



## Authority Meeting

September 17, 2019



WASHINGTON HIGHER EDUCATION FACILITIES AUTHORITY
Meeting Agenda

YOU ARE HEREBY NOTIFIED that the Washington Higher Education Facilities Authority will hold a Special Meeting at 2:00 p.m. Pacific Time on Tuesday, September 17, 2019, in the Board Room at the Authority's offices located at 1000 Second Ave., Suite 2800, Seattle, WA 98104 to consider the following:

Jay Inslee,
Governor
Chair

I. CALL TO ORDER: Chair

David Schumacher,
Director, Office of
Financial Management,
Governor's Designee

II. APPROVAL OF THE JUNE 17, 2019 SPECIAL MEETING MINUTES: Chair

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Jerome Cohen,
Public Member
Secretary

III. CONSIDER AND ACT ON THE FOLLOWING ITEMS:

A. Financing Resolution: University of Puget Sound (Series 2019)

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- Ms. Carol Johnson

Cyrus Habib
Lieutenant Governor

1. Introduction and Financial Update

Michael Meotti
Executive Director,
Student Achievement
Council

2. Consider approval of RESOLUTION #19-01 for the University of Puget Sound authorizing issuance by the Authority of refunding revenue bonds in an amount not expected to exceed \$24,280,000.

Dr. Roy Heynderickx
President,
Saint Martin's University

B. Financing Resolution: Gonzaga University (Series 2019)

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- Ms. Carol Johnson

Claire Grace,
Public Member
Treasurer

1. Introduction and Financial Update

Dr. Gene Sharratt
Public Member

2. Consider approval of RESOLUTION #19-02 for Gonzaga University authorizing issuance by the Authority of tax-exempt revenue bonds and taxable refunding revenue bonds, to be issued in two series, in a total amount not expected to exceed \$75,000,000.

Kim Herman,
Executive Director

C. Review and consider approval of the Financial Statement

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- Mr. Bob Cook

IV. INFORMATION ITEMS

A. Invoice for Services - Mr. Bob Cook

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B. Market Update - Mr. Thomas Toepfer, Public Financial

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*Management, Inc.*

C. Washington Student Achievement Council (WSAC) Update

– *Mr. Michael Meotti, Executive Director, WSAC*

D. Bond Issue Status Report – *Mr. Paul Edwards* .....

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E. Executive Director’s Report – *Mr. Kim Herman*

F. Authority Meeting Schedule – *Mr. Kim Herman*

1. November 7, 2019

2. February 6, 2020

**V. PUBLIC COMMENT:** *Chair*

**VI. MISCELLANEOUS BUSINESS AND CORRESPONDENCE** .....

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**VII. EXECUTIVE SESSION** (*if necessary*)

**VIII. ADJOURN**

**Board Members may participate in the Special Meeting by dialing in on the designated call-in number.**

**TAB 1**

# **Washington Higher Education Facilities Authority**

## **MINUTES**

**June 17, 2019**

Mr. Jerome Cohen, Board Secretary, called the special meeting of the Authority to order at 1:00 p.m.

Board members Mr. Cohen and Dr. Gene Sharratt were present in the Board Room, located at 1000 Second Avenue, 28th Floor in Seattle, WA 98104.

Board members Mr. Michael Meotti, Dr. Roy Heynderickx and Ms. Claire Grace were all present by telephone.

Authority staff present were: Mr. Kim Herman, Executive Director; Mr. Paul Edwards, Deputy Director; Mr. Bob Cook, Senior Finance Director; Ms. Carol Johnson, Affiliates Manager; Ms. Debra Stephenson, Senior Controller; and Ms. Rona Monillas, Program Assistant.

Also present were: Ms. Faith Pettis of Pacifica Law Group, the Authority's bond counsel; Ms. Elizabeth Bergman of Baker Tilly Municipal Advisors, the Authority's financial advisor; Mr. Joel Bodansky of Hillis Clark Martin & Peterson; and Ms. Debbie Kuykendall and Ms. Christine Ok of U.S. Bank Corporate Trust. Mr. Michael Nelson II, Assistant Attorney General from the

Washington Attorney General's Office was present by phone. Mr. Devon Crouch of Independent Colleges of Washington was also present.

**Approval of the Minutes**

Mr. Cohen asked for a motion to approve the minutes of the meeting held on July 9, 2018. Dr. Sharratt made the motion, and it was seconded by Mr. Meotti. The minutes were approved unanimously, 5-0.

**Election of Secretary and Treasurer**

Mr. Cohen introduced Mr. Herman to present the election of Board Secretary and Treasurer. Mr. Herman stated that each year the Board elects a Secretary and a Treasurer. He noted that the past year, Mr. Cohen served as Secretary and Ms. Grace served as Treasurer.

Both Mr. Cohen and Ms. Grace agreed to continue in their roles as Secretary and Treasurer if the Board chooses to nominate and re-elect them.

Ms. Grace made the motion to re-elect Mr. Cohen as Secretary and Dr. Sharratt seconded the motion. Dr. Sharratt made the motion to re-elect Ms. Grace as Treasurer and Mr. Meotti seconded the motion. The motion to re-elect Mr. Cohen as Secretary and Ms. Grace as Treasurer was approved unanimously, 5-0.

**Approval of Policy Revision**

Mr. Cohen introduced Ms. Johnson to present the Authority policy revisions. Ms. Johnson stated that the proposed policy changes are intended to

incorporate the new TEFRA regulations and clarify WHEFA's policy around unrated bonds.

Ms. Johnson said that the changes to the TEFRA regulations that were published on December 31, 2018 apply to all projects beginning April 1, 2019. She stated that public hearing notices will more generally identify a project and its location and will clearly state the principal amount of the bonds. The new regulation also shortened the required notice period from fourteen days to seven days and allows issuers to publish the notice on their websites as opposed to in local newspapers. Ms. Johnson added that early in the process, WHEFA published a notice in relevant local newspapers stating that public hearing notices will only be published on the Authority website.

Ms. Johnson clarified that a rating withdrawal by the borrower will not be permitted during the life of the bonds. She added that this was implied in the past but not clearly stated in the Policy Guide. Due to a recent inquiry, staff decided to make it very clear that a rating must remain in place for the life of the bond.

Ms. Johnson stated that the Policy also made clear that the only unrated bonds that the Authority issues are privately placed. She also specified that WHEFA does not have a rating.

Ms. Johnson asked the Board to consider acting on staff recommendations to approve the proposed changes to the Authority Facility Financing Policy Guide, effective July 1, 2019. Mr. Meotti made a motion to accept the proposed changes and Ms. Grace seconded the motion. The motion was approved unanimously, 5-0.

**Action Item:  
Approval of  
Annual  
Budget**

Mr. Cohen introduced Mr. Cook to present the proposed annual budget for the fiscal year beginning July 1, 2019 thru June 30, 2020.

Mr. Cook highlighted that the Authority has waived its ongoing annual fee of 6 basis points on the bonds outstanding to our member schools for the last six years. The waiver represented accrued savings of about \$2.5 million. He said that the Authority will be reinstating this fee for fiscal year 2019-2020 due to reserves declining below \$1 million. Mr. Cook mentioned that this is a major recommendation in the budget that is different than the past six years. He added that the schools were given advance notice.

Mr. Cook stated that staff has budgeted for two financings totaling \$60 million during the year. He added that application and issuance fees related to those financings would total \$75,000.

Mr. Cook presented the budget summary for the fiscal year ending June 30, 2020 and reported that the Authority allocated a budget of 2.49 FTE compared

to last year's 2.69 FTE. He added that at the end of the current year, the Authority is projecting to have allocated about 1.69 FTE.

Mr. Cook stated that the total revenue for the proposed budget will be \$481,000 compared to the projected actual revenue for the year ending June 30, 2019 of about \$27,000. The large increase is due to reinstating the 6 basis point fee. Expenses are budgeted at \$509,000, slightly less than last year's budget. He then referred to detailed revenue and expenses itemized on the last page of the budget.

Dr. Sharratt asked if the reinstating the 6 basis point fee applies only to new bond issues. Mr. Cook said that the fee is calculated based on the outstanding balance of all bonds as of June 30. Mr. Cook added that there are two different ways fees are collected, a one-time fee on new issues at the time of the issuance, and an ongoing fee on the balance outstanding as of the fiscal year end (June 30). The balance outstanding declines over time depending on payments on the principal.

Mr. Cohen asked if the schools have been notified about the recommendation. Mr. Cook said that each year, the Authority reminded the schools to include the fees in their budget. Likely reinstatement of the fee was included in last year's notice to the schools. Mr. Cook said that the schools were informed last month about this recommendation to the board. An official announcement

and final invoice will be sent to the schools after June 30. Ms. Johnson added that the schools responded in a positive manner thanking the Authority for the past waivers and understanding the need to reimpose the fee when they received the initial notice.

Ms. Grace inquired about the difference between the current year's projected actual and the proposed budget in the accounting fees from \$39,500 to \$45,000. Ms. Stephenson reported that the fee climbs a little bit each year, but that the bigger portion is that the Authority anticipates being audited by the state auditors as well as the independent auditors in this fiscal year.

Ms. Grace also asked about the jump in the software maintenance and support budget. Mr. Cook said that this is because the Authority is setting up to use a software called Salesforce. He explained that this is a master database for contact management and record keeping system.

Mr. Cohen asked for a motion to accept the budget for fiscal year 2020. Ms. Grace made the motion and it was seconded by Mr. Meotti. The motion was approved unanimously, 5-0.

**Action Item:  
Acceptance of  
the Financial  
Statement**

Mr. Cohen then introduced Mr. Cook to present the financial statement for consideration.

Mr. Cook stated that the financial statement for the period ending April 30, 2019, shows assets of just over \$1.1 million and approximately \$95,000 of liabilities, leaving just over \$1 million in net asset position. He added that expenses to date are approximately \$311,000 with a reduction in the net assets of about \$289,000 for the year.

Mr. Cohen thanked Mr. Cook for the financial report. After hearing no questions or comments from board members, he asked for a motion to accept the financial statement. Dr. Sharratt made the motion, and it was seconded by Mr. Meotti. The motion was approved unanimously, 5-0.

**Invoice for  
Services**

Mr. Cohen then asked Mr. Cook to present the invoice for services.

Mr. Cook stated that the invoices from the Housing Finance Commission for April 1, 2018 through March 31, 2019 have been reviewed and approved for payment by the Treasurer, Ms. Grace.

**Market Update**

Mr. Herman introduced Ms. Elizabeth Bergman of Baker Tilly Municipal Advisors, formerly Springsted, to present the market update.

Ms. Bergman started her report saying that the economy has remained mixed. She then presented the historical municipal market data and concluded that we are in a very low interest rate environment. She added that current market rates are a good signal about the economy and show a stable position in the municipal bond market.

In response to a question from Mr. Cohen regarding interest rate inversions and recessions, Ms. Bergman said that an inverted yield curve in a short period of time is a red flag but does not always lead to a recession.

Ms. Bergman presented the municipal market demand which showed the overall inflow into municipal funds. Ms. Bergman concluded that supply is less than the demand, which is favorable for municipal issuers.

Ms. Bergman stated that both S&P and Moody's published negative outlooks on the higher education sector. She explained that a negative outlook refers to a negative operating environment that has a slow revenue growth, slow demographic trends, risks in cyber security, and continued expenditure growth. Ms. Bergman pointed out that Washington state has little demographic pressure compared to the Northeast and Midwest.

Ms. Bergman said that there have been very good returns on endowments due to a strong stock market and positive philanthropy over the past years. Both will be credit drivers in the coming years.

Dr. Sharratt asked if these findings in the credit update apply to both public and private colleges and universities. Ms. Bergman confirmed that it is for both public and private colleges and universities.

Dr. Sharratt said that Washington state just passed a very strong financial aid package and asked Ms. Bergman if there is any trend data on financial aid by state. Ms. Bergman said that they don't track this type of trend.

Mr. Meotti stated that even though Washington state is situated better than the Northeast and Midwest, the challenge that the state of Washington has, especially for private schools, is the shift of the distribution of students by income classes. A lot of the enrollment growth is coming from populations who are less likely full payers which will put greater pressure on discounting practices.

**Bond Issue  
Status Report**

Mr. Cohen asked Mr. Edwards to present the bond issue status report. Mr. Edwards noted that the Authority has not closed any bond issues this fiscal year, which means that the goal to complete two bond issues totaling approximately \$30 million by June 30, 2019 was not met. He added that this is the first fiscal year that the Authority has not issued at least one bond issue since we started tracking back in 2010. He pointed out some mitigating factors: a limited number of member schools, losing the option for advance refundings this past year, timing, and the fact that some schools have limited borrowing capacity at this time.

Mr. Edwards reported that this fiscal year, the Authority completed 14 school visits. The intention of the visit is relationship building, information gathering, and business development. Staff has already begun scheduling visits to its member schools in eastern Washington in July and in the fall.

Mr. Edwards presented some potential bond issues for the fiscal year 2019-2020 totaling \$125 million.

**Executive  
Director's  
Report**

Mr. Cohen then asked Mr. Herman to present the Executive Director's report.

Mr. Herman gave an update to Authority board members regarding the search for the new Executive Director for the Washington State Housing Finance

Commission. He thanked everyone for their partnership and support over the last three decades.

Mr. Herman congratulated Ms. Grace on the Senate's confirmation of her second four-year term. He added that the Governor renewed her term in August of 2017.

