



Authority Meeting

January 30, 2020



WASHINGTON HIGHER EDUCATION FACILITIES AUTHORITY

Meeting Agenda

YOU ARE HEREBY NOTIFIED that the Washington Higher Education Facilities Authority will hold a **Special Meeting** at 1:00 p.m. prevailing Pacific Time on Thursday, January 30, 2020, 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

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

Jerome Cohen,
Public Member
Secretary

Cyrus Habib
Lieutenant Governor

Michael Meotti
Executive Director,
Student Achievement
Council

Dr. Roy Heynderickx
President,
Saint Martin's University

Claire Grace,
Public Member
Treasurer

Dr. Gene Sharratt
Public Member

Steve Walker,
Executive Director

I. CALL TO ORDER: *Chair*

II. INTRODUCTION OF NEW EXECUTIVE DIRECTOR, STEVE WALKER: *Chair*

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III. APPROVAL OF THE NOVEMBER 12, 2019 SPECIAL MEETING MINUTES: *Chair*

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IV. CONSIDER AND ACT ON THE FOLLOWING ITEMS:

A. Financing Resolution: Seattle Pacific University (Series 2020)

– *Ms. Carol Johnson*

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1. Introduction and Financial Update

2. Review and Act on RESOLUTION #20-01 for Seattle Pacific University authorizing issuance by the Authority of revenue bonds in an amount not expected to exceed \$91,000,000

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B. Motion to approve Interagency Agreement with the Washington Student Achievement Council (WSAC) – *Ms. Carol Johnson*

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C. Finance Report – *Mr. Bob Cook*

1. Review and Act on RESOLUTION #20-02 authorizing investment of Authority monies in the Local Government Investment Pool

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2. Consider and Act on approval of the current Financial Statement

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V. INFORMATION ITEMS

A. Invoice for Services – *Mr. Bob Cook*

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B. Market Update – *Mr. Thomas Toepfer, Public Financial*

Management

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

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D. Executive Director’s Report – *Mr. Steve Walker*

E. Authority Meeting Schedule – *Mr. Steve Walker*

1. May 7, 2020
2. August 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



CONTACT:

Margret Graham, Communications Manager
Washington Higher Education Facilities Authority
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November 21, 2019

Steve Walker named executive director of state Housing Finance Commission and WHEFA

SEATTLE, Wash. – The Washington State Housing Finance Commission has named Steve Walker as its new executive director after a nationwide search. He will also direct the Washington Higher Education Facilities Authority (WHEFA), an affiliate agency to the Commission.

Walker returns to the Commission, where he was director of Multifamily Housing and Community Facilities until 2013, after most recently leading the City of Seattle Office of Housing.

“To lead an organization I know so well, where the work, the vision and the values are aligned with my own commitment to housing stability, is exciting,” Walker said.

“We had a good pool of candidates from across the country, and Steve was the best choice to lead us into the future,” said Karen Miller, chair of the Housing Finance Commission.

Walker will step into the shoes of founding director Kim Herman, who retires this year after 36 years at the helm of the Commission and 23 years leading WHEFA.

Walker has dedicated his 30-year career to affordable housing and community development, beginning with homeless housing in New York City. He then directed housing programs for a nonprofit in his native northern California before coming to Seattle.

In 1996, Walker joined the Washington State Housing Finance Commission and eventually became director of the Multifamily Housing and Community Facilities division, overseeing the financing of affordable apartments, nonprofit facilities, and many other projects benefitting families and communities statewide.

He was appointed by Seattle Mayor Ed Murray in 2014 to lead the city’s housing strategies and investments, including Seattle’s largest voter-approved Housing Levy to date. Walker served during a time of rapid growth marked by skyrocketing housing costs, displacement, and homelessness. He was reappointed by Mayor Durkan in 2018 and left the post earlier this year.

As executive director of the Commission and WHEFA, Walker will oversee the financing of affordable apartments, home loans, and many other projects, as well as facilities for Washington nonprofit colleges and universities, using tax-exempt bonds and other financing tools.

“The reputation of the Commission in Washington state and across the nation, my passion for providing affordable housing for those most in need, and the opportunity to advance racial and social equity objectives are among the many reasons I am enthusiastic to take on this role,” Walker said.

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Since 1983, the **Washington Higher Education Facilities Authority** (www.whefa.org) has helped the state’s private, nonprofit colleges and universities to access more than \$2.2 billion in tax-exempt financing for projects such as student housing, academic and administrative buildings, sports and music facilities, and computer systems. WHEFA’s ability to obtain lower interest rates through the sale of tax-exempt bonds has saved Authority borrowers millions of dollars. The savings ultimately benefit the students of Washington State and supports the mission of the institutions. The Authority receives no regular state funding for its operations and accomplishes its work without taxpayer funding of any kind.



TAB 2

Washington Higher Education Facilities Authority

MINUTES

November 12, 2019

Mr. Jerome Cohen, Board Secretary, called the special meeting of the Authority to order at 1:03 p.m.

Board Secretary, Mr. Cohen, was present in the Board Room, located at 1000 Second Avenue, 28th Floor in Seattle, WA 98104. Board members Mr. Michael Meotti, Ms. Claire Grace, Dr. Roy Heynderickx, and Dr. Gene Sharratt 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 Mr. Mike Gary, Program Assistant.

Also present were Ms. Faith Pettis and Ms. Deanna Gregory of Pacifica Law Group, the Authority's bond counsel, and Ms. Christine Ok of US Bank Corporate Trust.

Other meeting participants present were Messrs. Thomas Toepfer and Steven Amano of Public Financial Management (PFM); Ms. Amy Sutherland and

Ms. Kellie McKenna, of Moss Adams, and Mr. Dan Gottlieb, of Hillis Clark Martin & Peterson, the Authority's backup bond counsel. Other meeting participants participating by phone were Ms. Mary Chikwinya, Director of Higher Education, Office of the Lieutenant Governor; Ms. Luz Merkel, Associate Vice President of Finance and Administration, Whitworth University; Mr. Michael Nelson II, Assistant Attorney General, Washington Attorney General's Office; and Ms. Elizabeth Bergman, Director, Baker Tilly Municipal Advisors.

**Approval of the
Minutes**

Mr. Cohen asked for a motion to approve the minutes of the meeting held on September 17, 2019. Ms. Grace made the motion, and it was seconded by Dr. Sharratt.

The minutes were approved unanimously, 5-0.

**Action Item:
Approval of
Resolution
#19-03
for Whitworth
University**

Mr. Cohen introduced Ms. Johnson, the Authority's Manager, to present staff recommendations for approval of Resolution No. 19-03.

Ms. Johnson stated that the transaction before the board for consideration is a proposed issuance by the Authority of tax-exempt revenue bonds for Whitworth University in an amount not to exceed \$22,000,000.

Ms. Johnson gave a brief summary of the transaction, referring to Tab 2. She stated that the transaction will finance the design, construction, installation and furnishing of a new Health Science Building on the University's campus that will house new graduate programs for Occupational Therapy and Physical Therapy. She added that 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.

Ms. Johnson stated that a successful public hearing for this transaction was held on November 1, 2019. Mr. Larry Probus, Vice President, Finance and Administration and Ms. Luz Merkel, Associate Vice President, Finance and Administration from Whitworth; along with Authority board member Dr. Sharratt participated by phone. Attending the public hearing in-person was Mr. Devon Crouch, Assistant Director of Government Relations and Communications, from Independent Colleges of Washington (ICW). Ms. Johnson stated that no written testimony was received.

Ms. Johnson stated that the bonds are scheduled to close on December 20, 2019 and are rated "Baa1" with a stable outlook by Moody's. The net present value savings was calculated by PFM to be around \$1,043,406. She then invited Ms. Merkel from Whitworth University and Mr. Toepfer from PFM to comment on the transaction and to answer any questions.

Ms. Merkel commented that Whitworth University has just over 3,000 students and that the new Health Science Building, with the two new programs in Occupational and Physical Therapy will be a perfect addition to their campus and to the medical community in Spokane and Eastern Washington. She thanked the Authority on behalf of Whitworth University for their consideration and support of the University's application for financing.

Mr. Toepfer, the University's financial advisor, commented further that the bonds will be 30-year bonds with 20 of those years being-interest only. Principal and interest will be amortized for the remaining 10 years with the first six months utilizing capitalized interest. He added that the security structure would be similar to their previous bond issuances and that the bonds would be investment grade based on the University's sound operating performance and solid financial reserves, along with continued good enrollment.

Mr. Cohen asked Mr. Toepfer what the interest rate(s) would be for this transaction, and if that is determined at the time of bond closing or sooner.

Mr. Toepfer replied that bonds will be priced in the next week and the interest rates would be known at that time. The tax-exempt, fixed rate range is

expected to be around 3.8 to 4.0%. Ms. Johnson added that at the time of bond closing the financial advisor would issue a final cost savings letter.

Mr. Cohen asked if there were any further board member questions or comments. Hearing none, he then asked for a motion to approve Resolution No. 19-03.

Dr. Heynderickx moved to approve the resolution, and it was seconded by Ms. Grace. The resolution was approved unanimously, 5-0.

Action Item:
Acceptance of Final
Audit Report

Mr. Cohen then introduced Mr. Cook, the Authority's Senior Finance Director, to review and consider acceptance of the Final Audit Report. Mr. Cook then introduced Ms. Amy Sutherland and Ms. Kellie McKenna from the accounting firm of Moss Adams LLP to present a summary of the Audit Report to the Authority board.

Ms. Sutherland thanked the Authority on behalf of Moss Adams LLP for their continued engagement for their audit services. She then highlighted the steps of the audit process and required communications from entrance to exit, and that the financial statements would be presented fairly, responsibly, and in accordance with U.S. GAAP.

Ms. McKenna then stated the planned scope and timing of the audit was provided to the Authority's board of directors at the audit entrance meeting and was included in the engagement letter for year ending June 30, 2019. She added that the Authority's management has had no significant changes to accounting policies for the past accounting year and has applied policies that were consistent and appropriate from the previous year. She mentioned further that the Authority did adopt updated disclosure requirements regarding GASB Statement No. 88 – *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*.

Ms. McKenna noted that the Authority did not have any significant estimates in the financial statements that were material to financial statement users and that the disclosures were clear and consistent. She noted further that there were no corrected or uncorrected audit adjustments, no significant difficulties in conducting the audit, nor any fraud or noncompliance that they discovered. She further stated that no disagreements with management were encountered during the audit. She noted that there were no unusual representations from management and that there were no significant accounting or auditing matters for which management consulted with other accountants or accounting firms. She concluded that the Authority is subject to potential legal proceedings and claims that arise in the ordinary course of business as disclosed under Note 8 in the audit report.

