

Oregon Facilities Authority

Minutes of Meeting of September 11, 2017

A duly called meeting of the Oregon Facilities Authority ("OFA" or the "Authority") was held on September 11, 2017, commencing at approximately 12:00 p.m. at 888 SW Fifth Avenue, Suite 1600, Portland, Oregon. Unless otherwise indicated, all parties appeared by telephone.

Authority Members participating in the meeting were: Chair Sean Hubert; Vice-Chair Martha McLennan; and Authority Members Beth deHamel, Karen Weylandt, J. Kevin McAuliffe and Eric Johansen.

Participating in the meeting to assist the Authority were: Gwendolyn Griffith, Executive Director of the Authority (in-person); Jessica Morgan, Associate Executive Director of the Authority (in-person); Nikki Pham, Executive Assistant to the Authority (in-person); Pat Clancy of Western Financial Group /PFM and Duncan Brown of PFM, Financial Adviser; Carol McCoog of Hawkins Delafield & Wood LLP, SNAP Loan and Special Bond Counsel; 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.

Reconsideration of Conditional Final Approval for the application by French American International School for an OFA SNAP Loan in an amount not to exceed \$7,500,000.

Ms. Morgan described the circumstances surrounding reconsideration of conditional final approval. At the initial conditional final approval meeting, the Applicant submitted an application with Key Bank as the sponsoring bank. Due to a breakdown in negotiation of loan terms, the Applicant terminated negotiations with Key Bank and resubmitted its SNAP Loan application with a proposal from Pacific Continental Bank to act as the sponsoring bank.

Ms. Pam Dreisin, Head of School, Mr. Matthew Litwin, Trustee, Mr. Paul Mallon, Director of Finance, and Ms. Christine Chang, Trustee, appeared on behalf of the French American International School (the "Applicant"). Mr. Alex Gosline, Mr. Phil Bridge and Mr. Steve Watts, all of Pacific Continental Bank, the new sponsoring bank, appeared to assist in the presentation.

Mr. Litwin then further described the scope of the discussions that led to this change. He explained that this change was not undertaken lightly, and expressed his appreciation to OFA for its flexibility in allowing the Applicant to submit a revised proposal. The project being financed is substantially the same as described in the initial application. However, due to the change in banks, it will also be necessary to refinance the Applicant's existing 2013 SNAP loan with Key Bank, in the approximate amount of \$3,627,000, thereby increasing the requested amount to \$7,500,000. The Applicant continues to move toward an end-of-October closing date.

Mr. Gosline provided details on the financing terms. He confirmed the bank's commitment of a total amount of \$7,500,000. A portion of the proceeds will go toward the refinance and the remaining will be structured as a construction loan with an initial 18-month period requiring the payment of interest only, followed by a 162-month, fully amortizing loan with an approximate interest rate of 3.58%.

Bond Counsel's Report is included in the materials. Bond Counsel is continuing with due diligence with no interruption, and anticipates no major issues resulting from the change in banks. The partial refinancing will require additional review of the uses of that loan, but otherwise should not affect the schedule for closing. Bond Counsel recommended the rescission of the prior Resolution granting approval, and recommended the granting of conditional final approval for this application.

The Financial Advisor's report is included in the materials. Mr. Clancy updated the Board on the recent calls with the Applicant to discuss the change in sponsoring bank. He commended the financing team on its efforts and its thoughtful decisions surrounding the difficult decision to change banks. Mr. Clancy indicated that he had no concerns with the Applicant's understanding of the transaction or the ability to see it through to closing.

The Associate Executive Director's report is included in the materials. Ms. Morgan summarized the various discussions OFA has had with the parties regarding the change in sponsoring bank. She expressed her appreciation to the Applicant for professionalism in dealing with this complication in the transaction.

Ms. Morgan recommended the rescission of the prior resolution granting conditional final approval, and further recommended adoption of a new resolution granting conditional final approval for new requested amount. She reminded the Board that conditional final approval means that the transaction will be considered finally approved by OFA when the OFA Executive Director issues a certificate that she, SNAP Counsel and OST agree that the transaction documents are in substantially final form and that all issues have been resolved in a satisfactory manner. If policy matters arise or the transaction's terms materially change from those described in this meeting, the Associate Executive Director would require that the Applicant return to the Board for further consideration.

After discussion, Ms. McLennan moved that the Authority approve Resolution 2017-15, rescinding Resolution 2017-9, and thereby terminating conditional final approval for French American International School for an OFA SNAP Loan in an amount not to exceed \$5,000,000. Ms. Weylandt seconded the motion and Resolution 2017-15 was unanimously approved.

Ms. McLennan then moved that the Authority adopt Resolution 2017-16, granting conditional final approval to French American International School for an OFA SNAP Loan in an amount not to exceed \$7,500,000, and recommending that the State Treasurer consider closing the transaction when the conditions have been satisfied. Ms. Weylandt seconded the motion and Resolution 2017-16 was unanimously approved.

Consideration of Approval of the Oregon State Treasury Memorandum of Understanding.

Ms. Griffith explained the nature of the MOU between OFA and OST and the need for the agreement to be updated. Due to certain delays in the review of the time and costs involved in providing various accounting and other administrative oversight services to OFA, Ms. Griffith requested that the current pricing and fee arrangement with OST continue through January 2018.

There being no further discussion, Ms. McLennan moved that the Authority approve the amended MOU. Ms. deHamel seconded the motion and the motion was unanimously approved.

Consideration of Approval for the Department of Administrative Services (DAS) Interagency Agreement.

Ms. Griffith described the nature of the proposal of the revised Interagency Agreement between OFA and DAS for the use of the agency's accounting and budgeting services. Ms. Griffith recommended that the Board approve the Interagency Agreement.

There being no further discussion, Ms. McLennan moved that the Authority approve the DAS Interagency Agreement. Ms. DeHamel seconded the motion and the agreement 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 1:30 p.m.

Sean Hubert, Chair

Gwendolyn Griffith, Executive Director

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