Mr. Herman stated that Mr. Allan Belton was appointed as the President of Pacific Lutheran University (PLU). He added that Mr. Belton has been the Acting President and Chief Financial Officer of PLU since June 2017. He also reported that Pacific Northwest University of Health Sciences appointed Dr. Michael Lawler as president following an extensive national search.

Mr. Herman gave a quick recap of the NAHEFFA spring conference held in Austin last March. He added that the next NAHEFFA Fall conference will be September 23-24 in Portland, Maine. He asked board members who want to attend to inquire with Ms. Monillas.

Mr. Herman gave a summary of the Engrossed Second Substitute House Bill 2158, The Workforce Education Investment Act, that was signed by the Governor on May 21, 2019.

Mr. Herman gave a summary of relevant articles available in the board meeting packet. He added that the next meeting for 2019 is on November 7. He noted that if there is no business to conduct, the meeting will be cancelled.

**Adjournment**

Mr. Cohen adjourned the meeting at 2:07 p.m.

\_\_\_\_\_  
Mr. Jerome Cohen, Secretary

\_\_\_\_\_  
Date

**TAB 2**



## SUMMARY PROJECT DESCRIPTION

### University of Puget Sound

<b>School Name/Location</b>	<b>University of Puget Sound</b> 1500 North Warner Street Tacoma, WA 98416
<b>Bond Issue Name</b>	Refunding Revenue Bonds (University of Puget Sound), Series 2019
<b>Purpose</b>	Refinance of the University's existing Variable Rate Series 2012B bonds on the upcoming mandatory tender date of October 1, 2019.  Proceeds of the bonds may be used to finance any other costs, fees, reserves and associated permitted issuance expenses associated with the transaction.
<b>Official Intent Declaration #</b>	19-W01
<b>Application</b>	Received on July 19, 2019 Reviewed and accepted by staff on August 16, 2019
<b>Public Hearing</b>	Not Necessary
<b>Resolution</b>	Resolution #19-01 is currently before the Board for consideration
<b><i>Financial Information</i></b>	
<b>Type:</b>	Private Placement
<b>Estimated Bond Amount</b>	Not to exceed \$24,280,000
<b>Bond Structure</b>	Variable Rate
<b>Lender</b>	Banc of America Public Capital Corp. (BAPCC)
<b>Underwriter/Placement Agent</b>	George K. Baum & Company
<b>Trustee/Fiscal Agent</b>	US Bank N.A.
<b>Closing Date</b>	October 1, 2019



## **FINANCING APPLICATION SUMMARY**

### **BORROWER**

#### **UNIVERSITY OF PUGET SOUND**

1500 North Warner Street  
Tacoma, WA 98416

Chief Executive Officer: Isiaah Crawford, President

Chief Financial Officer/Liaison to WHEFA: Sherry Mondou, Executive Vice President and Chief Financial Officer

The University of Puget Sound is a private educational institution organized and existing under the laws of the State of Washington as a nonprofit corporation and 501(c)(3) organization. All applicable supporting documentation has been submitted. The submittals satisfy all WHEFA requirements.

### **PROJECT DESCRIPTION**

The purpose of the proposed Series 2019 Bonds is to refinance the University's existing Series 2012B Bonds. The existing Bonds have a mandatory tender date on October 1, 2019, and the University is seeking to enter into a new financing facility on the tender date.

The existing 2012B Bonds are structured as a variable rate bank direct placement held by Wells Fargo, N.A. as the sole bondholder. The variable rate on the 2012B Bonds is based upon an applicable factor of LIBOR plus a credit spread.

The University has a separate LIBOR-based swap agreement used to support interest payments on the 2012B Bonds.

The University received terms from Bank of America for a new LIBOR-based variable rate bank direct placement (the proposed Series 2019 Bonds) with a 7-year commitment term to refinance the existing 2012B Bonds on the upcoming mandatory tender date.

### **FINANCING**

The bond sizing is expected to be **\$24,280,000**, equaling the remaining maturities of the existing 2012B Bonds from October 2020 through final maturity in October 2036.

The University expects to fund costs of issuance and the October 2019 principal amortization payment out of pocket using Series 2019 proceeds solely to refinance the outstanding principal due October 2020 onward.

The Series 2019 Bonds are expected to close on the mandatory tender date of the existing 2012B Bonds, October 1, 2019.

The University currently plans to pay costs of issuance and the upcoming October 2019 maturity out of pocket.

A preliminary estimate of the sources and uses of bond proceeds is as follows:

<b>Sources of Funds</b>	
Par Amount of Bonds	\$24,280,000
Equity Contribution toward Oct Principal Payment	735,000
Equity Contribution toward Cost of Issuance (Est)	<u>250,000</u>
<b>Total Sources</b>	<b>\$25,265,000</b>
<b>Uses of Funds</b>	
Deposit to Refinancing of Series 2012B Bonds	\$25,015,000
Costs of Issuance (Est)	<u>250,000</u>
<b>Total Uses</b>	<b>\$25,265,000</b>

**PROPOSED SECURITY:** Bonds will be secured on parity with all senior debt obligations of the University, including, but not limited to, a security interest in the pledged revenues of the University.

**EXPECTED TERMS OF REPAYMENT:** From a competitive RFP process involving a number of regional and national banks, the University selected a proposal received from Bank of America. The University and Bank signed an agreement regarding terms on July 19, 2019. The Bank’s written credit approval was completed on August 7, 2019.

The amortization of the proposed Bonds will match the existing amortization schedule of the 2012B Bonds, annually each October commencing in 2020 and ending in 2036. Interest payments will be made monthly on the first business day of the month. The Bonds will be subject to mandatory tender after a term of seven (7) years. The Series 2019 Bonds will bear interest at a variable rate based on LIBOR, similarly to the existing Series 2012B Bonds. The proposed interest rate will reset weekly and will be an annual rate based upon 80% of 1-Month LIBOR plus a credit spread of 44 basis points, pending final negotiations.

**DEBT TO BE REFINANCED WITH WHEFA ASSISTANCE**

The source of revenue and security for payment of the existing bank placement debt consists of a general pledge of unrestricted net revenues, gains, and other support of the University. This pledge is on parity with the University’s public bonds.

The Series 2012B Bonds are held as a bank placement and are nonrated. The University’s public bonds hold long-term ratings of “A1” from Moody’s Investor Service and “A+” from S&P Global. C.

The bonds to be refinanced (Series 2012B) are held by Wells Fargo, N.A. as the sole bondholder.

The proposed closing date for the Series 2019 Bonds is tentatively scheduled for the tender date of October 1, 2019.

## **FINANCES OF THE BORROWER**

The University gave WHEFA and the lender access to audited financial statements for the past three years, the most current audited financial statements, and the University's unrestricted operating budget and internal projections for the 2018-19 fiscal year.

In addition, projections of revenues and expenses (including annually funded facilities major maintenance and capital expenditures) were submitted. The University is constructing a \$9.9 million Welcome Center, funded largely by donor gifts. Construction commenced February 2019 and is estimated to be complete by April 2020.

The following table sets forth the estimated total outstanding indebtedness as of June 30, 2019.

<b>Outstanding Bonds</b>	<b>Final Maturity</b>	<b>Interest Rate</b>	<b>Par Outstanding (Dollars in Thousands)</b>
WHEFA Series 2001	2031	Variable	\$ 9,020
WHEFA Series 2012 A	2042	Fixed	\$34,395
WHEFA Series 2012 B	2036	Variable	\$25,015

The University's unrestricted revenues are pledged as collateral on the WHEFA tax-exempt bond obligations. The tax-exempt bonds are obligations solely of the University and are not guaranteed by the state. The WHEFA bond agreements contain covenants relating to maintenance of facilities, insurance, and other general items. In addition, the WHEFA 2001 and WHEFA 2012B bond agreements contain covenants that the University will comply with certain liquidity requirements.

The University's underlying long-term rating is "A1" by Moody's Investors Service, Inc., and "A+" by Standard & Poor's Global Ratings.

In October 2012 the University entered into loan agreements whereby WHEFA issued tax-exempt Revenue and Refunding Revenue Bonds in the amount of \$34,805 (Series 2012A) and Refunding Revenue Bonds in the amount of \$29,195 (Series 2012B).

The bonds are general obligations of the University. The proceeds from the Series 2012A bonds were used to finance the construction of a 135-bed residence hall, and to refund outstanding WHEFA 2006A bonds. The proceeds from Series 2012B were used to refund outstanding WHEFA 2006B bonds.

The 2012A bonds bear interest at fixed rates ranging from 3.0% to 5.0%. The 2012B bonds were sold through a direct purchase transaction with a bank, who will hold the bonds for an initial seven year term, after which the University will remarket the bonds. The bonds bear interest at 70% of the one-month London Interbank Offer Rate (LIBOR) plus a credit spread, which equated to an average interest rate of 1.98% for fiscal year 2018. The University is subject to certain financial covenants.

During 2001 the University entered into a loan agreement with WHEFA whereby WHEFA issued \$10,620 of tax-exempt Variable Rate Demand Revenue Bonds, Series 2001. The proceeds were used to finance the construction of a new student residence hall. Pursuant to the loan agreement, the bonds bear interest at a rate that is determined weekly through the remarketing process, with the maximum annual rate capped at 12%. The average interest rate for fiscal year 2018 was 1.29%, which included 10 basis points for remarketing.

**STUDENT POPULATIONS/ENROLLMENT**

<b>YEAR</b>	<b>UNDERGRADUATE FTE</b>	<b>GRADUATE FTE</b>
Fall 2015	2,466	255
Fall 2016	2,495	241
Fall 2017	2,399	234
Fall 2018	2,354	265
Fall 2019*	2,276	276
Fall 2020*	2,375	243
Fall 2021*	2,439	242

\*Projection – subject to ongoing updates

**GENERAL**

The University’s Tudor Gothic buildings are set amid 97 acres of native fir groves, lawns and landscaping. Located in Tacoma’s residential North End, the campus is 35 miles south of Seattle and within convenient traveling distance to Portland, Oregon and Vancouver, British Columbia. The University’s physical plant consists of approximately 120 buildings with 1.5 million square feet.

The University’s Leadership for a Changing World ten-year strategic plan incorporates a goal for aggregate annual undergraduate and graduate enrollment of approximately 2800 students that includes growth in new graduate programs in areas of Puget Sound strength and market demand. Current plans do not anticipate significant facilities expansion and instead anticipate a focus on efficient use of current facilities, including repurposing of space for institutional priorities.



August 21, 2019

Mr. Kim Herman, Executive Director  
Ms. Carol Johnson, Manager  
Washington Higher Education Facilities Authority  
1000 Second Avenue, Suite 2700  
Seattle, WA 98104

Dear Mr. Herman and Ms. Johnson,

On behalf of the Washington Higher Education Facilities Authority (the “Authority”) and the institutions who borrow through the Authority, GKB has calculated the estimated interest savings that result from issuing tax-exempt bonds through the Authority, compared to the interest cost of comparable taxable rates. The purpose is to quantify the benefit of issuing tax-exempt debt through the Authority and determine the benefit to the University of Puget Sound (the “University”).

Consistent with the debt service schedule provided in the University’s application, we have relied on the following assumptions in our analysis:

- The purpose of the proposed Series 2019 Bonds is to refinance the University’s existing Series 2012B Bonds
- The existing Bonds have a mandatory tender date on October 1, 2019, and the University is entering into a new financing facility on the tender date
- The University received terms from Bank of America for a new LIBOR-based variable rate bank direct placement (the proposed Series 2019 Bonds) with a 7-year commitment term to refinance the existing 2012B Bonds on the upcoming mandatory tender date
- The bond sizing will be \$24,280,000, equaling the remaining maturities of the existing 2012B Bonds from October 2020 through final maturity in October 2036
- The interest rate will reset weekly and will be an annual rate based upon 80% of 1- Month LIBOR plus a credit spread of 44 basis points (rate of 2.360%)
- Consistent with the debt service schedule provided in the University’s application, the analysis assumes the current 1-Month LIBOR rate of 2.40% held constant through the entire amortization period extending to final maturity in 2036

In order to evaluate the savings benefit to the University when issuing tax-exempt bonds as opposed to a taxable issuance, we analyzed the results when assuming the taxable conversion factor is applied to an estimate of Bank of America’s tax-exempt variable rate (2.360%). As a taxable point of comparison, the Bank provided a Taxable Rate Factor of 1.2658 (using the factor needed to derive an equivalent taxable rate given the Bank’s Federal Tax Rate of 21%, a taxable equivalent rate results in a rate of 2.987%). The benefit in cash flow savings between a 2.360% tax-exempt rate versus a 2.987% taxable rate is summarized below.

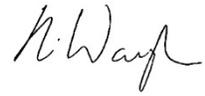
In addition to the assumptions described above, this analysis assumes the bonds are held until final maturity at the interest rates described above. Early redemption, or any other material changes to the bonds, could result in a material deviation from the figures shown below.

Nominal Cash Flow Savings  
\$1,742,120.04

PV Cash Flow Savings  
\$1,451,584.76

As you review, please let us know if you have any questions or comments. If you'd like, please feel free to contact us at (415) 536-5944.

Sincerely,

A handwritten signature in black ink that reads "N. Waugh". The signature is fluid and cursive, with the first name "N." and the last name "Waugh" clearly legible.