Ms. Sutherland then drew attention to a new GASB Statement – GASB Statement No. 91 - *Conduit Debt Obligations*. She summarized that it updates the existing definition of a conduit debt obligation and provides a single method of reporting conduit debt obligations in that: 1) Conduit debt obligations should not be recorded as a liability by the issuer; 2) Issuers should recognize liability associated with a voluntary commitment to support debt service, if applicable; and 3) Issuers should disclose general information about their conduit debt obligations such as type or outstanding principal amount. She concluded that the effective date is for fiscal years starting after December 15, 2020, but Authority management will implement this early for the fiscal year ending June 30, 2020.

Mr. Cook then commended Ms. Stephenson for the entire audit process going smoothly and with no issues. Mr. Cohen then asked if there were any further board member questions or comments. Hearing none, he then asked for a motion to accept the Final Audit Report.

Dr. Sharratt made the motion, and it was seconded by Ms. Grace. The motion was approved unanimously, 5-0.

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

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

Mr. Cook stated that the unaudited financial statements for the period ending September 30, 2019, show assets of just over \$1.36 million, approximately \$375 thousand of liabilities, leaving just around \$1 million in net assets. He noted that fee revenue over the first three months of the fiscal year was approximately \$113,000, primarily from collection of the reinstated, ongoing annual fee on bonds outstanding. These fees had been waived the prior six years. Expenses for the 3 months to date are approximately \$105,000, with an increase in the net position of about \$8,000, leaving total assets at around \$990,000.

Ms. Grace asked if the significant increase in the budget for staff salaries and benefits for the quarter were down due to reduced staff allotment. Mr. Cook replied that was correct.

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.

Ms. Grace made the motion, and it was seconded by Dr. Heynderickx. 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 under Tab 6 in the board packet, the invoice of \$73,277.28 from the Washington State Housing Finance Commission (WSHFC) for July 1, 2019 through September 30, 2019 has been reviewed and approved for payment by the Treasurer, Ms. Grace.

Market Update

Mr. Herman introduced Ms. Bergman of Baker Tilly to present the market update.

Ms. Bergman referred to the two slides provided in the board packet under Tab 7. She started her market report illustrating municipal market conditions. She commented that overall the market has been favorable for issuers. She especially noted the increase of issuers of bonds for private colleges have now been utilizing “century bonds,” or bonds that mature up to 100 years from original issuance to take advantage of historical low interest rates.

Ms. Bergman then commented further about the 2019 Key Economic Indicators, especially for the period from October 28 to November 15, 2019.

Mr. Cohen thanked Ms. Bergman for her report.

**Bond Issue
Status Report**

Mr. Cohen asked Mr. Edwards to present the bond issue status report. Mr. Edwards noted that the bond issuance for Whitworth is expected to close around December 20, 2019 . He added that a new application for financing is expected in the coming days from Seattle Pacific University for a total of \$92,000,000 maximum - \$20-30 million in new money for land and miscellaneous projects, and \$62,000,000 to refund their existing private placement debt.

Mr. Cohen asked Mr. Edwards if new refundings are allowable under the current tax regulations. Mr. Edwards replied that only advanced refundings were prohibited by the new tax regulations.

Mr. Edwards then stated that current potential bond transactions in the pipeline with applications to be received are as follows: Seattle University for \$50,000,000 in new money for their Center for Science Innovation to close sometime in Summer, 2020; Walla Walla University for \$31,000,000 in new money for new men's and women's residence halls to close sometime in Summer, 2020; Heritage University for a \$7,000,000 bond refunding to close sometime in 2020; and Pacific Northwest University of Health Sciences (PNWU) for \$20,000,000 in new money for their 80,000 square foot Regional Center for Interprofessional Education to close sometime in 2021 or 2022. He concluded that there would be potentially up to \$180 million in issuances this

fiscal year 2019-2020, and \$20 million potentially issued in fiscal year 2021-2022.

Mr. Edwards noted that both the University of Puget Sound and Gonzaga University bond issuances that were approved at the previous Authority board meeting on September 17, 2019 have closed successfully, on October 1 and November 1, respectively. He concluded that bond issuances issued for this fiscal year total around \$99,000,000, which is more than three times the fiscal year budget goal. He also mentioned that the UPS present value savings was calculated to be around \$1,300,000, and the Gonzaga preliminary present value savings was calculated to be around \$3,250,000, totaling nearly \$4,500,000 in present value savings.

Mr. Cohen thanked Mr. Edwards for the bond status report.

**Executive
Director's
Report**

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

Mr. Herman stated that an announcement could occur as soon as November 20, 2019 regarding the name of his successor, the next Executive Director of the Authority (along with the Washington State Housing Finance Commission and the Tobacco Settlement Authority). He added that he will be retiring as Executive Director sometime in mid to late December.

Mr. Herman then stated that he was the recent recipient of the 2020 Independent Colleges of Washington's (ICW) Stanley O. McNaughton Leadership Award, named after the founding director of ICW. He stated further that he attended a breakfast in Walla Walla to accept the award on October 29, 2019. He also mentioned that the Authority has done a total of \$2.3 billion in bond issuances (of which \$2.0 billion in issuances has occurred since the Housing Finance Commission took on the administration of the Authority in 1994) to date for the ten ICW-affiliated colleges and universities: Gonzaga University, Heritage University, Pacific Lutheran University, Saint Martin's University, Seattle Pacific University, Seattle University, University of Puget Sound, Walla Walla University, Whitman College, and Whitworth University. He mentioned further that the Authority has saved member colleges and universities a total of \$24,000,000 in interest within this timeframe, which does not include six years' worth of Authority fee waivers for member colleges and universities.

Mr. Herman stated that the NAHEFFA Fall Conference was held in Portland, Maine in late September. Board member and Chair, Mr. Cohen, and Authority staff Ms. Johnson and Mr. Edwards attended. He added that participants commented that it was one of the best meetings held to date. Mr. Cohen concurred, stating that he especially liked networking with the other agencies' board members and staff from across the country.

Mr. Herman added that the next NAHEFFA Spring Conference is April 28-29, 2020 in Charleston, South Carolina, and if any board members are interested in attending, to inquire with Ms. Johnson.

Mr. Herman stated that Mr. Edwards and Ms. Johnson both attended a Washington Health Care Facilities Authority Borrower's Education Forum in Seattle the previous week. He added that Ms. Donna Murr, the Health Care Facilities Authority's Executive Director and her staff, had put on a great and well attended day-long conference.

Mr. Herman gave a summary of relevant articles available in the board meeting packet and as handouts.

First, Mr. Herman first summarized a letter from George K. Baum that showed the final present value savings from the University of Puget Sound bond transaction that closed on October 1, 2019 was around \$1.3 million.

Mr. Herman then referred to the Education Dive article shared by Dr. Sharratt regarding colleges issuing 100-year debt ("century bonds"), as was mentioned in the market report by Ms. Bergman earlier in the meeting.

Mr. Herman referenced a Route Fifty article titled "The States Where Public

University Tuition Rates Rose the Most after Big Budget Cuts.” He added that Washington was not at the top of the list.

Mr. Herman then mentioned that PFM Advisors, the Authority’s financial advisor, was rated the top financial advisor in the country, as mentioned in The Bond Buyer article dated October 7, 2019.

Mr. Herman then referenced a press release dated September 27, 2019 from Gonzaga University announcing the groundbreaking for their new Integrated Sciences and Engineering (ISE) Facility. Bonds to finance this project were approved at the September 2019 Authority board meeting. As mentioned previously, the bonds closed on November 1, 2019.

Mr. Herman also mentioned miscellaneous articles: Bond Buyer articles “Why the Explosive Growth of Taxable Muni Could Be Sustainable” and “How Impeachment Proceedings May Affect the Muni Market;” a Bloomberg article on “Muni Bonds Contain Fine Print: Beware of Climate Change;” and The Chronicle of Higher Education article “The Enrollment Crash Goes Deeper Than Demographics.”

Mr. Herman added that the next meetings are scheduled for February 6 and May 7, 2020. However, given the news that Seattle Pacific University will be

coming in with a bond application for financing, the next Authority board meeting will be more than likely in December or January.

Mr. Cohen, on behalf of himself and the Authority board members complimented Mr. Herman and the entire WHEFA staff for the work they do to support the Authority.

Public Comment

Mr. Cohen asked if there was anyone in the audience to give any public comments.

Mr. Cook mentioned that the staff of the Washington State Housing Finance Commission and its affiliates are sponsoring a fundraiser to establish a \$20,000 legacy scholarship in Kim Herman's name for student recipients at any of the ICW affiliate schools. He added that anyone can donate funds at the web site at www.icwashington.org. He directed interested parties to click on the "Donate" page. He also noted that ICW is a 501 (c)(3) nonprofit organization.

Adjournment

Mr. Cohen, after hearing no other public comments, adjourned the meeting at 1:53 p.m.

Mr. Jerome Cohen, Secretary

Date

TAB 3



Project Description

Seattle Pacific University

School Name/Location	Seattle Pacific University 3307 Third Avenue West Seattle, Washington 98119
Bond Issue Name	Tax-Exempt Revenue and Refunding Revenue Bonds (Seattle Pacific University Project), Series 2020A Taxable Revenue Bonds (Seattle Pacific University Project), Series 2020B
Estimated Bond Amount	Not to exceed \$91,000,000
Purpose	To reimburse the University for previous qualified property acquisitions and capital projects; finance miscellaneous capital projects; refinance the University's outstanding 2013 Bonds; and pay the cost of terminating an interest rate swap contract associated with the 2013 Bonds. Bond proceeds may also be used to finance other costs, fees, reserves, capitalized interest and permitted issuance expenses associated with the transaction.
Official Intent Declaration #	19-W04
Application	Received on November 18, 2019 Reviewed and accepted by staff on January 7, 2020
Public Hearing	January 7, 2020
Resolution	Resolution #20-01 is currently before the Board for consideration
<i>Financial Information</i>	
Type:	Public Sale
Bond Structure	Fixed Rate
Underwriter	KeyBanc Capital Markets
Trustee/Fiscal Agent	US Bank N.A.
Closing Date	March 2, 2020



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Thomas Toepfer
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January 7, 2020

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

Dear Mr. Walker and Ms. Johnson,

We have received and reviewed the application of Seattle Pacific University (the "University") for assistance from the Washington Higher Education Facilities Authority (the "Authority") to refinance its existing debt, and finance and reimburse the construction of and improvements to facilities located on the University's campus. The University has requested approval from the Authority to issue up to \$91,000,000 in aggregate par amount (tax-exempt and taxable). The University's current plan is to issue bonds in an amount necessary to provide \$91,000,000 of bond proceeds, which is expected to require less than \$91,000,000 million in bond par amount due to current bond market conditions (the tax-exempt portion of the 2020 Bonds is likely to be sold at a premium).

