SUMMARY AGENDA
OREGON FACILITIES AUTHORITY
Business Meeting
February 12, 2024
12:00 PM – 1:00 PM – OFA Business
1:00 PM – 3:00 PM – Bond Applications
888 SW Fifth Ave., Suite 1600, Portland, OR
And by Zoom conference and telephone (see below)

Tab	Item	Action Required
1	**Approval of Minutes of Meeting of January 8, 2024**	Yes
2	**Consideration of MOU between OST and OFA 2024**	Yes
3	**Executive Director's Reports** *Bonding Report* *General Report* *Other Matters (Clackamas Middle College)*	No
4	**Oregon Bond Calendar and Other Items**	No
	Brief Recess	
5	**Consideration of Preliminary Approval for the application by St. Vincent de Paul for an OFA SNAP Loan in the approximate principal amount of $4,500,000**	Yes
6	**Consideration of Final Approval for the application by Portland Village School for an OFA Traditional Bond in an amount not to exceed an aggregate principal amount of $22,000,000, in both taxable and nontaxable series**	Yes
	Other Matters for the Authority	No
	Public Comment	No

The physical location of the meeting is:
888 SW Fifth Avenue, Suite 1600, Portland, OR 97204
To attend by video conference:

https://tonkon.zoom.us/j/92356562039?pwd=OGtMRTJmQU55OWVTeFMvMzdDS2dPUT09

Meeting ID: 923 5656 2039
Passcode: 026188

To attend by teleconference, dial by your closest location then enter meeting ID and passcode:

888 SW Fifth Avenue, Suite 1600
Portland, OR 97204
Ph: (503) 802-5710, Fax: (503) 972-7410 ·
http://oregonfacilities.org/

(Tacoma) 253-215-8782 (Chicago) 312-626-6799, or (New York) 646-558-8656
Meeting ID: 923 5656 2039**; Passcode:** 026188

OFA helps nonprofit organizations access lower cost financing for capital projects by facilitating the issuance of tax exempt conduit revenue bonds.

WORKING AGENDA
OREGON FACILITIES AUTHORITY
February 12, 2024
888 SW Fifth Ave., Suite 1600, Portland, OR
And by Zoom conference and telephone (see below)
12:00 PM – 3:00 PM – OFA Business and Bond Applications

Tab	Discussion and Action	Time
1.	**Approval of Minutes of Meetings of January 8, 2024**	**12:05 – 12:10**
2.	**Consideration of MOU between OST and OFA 2024**	**12:10 -- 12:20**
3.	**Executive Director's Reports** *Bonding Report* *General Report* *Other Matters (Clackamas Middle College)*	**12:20 – 12:40**
4.	**Oregon Bond Calendar and Other Items** • *MLS Update for NAHEFFA* • *OFA Letter to Sarah Bittleman and Joshua Sheinkman dated 2-5-2024* • *Oregon Bond Calendar* • *Marathon Capital Strategies Markets Update* • *2023 Sustainability Recap* • *2023 Higher Ed Market Update* • *Editorial: BB Predictions Report dated 1-12-2024*	**12:40 – 12:55**

Meeting recess to change rooms

5.	**Consideration of Preliminary Approval for the application by St. Vincent de Paul for an OFA SNAP Loan in the approximate principal amount of $4,500,000**	**1:05 – 1:45**

We will hear from:

Applicant:	Brent Heller, Business Development Director, and Kristen Karle, Housing Development Director
Sponsoring Bank:	Ms. Patty Schulz, Banner Bank
SNAP Loan Counsel:	Ms. Carol McCoog, Hawkins, Delafield & Wood LLP
OFA Financial Advisor:	Mr. Kevin Quinn, First Tryon Advisors LLC
OFA Associate Executive Director:	Mr. Mick Harris

Possible action: ***Approval of Resolution 2024-04, granting Preliminary Approval to St. Vincent de Paul for an OFA SNAP Loan in the approximate principal amount of $4,500,000***

6.	**Consideration of Final Approval for the application by Portland Village School for a Traditional Bond in an aggregate aprincipal amount not to exceed $22,000,000, in both taxable and nontaxable series**	**1:45 – 2:30**

We will hear from:

Applicant:	Dr. Jenni Stackhouse, CEO, Mr. Doug Miller, CFO, and Mr. David Robertson, of Lewis Young Robertson & Burningham
Underwriter:	Mr. Matt DeAngelis, D.A. Davidson & Co.
Bond Counsel:	Mr. Michael Schrader, Orrick Herrington & Sutcliffe LLP
OFA Financial Advisor:	Mr. Kevin Quinn, First Tryon Advisors LLC
OFA Associate Executive Director:	Mr. Mick Harris

Possible action: ***Approval of Resolution 2024-05, granting Final Approval to Portland Village School for an OFA Traditional Bond in an aggregate principal amount not to exceed $22,000,000, in both taxable and nontaxable series, and recommending that the State Treasurer consider issuing the bonds***

Public Comment: <u>No Action Required</u> **2:30 – 2:45**
Other Matters for the Authority: <u>No Action Required</u> **2:45 – 3:00**

To attend by video conference:

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TAB 1

Oregon Facilities Authority
Board Meeting Minutes
January 8, 2024

A duly called meeting of the Board of Directors ("Board") of the Oregon Facilities Authority ("OFA" or the "Authority") was held on January 8, 2024, 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 also held by Zoom teleconference.

Board members participating in the meeting (via Zoom, unless otherwise indicated) were: Vice Chair, Andrea Zamora, Authority Members Kathleen Cornett, Eric Johansen, Erika Patton, and Erick Petersen. Ms. Patton served as Acting Vice Chair.

Participating in the meeting to assist the Authority (via Zoom, unless otherwise indicated) were: Gwendolyn Griffith (in person), Executive Director, Oregon Facilities Authority; Mick Harris (in person), Associate Executive Director, Oregon Facilities Authority; Michael Schrader and Douglas Goe (in person), of Orrick, Herrington & Sutcliffe LLP, Lead Bond Counsel; Carol McCoog (in person), of Hawkins Delafield & Wood LLP, SNAP Loan and Special Bond Counsel; Kevin Quinn, of First Tryon Advisors, Financial Advisor to the Authority; Kottur Vasanth, of the Office of the State Treasurer ("OST"); and Senior Assistant Attorney General Sam Zeigler, of the Oregon Department of Justice.

Vice Chair Andrea Zamora called the meeting to order at 12:03 p.m.

Approval of Minutes

The minutes of the meetings of October 16, 2023, and November 13, 2023, were unanimously approved.

Executive Director Report

The Board's attention was directed to the Bonding Report and the General Report, both of which were included in the Agenda Book.

At Ms. Griffith's request, Mr. Schrader described the recent closing of the City View Charter School transaction, relaying that the Borrower and Purchaser are pleased with the outcome of the transaction.

Ms. Griffith updated the Board on a transaction with Portland Village Charter School, a previous Applicant that returned to OFA after solidifying their financing terms. She then inquired about the status of the transaction proposed by Clackamas

Middle College ("CMC"). Mr. Schrader explained that CMC intends to return to OFA in 2024 to revisit a possible transaction.

Ms. Griffith provided an update regarding the status of the Middle Income Workforce Housing funding provided by HB 2001 (2023). She is working with OST for access to funds. Lastly, Ms. Griffith provided a marketing update, including a schedule for information sessions to be held in Salem, Eugene, Medford, and Astoria in 2024, as well as a Board meeting to be held in Eugene in April 2024.

Election of Officers

Ms. Griffith reminded the Board that officers serve for one calendar year, and an officer may serve for two consecutive terms. Mr. Kim has served for two terms and is term limited. Ms. Trenner is willing to serve as Chair and Ms. Cornett is willing to serve as Vice Chair.

After discussion, Mr. Johansen moved to elect Ms. Trenner and Ms. Cornett as Chair and Vice-Chair, respectively, for 2024. Mr. Petersen seconded the motion. All Board members voted in favor of the motion, and it was unanimously approved. Ms. Griffith thanked Ms. Trenner and Ms. Cornett for their willingness to serve.

Update on Market Conditions

Mr. Quinn presented on market conditions, stating that the rates on 10-year treasury bonds have fallen 60 to 70 basis points since October 2023. He believes the Federal Reserve will begin reducing prime interest rates in spring 2024. He stated that the bank market is robust, despite higher interest rates. Mr. Goe provided an update on transactions in the health care and higher education sectors, underscoring that higher education institutions are grappling with reduced enrollment and health care institutions are seeking opportunities to consolidate. He projects that health care transactions will increase in 2024. Mr. Goe also discussed the status of senior living transactions, explaining that certain entities, such as Pacific Retirement Services, continue pursing transactions in a number of states, despite the negative impact of increased real estate prices and higher interest rates.

Ms. McCoog also shared her perspectives on current market conditions, stating that greater volatility has led to an increase in refinancings, while stabilized interest rates have led to increased deal flow.

Following discussion the Board took a brief recess and reconvened at approximately 1:00 p.m. Ms. Zamora asked if there were any conflicts of interest to declare and declared her own conflict of interest in the application by Waterfall Clinic, Inc., dba Waterfall Community Health Center ("Waterfall Clinic") resulting from her employment at Waterfall Clinic.

<u>Consideration of Final Approval for the application by YMCA of the Columbia-Willamette for an OFA Traditional Bond in the aggregate principal amount not to exceed $6,060,000</u>

Mr. Tyler Wright (in person), President and CEO, and Ms. Jennifer Hurder (in person), Vice President of Finance, appeared on behalf of the Applicant. Ms. Charmin Shiely, of Schwabe Williamson & Wyatt, Counsel, and Mr. Jedidiah Womack, of Wells Fargo, Vice President, appeared to assist with the presentation.

Mr. Wright and Ms. Hurder provided a general update on the transaction, which consists of three components: (i) the acquisition and improvement of the Sherwood Regional Family YMCA facility in Sherwood, Oregon (which the Applicant has been managing for 30 years); (ii) improvements to the Beaverton Family & Southeast Family YMCA Facility in Beaverton, Oregon; and (iii) the refinancing of a debt obligation in connection with the YMCA Camp Collins facility in Gresham, Oregon.

Mr. Womack reviewed the terms of the loan. If it were to close in January, the rate would be approximately 5.14%, a reduction in rate from December. The rate will be fixed for seven years, which is the initial term of the loan. He observed that the Applicant has "plenty of cash flow" to meet (and exceed) the 1.2 DSCR.

The Financial Advisor's report is included in the materials. Mr. Quinn highlighted the key points of the transaction, including that the loan will be supported by a revenue pledge from the Applicant and a mortgage on the facilities. The expected interest rate is around 5.1% and the loan has a seven year term with a 20-year amortization. The required debt service coverage ratio is 1.2 and the Applicant will be required to maintain $500,000 in liquidity, measured semi-annually. Mr. Quinn observed that the Applicant has much more than that in available liquid funds. Mr. Quinn acknowledged the Applicant's efforts to compare multiple lenders before settling on Wells Fargo. Mr. Quinn recommended the transaction for final approval.

Bond Counsel's report is included in the materials. Ms. McCoog thanked the parties for their efforts in moving the transaction toward closing. She confirmed that Hawkins completed its due diligence and the transaction documents are substantially final. Ms. Shiely explained that the Applicant is engaged in easement negotiations with the City of Sherwood and the transaction will likely close in February or March. Ms. McCoog recommended the transaction for final approval.

The Associate Executive Director's report is included in the materials. Mr. Harris reviewed the transaction, and noted that this was the Applicant's third OFA financing. He thanked the parties for working diligently to finalize the transaction documents. He reported that the TEFRA hearing received no public comments. He asked the parties to keep OFA informed regarding the closing timeline. Mr. Harris recommended the transaction for final approval.

Mr. Vasanth had no comments on the transaction.

After discussion, Mr. Johansen moved that the Authority adopt Resolution 2024-01, granting Final Approval to YMCA of the Columbia-Willamette, for an OFA Traditional Bond in the aggregate principal amount not to exceed $6,060,000 and requesting that the State Treasurer consider issuing the bond. Ms. Cornett seconded the motion, and Resolution 2024-01 was unanimously approved.

<u>Consideration of Final Approval for the application by Waterfall Clinic for an OFA SNAP Loan in a maximum principal amount of $3,311,950</u>

Ms. Zamora recused herself from the Board's consideration of the transaction, citing a conflict of interest. Mr. Johansen agreed to serve as presiding officer for the remainder of the meeting. Ms. Zamora did not participate in this portion of the meeting.

Ms. Jamie Burrows, Controller, appeared on behalf of the Applicant. Ms. Sammie Arzie of Banner Bank, the Sponsoring Bank, appeared to assist with the discussion. Ms. Burrows reviewed the transaction, emphasizing the closing process and details regarding the Applicant's ongoing obligations after closing. Ms. Arzie described the loan terms, which include a 10 year initial term and 25-year amortization. The DSCR is 1.25 and the Applicant is required to have 90 days cash-on-hand, measured semi-annually. The loan will be secured by the property and by a revenue pledge. The interest rate was fixed through January at 5.66%. The Applicant is expecting a January 22 closing.

The Financial Advisor's report is included in the materials. Mr. Quinn discussed the transaction terms, stating that he believed they were favorable and consistent with the terms discussed at the preliminary approval stage. Mr. Quinn recommended the transaction for final approval.

SNAP Loan Counsel's report is included in the materials. Ms. McCoog reported that Hawkins completed its due diligence on the transaction and allocated costs between taxable and tax-exempt uses. She reported that the transaction documents are substantially final and the parties are planning to close in late January. Ms. McCoog recommended the transaction for final approval.

The Associate Executive Director's report is included in the materials. Mr. Harris reviewed the transaction, emphasizing the critical mental health services that the Applicant provides in its community. He reported that no public comments were made during the Applicant's TEFRA hearing. Mr. Harris recommended the transaction for final approval.

Mr. Vasanth had no comments on the transaction.

After discussion, Ms. Patton moved that the Authority adopt Resolution 2024-02, granting Final Approval to Waterfall Clinic, Inc. for an OFA SNAP Loan in a maximum principal amount of $3,311,950 and recommending that the State Treasurer consider closing the SNAP Loan. Mr. Petersen seconded the motion, and Resolution 2024-02 was unanimously approved, with Ms. Zamora abstaining from the vote.

Mr. Johansen returned the gavel to Ms. Zamora.

<u>Consideration of Preliminary Approval for the application by Portland Village School for a Traditional Bond in the approximate aggregate principal amount of $20,485,000, in both taxable and nontaxable series</u>

Dr. Jennifer Stackhouse, Executive Director, and Mr. Ian Terrell, Board President, appeared on behalf of the Applicant. Mr. David Robertson of Lewis Young Robertson & Birmingham, Financial Advisor to the Applicant, Courtney Dausz of Mersereau Shannon LLP, Counsel to the Applicant, and Matthew DeAngelis, Managing Director of D.A. Davidson, the underwriter, appeared to assist with the presentation. The Applicant's presentation deck is available upon request.

Dr. Stackhouse presented on the Applicant's mission and history. The Applicant provides Waldorf education to approximately 420 students in grades K-8. The Project is the refinancing of a loan that was used for the acquisition and renovation of a new facility for the School.

Mr. Robertson explained that the Applicant had borrowed (on a taxable basis) the amounts needed to acquire and remodel the property and was now seeking to refinancing that loan in an offering to qualified institutional investors. In that process, it negotiated a lower purchase price for the building. The outstanding loan has a one-year maturity and therefore it is critical for the Applicant to be able to refinance this in the tax-exempt market. The Applicant anticipates a March, 2024 closing.

Bond Counsel's report is included in the materials. Mr. Schrader discussed the transaction history, explaining that the Applicant originally sought OFA financing in 2023, but decided to defer the transaction due to misalignment between the Project timeline and the financing timeline. Those issues have now been resolved. He summarized the new transaction, explaining that it is structured as a limited offering to qualified institutional buyers. He explained that the draft documents for the previous transaction could be updated for the new transaction. A new TEFRA hearing will be required. Mr. Schrader recommended the transaction for preliminary approval.

The Financial Advisor's report is included in the materials. Mr. Quinn summarized the transaction, emphasizing that this is a "projection-based financing," which makes the success of the Project sensitive to a variety of factors. The Applicant must provide additional financial information (revenues, operating expenses, and constructions expenses, for example) in order for the Financial Advisor to properly analyze the Application. He stressed that the School's financial projections show tight operating margins and static revenue generation, in large part due to an enrollment cap of 440 students. Mr. Quinn recommended the transaction for preliminary approval.

The Associate Executive Director's report is included in the materials. Mr. Harris thanked the Applicant for its presentation. He emphasized that in order for the Board to consider the transaction for final approval, it will be important for the Applicant to provide significant financial information to OFA and First Tyron in a timely fashion. Mr. Harris recommended the transaction for preliminary approval.

Mr. Vasanth asked the Applicant team to discuss the anticipated bond structure. Mr. Robertson explains that although the exact terms will be subject to negotiation with prospective investors, the hope is for a fixed interest rate, with traditional bond terms (no puts or other quirks).

Ms. Griffith asked the Applicant team to discuss the recent union organizing efforts among the teachers at the School. Dr. Stackhouse explained that paperwork for a union was filed in December, but to her knowledge, nothing further has developed.

The Board engaged in a robust discussion regarding the risks associated with the transaction, focusing on the Applicant's thin revenue margins and the impacts of unforeseen disruptions.

After discussion, Mr. Johansen moved that the Authority adopt Resolution 2024-03, granting Preliminary Approval to Portland Village School for an OFA Traditional Bond in an approximate aggregate principal amount of $20,485,000, in both taxable and nontaxable series. Ms. Cornett seconded the motion and the Board approved the motion unanimously.

There being no further business before the Board, Ms. Zamora adjourned the meeting at 2:32 p.m.

Gwendolyn Griffith, Executive Director	Andrea Zamora, Acting Chair

TAB 2

OREGON STATE TREASURY

Tobias Read
Oregon State Treasurer

Michael Kaplan
Deputy State Treasurer

January 25, 2024

Memorandum

From: Jaime Alvarez, Director
Debt Management Division

To: Gwen Griffith, Executive Director
Oregon Facilities Authority

Re: Memorandum of Understanding (MOU) between Oregon Facilities Authority (OFA) and the Office of the State Treasurer (OST)

We have completed our review of FY23 time and costs involved in providing various accounting and other administrative oversight services to OFA. Effective January 1, 2024, the administrative fee charged to OFA will be Four Thousand ($4,000) per month for calendar year 2024.

This MOU has an expiration date of December 31, 2024, at which time OST will review and evaluate the administrative fee for the next calendar year. However, the parties to this MOU may terminate it by mutual consent with written notice of such termination.

IN WITNESS WHEREOF, Oregon State Treasury and the Oregon Facilities Authority, acting through their duly authorized representatives, executed this MOU as of the date set forth above.

OREGON STATE TREASURY	**OREGON FACILITIES AUTHORITY**
______________________________	______________________________
JAIME ALVAREZ **DIRECTOR, DEBT MANAGEMENT DIVISION**	**GWEN GRIFFITH** **EXECUTIVE DIRECTOR**

Cc: Kottur Vasanth, Sr. Debt Analyst

TAB 3

OREGON FACILITIES AUTHORITY
Gwen Griffith
Executive Director

MEMORANDUM

To:	Andrea Trenner, Chair Kathleen Cornett, Vice-Chair Roy Kim, Authority Member Sean Hubert, Authority Member Eric Johansen, Authority Member Erika Patton, Authority Member Erick Petersen, Authority Member
From:	Gwendolyn Griffith
Date:	February 12, 2024
Subject:	Executive Director's Bonding Report as of January 31, 2024

REPORT ON PENDING APPLICATIONS

Applicant/Type	Amount Requested
Clackamas Middle College (T)	$ 4,000,000
YMCA of the Columbia-Willamette (T)	$ 7,100,000
Portland Village Charter School (T)	$ 22,000,000

STATUS OF BONDING AUTHORITY – 2023-2025 Biennium

Summary of 2023-2025 Biennium Financing:

Total Authorized by Legislature	$1,000,000,000.00
Total Utilized	- 61,075,000.00
Unused Balance	$ 938,925,000.00

BIENNIUM ALLOCATION—ANNUAL SESSIONS: For the 2023-2025 biennium, the Legislature allocated $1 billion for OFA's issuance.

PRIVATE ACTIVITY BOND ALLOCATION: No private activity bond allocation was made to OFA for this biennium. If OFA needs allocation, the Executive Director will apply to the PAB Committee and the committee may allocate PAB to OFA. However, PAB allocation is scarce this biennium.