Nick Waugh  
First Vice President  
George K. Baum & Company

WASHINGTON HIGHER EDUCATION FACILITIES AUTHORITY

RESOLUTION NO. 19-01

A RESOLUTION of the Washington Higher Education Facilities Authority authorizing the issuance of a nonrecourse revenue bond in a principal amount not to exceed \$24,280,000 to provide funds to refinance facilities of The University of Puget Sound; approving the placement of said bond to Banc of America Public Capital Corp; delegating to the Executive Director of the Authority the authority to execute a final form of bond purchase contract; approving the form of an indenture of trust and a loan agreement; and authorizing the officers and Executive Director of the Authority to amend and execute such documents and other related documents.

APPROVED ON SEPTEMBER 17, 2019

PREPARED BY:

PACIFICA LAW GROUP LLP  
1191 Second Avenue, Suite 2000  
Seattle, Washington 98101

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\* This table of contents is not a part of the resolution; it is included for convenience of the reader only.

RESOLUTION NO. 19-01

A RESOLUTION of the Washington Higher Education Facilities Authority authorizing the issuance of a nonrecourse revenue bond in a principal amount not to exceed \$24,280,000 to provide funds to refinance facilities of The University of Puget Sound; approving the placement of said bond to Banc of America Public Capital Corp; delegating to the Executive Director of the Authority the authority to execute a final form of bond purchase contract; approving the form of an indenture of trust and a loan agreement; and authorizing the officers and Executive Director of the Authority to amend and execute such documents and other related documents.

WHEREAS, the Washington Higher Education Facilities Authority, a public body corporate and politic of the State of Washington (the “Authority”), has been duly constituted pursuant to the authority and procedures of RCW 28B.07 et seq. (the “Act”); and

WHEREAS, pursuant to the Act the Authority is authorized to issue its nonrecourse revenue bonds for the purpose of financing or refinancing all or a part of the “project costs” of “higher education institutions” as such terms are defined in the Act; and

WHEREAS, the Internal Revenue Code of 1986, as amended (the “Code”), grants an exemption from gross income for federal income tax purposes of interest paid on bonds where the proceeds thereof are used to finance facilities owned and operated by corporations described under Section 501(c)(3) of the Code; and

WHEREAS, The University of Puget Sound (the “University”) is a private, nonprofit higher education institution meeting the requirements of the Act and a corporation described under Section 501(c)(3) of the Code; and

WHEREAS, the Authority has previously issued its Refunding Revenue Bonds (The University of Puget Sound Project), Series 2012B (the “2012B Bonds”) for the benefit of the

University and loaned the proceeds of the 2012B Bonds to the University for the purpose of refinancing certain then-outstanding bonds of the Authority issued for the benefit of the University; and

WHEREAS, the University has submitted an application, as amended, to the Authority to provide a portion of the funds necessary to refund certain outstanding bonds of the Authority issued for the benefit of the University, and to pay the costs of issuing the bond (together, the “Project”); and

WHEREAS, it is desirable for the Authority to provide the University with tax-exempt financing of the Project through: (1) the issuance of its Washington Higher Education Facilities Authority Refunding Revenue Bond (The University of Puget Sound Project), Series 2019 in a principal amount of not to exceed \$24,280,000 (the “Bond”) and (2) loaning the proceeds of the Bond to the University pursuant to a Loan Agreement (as hereinafter defined) for purposes of financing the Project; and

WHEREAS, the Authority has received a preliminary offer from Banc of America Public Capital Corp, a Kansas corporation (the “Purchaser”) to purchase the Bond in a private placement pursuant to a purchase agreement (the “Purchase Agreement”); and

WHEREAS, the Authority has previously received an approval from the Governor of Washington, in accordance with the Code, for the obligations refinanced by the 2012B Bonds, and no additional approval of the Governor is required in connection with the issuance of the Bond pursuant to Section 147(f) of the Code; and

NOW, THEREFORE, BE IT RESOLVED by the Washington State Higher Education Facilities Authority as follows:

Section 1.     Definitions. Unless otherwise defined in this resolution, capitalized terms used herein shall have the meanings set forth in the following documents filed with the Executive Director of the Authority: the Indenture of Trust (the “Indenture”) between the Authority and U.S. Bank National Association (the “Trustee”), and the Loan Agreement, among the Authority, the Trustee and the University (the “Loan Agreement”).

Section 2.     Findings. The University has submitted an application, as amended, to the Authority which has been reviewed and analyzed by the Authority staff. The Authority has determined, upon the recommendation of the Authority staff, that the financing of the Project will benefit the higher education system; that the University can reasonably be expected to successfully complete the Project; that the Project and the issuance of the Bond are economically feasible and can be undertaken on terms economically satisfactory to the Authority; that the Project will carry out the purposes and policies of the Act; and that the University has reasonably satisfied the requirements of the Act and the regulations of the Authority promulgated thereunder.

Section 3.     Authorization of Bond; Refunding. The Authority hereby authorizes the issuance and sale of its nonrecourse revenue bond to be designated “Washington Higher Education Facilities Authority Refunding Revenue Bond (The University of Puget Sound Project), Series 2019”, or other such designation as set forth in the Indenture, in the aggregate principal amount of not to exceed \$24,280,000 pursuant to and in accordance with the provisions of the Act and the Code. The Authority further authorizes the current refunding of its outstanding 2012B Bonds with proceeds of the Bond and with other funds available to the Borrower.

Section 4. Approval of Documents. The Authority hereby accepts, approves and agrees to the execution and delivery and to all the terms and conditions of the Indenture and the Loan Agreement pertaining to it in substantially the forms on file with the Authority, including the forms of exhibits thereto, and with such additions, deletions and modifications as hereafter are deemed by the Executive Director or the Secretary of the Authority to be in the best interests of the Authority and approved by the University. The Indenture will authorize, inter alia, the sale, execution, issuance and delivery of the Bond in a principal amount of not to exceed \$24,280,000. The Authority also accepts, approves and agrees to the execution and delivery of all other certificates, documents and other papers which, in the judgment of the Executive Director or the Secretary of the Authority, are necessary to the sale, execution, issuance and delivery of the Bond, the loan of the proceeds from the issuance and sale of the Bond to the University, the financing of the Project and the exemption of interest on the Bond from federal taxation pursuant to the Code.

Section 5. Authorization to Execute and Deliver Documents and Bond. The Chair, the Executive Director and the Secretary of the Authority, or any one of such persons, hereby are authorized and directed to cause the Indenture and the Loan Agreement to be appropriately dated and to execute, for and on behalf of the Authority, and deliver to the parties entitled to executed copies of the same, together with any exhibits thereto required to be executed and delivered by the Authority, with such additions, deletions and modifications as are hereafter deemed by the Executive Director and the Secretary of the Authority to be necessary to confirm such documents to each other and/or to be in the best interest of the Authority and the University. The Chair and the Secretary or Executive Director of the Authority hereby are authorized and directed to execute, for and on behalf of the Authority, the Bond, in substantially the form set forth in the

Indenture. Such officers are hereby authorized to execute on behalf of the Authority any additional certificates, documents or other papers which are necessary to the sale, execution, issuance and delivery of the Bond.

Section 6. Sale of the Bond. The Authority hereby authorizes and approves the private placement and sale of the Bond to the Purchaser, in accordance with the terms and conditions set forth in the Purchase Agreement. The Authority hereby delegates to the Executive Director the authority to execute the Purchase Agreement on behalf of the Authority in substantially the form filed with the Authority, subject to the following limitations: (a) the aggregate principal amount of the Bond does not exceed \$24,280,000; (b) the initial variable interest rate on the Bond does not exceed 5.00%; (c) the Purchase Agreement is executed prior to December 31, 2019; and (d) the final terms of the Purchase Agreement is otherwise in furtherance of the Act.

Section 7. Execution of Resolution in Counterparts. This resolution may be executed in several counterparts, each of which, when so executed, shall be deemed to be an original; and such counterparts together shall constitute one and the same instrument.

Section 8. Executive Director. The Deputy Director is hereby authorized to act on behalf of the Executive Director for all purposes of this resolution if it is necessary or desirable to accomplish the purposes hereof.

Section 9. Effective Date. This resolution shall become effective immediately upon its passage and execution by a majority of the members of the Authority at a duly constituted meeting.

ADOPTED at an open public meeting duly noticed and called this 17th day of September,  
2019.

WASHINGTON HIGHER EDUCATION  
FACILITIES AUTHORITY

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David Schumacher, Designee for  
Jay Inslee, Governor and Chair

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The Honorable Cyrus Habib,  
Lieutenant Governor and Member

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Roy Heynderickx, Public Member

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Michael Meotti, Public Member

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Jerome Cohen, Public Member

---

Claire Grace, Public Member

---

Gene Sharratt, Public Member

**TAB 3**



## SUMMARY PROJECT DESCRIPTION

### Gonzaga University

<b>School Name/Location</b>	<b>Gonzaga University</b> 502 E. Boone Avenue Spokane, Washington
<b>Bond Issue Name</b>	Tax-Exempt Revenue Bonds (Gonzaga University), Series 2019A
<b>Purpose</b>	Finance the construction and equipping of the Integrated Sciences and Engineering (ISE) facility and the retrofitting of other space and certain equipment outlays in academic buildings near the ISE facility (Herak Hall and Hughes Hall).  Bond proceeds may also be used to finance miscellaneous capital improvements to University facilities; and other costs, fees, reserves, capitalized interest and permitted issuance expenses associated with the transaction.
<b>Official Intent Declaration #</b>	19-W02
<b>Application</b>	Received on August 16, 2019 Reviewed and accepted by staff on August 30, 2019
<b>Public Hearing</b>	August 29, 2019
<b>Resolution</b>	Resolution #19-02 is currently before the Board for consideration
<b><i>Financial Information</i></b>	
<b>Type:</b>	Public Sale
<b>Estimated Bond Amount</b>	Not to exceed \$45 million
<b>Bond Structure</b>	Fixed Rate Bullet Structure
<b>Underwriter</b>	Barclays Capital Inc.
<b>Trustee/Fiscal Agent</b>	US Bank N.A.
<b>Closing Date</b>	November 1, 2019



## SUMMARY PROJECT DESCRIPTION

### Gonzaga University

<b>School Name/Location</b>	<b>Gonzaga University</b> 502 E. Boone Avenue Spokane, Washington
<b>Bond Issue Name</b>	Taxable Refunding Revenue Bonds (Gonzaga University), Series 2019B
<b>Purpose</b>	Refinance of the University's existing Taxable Series 2016B bonds and terminate outstanding interest rate swaps.  Proceeds of the bonds may be used to finance any other costs, fees, reserves and associated permitted issuance expenses associated with the transaction, including, if appropriate, allowable interest rate swap termination costs and capitalized interest.
<b>Official Intent Declaration #</b>	N/A
<b>Application</b>	Received on August 16, 2019 Reviewed and accepted by staff on August 30, 2019
<b>Public Hearing</b>	N/A
<b>Resolution</b>	Resolution #19-02 is currently before the Board for consideration
<b><i>Financial Information</i></b>	
<b>Type:</b>	Public Sale
<b>Estimated Bond Amount</b>	Not to exceed \$30 million
<b>Bond Structure</b>	Fixed Rate Bullet Structure
<b>Underwriter</b>	Barclays Capital Inc.
<b>Trustee/Fiscal Agent</b>	US Bank N.A.
<b>Closing Date</b>	November 1, 2019

August 29<sup>th</sup>, 2019

Paul Edwards, Deputy Director  
Robert Cook, Finance Director  
Carol Johnson, Manager  
Washington Higher Education Facilities Authority  
1000 Second Avenue, Suite 2700  
Seattle, WA 98104

Dear Authority Staff,

On behalf of the Washington Higher Education Facilities Authority (the “Authority”) and the institutions of higher learning who borrow through the Authority, Prager & Co, LLC (“Prager”) has reviewed Gonzaga University’s (“the University”) application to the Authority for the request to secure tax-exempt and taxable financings. Based upon our understanding of the Authority’s application requirements, the University has provided all pertinent information for the Authority’s consideration.

**Borrower**

The Corporation of Gonzaga University  
502 E. Boone Avenue  
Spokane, Washington 99258-0096

**Project**

**Description**

Gonzaga is seeking to borrow \$35-\$45M of tax-exempt Series 2019A bonds to be used principally for the construction of an Integrated Sciences and Engineering (ISE) facility. Gonzaga is currently seeking bids for the construction of the project and expects additional information on constructions costs closer to pricing. The University has identified \$20.5M of equity committed to the project to date. The University is also considering a number of strategies associated with the refinance of its Series 2016B LIBOR based taxable variable rate bonds that were previously issued as private placement debt. If the University pursues a fixed-rate refinancing it also plans to terminate its two remaining interest rate swaps.

**Current Status of Planning of Project and Dates Proposed**

The project has been designed and permitted. The University received construction bid proposals on August 22, 2019. Given the initial review of proposal responses, the University expects the project to meet its projected budget. The University anticipates breaking ground this fall (fall 2019) with a targeted occupancy date in advance of the fall 2021 semester (approximately 20-22 month building timeline).

**Estimated Cost of Project**

The cost of the ISE is estimated to be \$56.1 million, inclusive of all related project costs. The University anticipates finalizing this estimate upon receipt of competitive bids and final contractor selection. In addition, Gonzaga expects an additional \$2.1 million will be needed to retrofit other space and certain equipment outlays in buildings near the ISE (Herak Hall and Hughes Hall), particularly as certain faculty spaces, labs and classrooms transition to new space in the ISE.

**Financing**

**Estimated Par Amount:**

2019A Bonds – \$35M to \$45M, new money tax-exempt fixed rate revenue bonds

2019B Bonds – approximately \$30M, to refinance the 2016B bonds and cover termination costs for swaps estimated at \$3.956M (as of 5-31-19).