It is anticipated that the bonds will be issued in two series (collectively, the "2020 Bonds"), designated as the:

- Washington Higher Education Facilities Authority Revenue and Refunding Revenue Bonds (Seattle Pacific University Project), Series 2020A (the "Tax-exempt Bonds")
- Washington Higher Education Facilities Authority Taxable Revenue Bonds (Seattle Pacific University Project), Series 2020B (the "Taxable Bonds")

The Project

Seattle Pacific University is requesting approval for a new money and refunding bond issuance to (1) refinance its outstanding Washington Higher Education Facilities Authority Refunding Revenue Bonds, Series 2013 A, B, C, D, and E bonds (the "2013 Bonds"), if market conditions permit, finance any breakage fees, or pre-payment penalties, and terminate its existing interest rate swap, and to (2) reimburse the University for previous qualified property acquisitions and capital projects, and (3) to finance miscellaneous capital projects. The University anticipates issuing the Tax-exempt Bonds to refinance the 2013 Bonds, to reimburse the University for qualified projects, and to pay costs of issuance. The Taxable Bonds will be issued to finance or reimburse the University for other capital projects and reimbursements (that do not qualify for tax-exempt financing), to finance the termination of an existing interest rate swap agreement, and to pay costs of issuance. The transaction will significantly simplify the University's debt profile from five series of fixed and variable rate debt (and an interest rate swap), to only two series of fixed rate debt.

Sources and Uses

A preliminary estimate of the sources and uses of bond proceeds to fund the University's project is as follows:

Sources of Funds	Tax-Exempt	Taxable	Total
Par Amount of Bonds	\$59,245,000.00	\$18,151,000.00	\$77,396,000.00
Net premium/discount	13,603,238.25	-	13,603,238.25
Total Sources	\$72,848,238.25	\$18,151,000.00	\$90,999,238.25
Uses of Funds			
Refunding Escrow	\$60,110,000.00	-	\$60,110,000.00
Prepayment/Breakage Fee	1,500,000.00	-	\$1,500,000.00
Deposit to Project Construction Funds	10,650,000.00	\$12,467,000.00	\$23,117,000.00
Swap Termination	-	5,500,000.00	5,500,000.00
Cost of Issuance	321,635.75	102,320.50	423,956.25
Underwriter's Discount	266,602.50	81,679.50	348,282.00
Total Uses	\$72,848,238.25	\$18,151,000.00	\$90,999,238.25

Outstanding Debt

As of January 1, 2020 the University has 5 series of bonds outstanding, all of which have been issued by the Authority.

Series	Issued Date	Final Maturity	Original Principal	Outstanding Principal
Revenue Bonds, Series 2013A	December 19, 2013	October 1, 2030	\$16,715,000	\$10,100,000
Revenue Bonds, Series 2013B	December 19, 2013	October 1, 2030	20,515,000	12,310,000
Revenue Bonds, Series 2013C	December 19, 2013	October 1, 2030	25,905,000	19,530,000
Revenue Bonds, Series 2013D	December 19, 2013	October 1, 2032	7,990,000	6,045,000
Revenue Bonds, Series 2013E	December 19, 2013	October 1, 2038	14,390,000	12,125,000
			<u>\$85,515,000</u>	<u>\$60,110,000</u>

Plan of Finance

The University issued an RFP for underwriting services and received proposals from prospective underwriters on October 28, 2019. After reviewing the proposals (received from 6 investment banks), the University selected KeyBanc Capital Markets to serve as underwriter for the considered 2020 Bonds. The University has elected to pursue funding of the Project through the use of Authority-issued tax-exempt and taxable bonds. The 2020 Bonds are expected to be issued in two series (taxable and tax-exempt), with a final maturity on October 1, 2045 (25-year term). The University will structure the 2020 Bonds to have aggregate level debt service payments through the life of the bonds.

Security and Financial Covenants

The 2020 Bonds constitute a general obligation of the University secured by a pledge of and first lien security interest on unrestricted gross revenues of the University.

Debt Service Coverage Covenant

The University expects to be assigned a rating of A- or BBB+ by S&P Global Ratings. If the rating is on the low BBB+ side, the University will maintain debt service coverage ratio at least equal to 1.10x annual debt service for each fiscal year.

Future Additional Debt

The University shall not incur additional indebtedness secured unless:

- Income available for debt service for the immediately preceding fiscal year, as shown in audited financial statements of the University, or, if the audited financial statements for such Fiscal Year are not available, as shown in the unaudited financial statements of the University for such Fiscal Year and certified by an authorized representative of the University, was at least equal to 1.20 times annual debt service, and;
- The Debt Service Coverage Covenant will continue to be met

Credit Rating

The University's outstanding debt does not carry a credit rating. The University has determined that it will apply for its inaugural rating through S&P Global Ratings in connection with the 2020 Bonds. The University's expectation is to meet with S&P in mid-January to have the rating published in late January (prior to the January 30 WHEFA Board Meeting).

Financial Statements

The University's revenue and support have declined from 2015 to 2019, at an average rate of approximately 0.80% per year. University expenses have grown at an average rate of approximately 1.10% over the same timeframe. Net Assets increased from approximately \$195 million in 2015 to nearly \$246 million in 2019. The following page shows the University's Statement of Activities for the past five fiscal years.

CONSOLIDATED STATEMENT OF ACTIVITIES (FY ENDING 6/30) (in thousands of dollars)

	2015	2016	2017	2018	2019
Revenues and other support					
Net Tuition and Fees	\$79,789	\$79,256	\$78,216	\$75,146	\$74,565
Student housing and dining fees	15,924	16,067	16,204	15,592	16,630
Private gifts and grants	5,001	3,401	3,544	4,943	4,903
Public service activities	2,737	2,713	3,087	2,975	2,967
Government grants (primarily for student aid)	2,325	2,246	2,363	2,141	1,974
Distributions from endowment to support operations, programs and scholarships	2,864	3,012	3,183	3,633	4,152
Other revenue and support	3,480	3,353	3,458	3,762	3,647
Net assets released from restriction	700	718	6,220	44	9
Total operating revenues and other support	\$112,820	\$110,766	\$116,275	\$108,236	\$108,847
Expenses					
Instruction	43,003	44,211	46,459	45,011	45,996
Student housing and dining	16,097	17,572	15,511	14,999	15,054
Student services	17,313	17,829	17,834	18,402	18,901
Institutional support	19,172	18,664	17,543	19,560	17,696
Academic support	6,136	6,868	6,944	7,049	7,638
Public service	2,051	1,985	3,003	3,047	3,190
Total Operating expenses	\$103,772	\$107,129	\$107,294	\$108,068	\$108,475
Increase in Net Assets from Operating Activities	\$9,048	\$3,637	\$8,981	\$168	\$372
Non-operating Activities					
Contributions for nonoperating purposes	7,991	5,856	4,964	1,316	1,393
Investment income, realized and unrealized gains (losses)	9,347	3,437	12,754	13,448	13,731
Disposal of project development costs	(6,138)	0			
Endowment distributions for operations, grants and scholarships	(2,864)	(3,012)	(3,183)	(3,633)	(4,152)
Change in fair value of interest rate swap	(41)	(1,521)	2,316	1,527	(1,067)
Change in value of split interest agreements	394	(4,847)	2,674	1,426	1,265
Net assets released from restrictions	(700)	(718)	(6,220)	(44)	(9)
Increase in Net Assets from Non-operating Activities	\$7,989	\$(805)	\$13,305	\$14,040	\$11,161
Increase in total net assets	\$17,037	\$2,832	\$22,286	\$14,208	\$11,533
Net assets, beginning of year	177,837	194,874	197,706	219,992	234,200
Net assets, end of year	\$194,874	\$197,706	\$219,992	\$234,200	\$245,733

From 2015 to 2019 the University's total Assets have grown from approximately \$325.5 million to \$351.8 million. Total Liabilities have decreased from \$130.6 million in 2015 to \$106.1 million in 2019. The University's Net Assets grew by \$50.9 million over this horizon, with Unrestricted Net Assets growing by \$20.6 million. Shown below are the University's Statement of Financial Position for the past five fiscal years.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (FY ENDING 6/30)
(in thousands of dollars)

	2015	2016	2017	2018	2019
Assets					
Cash and cash equivalents	\$17,133	\$19,737	\$24,420	\$20,872	\$17,377
Investments	17,615	17,391	16,498	17,063	17,207
Bond proceeds restricted for capital projects or debt retirement	485	-	-	-	-
Student accounts receivable, net	3,515	3,939	3,256	3,700	3,505
Grants and other receivables	4,415	3,755	4,510	5,022	1,684
Inventories and prepaid expenses	1,382	1,421	1,387	1,426	1,379
Student loans	1,117	979	891	782	769
Total Current Assets	\$45,662	\$47,222	\$50,962	\$48,865	\$41,921
Student loans, net	7,515	7,585	7,098	6,819	5,784
Other receivables and prepaid expenses	2,429	1,893	1,049	1,091	1,316
Investments	118,157	123,798	138,342	151,639	163,017
Investments-split int. agreements held by others	11,813	6,047	6,475	6,903	7,096
Land, buildings and equipment, net	139,924	138,372	135,392	134,018	132,664
Total Assets	\$325,500	\$324,917	\$339,318	\$349,335	\$351,798
Liabilities					
Accounts payable, accrued int. & other liabilities	12,625	12,660	11,841	13,432	13,900
Bonds payable	4,245	4,280	4,305	4,335	4,385
Trust and annuity obligations	1,435	1,258	1,037	1,083	1,038
Student deposits and prepaid fees	1,506	1,650	1,661	1,895	1,750
Deferred revenue	5,075	5,149	5,016	5,181	5,251
Total Current Assets	\$24,886	\$24,997	\$23,860	\$25,926	\$26,324
Bonds payable	75,220	70,940	66,387	62,062	57,702
Trust and annuity obligations	7,535	6,767	6,152	6,126	6,149
Investments managed on behalf of charities	7,730	7,675	8,249	8,853	2,476
Fair value of interest rate swap	5,795	7,316	5,000	3,473	4,540
Governmental student loan program	7,367	7,428	7,536	6,500	6,655
Other liabilities	2,093	2,088	2,142	2,195	2,219
Total Liabilities	\$130,626	\$127,211	\$119,326	\$115,135	\$106,065
Net Assets					
Unrestricted	118,737	121,139	137,850	144,148	148,315
Temporarily restricted	35,173	34,377	37,859	43,911	49,352
Permanently restricted	40,964	42,190	44,283	46,141	48,066
Total Net Assets	\$194,874	\$197,706	\$219,992	\$232,200	\$245,733
Total Liabilities and Net Assets	\$325,500	\$324,917	\$339,318	\$349,335	\$351,798

Enrollment

In the first table below, the University provides the Fall FTE enrollment for the prior three years. In the second table below, the University provides the annual undergraduate full-time headcount, annual undergraduate part-time credits, and graduate credits projected for the next five years (2019-20 through 2023-24). The University does not currently do projections on an FTE basis. Note: The projections included in the second table below are from the annual budget planning effort completed in February 2019. The projections will be updated in February 2020 when the University completes the budget planning process for next year.