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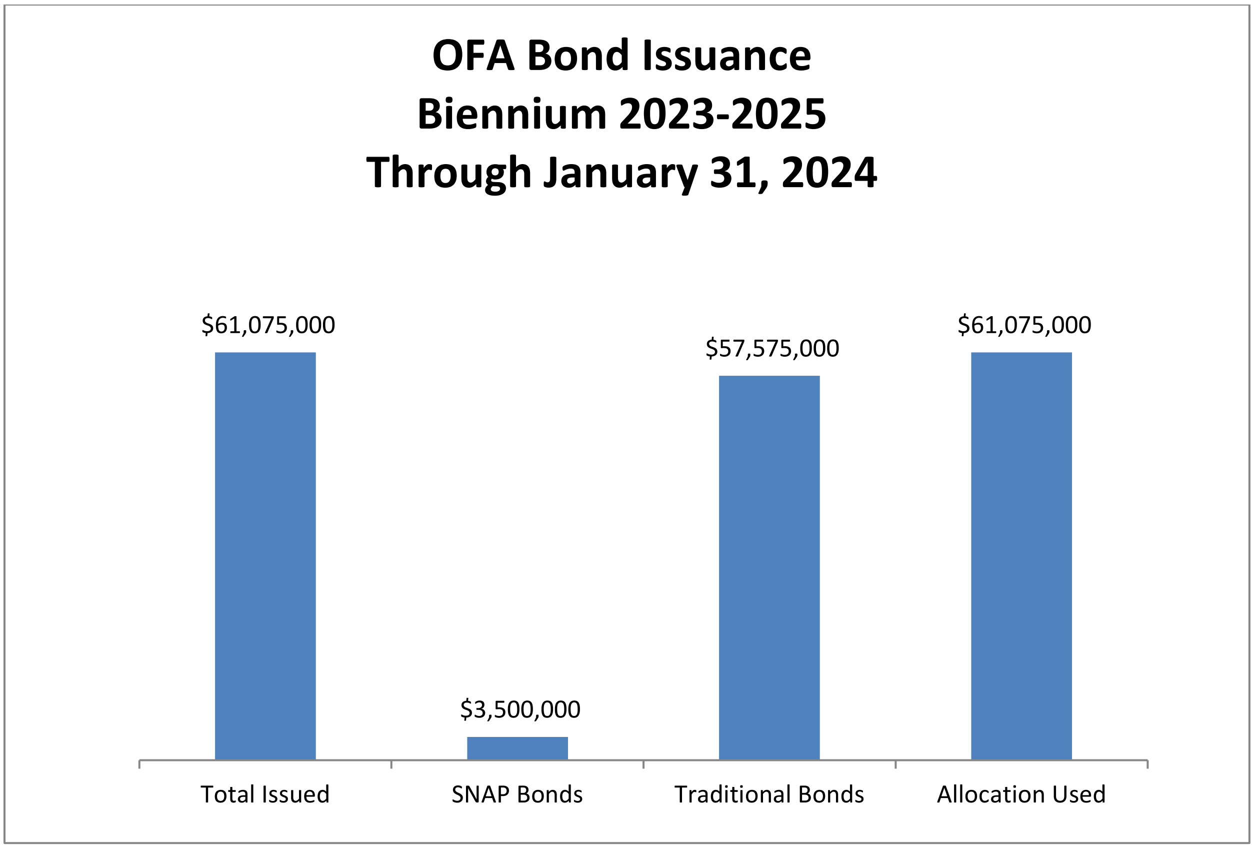
CLOSED TRANSACTIONS 2023-2025

Nonprofit Organization	Issued Amount	Allocation Used
Waterfall Clinic, Inc. (SNAP)	$ 3,500,000	$ 3,500,000
City View Charter School	$ 19,575,000	$ 19,575,000
Centurion Foundation, Inc.	$ 38,000,000	$ 38,000,000
Total:	**$ 61,075,000**	**$ 61,075,000**



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OREGON FACILITIES AUTHORITY
Gwendolyn Griffith
Executive Director

MEMORANDUM

To: Andrea Zamora, Chair
Kathleen Cornett, Vice Chair
Roy Kim, Authority Member
Sean Hubert, Authority Member
Eric Johansen, Authority Member
Erika Patton, Authority Member
Erick Petersen, Authority Member

From: Gwendolyn Griffith

Date: February 7, 2024

Subject: Executive Director's General Report

Transactions

Closed Transactions:	**Waterfall Clinic (S)**
Pending Transactions:	**Clackamas Middle College (T)** **YMCA of the Columbia-Willamette (T)** **Portland Village Charter School (T)**
New Applications:	**St. Vincent de Paul (S)**

Ms. McCoog will report on the closing of the Waterfall transaction.

Federal Legislative Update

I have included in the materials in Tab "Oregon Bond Calendar and Other Matters" a report from NAHEFFA's governmental affairs firm and a letter written by Eric Johansen regarding possible legislation. I have asked our lead bond counsel to give us some color commentary on the legislation and let our other advisors know that they are also welcome to comment. (NAHEFFA is the national association of conduit issuers for education and health-related nonprofits. OFA is a member.)

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Advisory Firms' Reports

From time to time, OFA receives reports from various advisory firms (not necessarily OFA's advisors) with updates on selected aspects of the tax-exempt market and nonprofit conduit issuance. These missives tend to increase in number and volume around the turn of the year. I have included several of these reports in the Tab "Oregon Bond Calendar and Other Matters."

If you would like more information about these or other topics, please let me know.

Speaking of More Information….

In the past, I have organized educational presentations for the Board on various topics relevant to OFA's conduit program. We schedule these presentations periodically during the year. These presentations supported a deeper dive into concepts that the Board frequently encounters, but perhaps are not fully explained while considering specific bonds.

For example, topics have or could include:

- Legal Requirements for OFA's 501(c)(3) Bonds: Federal and State
- Overview of OFA's Administrative Rules and the Waiver Process
- Bond Counsel Due Diligence for Applicants: What, How and For Whom?
- *Who Does What* in an OFA Transaction?
    - OST's Role
    - Bond Counsel's Role
    - The Financial Advisor's Role
    - The Executive Director Role—what happens "behind the scenes"
    - Purchasing Banks' Role –Traditional and SNAP
    - The Underwriter's Role – Traditional Bonds
- The Role of a Trustee for Traditional Bonds (and why SNAP Loans don't have one)
- "Bond Therapy"—what happens if a Traditional Bond or SNAP Loan experiences "issues"?

I can arrange a presentation on <u>any topic in which the Board has an interest</u> including more esoteric topics such as swaps, post-issuance compliance, or the roles of underwriters or placement agents (and the differences between them).

At the meeting, I will be asking the Board if a series of presentations is of interest and if so, what topics seem most appealing.

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Middle Income Housing Loans Project

We are receiving phone calls and emails from prospective program participants about the timing of our implementation of this program. As a reminder, the Legislature intended that the loan funds be deployed prior to June 30, 2025.

At the January meeting, I reported that we are working with OST regarding funds allocated to OST for oversight and administration of the program. (It is a mystery to me how legislatively allocated funds make their way into the State Treasury.) Once those are in hand at OST, there will be a discussion about allocation between OST and OFA. At that point, it will be time to create administrative rules in accordance with the report approved by the Board at the September 2023 meeting, and launch the program.

Marketing

OFA has updated its website. Please review at https://oregonfacilities.org/ and direct your questions, comments, or concerns to Mick Harris at ofa.mick@tonkon.com.

As you may recall, we discussed having four out of town meetings. Here are the proposed dates (these may change, depending on location availability):

Info Session	**Salem**	**(March 19)**
Board Mtg & Info Session	**Eugene**	**(April 16)**
Info Session	**Medford**	**(May 13)**
Info Session	**Astoria**	**(June 3)**

Board Members are welcome at all Info Sessions; in fact, Board Members are very helpful in helping connect OFA with the nonprofits that join us for the meeting. We will be working on locations in which to hold these meetings and doing outreach to organizations and people in these cities. **If you have contacts that we should include, please let Theresa DeGrandpre know:** ofa.theresa@tonkon.com

Financial

Attached to this report are financial statements for October, November, & December, 2023. Here is a snapshot of results for these months of the fiscal year. Highlighted sections = new information.

You may notice that the report shows that the grand total of December's expenses is $21.00. This is because we have not yet processed the invoices for the DOJ, OST or Tonkon Torp.

Month 2023-24	End of Month Cash Balance	Month's Actual Results (Favorable) or Unfavorable to YTD Budget	Bond Transactions Closed
December	$691,073.19	($45,971.60)	1
November	$648,868.65	($6,411.50)	0
October	$646,223.65	($2,779.06)	1
Sept	$677,445.58	$9,082.04	0
August	$671,528.04	($846.36)	0
July	$690,721.05	($8,445.46)	0

The OFA financial information is provided by OST. OFA generally reports on a cash method: revenue is booked when received, and expenses are booked when paid. The exception to that is at the end of the fiscal year in June of each year. At that time, most of the income and expenses attributable to the fiscal year then ending are allocated to that year, even if paid in the new fiscal year.

Attachments:

- OFA Income and Expense Reports for October, November, & December, 2023.

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Income and Expense Report

Item	Detail	Annual Budget	Month Budget	Month Actual	Difference	Year to Date Budget	Year to Date Actual	Difference
Income								
Interest Income		$4,200.00	$350.00	$2,962.87	$2,612.87	$1,400.00	$10,535.53	$9,135.53
Application Fees	YMCA	$3,500.00	$291.67	$500.00	$208.33	$1,166.67	$1,500.00	$333.33
Closing: Reg. Bond	Centurion	$120,000.00	$10,000.00	$49,000.00	$39,000.00	$40,000.00	$49,000.00	$9,000.00
Closing: SNAP Bond		$65,000.00	$5,416.67	$0.00	-$5,416.67	$21,666.67	$0.00	-$21,666.67
Pre-Development Loans Proj.		$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Total Income		**$192,700.00**	**$16,058.33**	**$52,462.87**	**$36,404.54**	**$64,233.33**	**$61,035.53**	**-$3,197.80**
Expenses								
Executive Director	NCHFFA; May, June, July, August Invoices	$160,000.00	$13,333.33	$67,245.00	$53,911.67	$53,333.33	$67,245.00	$13,911.67
Financial Advisor		$11,000.00	$916.67	$0.00	-$916.67	$3,666.67	$850.00	-$2,816.67
Bond Counsel Projects		$12,000.00	$1,000.00	$0.00	-$1,000.00	$4,000.00	$0.00	-$4,000.00
Department Justice		$4,000.00	$333.33	$0.00	-$333.33	$1,333.33	$1,114.30	-$219.03
Board Travel and Expenses		$5,000.00	$416.67	$841.15	$424.48	$1,666.67	$1,267.71	-$398.96
Extranet		$200.00	$16.67	$0.00	-$16.67	$66.67	$0.00	-$66.67
Website		$500.00	$41.67	$60.00	$18.33	$166.67	$60.00	-$106.67
Oregon State Treasurer		$38,500.00	$3,208.33	$0.00	-$3,208.33	$12,833.33	$12,000.00	-$833.33
Dept. of Admin. Services		$100.00	$8.33	$0.00	-$8.33	$33.33	$25.40	-$7.93
Association Dues and Pub	NCHFFA credit	$3,000.00	$250.00	-$3,250.00	-$3,500.00	$1,000.00	-$3,250.00	-$4,250.00
Postage		$700.00	$58.33	$279.55	$221.22	$233.33	$279.55	$46.22
Printing/Copying		$500.00	$41.67	$27.00	-$14.67	$166.67	$2,109.50	$1,942.83
Phone		$100.00	$8.33	$0.00	-$8.33	$33.33	$0.00	-$33.33
Banking		$150.00	$12.50	$21.10	$8.60	$50.00	$54.10	$4.10
Outreach/Legislative		$35,000.00	$2,916.67	$0.00	-$2,916.67	$11,666.67	$0.00	-$11,666.67
Post Issuance Compliance		$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Other		$500.00	$41.67	$0.00	-$41.67	$166.67	$2,596.36	$2,429.69
Pre-Development Loans Proj.		$0.00	$0.00	$5,646.00	$5,646.00	$0.00	$5,646.00	$5,646.00
Total Expenses		**$271,250.00**	**$22,604.17**	**$70,869.80**	**$48,265.63**	**$90,416.67**	**$89,997.92**	**-$418.75**
Net Cash		**-$78,550.00**	**-$6,545.83**	**-$18,406.93**	**-$11,861.10**	**-$26,183.33**	**-$28,962.39**	**-$2,779.06**

Cash Balance

10/1/2023	**$677,445.58**
10/31/2023	**$646,223.65**

Information provided by OST

Net from investments	**$2,962.87**
Net from operations	**($21,369.80)**
End of 2022-2023 Fiscal Year Cash Balance per OST	**$691,244.41**

Prepared by: Gwendolyn Griffith

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Income and Expense Report

Item	Detail	Annual Budget	Month Budget	Month Actual	Difference	Year to Date Budget	Year to Date Actual	Difference
Income								
Interest Income		$4,200.00	$350.00	$2,655.72	$2,305.72	$1,750.00	$13,191.25	$11,441.25
Application Fees		$3,500.00	$291.67	$0.00	-$291.67	$1,458.33	$1,500.00	$41.67
Closing: Reg. Bond		$120,000.00	$10,000.00	$0.00	-$10,000.00	$50,000.00	$49,000.00	-$1,000.00
Closing: SNAP Bond		$65,000.00	$5,416.67	$0.00	-$5,416.67	$27,083.33	$0.00	-$27,083.33
Pre-Development Loan Proj.		$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Total Income		**$192,700.00**	**$16,058.33**	**$2,655.72**	**-$13,402.61**	**$80,291.67**	**$63,691.25**	**-$16,600.42**
Expenses								
Executive Director		$160,000.00	$13,333.33	$0.00	-$13,333.33	$66,666.67	$67,245.00	$578.33
Financial Advisor		$11,000.00	$916.67	$0.00	-$916.67	$4,583.33	$850.00	-$3,733.33
Bond Counsel Projects		$12,000.00	$1,000.00	$0.00	-$1,000.00	$5,000.00	$0.00	-$5,000.00
Department Justice		$4,000.00	$333.33	$0.00	-$333.33	$1,666.67	$1,114.30	-$552.37
Board Travel and Expenses		$5,000.00	$416.67	$0.00	-$416.67	$2,083.33	$1,267.71	-$815.62
Extranet		$200.00	$16.67	$0.00	-$16.67	$83.33	$0.00	-$83.33
Website		$500.00	$41.67	$0.00	-$41.67	$208.33	$60.00	-$148.33
Oregon State Treasurer		$38,500.00	$3,208.33	$0.00	-$3,208.33	$16,041.67	$12,000.00	-$4,041.67
Dept. of Admin. Services		$100.00	$8.33	$0.00	-$8.33	$41.67	$25.40	-$16.27
Association Dues and Pub		$3,000.00	$250.00	$0.00	-$250.00	$1,250.00	-$3,250.00	-$4,500.00
Postage		$700.00	$58.33	$0.00	-$58.33	$291.67	$279.55	-$12.12
Printing/Copying		$500.00	$41.67	$0.00	-$41.67	$208.33	$2,109.50	$1,901.17
Phone		$100.00	$8.33	$0.00	-$8.33	$41.67	$0.00	-$41.67
Banking		$150.00	$12.50	$11.00	-$1.50	$62.50	$65.10	$2.60
Outreach/Legislative		$35,000.00	$2,916.67	$0.00	-$2,916.67	$14,583.33	$0.00	-$14,583.33
Post Issuance Compliance		$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Other		$500.00	$41.67	$0.00	-$41.67	$208.33	$2,596.36	$2,388.03
Pre-Development Loans Proj.		$0.00	$0.00	$0.00	$0.00	$0.00	$5,646.00	$5,646.00
Total Expenses		**$271,250.00**	**$22,604.17**	**$11.00**	**-$22,593.17**	**$113,020.83**	**$90,008.92**	**-$23,011.91**
Net Cash		**-$78,550.00**	**-$6,545.83**	**$2,644.72**	**$9,190.55**	**-$32,729.17**	**-$26,317.67**	**$6,411.50**

Cash Balance	
11/1/2023	$646,223.65
11/30/2023	$648,868.37

Information provided by OST

Net from investments	$2,655.72
Net from operations	($11.00)
End of 2022-2023 Fiscal Year Cash Balance per OST	$691,244.41

Prepared by: Gwendolyn Griffith

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Income and Expense Report

Item	Detail	Annual Budget	Month Budget	Month Actual	Difference	Year to Date Budget	Year to Date Actual	Difference
Income								
Interest Income		$4,200.00	$350.00	$2,863.31	$2,513.31	$1,750.00	$13,398.84	$11,648.84
Application Fees		$3,500.00	$291.67	$0.00	-$291.67	$1,458.33	$1,500.00	$41.67
Closing: Reg. Bond	City View Charter School	$120,000.00	$10,000.00	$39,362.51	$29,362.51	$50,000.00	$88,362.51	$38,362.51
Closing: SNAP Bond		$65,000.00	$5,416.67		-$5,416.67	$27,083.33	$0.00	-$27,083.33
Pre-Development Loan Proj.		$0.00	$0.00		$0.00	$0.00	$0.00	$0.00
Total Income		**$192,700.00**	**$16,058.33**	**$42,225.82**	**$26,167.49**	**$80,291.67**	**$103,261.35**	**$22,969.68**
Expenses								
Executive Director		$160,000.00	$13,333.33		-$13,333.33	$66,666.67	$67,245.00	$578.33
Financial Advisor		$11,000.00	$916.67		-$916.67	$4,583.33	$850.00	-$3,733.33
Bond Counsel Projects		$12,000.00	$1,000.00		-$1,000.00	$5,000.00	$0.00	-$5,000.00
Department Justice		$4,000.00	$333.33		-$333.33	$1,666.67	$1,114.30	-$552.37
Board Travel and Expenses		$5,000.00	$416.67		-$416.67	$2,083.33	$1,267.71	-$815.62
Extranet		$200.00	$16.67		-$16.67	$83.33	$0.00	-$83.33
Website		$500.00	$41.67		-$41.67	$208.33	$60.00	-$148.33
Oregon State Treasurer		$38,500.00	$3,208.33		-$3,208.33	$16,041.67	$12,000.00	-$4,041.67
Dept. of Admin. Services		$100.00	$8.33		-$8.33	$41.67	$25.40	-$16.27
Association Dues and Pub		$3,000.00	$250.00		-$250.00	$1,250.00	-$3,250.00	-$4,500.00
Postage		$700.00	$58.33		-$58.33	$291.67	$279.55	-$12.12
Printing/Copying		$500.00	$41.67		-$41.67	$208.33	$2,109.50	$1,901.17
Phone		$100.00	$8.33		-$8.33	$41.67	$0.00	-$41.67
Banking		$150.00	$12.50	$21.00	$8.50	$62.50	$75.10	$12.60
Outreach/Legislative		$35,000.00	$2,916.67		-$2,916.67	$14,583.33	$0.00	-$14,583.33
Post Issuance Compliance		$0.00	$0.00		$0.00	$0.00	$0.00	$0.00
Other		$500.00	$41.67		-$41.67	$208.33	$2,596.36	$2,388.03
Pre-Development Loans Proj.		$0.00	$0.00		$0.00	$0.00	$5,646.00	$5,646.00
Total Expenses		**$271,250.00**	**$22,604.17**	**$21.00**	**-$22,583.17**	**$113,020.83**	**$90,018.92**	**-$23,001.91**
Net Cash		**-$78,550.00**	**-$6,545.83**	**$42,204.82**	**$48,750.65**	**-$32,729.17**	**$13,242.43**	**$45,971.60**

Cash Balance	
12/1/2023	**$648,868.37**
11/30/2023	**$691,073.19**

Information provided by OST

Net from investments	**$2,863.31**
Net from operations	**$39,341.51**
End of 2022-2023 Fiscal Year Cash Balance per OST	**$691,244.41**

Prepared by: Gwendolyn Griffith

TAB 4

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Please find below two updates for NAHEFFA members from ML Strategies:

1) a report on a Senate Budget Committee hearing on "Investing in the Future: Safeguarding Municipal Bonds from Climate Risk"; and
2) an update on a newly announced tax agreement with impact for tax-exempt bond financing for low-income housing.

ML STRATEGIES HEARING COVERAGE

Senate Committee on the Budget
Investing in the Future: Safeguarding Municipal Bonds from Climate Risk
Wednesday, January 10, 2024 – 10:00 AM
An archived recording of the hearing is available Online

Purpose
To discuss the budgetary and fiscal crisis facing the nation as climate change risks American investments and the municipal bond market.

Members Present
Chairman Sheldon Whitehouse (D-RI), Ranking Member Chuck Grassley (R-IA), and Senators Tim Kaine (D-VA), Ron Johnson (R-WI), Alex Padilla (D-CA), Jeff Merkley (D-OR), John Kennedy (R-LA), and Mike Braun (R-IN).

Witnesses (click link for written testimony)
1. **Thomas G. Doe**, President and Founder, Municipal Market Analytics
2. **Megan N. Kilgor**, City Auditor, Columbus, Ohio
3. **Dr. Chris Hartshorn**, Advisor, Zeus AI
4. **Dr. Matthew Kahn**, Provost Professor of Economics and Spatial Sciences, University Of Southern California
5. **Dr. Eric Leeper**, Paul Goodloe McIntire Professor in Economics, University Of Virginia

Key Areas of Focus

Municipal Bond Market

- **Senator Merkley (D-OR)** asked whether towns looking to issue a municipal bond must pay a higher interest rate, particularly after climate-related damages. **Dr. Hartshorn** stated this is a possibility depending on how the market perceives the risk.

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- **Senator Merkley (D-OR)** asked for an example on how broadening the definition of municipal bond tax exemption for projects that reach specific climate metrics would work within a city. **Ms. Kilgor** stated that this would assist local governments who lack technical capacity, internal human capacity, or opportunity because of constrained resources to get projects funded. She suggested to help these governments creatively receive the tools to move projects forward. **Senator Merkley** asked about the type of metrics that would be used. **Ms. Kilgor** gave the example that the reduction of carbon dioxide would be a useful metric and that there are many prior examples of water and sewer metric efforts across the country to mimic.
- **Senator Kennedy (R-LA)** asked at what point climate change would cause interest rates on municipal bonds to rise to the point that the rates would be prohibitive. **Mr. Doe** believes within the next 10-20 years. **Senator Kennedy** asked what Congress should do in preparation for the increased rates. **Mr. Doe** stated that Congress and local governments need to identify where infrastructure is most vulnerable to weather events and appropriate funds to modernize this infrastructure.

Federal Debt Crisis

- **Ranking Member Grassley (R-IA**) asked about the impact of ESG policies and the Democratic climate agenda to spend billions on climate change despite the national debt. **Dr. Leeper** stated that there needs to be a sustained increase in spending levels, which cannot be done by borrowing money. He stated that the government needs to consider pre-financing climate change spending to reach sustained increases.
- **Senator Johnson (R-WI**) asked what a debt crisis in the United States would look like. **Dr. Leeper** stated that a debt crisis in the U.S. would first manifest as a very high inflation rate as the bonds and repayment promises are denominated in dollars. **Senator Johnson** asked how such a crisis would impact interest rates. **Dr. Leeper** stated that interest rates will follow the inflation rate. He stated that the government cannot rely on the Federal Reserve alone to get inflation under control because it’s a fiscal and monetary phenomenon.
- **Senator Braun (R-IN)** asked whether the institutional behavior towards the national debt crisis is a big threat. **Mr. Doe** stated that the federal debt crisis is putting significant risk on the U.S. and global economies. However, he stated that, over the past 20 years within the municipal bond market, the average issuance has remained steady at $400 billion. He stated that credit must be given to state and local government ability to show restraint even with borrowing capacity.

