9,900,000, and recommending that the State Treasurer consider closing the SNAP Loan. Mr. Kim seconded the motion. Resolution 2019-1 was unanimously approved.

Consideration of Final Approval for the application by Friends of the Child Advocacy Center, dba Kids' FIRST, for an OFA SNAP Loan in an amount not to exceed \$1,500,000.

Ms. Sarah Stewart, Executive Director, and Ms. Megan Jones, Finance Director, both appeared by phone on behalf of the Applicant. Ms. Jamie Louie-Smith, Vice President, Commercial Banking Officer, of Columbia Bank, the sponsoring bank, also appeared by phone to assist with the presentation.

Ms. Stewart explained that the reduction in the amount of financing requested from \$1,815,000 to \$1,500,000 resulted from a lower appraised value than the Applicant expected. The appraiser apparently concluded the expected remodeling will serve the organization's specific needs well,

but will add little value to the building. Ms. Stewart explained that the Applicant was able to negotiate cost of the facility, resulting in the lower request for financing.

Ms. Louie-Smith summarized the financing terms, reporting that the Loan would have a one year interest-only period and will be amortized over 25 years with the first interest reset date at the 10-year mark. The initial interest rate is expected to be 3.9%.

Ms. McCoog reported the transaction had been relatively smooth, and that the transaction documents were in substantially final form. Ms. McCoog recommended the transaction for final approval.

The Executive Director's report is included in the materials. Ms. Griffith recommended the transaction for final approval.

After discussion, Mr. Kim moved that the Authority adopt Resolution 2019-2, granting final approval to Friends of the Child Advocacy Center, dba Kids' FIRST for an OFA SNAP Loan in an amount not to exceed \$1,500,000, and recommending that the State Treasurer consider closing the SNAP Loan. Mr. Hubert seconded the motion and Resolution 2018-19 was unanimously approved.

Introduction to the Project of the Family YMCA of Marion and Polk Counties.

Ms. McLennan asked if any members of the public wished to sign up to comment at the end of this presentation. There was no response.

Mr. Sam Carroll, Executive Director, appeared on behalf of the organization to present the introduction to the Project. Mr. David Robertson of the financial advisory firm, Lewis Young Robertson & Burningham, Inc., Mr. Matt DeAngelis, Sr. Vice President of D.A. Davidson, and Courtney Dausz, Attorney at Mersereau Shannon LLP, also appeared to assist with the presentation.

Mr. Carroll's presentation materials are available upon request. Mr. Carroll presented on the history of the YMCA and the expansion of services offered. Mr. Carroll explained the project is to demolish and reconstruct their current facility. The total project cost is expected to be approximately \$22,460,000, of which \$12,235,000 will be an equity contribution from the proceeds of a grant made through issuance of Lottery Bonds. Mr. Carroll also summarized their current capital campaign which includes \$1.2 million in promised donations over the next one to three years.

Mr. Robertson explained the timeline of the Project and the need to show that the Project can be completed in order for the Lottery Bonds to be issued. That deadline is April 1, 2019.

The Executive Director's report is included in the materials. Ms. Griffith announced a calendar would be published if additional meetings are deemed necessary.

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

Election of Officers for 2019

Mr. Johansen and Ms. Anderson were nominated for Chair and Vice-Chair and were unanimously approved.

There being no further business to come before the meeting, the meeting was adjourned at approximately 3:00 pm.

/s/ Eric H. Johansen _____
Eric H. Johansen, Chair

/s/ Gwendolyn Griffith _____
Gwendolyn Griffith, Executive Director

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