Washington Higher Education Facilities Authority

Authority Meeting

November 12, 2019

WASHINGTON HIGHER EDUCATION FACILITIES AUTHORITY

Meeting Agenda – Revised

YOU ARE HEREBY NOTIFIED that the **W**ashington **H**igher **E**ducation **F**acilities **A**uthority will hold a **Special Meeting** at 1:00 p.m. prevailing Pacific Time on Tuesday, November 12, 2019, in the Board Room at the Authority's offices located at 1000 Second Ave., Suite 2800, Seattle, WA 98104 to consider the following:

I. CALL TO ORDER: *Chair*

II. APPROVAL OF THE SEPTEMBER 17, 2019 SPECIAL MEETING MINUTES: *Chair* 1

III. CONSIDER AND ACT ON THE FOLLOWING ITEMS:

A. Financing Resolution: Whitworth University (Series 2019) – *Ms. Carol Johnson* 2

1. Introduction and Financial Update
2. Consider approval of RESOLUTION #19-03 for the Whitworth University authorizing issuance by the Authority of revenue bonds in an amount not expected to exceed $22,000,000. 3

B. Finance Report – *Mr. Bob Cook*

1. Review and Consider approval of Final Audit Report. 4
   a. Presentation of Independent Auditor's Report – *Ms. Amy Sutherland, Moss-Adams, LLP*
2. Review and Consider approval of the Financial Statement 5

IV. INFORMATION ITEMS

A. Invoice for Services – *Mr. Bob Cook* 6

B. Market Update – *Ms. Elizabeth Bergman, Baker Tilly Municipal Advisors* 7

C. Bond Issue Status Report – Mr. Paul Edwards 8

D. Executive Director's Report – *Mr. Kim Herman*

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

1. February 6, 2020
2. May 7, 2020

V. PUBLIC COMMENT: *Chair*

VI. MISCELLANEOUS BUSINESS AND CORRESPONDENCE **9**

VII. EXECUTIVE SESSION (*if necessary*)

VIII. ADJOURN

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

TAB 1

Washington Higher Education Facilities Authority

MINUTES

September 17, 2019

Mr. Jerome Cohen, Board Secretary, called the special meeting of the Authority to order at 2:00 p.m.

Board members Mr. Cohen and Ms. Claire Grace were present in the Board Room, located at 1000 Second Avenue, 28th Floor in Seattle, WA 98104. Board members Lieutenant Governor Cyrus Habib, Mr. Michael Meotti, Dr. Roy Heynderickx, and Dr. Gene Sharratt were 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, Authority bond counsel; Mr. Thomas Toepfer of Public Financial Management; and Ms. Debbie Kuykendall and Ms. Christine Ok of US Bank Corporate Trust. Other meeting participants present were: Dr. Terri Standish-Kuon, President and CEO of the Independent Colleges of Washington, and Messrs. Sachin Karamchandani and Kevin Ye, from Prager & Company.

Other meeting participants joining by phone were Mr. Michael Nelson II, Assistant Attorney General, Washington Attorney General's Office; Ms. Sherry Mondou, Executive Vice President and CFO, University of Puget Sound; Mr. Nick Waugh, George K. Baum & Company; and Mr. Joe Smith, CFO of Gonzaga University and Treasurer of the Corporation of Gonzaga University.

Approval of the Minutes

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

Lieutenant Governor Habib stated for the record that he would abstain from the vote as he was not present for that meeting.

The minutes were approved unanimously, 5-0, with one abstention.

Action Item: Approval of Resolution #19-01 for University of Puget Sound (UPS)

Mr. Cohen introduced Ms. Johnson, the Authority's Manager, to present Resolution No. 19-01.

Ms. Johnson stated that this transaction is a proposed issuance by the Authority of tax-exempt refunding revenue bonds for the University of Puget Sound (UPS) in an amount not to exceed $24,280,000.