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State and Local Government Improvements

- **Ranking Member Grassley (R-IA**) asked how cities can help themselves mitigate risk and adapt to climate change without relying on more federal spending. **Dr. Kahn** stated that every city needs to conduct check-ups, be aware of emerging threats, and meet with engineers to identify cost-effective solutions to mitigate challenges. He highlighted the importance of fiscal discipline in using the city's funds to consider strategies, adapt to challenges, and speak to insurers and bond buyers to participate in the municipal finance markets effectively.
- **Senator Kaine (D-VA)** asked how climate change's negative impact on cities receiving property taxes as a primary revenue source affects the region's ability to go into the bond market and finance projects necessary for improving quality of life. **Ms. Kilgor** stated that the capital plan would be significantly constrained if a region has a tight or downward-trending revenue stream. Projects planned for several years out will fall victim to immediate everyday needs such as repaving streets.

Federal Government Improvements

- **Chairman Whitehouse (D-RI)** asked about Federal Insurance and Mitigation Administration (FIMA) funding and the ability to contemplate total risk. **Mr. Doe** stated that one of the challenges ratings agencies are facing is that the rating outlook is around 2-3 years in advance. Unfortunately, these ratings do not consider long-term impacts for investors.
- **Chairman Whitehouse (D-RI)** asked whether emissions from the combustion of fossil fuels amount to a negative economic externality that needs to be priced into the underlying product. **Dr. Kahn** stated that he supports a carbon tax and the idea of people internalizing the social costs of their actions. However, there is concern that if the U.S. is the only country to adopt a carbon tax, it will have little effect because fossil fuel combustion is a global externality.
- **Senator Merkley (D-OR)** asked about the impact of ESG policies. **Mr. Doe** stated that ESG policies have hindered positive responses for funding projects to mitigate climate risk and adaptation risks in states such as Oklahoma and Texas.
- **Senator Padilla (D-CA**) asked how the federal government can improve community support to ensure that bond obligations are met and future bonds are issued to rebuild economic recovery. **Mr. Doe** stated that the federal government can make it a priority for debt issuers exposed to climate risk to disclose such risk appropriately. In doing so, investors and the community are aware of the risks so that state and local governments can make plans to address them. Secondly, the federal government can assure issuers and state and local governments that the tax exemption is secure and will continue as an essential financing effort. This increases the certainty that there will be low interest rates going forward.

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BIPARTISAN / BICAMERAL TAX AGREEMENT ANNOUNCED

Senate Finance Committee Chairman Ron Wyden (D-OR) and House Ways & Means Committee Chairman Jason Smith (R-MO) have announced a bipartisan, bicameral framework tax framework. A technical summary can be found HERE.

The text of the agreement is still being finalized and is not yet public, but the summary includes the following tax-exempt bond financing requirement for the Low-Income Housing Tax Credit:

- **Tax-Exempt Bond Financing Requirement. —**Under current law, to receive LIHTC a building must either receive a credit allocation from the state housing finance authority or be bond financed. To be bond-financed, 50 percent or more of the aggregate basis of the building and land must be financed with bonds that are subject to a state's private activity bond volume cap. This provision lowers the bond-financing threshold to 30 percent for projects financed by bonds with an issue date before 2026. This section provides a transition rule for buildings that already have bonds issued by requiring that a building must have 5 percent or more of its aggregate basis financed by bonds with an issue date in 2024 or 2025.

  This provision is effective for buildings placed in service after December 31, 2023. In the case of rehabilitation expenditures, which are treated as a separate new building by the IRS, the building is considered placed in service at the end of the rehabilitation expenditures period. The 30 percent requirement is applied to the aggregate basis of both the existing building and the rehabilitation expenditures.

Chairmen Wyden and Smith need to now get support from Senate and House leadership for the proposed framework. Also needing sorting is how the bill might advance. Options include passing a stand-alone tax bill, which is not typical, or attaching it to one of the upcoming spending bills – although there is a very tight timeline to do either option with Internal Revenue Service opening tax-filing season in January 29.

GWENDOLYN GRIFFITH
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MICK HARRIS
ASSOCIATE EXECUTIVE DIRECTOR

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February 5, 2024

sarah_bittleman@wyden.senate.gov
joshua_sheinkman@finance.senate.gov

Josh and Sarah,

I'm reaching out on behalf of the Oregon Facilities Authority (OFA), a state agency that helps nonprofit organizations access low-cost financing for capital projects through the issuance of tax-exempt bonds. Over its 34 history, OFA has completed more than 200 financings of over $5.4 billion on behalf of Oregonians.

OFA strongly supports the LOCAL Infrastructure Act, introduced by Sens. Wicker and Stabenow to restore advance refunding of tax-exempt municipal bonds, and we ask Senator Wyden to support inclusion of the LOCAL Infrastructure Act in the tax package when it is taken up by the Senate.

Tax-exempt advance refunding bonds allow states and localities to refinance existing debt in order to reduce borrowing costs. Restoration of advance refunding bonds will significantly aid Oregon governments and non-profits organizations by reducing debt service costs and increasing financing flexibility to serv their customers.

Thank you for your consideration. We are happy to speak with you or anyone on your staff if it is helpful.

Very truly yours,

Eric Johansen

Eric Johansen
Board Member
Oregon Facilities Authority

Oregon State Treasury
Debt Management Division
867 Hawthorne Ave SE
Salem, OR 97301
(503) 378-4930
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Oregon Bond Calendar

For Sale Dates from 1/1/2024 to 5/31/2024

Sale Date	Issuer	Sale Type	Bond Type	Series/ Par Amount	Project	Alternative Minimum Tax Bank Qualified Federally Taxable Zero Coupon	Maturity/ 1st Opt. Call	Average Bond Life/ Int. Rate	1. Underwriter/Purchaser 2. Bond Counsel 3. Financial Advisor

January 2024

SOLD

Sale Date	Issuer	Sale Type	Bond Type	Series/ Par Amount	Project	AMT/BQ/TAX/ZERO	Maturity/ 1st Opt. Call	Average Bond Life/ Int. Rate	1. Underwriter/Purchaser 2. Bond Counsel 3. Financial Advisor
01/17	Hillsboro Urban Renewal Agency	Negotiated	Revenue Bonds	2024 $83,140,000	Finance projects in North Hillsboro Industrial Renewal Area	AMT ☐ BQ ☐ TAX ☑ ZERO ☐	06/01/2043	13.97 TIC 5.9131%	1. D.A. Davidson & Co. 2. Hawkins, Delafield & Wood 3. Piper Sandler & Co.
01/18	Oregon Housing & Community Services Department Olive Plaza Senior Housing Limited Partnership	Privately Placed	Conduit Revenue Bonds	2024A-1 $22,130,000	Olive Plaza Apartments	AMT ☐ BQ ☐ TAX ☐ ZERO ☐	02/01/2059	0.00	1. Umpqua Bank 2. Orrick, Herrington & Sutcliffe 3. Caine Mitter & Assoc.
01/18	Oregon Housing & Community Services Department Olive Plaza Senior Housing Limited Partnership	Privately Placed	Conduit Revenue Bonds	2024A-2 $6,000,000	Olive Plaza Apartments	AMT ☐ BQ ☐ TAX ☐ ZERO ☐	02/01/2059	0.00	1. Umpqua Bank 2. Orrick, Herrington & Sutcliffe 3. Caine Mitter & Assoc.
01/25	City Of Dundee	Privately Placed	Full Faith & Credit Obligations(S)	2024 $3,000,000	capital improvements within the Dundee Urban Renewal Area	AMT ☐ BQ ☑ TAX ☐ ZERO ☐	02/01/2027	3.02 Fixed 5.62%	1. Cashmere Valley Bank 2. Hawkins, Delafield & Wood 3. D.A. Davidson & Co.
01/31	Oregon Facilities Authority Waterfall Clinic Project	Privately Placed	Conduit Revenue Bonds	2024 $3,311,950	Purchase of Building	AMT ☐ BQ ☑ TAX ☐ ZERO ☐	02/01/2034	8.91 Fixed 5.66%	1. Banner Bank 2. Hawkins, Delafield & Wood 3. Other

February 2024

PROPOSED

Sale Date	Issuer	Sale Type	Bond Type	Series/ Par Amount	Project	AMT/BQ/TAX/ZERO	Maturity/ 1st Opt. Call	Average Bond Life/ Int. Rate	1. Underwriter/Purchaser 2. Bond Counsel 3. Financial Advisor
02/22	City Of Molalla	Negotiated	General Obligation (N) Bonds	2024 $16,000,000	New Police Station Facilities	AMT ☐ BQ ☐ TAX ☐ ZERO ☐			1. D.A. Davidson & Co. 2. Hawkins, Delafield & Wood 3. None

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Oregon Bond Calendar

For Sale Dates from 1/1/2024 to 5/31/2024

Sale Date	Issuer	Sale Type	Bond Type	Series/ Par Amount	Project	Alternative Minimum Tax Bank Qualified Federally Taxable Zero Coupon	Maturity/ 1st Opt. Call	Average Bond Life/ Int. Rate	1. Underwriter/Purchaser 2. Bond Counsel 3. Financial Advisor
February 2024									
PROPOSED									
02/28	Marion Cty SD 45 (St Paul)	Negotiated	General Obligation (N) Bonds	2024 $3,000,000	Finance projects approved at the November 2023 election.	AMT ☐ BQ ☑ TAX ☐ ZERO ☐			1. Piper Sandler & Co. 2. Hawkins, Delafield & Wood 3. None

Negotiated sales may occur any day of the week when the sale date is indicated as a Monday.
Issues are Listed as 'Proposed' until sale results are reported.
AID = Any Interest Date
Neg = Negotiated Sale
Com = Competitive Sale
Pri = Private Placement Sale
AMT = Subject to Alternative Minimum Tax
BQ = Bank Qualified
TAX = Federally Taxable
ZERO = Zero Coupon or Deferred Interest Bonds

Full Faith & Credit Obligation(N) = Non Self-Supporting - bonds repaid by non-project revenues or paid by property taxes or other tax sources within the limits of the Oregon Constitution, Article XI, Section 11.
Full Faith & Credit Obligation(S) = Self-Supporting - bonds repaid by project revenues or there is an independent source of funds for repayment.
General Obligation(N) = Non Self-Supporting - bonds repaid & secured by ad valorem property taxes levied outside the limits of Article XI 11b.
General Obligation(S) = Self-Supporting - bonds 100% repaid by project revenues, and secured by ad valorem property-taxes.

The purpose categories are defined as follows:

1. Development: industrial development, economic development, non-government office buildings, urban renewal.
2. Education: primary and secondary education, higher education, student loans.
3. Electric power: public power utilities.
4. Environmental Facilities: solid waste disposal, resource recovery, pollution control, recycling.
5. Health Care: hospitals, nursing homes, life-care communities.
6. Housing: single-family and multi-family housing.
7. Public Facilities: government buildings, fire and police stations, jails and prisons, civic and convention centers, museums, libraries, stadiums and sports complexes, theaters, parks, zoos, beaches, other recreation.
8. Transportation: airports, seaports and marine terminals, toll roads, highways and streets, bridges, tunnels, parking facilities, mass transit.
9. Utilities: water and sewer, gas, flood control, sanitation, combined utilities, miscellaneous utilities.
10. General Purpose: general purpose, veterans (other than housing), agriculture, unknown.

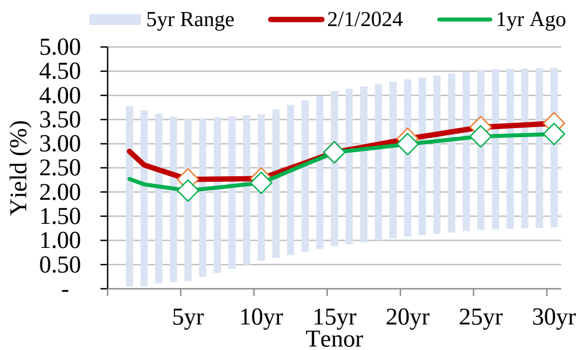
Benchmark Interest Rates

Sources: Bloomberg, Bond Buyer

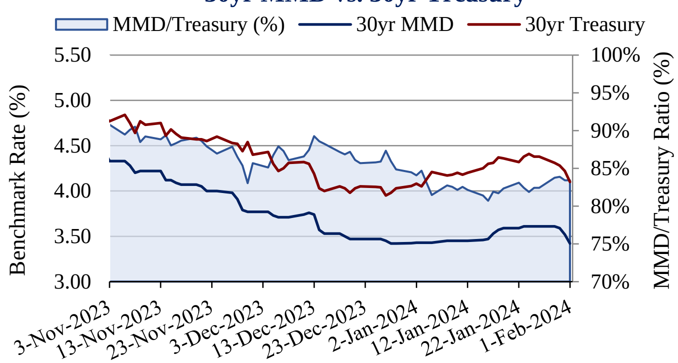
	AAA MMD G.O. Yields (%)			AAA Bloomberg/ BVAL Yields (%)			U.S. Treasury Yields (%)		
Tenor	**2/1/2024**	**1/25/2024**	**Change**	**2/1/2024**	**1/25/2024**	**Change**	**2/1/2024**	**1/25/2024**	**Change**
3 mo	-	-	-	-	-	-	5.42	5.44	(0.02)
1yr	2.84	2.99	(0.15)	2.78	2.96	(0.18)	4.68	4.76	(0.08)
2yr	2.56	2.71	(0.15)	2.64	2.82	(0.18)	4.20	4.28	(0.08)
5yr	2.26	2.43	(0.17)	2.29	2.48	(0.19)	3.80	4.01	(0.21)
10yr	2.28	2.46	(0.18)	2.36	2.53	(0.17)	3.87	4.14	(0.27)
15yr	2.82	3.01	(0.19)	2.93	3.11	(0.18)	-	-	-
20yr	3.10	3.29	(0.19)	3.18	3.36	(0.18)	4.21	4.49	(0.28)
25yr	3.34	3.53	(0.19)	3.39	3.56	(0.17)	-	-	-
30yr	3.42	3.61	(0.19)	3.46	3.63	(0.17)	4.10	4.38	(0.28)

Short-Term Rates (%)			
Tenor	**2/1/2024**	**1/25/2024**	**Change**
Daily SOFR	5.32	5.32	-
1mo. SOFR	5.32	5.34	(0.01)
1mo. BSBY	5.36	5.36	-
Fed Funds Rate	5.31	5.31	-
SIFMA	3.74	4.55	(0.81)
SIFMA/1mo. SOFR (%)	70%	85%	-15%

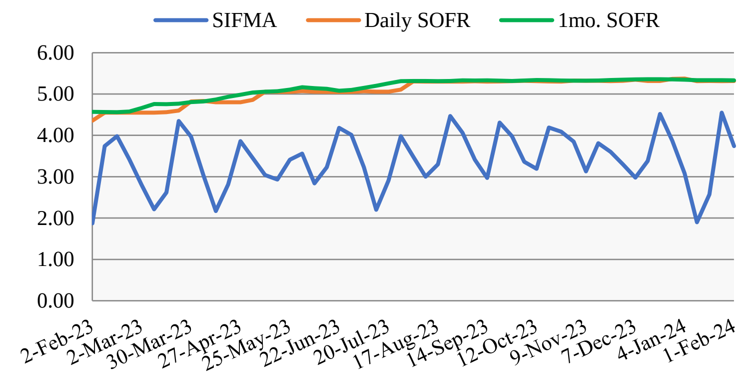
MMD Aaa Yield Curve



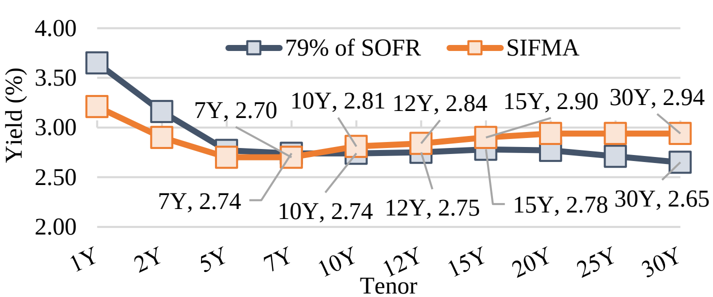
30yr MMD vs. 30yr Treasury



Historical Short-Term Rates
(Weekly Observations)

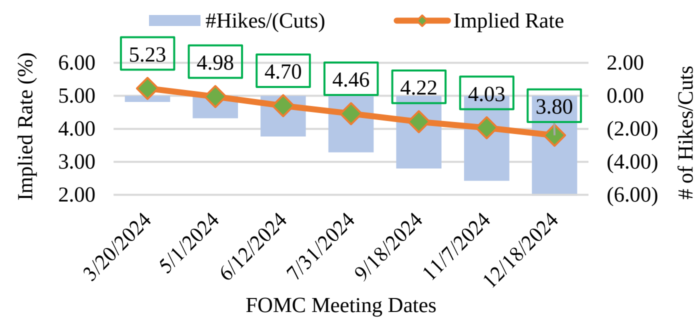


79% of SOFR vs. SIFMA Swap Curve



Indicative Swap Pricing *(Week-over-week change)*				
Term	**79% of SOFR**	**SIFMA**	**79% SOFR vs. SIFMA**	**SIFMA/ 1m SOFR**
5yr	2.77 *(-15 bps)*	2.70 *(-14 bps)*	-7.0 *(+1 bp)*	77.0% *(+0.2%)*
7yr	2.74 *(-17 bps)*	2.70 *(-17 bps)*	-4.0 *(0 bps)*	77.8% *(-0.1%)*
10yr	2.74 *(-18 bps)*	2.81 *(-19 bps)*	7.0 *(-1 bp)*	81.0% *(-0.1%)*

Implied Fed Funds Rate vs. Number of Hikes/Cuts



Recent/Upcoming Public Sales (January 29th to February 9th, 2024)

Sources: Bloomberg, EMMA, Fitch Ratings

Senior Living Transactions

Sale Date	Borrower (Issuing State) *(First Call Date)*	Purpose	Coverage Covenant	Days Cash Covenant	Tax Status	Par Amount ($MM)	Underwriters(s)	Credit Ratings (S/F)	Final Maturity	Coupon (%)	Yield (%)	Spread to Benchmark (%) [1]
Recent Select Transactions												
	None for the week of 1/29/2024											
Upcoming Transactions												
	None for the week of 2/5/2024											

Hospital Transactions *(Revenue Backed)*

Sale Date	Borrower (Issuing State) *(First Call Date)*	Purpose	Coverage Covenant	Days Cash Covenant	Tax Status	Par Amount ($MM)	Underwriters(s)	Credit Ratings (M/S/F)	Final Maturity	Coupon (%)	Yield (%)	Spread to Benchmark (%) [1]
Recent Select Transactions												
Wednesday 1/31/2024	Lifespan Obligated Group (RI) *(10yr par call)*	Capital expansion & improvements	1.10x, tested annually	None	Tax-Exempt	$300.000	Morgan Stanley, Janney, Siebert	NR/BBB+/BBB+	2054	5.25	4.29	0.70
Tuesday 1/30/2024	Boston Children's Hospital (MA) *(10yr par call)*	Capital expansion & improvements	1.10x, tested annually	None	Tax-Exempt	$436.565	JPM, BofA	Aa2/AA/NR	2054	5.25/4.00	3.86/4.16	0.25/0.55
Upcoming Transactions												
	None for the week of 2/5/2024											

[1] Spread to interpolated MMD for tax-exempt deals; spread to interpolated Treasury for taxable deals as of the sale date close of business

Fitch Rating Activity (Senior Living – January 22nd to January 26th, 2024)

Rating activity is related to ongoing surveillance unless stated otherwise

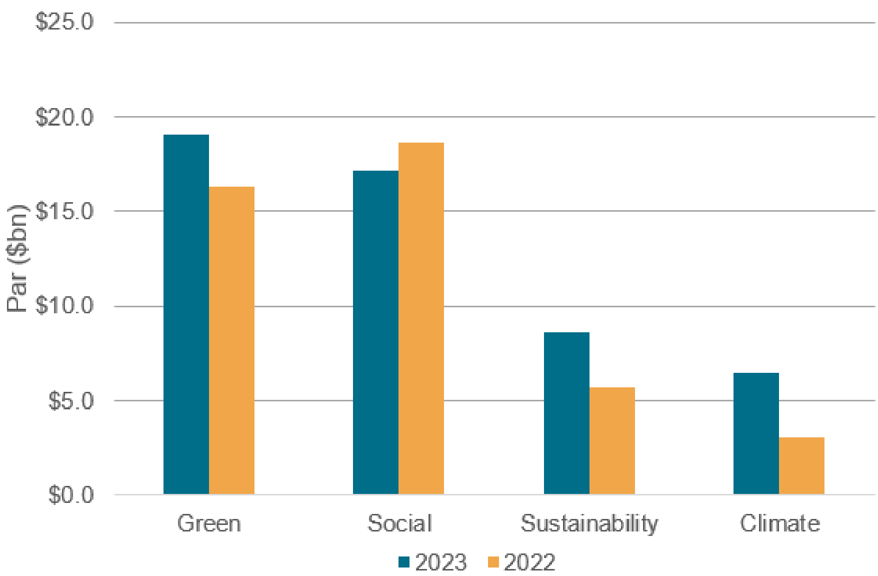
Community (State)	Effective Date	Action	LT Rating (Outlook)	Prior LT Rating (Outlook)	Subcategory Rating Assessment			Fitch Commentary
					Revenue Defensibility	Operating Risk	Financial Profile	
NewBridge on the Charles, Inc. (MA)	1/26/2024	Affirmed	BB+ (Stable)	BB+ (Stable)	a	bbb	bb	Link
Smith Crossing (IL)	1/25/2024	Affirmed	BBB- (Stable)	BBB- (Stable)	bbb	bbb	bbb	Link

If you are having trouble reading this email, read the online version

2023 Sustainability Muni Recap

While the overall issuance of municipal bonds remained relatively unchanged Y/Y in 2023, there was a 7% increase in the issuance of sustainable municipal bonds (including corporate issues), rising from $42.4 billion in 2022 to $45.3 billion in 2023. This surge indicated a robust recovery in the fourth quarter of 2023 compared to the previous year.