	<u>Undergraduate</u>	<u>Graduate</u>
Fall 2017	2,980	753
Fall 2018	2,913	684
Fall 2019	2,745	725

Fiscal year	Undergraduate full-time headcount	Undergraduate part-time credits	Graduate credits
2019-20	2,711	2,070	23,034
2020-21	2,736	2,599	23,619
2021-22	2,736	2,658	24,116
2022-23	2,736	2,724	24,116
2023-24	2,736	2,760	24,116

Financial Schedules A-B

Financial schedules A-B provide information concerning the University's financial performance for the fiscal year ended June 30, 2019.

Schedule A includes a number of relevant financial metrics to provide information about the University's financial performance. These ratios are used by Moody's for use in credit rating analysis. Schedule A also shows industry medians for similarly rated private institutions. Medians for 2018 are used as they are the most recent available data published by Moody's. Schedule A-1 provides a listing of the formulas used to calculate the ratios.

Schedule B shows the University's current debt service along with projections of its debt service following the issuance of the Bonds

We will be in attendance at the Authority's meeting on January 30, 2020 to discuss Seattle Pacific University's application and our review.

Sincerely,



PFM Financial Advisors

Thomas Toepfer
Director

Rating Medians

	Seattle Pacific University (2019) ⁽¹⁾	A	Baa	Desired Direction
Debt Service Coverage (x) Measures the ability of a University to make debt service payments from annual operations	2.3	2.8	2.3	↑
Debt Service to Operating Expenses (%) Measures annual debt service burden on the annual operating budget	6.7	5.2	5.2	↓
Spendable Cash & Investments to Total Debt (x) Measures the University's ability to repay bondholders from wealth that can be accessed over time or for a specific purpose	2.5	2.1	1.5	↑
Total Debt to Cash Flow (x) Measures the ability of a University to repay its debt from the profitability of its operations	3.7	5.3	5.0	↓
Spendable Cash and Investments to Operating Expenses (x) Measures the extent to which a University can rely on wealth that can be accessed over time or for a specific purpose to operate without earning any additional revenue	1.5	1.4	1.0	↑
Net Tuition per Student (\$) Measures tuition and fees actually received per student, after scholarships	\$23,103	\$25,608	\$20,116	↑
Total Tuition Discount (%) Measures the amount of tuition revenue funded by unrestricted institutional resources as well as restricted endowments and external sources	45.1	37.3	41.9	↓

Source: Moody's Analytics MFRA (Municipal Financial Ratio Analysis)

(1) PFM calculations for Seattle Pacific University based on FY 2019 data



	Formula
Debt Service Coverage (x) Measures the ability of a University to make debt service payments from annual operations	$\frac{\text{Annual operating surplus (deficit) + depreciation + interest expense}}{\text{Actual Principal and Interest}}$
Debt Service to Operating Expenses (%) Measures annual debt service burden on the annual operating budget	$\frac{\text{Annual debt service}}{\text{Operating Expenses}}$
Spendable Cash & Investments to Total Debt (x) Measures the University's ability to repay bondholders from wealth that can be accessed over time or for a specific purpose	$\frac{\text{Total Cash and Investments - Permanently Restricted Net Assets}}{\text{Total Debt}}$
Total Debt to Cash Flow (x) Measures the ability of a University to repay its debt from the profitability of its operations	$\frac{\text{Total Cash \& Investments}}{\text{Annual operating surplus (deficit) + depreciation + interest expense}}$
Spendable Cash and Investments to Operating Expenses Measures the extent to which a University can rely on wealth that can be accessed over time or for a specific purpose to operate without earning any additional revenue	$\frac{\text{Total Cash and Investments - Permanently Restricted Net Assets}}{\text{Operating Expenses}}$
Net Tuition per Student (\$) Measures tuition and fees actually received per student, after scholarships	$\frac{\text{Net Tuition and Fee Revenue}}{\text{Total FTE Enrollment}}$
Total Tuition Discount (%) Measures the amount of tuition revenue funded by unrestricted institutional resources as well as restricted endowments and external sources	$\frac{\text{Total Scholarships and Fellowships}}{\text{Gross Tuition and Fee Revenue}}$

Fiscal Year	Series 2020 ⁽¹⁾ Principal	Series 2020 ⁽¹⁾ Interest	Series 2020 ⁽¹⁾ Total Debt Service	Projected Debt Service Coverage
2021	\$1,422,000	\$3,831,736.51	\$ 5,253,737	3.2x
2022	1,760,000	3,494,458.30	5,254,458	3.2x
2023	1,816,000	3,438,315.10	5,254,315	3.2x
2024	1,874,000	3,380,382.10	5,254,382	3.2x
2025	1,933,000	3,320,612.20	5,253,612	3.2x
2026	1,995,000	3,258,942.60	5,253,943	3.2x
2027	2,064,000	3,190,365.90	5,254,366	3.2x
2028	2,139,000	3,114,501.75	5,253,502	3.2x
2029	2,218,000	3,035,857.90	5,253,858	3.2x
2030	2,310,000	2,944,536.50	5,254,537	3.2x
2031	2,420,000	2,832,750.00	5,252,750	3.2x
2032	2,545,000	2,708,625.00	5,253,625	3.2x
2033	2,675,000	2,578,125.00	5,253,125	3.2x
2034	2,815,000	2,440,875.00	5,255,875	3.2x
2035	2,955,000	2,296,625.00	5,251,625	3.2x
2036	3,110,000	2,145,000.00	5,255,000	3.2x
2037	3,270,000	1,985,500.00	5,255,500	3.2x
2038	3,435,000	1,817,875.00	5,252,875	3.2x
2039	3,615,000	1,641,625.00	5,256,625	3.2x
2040	3,795,000	1,456,375.00	5,251,375	3.2x
2041	3,990,000	1,261,750.00	5,251,750	3.2x
2042	4,195,000	1,057,125.00	5,252,125	3.2x
2043	4,410,000	842,000.00	5,252,000	3.2x
2044	4,635,000	615,875.00	5,250,875	3.2x
2045	4,875,000	378,125.00	5,253,125	3.2x
2046	5,125,000	128,125.00	5,253,125	3.2x
Total:	\$77,396,000	\$59,196,084	\$136,592,084	

Note: Coverage based on FY 2019 projected net revenues available for debt service of approximately \$16.8 million

1) Series 2020 debt service is projected and subject to change



January 7, 2020

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

Dear Mr. Walker and Ms. Johnson

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 rates. The purpose is to quantify the benefit of issuing tax-exempt debt through the Authority and determine the benefit to Seattle Pacific University (the "University").

Seattle Pacific University is seeking to borrow funds to (1) refinance its outstanding Series 2013 A, B, C, D, and E bonds (the "2013 Bonds"), if market conditions permit, finance any breakage fees, or pre-payment penalties, and terminate its existing interest rate swap, and to (2) reimburse the University for previous qualified property acquisitions and capital projects, and (3) to finance miscellaneous capital projects. The University has requested approval from the Authority to issue up to \$91,000,000 in aggregate par amount (tax-exempt and taxable).

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

- Coupon/yield structure: 5.00%/1.67%-2.31 (tax-exempt; 10yr par call); 1.94%-3.48%/1.94%-3.48% (taxable, 10yr par call)
- Similar costs of issuance and underwriter's discount
- Final maturity in 25 years (October 1, 2045)
- Structured to achieve aggregate annual level debt service.

PFM calculated the net present value savings by comparing the tax-exempt and taxable debt service schedules and discounting the difference at 3.50%. 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.

<u>Nominal Cash Flow Savings</u>	<u>PV Cash Flow Savings</u>
\$2,420,346	\$1,668,550

Representative of PFM will participate in the upcoming Authority Board meeting on January 30, 2020 to discuss the benefit to the University from using Authority issued bonds. If you have any questions or comments prior to the meeting, please contact us at (206) 858-5360.

Sincerely,

PFM Financial Advisors
Thomas Toepfer
Director

TAB 4

WASHINGTON HIGHER EDUCATION FACILITIES AUTHORITY

RESOLUTION NO. 20-01

A RESOLUTION of the Washington Higher Education Facilities Authority authorizing the issuance of one or more series of tax-exempt and taxable nonrecourse revenue bonds in an aggregate principal amount not to exceed \$91,000,000 to finance and refinance the construction of and improvements to facilities on the campus of Seattle Pacific University; delegating to the Executive Director of the Authority the authority to approve the sale of said bonds to KeyBanc Capital Markets, Inc. and a co-manager, if any; 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 JANUARY 30, 2020

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. 20-01

A RESOLUTION of the Washington Higher Education Facilities Authority authorizing the issuance of one of more series of tax-exempt and taxable nonrecourse revenue bonds in an aggregate principal amount not to exceed \$91,000,000 to finance and refinance the construction of and improvements to facilities on the campus of Seattle Pacific University; delegating to the Executive Director of the Authority the authority to approve the sale of said bonds to KeyBanc Capital Markets, Inc. and a co-manager, if any; 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, Seattle Pacific 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 Authority has previously issued its Refunding Revenue Bonds (Seattle Pacific University Project), Series 2013A, 2013B and 2013C and its Revenue Bonds (Seattle

Pacific University Project), Series 2013D and 2013E (collectively, the “2013 Bonds”) for the purpose of financing and refinancing certain improvements to University facilities, including the refinancing of 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 necessary (1) to finance and reimburse the University for costs of construction of and improvements to facilities located on the University’s campus; (2) to refund the outstanding 2013 Bonds; (3) to pay swap termination fees and related expenses; and (4) 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 and Refunding Revenue Bonds (Seattle Pacific University Project), Series 2020A (the “2020A Bonds”) and its Washington Higher Education Facilities Authority Taxable Revenue Bonds (Seattle Pacific University Project), Series 2020B (the “2020B Bonds” and, together with the 2020A Bonds, the “Bonds”) in an aggregate principal amount of not to exceed \$91,000,000 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 KeyBanc Capital Markets, Inc. and a co-manager, if any, pursuant to a bond purchase contract (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 and Refunding Revenue Bonds (Seattle Pacific University Project), Series 2020A” and “Washington Higher Education Facilities Authority Taxable Revenue Bonds (Seattle Pacific University Project), Series 2020B”, or other such designation as set forth in the Indenture, in the aggregate principal amount of not to exceed

\$91,000,000, 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 \$91,000,000 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 2020A 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 conform 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 KeyBanc Capital Markets, Inc. and a co-manager, if any, 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 \$91,000,000; (b) the true interest cost on the 2020A Bonds does not exceed 5.00%; (c) the true interest cost on the 2020B Bonds does not exceed 5.50%; (d) the Bond Purchase Contract for the Bonds shall be executed prior to June 30, 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 Underwriter, 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 Rulemaking 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 30th day of January, 2020.