*(preliminary, subject to change based on market conditions and structure at the time of pricing)*

**Preliminary Sources and Uses**

See Tab 1. The sources and uses are prepared for an estimated net project funds of \$35M. Should the offering include proceeds in excess of \$35M, such amounts will likely be used for the ISE and substitute for other sources and/or address any upward changes in construction costs.

**Revenues to be Derived from Project**

Revenue from the project is expected to be in the form of approximately 100 additional undergraduate students, (over four years of admissions), largely driven by the relaxing of certain facilities bottlenecks. The University also anticipates introducing additional student fees associated with those programs housed in the ISE, ranging from \$600 per student in FY 2022 to \$800 per student in FY 2025. Other revenues include additional indirect cost recoveries from grant activity and other rental income. New revenue estimates range from \$1.7 million in FY 2022 to \$3.9M in FY 2029, with increasing trends in the interim years as additional undergraduate students are enrolled. See also Tab 1.

**Proposed Security for Authority Issued Bonds**

The bonds will be full faith and credit obligations of Gonzaga secured by a pledge of and lien on Unrestricted Revenues, as defined in prior bond documents - and issued on a parity basis with the 2013A, 2013B, 2016A and 2016B bonds.

**Bond Rating**

Gonzaga’s outstanding debt currently carries an “A3” rating from Moody’s Investor Services (affirmed on February 21, 2019 with a change in outlook to Positive) and an “A” rating from Fitch Ratings (affirmed September 27, 2018, Positive outlook). Gonzaga expects to have Moody’s and Fitch ratings affirmed in connection with this bond issue.

**Expected Terms of Repayment**

Projected repayment terms can be found in the preliminary financing plan in Tab 2, which includes \$35M and \$40M structures for 2019A and a taxable structure for 2019B. Note the University anticipates pursuing long-dated bullet structure for the 2019A portion. The University may explore shorter duration options with the 2019B.

**Outstanding Debt**

As of August 23, 2019, the University has four bond and loan agreements outstanding, two of which have been issued by the Authority. The outstanding debt is summarized below:

Series	Issued Date	Final Maturity	Original Principal	Outstanding Principal
WHEFA Series 2013A	12/17/2013	4/1/2043	\$33,000,000	\$33,000,000
WHEFA Series 2013B	12/17/2013	4/1/2040	\$20,000,000	\$20,000,000
Series 2016A	10/20/2016	4/1/2046	\$108,275,000	\$108,275,000
Series 2016B	10/26/2016	4/1/2034	\$35,575,000	\$25,625,000
			<u>\$196,850,000</u>	<u>\$186,900,000</u>

**Debt Refinancing**

If the University pursues a taxable refinancing through WHEFA of its 2016B bonds and termination of its outstanding swaps, the following applies:

<b>Series</b>	<b>Issued Date</b>	<b>Final Maturity</b>	<b>Original Principal</b>	<b>Amount Being Refunded</b>
Series 2016B	10/26/ 2016	4/1/2034	\$35,575,000	\$29,581,000*

\*Includes the outstanding balance of the 2016B bonds plus the swap termination amount of \$3.956 million (estimated at 5/31/19). See chart below for details of the interest rate swap agreements:

<b>Notional Amount as of May 31, 2019</b>	<b>Effective Date</b>	<b>Maturity Date</b>	<b>University Pays</b>	<b>University Receives</b>
\$22,625,000	10/1/2014	4/1/2034	4.12%	67% of one-month LIBOR if 3.50% or greater, 77% of one-month LIBOR if less than 3.50%
\$3,000,000	10/1/2012	4/1/2022	4.17%	70% of one-month LIBOR

Other Notes: Gonzaga has \$460,000 of other notes due in various installments through 2093. Interest rate range from 7.00% to 10.00%

**Financial Statement**

University audit reports for the fiscal years ending 2018, 2017 and 2016 are available as part of the application. The University recently completed and published its fiscal year end 2019 audit report.

**Enrollment**

The following table shows the University’s total enrollment for the past five years, projected through 2021. The University’s student base is comprised of both undergraduate and graduate students.

	<b>Actual</b>				<b>Projected</b>		
	<b>Fall 2015</b>	<b>Fall 2016</b>	<b>Fall 2017</b>	<b>Fall 2018</b>	<b>Fall 2019</b>	<b>Fall 2020</b>	<b>Fall 2021</b>
<b>Institutional Enrollment</b>							
Undergraduate FTE	5,481	5,583	5,600	5,670	5,857	5,875	5,875
Graduate FTE	1,729	1,720	1,689	1,675	1,791	1,800	1,800
<b>Freshmen</b>							
Applications Received	6,728	7,324	7,613	8,402	9,311	*	*
Acceptances	4,951	4,928	4,937	5,513	5,734	*	*
Students Matriculated	1,338	1,275	1,257	1,196	1,257	1,250	1,250
<b>Transfers</b>							
Applications Received	436	403	438	413	323	*	*
Acceptances	286	267	265	274	183	*	*
Students Matriculated	161	145	151	136	102	120	120

**Exhibit Index**

Tab 1 – Sources and Uses

Tab 2 – Preliminary Financing

## **TAB 1**

**Integrated Science and Engineering  
Financial Model - Sources and Uses / Operating Pro-forma**

Aug-19

Fiscal Year	2019 and prior	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
<b>USES (Direct)</b>	<b>Construction and Opening of ISE</b>				<b>Post Construction of ISE</b>						
ISE Construction	\$3,176,504	\$13,230,874	\$31,754,098	\$7,938,524							
Research Labs- Equipment				\$750,000							
Instructional Labs - Equipment				\$750,000							
Other one-time capital				\$100,000							
Herak/Hughes Backfill/Retro				\$500,000	\$500,000						
<b>Total Uses</b>	\$3,176,504	\$13,230,874	\$31,754,098	\$10,038,524	\$500,000	\$-00	\$-00	\$-00	\$-00	\$-00	\$-00

<b>SOURCES (Direct and Indirect)</b>											
Direct ISE Contributions-Committed	\$1,597,902	\$369,167	\$374,167	\$336,667	\$120,000						
Estimated Asks - ISE Specific		\$1,000,000	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000	\$1,000,000				
WCC/NCAA - Committed	\$2,473,799	\$2,072,938	\$2,029,037	\$1,576,461	Amounts earned and to be paid to GU not included post construction						
Other Community Bank Projects - Committed		\$3,451,021	\$3,402,598	\$2,767,142	\$2,462,857	\$1,898,571	\$1,590,000	\$1,015,000			
<b>Subtotal</b>	\$4,071,701	\$6,893,126	\$7,805,802	\$6,680,270	\$4,582,857	\$3,898,571	\$2,590,000	\$1,015,000	\$-00	\$-00	\$-00

Remaining Funding

Use of Debt (Net cash flow needed FY 2019 -2022)  
Excess Cash (FY 2023 - 2026)  
Actual Proposed Debt Level

<b>-\$32,749,101</b>
Debt level depends upon the cash flows above
\$35M, to include cost of issuance and capitalized interest

Excess cash post-construction depends upon cash flows above		
<b>\$11,586,428</b>		

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**Integrated Science and Engineering**

**Financial Model - Sources and Uses / Operating Pro-forma**

Aug-19

Fiscal Year	2019 and prior	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
<b>Operating Revenues</b>	<b>Construction and Opening of ISE</b>				<b>Post Construction of ISE</b>						
Change in Headcount				\$1,050,830	\$1,804,144	\$2,456,463	\$3,253,433	\$2,899,799	\$2,793,956	\$2,863,805	\$2,935,400
Fee-based tuition Increase				\$552,000	\$662,900	\$775,200	\$796,000	\$784,000	\$779,200	\$779,200	\$779,200
Grant Indirect Cost Recovery				\$58,000	\$116,000	\$174,000	\$174,000	\$174,000	\$174,000	\$174,000	\$174,000
Misc Revenue				\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000
<b>Total Revenues</b>				\$1,685,830	\$2,608,044	\$3,430,663	\$4,248,433	\$3,882,799	\$3,772,156	\$3,842,005	\$3,913,600
<b>Operating Expenses and Other</b>											
Operations & Maintenance				\$310,046	\$415,462	\$425,849	\$436,495	\$447,407	\$458,592	\$470,057	\$481,809
R&R / Supplies - Equipment				\$300,000	\$307,500	\$315,188	\$323,067	\$331,144	\$339,422	\$347,908	\$356,606
Building and Lab Staffing				\$255,000	\$348,500	\$357,213	\$366,143	\$375,296	\$384,679	\$394,296	\$404,153
Additional Costs of Student Support				\$50,000	\$51,250	\$52,531	\$53,845	\$55,191	\$56,570	\$57,985	\$59,434
Incremental Faculty				\$359,013	\$616,380	\$839,243	\$1,111,526	\$990,708	\$954,547	\$978,411	\$1,002,871
<b>Total Expenses, w/o Debt Service</b>				\$1,274,059	\$1,739,092	\$1,990,023	\$2,291,075	\$2,199,746	\$2,193,811	\$2,248,656	\$2,304,873
<b>External Debt Service (30 year Non-Amortizing)</b>				\$916,125	\$1,570,500	\$1,570,500	\$1,570,500	\$1,570,500	\$1,570,500	\$1,570,500	\$1,570,500
<b>Net Contribution, prior to debt service</b>				\$411,771	\$868,951	\$1,440,640	\$1,957,358	\$1,683,053	\$1,578,345	\$1,593,349	\$1,608,728
<b>Net Contribution, with debt service</b>				\$(504,354)	\$(701,549)	\$(129,860)	\$386,858	\$112,553	\$7,845	\$22,849	\$38,228

Gross SQ FT	82,679	
Annual Inflation	2.50%	
Baseline Net Tuition Revenue, average GU undergrad	\$23,800	
Engineering majors (undergraduate)	880	
Fee Based Tuition Increase (per student - Engineering)	\$600 FY2022	
	\$700 FY2023	
	\$800 FY2024	
	\$800 FY2025	
Cohort Retention Rates	3 year average	
New faculty cost (w/o Benefits)	\$96,800	
Faculty Start-up Costs	\$50,000	
Faculty/Student Ratio	15	
Benefit Rate	26%	
Grant writing Faculty	10 FY2022	
	20 FY2023	
	30 FY2024 and thereafter	
Annual Grant Per Faculty	\$20,000	
Grant overhead rate	29%	
Student Growth	40 FY2022	Initial opening year boost
	30 FY2023	
	25 FY2024	
	25 FY2025	
Debt Financing	See Tab 4 - Sizing at \$35M.	

Incremental Heacount, by Cohort, by year									
	2021	2022	2023	2024	2025	2026	2027	2028	2029
Freshmen	0	40	30	25	25	25	25	25	25
Soph	0	0	37	28	23	23	23	23	23
Junior	0	0	0	36	27	22	22	22	22
Senior	0	0	0	0	40	30	24	24	24
<b>Total</b>	<b>0</b>	<b>40</b>	<b>67</b>	<b>89</b>	<b>115</b>	<b>100</b>	<b>94</b>	<b>94</b>	<b>94</b>

**Assumptions**

- Project cost of \$56.1M, adjusted for Fall 2019 inflation.
- Includes additional gifts that are not yet committed to the project, estimated at \$10M over a staggered 5 year pledge period.
- Assumes use of post-season MBB WCC/NCAA revenues (earned through FY2019, to be paid through FY 2022), less previously incurred post season costs, as a project funding source.
- Assumes \$35M of incremental debt, borrowed as a bullet maturity.
- 20-22 month build, working backwards from a Fall 2021 open date. This is hard and soft costs and basic FFE, does not include lab/research equipment.
- Pro-rata allocation of remaining construction costs per month, spread across each fiscal year.
- Plant-related operations, maintenance, insurance using current cost of per square foot with benefits and annual inflation factor.
- Retro-fit Herak Hall and Hughes Hall post construction as migrating offices/labs/classrooms depart for ISE.
- Research equipment included at \$750K. Amounts may depend on specific programming.
- Instructional lab equipment included at \$750K. Amounts may depend on specific programming.
- Other one-time is incidental FF&E, largely furnishings.
- Staffing includes two lab techs, two building administration and student labor and grows with inflation.
- Revenue includes:
  - Student headcount growth. Modelled within a relevant range below 100 before we impact other bottlenecks such as housing.
  - Models additional faculty FTE for every 15 additional students. Rate is subject to inflation.
  - Includes an incremental fee-based revenue source of per student for all engineering majors, starting at \$600 and moving upwards to \$800 in three years.