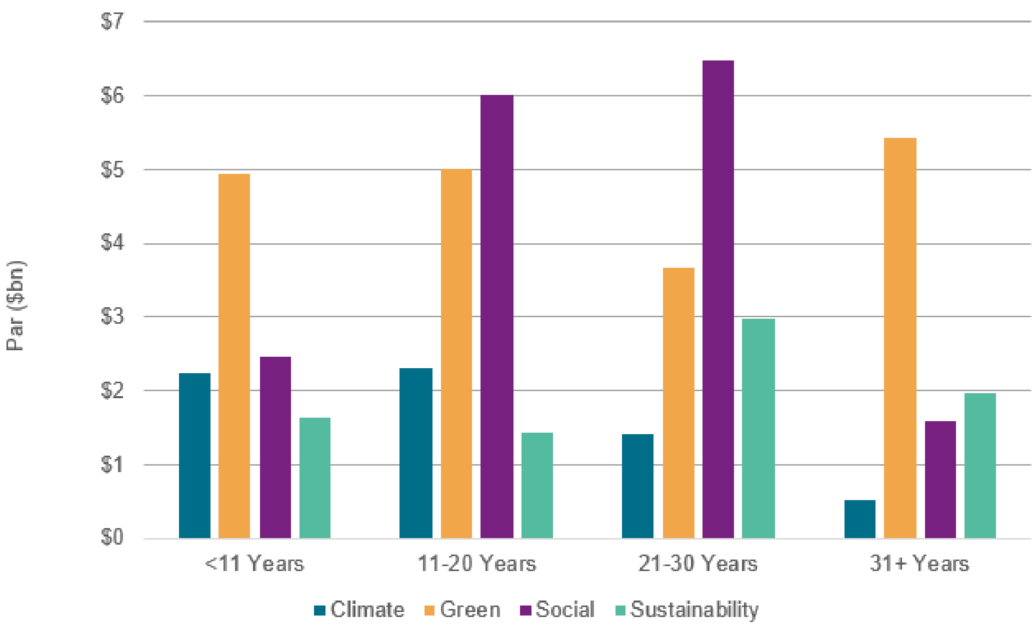
Sustainable Issuance by Type



Source: S&P Global Market Intelligence
*Include deals with more than one designation

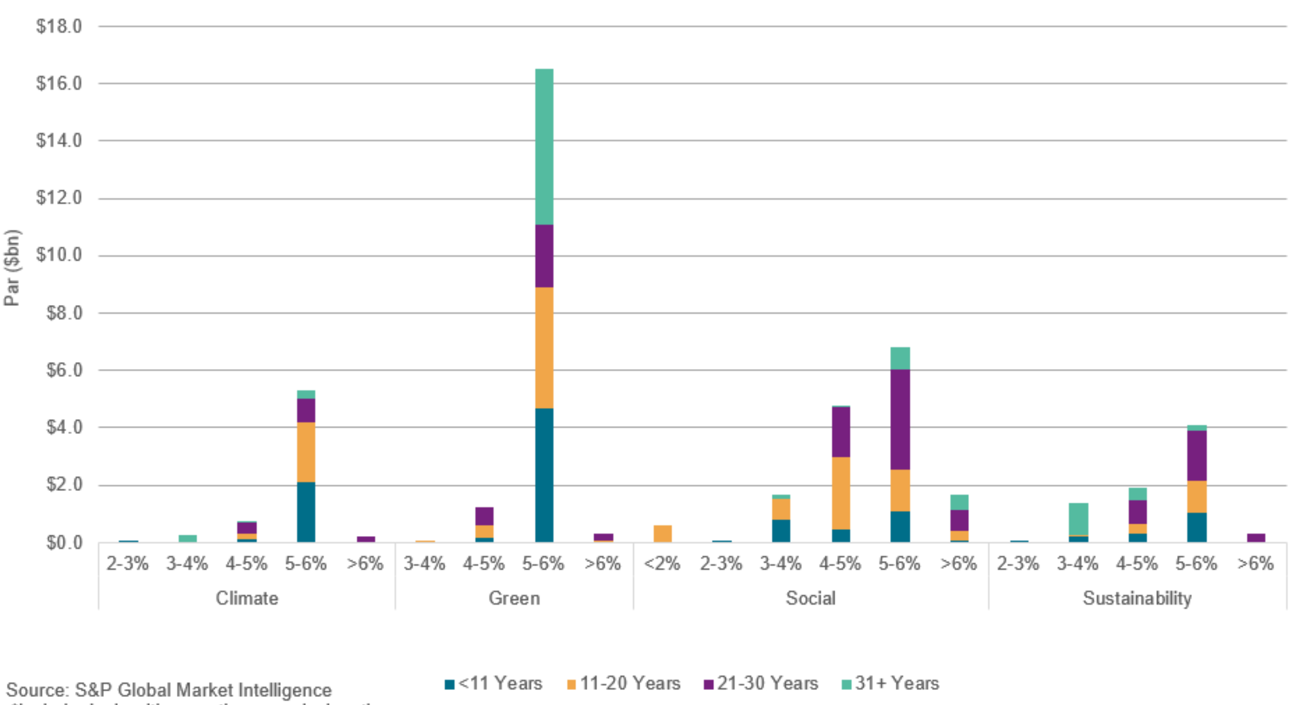
Green bonds represented the largest share of sustainable issuance, accounting for $19.1B, or 37% of sustainable issuance in 2023. The largest green bond issued during 2023 was the $2.0B New York Transportation Development Corporation Special Facilities Revenue Bonds, Series 2023 (John F. Kennedy International Airport New Terminal One Project) (Green Bonds) priced on 11/29/2023.

Sustainable Issuance by Maturity



Source: S&P Global Market Intelligence
*Include deals with more than one designation

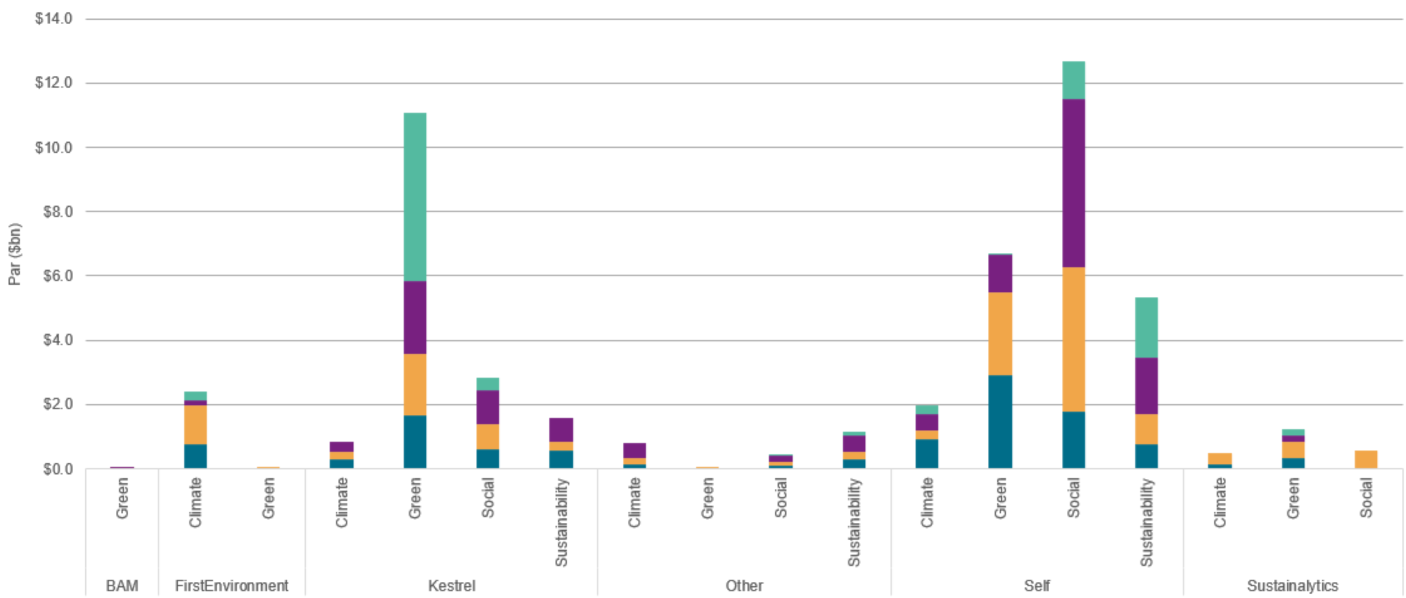
Sustainable Issuance by Coupon and Maturity



Source: S&P Global Market Intelligence
*Include deals with more than one designation

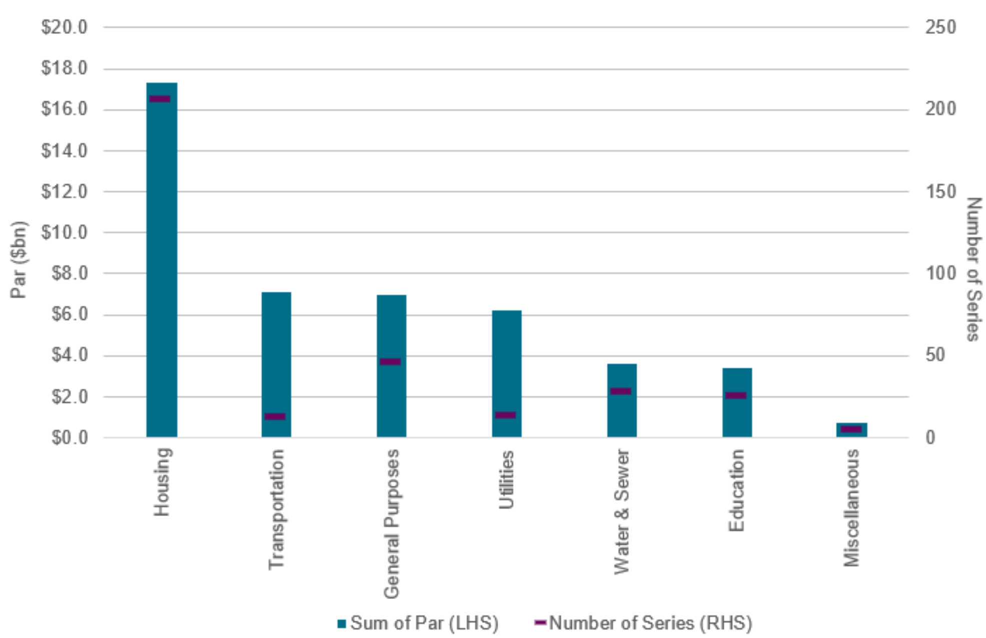
Green bonds with 5-6% coupon rate represent the largest share of sustainable bonds in 2023.

Sustainable Issuance by Verifier, Type, and Maturity



Source: S&P Global Market Intelligence
*Include deals with more than one designation

Sustainable Issuance by Sector

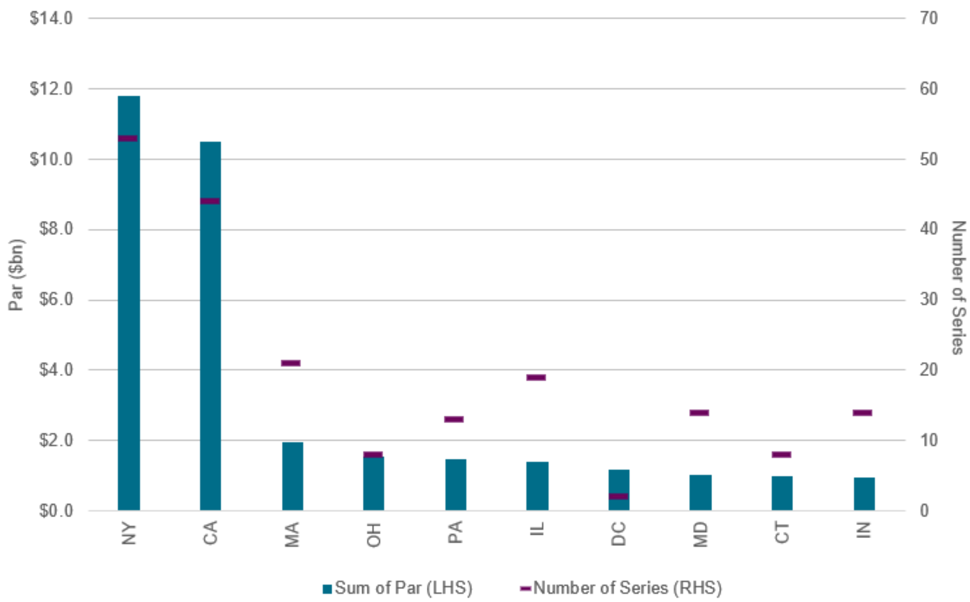


Source: S&P Global Market Intelligence

The Housing sector represented the greatest portion of sustainable bonds by sector with $17.3B issued, led by the New York City Housing Development Corporation's $592.725M Multi-Family Housing Revenue Bonds, 2023

Series A-1 (Sustainable Development) & Series A-2 (Sustainable Development) priced on 6/8/2023.

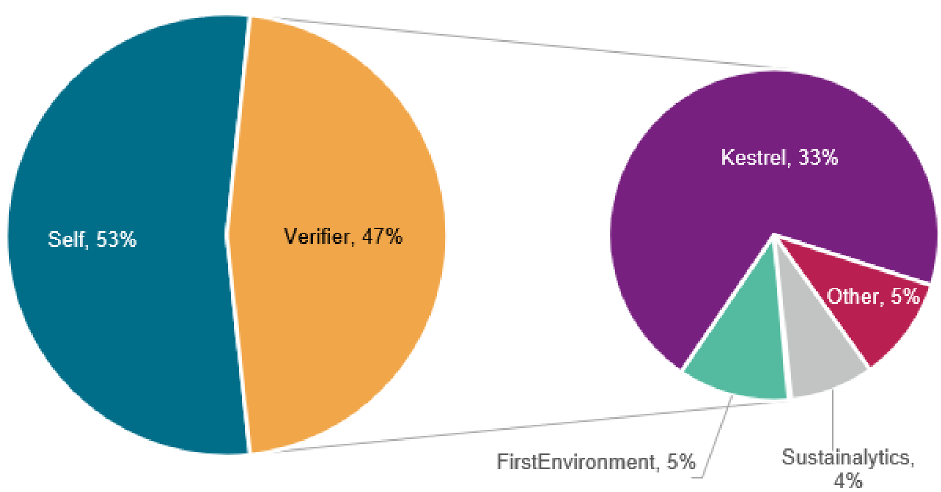
Sustainable Issuance by State



Source: S&P Global Market Intelligence

NY led the sustainable issuance in 2023 with over $11.8B of issuance.

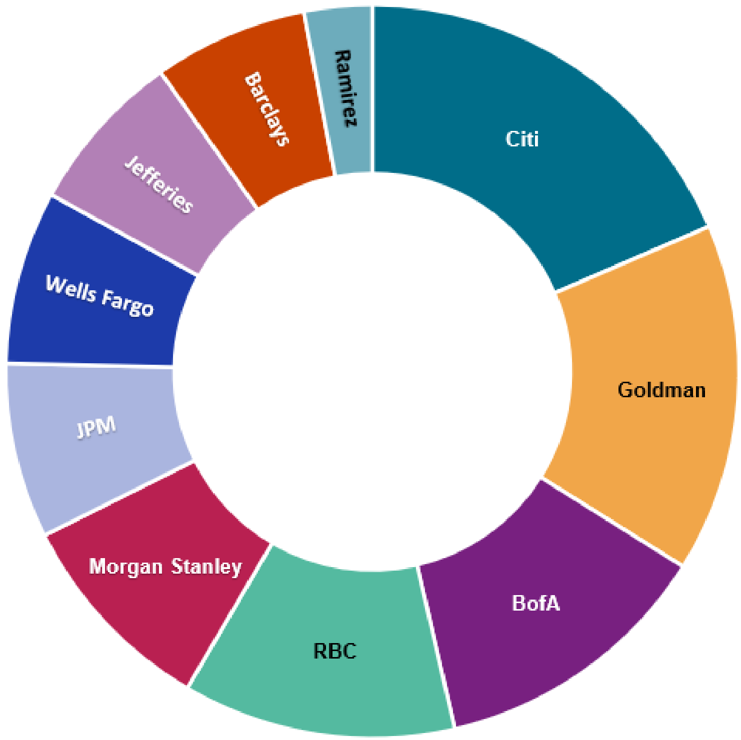
Verifier vs Self



Source: S&P Global Market Intelligence

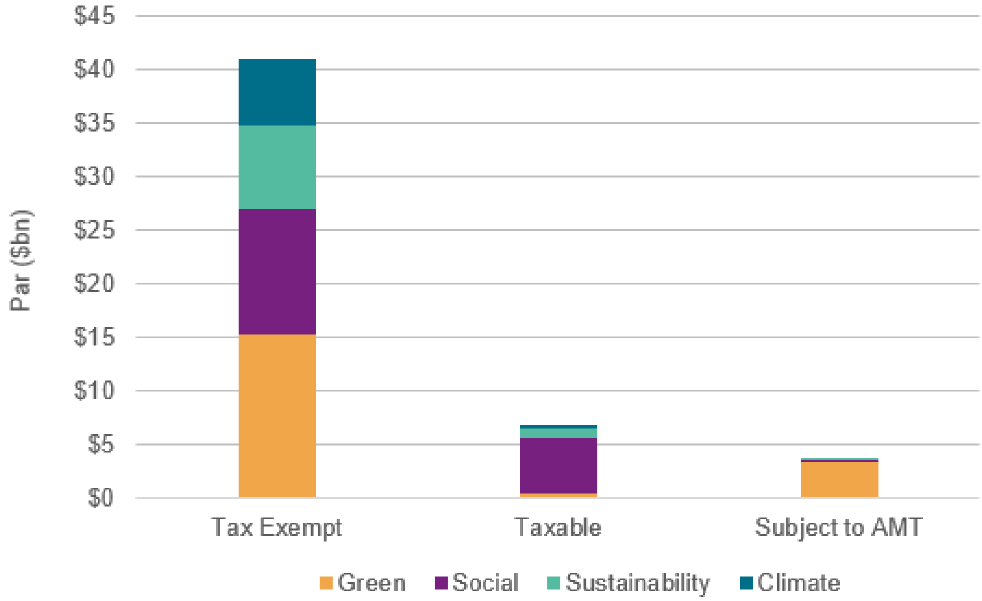
Majority of sustainable issuance was self verified in 2023 while Kestrel Verifiers accounts for the bulk of the third-party verified issuance.

Top 10 Underwriters for Sustainable Issuance by Par Amount



Source: S&P Global Market Intelligence

Sustainable Issuance by Tax Status



Source: S&P Global Market Intelligence
*Include deals with more than one designation

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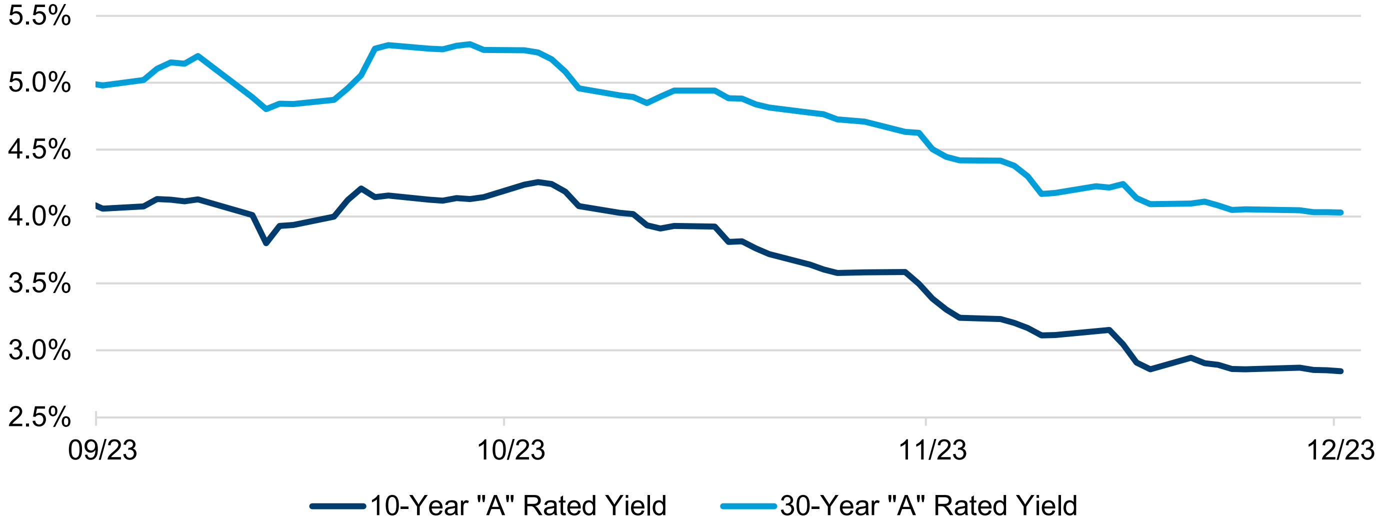
Higher Education Market Trends

Inflationary pressure eased throughout the fourth quarter which led to a decrease in interest rates for Higher Education issuers. Bond issuance for the Higher Education sector was also lower during the quarter.

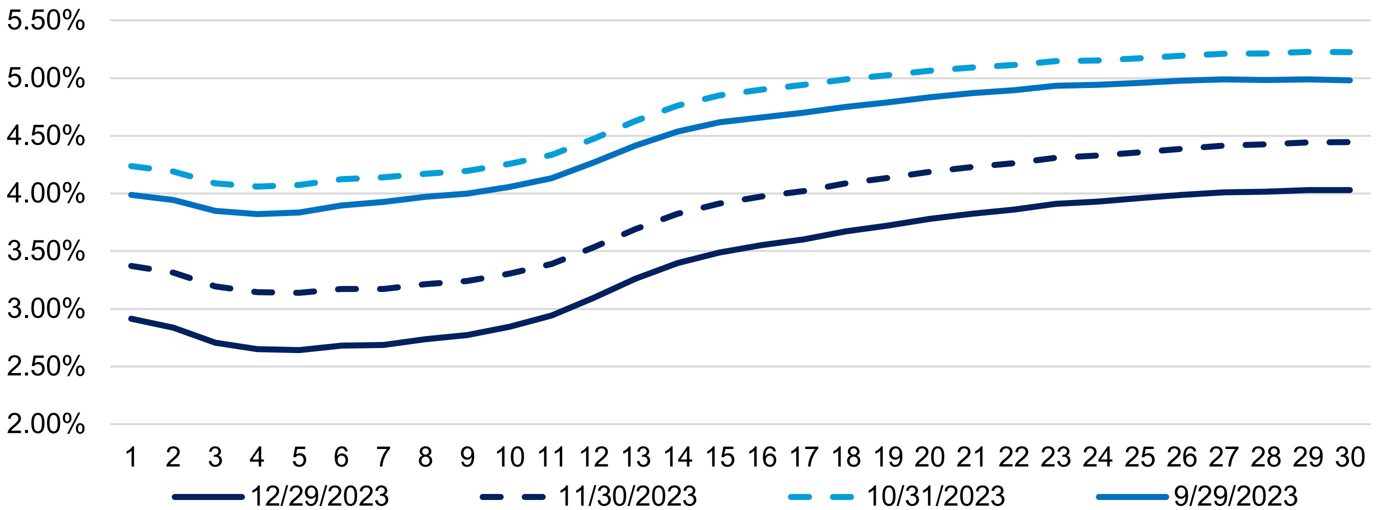
Higher Education Interest Rates Decrease

Higher education interest rates decreased significantly throughout the fourth quarter of 2023. As of 12/29/2023, the 10-Year "A"-rated higher education yield was 2.84%, a 121-basis point decrease from 9/29/2023.