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 5

Washington Higher Education Facilities Authority

1000 Second Avenue, Suite 2700
Seattle, Washington 98104-1046



Tel: (206) 287-4403

Fax: (206) 587-5113

Date: January 23, 2020

To: Authority Board

From: Carol Johnson

Re: Interagency Agreement with the Washington Student Achievement Council (WSAC)

CC: Steve Walker, Faith Pettis, Paul Edwards, Rona Monillas, Bob Cook, Debra Stephenson

The Washington Student Achievement Council (WSAC) has requested that the Authority enter into an interagency agreement for the development of a new legislatively-mandated program. It is an allowed common practice for state agencies to enter into interagency agreements in order to share contracted services. It is an efficient use of time and resources.

The purpose of this Interagency Agreement would be to provide WSAC with financial advisory services and support for the Washington Student Loan Refinancing Program created in the 2019 Workforce Education Investment Act (HB 2158; Chapter 406, Laws of 2019). This would be accomplished by WSAC utilizing the services of Baker Tilly Municipal Advisors, LLC, one of the Authority's contracted financial advisors.

This legislation created a dedicated revenue source for higher education based on a three-tiered increase in the state's business and-occupation tax paid by professions that depend on higher education. The revenue, totaling \$373.8 M for the 2019-21 biennium, may be used only for higher education operations, compensation, programs, and student aid.

The Washington Student Loan Refinancing Program was created within this same legislation. The state has dedicated one million dollars (\$1.0M) to the program for each of the next two years to contract with up to five financial institutions for the purpose of refinancing certain existing student loans. The Legislation directs that the program will be administered by WSAC.

Staff is working closely with our legal counsel, Pacifica Law Group, to finalize the terms of the interagency agreement.

The scope of work that Baker Tilly proposes to provide to WSAC is to generally lay the foundation of the Washington Student Loan Refinancing Program. This includes identifying

potential loan refinance participants and financial institution providers, impediments to program implementation, and ways to mitigate or address any obstacles to effective program administration. The estimated cost of the financial advisory work is \$50,000, which would be paid by WSAC.

The period of performance for the scope of work will begin as soon as is possible. The work is estimated to be completed by June 30, 2021.

RECOMMENDATION:

At this time we are respectfully requesting that the Board consider approval of staff's recommendations to authorize the Authority to enter into an interagency agreement with the Washington Student Achievement Council (WSAC) to assist with the development of a student loan refinancing program by providing WSAC access to the Authority's contracted financial advisor, and to delegate to the Executive Director the authority to negotiate the final terms of, and to execute, the interagency agreement.

TAB 6

RESOLUTION NUMBER 20-02
AUTHORIZING INVESTMENT OF
WASHINGTON HIGHER EDUCATION FACILITIES AUTHORITY
MONIES IN THE LOCAL GOVERNMENT INVESTMENT POOL

WHEREAS, pursuant to Chapter 294, Laws of 1986, the Legislature created a trust fund to be known as the public funds investment account (commonly referred to as the Local Government Investment Pool (LGIP)) for the contribution and withdrawal of money by an authorized governmental entity for purposes of investment by the Office of the State Treasurer; and

WHEREAS, from time to time it may be advantageous to the authorized governmental entity, Washington Higher Education Facilities Authority, the "governmental entity", to contribute funds available for investment in the LGIP; and

WHEREAS, the investment strategy for the LGIP is set forth in its policies and procedures; and

WHEREAS, any contributions or withdrawals to or from the LGIP made on behalf of the governmental entity shall be first duly authorized by the Commissioners of the Washington Higher Education Facilities Authority, the "governing body" pursuant to this resolution; and

WHEREAS the governmental entity will cause to be filed a certified copy of this resolution with the Office of the State Treasurer; and

WHEREAS the governing body and any designee appointed by the governing body with authority to contribute or withdraw funds of the governmental entity has received and read a copy of the prospectus and understands the risks and limitations of investing in the LGIP; and

WHEREAS, the governing body attests by the signature of its members that it is duly authorized and empowered to enter into this agreement, to direct the contribution or withdrawal of governmental entity monies, and to delegate certain authority to make adjustments to the incorporated transactional forms, to the individuals designated herein.

NOW THEREFORE, BE IT RESOLVED that the governing body does hereby authorize the contribution and withdrawal of governmental entity monies in the LGIP in the manner prescribed by law, rule, and prospectus.

BE IT FURTHER RESOLVED that the governing body has approved the Local Government Investment Pool Transaction Authorization Form (Form) as completed by Washington Higher Education Facilities Authority and incorporates said form into this resolution by reference and does hereby attest to its accuracy.

BE IT FURTHER RESOLVED that the governmental entity designates the Executive Director or the Senior Director - Finance, each, an "authorized individual" to authorize all amendments, changes, or alterations to the Form or any other documentation including the designation of other individuals to make contributions and withdrawals on behalf of the governmental entity.

BE IT FURTHER RESOLVED that this delegation ends upon the written notice, by any method set forth in the prospectus, of the governing body that the authorized individual has been terminated or that his or her delegation has been revoked. The Office of the State Treasurer will rely solely on the governing body to provide notice of such revocation and is entitled to rely on the authorized individual's instructions until such time as said notice has been provided.

BE IT FURTHER RESOLVED that the Form as incorporated into this resolution or hereafter amended by delegated authority, or any other documentation signed or otherwise approved by the authorized individual shall remain in effect after revocation of the authorized individual's delegated authority, except to the extent that the authorized individual whose delegation has been terminated shall not be permitted to make further withdrawals or contributions to the LGIP on behalf of the governmental entity. No amendments, changes, or alterations shall be made to the Form or any other documentation until the entity passes a new resolution naming a new authorized individual; and

BE IT FURTHER RESOLVED that the governing body acknowledges that it has received, read, and understood the prospectus as provided by the Office of the State Treasurer. In

addition, the governing body agrees that a copy of the prospectus will be provided to any person delegated or otherwise authorized to make contributions or withdrawals into or out of the LGIP and that said individuals will be required to read the prospectus prior to making any withdrawals or contributions or any further withdrawals or contributions if authorizations are already in place.

ADOPTED at a special meeting duly noticed and called this 30th day of January, 2020.

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 7



January 21, 2020

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 December 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

December 31, 2019

CONTENTS

(See Accountant's Compilation Report)

Financial Statements:

Statement of Net Position	3
Statement of Activities and Changes in Net Position	4

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Detailed Statement of Activities	5
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Washington Higher Education Facilities Authority
Statement of Net Position
Fund: General Operating Fund
Division: All
December 31, 2019
(See Accountant's Compilation Report)

			<u>Variance</u>	
	<u>Current Year</u>	<u>Prior Year</u>	<u>Amount</u>	<u>%</u>
ASSETS				
Cash and Cash Equivalents:				
Demand Deposits	\$ 227,896	\$ 75,052	\$ 152,844	204%
Money Market Accounts	1,256,074	1,106,884	149,190	13%
Loan Receivable (net)	3,454	3,454	-	0%
Prepaid Expenses & Other Receivable	10,160	8,405	1,752 (1)	21%
<i>Total Assets</i>	<u>\$ 1,497,584</u>	<u>\$ 1,193,798</u>	<u>\$ 303,786</u>	<u>25%</u>
LIABILITIES				
Accounts Payable and Other Liabilities	\$ 152,097	\$ 67,570	\$ 84,527 (2)	125%
Unearned Fee Income	189,577	-	189,577 (3)	NA
<i>Total Liabilities</i>	<u>341,674</u>	<u>67,570</u>	<u>274,104</u>	<u>406%</u>
NET POSITION				
Unrestricted	1,155,910	1,126,228	29,682	3%
Total Net Position	<u>1,155,910</u>	<u>1,126,228</u>	<u>29,682</u>	<u>3%</u>
<i>Total Liabilities and Net Position</i>	<u>\$ 1,497,584</u>	<u>\$ 1,193,798</u>	<u>\$ 303,786</u>	<u>3%</u>

- (1) The increase in prepaid expenses in the current year is due primarily to the 4-year renewal of the Bond Buyer subscription which renewed in July 2019.
- (2) The increase in accounts payables is due to a timing difference in WHEFA's payment of the interagency (IA) charges. In December of the prior year the outstanding payables as of 12/31/2018 included October, November, and December 2018 IA charges. Whereas in the current year the amount of outstanding payables includes IA charges for the months of July - December 2019.
- (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: December 31, 2019
(See Accountant's Compilation Report)

	Current Period	Current Year to Date	Prior Year to Date	Variance Amount	%
<i>Revenues:</i>					
Fee Income	\$ 47,831	\$ 370,038	\$ -	\$ 370,038 (1)	NA
Interest Earned	1,897	12,635	13,107	(472)	-4%
<i>Total Unadjusted Revenues</i>	<u>49,728</u>	<u>382,673</u>	<u>13,108</u>	<u>369,565</u>	<u>2819%</u>
<i>Expenses:</i>					
Salaries, Wages, and Employee Benefits	21,421	134,113	124,772	9,341	7%
Travel & Conferences	380	13,452	12,204	1,248 (2)	10%
Professional Fees	-	39,562	40,574	(1,012)	-2%
Office Expense	3,826	21,881	22,298	(417)	-2%
<i>Total Expenses</i>	<u>25,627</u>	<u>209,008</u>	<u>199,847</u>	<u>9,161</u>	<u>5%</u>
(Deficit) Excess of Revenues over Expenses	<u>24,101</u>	<u>173,665</u>	<u>(186,739)</u>	<u>360,404</u>	<u>-193%</u>
<i>Net Position</i>					
Total net position, beginning of period	1,131,809	982,245	1,312,967	(330,722)	-25%
Current Increase (Decrease) to Net Position	<u>24,101</u>	<u>173,665</u>	<u>(186,739)</u>	<u>360,404</u>	<u>-193%</u>
Total net position, end of year	<u>\$ 1,155,910</u>	<u>\$ 1,155,910</u>	<u>\$ 1,126,228</u>	<u>\$ 29,682</u>	<u>3%</u>

(1) The current year fee income includes recognition of amortized Authority fees as well as cost of issuance income for three bond closings and four bond financing application fees. In the prior year, Authority fees were waived and no new bond issuance related fees were received.

