

Oregon Facilities Authority
Minutes of Meeting of
September 12, 2022

A duly called meeting of the Oregon Facilities Authority ("OFA" or the "Authority") was held on September 12, 2022, commencing at approximately 12:00 p.m. The physical location of the meeting was 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: Vice-Chair Andrea Trenner, Authority Members Eric Johansen (in-person), Sean Hubert (in-person), Kathleen Cornett, and Erick Petersen.

Participating in the meeting to assist the Authority (via Zoom, unless otherwise indicated) were: Gwendolyn Griffith, Executive Director of the Authority (in-person), Nick Pham, Executive Assistant to the Authority (in-person), Carol McCoog (in-person) of Hawkins Delafield & Wood LLP, SNAP Loan and Special Bond Counsel; Doug Goe (in-person), Michael Schrader (in-person), Christine Rankin, and Greg Blonde, of Orrick Herrington and Sutcliffe LLP, Lead Bond Counsel; Duncan Brown (in-person) of PFM Financial Advisors, Financial Advisor to the Authority; Kevin Quinn of Wye River Group, Alternate Financial Advisor to the Authority; Laura Worth (in-person) and Jaime Alvarez of the Office of the State Treasurer ("OST"); and Senior Assistant Attorney General Sam Zeigler, Oregon Department of Justice ("DOJ").

Vice-Chair Andrea Trenner called the meeting to order and presented the notice of meeting. She chaired the meeting.

Approval of Minutes

The Minutes of the meeting of July 11, 2022, were unanimously approved.

Executive Director Reports

Ms. McCoog reported that Adapt closed in July. Mr. Schrader reported on the "on-hold" status of the Clackamas Middle College transaction. Ms. Griffith directed the Board's attention to the Bonding Report and General Report, both of which were included with the materials. She discussed the upcoming Board meeting and informational session in Bend in October, an info session in Eugene as well as Astoria, and a Board meeting and info session in Medford in the spring.

Mr. Brown and Mr. Quinn offered their views on the state of the public bond market. While inflation makes it somewhat more risky for nonprofits to commence new construction or significant remodeling projects, rising interest rates result in

the tax exemption offered by OFA producing a greater benefit to nonprofits. Mr. Robertson (FA for many charter schools) echoed the comments of OFA/OST's financial advisors.

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

Consideration of Final Approval for the application by Hope Village, Inc. for an OFA Traditional Bond in an amount not to exceed \$26,000,000.

Mr. Craig Gingerich, Executive Director, appeared on behalf of the Applicant. Mr. Alex Dinkels and Mr. Dan Connelly of Marathon Capital Strategies, Financial Advisor to the Applicant, and Mr. Demetrie Spinney of Silicon Valley Bank, appeared to assist with the presentation.

Mr. Dinkels reviewed the scope of the Project. The Applicant provides senior living facilities in Canby, Oregon. The Project will finance the construction of 36 cottages for senior living (\$22,000,000), refinance several existing loans (\$4,000,000), and pay capitalized interest and cost of financing.

Mr. Dinkels presented the financing plan. The term of the bank loan is 20 years with an amortization period of 30 years after the initial 36-month draw down period. Mr. Spinney confirmed the Bank is ready to close.

The Financial Advisor's report is included in the materials. Mr. Brown reported that the plan of finance appears substantially the same as it did in July. He recommended the transaction for final approval.

Bond Counsel's report is included in the materials. Mr. Blonde reported documents are substantially final and they are in good shape for closing. Mr. Goe recommended the transaction for final approval.

The Executive Director's report is included in the materials. Ms. Griffith reported that she convened a TEFRA hearing on July 29 and no public comments were received. She thanked OST for accommodating the accelerated closing date. Ms. Griffith recommended the transaction for final approval.

After discussion, Mr. Johansen moved that the Authority adopt Resolution 2022-7, granting Final Approval to Hope Village, Inc., for an OFA Traditional Bond in an amount not to exceed \$26,000,000. Resolution 2022-7 was unanimously approved.

Consideration of Preliminary Approval for the application by Academy for Character Education (ACE) for an OFA Traditional Bond in an approximate amount of \$5,000,000.