Ms. Johnson stated that this transaction is a very simple refinancing with no change in the amount of debt and that the University will achieve an estimated present value savings of over $1.4 million. She added that WHEFA staff and legal counsel considered all aspects of this transaction carefully decided that it was not necessary for either party to have a financial advisor involved in the transaction. She made mention that WHEFA has often not engaged a financial advisor when the University has had its own, and noted this was the first time that there has been no financial advisor for either party. She added that WHEFA policies do provide for the ability to do this and that, additionally, the Washington State Housing Finance Commission (WSHFC) has been doing this successfully for several years.

Ms. Johnson commented that not requiring UPS to engage a financial advisor will save them around $20,000. She added that typically, the financial advisor completes the application review/summary. In this case, Authority staff completed the summary and has relied on the bank and the placement agent for underwriting. She concluded that the placement agent prepared the preliminary analysis of estimated interest savings.

Mr. Cohen asked if the revenues are strictly pledged to the Authority or if revenue is pledged to other creditors. Ms. Sherry Mondou, Executive Vice President and CFO at UPS, replied that the only long-term revenue pledges that the University has are to Authority bonds, and for some very

"immaterial" capital leases for underlying equipment.

Ms. Johnson gave a brief summary of the transaction. The proceeds of the Bond will be loaned to the University to refinance the University's existing Variable Rate Series 2012B Bonds on the upcoming mandatory tender date of October 1, 2019. She stated that the current transaction is a private placement with Banc of America Public Capital Corporation. The bank credit approval was successfully completed on August 7, and the University's underlying long-term credit rating is "A1" by Moody's and "A+" by Standard & Poor's.

She concluded that no public hearing was necessary for this transaction and it is currently scheduled to close on October 1, 2019. She added that the preliminary estimated interest savings have been calculated by George K. Baum to be a little over $1.4 million on a present value basis.

She then introduced Ms. Mondou from UPS, and Mr. Nick Waugh from George K. Baum & Co., both available by phone, to comment further on this transaction and to answer any questions.

Ms. Mondou mentioned that UPS went through a careful and thorough process to evaluate its options regarding the mandatory tender and engaged a committee of their board in the process. She added that this is a straightforward deal, with no change in the dollar amount, scheduled principal

payments, or maturity date. Ms. Mondou thanked the Authority's board, staff, and bond counsel for their support for the University and for this transaction.

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. 19-01.

Ms. Grace moved to approve the resolution, and it was seconded by Mr. Meotti. The resolution was approved unanimously, 6-0.

Action Item: Approval of Resolution #19-02 for Gonzaga University

Mr. Cohen then introduced Ms. Johnson, the Authority's Manager, to present Resolution No. 19-02.

Ms. Johnson stated this is a proposed issuance by the Authority of tax-exempt and taxable refunding revenue bonds for Gonzaga University in a total amount not to exceed $75 million. She added that the transaction is a negotiated public sale that will be issued in two series: Series A, tax-exempt financing not to exceed $45 million; and Series B, taxable financing not to exceed $30 million.

Ms. Johnson then stated that the Series A tax-exempt Revenue Bonds, will finance the construction and equipping of the new Integrated Sciences and Engineering (ISE) facility and the retrofitting of other space and certain

equipment outlays in existing academic buildings near the ISE facility. The improvements will create an approximately 270,490 square-foot combined science and engineering complex. 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 then stated that the taxable Refunding Revenue Bonds, Series B, would refinance taxable bonds issued in private placements to two banks in 2016.

She stated further that a successful public hearing for the Series A tax-exempt bonds was held on Thursday, August 29, 2019 with Mr. Joe Smith, CFO of Gonzaga University and Treasurer of the Corporation of Gonzaga University, and Ms. Dana McCullough, Treasury Manager, Gonzaga University. Authority board members Mr. Cohen, Mr. Meotti, and Dr. Sharratt were all present by phone. There was no public testimony submitted.

Ms. Johnson stated that both bond series are currently scheduled to close on November 1, 2019. She added that the preliminary estimated interest savings for the tax-exempt bonds (Series A) have been calculated by Prager & Company to be just over $3.2 million on a present value basis.