(2) The increase in out of state travel in the current year is primarily due to the location of the annual NAHEFFA conference which was held in Portland, Maine, compared to the prior year conference location which was held in Denver, Colorado.

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

	Variance-YTD vs. PY Actuals		Prior YTD	YTD	YTD	Variance-YTD Budget to Actual	
	%	Amount	Actual	Actual	Budget	Amount	%
<i>Revenues:</i>							
Program Fees	NA	\$ 184,081	\$ -	\$ 184,081	\$ 189,539	\$ (5,458)	-2.9%
Issuance & Application Fees	NA	185,956	-	185,956	37,500	148,456	395.9%
Interest Revenue	(0)	(472)	13,107	12,635	13,821	(1,186)	-8.6%
Total Unadjusted Revenues	2819.4%	369,565	13,108	382,672	240,860	141,812	58.9%
<i>Expenses:</i>							
Salaries & Wages - Staff & Temp. Svcs	8%	7,037	93,129	100,166	132,945	(32,779)	-25%
Employee Benefits - Staff	7.3%	2,304	31,643	33,947	42,310	(8,363)	-19.8%
Conference, Education & Training	13.7%	368	2,678	3,046	2,900	146	5.0%
Travel out of state - Staff	19.4%	1,515	7,792	9,307	9,375	(68)	-0.7%
Travel in state - Staff	-36.7%	(636)	1,735	1,099	4,063	(2,964)	-73.0%
Accounting Fees	-6.3%	(2,500)	39,500	37,000	43,000	(6,000)	-14.0%
Legal Fees	138.5%	1,488	1,074	2,562	3,500	(938)	-26.8%
Financial Advisor Fees	NA	-	-	-	1,250	(1,250)	-100.0%
Office Rent/Conf. Room Rentals	-17.9%	(905)	5,048	4,143	6,606	(2,463)	-37.3%
Furniture & Equipment Rental	-31.6%	(170)	538	368	685	(317)	-46.3%
Publications/ Subscriptions/ Dues	0.5%	9	1,831	1,840	2,483	(643)	-25.9%
Deliveries	227.6%	198	87	285	200	85	42.5%
Insurance	0.0%	-	6,658	6,658	6,659	(1)	0.0%
Meeting Expense	NA	42	-	42	2,575	(2,533)	-98.4%
Equipment & Building Maintenance	-81.5%	(984)	1,207	223	670	(447)	-66.7%
Software Maint. Support & Other Info Svcs	48.6%	1,793	3,688	5,481	8,207	(2,726)	-33.2%
Postage	21.4%	6	28	34	50	(16)	-32.0%
Printing	-22.4%	(214)	956	742	1,475	(733)	-49.7%
Supplies	-11.3%	(46)	408	362	1,267	(905)	-71.4%
Telephone	6.1%	50	825	875	922	(47)	-5.1%
Other Office Expenses	4.5%	25	553	578	1,043	(465)	-44.6%
Varia Other Misc. Expenses	557.9%	212	38	250	-	250	NA
Total Expenses	4.6%	9,157	199,851	209,008	273,634	(64,626)	-23.6%
(Deficit) Excess of Revenues over Expenses	-193.0%	\$ 360,407	\$ (186,743)	\$ 173,664	\$ (32,774)	\$ 206,438	-629.9%

TAB 8

Statement of Account

Washington Higher Education Facility Authority
Proration of costs between WHEFA and WSHFC
For the period October 1, 2019 through December 31, 2019

Month	Salaries & Benefits	Office Expenses ⁽¹⁾	Overhead ⁽²⁾	Total
October	\$ 27,858.55	\$ 2,263.90	\$ 105.65	\$ 30,228.10
November	22,594.98	2,409.05	70.20	25,074.23
December	21,271.96	2,218.28	97.02	23,587.26
<hr/>				
Total Per Category	\$ 71,725.49	\$ 6,891.23	\$ 272.87	\$ 78,889.59
<hr/>				
Previous Balance at September 30, 2019			⁽³⁾	73,277.28
Payments & Credit Memos (through December 31, 2019)				<u>-</u>
Total Due to WSHFC:				<u><u>\$ 152,166.87</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.

(3) July to September 2019 invoices were paid in January 2020.

Approval for Payment

Authority Board Member

TAB 9



Washington Higher Education Facilities Authority

Market Update

January 30, 2020

PFM Financial
Advisors LLC

1200 Fifth Avenue
Suite 1220
Seattle, WA 98101

Thomas Toepfer
(206) 858-5630



December Market Recap

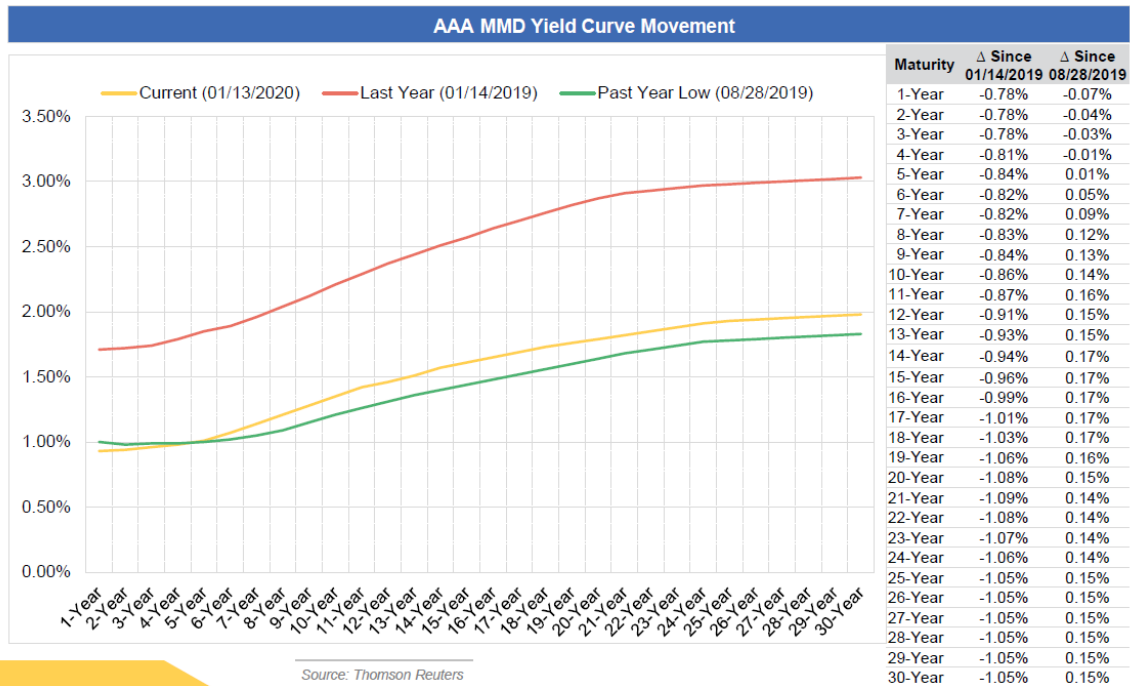
- It has been a bountiful year for investors. Equities ascended to new highs, Treasury yields fell and boosted fixed income returns, while major central banks harmonized accommodative monetary policies. Moreover, while trade frictions remain a potential headwind, some progress was made on that front in the form of a “Phase One” trade agreement between the U.S. and China. On January 15, 2020 the phase one trade agreement was signed.
- Third quarter U.S. gross domestic product (GDP) growth was revised up to 2.1% from 1.9%. The revision highlighted continued reliance on the American consumer (as consumer spending accounted for nearly all the growth). Meanwhile, government spending and housing were also positive contributors. Conversely, business investment was a detractor.
- The U.S. economy added 266,000 jobs in November – far exceeding expectations – as the labor market resumed momentum after the General Motors (GM) strike. There were notable gains in healthcare, professional and technical services, and manufacturing, which reflected the return of workers from the GM strike. The unemployment rate fell to 3.5% but wage growth remained tepid, holding steady at 3.1% over the past 12 months.
- The U.S. Treasury yield curve moved higher over the month, with one- to 10-year maturities up nine to 13 basis points (bps). A stable Fed, abundant liquidity, and reduced trade risks stabilized the U.S. rate outlook. The move higher in rates caused shorter-term Treasuries to outperform their longer-dated counterparts. For the month, the three-month Constant Maturity U.S. Treasury Index returned 0.12%, while the two-year returned -0.06%. Meanwhile, the five-year index generated a total return of -0.40%, and the 10-year index generated a total return of -0.76%.

Source: Bloomberg, PFM Research



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.

