

Oregon Facilities Authority
Minutes of Meeting of
December 14, 2020

A duly called meeting of the Oregon Facilities Authority ("OFA" or the "Authority") was held on December 14, 2020, commencing at approximately 1:00 p.m. The physical location of the meeting was at 888 SW Fifth Avenue, Suite 1600, Portland, Oregon. The meeting was held by Zoom teleconference.

Authority Members participating in the meeting (via Zoom, unless otherwise indicated) were: Chair Eric Johansen, Vice-Chair Kevin McAuliffe, and Authority Members Beth deHamel, Sean Hubert, Roy Kim, and Andrea Trenner. Prospective Board Member Erika Patton also attended.

Participating in the meeting to assist the Authority (via Zoom, unless otherwise indicated) were: Gwendolyn Griffith, Executive Director of the Authority (in person); Duncan Brown and Maggie Marshall of PFM, Financial Advisor to the Authority; Carol McCoog of Hawkins Delafield & Wood LLP, SNAP Loan and Special Bond Counsel; Doug Goe, Michael Schrader, Greg Blonde, and Steven White of Orrick Herrington and Sutcliffe LLP, Lead Bond Counsel; Jacqueline Knights, Lee Helgerson, and Laura Worth of the Office of the State Treasurer ("OST"); and Senior Assistant Attorney General Sam Zeiglar, Oregon Department of Justice ("DOJ").

Chair Eric Johansen called the meeting to order and presented the notice of meeting.

Consideration of Preliminary Approval for the application by CHF-Ashland, L.L.C. for an OFA Traditional Bond in an approximate amount of \$50,000,000.

Mr. William Givhan, President of Collegiate Housing Foundation, the sole member of the Applicant, appeared on behalf of the Applicant. Mr. Greg Perkinson, Vice President for Finance & Administration, Mr. Steve Larvick, Director of Business Services, and Mr. Jason Catz, General Counsel appeared on behalf of Southern Oregon University ("SOU"). Ms. Sara Russell and Mr. Michael Baird, of RBC Capital Markets, LLC, appeared to assist the Applicant with the presentation.

Mr. Givhan offered an introduction to CHF-Ashland, L.L.C. The Applicant is a limited liability company whose sole member is Collegiate Housing Foundation (the "Foundation"), which was organized in 1996 for charitable and educational purposes, including assisting colleges and universities in providing housing for enrolled students and faculty. The Applicant has acquired and financed 62 student housing facilities in 24 different states for 47 separate institutions of higher education, totaling over \$3 billion in projects. The Series 2012 Bonds financed the construction of a student housing facility of 702 beds located on the campus of SOU. Prior to the pandemic, this facility had been doing well, and was 95% occupied.

Mr. Perkinson reported the effects of COVID-19 on SOU and its students, and how the University has responded to the pandemic. While the University expects student life to return to something like "normal" by the fall, 2021 term, currently many students have chosen to take a gap year or return home and participate exclusively in on-line learning rather than staying on campus. This has, predictably, adversely impacted the Project.

Ms. Russell and Mr. Baird presented the Project, which is the advance refunding of the original Series 2012 Bonds, on a taxable basis. The bonds must be issued on a taxable basis because advance refundings (refundings of tax-exempt debt that occur prior to 90 days of a call date) cannot be accomplished on a tax-exempt basis. The goal of the refunding is to give the Applicant and thus SOU some breathing room to get through the pandemic. Under the plan, no principal payments would be due in 2021, 2022 and 2023, and the final maturity of the debt would be extended until 2047. This provides \$3.2 million in debt service relief during this three-year period. Little or no present value savings are anticipated. The SOU representatives confirmed that the transaction provides significant benefits to the University, even with no present value savings. The bonds will be insured by Assured Guaranty, and the Applicant will seek two ratings.

The Applicant's presentation materials are available upon request.

The Financial Advisor's report is included in the materials. Mr. Brown reported that the Applicant has financed through OFA before, and is familiar with OFA's requirements and procedures. Mr. Brown expressed optimism that the ratings would be affirmed as they currently stand, and that the plan of finance makes sense given the circumstances of the pandemic. He emphasized that this is a transaction structured to provide debt service relief, not for net present value savings. Mr. Brown recommended the transaction for preliminary approval.