Ms. Johnson then introduced Mr. Smith, CFO of Gonzaga University and Treasurer of the Corporation of Gonzaga University, who was available by phone. Ms. Johnson also introduced and invited both Messrs. Sachin Karamchandani and Kevin Ye, of Prager & Company, the University's Financial Advisor, who were present, to participate in the presentation.

Mr. Smith stated that the Series A tax-exempt bonds are to support the new ISE building on Gonzaga's campus. The ISE is the last major physical facility to be completed under the University's current strategic plan and rounds out their STEM (Science, Technology, Engineering, & Mathematics) based facilities for learning, research, and other administrative spaces. Mr. Smith stated further that this is an exciting project for the University and that it was initially anticipated to proceed slowly. Given the current capital markets, it was a good time to accelerate the timeline.

Mr. Smith then stated that the Series B taxable bonds are to refinance and combine their existing 2016 Series B variable-rate bonds that were privately placed. He added that the goal is to take advantage of short to medium-term fixed interest rates currently offered and to terminate two existing variable interest-rate swaps.

He mentioned that without the proposed ISE facility, they are experiencing a bottleneck and space is at a premium. They currently have many students

interested and requiring classes in basic science instruction.

Ms. Grace complimented Mr. Smith and Gonzaga for coming to the Authority. She stated that she is excited that the Authority will be assisting with their public offering.

Mr. Smith thanked the Authority staff and board members on behalf of Gonzaga's President and Board of Trustees for their support of the University, this project, and for future projects.

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. 19-02.

Dr. Heynderickx moved to approve the resolution, and it was seconded by Mr. Meotti. The resolution was approved unanimously, 6-0.

Action Item: Acceptance of the Financial Statement

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

Mr. Cook stated that the financial statement for the period ending July 31, 2019, shows assets of just over $1.4 million and approximately $431,000 of liabilities, leaving just around $934,000 in net asset position. He added that

fee revenue to date is approximately $40,211, with the accrual of the ongoing annual fees that were reinstated by the Authority board after six years. Expenses to date are approximately $28,486, with an increase in the net deficit of about $11,000.

Ms. Grace asked Mr. Cook why the legal fees prior to year-to-date actual were more than last year, given no bond issuances in the previous fiscal year. Mr. Cook replied that at the time policy changes were being developed for approval by the Authority board.

After hearing no questions or comments from board members, Mr. Cohen asked for a motion to accept the financial statement.

Ms. Grace made the motion, and it was seconded by Dr. Sharratt. The motion was approved unanimously, 6-0.

Invoice for Services

Mr. Cohen then asked Mr. Cook to present the invoice for services.
Mr. Cook stated that the invoice from the Washington State Housing Finance Commission (WSHFC) for April 1, 2019 through June 30, 2019 has been reviewed and approved for payment by the Treasurer, Ms. Grace.

Market Update

Mr. Herman introduced Mr. Thomas Toepfer of Public Financial Markets (PFM), to present the market update.

Mr. Toepfer started his market report saying that the interest rates are volatile given the current trade war between the United States and China. He added that 2nd quarter 2019 gross domestic product (GDP) grew by 2.1%, which was lower than the previous quarter, at 3.1%. He added further that the Federal Reserve, at their July 2019 meeting cut the overnight Fed funds target rate by 25 basis points to a new range of 2 – 2.25%, which is the first Fed rate cut since December, 2008.

Mr. Toepfer presented slides showing interest rates, in particular long-term rates, at historical lows. Short-term rates are expected to fall in the coming months with three Fed fund rate cuts anticipated. He also mentioned that benchmark tax-exempt rates have flattened significantly, especially for years 1 through 5, and years 20 through 30.

He concluded that SOFR, which was established in April 2018 in order to eventually replace LIBOR, has reset to or below 1-month LIBOR. Also, new bond issuance demand was down 9.4% over last year, and up 1.73% year-to-date through July 2019. He concluded further that strong demand coupled with reduced supply created downward pressure on interest rates.

Washington Student Achievement Council (WSAC) Update

Mr. Meotti, Authority board member and Executive Director of the Washington Student Achievement Council (WSAC), gave a presentation via phone titled "The Washington College Grant – A New Era in Higher Education Affordability."