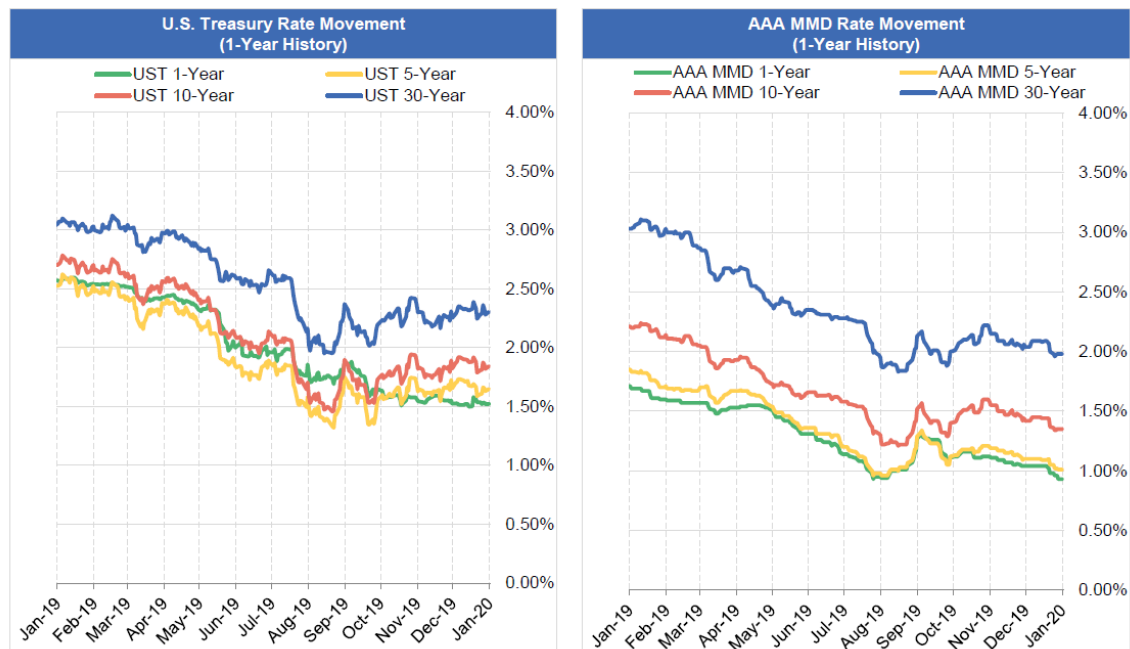


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U.S. Treasury & AAA MMD Rate Movement

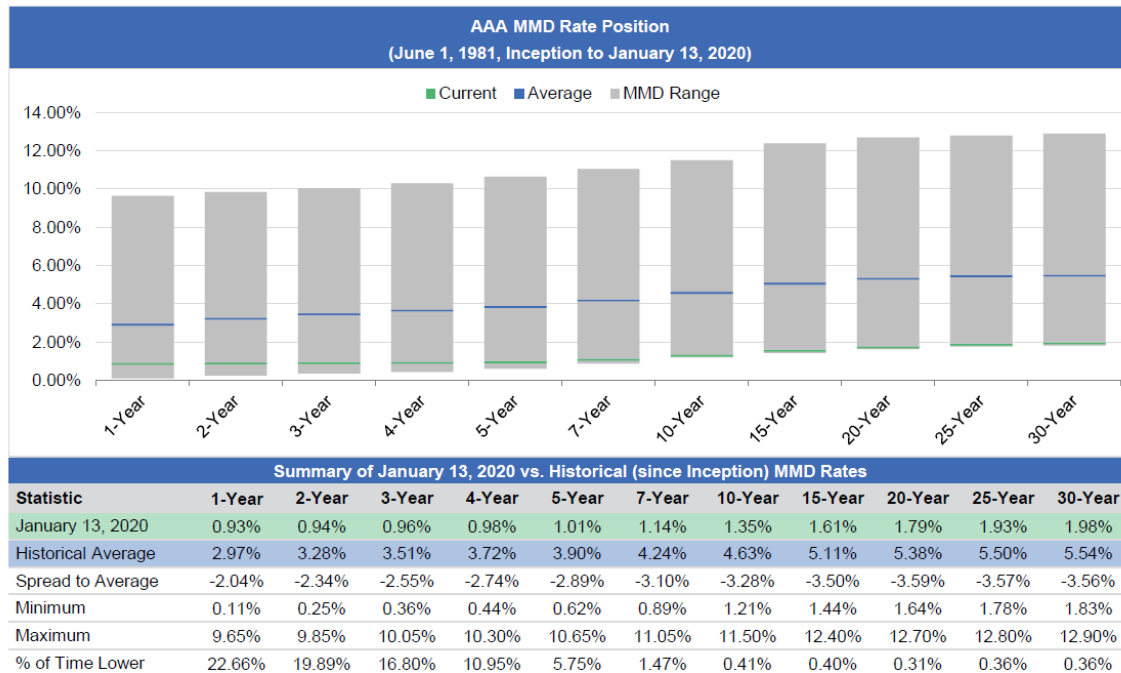


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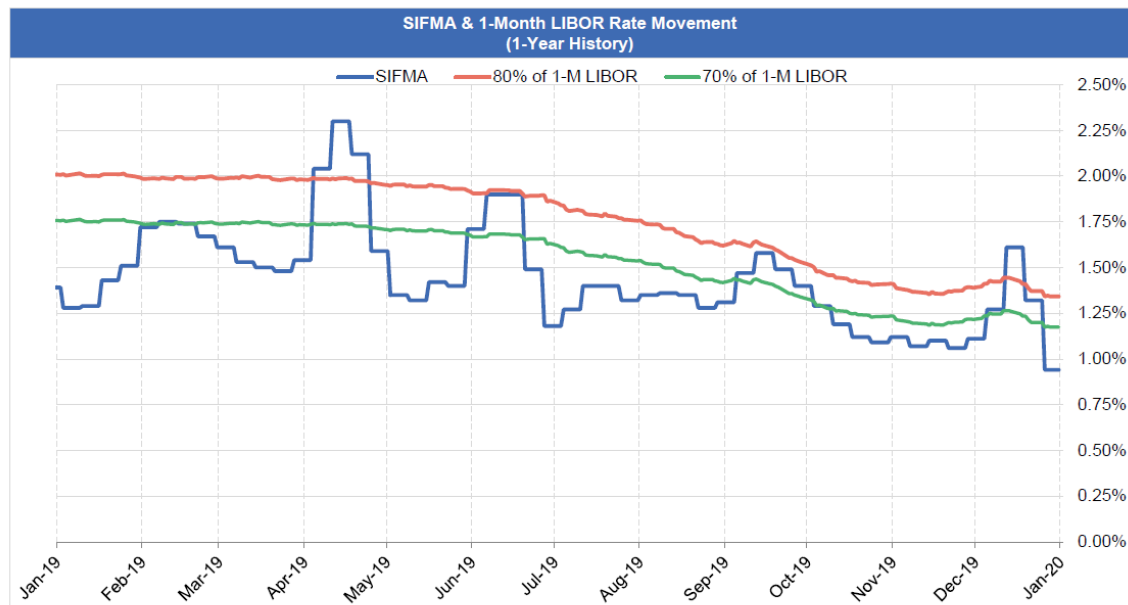


AAA MMD Position Since Inception



SIFMA & 1-Month LIBOR Rate Movement

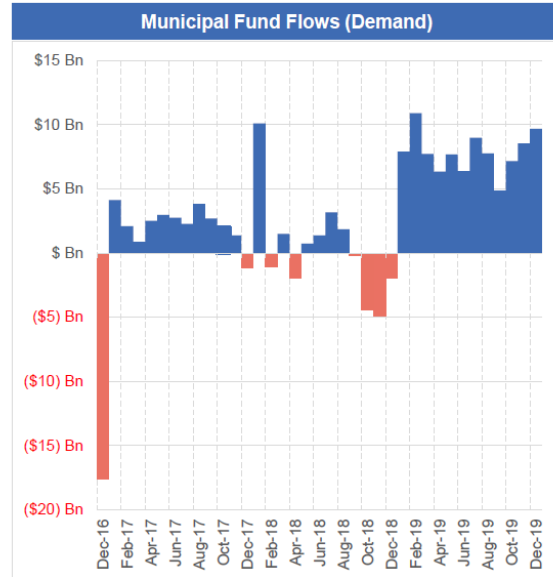
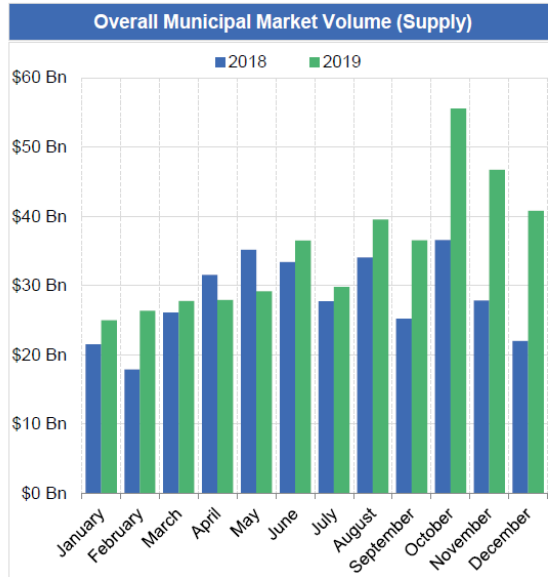
- After sitting below 70% of 1-M LIBOR since mid-October, SIFMA surpassed 70% of 1-M LIBOR on 12/18, and briefly rose above 80% of 1-M LIBOR on 12/25, before dropping to just below 80% of 1-M LIBOR at the start of 2020 and below 70% of LIBOR for the last couple of resets.





Municipal Market Supply & Demand

- New issuance volume was up 22% in 2019 compared to 2018. Municipal bond funds have seen inflows throughout 2019 providing strong demand for tax-exempt debt.



Source: Bond Buyer, Investment Company Institute

TAB 10

Washington Higher Education Facilities Authority
Bond Issue Status Report
As of January10, 2020

	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
Potential Bond Issues - Fiscal Year 2019/20														
Seattle Pacific University \$91,000,000 Maximum \$26,000,000 New Money – Land & Misc. projects \$65,000,000 Refunding existing private placement debt	11/18/19	11/27/19	1/7/20	11/18/19	1/7/20	TBD	12/19/19 1/7/20 1/15/20 1/24/20	Jan 2020 TBD	11/22/19 12/16/19	1/30/20	2/11/20	2/26/20 3/2/20	Preliminary Present Value Savings \$1,668,550	<i>Financial Advisor – PFM</i> <i>Public Sale</i> <i>Series 2020 A – Tax-Exempt</i> <i>Series 2020 B – Taxable</i>
Walla Walla University \$16,000,000 New Money New Men's Residence Hall	Feb 2020	Feb 2020	TBD	TBD	TBD	TBD	TBD	TBD	1/31/20	TBD	TBD	June 2020	Preliminary Present Value Savings TBD	<i>Financial Advisor PFM</i> <i>Private Placement</i> <i>Banner Bank</i>

Washington Higher Education Facilities Authority
Bond Issue Status Report
As of January 10, 2020

	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
Seattle University \$50,000,000 <i>New Money</i> <i>Center for Science & Innovation</i>	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	June or July 2020	Preliminary Present Value Savings TBD	<i>Financial Advisor TBD</i>
Heritage University \$7,000,000 <i>Refunding</i>	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	2020 TBD	Preliminary Present Value Savings TBD	<i>Financial Advisor TBD</i>
PNWU \$20,000,000 <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 Savings TBD	<i>Financial Advisor TBD</i>

Washington Higher Education Facilities Authority
Bond Issue Status Report
As of January 10, 2020

	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
Closed Bond Issues - Fiscal Year 2019														
UPS \$24,280,000 <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	Final Present Value Savings \$1,300,549	<i>Financial Advisor</i> <i>None</i> <i>Private Placement</i>
Gonzaga University \$75,000,000 \$44,685,000 <i>New Money Integrated Science & Engineering facility (ISE) & surrounding projects</i> \$30,315,000 <i>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	9/9/19	Approved	9/17/19	10/1/19	10/31/19 11/1/19	Final Present Value Savings \$1,473,687	<i>Financial Advisor – Prager</i> <i>Public Sale</i>

**Washington Higher Education Facilities Authority
Bond Issue Status Report
As of January 10, 2020**

	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
Whitworth University \$19,485,000 <i>New Money</i> <i>Health Science Building</i>	10/4/19	10/11/19	Complete	10/7/19	11/1/19	Complete	10/25/19 11/4/19 11/8/19	Complete	10/11/19	11/12/19	11/21/19	12/18/19 12/20/19	Final Present Value Savings \$500,000	Financial Advisor – PFM Public Sale

FY 19-20 Goal: Complete two bond issues totaling approximately \$30 million by June 30, 2019.