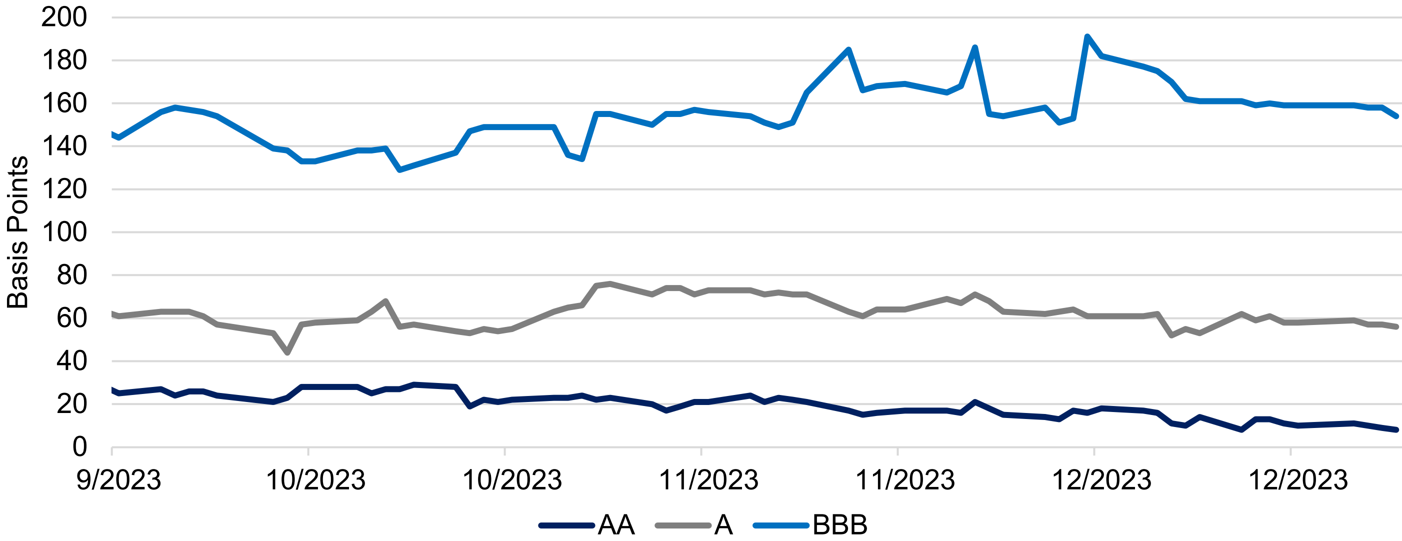
Yields Decrease Throughout the Curve

Higher education interest rates have decreased throughout the curve since the end of Q3 2023. As of 12/29/2023, the 2-year, 10-year and 30-year interest rates for A-rated Higher Education issuers were 2.84%, 2.85% and 4.03%, respectively.



Higher Education Credit Spreads

Higher Education credit spreads varied in the fourth quarter of 2023. As shown below, the 10-year "AA" rated credit spreads decreased by 17bp, the 10-year "A" credit spreads decreased by 5bp, and the "BBB" credit spreads increased by 10bps.

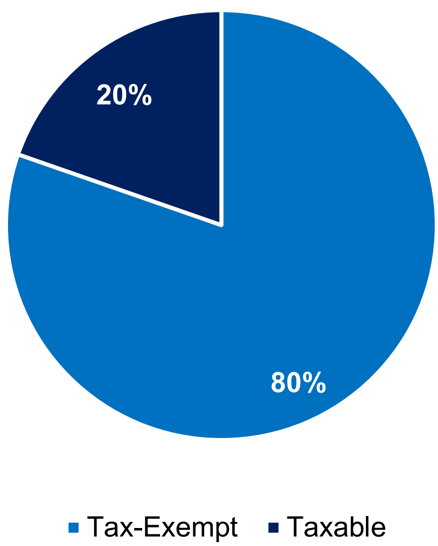


Below Average Issuance

Higher education issuance continued to be slow in Q4 2023 as 60 deals came to market totaling $4.16 billion - below the 10-year Q4 average of $6.89 billion.

Tax-Exempt Financings Lead

Tax-Exempt bond issues represented 80% of all higher education issuance in Q4 2023.



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2024 PREDICTIONS: WHAT TO EXPECT IN THE YEAR AHEAD

After two stormy years, munis face still more uncertainty

Interest rate risk, stagnant bond volume, loss of revenue and a looming presidential election top the industry's concerns for 2024.

By Lynne Funk

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After two stormy years, munis face still more uncertainty

Introduction

Following a 2022 rapid ascent to higher yields and severe market losses amid geopolitical turmoil in the form of war in Ukraine and global central bank uncertainty, in 2023 the industry navigated another tumultuous year with similar challenges. Several regional banks failed in the spring (three out of the top four largest in U.S. history), the Federal Reserve raised interest rates another four times to hit a total of 11 since the central bank began tightening and war broke out in the Middle East.

Respondents to our survey indicate that interest rate changes are still the top challenge facing the industry in 2024, followed by diminished confidence in financial markets and market volatility. These results echo the top two concerns for 2023. The U.S. federal elections enter the fray as another top worry for 2024.

While several challenges remain in play during 2024, the industry generally expects issuer credit to remain resilient, bond volume to tick up and growth in technology spending and ESG to occur.

Why read this report?
This report details the public finance industry's views of the risks and opportunities in 2024. It covers everything from the markets and credit perspective to new technologies and regulations—with the goal of helping industry leaders better navigate the year ahead.

Key findings

- Interest rate change is the top challenge industry participants expect in 2024, followed by diminished confidence in financial markets and the 2024 U.S. federal elections.

- However, looking at the concerns that respondents rank number one out of a list of challenges, 23% list interest rate changes as their top issue. Another 20% crown continued lower municipal securities volume as the biggest challenge, while 18% say loss of business/revenue worries them most.

- The economy weighs heavy on most respondents' minds as well. More than two-thirds expect a U.S. recession by the end of 2024, with almost one-sixth believing the economy is already in one.

- Just shy of one-half of respondents expect municipal credit conditions to improve during the next five years, while one-third expect them to decline.

- About half believe the Financial Data Transparency Act will have a positive impact on municipal disclosure in the market; only 38% of issuers/municipal advisors agree.

- Technology is still drawing investment. Almost two-thirds of respondents expect to increase their tech spending in 2024; none of the group report plans to decrease spend.

- Following political backlash and a bit of ESG fatigue, only 35% of those surveyed expect environmental, social and governance factors to accelerate short-term growth in public finance, down from 52% in 2023's survey. However, keep in mind that differences in the type of respondents and their geographic region may have influenced these year-to-year differences.

Methodology

During October 2023, Arizent, parent company of The Bond Buyer, reached out to professionals at various firms to request their insights about issues expected to affect their businesses and the industry at large in 2024. Specifically, the survey explores sentiment about the impact of various macroeconomic conditions and policies, technology, ESG, growth expectations and gauges confidence in the industry's ability to solve key challenges moving forward.

A total of 74 qualified respondents at firms within the municipal bond community—ranging from the buy- and sell-sides, advisors, issuers and others—completed the survey. The largest respondent groups were issuers (22%) and broker-dealers (19%).

Respondent level:

- 22% president, chairperson, CEO or other C-level executive
- 27% senior business unit executive (e.g., managing director or senior vice president)
- 4% division or department head
- 15% director/senior director
- 11% manager/senior manager
- 21% non-management

Interest rate changes and market volatility cast long shadows

In 2022 and 2023, so much of what transpired in all markets was led by the Federal Reserve's moves to raise—or not raise—interest rates. The Fed hiked rates seven times in 2022 and another four times in 2023 to hit a total of 11 in the central bank's tightening cycle. The Fed's moves—along with fluctuating U.S. economic indicators, geopolitical turmoil, the March regional banking crisis and a second rating agency downgrade of the U.S. credit rating—led to large swings in U.S. Treasuries throughout 2023, pulling municipals along for the volatile ride.

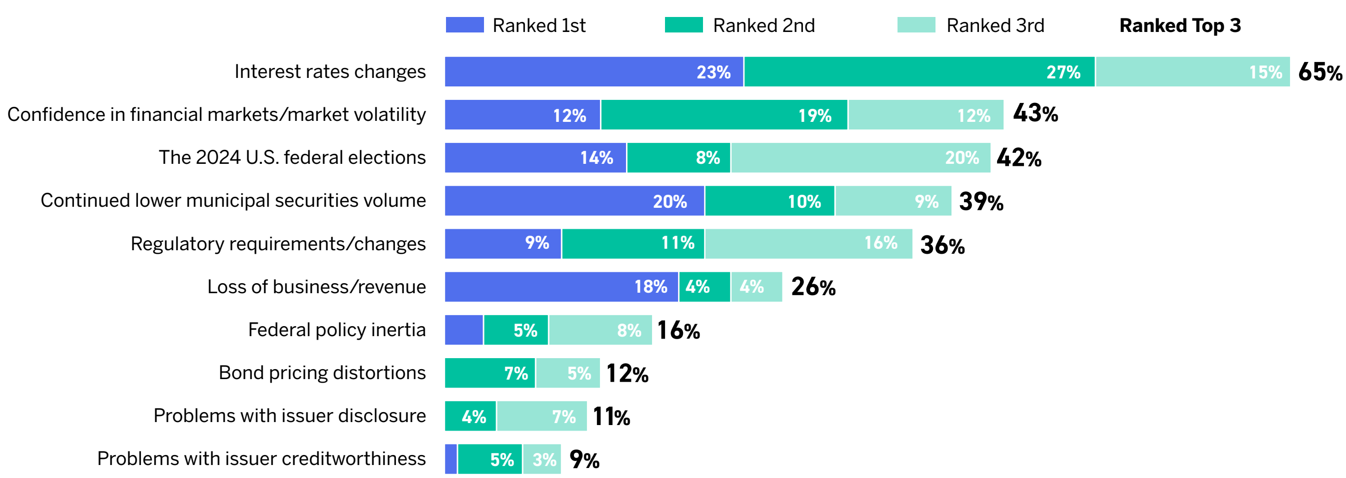
Much of the municipal market was rate-driven as opposed to credit-driven. After gains and losses throughout the spring and summer months, a muni selloff began in August and culminated in October with more losses, which had some participants expecting another down year for the asset class. However, a reversal occurred in November, when the market rallied, with returns hitting levels not seen in decades. That strength bled into December, leaving the muni market to close out 2023 in the black. It also set the expectation that Federal Reserve rate hikes are likely over and cuts may follow in 2024.

However, damage from the earlier losses, rising rates and macroeconomic uncertainty stymied municipal bond issuance for a second year, with total securities volume coming in at $380 billion, lower than the disappointing 2022 levels. The March banking crisis and political dynamics in Texas, one of the market's largest issuers, also put pressure on the industry's banks. Partly as a result of that decrease in business, UBS Financial Services in October and Citi in December shocked the industry by exiting the municipal underwriting business altogether. Issuers are now looking down a financial pipeline with dwindling federal aid, a potential economic downturn and resulting revenue shortfalls via falling tax collections.

With geopolitical turmoil around the world ongoing, a hazy outlook for the U.S. economy and more concerns over federal legislative and regulatory policymaking, we asked respondents to name the three biggest challenges they anticipate their businesses will face in 2024. These are interest rate changes (65%), diminished confidence in markets or market volatility (43%) and the 2024 federal elections (42%) (see Figure 1).

Figure 1: Top concern breakdowns show interest rate risk is on everyone's mind

Question: Please rank, in order of importance, the three biggest challenges you anticipate your business will face in 2024



Labels not shown for values less than 4%

Source: Arizent, 2024 Predictions: What to Expect in the Year Ahead

Base: Total respondents n=74

Other issues that have stalked the industry continue to rate with respondents, though not to the same degree. In particular, continued lower municipal securities volume draws a top-concern ranking from 39% of respondents. Regulatory requirements/changes follow closely at 36%. It's worth noting the top three number-one concerns of industry participants. These show the topics most on the minds of respondents include interest rate changes (23%); continued lower municipal securities volume (20%); and loss of business/revenue (18%).

Interest rates weigh heavily on the industry

The Federal Reserve raised the fed funds target rate seven times in 2022 and another four times in 2023, with interest rates landing at a range of 5.25%-5.50% to close out the year. Expectations near the end of 2023 had economists predicting—and the Fed confirming in December—rate cuts will begin in 2024. In fact, a majority of survey respondents say the Fed will start cutting rates in 2024. Sixteen percent of respondents are expecting cuts in the first half, 43% in the second half, 35% do not expect cuts while 6% have no opinion.

A majority expect a recession in 2024

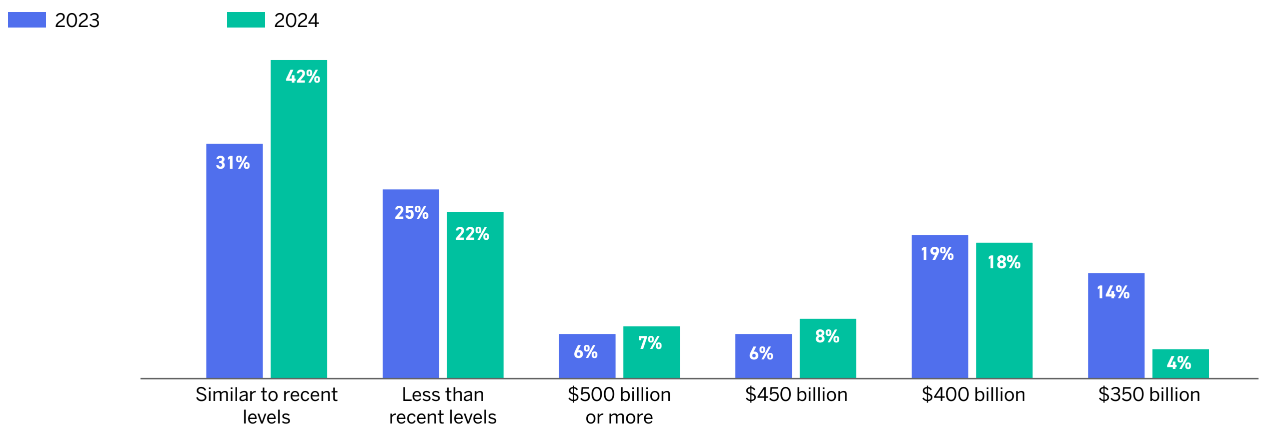
When asked about setting strategic plans and whether or not they anticipate a U.S. economic downturn or recession in 2024, two-thirds say the U.S. will enter into a recession in 2024. Breaking it down further, one-third (32%) see an economic downturn or recession occurring in the first half, one-fifth (22%) expect this in the second half of 2024, 15% believe the U.S. economy is already in recession and 1% believe this will occur in 2025. On a more optimistic level, 30% of respondents do not expect a recession will occur at all in 2024. Not to be understated however, fears of a recession, coupled with the aforementioned interest rate volatility, play a large influencing role in much of the planning that state and local governments do as they work through these expectations for their own spending and accessing the capital markets.

Issuers are now looking down a financial pipeline with dwindling federal aid, a potential economic downturn and resulting revenue shortfalls via falling tax collections.

Bond volume assumptions steady, with some seeing green shoots

Due to past experiences of bond volume not meeting expectations, many respondents are muted in their future predictions. For 2024, just two-fifths (42%) expect potential total municipal bond volume similar to the 2023 data (see Figure 2). One-fifth (22%) actually expect 2024 to generate less volume than 2023. Only 18% predict that bond volume will be slightly greater than 2023.

Figure 2: Two-fifths expect 2024 bond volumes to be similar to recent levels
Question: What do you expect total municipal bond volume, both tax-exempt and taxable, to be?



Source: Arizent, 2024 Predictions: What to Expect in the Year Ahead
Base: Total 2023 respondents n=74; Total 2022 respondents n=125

The missing expectations are most apparent in looking at actual volume for 2022. Fully 90% of respondents to last year's survey had strong expectations that bond volume would meet or exceed 2020 and 2021 record levels. Unfortunately, they were left disappointed as municipal securities volume fell dramatically during 2022. The market saw just $384 billion of debt issued that year, nearly $100 billion less than 2021's near-record $483 billion. As a result, when we asked the industry for its expectations for 2023, a majority believed volume would be at or just above 2022 levels.

Over the summer, some firms revised their 2023 supply projections downward as it became clearer that the higher-rate environment was keeping state and local governments from pricing bonds. Total issuance in 2023 came in just about $11 billion shy of 2022's totals at $379.992 billion. While most large banks and research firms expect issuance to increase slightly over 2023's levels, they still do not anticipate bond volume to return to the record levels of 2020 and 2021. This will continue to challenge underwriters and bond dealers looking to grow their businesses.

Not to be understated, fears of a recession, coupled with interest rate volatility, play a large influencing role in much of the planning that state and local governments do.

Issuers in 2022 and 2023 pulled back on issuing debt for several reasons, but a dominant one was the rising-rate environment. The expected Fed rate cuts and a potential economic downturn paint a better picture for new issuance in 2024, as lower interest costs could translate to more issuance of both new-money and refunding bonds. Despite the negative implications for the economy as a whole, a recession or downturn and the fear of lower revenue collections could actually push issuers to shift to borrowing in the capital markets, as opposed to using rainy-day funds. Doing so would keep their credit strong in the eyes of investors and ratings agencies, in turn boosting issuance.

Views of municipal credit improves slightly

Despite challenges, the industry is more sanguine about state and local government credit resiliency in the next five years than in the previous year. More than 40% of respondents expect municipal credit conditions to improve in the next five years. By the numbers 23% expect all issuer credit to improve, 18% expect only certain sectors to improve, one-third believe issuer credit will decline (24% overall decline and 9% declines in certain sectors) and 26% think credit will be little changed. This is an improvement from expectations shared in 2023, when 82% said municipal credit would be negatively affected for at least the following year.

While expectations for improving credit are higher, many market participants expect the market to move more into a credit-driven direction. They may expect that the macroeconomic challenges forecasted will make investors more selective about the types of municipal bonds they put their cash to work in or how much they will pay to do so.

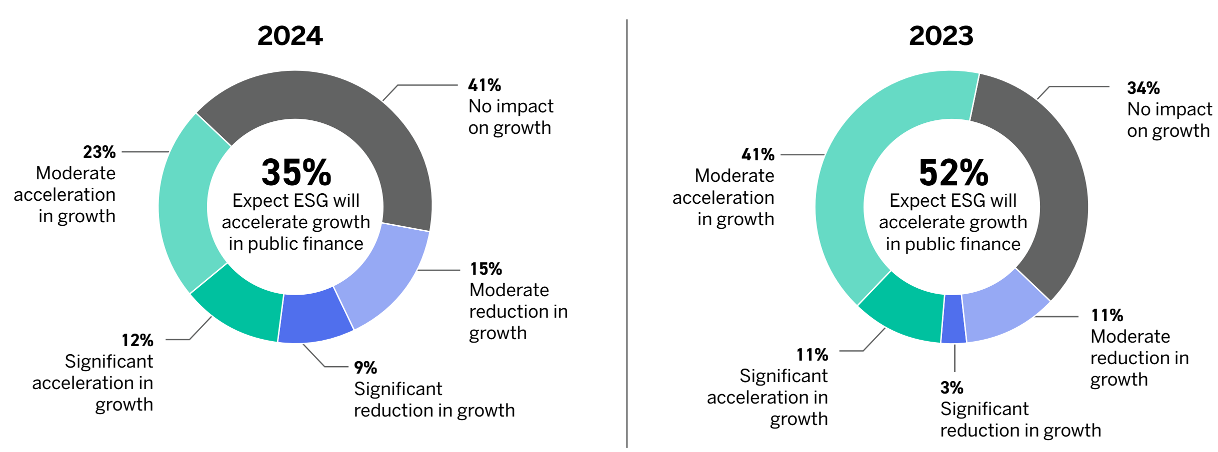
ESG growth expectations fall

Environmental, social and governance (ESG) factors in the municipal market have garnered significant attention, both positive and negative, in the past few years. Some market participants see it as an opportunity for industry growth in the U.S. and abroad. Indeed, ESG bond issuance has grown even as overall municipal issuance has dropped. Others see ESG as a costly and unnecessary additional issuer disclosure burden with little pricing benefit for state and local governments who say the debt they issue is inherently ESG. Political pushback against ESG in the muni market has also grown. States including Texas, Louisiana, Oklahoma, Missouri and others have enacted policies against what they say is a "woke" investment agenda, with some states, such as Florida, outlawing the use of ESG labels in their bonds deals altogether.

Despite this, one-third of respondents still say they expect ESG will positively impact growth in the public finance industry in the short-term (see Figure 3). However, this is down from last year's expectation when about half of respondents said a growing focus on ESG would accelerate it. That sentiment was similar to responses from the previous year.

Figure 3: Over one-third expect ESG will positively impact growth, down from last year

Question: How will Environment, Social and Corporate Governance (ESG) positively or negatively affect the public finance industry's growth in the next two to five years?