He commended and thanked Authority board member and former WSAC Executive Director, Dr. Sharratt, for his visionary and foundational work regarding the Washington College Grant. Dr. Sharratt reciprocated and commended Mr. Meotti and his staff at WSAC for their great work in implementing this program.

Bond Issue Status Report

Mr. Cohen asked Mr. Edwards to present the bond issue status report. Mr. Edwards noted that, unlike the previous fiscal year when no bond financings closed, the Authority will in fact close this fiscal year with over $100 million in bond financings, and an additional issue bringing the potential total to $117 million in the pipeline.

Mr. Edwards reported a few potential bond issues. An application is expected for Whitworth University for up to $30 million for a new health sciences building to close in late 2019/early 2020. Their board approval is expected

this month with an application submittal soon after. Seattle University is expected to apply for an approximately $50 million new money issue for their Center for Science & Innovation set for a closing in early 2020. Further in the future we expect to see an application from Heritage University for a $7 million bond refunding expected to close sometime in late 2019 or early 2020. Lastly, Pacific Northwest University of Health Sciences (PNWU) anticipates a $20 million new money bond issue for their Regional Center for Inter-professional Education. The transaction is scheduled to close sometime in 2021-2022.

Executive Director's Report

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

Mr. Herman stated that the NAHEFFA Fall Conference in Portland, Maine is occurring September 23-25. Board member Mr. Cohen, and Authority staff Ms. Johnson and Mr. Edwards will be attending. Mr. Herman added that the next NAHEFFA Spring Conference is April 28-29, 2020 in Charleston, South Carolina. He invited interested board members to attend.

Mr. Herman gave a summary of relevant articles available in the board meeting packet and as handouts. He highlighted a press release from the Washington Association of School Administrators (WASA) announcing that Dr. Sharratt had received their 2019 WASA Golden Gavel Award. He added that Dr. Sharratt was previous Executive Director of the Association for

Educational Service Districts & OSPI Professional Learning Network. In addition, Dr. Sharratt was recognized this past July, with the AESD President's Award, along with a number of awards for his work in education both locally and statewide, and the communities he has served in.

Mr. Herman then referred to the Bond Buyer article regarding Stifel Financial Corporation buying George K. Baum & Company. He added that Ms. Johnson is making sure the Authority's rosters are updated as a result of this transaction.

Mr. Herman then referenced a press release from Walla Walla University announcing that their President, Mr. John McVay, is the new board chair for the Independent Colleges of Washington.

Mr. Herman then referenced a press release from Heritage University announcing their accreditation through 2026 by the Northwest Commission of Colleges & Universities.

Mr. Herman added that the next meeting for 2019 is on November 7, and the first meeting of 2020 is on February 6. He noted that if there is no business to conduct at either or both of these meetings, the meeting(s) would be cancelled.

Mr. Cohen, on behalf of himself and the Authority board members

complimented Mr. Herman and staff for the hard work they do to support the Authority.

Public Comment

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

Ms. Johnson made an announcement that Ms. Debbie Kuykendall, in attendance from U.S. Bank Corporate Trust, will be retiring at the end of October, 2019. She added that Ms. Kuykendall has worked with the Authority for a number of years as trustee, and will be greatly missed, with congratulations and best wishes in order for her upcoming retirement.

Dr. Terri Standish-Kuon, President & CEO, Independent Colleges of Washington (ICW) stated that this was her first Authority board meeting. She then made an announcement that Mr. Herman was selected by ICW's Board of Directors to be the recipient of the 2020 Stanley O. McNaughton Leadership Award. She added that their Board of Directors will present this award to Mr. Herman for his lifetime achievement and recognition for what he has done for ICW sometime this Fall. Mr. Herman stated that he will accept this award on behalf of all of those who have worked hard alongside him. He acknowledged that leadership from the Authority board was instrumental in achieving this.

Adjournment

Mr. Cohen, after hearing no other public comments, adjourned the meeting at 3:05 p.m.