Total bonds issued as of 12-20-19: \$118,765,000 with total PV savings of \$3,274,236.

Estimated as of SPU closing on March 2, 2020 – Total bonds issued: \$209,765,000 with total PV savings of \$5,341,176.

TAB 11



CONTACTS:

Margret Graham, Communications Manager
Washington Higher Education Facilities Authority
(206) 454-9058 - margret.graham@wshfc.org

Nancy Hines, Associate Vice President
University Marketing & Communications
Whitworth University
(509) 777-4638 - nhines@whitworth.edu

For Immediate Release – Dec. 20, 2019

Whitworth University completes bond financing for a new health science building

Spokane, Wash. – The Washington Higher Education Facilities Authority (WHEFA) has issued \$19.5 million in bonds to assist Whitworth University in building a new, 38,000-square-foot health science building.

When it opens in 2021, the building will be home to undergraduate health sciences, the master's in athletic training program, and planned doctoral programs in physical and occupational therapy.

The financing, which closed Dec. 20, is estimated to save the university almost \$500,000 in interest over the life of the bond on a present-value basis.

“Whitworth is looking forward to building this facility as a strategic investment,” said Larry Probus, Whitworth University’s vice president of finance & administration. “It will be a great benefit to our students and to Eastern Washington, in particular the medical community in the Spokane area.”

“It has been a privilege and honor to support the students and staff of Whitworth University through this financing,” said Jerome Cohen, secretary and chair of the Washington Higher Education Facilities Authority board of directors. “The interest savings generated by this tax-exempt bond financing will help support Whitworth’s mission of advancing higher education.”

###

Whitworth University (whitworth.edu) is a private, residential liberal arts higher-education institution located in Spokane, Wash., and affiliated with the Presbyterian church. Founded in 1890, the university serves 3,100 undergraduate and graduate students. While primarily serving traditional undergraduate students, the university also offers a variety of degree programs designed for working adults as well as master's-level programs in education, business and theology.

Since 1983, the **Washington Higher Education Facilities Authority** (whefa.org) has helped the state’s private, nonprofit colleges and universities to access more than \$2.2 billion in tax-exempt financing for projects such as student housing, academic and administrative buildings, sports and music facilities, and computer systems. WHEFA’s ability to obtain lower interest rates through the sale of tax-exempt bonds has saved Authority borrowers millions of dollars. The savings ultimately benefit the students of Washington state and support the mission of the institutions. The Authority receives no regular state funding for its operations and accomplishes its work without taxpayer funding of any kind.



December 3, 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, we have calculated the estimated interest savings that resulted from issuing the tax-exempt Washington Higher Education Facility Authority Revenue Bonds (Whitworth University Project), Series 2019 (the "Bonds"), 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 Whitworth University (the "University").

Consistent with the final sizing of the Bonds, we have relied on the following assumptions in our estimates for the taxable debt service.

- Project fund deposit of \$20,000,000
- Actual costs of issuance and underwriter's discount
- Capitalized interest fund deposit, equal to interest through April 1, 2020
- Final maturity in 30 years (October 1, 2049)
- Structured to achieve aggregate annual level debt service.

In order to estimate the taxable debt service, we put together a taxable pricing scale based on available market data including Thomson Reuters Municipal Market Data (MMD). We've review the MMD yield curves for Baa and A rated credits to approximate the taxable pricing scale for entities with similar credit profiles to that of the University. Debt service for the tax-exempt bonds reflects actual debt service of the Bonds.

Our analysis is summarized below. In addition to the assumptions described above, this analysis assumes the bonds are held until final maturity. These savings presented are net of capitalized interest, which covers the interest payment on April 1, 2020. Early redemption, or any other material changes to the bonds, could result in a material deviation from the figures shown below.

<u>Nominal Cash Flow Savings</u>	<u>PV Cash Flow Savings</u>
\$1,230,154	\$497,654

If you have any questions or comments regarding the benefit to the University from using Authority issued bonds, please contact Thomas Toepfer at (206) 858-5360 or Steven Amano (206) 858-5366.

Sincerely,

PFM Financial Advisors
Thomas Toepfer
Director

PRESS RELEASE



380 JACKSON STREET, SUITE 450, ST. PAUL, MN 55101

Phone: 651.296.4690 Fax: 651.297.5751

CONTACT INFORMATION:

Minnesota Higher Education Facilities Authority
Barry W. Fick, Executive Director
651-297-2260
bwf@mnhefa.org

FOR IMMEDIATE RELEASE:

January 2, 2020

The Minnesota Higher Education Facilities Authority (the “Authority”) is pleased to announce that Barry W. Fick, its Executive Director, has been appointed to two national public finance organization committees.

Executive Director Fick has been appointed to a 3-year term on the Committee on Governmental Debt and Fiscal Policy of the Government Finance Officers Association (GFOA). The GFOA Committee on Governmental Debt and Fiscal Policy promotes sound financial practices for local and state governments. The Committee works on best practices, actively engages with participants in the market to help develop guidelines and updates for its members and monitors legislative and regulatory activities that impact the ability of state and local governments to borrow in a cost-effective manner.

He has also been appointed to the Compliance Advisory Group (CAG) of the Municipal Securities Rulemaking Board (MSRB). “The MSRB’s advisory groups provide the organization with another touch-point to the industry and further insight into the municipal securities market,” said Interim Chief Executive Officer and Chief Financial Officer and Treasurer Nanette D. Lawson. “We greatly value the contributions of the professionals who volunteer to serve on our advisory groups.” The CAG provides feedback on compliance resources, tools and educational materials to enhance dealers’ and municipal advisors’ understanding of MSRB rules and to assist their efforts in developing effective supervisory and compliance programs.

The Authority is an agency of the State of Minnesota. Created in 1971, the Authority assists non-profit higher education institutions in the State of Minnesota with low-cost financing or refinancing capital projects for the benefit of their students, helping lower the cost of higher education.

PUGET SOUND BUSINESS JOURNAL

How Faith Pettis helped the region find common ground on housing issues



Faith Pettis, a partner at Pacifica Law Group in Seattle, is a leader in the areas of housing policy and education finance.

ANTHONY BOLANTE | PSBJ

By [Marc Stiles](#) – Staff Writer, Puget Sound Business Journal

Nov 27, 2019, 2:27pm EST

When [Faith Pettis](#) returned to Seattle in 1993 after law school, she landed a job at the firm of Preston Gates & Ellis, setting her on a path of civic engagement. “It was such a great place to grow up,” said Pettis, who added that she learned it wasn’t enough to simply practice law. Attorneys at the firm were required to do pro bono work and serve the community. The soft-spoken Pettis did plenty of community service and very little lawyering during the eight months she and Gates Foundation executive [David Wertheimer](#) co-chaired the city of Seattle’s Housing Affordability and Livability Agenda task force in 2014. Theirs was a herculean task: get 28 people, from tenants’ rights advocates to for-profit developers, to come up with ways to facilitate the development of 20,000 new units of affordable housing and 30,000 new units of market-rate

housing within 10 years. Pettis said trust was an issue and it took eight months to hammer out the deal built on 65 recommendations. “It started out really contentious,” she said. She and Wertheimer decided to hold the task force meetings behind closed doors. City officials didn’t like the idea of shaping public policy this way, but the co-chairs felt it was the only way to get people to speak honestly. “David and I told the city we would take ownership of that. It was our decision,” Pettis said. Pettis’ persistence helped the group succeed, said task force member M.A. Leonard, vice president and Pacific Northwest market leader for Enterprise Community Partners. “She is one of the most intensely focused people I’ve ever worked with in my life,” Leonard said. “She just never gives it a rest in terms of staying on track.” Leonard said Pettis was good about working with all sides and recognizing what each party could bring to the table. Pettis conceded that she is “probably overly empathetic.” She said that as she listens, she does so believing people are speaking their truths. “What everybody says, no matter how different their positions are, there’s usually a kernel of truth in the statement they’re making,” Pettis said. “So you have to look for that, and if you can find that ... and bring that out, there’s usually a way of finding some common ground.”

When she joined Preston Gates & Ellis, Pettis thought she wanted to work in public finance. This led her to the attorney who became her mentor, [Jay Reich](#), a now retired partner. He had helped write the legislation creating the state [Housing Finance Commission](#), which last year, helped finance nearly 7,000 affordable apartments and helped more than 6,000 families buy homes. “He was headed out on sabbatical the next year and needed someone to quickly back him up. He tapped me,” said Pettis. She ended up working with Reich for more than 20 years. The commission remains one of Pettis’ clients. Pettis was inspired by the late [Jim Ellis](#), the civic powerhouse whose far-reaching community work included leading the formation of King County Metro and the cleanup of Lake Washington. Pettis remembers a speech Ellis made several years ago at the [University of Washington](#) about lawyers, leaders and civic engagement. She said she often re-reads it and shares it with young lawyers. “He talked about how compromise is not an evil word. ... It’s OK to compromise and it’s actually the inability to compromise that results in torn communities,” Pettis said. “If you can’t find a way to move forward together, then what you’re working on will not be as long lasting.”

[Faith Pettis](#)

Title: Partner at the [Pacifica Law Group](#) in Seattle

Practice areas: Bond and outside counsel to state and local governments with a focus on housing, education and nonprofit finance

Previous work: Preston Gates & Ellis

Notable: Co-led the city of Seattle's Housing Affordability and Living Agenda task force, which delivered a 10-year affordable housing plan

Boards: Western Washington University Board of Trustees

Role models: The late [Jim Ellis](#) and Pacifica colleague [Gerry Johnson](#)

Education: Bachelor's degree in Russian language and Russian/East European area studies from the University of Washington; law degree from Harvard

Lessons learned Listen with empathy Look for the truth in what people say It's OK to compromise