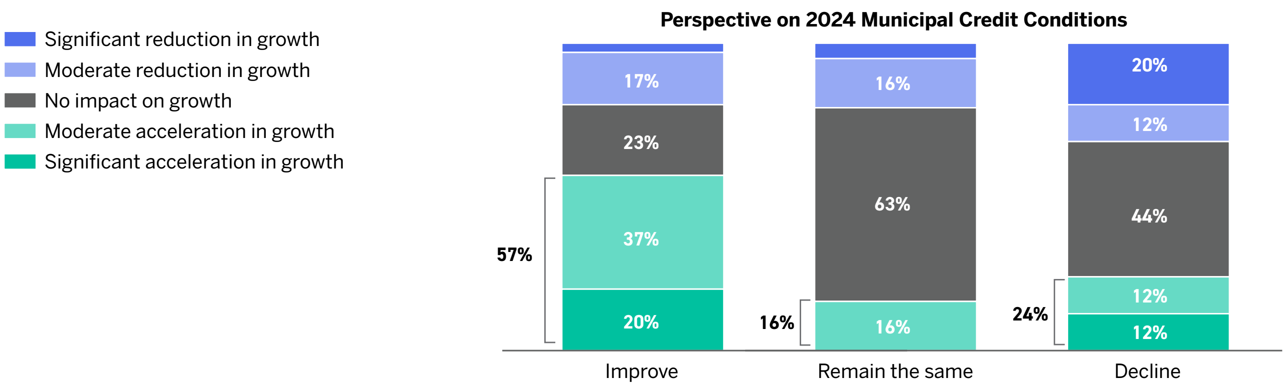


Source: Arizent, 2024 Predictions: What to Expect in the Year Ahead
Base: Total 2023 respondents n=74; Total 2022 respondents n=125

Looking more closely at the year-over-year changes: In our last survey 52% of respondents said ESG would provide significant or moderate growth and 14% said it would contribute to significant or moderate reduction in growth. This year, respondents expecting significant growth (12%) or moderate growth (23%) from ESG fell, while those expecting significant reduction (9%) or moderate reduction (15%) in growth from ESG rose. Interestingly, those with a positive outlook on 2024 municipal credit conditions are more likely to think ESG will positively impact public finance in the short-term (see Figure 4).

Figure 4: Those with a positive outlook on municipal credit are more likely to believe ESG will more positively impact industry growth

Question: How will Environment, Social and Corporate Governance (ESG) positively or negatively affect the public finance industry's growth in the next two to five years?



Labels not shown for values less than 5%
Source: Arizent, 2024 Predictions: What to Expect in the Year Ahead
Base: Total respondents n=74

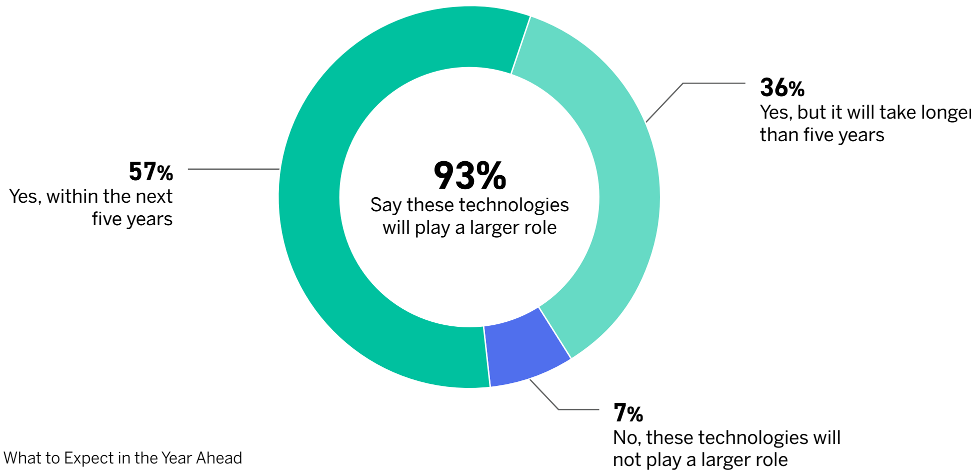
Technology will play a greater role in public finance

With an ever-changing landscape that now includes artificial intelligence, firms in the municipal market can be overwhelmed by the technology choices facing them. Of specific concern is how their decisions will impact their bottom lines—as new technology tools are developed, will the current infrastructure become obsolete and require new investment? These questions and others have brought the build versus buy argument to the forefront as industry players and firms try to determine what is the best fit for them. Building can provide a competitive advantage, while buying may be faster. Whichever they choose, about 62% of respondents expect their organizations to increase tech spending in 2024, consistent with last year's predictions for 2023. More than 90% think technologies such as e-trading, artificial intelligence and machine learning will play a larger role in the future (see Figure 5). Almost all respondents who expect their firms will spend more on technology agree.

While expectations for improving credit are higher, many market participants expect the market to move more into a credit-driven direction.

Figure 5: Almost all expect AI and machine learning will play a larger industry role

Question: Will technologies such as electronic trading, AI and machine learning play a larger role in the municipal market in the future?



Source: Arizent, 2024 Predictions: What to Expect in the Year Ahead
Base: Total respondents n=74

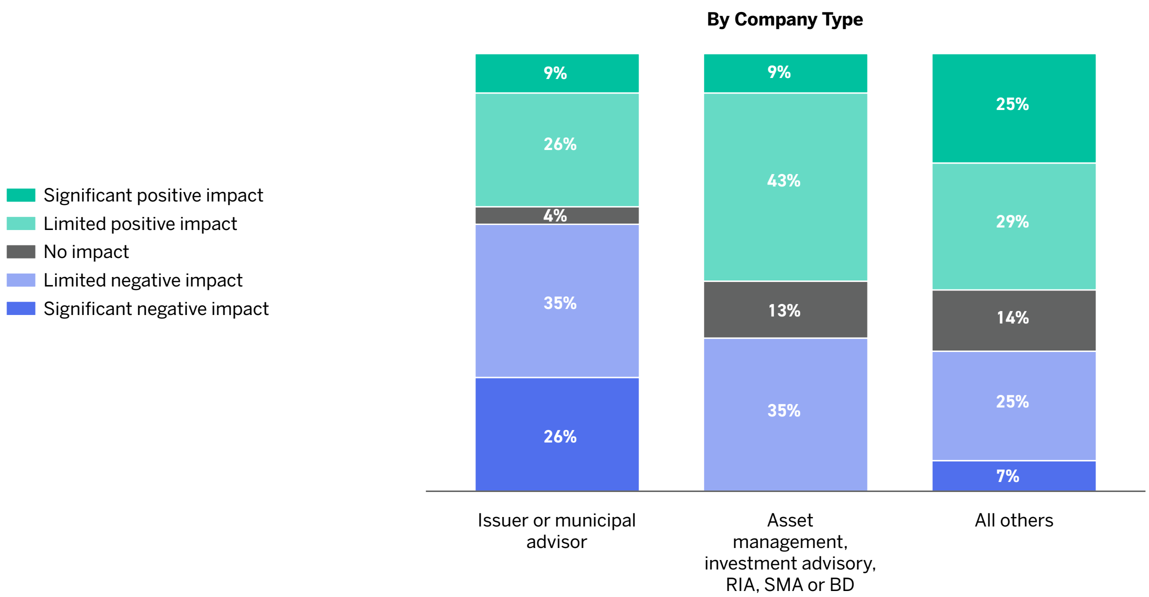
Policy expectations are evolving

As the SEC began its implementation of the Financial Data Transparency Act (FDTA) during 2023, industry opinions about the legislation grew stronger. The FDTA was passed in 2022 and aimed at providing more transparency to the financial markets by introducing machine-readable formats into the Municipal Securities Rulemaking Board's (MSRB) EMMA system, a data provider for the muni market. The SEC is in charge of developing the standards for how the data will be submitted to the MSRB. Upcoming deadlines include publishing proposed rules by June 2024, which will kick off the public comment period. Determining the standards is set for December 2024, with specific rulemaking to be in place by 2026. Issuer representatives have largely been opposed to the FDTA. Opponents include the Government Finance Officers Association, which believes the implementation will impose financial hardship and require additional labor to implement the system while not offering any new data.

However, a majority of respondents think the FDTA will have a positive or neutral effect on municipal disclosure (see Figure 6). Overall, 15% expect it to have a significantly positive impact, 32% expect a limited positive impact and 11% anticipate no impact. On the negative side, 31% say it's likely to have a limited negative impact and 11% foresee a significant negative effect. Issuer respondents, however, are far more negative. Twenty-six percent believe it will have a significantly negative impact on disclosure, and 35% say it will have a limited negative impact. For their part, 9% of asset managers, registered investment advisors, separately managed accounts and broker-dealers expect it to have a positive impact while 43% expect a moderately positive impact on disclosure.

Figure 6: Issuers have the most negative view of the FTDA

Question: As the Securities and Exchange Commission begins its implementation of the Financial Data Transparency Act, what effect will it have on the municipal disclosure in the market?

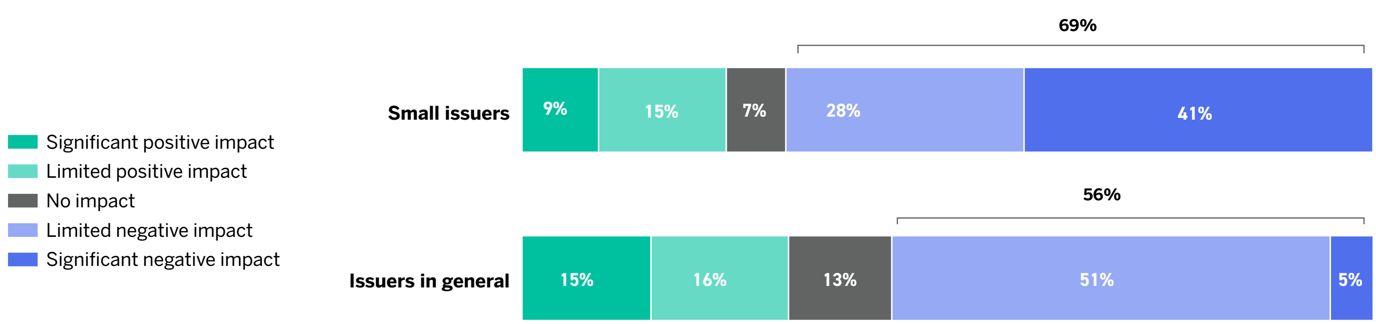


Source: Arizent, 2024 Predictions: What to Expect in the Year Ahead
Base: Total respondents n=74. By company type: Issuer or municipal advisor n=23, Asset management, investment advisory, RIA, SMA, or BD n=23, All others n=28

However, when drilling into how the FDTA will affect issuers by size, respondents expect smaller issuers to fare worse. Fully 69% of respondents expect small issuers to see negative effects, whether significant (41%) or moderate (28%) (see Figure 7). Respondents expect increased costs and burdensome processes for all issuers. Small issuers are expected to feel even more of the effects due to their limited resources (see Figure 8).

Figure 7: Smaller issuers will be most impacted by the FDTA

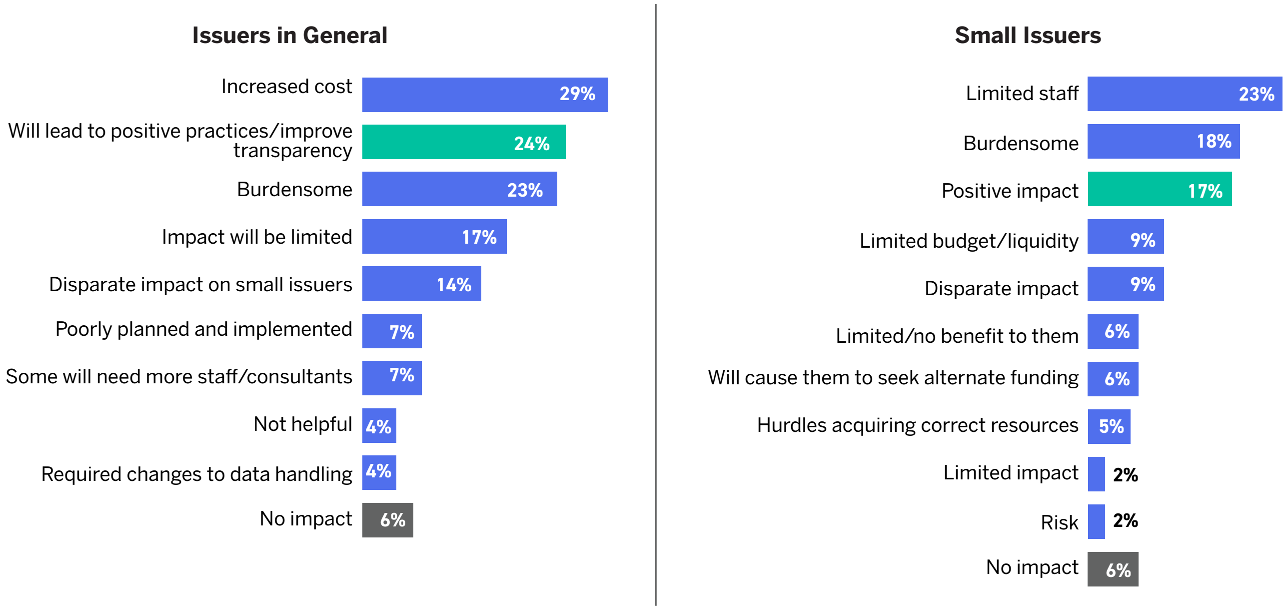
Question: As the Securities and Exchange Commission begins its implementation of the Financial Data Transparency Act, what effect will it have the following groups



Source: Arizent, 2024 Predictions: What to Expect in the Year Ahead
Base: Total respondents n=74

Figure 8: Increased cost is the biggest driver of negative views of the FTDA

Questions: Why do you feel that way? What specific impacts do you expect for issuers?



Source: Arizent, 2024 Predictions: What to Expect in the Year Ahead
Base: Total respondents n=74

Conclusions

- Municipal market participants expect continued volatility, but less than they saw the prior two years. A clearer picture from the Federal Reserve emerged late in 2023, after the Fed's Summary of Economic Projections indicated the central bank is likely to cut rates three times in 2024.

- Issuance levels may not rebound as strongly as most in the industry would prefer, but issuers should begin to bring more bonds to market as rates stabilize, refunding opportunities arise and a better picture of the overall economy comes into focus.

- Respondents are generally positive on issuer credit for the next few years, but expect pockets of strengths and weakness depending on sector.

- ESG factors have become more politicized. Participants are less inclined to say ESG will lead to industry growth, but a significant portion of respondents still see its place in the muni space.

- Technology changes are expected nearly universally. A majority of industry participants expect to spend more on it in the next five years.

- The FDTA brings more and better disclosure to the municipal market but at a cost to issuers, particularly small ones.

About Arizent Research

Arizent delivers actionable insights through full-service research solutions that tap into its first-party data, industry SMEs and highly engaged communities across banking, payments, mortgage, insurance, municipal finance, accounting, HR/employee benefits and wealth management. Arizent has leading brands in financial services, including American Banker, The Bond Buyer, Financial Planning and National Mortgage News, and in professional services, such as Accounting Today, Employee Benefits News and Digital Insurance. For more information, please visit www.arizent.com.

Interested in learning more about how to put Arizent's full-service research capabilities to work for your company? Please contact: Janet King, Vice President Research, janet.king@arizent.com, 207-807-4806.

TAB 5

HAWKINS

HAWKINS DELAFIELD & WOOD LLP
200 SW MARKET STREET, SUITE 350, PORTLAND, OR 97201
(503)402-1320 | HAWKINS.COM

M E M O R A N D U M

TO:	Members of the Oregon Facilities Authority Gwendolyn Griffith, Executive Director Mick Harris, Associate Executive Director
FROM:	Carol J. McCoog Jennifer B. Córdova
DATE:	February 1, 2024
RE:	Preliminary Approval for St. Vincent de Paul Society of Lane County, Inc. SNAP Loan

St. Vincent de Paul Society of Lane County, Inc. (the "Borrower"), an Oregon nonprofit corporation and a 501(c)(3) organization, is seeking preliminary approval for the issuance of an Oregon Facilities Authority SNAP Loan in an approximate principal amount of $4,500,000.

Background

The Borrower will use the SNAP Loan proceeds to refinance a portion of an interim loan (the "Original Loan") that financed the acquisition of a facility located in Eugene, Oregon. The Borrower will use a portion of the facility for one of its thrift stores, and SNAP loan proceeds will be used to refinance the Original Loan allocated to the thrift store. HOPE Community Corporation ("HOPE"), an Oregon nonprofit corporation and 501(c)(3) organization, will use a portion of the facility for a manufactured housing factory. HOPE will also utilize New Markets Tax Credits (NMTC) to lower the cost of refinancing the facility. To accommodate the NMTC, a portion of the SNAP Loan proceeds will be used to refinance a portion of the HOPE side of the facility. Additionally, another non-profit organization called Home Visitors Council is expected to own the entire facility for tax purposes; this ownership structure is designed to accommodate the NMTC transaction.

The Borrower will obtain financing through Banner Bank (the "Bank") with a 10-year loan amortized over 25 years with a rate that will be fixed at closing for the initial five years and reset at the five year anniversary.

Initial Scoping Call and Review of Application

We have conducted an initial scoping call with the Borrower, reviewed its application and the addendum to the application. We also had a call with counsel assisting with the NMTC transaction. Based on the information provided, as of the time we are submitting this memorandum, we have identified the following issues that may affect either the size of the SNAP Loan or our ability to proceed with the SNAP Loan. Other issues may arise as we conduct further due diligence during the issuance process.

- We will conduct 501(c)(3) due diligence on the Borrower, HOPE, and Home Visitors Council (we understand Home Visitors Council will need to seek a reclassification with the IRS). If we are not ultimately satisfied that the 501(c)(3) status of any of these organizations is current and that there is nothing that would materially, adversely affect this status, we will not proceed with the issuance of the SNAP Loan.

- We will conduct due diligence on the uses of the proceeds of the Original Loan to confirm that the portion of the Original Loan to be refinanced with SNAP Loan proceeds was used for eligible capital costs that can be refinanced on a tax-exempt basis. This will include due diligence on the thrift store, as well as the portion of the HOPE side of the facility refinanced with the SNAP Loan.

While we understand that parties do not intend for the SNAP Loan proceeds to flow through the NMTC structure, we will need to monitor the NMTC transaction and review documentation to ensure that is the case.

Recommendation

Based on participation in the scoping call, our review of the application and addendum to the application, discussion with NMTC consultant, we recommend the Borrower for preliminary approval of a SNAP Loan.

Next Steps

Assuming the Board grants preliminary approval for the St. Vincent de Paul Society of Lane County, Inc. SNAP Loan, we anticipate that the Bank will schedule a kick-off call to discuss next steps and establish a schedule for the financing.

First Tryon Advisors
SIMPLIFYING PUBLIC FINANCE

Memorandum

To: Oregon Facilities Authority

From: Kevin Quinn

Re: SNAP Report – St. Vincent de Paul Society of Lane County, Inc.

Date: January 2, 2024

1. Introduction

Pursuant to our engagement to serve as financial advisor to the Oregon Facilities Authority ("OFA") in connection with OFA designated transactions, we have reviewed a SNAP Loan Application to OFA that was submitted by the St. Vincent de Paul Society of Lane County ("SVDP") on December 13. We also conducted a briefing conference call with representatives of SVDP and its lender, Banner Bank. This Report presents our findings based on our review work.

2. SVDP, Hope and Project Overview

SVDP is Lane County's largest non-profit human services organization. SVDP seeks to refinance a bridge loan, the proceeds of which were used in 2022 to acquire and renovate a property located at 888 Garfield Street in Eugene. The property serves two purposes: (1) housing the 13th of SVDP's network of thrift stores and (2) housing the Hope Community Corporation ("Hope") manufactured housing factory. The property site is approximately 4.41 acres and the building contains approximately 94,600 square feet of useable space. Approximately 28,000 square feet has been used for the thrift store operation since October, 2022. Renovations to the remaining 66,000 square feet is substantially complete and factory operations are expected to commence in January. This space plus an adjacent building (3,000 square feet, still under construction) is leased to Hope. Since the time that the property was acquired, Hope has been preparing its space for operations including renovations, equipment acquisition and hiring and training. Hope is itself a 503(c)(3) corporation. To date, Hope has been funded through state grants and philanthropy. Hope is focused on manufacturing low cost manufactured housing products to help address the need for more affordable housing units as a result of the significant loss of housing (over 2,500 homes) in the Eugene area to wild fires in 2020. Hope anticipates housing up to 100 employees and producing up to four manufactured homes per day once the plant reaches full capacity.

3. Financing Overview

SVDP proposes to finance the cost of repaying the bridge loan, interest on that loan and transaction costs with a combination of the SNAP loan proceeds, SVDP equity and an equity contribution from Hope. The following are the estimated sources and uses of funds:

Sources:

• SNAP Loan:	$3,100,000
• SVDP Equity:	316,800
• Hope Equity:	5,900,000
TOTAL:	$9,316,800

Uses:

- Bridge Loan: $9,000,000
- Loan Interest: 217,000
- Transaction Costs: 99,800

TOTAL: $9,316,800

SVDP has secured a preliminary term sheet from Banner Bank for the SNAP loan. The term sheet proposes that the loan have a 10 year term with a 25 year amortization period, and an initial five year interest rate of 5.37%. at the end of the initial five year rate term, the rate would be resent at the FHLB 60 months index plus 1%.

An analysis provided by SVDP indicates net present value savings of $273,080 by using the SNAP Loan program rather than borrowing at a taxable interest rate (of approximately 6.85%). The loan will be secured by a deed of trust on the Project property.

4. SVDP Interview

On December 29, I had a briefing conference call with Glen DePrater (CFO) of SVDP, Kristen Karle (Housing Development Coordinator at SVDP) and Patty Schultz of Banner Bank, with the objectives of verifying that SVDP had conducted a reasonable investigation of its financing alternatives and was making a fully informed decision in proceeding with the Banner Bank proposal. During our discussion, Mr. DePrater indicated that SVDP has multiple banking relationships. It concluded that Banner Bank would provide the best financing solution for the Project. In reviewing the Term Sheet with Mr. DePrater and Ms. Karle, it appears that they have considerable debt financing experience and understand the provisions of the Term Sheet. In addition, based on a review of SVDP's financial statements (for FYE 2022 and 2023), I noted that SVDP has over 20 loans totaling approximately $41 million, further evidence of SVDP's practical experience with debt financing. Some of those loans were made through OFA. The loans relate primarily to stores, rental facilities and emergency shelter facilities which SVDP owns and operates in pursuit of its mission. No financial covenant violations are indicated in the financial statements.

If there are any questions about this matter, I will be attending the Board's forthcoming meeting on January 8 and will be available to respond to them.