Bond Counsel's report is included in the materials. Mr. Schrader reported that this is a complex restructuring transaction, involving more parties that is typical in an OFA transaction. Bond Counsel has been working with the financing team on documents and diligence prior to preliminary approval. He emphasized that, although the Applicant will obtain two ratings on the bonds, Assured Guaranty will be insuring the bonds. The rating of the insurer, not the Applicant, determines eligibility under OFA's rules. Mr. Schrader 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 reported the financing team has been hard at work. She informed the Board that if preliminary approval were given, the Applicant would return in January for final approval. Ms. Griffith recommended the transaction for preliminary approval.

After discussion, Mr. McAuliffe moved that the Authority adopt Resolution 2020-10, granting Preliminary Approval to CHF-Ashland L.L.C. for an OFA Traditional Bond in an approximate amount of \$50,000,000. Ms. deHamel seconded the motion. Resolution 2020-10 was unanimously approved.

Update from OFA Borrower – Metro East Web Academy

Ms. Griffith introduced Dr. David Gray, Executive Director, and Ms. Tonia Gebhart, Chief Operations Officer, who appeared on behalf of Metro East Web Academy ("MEWA"). MEWA closed an OFA limited offering transaction on December 19, 2019 in the amount of \$6,240,000 (tax-exempt) and \$385,000 (taxable). Ms. Griffith explained that because MEWA was already a leader in online learning, it was poised to succeed in the pandemic and she had invited Dr. Gray and Ms. Gebhart to give the OFA Board an update on its activities.

Dr. Gray reported that the School moved into its new facility on August 13, 2020. While the facility was open for a few months to support in-person learning activities, the School has now pivoted to a 100% online program. He confirmed that the state-required shift to online learning benefitted MEWA. Many parents apparently felt that their assigned school did not transition effectively to online learning, and they sought to enroll their students in MEWA. This increased enrollment for MEWA from 500 students last year to 800 students this year, which has had a positive effect on revenue and fund balance.

Ms. Gebhart reported that the increase in enrollment required MEWA to hire additional educators and staff, and for the first time, welcomed the addition of interns as student teachers and counselors. Pandemic chaos has taken its toll on parents and family support for students as well. The School is focusing efforts on student and family support to get them what they need to ensure that students have support for learning. They are adding extra support lab time each day for students, and reaching out to families if students seem to be too often absent or otherwise non-participatory in the program. Ms. Gebhart and Dr. Gray reflected that after the pandemic eases, they expect that at least some students will go back to their regular schools, and this will have a negative impact on enrollment, revenue and staffing.

After discussion, Mr. Johansen thanked Dr. Gray and Ms. Gebhart for their interesting presentation and congratulated them on their success.

Approval of Minutes

The Minutes of the meeting of November 9, 2020, were unanimously approved.

Approval of MOU with OST for 2021

Ms. Griffith reported that she had been in discussions with Ms. Knights about the annual fee that OST charges OFA for OST's support of OFA activities. In the past two years, the fee had been \$48,500 per year. Ms. Knights had proposed a fee reduction to \$38,000, given the likely drop in OFA activity and the increase in other agencies' use of OST services.

The MOU with OST for 2021 was unanimously approved and Mr. McAuliffe expressed the Board's thanks to OST for reducing the fee.

Executive Director Reports

Ms. Griffith asked Mr. Goe and Mr. Blonde to report on OFA Borrower, Willamette University, and how a proposed merger with Pacific Northwest College of the Arts may affect the 2016 Series A and C Bonds which were privately placed. A discussion ensued.

Mr. Hubert, Ms. deHamel and Ms. Trenner exited the meeting.

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

The election of officers was deferred to the January meeting.

The Chair asked for public comment. There was none.

There being no further business to come before the Authority, the meeting was adjourned at approximately 3:15 p.m.

/s/ Eric H. Johansen

Eric H. Johansen, Chair

/s/ Gwendolyn Griffith

Gwendolyn Griffith, Executive Director

034439\00001\11874756v3