_____ _____

Mr. Jerome Cohen, Secretary Date

TAB 2

SUMMARY PROJECT DESCRIPTION

Whitworth University

School Name/Location	**Whitworth University** 300 West Hawthorne Road Spokane, Washington
Bond Issue Name	Tax-Exempt Revenue Bonds (Whitworth University), Series 2019
Purpose	Finance the design, construction, installation and furnishing of a new Health Science Building which will house new graduate programs for Occupational Therapy and Physical Therapy. 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.
Official Intent Declaration #	19-W03
Application	Received on October 4, 2019 Reviewed and accepted by staff on October 28, 2019
Public Hearing	November 1, 2019
Resolution	Resolution #19-03 is currently before the Board for consideration

Financial Information

Type:	Public Sale
Estimated Bond Amount	Not to exceed $22 million
Bond Structure	Fixed Rate
Underwriter	Piper Jaffray & Co.
Trustee	US Bank N.A.
Closing Date	December 20, 2019

1200 Fifth Avenue
Suite 1220
Seattle, WA 98101

Thomas Toepfer
toepfert@pfm.com
206-858-5360

October 28, 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

We have received and reviewed the application of Whitworth University (the "University") for assistance from the Washington Higher Education Facilities Authority (the "Authority") to finance the constructing of a new Health Science Building, which will house new graduate programs for Occupational Therapy and Physical Therapy. The University estimates the bond funded portion of the project will not exceed $22,000,000.

It is anticipated that the bonds will be issued in a single series and designated as the

- Washington Higher Education Facilities Authority Revenue Bonds (Whitworth University), Series 2019 (the "2019 Bonds")

The Project

Whitworth University is requesting a new money bond issuance to raise net proceeds of $20 million to construct a Health Science Building, which will house new graduate programs for Occupational Therapy and Physical Therapy (the "Project"). The Health Science Building is anticipated to be approximately 38,000 square feet, and will be the home to undergraduate health science, a masters in Athletic Training, and two doctoral programs in Physical Therapy and Occupational Therapy. The University expects to begin construction of the Health Science Building in July of 2020 with completion in December 2021.

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	
Par Amount of Bonds	$19,005,000
Net premium/discount	1,466,806
Total Sources	**$20,471,806**
Uses of Funds	
Deposit to Project Construction Funds	$20,000,000
Capitalized Interest Fund	217,502
Cost of Issuance	178,284
Underwriter's Discount	76,020
Total Uses	**$20,471,806**

Outstanding Debt

As of October 1, 2019 the University has 3 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 2012	March 1, 2012	October 1, 2046	$19,500,000	$17,855,000
Revenue Bonds, Series 2016A	December 22, 2016	October 1, 2040	47,660,000	47,660,000
Revenue Bonds, Series 2016B	December 22, 2016	October 1, 2024	12,875,000	9,920,000
			$80,035,000	75,435,000

Plan of Finance

The University issued an RFP for underwriting services and received proposals from prospective underwriters on August 16, 2019. After reviewing the proposals (received from 9 investment banks), the University selected Piper Jaffray to serve as underwriter for the considered 2019 Bonds. The University has elected to pursue funding of the Project through the use of Authority-issued tax-exempt bonds. The 2019 Bonds are expected to be issued in a single series, with a final maturity on October 1, 2049 (30-year term). The 2019 Bonds will be issued to fund: $20 million for the Project, approximately 6-months of capitalized interest (through fiscal year 2020), and costs of issuance. The University will structure the 2019 Bonds to have deferred principle payments in order to target level aggregate annual debt service payments through the life of its outstanding bonds, to the extent possible.

Security and Financial Covenants

The 2019 Bonds will be secured by a gross pledge of revenues, and a pledge of and first lien security interest in the Deed of Trust Property on a parity of lien with the security interest granted with respect to the 2012 Bonds and the 2016 Bonds.

The University will not establish a debt service reserve fund.

Debt Service Coverage Covenant

The University will maintain debt service coverage ratio at least equal to 1.00x annual debt service for each fiscal year beginning after the issue date of the 2019 Bonds, and continuing through the fiscal year that is two years after the Project is placed in service. In each fiscal year thereafter, the University will maintain a coverage ratio of at least 1.25x annual debt service.