## TAB 2

Gonzaga University  
Preliminary Sizing  
15-Aug-19

Tax-Exempt New Money										
Scenario 1: \$35mm Project Fund						Scenario 2: \$40mm Project Fund				
Period Ending	Principal	Interest	Total Debt Service	CAPI	Net Debt Service	Principal	Interest	Total Debt Service	CAPI	Net Debt Service
5/31/2020	-	785,250	785,250	(785,250)	-	-	897,500	897,500	(897,500)	-
5/31/2021	-	1,570,500	1,570,500	(1,570,500)	-	-	1,795,000	1,795,000	(1,795,000)	-
5/31/2022	-	1,570,500	1,570,500	(654,375)	916,125	-	1,795,000	1,795,000	(747,917)	1,047,083
5/31/2023	-	1,570,500	1,570,500	-	1,570,500	-	1,795,000	1,795,000	-	1,795,000
5/31/2024	-	1,570,500	1,570,500	-	1,570,500	-	1,795,000	1,795,000	-	1,795,000
5/31/2025	-	1,570,500	1,570,500	-	1,570,500	-	1,795,000	1,795,000	-	1,795,000
5/31/2026	-	1,570,500	1,570,500	-	1,570,500	-	1,795,000	1,795,000	-	1,795,000
5/31/2027	-	1,570,500	1,570,500	-	1,570,500	-	1,795,000	1,795,000	-	1,795,000
5/31/2028	-	1,570,500	1,570,500	-	1,570,500	-	1,795,000	1,795,000	-	1,795,000
5/31/2029	-	1,570,500	1,570,500	-	1,570,500	-	1,795,000	1,795,000	-	1,795,000
5/31/2030	-	1,570,500	1,570,500	-	1,570,500	-	1,795,000	1,795,000	-	1,795,000
5/31/2031	-	1,570,500	1,570,500	-	1,570,500	-	1,795,000	1,795,000	-	1,795,000
5/31/2032	-	1,570,500	1,570,500	-	1,570,500	-	1,795,000	1,795,000	-	1,795,000
5/31/2033	-	1,570,500	1,570,500	-	1,570,500	-	1,795,000	1,795,000	-	1,795,000
5/31/2034	-	1,570,500	1,570,500	-	1,570,500	-	1,795,000	1,795,000	-	1,795,000
5/31/2035	-	1,570,500	1,570,500	-	1,570,500	-	1,795,000	1,795,000	-	1,795,000
5/31/2036	-	1,570,500	1,570,500	-	1,570,500	-	1,795,000	1,795,000	-	1,795,000
5/31/2037	-	1,570,500	1,570,500	-	1,570,500	-	1,795,000	1,795,000	-	1,795,000
5/31/2038	-	1,570,500	1,570,500	-	1,570,500	-	1,795,000	1,795,000	-	1,795,000
5/31/2039	-	1,570,500	1,570,500	-	1,570,500	-	1,795,000	1,795,000	-	1,795,000
5/31/2040	-	1,570,500	1,570,500	-	1,570,500	-	1,795,000	1,795,000	-	1,795,000
5/31/2041	-	1,570,500	1,570,500	-	1,570,500	-	1,795,000	1,795,000	-	1,795,000
5/31/2042	-	1,570,500	1,570,500	-	1,570,500	-	1,795,000	1,795,000	-	1,795,000
5/31/2043	-	1,570,500	1,570,500	-	1,570,500	-	1,795,000	1,795,000	-	1,795,000
5/31/2044	-	1,570,500	1,570,500	-	1,570,500	-	1,795,000	1,795,000	-	1,795,000
5/31/2045	-	1,570,500	1,570,500	-	1,570,500	-	1,795,000	1,795,000	-	1,795,000
5/31/2046	-	1,570,500	1,570,500	-	1,570,500	-	1,795,000	1,795,000	-	1,795,000
5/31/2047	-	1,570,500	1,570,500	-	1,570,500	-	1,795,000	1,795,000	-	1,795,000
5/31/2048	-	1,570,500	1,570,500	-	1,570,500	-	1,795,000	1,795,000	-	1,795,000
5/31/2049	31,410,000	1,570,500	32,980,500	-	32,980,500	35,900,000	1,795,000	37,695,000	-	37,695,000
<b>Total</b>	<b>31,410,000</b>	<b>46,329,750</b>	<b>77,739,750</b>	<b>(3,010,125)</b>	<b>74,729,625</b>	<b>35,900,000</b>	<b>52,952,500</b>	<b>88,852,500</b>	<b>(3,440,417)</b>	<b>85,412,083</b>

Notes:

1. Assumes interest rates as of August 1, 2019.
2. Assumes equal project fund draws through August 1, 2021 net funded at the 1-year UST yield (approximately 1.80%).
3. Assumes CAPI through 8/31/2021, net funded at the 1-year UST yield (approximately 1.80%).

Taxable Restructuring and Swap Termination			
Period Ending	Principal	Interest	Total Debt Service
5/31/2020	-	562,107	562,107
5/31/2021	-	1,124,214	1,124,214
5/31/2022	-	1,124,214	1,124,214
5/31/2023	-	1,124,214	1,124,214
5/31/2024	-	1,124,214	1,124,214
5/31/2025	-	1,124,214	1,124,214
5/31/2026	-	1,124,214	1,124,214
5/31/2027	-	1,124,214	1,124,214
5/31/2028	-	1,124,214	1,124,214
5/31/2029	-	1,124,214	1,124,214
5/31/2030	-	1,124,214	1,124,214
5/31/2031	-	1,124,214	1,124,214
5/31/2032	-	1,124,214	1,124,214
5/31/2033	-	1,124,214	1,124,214
5/31/2034	-	1,124,214	1,124,214
5/31/2035	-	1,124,214	1,124,214
5/31/2036	-	1,124,214	1,124,214
5/31/2037	-	1,124,214	1,124,214
5/31/2038	-	1,124,214	1,124,214
5/31/2039	-	1,124,214	1,124,214
5/31/2040	-	1,124,214	1,124,214
5/31/2041	-	1,124,214	1,124,214
5/31/2042	-	1,124,214	1,124,214
5/31/2043	-	1,124,214	1,124,214
5/31/2044	-	1,124,214	1,124,214
5/31/2045	-	1,124,214	1,124,214
5/31/2046	-	1,124,214	1,124,214
5/31/2047	-	1,124,214	1,124,214
5/31/2048	-	1,124,214	1,124,214
5/31/2049	29,820,000	1,124,214	30,944,214
<b>Total</b>	<b>29,820,000</b>	<b>33,164,313</b>	<b>62,984,313</b>

August 29<sup>th</sup>, 2019

Paul Edwards, Deputy Director  
Robert Cook, Finance Director  
Carol Johnson, Manager  
Washington Higher Education Facilities Authority  
1000 Second Avenue, Suite 2700  
Seattle, WA 98104

Dear Authority Staff,

On behalf of the Washington Higher Education Facilities Authority (the "Authority") and the institutions who borrow through the Authority, we have calculated the estimated interest savings that result from issuing tax-exempt bonds through the Authority, compared to the interest cost of comparable taxable bond issuance. The purpose is to quantify the benefit to Gonzaga University (the "University") of issuing tax-exempt debt through the Authority.

Gonzaga is seeking to borrow new tax-exempt project funds for the planning, designing, constructing, installing and furnishing of capital improvements to the University's facilities, to be used principally for the construction of the Integrated Sciences and Engineering (ISE) facility. The total project fund amount is \$35M. The University has Board authorization to issue up to \$45M in par, which includes project fund amount, capitalized interest and costs of issuance.

Barclays is the underwriter for the bonds and has created debt projections as of August 1, 2019. Below are some of the important assumptions used to produce the debt service schedules:

- Coupon/yield structure: 5.00%/2.61% (tax-exempt, 10-yr par call); 3.77%/3.77% (taxable, 10-yr par call)
- Cost of issuance: 1% of par
- 30-year bullet structure
- Interest calculated on a 30/360 basis

With the assumptions described above, Prager calculated net present value savings by comparing the tax-exempt and taxable debt service cash-flows and discounting the difference at the taxable all-in total interest cost of 3.83%. This analysis also assumes the bonds are held until the 10-year par call date; holding them to final maturity could result in a material deviation from the figures shown below.

Nominal Cash Flow Savings	PV Cash Flow Savings
\$4,836,552	\$3,249,149

Representatives of Prager will participate in the scheduled September 17, 2019 Authority Board meeting to discuss the benefit to the University from using Authority issued bonds. At your convenience, please feel free to reach out to me directly at (415) 403-1932 if you have any questions.

Respectfully submitted,

Ian Prager  
Managing Director  
Prager & Co., LLC

WASHINGTON HIGHER EDUCATION FACILITIES AUTHORITY

RESOLUTION NO. 19-02

A RESOLUTION of the Washington Higher Education Facilities Authority authorizing the issuance of up to two series of nonrecourse revenue bonds in an aggregate principal amount not to exceed \$75,000,000 to finance and refinance the construction of and improvements to facilities on the campus of The Corporation of Gonzaga University; delegating to the Executive Director of the Authority the authority to approve the sale of said bonds to Barclays Capital Inc.; approving the form of indenture of trust, loan agreement and bond purchase contract; and authorizing the officers and Executive Director of the Authority to amend and execute such documents and other related documents.

APPROVED ON SEPTEMBER 17, 2019

PREPARED BY:

PACIFICA LAW GROUP LLP  
1191 SECOND AVENUE, SUITE 2000  
SEATTLE, WASHINGTON 98101

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\* This table of contents is not a part of the resolution; it is included for convenience of the reader only.

RESOLUTION NO. 19-02

A RESOLUTION of the Washington Higher Education Facilities Authority authorizing the issuance of up to two series of nonrecourse revenue bonds in an aggregate principal amount not to exceed \$75,000,000 to finance and refinance the construction of and improvements to facilities on the campus of The Corporation of Gonzaga University; delegating to the Executive Director of the Authority the authority to approve the sale of said bonds to Barclays Capital Inc.; approving the form of indenture of trust, loan agreement and bond purchase contract; and authorizing the officers and Executive Director of the Authority to amend and execute such documents and other related documents.

WHEREAS, the Washington Higher Education Facilities Authority, a public body corporate and politic of the State of Washington (the “Authority”), has been duly constituted pursuant to the authority and procedures of RCW 28B.07 et seq. (the “Act”); and

WHEREAS, pursuant to the Act the Authority is authorized to issue its nonrecourse revenue bonds for the purpose of financing or refinancing all or a part of the “project costs” of “higher education institutions” as such terms are defined in the Act; and

WHEREAS, the Internal Revenue Code of 1986, as amended (the “Code”), grants an exemption from gross income for federal income tax purposes of interest paid on bonds where the proceeds thereof are used to finance facilities owned and operated by corporations described under Section 501(c)(3) of the Code; and

WHEREAS, The Corporation of Gonzaga University (the “University”) is a private, nonprofit higher education institution meeting the requirements of the Act and a corporation described under Section 501(c)(3) of the Code; and

WHEREAS, the University issued its Revenue and Refunding Taxable Bonds, Series 2016B (the “2016B Bonds”) for the purpose of financing and refinancing certain improvements

to University facilities, including refinancing certain then-outstanding bonds of the Authority issued for the benefit of the University; and

WHEREAS, the University has submitted an application to the Authority to provide a portion of the funds (1) to finance the planning, design, construction, installation, acquisition and equipping of a new Integrated Sciences and Engineering facility located on the University's campus; (2) to make additional capital improvements to the University's facilities; (3) to pay a portion of interest on the hereinafter defined Bonds; (4) to refund all or a portion of the outstanding 2016B Bonds; (5) to finance payments in connection with the termination of certain interest rate swap agreements; and/or (6) to pay certain expenses incurred in connection with the issuance of the Bonds (together, the "Project"); and

WHEREAS, it is desirable for the Authority to provide the University with financing of the Project through: (1) the issuance of its Washington Higher Education Facilities Authority Revenue Bonds (Gonzaga University Project), Series 2019A (the "2019A Bonds") and its Washington Higher Education Facilities Authority Taxable Refunding Revenue Bonds (Gonzaga University Project), Series 2019B (the "2019B Bonds," and together with the 2019A Bonds, the "Bonds") in an aggregate principal amount of not to exceed \$75,000,000 and (2) loaning the proceeds of the Bonds to the University pursuant to a Loan Agreement (as hereinafter defined) for purposes of financing the Project; and

WHEREAS, the Authority expects to receive an offer to purchase the Bonds from Barclays Capital Inc. pursuant to one or more bond purchase contracts (the "Bond Purchase Contract");

NOW, THEREFORE, BE IT RESOLVED by the Washington State Higher Education Facilities Authority as follows:

Section 1.     Definitions. Unless otherwise defined in this resolution, capitalized terms used herein shall have the meanings set forth in the following documents filed with the Executive Director of the Authority: the Indenture of Trust (the “Indenture”) between the Authority and U.S. Bank National Association (the “Trustee”), and the Loan Agreement, among the Authority, the Trustee and the University (the “Loan Agreement”).

Section 2.     Findings. The University has submitted an application to the Authority which has been reviewed and analyzed by the Authority and the Authority staff. The Authority has determined, upon the recommendation of the Authority staff, that the financing of the Project will benefit the higher education system; that the University can reasonably be expected to successfully complete the Project; that the Project and the issuance of the Bonds are economically feasible and can be undertaken on terms economically satisfactory to the Authority; that the Project will carry out the purposes and policies of the Act; and that the University has reasonably satisfied the requirements of the Act and the regulations of the Authority promulgated thereunder.

Section 3.     Authorization of Bonds. The Authority hereby authorizes the issuance and sale of one or more series of its nonrecourse revenue bonds to be designated “Washington Higher Education Facilities Authority Revenue Bonds (Gonzaga University Project), Series 2019A” and “Washington Higher Education Facilities Authority Taxable Refunding Revenue Bonds (Gonzaga University Project), Series 2019B”, or other such designation as set forth in the Indenture, in the aggregate principal amount of not to exceed \$75,000,000, pursuant to and in accordance with the provisions of the Act, the Code, the Indenture and this resolution.