Respectfully submitted by First Tryon Advisors LLC

By: Kevin G. Quinn

Kevin G Quinn
Managing Director

GWENDOLYN GRIFFITH
EXECUTIVE DIRECTOR

MICK HARRIS
ASSOCIATE EXECUTIVE DIRECTOR

ALLAN PATTERSON
EXECUTIVE ASSISTANT

OREGON FACILITIES AUTHORITY
1600 PIONEER TOWER
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PORTLAND, OREGON 97204
PHONE: (503) 802-5710
EMAIL: OFA@TONKON.COM

MEMORANDUM

To: Andrea Trenner, Chair
Kathleen Cornett, Vice Chair
Sean Hubert, Authority Member
Eric Johansen, Authority Member
Erika Patton, Authority Member
Roy Kim, Authority Member Erick
Petersen, Authority Member

From: Mick Harris

Date: February 12, 2024

Subject: Application by St. Vincent de Paul Society of Lane County, Inc.

St. Vincent de Paul Society of Lane County, Inc., headquartered in Eugene, Oregon (the "Applicant"), timely made an application to the Oregon Facility Authority ("OFA") for SNAP Loan financing in an approximate principal amount of $4,500,000 to fund a capital improvement project described in greater detail below (the "Project"). It paid the required application fee. The Applicant appears to be a §501(c)(3) organization and the type of organization that qualifies for OFA financing. The Project also appears to be of the type that qualifies under OFA's statute and administrative rules. If preliminary approval is granted, SNAP Loan Counsel will confirm these assumptions in its diligence process.

This is the Applicant's fifth OFA financing. The Sponsoring Bank is Banner Bank (the "Bank"), which has previously closed SNAP Loan financings. Maik Aagaard, Specialty Lending & Capital Markets Director, is facilitating this loan for the Bank.

The Applicant is a nonprofit established in 1955 that provides programs to alleviate poverty. The Applicant achieves its mission through acting in the following core areas: affordable housing, emergency services, homeless services, economic development, and job training. The Applicant employs approximately 649 employees.

The Project is the refinancing of a two-year bridge loan that the Applicant received from Oregon Community Foundation in 2022 to purchase a facility in Eugene, Oregon that will be used to (i) operate a thrift store to generate revenue for the provision of social services; and (ii) provide manufacturing space to HOPE Community Corporation ("HOPE"), a §501(c)(3) organization that produces affordable housing. HOPE will utilize New Markets Tax Credits to reduce the cost of refinancing the facility and another nonprofit organization, Home Visitors Council, is expected to own the facility for tax purposes. Due to the complexity of the proposed ownership structure, OFA and Oregon State Treasury have agreed to an alternative fee structure with SNAP Loan Counsel for this transaction.

Banner Bank is offering have a 25-year amortization period and a 10-year term with a fixed interest rate that will reset after five years.

On December 19, 2023, OFA held a scoping call with the financing team. No unusual issues were identified. In its application for financing, the Applicant expressed its hope for an April 8, 2024 date for OFA final approval and a closing by April 30, 2024.

The Financial Advisor's Report is included in the materials. Mr. Quinn has conducted First Tryon Advisors LLC's usual conference with the Applicant.

SNAP Loan Counsel's Report is included in the materials. Ms. McCoog recommends the transaction for preliminary approval.

Recommendation: **I recommend that OFA adopt Resolution 2024-4, granting preliminary approval to St. Vincent de Paul Society of Lane County, Inc. for an OFA SNAP Loan in the approximate principal amount of $4,500,000.**

If you have any questions, please let me know.

MH

State of Oregon
Oregon Facilities Authority

Resolution No. 2024-04
Adopted: February 12, 2024

A resolution of the Oregon Facilities Authority recommending that the State Treasurer issue a small nonprofit accelerated program (SNAP) loan for the purposes described herein, authorizing the execution and delivery of a preliminary agreement by and between the Authority and the Participating Institution proposing the project described below, and authorizing and determining other matters with respect thereto.

WHEREAS, the Oregon Facilities Authority, a body politic and corporation duly created and existing under the laws of the State of Oregon (the **"Authority"**) is authorized and empowered by the provisions of ORS Chapter 289, as amended (the **"Act"**), to recommend to the State Treasurer the issuance of revenue bonds, as defined in ORS 289.005(1)(b), for the purpose of financing or refinancing the acquisition, construction and equipping of "projects" as defined in the Act, and the lending of the proceeds of such revenue bonds to participating institutions in connection therewith; and

WHEREAS, St. Vincent de Paul Society of Lane County, Inc. an Oregon nonprofit corporation and 501(c)(3) organization (the **"Participating Institution"**), has filed with the Authority a substantially complete application to refinance a portion of an interim loan for the acquisition of a facility located in Eugene, Oregon (all of the foregoing being herein collectively called the **"Project"**); which application has been reviewed by the Executive Director of the Authority, the Authority's bond counsel for the Authority's small nonprofit accelerated program (**"SNAP"**) loan and the Authority's financial advisor; and

WHEREAS, in said application the Participating Institution has requested that the Authority consider recommending that the State Treasurer issue a SNAP loan under the Act (the "**Loan**") in an approximate principal amount of $4,500,000, and to lend the proceeds of the Loan to the Participating Institution for the purposes described above and paying the related costs associated therewith and with the issuance of the Loan;

NOW, THEREFORE, be it resolved by the members of the Authority as follows:

Section 1. Eligibility. The Authority, based upon the advice of Hawkins Delafield & Wood LLP, bond counsel for the Authority's SNAP loans ("**Bond Counsel**"), hereby finds and determines that the Project qualifies as a "project" within the meaning of the Act. The Authority further finds and determines that the financing and refinancing of the Project will promote the public purposes sought to be advanced by the Act.

Section 2. Recommendation to Issue SNAP Loan. The Authority hereby recommends that the State Treasurer declare his intent to issue the Loan in the approximate principal amount of $4,500,000, and to lend the proceeds of the Loan to the Participating Institution for the purposes described above; *provided, however*, that

(i) prior to the issuance of the Loan, the Authority and the State Treasurer shall have been advised by Bond Counsel that all legal requirements for the issuance of the Loan have been fully met and complied with;

(ii) in the event that the Loan is issued for the purpose of financing and refinancing the Project, the Loan shall be payable solely and only from the specific properties and revenues pledged thereto and shall not constitute a debt of the State of Oregon or a lending of the credit of the State of Oregon within the meaning of any constitutional or statutory limitation or a charge upon any properties or revenues of the State of Oregon or the Authority not specifically pledged thereto, and no holder of the Loan shall have the right to enforce the payment of any amounts owing under or with respect to the Loan out of any properties or revenues of the State of Oregon or the Authority not specifically pledged thereto; and

(iii) the Authority shall retain at all times complete and absolute discretion as to whether or not to proceed with the issuance of the Loan for the purpose of financing or refinancing the Project, and may refuse to proceed therewith for any reason deemed sufficient by the Authority notwithstanding that all legal requirements for the issuance of the Loan may have been met and fully complied with.

Section 3. Preliminary Agreement. The form of Preliminary Agreement attached hereto as **Exhibit A** is hereby approved. The Executive Director of the Authority is hereby authorized, empowered and directed, for and on behalf of the Authority, to execute and deliver such Preliminary Agreement in substantially the form approved but with such variations, changes, omissions and insertions as may be necessary or appropriate and not inconsistent with the provisions of applicable law.

Section 4. Appointment of Attorney-in-Fact. Bond Counsel is hereby appointed the Authority's attorney-in-fact for the purpose of applying for any rulings from the Internal Revenue Service that may be required in connection with the Loan and for filing, signing and taking any other actions on behalf of the Authority in connection with any such ruling request.

Section 5. Post-Issuance Compliance. The Authority hereby resolves that the Participating Institution is not subject to the requirements of Section III of the Post-Issuance Disclosure Compliance Requirements of the State of Oregon Oregon Facilities Authority Post-Issuance Tax and Disclosure Compliance Policies and Procedures adopted by the Authority on December 5, 2012.

Section 6. Effectiveness; Conflicting Resolutions. This resolution shall be effective immediately upon its adoption. All resolutions of the Authority and parts thereof which are in conflict with the terms of this resolution shall be, and they hereby are, rescinded, but only to the extent of such conflict.

Certification of Resolution

The undersigned does hereby certify that I am the duly appointed, qualified and acting Executive Director of the Oregon Facilities Authority; that the foregoing is a true and complete copy of Resolution No. 2024-04 as adopted by said Authority at a meeting duly called and held in accordance with law on February 12, 2024; and that the following members of the Authority voted in favor of said Resolution:

____
____

the following members of the Authority voted against said Resolution:

____
____

and the following members of the Authority abstained from voting on said Resolution:

____
____

In witness whereof, the undersigned has hereunto set her hand as of this _____day of February, 2024.

____
Gwendolyn Griffith, Executive Director

Preliminary Agreement
Oregon Facilities Authority SNAP Loan

Between

ST. VINCENT DE PAUL SOCIETY OF LANE COUNTY, INC.
and

Oregon Facilities Authority

This Preliminary Agreement is entered into as of the 12th day of February, 2024 by and between the **Oregon Facilities Authority**, a public body corporate and politic duly created and existing under the laws of the State of Oregon (the **"Authority"**), and St. Vincent de Paul Society of Lane County, Inc., an Oregon nonprofit public corporation and 501(c)(3) organization (the **"Participating Institution"**).

Premises:

WHEREAS, the Authority is authorized and empowered by the provisions of ORS Chapter 289, as amended (the **"Act"**), to recommend to the State Treasurer the issuance of revenue bonds, as defined in ORS 289.005(1)(b) for the purpose of financing or refinancing the acquisition, construction and equipping of "projects" as defined in the Act, and the lending of the proceeds of such revenue bonds to participating institutions in connection therewith; and

WHEREAS, the Participating Institution has filed with the Authority a substantially complete application to refinance a portion of an interim loan for the acquisition of a facility located in Eugene, Oregon (all of the foregoing being herein collectively called the **"Project"**) through the Authority's Small Nonprofit Accelerated Program (**"SNAP"**); and

WHEREAS, in its application the Participating Institution has requested that the Authority consider recommending that the State Treasurer issue a SNAP loan under the Act (the **"Loan"**) in an approximate principal amount of $4,500,000 (the **"Principal Amount"**), and lend the proceeds of the Loan to the Participating Institution for the purposes described above and paying the related costs associated therewith and with the issuance of the Loan;

WHEREAS, the Authority has adopted a resolution pursuant to which it has recommended that the State Treasurer issue the Loan under the Act for the purposes described above; and

WHEREAS, the State Treasurer has indicated in writing his intent to issue the Loan under the Act for the purposes described above;

NOW, THEREFORE, for and in consideration of the premises and the mutual undertakings of the parties as set forth herein, the Authority and the Participating Institution hereby agree as follows:

Section 1. <u>Undertakings on the Part of the Authority</u>. Subject to the terms and conditions stated herein, the Authority agrees and represents as follows:

> **(a) <u>Issuance of Loan.</u>** The Authority will, subject to the terms hereof and upon satisfaction by the Participating Institution of all conditions stated herein and all other conditions imposed on the Participating Institution by the Authority prior to issuance of the Loan and upon compliance with all requirements of applicable law, take such further actions as may be necessary or appropriate to recommend that the State Treasurer issue the Loan under the Act in the Principal Amount, and lend the proceeds of the Loan to the Participating Institution for the purposes described above, which Loan shall be payable solely and only out of the loan payments paid by the Participating Institution pursuant to a SNAP loan financing agreement to be entered into by the Participating Institution.

> **(b) <u>Other Actions</u>.** Subject to the terms hereof and upon satisfaction by the Participating Institution of all conditions stated herein and all other conditions imposed on the Participating Institution by the Authority or the State Treasurer prior to issuance of the Loan and upon compliance with all requirements of applicable law, the Authority will take such action within its lawful powers as may be necessary and advisable to recommend that the State Treasurer authorize, issue the Loan and lend the Loan proceeds to the Participating Institution for the purposes described above, all as authorized by law and as mutually satisfactory to the State Treasurer, the Participating Institution and the Authority.

The foregoing undertakings of the Authority are hereby qualified by and subject in all respects to the following conditions and understandings:

> **(i) <u>Compliance with Applicable Law</u>.** Prior to the issuance of the Loan, the Authority and the State Treasurer shall have been advised by Hawkins Delafield & Wood LLP (**"Bond Counsel"**) that all legal requirements for the issuance the Loan have been fully met and complied with.

(ii) Loan to be Limited Obligation. In the event that the Loan is issued for the purpose of financing and refinancing the Project, the Loan shall be payable solely and only from the specific properties and revenues pledged thereto and shall not constitute a debt of the State of Oregon or a lending of the credit of the State of Oregon within the meaning of any constitutional or statutory limitation or a charge upon any properties or revenues of the State of Oregon or the Authority not specifically pledged thereto, and no holder of the Loan shall have the right to enforce the payment of any amounts owing under or with respect to the Loan out of any properties or revenues of the State of Oregon or the Authority not specifically pledged thereto. The Participating Institution understands that the SNAP loan financing agreement to be entered into in connection with the Loan will provide that amounts payable thereunder will be sufficient to pay the principal of and the interest on, and redemption premium, if any, of the Loan as and when the same become due and payable.

(iii) Discretion to Determine Whether to Proceed. The Authority and the State Treasurer shall each retain at all times complete and absolute discretion as to whether or not to proceed with the issuance of the Loan for the purposes described above, and each may refuse to proceed therewith for any reason deemed by either to be sufficient notwithstanding that all legal requirements for the issuance of the Loan may have been met and fully complied with.

Section 2. Undertakings on the Part of the Participating Institution. The Participating Institution agrees as follows:

(a) Completion of Project. If the Loan is issued as requested by the Participating Institution, it is the intent of the Participating Institution to diligently cause the Project to be completed at the earliest practicable time and to cause the Project to be operated in the manner and for the purposes previously disclosed to the Authority in the Participating Institution's application. If the Loan proceeds are not sufficient to complete the financing of the Project, the Participating Institution agrees to cause the Project to be completed at the Participating Institution's expense. The Authority makes no representation or warranty that the proceeds of the Loan will be sufficient to accomplish the Project as planned by the Participating Institution, and the Participating Institution hereby acknowledges and agrees that it assumes all risks associated with such potential insufficiency.

(b) Cooperation with the Authority and Treasurer. The Participating Institution will cooperate with the State Treasurer, the Authority, Bond Counsel and the Authority's financial advisor in all matters relating to the issuance of the Loan.

(c) Arrangements for the Lender. The Participating Institution acknowledges and agrees that it shall have sole responsibility for arranging a lender of the Loan, and acknowledges that under the Act the State Treasurer has the ultimate authority to approve lender under the SNAP loan program. At the request of the

Participating Institution, the State Treasurer has approved Banner Bank, as the lender (the **"Lender"**).

(d) **Execution and Delivery of SNAP Loan Financing Agreement.** At the time of issuance of the Loan, the Participating Institution will deliver an executed SNAP loan financing agreement with the State Treasurer (acting as issuer of the Loan on behalf of the State of Oregon and the Authority), under which terms the Participating Institution will agree to pay the loan payments sufficient in the aggregate to pay the principal of and interest on, and redemption premium, if any, of the Loan as and when the same shall become due and payable. The SNAP loan financing agreement shall contain a provision that the Participating Institution shall indemnify and hold the Authority and the State of Oregon harmless from all liabilities incurred in connection with the requested financing and the placement of the Loan.

(e) **Further Actions.** The Participating Institution will take such further action and adopt such further proceedings as may be required to implement the terms and provisions of this Preliminary Agreement. The Participating Institution shall obtain all necessary governmental approvals and opinions of Bond Counsel in order to insure the legality and the exclusion of interest on the Loan from gross income for federal income tax purposes. In addition, the Participating Institution shall make no use of the Loan proceeds so as to cause the Loan to be classified as an "arbitrage bond" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended.

(f) **Reimbursement for Expenses.** Regardless of whether or not the Loan is actually issued, the Participating Institution will reimburse the Authority and the State Treasurer for all reasonable and necessary direct and indirect expenses incurred in connection with the consideration and processing of the application for Loan financing and the preparation of the Loan for issuance, which expenses shall be itemized on an invoice sent by the Authority to the Participating Institution and paid within 30 days of the date of such invoice. If the Loan is issued, the Participating Institution will pay to the Authority its usual and customary annual administrative fee according to Authority policy (as the same may be modified from time to time) and its issuance fee.

(g) **Fees and Expenses of State, Bond Counsel and Financial Advisor.** The Participating Institution hereby agrees to pay the fees and expenses of the Authority, the State Treasurer, and First Tryon Advisors, financial advisor to the Authority, as those fees are in effect on the date of closing. The fees currently in effect are shown in the attached Appendix A. The Participating Institution herby agrees to pay the fees and expenses of Bond Counsel pursuant to the letter agreement between Bond Counsel, the Participating Institution, the Authority and the State Treasurer regarding Bond Counsel fees for the SNAP Loan (the "Bond Counsel Fee Agreement"). The Participating Institution shall pay these fees and expenses at the time of the issuance the Loan; *provided, however,* that with respect to any hourly fees and any expenses which it is not practicable to itemize at the time of issuance the Loan, such hourly fees and expenses shall be paid within 30 days from the date of any invoice therefor; *and provided further*, that if the Participating Institution abandons or otherwise fails to complete the financing contemplated hereby within six months from the date of adoption of the Authority resolution referred to in the preamble hereto, the Participating Institution shall pay all fees and expenses incurred by Bond Counsel pursuant to the Bond Counsel Fee Agreement and the Authority's financial advisor in connection with such financing, which fees and expenses shall be itemized on an invoice sent to the Participating Institution and paid within 30 days of the date of such invoice.

(h) **Indemnity and Hold Harmless Agreement.** The Participating Institution hereby agrees to indemnify and hold the State of Oregon, the State Treasurer, the Authority and their respective officials, officers, members and employees (the **"Indemnified Parties"**) harmless against and from any and all claims, of whatever nature and howsoever arising, by or on behalf of any person, firm, corporation or other legal entity arising from the execution of this Preliminary Agreement or any other actions taken or omitted to be taken by any of the Indemnified Parties or the Participating Institution relating in any way to the Project or the placement or issuance of the Loan or any transaction related to the foregoing, including without limitation any claim or liability arising from or in connection with:

(i) financing and refinancing of the Project and any condition of the Project or the construction thereof;

(ii) any breach or default on the part of the Participating Institution in the performance of any of its obligations under this Preliminary Agreement or any other agreement entered into in connection with the Loan and the financing and refinancing of the Project;

(iii) any act or negligence of the Participating Institution or of any of its respective agents, contractors, servants, employees or licensees;

(iv) any act or negligence of any assignee or lessee of the Participating Institution, or of any agents, contractors, servants, employees or licensees of any assignee or lessee of the Participating Institution;

(v) any material misstatement or omission, or alleged material misstatement or omission, made or omitted in any information used in connection with the placement or issuance of the Loan.

The Participating Institution shall indemnify and save the Indemnified Parties harmless from any such claim arising as aforesaid, or in connection with any action or proceeding brought thereon, and upon notice from the Indemnified Party, the Participating Institution shall, subject to ORS Chapter 180 (or any successor provision of law), defend it in any such action or proceeding at the Participating Institution's expense, and shall pay all attorney's fees and expenses of the Indemnified Parties incurred in connection therewith at trial, on appeal or otherwise related to the claim for which indemnification is provided hereunder. The foregoing indemnification and hold harmless agreement shall be and remain in full force and effect notwithstanding the failure or refusal, for any reason, of the Authority or the State Treasurer to proceed with the issuance of the Loan. Notwithstanding anything to the contrary contained herein, the Participating Institution shall have no liability to indemnify the Indemnified Parties against claims or damages resulting from the Indemnified Parties' own willful misconduct.

(i) **Policy Concerning Sale of Project.** It is the policy of the Authority that the proceeds of any sale of Loan -financed or refinanced assets shall be applied to prepay the outstanding Loan in such amounts and at such times as may be permitted by the Loan documents executed in connection with the issuance of the Loan, and as the Authority determines may be reasonable under the circumstances. Furthermore, in the event of the sale of Loan -financed or refinanced assets that serve as collateral for the Loan, adequate and acceptable substitute collateral shall be identified and provided prior to or simultaneous with such sale. The Authority may consider release of its security interests in lieu of such substitution of collateral, but only after all other security holders and the Lender agree to the release of their security interests in the assets to be sold. The Participating Institution hereby acknowledges the foregoing and agrees thereto.

Section 3. Miscellaneous. The State of Oregon, the State Treasurer, the Authority and their respective officials, officers, members and employees, and Bond Counsel, and First Tryon Advisors, and each of them individually, shall be third party beneficiaries of this agreement with the right to enforce the provisions of this agreement directly and individually and without joining any other beneficiary hereof.

This agreement shall be governed by and construed in accordance with the laws of the State of Oregon without regard to principles of conflicts of law. Any claim, action, suit or proceeding (collectively, a **"Claim"**) between the Authority or any other agency or department of the State of Oregon and the Participating Institution that arises from or relates to this agreement shall be brought and conducted solely and exclusively within the Circuit Court of Marion County for the State of Oregon (unless Oregon law requires that the Claim be brought in another county; provided, however, if a Claim must be brought in a federal forum, then it shall be brought and conducted solely and exclusively within the United States District Court for the District of Oregon). In no event shall this Section be construed as a waiver by the State of Oregon of any form of defense or immunity, whether it is sovereign immunity, governmental immunity, immunity based on the Eleventh Amendment to the Constitution of the United States or otherwise, from any Claim or from the jurisdiction of any court. PARTICIPATING INSTITUTION, BY EXECUTION OF THIS AGREEMENT, HEREBY CONSENTS TO THE IN PERSONAM JURISDICTION OF SAID COURTS.

This agreement shall be binding upon the parties hereto and their respective successors and assigns.

This agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the Authority and the Participating Institution have caused this Preliminary Agreement to be executed and delivered by their duly authorized officers or representatives as of the date first set forth above.

Oregon Facilities Authority

By: ____
Gwendolyn Griffith
Its Executive Director

St. Vincent de Paul Society of Lane County, Inc.
as Participating Institution

By: ____

Name: ____

Title: ____

Appendix A

Oregon Facilities Authority
SNAP Loan Program Fee Schedule

OFA Fees:

Initial Application: $500

Processing Fee: 0.5% of the amount of the loan, up to $600,000, plus
0.3% of the amount of the loan in excess of $600,000

Note: For SNAP Loans closing after July 1, 2023 and before June 30, 2024, the processing fee shall not exceed:

- For loans $1,000,000 or less, 65% of the amount calculated above;
- For loans greater than $1,000,000 but not more than $2,000,000, 70% of the amount calculated above; and
- For loans greater than $2,000,000 but not more than $3,000,000, 75% of the amount calculated above.
- For loans greater than $3,000,000 but not more than $5,000,000, 80% of the amount calculated above.