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 1.25 times annual debt service
- The University complies with the Available Asset Test – the University must have, at the time additional indebtedness is incurred, expendable net assets in an amount equal to no less than 50% of bonded indebtedness (when taking the additional indebtedness into account); and
- The Debt Service Coverage Covenant will continue to be met

Credit Rating

The University's outstanding debt is rated 'Baa1' (stable outlook) by Moody's Investor Service. Moody's affirmed the University's Baa1 issuer rating on October 10, 2019. The University's expectation is that Moody's will provide a rating specific to the 2019 Bonds in early November after reviewing the bond and disclosure documents.

Financial Statements

Whitworth University has demonstrated a focus on maintaining its strong strategic positioning through continued programmatic investments and favorable donor support. In recent years, the University has seen enrollment increases boosted by early success in enrolling students in new programs launched by the University. The University will continue to implement elements of its strategic enrollment plan, with the completion of the Project, and the addition physical therapy and occupational therapy graduate programs. However, the increase in enrollment was in part achieved through a higher discount rate, such that operating revenue growth was muted.

The University's revenue and support have grown at a similar rate to its expenses from 2015 to 2019. On an average annual basis revenues and expenses have grown by 2.18% and 2.21% respectively. Net Assets increased from just over $187 million 2015 to nearly $215 million in 2019. The following page shows the University's Statement of Activities for the past five fiscal years.

STATEMENT OF UNRESTRICTED ACTIVITIES FOR THE YEARS ENDING JUNE 30

	2015	2016	2017	2018	2019
Net Tuition and Fees	$50,932,200	$52,152,795	$52,137,281	$52,340,520	$52,908,308
Government grants and contracts	953,946	787,947	864,929	855,338	1,299,174
Contributions and gifts	2,777,076	2,965,783	4,028,064	5,036,750	5,681,050
Long-Term investment income and gains allocated for operations	3,223,078	3,690,785	3,804,924	4,018,807	4,299,800
Other	1,711,055	1,600,493	1,600,166	1,687,691	1,867,453
Income on investments	1,778,292	1,994,704	2,047,901	1,970,098	1,885,650
Net realized and unrealized gains on investments	(131,381)	(197,079)	(46,384)	0	0
Auxiliary enterprise revenues	12,866,184	12,913,620	13,114,273	11,941,793	12,834,485
Total operating revenues and gains	**$74,110,449**	**$75,909,049**	**$77,551,154**	**$77,850,997**	**$80,775,919**
Instructional	30,679,487	31,380,123	32,150,485	31,145,387	31,979,042
Public service	941,006	1,012,642	1,238,848	1,272,079	1,254,822
Academic support	6,828,151	7,874,198	7,707,122	7,581,676	7,922,446
Student services	12,311,772	13,353,704	13,782,013	14,186,478	15,709,945
Auxiliary enterprises expenditures	11,426,183	11,689,410	11,381,468	10,315,631	10,817,757
Institutional support	13,143,771	13,591,728	13,905,680	12,961,249	14,313,279
Allocable Expenses					
Operations and maintenance of plant	6,102,541	6,488,101	5,569,968	5,838,903	6,019,984
Interest	4,158,453	4,135,183	3,918,204	3,561,381	3,506,907
Unfunded Depreciation, Amortization and accretion	7,320,992	7,268,014	7,234,431	5,523,019	5,515,827
Less Allocated Expenses	(17,581,986)	(17,891,297)	(16,722,603)	(14,923,303	(15,042,718)
Total Operating expenses	**$75,330,370**	**$78,901,806**	**$80,165,616**	**$77,462,499**	**$81,997,292**
Change in Net Assets from Operating Activities	(1,219,921)	(2,992,757)	(2,614,462)	388,498	(1,221,373)
Non-operating Activities					
L/T net investment income and gains (losses)	1,004,687	(5,208,049)	11,428,839	4,455,956	3,560,105
Change in Value of Assets Held in Trust by Others	71,479	(862,581)	827,545	567,261	1,129,240
Contributions and gifts	6,257,208	6,933,740	5,436,790	7,412,067	4,859,736
Adjustment to Actuarial Liability for annuities payable	(391,654)	(359,021)	541,088	654,502	452,386
Other Sources	269,496	638,693	685,062	(5,253)	(1,829)
Loss in early retirement of Debt	0	0	(7,113,593)	0	0
Adj. to prior cost and act. liability/retiree health plan	437,390	360,095	(210,251)	(105,334)	658,119
Change in Net Assets from Non-operating Activities	**$7,648,601**	**$1,502,877**	**$11,595,480**	**$12,979,199**	**$10,657,758**
Change in net assets	**$6,428,680**	**($1,489,880)**	**$8,981,018**	**$13,367,697**	**$9,436,385**
Net assets, beginning of year	187,611,89	194,040,57	192,550,69	201,531,71	214,899,41
Net assets, end of year	**$194,040,570**	**$192,550,694**	**$201,531,713**	**$214,899,410**	**$224,335,795**