Section 4. Approval of Documents. The Authority hereby accepts, approves and agrees to the execution and delivery and to all the terms and conditions of the Indenture and the Loan Agreement, pertaining to it in substantially the forms on file with the Authority, including the forms of exhibits thereto, and with such additions, deletions and modifications as hereafter are deemed by the Executive Director or the Secretary of the Authority to be in the best interests of the Authority and approved by the University. The Indenture will authorize, inter alia, the sale, execution, issuance and delivery of the Bonds in an aggregate principal amount of not to exceed \$75,000,000 and the Indenture will be in substantially the form on file with the Authority. The Authority also accepts, approves and agrees to the execution and delivery of all other certificates, documents and other papers which, in the judgment of the Executive Director or the Secretary of the Authority, are necessary to the sale, execution, issuance and delivery of the Bonds, the loan of the proceeds from the issuance and sale of the Bonds to the University, the financing of the Project and the exemption of interest on the 2019A Bonds from federal taxation pursuant to the Code.

Section 5. Authorization to Execute and Deliver Documents and Bonds. The Chair, the Executive Director and the Secretary of the Authority, or any one of such persons, hereby are authorized and directed to cause the Indenture and the Loan Agreement to be appropriately dated and to execute, for and on behalf of the Authority, and deliver to the parties entitled to executed copies of the same, together with any exhibits thereto required to be executed and delivered by the Authority, with such additions, deletions and modifications as are hereafter deemed by the Executive Director and the Secretary of the Authority to be necessary to confirm such documents to each other and/or to be in the best interest of the Authority and the University. The Chair and the Secretary or Executive Director of the Authority hereby are authorized and directed to

execute, for and on behalf of the Authority, the Bonds, in substantially the forms set forth in the Indenture. Such officers are hereby authorized to execute on behalf of the Authority any additional certificates, documents or other papers which are necessary to the sale, execution, issuance and delivery of the Bonds.

Section 6. Approval of Underwriter; Sale of the Bonds. The Authority hereby approves the selection of Barclays Capital Inc. as the underwriter (the “Underwriter”) for the Bonds.

The Authority hereby authorizes and approves the sale of the Bonds to the Underwriter as described in and in accordance with the terms and conditions set forth in the Bond Purchase Contract. The Authority hereby delegates to the Executive Director the authority to execute the Bond Purchase Contract on behalf of the Authority in substantially the form filed with the Authority, subject to the following limitations: (a) the aggregate principal amount of the Bonds shall not exceed \$75,000,000; (b) the true interest cost on the 2019A Bonds does not exceed 6.50%; (c) the true interest cost on the 2019B Bonds does not exceed 7.00%; (d) the Bond Purchase Contract for the Bonds shall be executed prior to March 31, 2020; and (e) the final terms of the Bond Purchase Contract shall otherwise be in furtherance of the Act.

Section 7. Preliminary Official Statement and Final Official Statement. Pursuant to Securities and Exchange Commission Rule 15c2-12 (“Rule 15c2-12”), the Authority hereby delegates to the Executive Director the authority to deem the Preliminary Official Statement as final as of its date except for the omission of information dependent upon the sale of the issue and the completion of the agreement with underwriter, such as offering prices, interest rates, selling compensation, aggregate principal amount, principal amount per maturity, delivery dates,

and other terms of the Bonds dependent on the foregoing matters. The Executive Director is hereby authorized to provide for the distribution of a Preliminary Official Statement.

The Authority agrees to cooperate with the Underwriter to deliver or cause to be delivered, within seven business days from the date of the sale of the Bonds and in sufficient time to accompany any confirmation that requests payment from any customer of the winning bidder or chosen underwriter for the Bonds, copies of final Official Statement in sufficient quantity to comply with paragraph (b)(4) of Rule 15c2-12 and the rules of the Municipal Securities Rule-making Board. The Executive Director is hereby authorized to review and approve on behalf of the Authority the final Official Statement with such additions and changes as may be deemed necessary or advisable to him.

Section 8.     Execution of Resolution in Counterparts. This resolution may be executed in several counterparts, each of which, when so executed, shall be deemed to be an original; and such counterparts together shall constitute one and the same instrument.

Section 9.     Executive Director. The Deputy Executive Director is hereby authorized to act on behalf of the Executive Director for all purposes of this resolution if it is necessary or desirable to accomplish the purposes hereof.

Section 10.    Effective Date. This resolution shall become effective immediately upon its passage and execution by a majority of the members of the Authority at a duly constituted meeting.

ADOPTED at an open public meeting duly noticed and called this 17<sup>th</sup> day of September 2019.

WASHINGTON HIGHER EDUCATION  
FACILITIES AUTHORITY

---

David Schumacher, Designee for  
Jay Inslee, Governor and Chair

---

The Honorable Cyrus Habib,  
Lieutenant Governor and Member

---

Roy Heynderickx, Public Member

---

Michael Meotti, Public Member

---

Jerome Cohen, Public Member

---

Claire Grace, Public Member

---

Gene Sharratt, Public Member

**TAB 4**

JAY INSLEE, Chair  
Governor



KIM HERMAN  
Executive Director

August 23, 2019

Members  
Washington Higher Education Facility Authority  
Seattle, Washington

We have compiled the UNAUDITED Statement of Net Position of the Washington State Higher Education Facilities Authority (the "Authority") General Operating Fund, as of July 31, 2019 and the related statement of Activities and Changes in Net Position for the month ended in accordance with generally accepted accounting principles.

This compilation is limited to presenting, in the form of financial statements, information that is accurate to the best of our knowledge and belief. These statements have not been audited or reviewed by an independent third party.

We have elected to omit substantially all of the disclosures required by generally accepted accounting principles including the statement of cash flow. If the omitted disclosures were included in the financial statements, they might influence the users' conclusions about the Authority's financial position, results of operations and changes in financial position. Accordingly, these financial statements are not designed for those who are not informed about these matters.

Prepared by: Leora Tyau  
Leora Tyau  
Fiscal Analyst 4

Approved by: Shirleen Noonan  
Shirleen Noonan  
General Operations Manager



WASHINGTON HIGHER EDUCATION  
FACILITIES AUTHORITY  
GENERAL OPERATING FUND

July 31, 2019

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(See Accountant's Compilation Report)

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**Washington Higher Education Facilities Authority**  
**Statement of Net Position**  
**Fund: General Operating Fund**  
**Division: All**  
**July 31, 2019**  
(See Accountant's Compilation Report)

	Current Year	Prior Year	Variance	
			Amount	%
<b>ASSETS</b>				
Cash and Cash Equivalents:				
Demand Deposits	\$ 304,676	\$ 15,779	\$ 288,897	1831%
Money Market Accounts	945,566	1,346,086	(400,520)	-30%
Fees Receivables	151,981	-	151,981	(1) NA
Loan Receivable (net)	3,454	3,454	-	0%
Prepaid Expenses & Other Receivable	19,007	15,412	3,592	(2) 23%
<i>Total Assets</i>	<u>\$ 1,424,684</u>	<u>\$ 1,380,734</u>	<u>\$ 43,950</u>	<u>3%</u>
<b>LIABILITIES</b>				
Accounts Payable and Other Liabilities	\$ 93,880	\$ 89,118	\$ 4,762	5%
Unearned Fee Income	336,834	-	336,834	(3) NA
<i>Total Liabilities</i>	<u>430,714</u>	<u>89,118</u>	<u>341,596</u>	<u>383%</u>
<b>NET POSITION</b>				
Unrestricted	993,970	1,291,616	(297,646)	-23%
Total Net Position	<u>993,970</u>	<u>1,291,616</u>	<u>(297,646)</u>	<u>-23%</u>
<i>Total Liabilities and Net Position</i>	<u>\$ 1,424,684</u>	<u>\$ 1,380,734</u>	<u>\$ 43,950</u>	<u>-23%</u>

- (1) The fee receivables balance is comprised of annual Authority fees billed on outstanding bond balances at six basis points. The fees were waived in the prior six years but reinstated in this fiscal year, as approved by the Authority Board.
- (2) The increase in prepaid expenses in the current year is due to a 4-year renewal of the Bond Buyer subscription and to a prepayment of registration fees for staff to attend the Fall NAHEFFA conference in September.
- (3) The unearned fee income balance consists of annual Authority fees reinstated in the current fiscal year. The annual fees are amortized monthly to recognize fee revenue during the fiscal year.

**Washington Higher Education Facilities Authority**  
**Statement of Activities and Changes in Net Position**  
**Fund: General Operating Fund**

**Division: All**

For The Year To Date Ending: July 31, 2019

(See Accountant's Compilation Report)

	Current Period	Current Year to Date	Prior Year to Date	Variance Amount	%
<i>Revenues:</i>					
Fee Income	\$ 38,121	\$ 38,121	\$ -	\$ 38,121	(1) NA
Interest Earned	2,090	2,090	2,274	(184)	-8%
<i>Total Unadjusted Revenues</i>	<u>40,211</u>	<u>40,211</u>	<u>2,275</u>	<u>37,936</u>	<u>1668%</u>
<i>Expenses:</i>					
Salaries, Wages, and Employee Benefits	24,034	24,034	19,795	4,239	(2) 21%
Travel & Conferences	96	96	154	(58)	-38%
Professional Fees	277	277	390	(113)	-29%
Office Expense	4,079	4,079	3,288	791	(3) 24%
<i>Total Expenses</i>	<u>28,486</u>	<u>28,486</u>	<u>23,626</u>	<u>4,860</u>	<u>21%</u>
(Deficit) Excess of Revenues over Expenses	<u>11,725</u>	<u>11,725</u>	<u>(21,351)</u>	<u>33,076</u>	<u>-155%</u>
<i>Net Position</i>					
Total net position, beginning of period	982,245	982,245	1,312,967	(330,722)	-25%
Current Increase (Decrease) to Net Position	11,725	11,725	(21,351)	33,076	-155%
Total net position, end of year	<u>\$ 993,970</u>	<u>\$ 993,970</u>	<u>\$ 1,291,616</u>	<u>\$ (297,646)</u>	<u>-23%</u>

(1) The current year fee income includes recognition of amortized Authority fees and a bond application fee. In the prior year, Authority fees were waived and no new bond issuance related fees were received.

(2) The increase in salaries and benefit expenses is primarily due to State budgeted increases in salaries and related benefits which were effective July 1, 2019.

(3) The increase in office expenses is primarily due to an increase in overhead expense allocation from WSHFC that is based on WHEFA hours worked. In the current period, there were additional hours worked on WHEFA matters compared to the prior fiscal year period.

**Washington Higher Education Facilities Authority**  
**Detailed Statement of Activities**  
**Fund: General Operating Fund**  
**Division: All**  
**For The Year To Date Ending: July 31, 2019**  
(See Accountant's Compilation Report)

	Variance-YTD vs. PY Actuals		Prior YTD		YTD		YTD		Variance-YTD Budget to Actual	
	%	Amount	Actual	Actual	Actual	Budget	Amount	Amount	%	
<i>Revenues:</i>										
Program Fees	NA	\$ 30,621	\$ -	\$ -	\$ 30,621	\$ 31,590	\$ (969)		-3.1%	
Issuance & Application Fees	NA	\$ 7,500	\$ -	\$ -	\$ 7,500	\$ 6,250	\$ 1,250		20.0%	
Interest Revenue	-8.1%	(184)	2,274		2,090	2,304	(214)		-9.3%	
<b>Total Unadjusted Revenues</b>	<b>1667.6%</b>	<b>37,937</b>	<b>2,275</b>		<b>40,211</b>	<b>40,144</b>	<b>67</b>		<b>0.2%</b>	
<i>Expenses:</i>										
Salaries & Wages - Staff & Temp. Svcs	25%	3,672	14,429		18,101	22,157	(4,056)		-18%	
Employee Benefits - Staff	10.6%	568	5,366		5,934	7,052	(1,118)		-15.9%	
Travel in state - Staff	-37.7%	(58)	154		96	163	(67)		-41.1%	
Legal Fees	-29.0%	(113)	390		277	583	(306)		-52.5%	
Financial Advisor Fees	NA	-	-		-	208	(208)		-100.0%	
Office Rent/Conf. Room Rentals	17.3%	136	788		924	1,101	(177)		-16.1%	
Furniture & Equipment Rental	15.2%	10	66		76	114	(38)		-33.3%	
Publications/ Subscriptions/ Dues	14.9%	49	328		377	414	(37)		-8.9%	
Deliveries	NA	90	-		90	33	57		172.7%	
Insurance	0.0%	-	1,110		1,110	1,110	-		0.0%	
Meeting Expense	NA	-	-		-	429	(429)		-100.0%	
Equipment & Building Maintenance	24.0%	12	50		62	112	(50)		-44.6%	
Software Maint. Support & Other Info Svcs	212.7%	702	330		1,032	1,368	(336)		-24.6%	
Postage	NA	1	-		1	8	(7)		-87.5%	
Supplies	23.0%	17	74		91	211	(120)		-56.9%	
Telephone	4.2%	7	167		174	154	20		13.0%	
Other Office Expenses	67.1%	57	85		142	174	(32)		-18.4%	
<b>Total Expenses</b>	<b>20.6%</b>	<b>4,859</b>	<b>23,628</b>		<b>28,487</b>	<b>37,193</b>	<b>(8,706)</b>		<b>-23.4%</b>	
<b>(Deficit) Excess of Revenues over Expenses</b>	<b>-154.9%</b>	<b>\$ 33,077</b>	<b>\$ (21,353)</b>		<b>\$ 11,724</b>	<b>\$ 2,951</b>	<b>\$ 8,773</b>		<b>297.3%</b>	

**TAB 5**

## Statement of Account

Washington Higher Education Facility Authority  
Proration of costs between WHEFA and WSHFC  
For the period April 1, 2019 through June 30, 2019

Month	Salaries & Benefits	Office Expenses (1)	Overhead (2)	Total
April	\$ 20,772.16	\$ 2,019.83	\$ 81.23	\$ 22,873.22
May	19,556.37	2,322.39	123.25	22,002.01
June	18,942.67	852.79	122.13	19,917.59
<b>Total Per Category</b>	<b>\$ 59,271.20</b>	<b>\$ 5,195.01</b>	<b>\$ 326.61</b>	<b>\$ 64,792.82</b>
Previous Balance at March 30, 2019				71,633.67
Payments & Credit Memos (through June 30, 2019)				<u>(71,633.67)</u>
<b>Total Due to WSHFC:</b>				<u><u>\$ 64,792.82</u></u>

**Please make checks payable to:**

Washington State Housing Finance Commission  
1000 Second Avenue, Suite 2700  
Seattle, Washington 98104-1046

- (1) Office Expenses are expenses paid by WSHFC on behalf of WHEFA and allocation of certain HFC expenses based on WHEFA salary hours as a percentage of total HFC salary hours.  
(2) Overhead is the allocation of HFC's depreciation expense based on WHEFA salary hours as a percentage of total HFC salary hours.