Office of the State Treasurer Fees:

Closing Fee (based on principal amount):

- $5 million or less: $6,000.
- More than $5 million and less than $10 million: $12,000
- $10 million or more: $18,000.

OFA Bond Counsel: Pursuant to the Bond Counsel Fee Agreement

Financial Advisor Fee: $900

Other Borrower Fees: The Borrower may incur bank fees and fees for its own counsel, which must issue a tax opinion on the §501(c)(3) status of the Borrower and related matters.

Additional fees may apply for certain transactions.
Please consult the Executive Director.

TAB 6

ORRICK, HERRINGTON & SUTCLIFFE LLP
1140 SW WASHINGTON ST, SUITE 500
PORTLAND, OREGON 97205

tel 503-943-4800
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WWW.ORRICK.COM

MEMORANDUM

TO: Members of the Oregon Facilities Authority
Gwendolyn Griffith, Executive Director
Mick Harris, Associate Executive Director

FROM: Michael Schrader

DATE: February 6, 2024

RE: Final Approval of Portland Village School Application for Bond Financing through the Oregon Facilities Authority

---

Overview of Bonds.

Portland Village School, an Oregon nonprofit corporation and a charter school operating pursuant to a charter with School District No. 1J, Multnomah County, Oregon (Portland Public Schools) (the "Borrower" and the "District," respectively), is requesting final approval from the Oregon Facilities Authority (the "Authority") for the issuance of both tax-exempt and federally taxable revenue bonds, in an aggregate principal amount to be determined, but in no event to exceed $22,000,000 (the "Bonds"). Bond proceeds are expected to be used for the purpose of (i) refinancing an interim, direct taxable financing provided by Hamlin Capital Management, LLC, the proceeds of which were used to acquire the land and building that will provide a permanent home to the Borrower, (ii) financing all or a portion of the costs associated with renovating and improving the property to serve as educational facilities for the Borrower and for other activities and uses in furtherance of the Borrower's purposes and mission, (iii) funding a debt service reserve fund, if required, (iv) paying capitalized interest, if necessary, and (v) paying costs of issuing the Bonds (collectively, the "Project").

The Bonds are expected to be issued in both tax-exempt and a federally taxable series, with fixed interest rates and a final maturity date not later than 35 years from the date of issuance. The Bonds will be sold through a negotiated limited public offering by D.A. Davidson & Co., as underwriter (the "Underwriter"). The Bonds will not be rated and will only be marketed and sold to qualified institutional investors, consistent with the requirements of OAR 172-005-0050 and prior nonrated limited offerings by the Authority for Oregon charter schools. The purpose of the taxable bonds is to cover costs of issuance ("COI") in excess of the two-percent COI limit on use of the tax-exempt bonds, to fund a proportionate share of any debt service reserve fund and to finance any other Project costs that may not be a permitted use of tax-exempt bonds, including portions of the Project that may be leased to unrelated third-parties. While the Borrower expects to finance and refinance most of the costs of the Project with proceeds of the Bonds, the Borrower funded a $1,000,000 segregated equity reserve in connection with the interim financing and is expected, upon release of those funds, to contribute a substantial portion of those funds and/or other additional funds to the Project.

The Bonds will be secured by a pledge of the Borrower's payments from the District, together with a mortgage lien and security interest granted on the school facilities being financed and refinanced, improved, renovated and equipped with proceeds of the Bonds.

The Indenture and the Loan Agreement related to the Bonds (the "Bond Documents") are in substantially final form and have been provided to the Authority's Executive Director and Associate Executive Director; however, pricing and other terms of the Bonds and financial and other covenants of the Borrower are subject to final negotiation with Bond purchasers at the time of the sale of the Bonds. Additionally, the Preliminary Limited Offering Memorandum (including the Borrower's Appendix A), the Bond Purchase Contract, the Deed of Trust and certain other documents and agreements related to the Bonds and the Project have been prepared and circulated. We have also reviewed and find acceptable the proposed form of the legal opinion letter to be provided by Borrower's counsel, which includes coverage of the Borrower's tax-exempt status. Our general due diligence review with respect to the Borrower and the Project, including the tax-exempt status of the Borrower, it's operations and the proposed use of the Project, has been materially completed and no material issues were identified. Additionally, the Borrower has confirmed the final scope of the Project and related costs, and it is our understanding that a final Guaranteed Maximum Price (GMP) construction contract will be executed prior to the posting of the Preliminary Limited Offering Memorandum. Contemporaneous with the pricing and sale of the Bonds, the Borrower will finalize and execute its Charter Contract amendment with the District.

Recommendation.

As bond counsel to the Authority, and based upon our due diligence review and review of the substantially final forms of the Bond Documents, we recommend that the Borrower's request for issuance of the Bonds through the Authority be approved, and forwarded to the State Treasurer for final consideration and approval.

First Tryon Advisors
SIMPLIFYING PUBLIC FINANCE

Oregon Facilities Authority
Final Financial Advisory Report
Portland Village School
February 2, 2024

1. Summary of Findings

This Report has been prepared for consideration by the Board of the Oregon Facilities Authority of final approval of a tax-exempt bond financing of approximately $20,045,000 (the "Series 2024A Bonds") and taxable bond financing of approximately $440,000 (the "Series 2024B Bonds") for Portland Village School. The purposes of the transaction are to refinance debt incurred to acquire a property, to fund the cost of renovating that property for use by the School and to finance a reserve fund, capitalized interest and transaction costs. The Bonds are proposed to be sold through a limited public offering. Based on our review of the School's project information, finances and financial projections and the terms of the transaction, we recommend final approval of the transaction.

2. Description of Borrower and Project

Portland Village School was founded in 2005 and is based in the Portland Public School District, a district which serves approximately 45,000 students in grades K-12. Serving grades K-8, the School has approximately 420 students as of the 2023-24 school year. The School currently leases a property for its operations. The School seeks to develop and own its own facilities and to increase enrollment from the current 420 to its 444 student charter limit. In September, the School purchased a property which it plans to redevelop for its use – a 43,150 square foot building on one acre located at 4650 S. MacAdam Street in Portland. The School purchased the property for approximately $7,000,000 and financed the entirety of the purchase price, reserves and transaction costs with the proceeds of bond anticipation notes ("BANs") for $8,700,000 and $1,000,000 of school equity held by a trustee. The $1,000,000 will be released back to the School once the BANs are redeemed. The School proposes to renovate, improve and equip the facility at an estimated cost of $9,000,000. The School has a finalized GMP construction contract in place and the School's project development schedule anticipates (1) receiving a building permit in late February , (2) completing construction in the summer of 2024 and (3) beginning school in the new property on September 5 for the 2024-2025 school year.

3. Plan of Finance

The School proposes to fund the cost of the project with a combination of its equity and the Series 2024 Bonds. The following is the School's estimate of the gross sources and uses of funds:

Sources:

- Tax Exempt Bonds: $19,315,000
- Reoffering Premium: 415,906
- Taxable Bonds: 390,000
- Borrower Equity: 715,000

Total:	$20,835,906

Uses:

o Loan Repayment:	$8,910,854
o Facility Renovations:	9,000,000
o Debt Service Reserve:	1,509,456
o Capitalized Interest:	684,276
o Transaction Costs:	527,750
o Underwriter's Discount:	197,050
Total:	$20,835,906

The School proposes that the Series 2024 Bonds be sold through a limited public offering to multiple accredited investors. The Bonds are not expected to have a credit rating. The School's underwriter, D.A. Davidson, is an experienced underwriter of charter school bond issues. The proposed term of the Bonds is 35 years. The amortization schedule anticipates interest only in FY2025, a limited amount of principal in FY2025 with level annual debt service thereafter. The lease on the School's current rented facilities expires on November 30, 2024. The landlord has indicated flexibility to December in case of a delay in the completion of renovations as long as material progress has been realized to warrant such an extension. Financial projections developed by the School and its financial advisor indicate pro-forma debt service coverage (DSC) of 1.27x in the first full year of stabilized occupancy (FY 2026) when projected enrollment reaches 444 and by which time all capitalized interest funds have been spent. The interest cost assumed in the analysis is 6.84% based on input provided by D.A. Davidson. The School paid $339,000 in facility rent in FY 2023. That cost would be replaced by annual debt service on the proposed bonds that is estimated to average approximately $1,455,000 (starting FY 2027).

The School seeks final approval at the February 12 OFA Board meeting in support of a late February or early March bond sale with closing in March 2024.

4. Credit Assessment Considerations

The majority of the School's revenues come from State Board of Education funding on a per pupil basis. The School appears to enjoy good support from the Portland School District. We note that the amount of financing proposed by the School is considerably higher than the amount in its original (January, 2023) Application. That is largely attributable to the substantially higher cost of renovations than expected earlier last year. The School's most recent projections of net revenue available for debt service indicate pro-forma debt service coverage on the Series 2024 Bonds between FYs 2026 and 2030 ranging between 1.27x (FY 26) and 1.43x (FY 30), with a proposed DSC covenant of 1.10x. The proposed amount of debt and relatively low projected debt service coverage create some concern about the School's capacity to support the proposed debt. However, the School and its financial advisor have spent considerable time examining the key assumptions underlying the projections and the School has certified that it believes the projections are fair and achievable. The School included in its most recent projections sensitivity analysis based on potential enrollment shortfalls indicating that as long as it maintains enrollment of at least 400 students and maintains adequate cost controls, it should generate adequate cash flow to service the Bonds timely. The School appears to be confident that it can maintain at least its current headcount of 422 and grow it to 444 based on indications of demand. Additional sensitivity analysis indicates that the School has some flexibility in its operating cost structure and that such costs would have to be higher by the following amounts in the following years before debt service coverage would fall below 1.0X, assuming that enrollment targets are being achieved: FY2026: $360,000, FY2027: $400,000, FY2028: $510,000 with a tolerable level of additional cost continuing to grow in ensuing years. With good enrollment performance and conscientious budgeting of its operating expenses, the School should have a reasonable margin for cost overruns before experiencing inadequate cash flow to support debt service.

In addition, we are advised by D. A. Davidson that it has an internal Credit Committee that reviews and clears transactions such as the School's proposed bond issue before proceeding to market. The Davidson Credit Committee consists of the firm's CEO, Head of Fixed Income, Head of Underwriting and Chief Compliance Officer and is scheduled to review the School's transaction on February 6. Davidson's lead banker will be preparing a presentation to that Committee in order to secure approval of the credit and plans to brief the OFA Board at the February 12 meeting on his firm's credit review and approval process.

5. Summary

Portland Village School appears to be a moderately successful institution which has progressed to the point where owning and operating its own facilities is deemed prudent and necessary by its leadership. It proposes to finance approximately 95% of the cost of its project with the Series 2024 Bonds and the balance with School equity. With a relatively modest level of liquidity, good execution of project development, achieving projected growth in enrollment and maintaining tight control over operating expenses will be crucial to the School's ability to sustainably support the payment of debt service on the Series 2024 Bonds. Based on our review of the Project details, the plan of finance, the School's finances and projections and the terms of the Bonds, we recommend that the Board grant final approval of the transaction.

Respectfully submitted by First Tryon Advisors

By: Kevin G. Quinn

Kevin G Quinn, Managing Director

GWENDOLYN GRIFFITH
EXECUTIVE DIRECTOR

MICK HARRIS
ASSOCIATE EXECUTIVE DIRECTOR

ALLAN PATTERSON
EXECUTIVE ASSISTANT

OREGON FACILITIES AUTHORITY
1600 PIONEER TOWER
888 SW FIFTH AVENUE
PORTLAND, OREGON 97204
PHONE: (503) 802-5710
EMAIL: OFA@TONKON.COM

MEMORANDUM

To: Andrea Trenner, Chair
Kathleen Cornett, Vice Chair
Sean Hubert, Authority Member
Eric Johansen, Authority Member
Erika Patton, Authority Member
Roy Kim, Authority Member Erick
Petersen, Authority Member

From: Mick Harris

Date: February 12, 2024

Subject: Application by Portland Village School

Portland Village School, headquartered in Portland, Oregon (the "Applicant"), timely made an application to the Authority for Traditional Bond financing for the issuance of both tax-exempt and federally taxable revenue bonds, in an aggregate principal amount of $20,485,000. At its meeting on January 8, 2024, OFA granted preliminary approval to the Applicant.

The Applicant is a nonprofit charter school that provides education to approximately 400 students in grades K-8 under a charter with the Portland Public School system. It operates as a Waldorf School, and its mission is to "advance a public Waldorf education that teaches respect and reverence by developing the head, heart and hands of children from all backgrounds and cultures." Bond Counsel has confirmed that the Applicant qualifies as a borrower under OFA rules.

Bond proceeds are expected to be used for the purpose of (i) refinancing all or a portion of the costs associated with acquiring the land and building that provide a permanent home to the Applicant, (ii) financing all or a portion of the costs associated with renovating and improving the property to serve as educational facilities for the Applicant and for other activities and uses in furtherance of the Applicant's purposes and mission, (iii) funding a debt service reserve fund, if required, (iv) paying capitalized interest, if necessary, and (v) paying costs of issuing the bonds (collectively, the "Project").

This is the Applicant's first OFA financing. The transaction will be structured either as a direct placement to a single qualified institutional investor or a limited offering to multiple qualified institutional investors. David Robertson is serving as Financial Advisor to the Applicant. D.A. Davidson is the underwriter.

The Applicant previously applied for financing in December 2022. In January 2023, OFA recommended the approval and issuance of bonds for the purpose of financing the Project. As a result of project delays, OFA encouraged the Applicant to secure alternative interim financing for the Project. Hamlin Capital Management, LLC provided interim financing which the Applicant wishes to refinance using bond proceeds. The proposed term of the bonds is 35 years with an approximately level annual debt service structure and the issuance will be an approximate aggregate principal amount of $22,000,000.

The financing team has worked hard to prepare this transaction for final approval. Due to concerns regarding revenue margins and the Applicant's creditworthiness, the Applicant was required throughout the due diligence process to demonstrate the viability of the proposed financing by providing detailed revenue projections and sufficient project information. Bond Counsel has informed me that all bond documents are substantially final, all opinions are in hand in appropriate form, and the transaction is ready for closing.

The reports of Bond Counsel and OFA's Financial Advisor are included in the materials. They both recommend final approval.

Recommendation: **I recommend that the Authority adopt Resolution 2024-5, granting Final Approval to Portland Village School for a Traditional Bond in an approximate aggregate principal amount of $22,000,000, in both taxable and nontaxable series, and recommending that the State Treasurer consider issuing the bonds.**

If you have any questions, please let me know.

MH

STATE OF OREGON
OREGON FACILITIES AUTHORITY

RESOLUTION NO. 2024-05
ADOPTED: February 12, 2024

A RESOLUTION OF THE OREGON FACILITIES AUTHORITY RECOMMENDING THAT THE OREGON STATE TREASURER ISSUE REVENUE BONDS TO FINANCE AND REFINANCE THE PROJECT DESCRIBED HEREIN; DELEGATING AUTHORITY TO THE EXECUTIVE DIRECTOR; AND AUTHORIZING AND DETERMINING OTHER MATTERS WITH RESPECT THERETO.

WHEREAS, the Oregon Facilities Authority, a body politic and corporate duly created and existing under the laws of the State of Oregon (the "Authority"), is authorized and empowered by the provisions of Oregon Revised Statutes Chapters 286A and 289, as amended (the "Act"), to recommend to the Oregon State Treasurer (the "State Treasurer") the issuance of revenue bonds for the purpose of financing or refinancing the acquisition, construction and equipping of "projects" as defined in the Act, and the loaning of the proceeds of such revenue bonds to "participating institutions" as defined in the Act in connection therewith;

WHEREAS, Portland Village School, an Oregon nonprofit corporation and an organization described in Section 501(c)(3) of the Internal Revenue Code (the "Participating Institution"), has filed with the Authority an application requesting the issuance of revenue bonds for the purpose of (i) refinancing all or a portion of the costs associated with acquiring the land and building that will provide a permanent home to the Participating Institution and (ii) financing all or a portion of the costs associated with renovating and improving the property to serve as educational facilities for the Participating Institution and for other activities and uses in furtherance of the Participating Institution's purposes and mission (collectively, the "Project"); and such application has been reviewed by the Executive Director of the Authority, the Authority's bond counsel and the Authority's financial advisor;

WHEREAS, in said application the Participating Institution requested that the Authority consider recommending that the State Treasurer issue one or more series of tax-exempt or federally taxable revenue bonds (the "Bonds") under the Act, with the tax-exempt bonds issued in the approximate principal amount of $20,045,000 and the federally taxable bonds issued in the approximate principal amount of $440,000, and to loan the proceeds of such Bonds to the Participating Institution for the purpose of financing and refinancing the Project, and to pay the related costs associated therewith, including paying costs of issuance of the Bonds, funding a debt service reserve fund, if required, and paying capitalized interest, if necessary;

WHEREAS, the Authority, in its Resolution No. 2024-04 adopted on January 8, 2024 (the "Preliminary Resolution"), recommended that the State Treasurer indicate his intent to issue bonds in an approximate aggregate principal amount of $20,485,000 as requested by the Participating Institution, and the State Treasurer has expressed his intent to issue bonds for such purpose;

WHEREAS, the Participating Institution has subsequently requested that the aggregate principal amount of the Bonds be increased to a not to exceed amount of $22,000,000;

WHEREAS, the Participating Institution, D.A. Davidson & Co., as underwriter (the "Underwriter"), and other parties to the transaction pertaining to the issuance, sale and delivery of the Bonds, and the Authority's bond counsel, financial advisor and Executive Director have substantially completed the discussions and negotiations necessary to structure the proposed offering of the Bonds and the loan to be made to the Participating Institution, including completion of substantially final forms of the Indenture and Loan Agreement and certain other documents relating to the Project and the financing, with the exception of potential negotiations regarding final terms of the Bonds and covenants of the Participating Institution with purchasers of the Bonds;

WHEREAS, the Preliminary Limited Offering Memorandum, including the Participating Institution's Appendix A (the "Offering Document"), which will be distributed in connection with the marketing, offering and sale of the Bonds to one or more bond purchasers, and the form of the Bond Purchase Agreement (the "Bond Purchaser Agreement") among the Authority, the Underwriter and the Participating Institution, have each been drafted and are substantially complete; and

WHEREAS, the Participating Institution has requested that the Authority grant final approval recommending the issuance of the Bonds upon satisfaction of certain conditions set forth herein, and as such, the Authority wishes to delegate authority to the State Treasurer, or his designee, to certify that such conditions have been satisfied prior to the closing of the Bonds, upon the advice of the Authority's bond counsel and the Authority's financial advisor.

NOW, THEREFORE, be it resolved by the members of the Authority as follows:

SECTION 1. COMPLIANCE WITH LEGAL REQUIREMENTS AND ADMINISTRATIVE RULES. The Authority hereby finds and determines the following:

(i) In reliance upon the advice of the Authority's bond counsel and the Authority's financial advisor, the Executive Director has determined that all legal requirements and other requirements for the issuance of the Bonds to finance the Project have been met or will be met prior to the issuance of the Bonds; and

(ii) Substantially final forms of the Indenture, the Loan Agreement, the Bond Placement Agreement and certain other documents and agreements relating to the Bonds are on file with the Executive Director of the Authority and are available for inspection by members of the public.

The requirements of the Oregon Administrative Rules adopted by the Authority pursuant to the Act have been met insofar as such requirements relate to the matters referred to in (i) and

(ii) above and to the extent such requirements must be met as a condition precedent to the adoption of this resolution by the Authority.

SECTION 2. RECOMMENDATION TO ISSUE BONDS. The Authority hereby recommends that the State Treasurer issue the Bonds under the Act in an aggregate principal amount not to exceed $22,000,000, or in such lesser aggregate principal amount as may be determined to be necessary or appropriate, and to loan the proceeds of such Bonds to the Participating Institution for the purpose of financing and refinancing the Project and to pay the related costs associated therewith, including paying costs of issuance of the Bonds, funding a debt service reserve fund, if necessary, and paying capitalized interest. Subject to the Participating Institution's compliance with all legal and other requirements, the Authority finds that no further meeting or action of the Authority is needed for the State Treasurer to proceed with the issuance of the Bonds.

SECTION 3. CONDITION TO ISSUANCE OF BONDS. The Executive Director of the Authority is hereby authorized in her discretion, on behalf of the Authority, with the advice of the Authority's bond counsel and the Authority's financial advisor, to approve the issuance, sale and delivery of the Bonds, upon finding that no material issues have arisen with respect to the transaction prior to the closing of the Bonds that, in the opinion of the Executive Director, create the need for additional review or approval by the Board.

SECTION 4. AUTHORITY TO APPROVE FORMS OF INDENTURE AND LOAN AGREEMENT. The Executive Director of the Authority is hereby authorized in her discretion, on behalf of the Authority, to approve the final forms of the Indenture, the final form of the Loan Agreement and other financing documents, including the Bond Purchase Agreement and the Offering Document related to the Bonds, provided the Indenture, the Loan Agreement and such other financing documents are in substantially similar form to the Indenture, Loan Agreement, Bond Purchase Agreement, the Offering Document and other financing documents herein approved by the Authority.

SECTION 5. EFFECTIVENESS; CONFLICTING RESOLUTIONS. This Resolution shall be effective immediately upon its adoption. Any resolutions of the Authority and parts thereof which are in conflict with the terms of this Resolution shall be, and they hereby are, rescinded, but only to the extent of such conflict.

[Signature follows next page]

CERTIFICATION OF RESOLUTION

The undersigned does hereby certify that I am the duly appointed, qualified and acting Executive Director of the Oregon Facilities Authority; that the foregoing is a true and complete copy of Resolution No. 2024-05 as adopted by said Authority at a meeting duly called and held in accordance with law on February 12, 2024; and that the following members of the Authority voted in favor of said Resolution:

____

____

the following members of the Authority voted against said Resolution:

____

____

and the following member of the Authority abstained from voting on said Resolution:

____

____

In witness whereof, the undersigned has hereunto set her hand as of this 12th day of February 2024.

____
Gwendolyn Griffith, Executive Director