From 2015 to 2019 the University's total Assets have grown from approximately $298.99 million to $328.62 million. Total Liabilities have decreased slightly from $104.95 million in 2015 to $104.29 million in 2019. The University's Net Assets grew by $29.63 million over this horizon, with Unrestricted Net Assets growing by $8.45 million. Shown below are the University's Statement of Financial Position for the past five fiscal years.

Consolidated Statement of Financial Position
(in thousands of dollars)

	2015	2016	2017	2018	2019
Assets					
Cash and cash equivalents	$5,058	$2,182	$4,952	$4,173	$4,232
Receivables					
Student accounts, net	904	955	1,090	1,111	1,533
Contributions, net	6,332	4,185	5,118	6,149	6,886
Other	714	1,011	749	902	1,060
Other Assets	943	1,658	1,696	4,544	2,731
Student loans receivable, net	4,162	4,025	3,798	3,804	3,401
Investments	150,647	150,068	163,216	172,945	177,723
Deposits held by trustee	5,575	5,619	5,279	4,781	2,903
Land, buildings and equipment, net	101,292	105,385	104,264	103,577	106,453
Land, buildings and equipment held for sale, net	2,842	2,726	2,726	-	-
Assets held in trust by others	20,524	19,402	20,030	20,572	21,701
Total Assets	**$298,993**	**$297,216**	**$312,918**	**$322,558**	**$328,623**
Liabilities					
Accounts payable and other liabilities	1,622	3,445	2,157	2,257	2,771
Accrued payroll and related benefits	6,343	6,326	8,092	6,661	6,260
Student deposits	1,701	1,777	2,272	2,811	1,737
Deferred revenue	2,165	2,064	2,056	1,629	1,582
Asset retirement obligations	918	921	990	1,005	1,060
Accrued interest payable	1,046	1,030	957	946	932
Long-term debt	77,130	75,807	81,178	79,336	77,450
Annuities payable	10,462	9,901	10,286	9,821	9,280
Federal student loan funds	3,565	3,395	3,398	3,192	3,214
Total Liabilities	**$104,952**	**$104,666**	**$111,386**	**$107,658**	**$104,286**
Net Assets					
Without donor restrictions	61,017	67,909	63,877	65,877	69,471
With donor restrictions	133,024	124,641	137,655	149,023	154,866
Total Net Assets	**$194,041**	**$192,550**	**$201,532**	**$214,900**	**$224,337**
Total Liabilities and Net Assets	**$298,993**	**$297,216**	**$312,918**	**$322,558**	**$328,623**

Enrollment

The following table shows the University's total enrollment by FTE for the past three years, along with the projected enrollment for the next 5 years for both Undergraduate and Graduate students.