Approval for Payment

Clare Grace

Authority Board Member

**TAB 6**



# Washington Higher Education Facilities Authority

## Market Update

September 17, 2019

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## August Market Recap

• **The trade war rolls on.** Amidst on-again, off-again U.S.-China tariff spats and the resultant spikes in market volatility, investors have to digest a new Fed monetary policy outlook and reduced global growth prospects. While the domestic economy savors the tenth year of this epic expansion, it's the headwinds abroad that remain the most imminent detractors.

• **The advance release of second quarter U.S. gross domestic product (GDP) indicated the U.S. economy grew at 2.1%, trailing the 3.1% growth from the prior quarter, but outpacing consensus expectations of 1.8%.** Growth was propelled by a jump in personal consumption to 4.3%, an increase from the prior quarter of 1.1% and the largest quarterly consumption figure since December 2017. On the downside, fixed investment posted its first negative contribution to GDP since the fourth quarter of 2015, a development worth monitoring as sustained periods of negative fixed investment typically precede economic downturns.

• **At the long-awaited July 2019 Fed meeting, the committee (as widely anticipated) cut the overnight fed funds target rate by 25 basis points (bps) to a new range of 2.00% to 2.25%.** This marked the first Fed rate cut since December 2008. Fed Chair Jerome Powell had set the stage for preemptive monetary policy to stoke growth and noted the cut was "in light of the implications of global developments for the economic outlook as well as muted inflation pressures." Despite the cut, the balance of the Fed's post-meeting commentary leaned hawkish, led by the dissenting votes of two Fed members (preferring no change).



## August Market Recap (continued)

•**Inflation remains muted.** The Consumer Price Index (CPI) indicates inflation near 2%, but the Fed's preferred gauge, the Personal Consumption Expenditure (PCE) Index, grew at 1.6% over the year through June, notably below the 2% target. Inflation remains the focus of future Fed policy. Stay tuned.

•**The U.S. labor market is a tailwind to the economy.** The July jobs report indicated the economy generated 164,000 jobs, in line with expectations of 165,000. The unemployment rate remained unchanged at 3.7%, near the 50-year low, and the labor force participation rate ticked higher to 63.0%.

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Source: Bloomberg, PFM Research

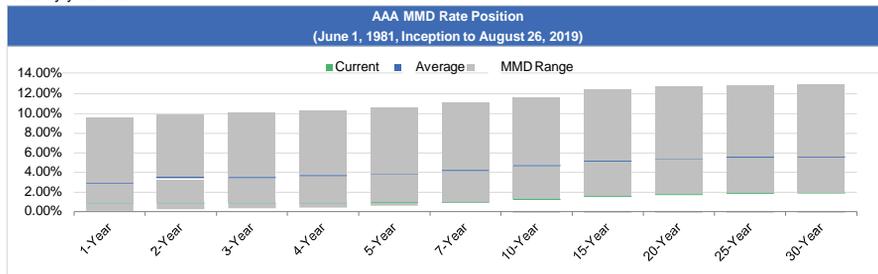
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## AAA MMD Position Since Inception

•Currently, interest rates are at or near historical lows (particularly long-term rates)

•Short-term rates are expected to fall in the coming months with market participants anticipating up to 3 Fed Funds rate cuts by year end



Summary of August 19, 2019 vs. Historical (since Inception) MMD Rates											
Statistic	1-Year	2-Year	3-Year	4-Year	5-Year	7-Year	10-Year	15-Year	20-Year	25-Year	30-Year
August 26, 2019	1.00%	0.98%	0.99%	0.99%	1.01%	1.06%	1.24%	1.50%	1.70%	1.84%	1.89%
Historical Average	2.99%	3.31%	3.54%	3.74%	3.93%	4.27%	4.66%	5.15%	5.41%	5.54%	5.58%
Spread to Average	-2.05%	-2.37%	-2.59%	-2.79%	-2.97%	-3.23%	-3.43%	-3.65%	-3.70%	-3.69%	-3.68%
Minimum	0.11%	0.25%	0.36%	0.44%	0.62%	0.89%	1.22%	1.48%	1.68%	1.82%	1.87%
Maximum	9.65%	9.85%	10.05%	10.30%	10.65%	11.05%	11.50%	12.40%	12.70%	12.80%	12.90%
% of Time Lower	22.95%	20.10%	16.37%	10.11%	4.93%	0.35%	0.03%	0.03%	0.03%	0.03%	0.03%

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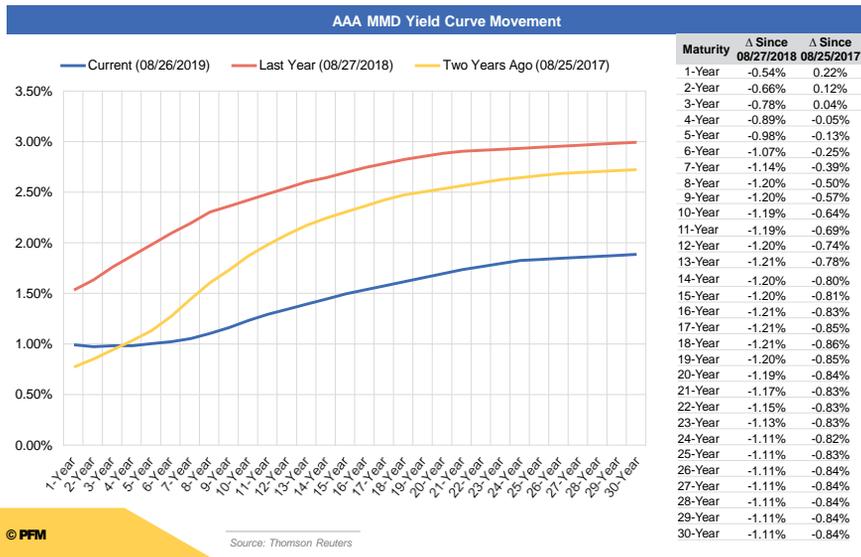
Source: Thomson Reuters

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### Recent AAA MMD Yield Curve Movement

• Benchmark tax-exempt rates have flattened significantly. The yield curve is particularly flat in years 1-5 and 20-30.

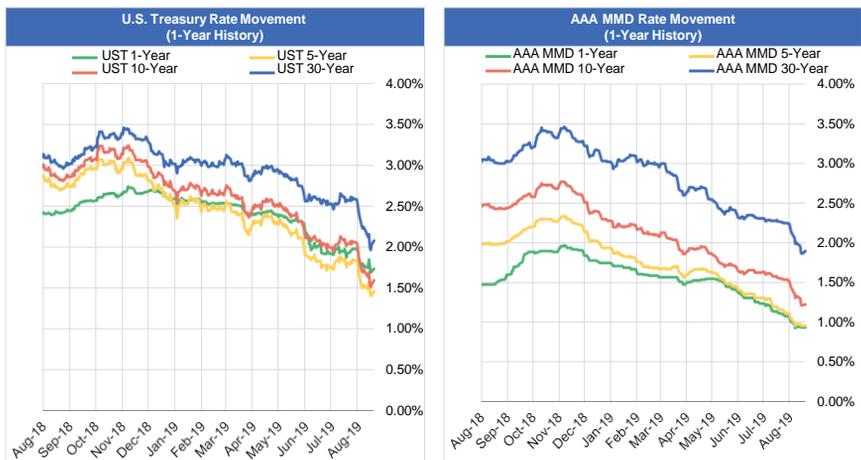


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### U.S. Treasury & AAA MMD Rate Movement

•The 5 and 10-year UST have fallen below the 1-year rate. The “inversion” of the yield curve has historically signaled a recession.



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### SIFMA & 1-Month LIBOR Rate Movement

• After nearing 80% of LIBOR in late June, SIFMA has sat below 70% of LIBOR for most of July and moving in to August.



Source: Thomson Reuters

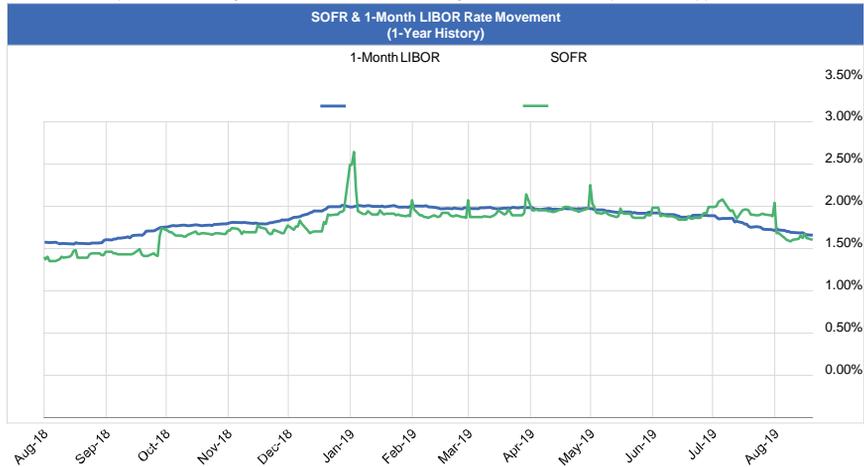
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### SOFR & 1-Month LIBOR Rate Movement

• Since its inception in April 2018, SOFR has generally reset at or below 1-M LIBOR, occasionally shooting above 1-M LIBOR for a day. After sustaining levels above 1-M LIBOR throughout the month of July, SOFR dropped back below 1-M



Source: Thomson Reuters

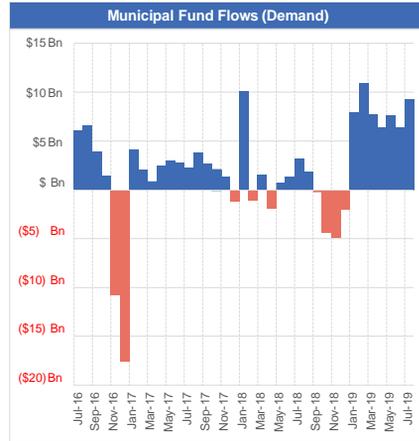
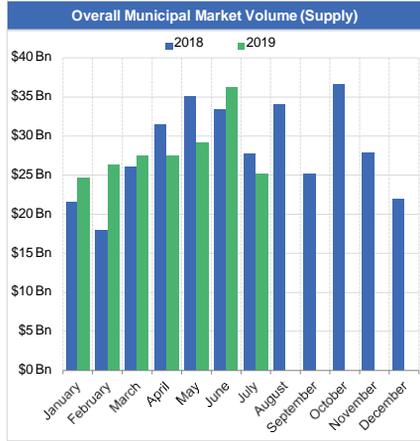
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## Municipal Market Supply & Demand

- New issuance volume was down 9.40% year-over-year and up 1.73% year-to-date through July.
- Strong demand coupled with reduced supply creating downward pressure on interest rates.



