

Oregon Facilities Authority
Minutes of Meeting of
April 11, 2022

A duly called meeting of the Oregon Facilities Authority ("OFA" or the "Authority") was held on April 11, 2022, commencing at approximately 1:00 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: Chair Roy Kim, Authority Members Kevin McAuliffe, Sean Hubert, Eric Johansen, and Erika Patton, and Kathleen Cornett.

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

Chair Roy Kim called the meeting to order and presented the notice of meeting.

Consideration of Conditional Final Approval for the application by Legacy Health for an OFA Traditional Bond in an amount not to exceed \$300,000,000.

Ms. Jennifer New, Director of Treasury, appeared on behalf of the Applicant. Ms. Holly Houston Benedict of Ponder & Co., appeared to assist with the Application. The Applicant's presentation materials are available upon request.

Ms. New reviewed the scope of the Project. The bond proceeds will be used for new money projects at two medical centers, for general purposes, including redemption of an outstanding bank loan, and refinancing the Applicant's 2008 Bonds, which were originally issued through the Clackamas Hospital Facility Authority. This issuance will allow Legacy to complete the tower at Emmanuel Hospital, its flagship campus. The tower was part of the Legacy 2016 financing and will house (among other programs) the Legacy Oregon Burn Center, which provides state-of-the-art burn treatment for adults and children. Legacy has the only burn center between Seattle and Sacramento.

Ms. New discussed the guiding principles for Legacy Health in issuing the Series 2022 bonds:

- Finance \$100 million of new money to fund capital projects and pre-fund takeout of 2020 \$100 million US Bank Loan
- Address the Series 2008AB LOC renewal
- Increase long-term, public market committed capital
- Optimize debt mix to meet Legacy's enterprise risk tolerance
- Make optimal use of tax-exempt eligible assets to extend amortization and preserve capital flexibility
- Maintain deal structure flexibility to be able to pivot to address market shifts

Ms. New discussed the Legacy's Board approval of the financing with a not-to-exceed, all-in borrowing cost of 4%. She reported that the transaction appears to be ready to go forward to posting of the preliminary official statement and pricing, pending receipt of ratings and assuming flexibility in deal structure.

Ms. Houston Benedict presented the details of the plan of financing, reporting that much of the debt will be tax-exempt, and some is expected to be issued as taxable debt. Ms. Houston Benedict discussed the volatility in the market in recent weeks, including the expected interest rate increase in May and June. The Applicant and its financial advisor are keeping a close eye on these developments. Given the market volatility and potential for higher rates, Legacy may choose to amend, reduce or replace the taxable component of the financing, perhaps by using private bank capacity to address the \$100 million loan.

The Financial Advisor's report is included in the materials. Mr. Brown reported ratings haven't been received yet and discussed the timeline and expectations for these ratings. He reported that the plan of finance has not changed materially from that discussed at the meeting at which Preliminary Approval was given. He recommended the transaction for conditional final approval.

Bond Counsel's report is included in the materials. Mr. Blonde described the conditions that are required before closing. He also reported on the pricing and closing schedule. The Applicant hopes to close by May 11, 2022. Mr. Blonde recommended the transaction for conditional final approval.

Ms. Griffith informed the Board that 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.

After discussion, Ms. Cornett moved that the Authority adopt Resolution 2022-3, granting Conditional Final Approval to Legacy Health, for an OFA Traditional Bond in an approximate amount of \$300,000,000,

and recommending that the State Treasurer consider issuing the Bonds when the conditions have been met. Mr. McAuliffe seconded the motion. Resolution 2022-3 was unanimously approved.

Approval of Minutes

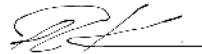
The Minutes of the meeting of March 14, 2022, were unanimously approved.

Associate Executive Director Reports

Mr. Schrader reported on the delay 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 reported that we will begin a hybrid approach meeting via Zoom and in-person starting in May. Mr. Schrader provided an update on Clackamas Middle College. After discussion the Board agreed to discuss "par amount versus proceeds" at a future 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 1:50 p.m.



Roy Kim, Chair



Gwendolyn Griffith, Executive Director

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