Ms. Starr Sahnaw, Principal, and Mr. Joseph Lewis, Board President, appeared on behalf of the Applicant. Mr. Matt Donahue of D.A. Davidson & Co., Underwriter for the transaction, and Mr. David Robertson of Lewis Young Robertson & Burningham, Inc., financial advisor to the application, appeared to assist with the presentation.

Ms. Starr Sahnaw presented on the history and mission of Academy for Character Education. The Applicant is a charter school sponsored by the South Lane School District, with approximately 350 students in grades k-12. The Project will finance the renovation including updating the fire system, roofing, windows, HVAC, plumbing, electrical and landscaping.

Mr. Robertson presented the plan of finance. The term of the bonds are expected to be 30 years, and he anticipates a fixed interest rate of 5.5-6.0%. The bonds are non-rated and will be offered in a limited offering.

The Financial Advisor's report is included in the materials. Mr. Brown reported that he met with the Applicant. He reported the strong debt service coverage makes the transaction workable. He recommended the transaction for preliminary approval.

Bond Counsel's report is included in the materials. Mr. Schrader reported he and Ms. Rankin attended the scoping call, and that due diligence will soon be underway. He does not expect any unusual issues other than the ones typical of a charter school financing. He discussed the accelerated timeline and described the restrictions to a limited offering. Mr. Schrader recommended the transaction for preliminary approval.

The Executive Director's report is included in the materials. Ms. Griffith welcomed the Applicant to OFA. She reported if preliminary approval is granted, the Applicant hopes to return for final approval in October. Ms. Griffith recommended the transaction for preliminary approval.

After discussion, Mr. Johansen moved that the Authority adopt Resolution 2022-8, granting Preliminary Approval to Academy for Character Education (ACE) for an OFA Traditional Bond in an approximate amount of \$5,000,000. Resolution 2022-8 was unanimously approved.

Consideration of Preliminary Approval for the application by Santiam Memorial Hospital, Inc. for an OFA SNAP Loan in an approximate amount of \$5,000,000.

Ms. Maggie Hudson, President & CEO, and Ms. Rachael Seeder, CHFP, CPA, Chief Financial Officer, appeared on behalf of the Applicant. Ms. Kristen Sundin of Key Government Finance, Inc., appeared to assist with the presentation.

Ms. Hudson described the history of Santiam Memorial Hospital and the Project. The Applicant is a nonprofit hospital organized in 1953 and headquartered in Stayton, Oregon. The Project will finance the acquisition and installation of the EPIC system of electronic health records. Because the Applicant is too small to qualify for an independent EPIC site, it will partner with St. Charles Medical Center in Bend, Oregon, to obtain the EPIC license.

Ms. Sundin presented the plan of finance. The Bank is offering a loan with an initial interest-only period through May 1, 2023, and then a five-year amortization period. The estimated SNAP Loan interest rate is 4.40%.

The Financial Advisor's report is included in the materials. Mr. Brown reported that he met with the Applicant. He reported the savings are smaller due to the length of the term rather than the size of the Loan, but an OFA SNAP Loan still provides a net benefit to the Applicant.

SNAP Loan Counsel's report is included in the materials. Ms. McCoog reported she attended the scoping call, and while she is not anticipating any complications, due diligence will need to be completed, and noted the aggressive timeline. Ms. McCoog recommended the transaction for preliminary approval.

The Executive Director's report is included in the materials. Ms. Griffith welcomed the Applicant to OFA, and reported that no unusual issues have been identified on the scoping call. She reported if preliminary approval is granted, the Applicant hopes to return for final approval in October. Ms. Griffith recommended the transaction for preliminary approval.

After discussion, Mr. Johansen moved that the Authority adopt Resolution 2022-9, granting Preliminary Approval to Santiam Memorial Hospital, Inc. for an OFA SNAP Loan in an approximate amount of \$5,000,000. Resolution 2022-9 was unanimously approved.

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 2:45 p.m.

/s/Andrea Trenner
Andrea Trenner, Vice-Chair

/s/Gwendolyn Griffith
Gwendolyn Griffith, Executive Director

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