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Source: Bond Buyer, Investment Company Institute

**TAB 7**

**Washington Higher Education Facilities Authority  
Bond Issue Status Report  
As of August 30, 2019**

	Appl. Rec'd	OID Signed	App Review Complete	Scoping Meeting	Public Hearing	Tax Due Diligence Complete	Doc Review Meetings	Gov's Cert Signed	Borrower Board Approval	Authority Board Approval	Pricing	Pre-Close & Close	Savings	Comments
<b>Potential Bond Issues - Fiscal Year 2018/19</b>														
<b>UPS</b> <b>\$24,280,000</b>  <i>Refunding 2012 B</i>	7/9/19	7/22/19	8/16/19	7/22/19	N/A	9/9/19	8/27/19 9/16/19 9/23/19	N/A	Complete	9/17/19	N/A	9/25/19 10/1/19	Preliminary Present Value \$1,451,585  Final Present Value TBD	<i>Financial Advisor</i>  <i>None Required</i>
<b>Gonzaga University</b> <b>\$75,000,000</b>  <i>\$45,000,000 New Money Engineering Complex</i>  <i>\$30,000,000 Refunding 2016B Taxable</i>	8/17/19	8/20/19	8/30/19	8/21/19	8/29/19	9/27/19	8/29/19 9/9/19 9/23/19 10.28/19	Sept 2019	Approved	9/17/19	Week of 9/30/19	10/31/19 11/1/19	Preliminary Present Value TBD \$3,249,149  Final Present Value TBD	<i>Financial Advisor – Prager</i>
<b>Whitworth University</b>  <b>Up to \$30,000,000</b>  <i>New Money</i>  <i>Health Sciences Building</i>	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	Sept 2019	TBD	TBD	Late 2019 / Early 2020	Preliminary Present Value TBD	<i>Financial Advisor - PFM</i>

**Washington Higher Education Facilities Authority  
Bond Issue Status Report  
As of August 30, 2019**

	Appl. Rec'd	OID Signed	App Review Complete	Scoping Meeting	Public Hearing	Tax Due Diligence Complete	Doc Review Meetings	Gov's Cert Signed	Borrower Board Approval	Authority Board Approval	Pricing	Pre-Close & Close	Savings	Comments
<b>Seattle University</b> <b>\$50,000,000</b> <i>New Money</i> <i>Center for Science &amp; Innovation</i>	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	Early 2020	Preliminary Present Value TBD	<i>Financial Advisor TBD</i>
<b>Heritage University</b> <b>\$7,000,000</b> <i>Refunding</i>	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	2019 - 2020	Preliminary Present Value TBD	<i>Financial Advisor TBD</i>
<b>PNWU</b> <b>\$20,000,000</b> <i>New Money</i> <i>80,000 SF Regional Center for Inter-professional Education</i>	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	2021-22  For reporting purposes only	Preliminary Present Value TBD	<i>Financial Advisor TBD</i>

**Washington Higher Education Facilities Authority  
Bond Issue Status Report  
As of August 30, 2019**

	Appl. Rec'd	OID Signed	App Review Complete	Scoping Meeting	Public Hearing	Tax Due Diligence Complete	Doc Review Meetings	Gov's Cert Signed	Borrower Board Approval	Authority Board Approval	Pricing	Pre-Close & Close	Savings	Comments
<b>Walla Walla University</b> <b>\$10,000,000</b> <i>New Money</i> <i>New Women's Residence Hall</i>	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	2022  For reporting purposes only	Preliminary Present Value TBD	<i>Financial Advisor TBD</i>
<b>Closed Bond Issues - Fiscal Year 2018</b>														

**FY 18-19 Goal:** Complete two bond issues totaling approximately \$30 million by June 30, 2019.

**TAB 8**

# DR. GENE SHARRATT RECEIVES THE 2019 WASA GOLDEN GAVEL AWARD

July 2nd, 2019 | Awards and Accolades, ESD Leadership News



Dr. Gene Sharratt is the recipient of the 2019 WASA Golden Gavel Award. Dr. Sharratt received the award at the summer conference of the Association of the Washington School Principals and the Washington Association of School Administrators, held in Spokane June 30-July 2, 2019.

Dr. Sharratt was praised for his contributions to public education during his distinguished 47-year career. Gene has served as teacher, principal, superintendent, Associate Professor led the Partnership for School Improvement, Washington Student Achievement Council and AESD/OSPI Network. Beyond his professional leadership, Gene has been a positive, inspirational role model for many who serve public education today. Gene's legacy and impact on public education will carry on through the educational organizations he served – more importantly, through all the lives he touched through his mentorship.

“Dr. Sharratt is very deserving of the prestigious WASA Golden Gavel Award – the highest honor for this organization,” said ESD 112 Superintendent Tim Merlino, who submitted the nomination. “He’s had a tremendous impact on so many facets of education in our state and has inspired generations of students and educators,” he added.

# <sup>2</sup> **THE BOND BUYER**

## **Stifel announces deal to buy George K. Baum & Co.**

By Yvette Shields

Published August 12 2019

Stifel Financial Corp.'s steady expansion is moving closer to home with the announcement that it will acquire George K. Baum & Co.

St. Louis-based Stifel said Monday it had reached a definitive agreement to acquire certain assets of Kansas City, Missouri-based Baum, which it described as “a recognized industry leader in the structuring, underwriting, and marketing of taxable and tax-exempt municipal securities.”

The privately held Baum set up shop in 1928 and operates 24 offices nationwide, including public finance offices in 22 cities providing underwriting and financial advisory services with nationwide practices in the sectors of housing, higher education and independent schools.

The announcement said Baum had provided underwriting and advisory services to more than 7,796 municipal bond issues totaling more than \$320 billion since 2000.

“This transaction brings GKB’s nationally recognized municipal securities business to Stifel and further strengthens Stifel’s ability to provide top tier service to municipal issuer clients and non-profit borrowers,” Stifel Chief Executive Ronald J. Kruszewski said in a statement. “Further, GKB’s regional and sector focused practices provide a unique fit with Stifel’s existing public finance structure and a strong foundation to grow our businesses.”

The transaction excludes George K. Baum Capital Advisors or Baum Capital Partners, which will not be impacted by the acquisition.

Stifel is a financial services holding company that includes the broker-dealer Stifel, Nicolaus & Co. Inc.; Keefe Bruyette & Woods Inc.; Miller Buckfire & Co. LLC; and Century Securities Associates Inc., firms acquired as Stifel has worked to broaden its footprint and business offerings.

“The combination of our two firms will provide substantial advantages to our current and future clients in accessing the nation’s largest public finance platform,” Baum CEO Jonathan E. Baum said in the announcement.

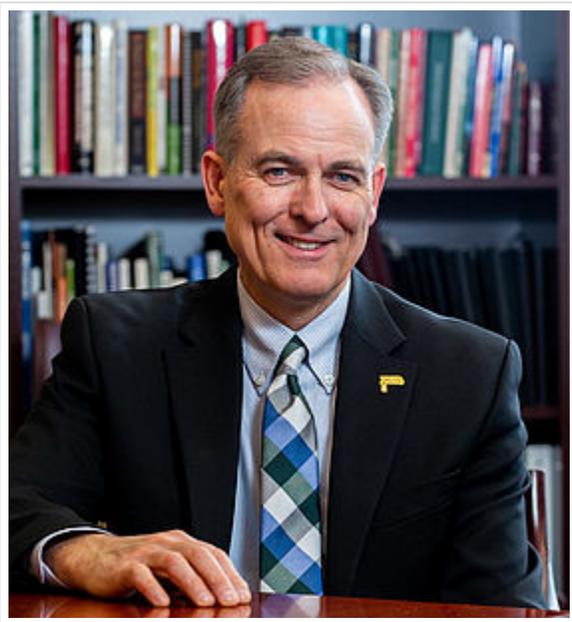
Terms of the transaction were not disclosed. It is expected to close in the fourth quarter of 2019, pending regulatory approvals.

Keefe, Bruyette & Woods, a Stifel company, served as financial advisor to Stifel on the transaction.

## Leadership in education

08/01/2019 Advancement Alumni Front Page Student Life  
Created by Kim Strobel, WWU University Relations supervisor

### **WWU President John McVay to serve as board chair for Independent Colleges of Washington**



John McVay has been WWU president since 2006.

Walla Walla University President John McVay will serve as chair of the Board of Directors for the Independent Colleges of Washington from July 2019 through June 2021.

ICW is comprised of the 10 private, not-for-profit colleges and universities in Washington State, including Whitman College and Walla Walla University, which are both located in the Walla Walla Valley. For more than 60 years, ICW has promoted educational opportunity through policy engagement, programs, and fundraising partnerships. ICW works to promote equity to ensure that all students—including new-majority, first-generation, returning adults, low-income, and underrepresented youth—can choose their ideal education environment and graduate prepared to contribute their talents to the state, the nation, and the world.

McVay was inaugurated as the 23rd president of Walla Walla University in 2006. He was a professor of New Testament and associate dean at Andrews University from 1998 to 2000 and was dean of the Seventh-day Adventist Theological Seminary from 2000 to 2006. He holds degrees from Southern Adventist University, Andrews University, and Sheffield University in England.

*Posted Aug. 1, 2019*

FOR IMMEDIATE RELEASE

## **Seven-year accreditation reaffirmation reflects Heritage University's commitment to higher education for all**

Toppenish, Wash. – Heritage University President Dr. Andrew Sund announced two recent milestones that demonstrate Heritage University's commitment to delivering higher education opportunities for all people of the Yakima Valley. The first, the reaffirmation of Heritage University's accreditation by the Northwest Commission of Colleges and Universities (NWCCU) for another seven years, and the second, the adoption of a board-approved strategic plan for the University's growth and continuous quality improvement through the year 2022.

Accreditation is a process of recognizing educational institutions for performance, integrity, and quality that entitles them to the confidence of the educational community and the public. Eight accreditation evaluators visited Heritage University for five days in early April to review the institution's seven-year self-evaluation report. Following their visit, the evaluators commended Heritage in five areas:

1. The deep commitment of its faculty, staff, and administrators to the mission of the University, which guides them in outstanding support of transformative, student-centered education, developing leaders who embrace social justice and community engagement.
2. Its dedicated, data-driven efforts to support student access and equity, as exemplified by the summer Math Bridge and English Academy programs that have enabled hundreds of students to advance from developmental to college-level study.
3. The Center for Intercultural Learning and Teaching's (CILT) dedication to the delivery of high quality and continuous faculty development in areas of program review and assessment, the use of classroom technology, cultural responsiveness and care of students, and pedagogy that supports academic excellence for all students.
4. The culture of assessment among its professionally accredited undergraduate and graduate-level majors and programs.
5. Its Board of Directors for advancing the mission of Heritage University through its strong leadership, engagement, advocacy, philanthropic support, and discerning recruitment of new members to the Board.

In a letter to Dr. Sund reaffirming Heritage University's accreditation, NWCCU President Sonny Ramaswamy stated "The NWCCU is committed to an accreditation process that adds value to institutions while contributing to public accountability. This action was taken after consideration of the evidence, including the institution's Self-Evaluation Report, the Peer-Evaluation Report, and information received as part of the institutional representative meeting with NWCCU Commissioners."

Dr. Sund represented Heritage at the NWCCU Commission meeting in Park City, Utah last month at which the Chair of the visiting team officially presented her report to the Commission. "I am happy to report that the commission accepted the report of the visiting team with no additional comments. It is a reflection of our faculty and staff's ongoing commitment to achieving the Heritage mission and that we meet the Commission's expectations for complying with the accreditation criteria," said Dr. Sund. "The accreditation renewal reinforces our conviction in the Heritage mission to empower a multi-cultural and inclusive student body to overcome the social, cultural, economic and geographic barriers that limit

access to higher education embracing a transformational student-centered education that cultivates leadership and a commitment to the promotion of a more just society. We will continue to support the initiatives that made the university what it is and develop new programs that are responsive to the needs of students and the Yakima Valley community we serve.”

Recent initiatives demonstrating the University’s commitment to the valley include:

1. Strengthening the University’s relationship with Yakama Nation: This year instituting the Full Circle Scholarship which allows enrolled members of the Yakama Nation to attend Heritage with no out of pocket expense for tuition.
2. Reinforcing alliances with both Yakima Valley College and Columbia Basin College to make seamless the transfer process for their students.
3. Adding the Heritage@Work, workforce development unit, to enhance training and development opportunities for local industries in preparing their employees for increasingly challenging positions within their organizations.
4. Enhancing the University’s partnership with Pacific Northwest University of Health Sciences (PNWU) through shared programs including the Master of Arts in Medical Sciences (MAMS) and the Master of Science in Physician Assistant (MSPA): Both preparing graduates to succeed as innovative leaders in the delivery of healthcare in the Yakima Valley and nationwide.
5. Developing closer ties with Valley High Schools: Students can participate in the University’s “New Horizons” program that allows their students to earn college credit while still in high school at no cost; and establishing a memorandum of understanding (MOU) with the Yakima School District (YSD) to become the primary provider of free college credits for College in the High School classes for YSD’s A.C. Davis and Eisenhower students.
6. The Strategic Plan adopted by HU’s 30-member board of directors in June lays out a roadmap for growth and continuous quality improvement at Heritage through December 31, 2022. The initiatives embraces are directed at growing the offering of services to students. These include implementing programs to meet the transportation, health resources and nutritional needs of students; completing a feasibility study on having on-campus housing; and implementing a sports program. “I’ve been blessed to work with faculty and staff who are dedicated to designing programs that further our mission,” said Dr. Sund. “Thousands have trusted this institution to transform their lives through their Heritage experience, and our strategic plan and renewed accreditation only embolden our intention to do just that.”

In addition to regional accreditation of the University, several programs at Heritage are accredited by accrediting bodies responsible for certifying competency in specific programs. They are as follows:

**Medical Laboratory Science:** The MLS program at Heritage is accredited by the National Accrediting Agency for Clinical Lab Sciences ([NAACLS](#)).

**Education:** State of Washington approval through the Professional Education Standards Board ([PESB](#)) has been granted to the following education programs: Residency Teacher; and Residency Principal/Program Administrator.

**Nursing:** The baccalaureate degree program in nursing at Heritage University is accredited by the [Commission on Collegiate Nursing Education](#), 655 K Street, NW, Suite 750, Washington, DC 20001, 202-887-6791. It is also approved by the [Washington State Nursing Care Quality Assurance Commission](#).

**Social Work:** The Bachelor of Social Work (B.S.W.) degree was accredited by the Council on Social Work Education ([CSWE](#)) effective with the class of 1997. The program was re-accredited in 2019.

**Physician Assistant:** At its September 2018 meeting, the Accreditation Review Commission on Education for the Physician Assistant, Inc. (ARC-PA) extended Accreditation-Probation status for the Heritage University Physician Assistant program until its next review in September 2020.

For more information, contact David Mance at (509) 969-6084 or [mance\\_d@heritage.edu](mailto:mance_d@heritage.edu).