	Undergraduate	Graduate
Fall 2017	2,424.9	272
Fall 2018	2,516.1	294.2
Fall 2019	2,547.1	296.9
Fall 2020	2,600	310
Fall 2021	2,720	330
Fall 2022	2,735	350
Fall 2023	2,740	400
Fall 2024	2,750	450

University enrollment has seen growth over three years in both Graduate and Undergraduate enrollment. The number of FTE students increased by approximately 5.5% on average over the previous three years. The University is projecting that annual Graduate student enrollment will increase by approximately 5.6% per year, through Fall 2022. Once the Project is completed and enrollment begins for the new graduate programs in Occupational Therapy and Physical Therapy, Graduate student enrollment is projected to grow by approximately 13.4% per year.

Financial Schedules A-B

Financial schedules A-B provide information concerning the University's financial performance for the fiscal year ended June 30, 2018.

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 November 12, 2019 to discuss Whitworth University's application and our review.

Sincerely,

PFM Financial Advisors
Thomas Toepfer
Director

	Whitworth (2018)	Rating Medians A	Rating Medians Baa	Desired Direction
Debt Service Coverage (x) Measures the ability of a University to make debt service payments from annual operations	1.8	2.8	2.3	↑
Debt Service to Operating Expenses (%) Measures annual debt service burden on the annual operating budget	6.9	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	1.4	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	8.0	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	1.4	1.4	1.0	↑
Net Tuition per Student ($) Measures tuition and fees actually received per student, after scholarships	$19,019	$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	47.1	37.3	41.9	↓

Source: Moody's Analytics MFRA (Municipal Financial Ratio Analysis) as of 10/18/2019

	Formula
Debt Service Coverage (x) Measures the ability of a University to make debt service payments from annual operations	Annual operating surplus (deficit) + depreciation + interest expense / Actual Principal and Interest
Debt Service to Operating Expenses (%) Measures annual debt service burden on the annual operating budget	Annual debt service / 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	Total Cash and Investments - Permanently Restricted Net Assets / Total Debt
Total Debt to Cash Flow (x) Measures the ability of a University to repay its debt from the profitability of its operations	Total Cash & Investments / 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	Total Cash and Investments - Permanently Restricted Net Assets / Operating Expenses
Net Tuition per Student ($) Measures tuition and fees actually received per student, after scholarships	Net Tuition and Fee Revenue / 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	Total Scholarships and Fellowships / Gross Tuition and Fee Revenue

Fiscal Year	Outstanding Bonds Debt Service	Series 2019[1] Principal	Series 2019[1] Interest	Series 2019[1] Total Debt Service	Aggregate Debt Service	Projected Debt Service Coverage
2020	$5,507,287		217,502	217,502	5,724,789	1.87x
2021	5,508,746		760,200	760,200	6,268,946	1.71x
2022	5,506,609		760,200	760,200	6,266,809	1.71x
2023	5,509,777		760,200	760,200	6,269,977	1.71x
2024	5,511,777		760,200	760,200	6,271,977	1.70x
2025	5,513,217		760,200	760,200	6,273,417	1.70x
2026	5,509,463		760,200	760,200	6,269,663	1.71x
2027	5,512,338		760,200	760,200	6,272,538	1.70x
2028	5,508,963		760,200	760,200	6,269,163	1.71x
2029	5,513,963		760,200	760,200	6,274,163	1.70x
2030	5,507,088		760,200	760,200	6,267,288	1.71x
2031	5,508,088		760,200	760,200	6,268,288	1.71x
2032	5,511,338		760,200	760,200	6,271,538	1.70x
2033	5,506,588		760,200	760,200	6,266,788	1.71x
2034	5,507,719		760,200	760,200	6,267,919	1.71x
2035	5,509,069		760,200	760,200	6,269,269	1.71x
2036	5,510,838		760,200	760,200	6,271,038	1.70x
2037	5,507,644		760,200	760,200	6,267,844	1.71x
2038	5,508,981		760,200	760,200	6,269,181	1.71x
2039	5,509,219		760,200	760,200	6,269,419	1.71x
2040	5,507,856		760,200	760,200	6,268,056	1.71x
2041	5,509,263		760,200	760,200	6,269,463	1.71x
2042	1,208,056	1,430,000	731,600	2,161,600	3,369,656	3.17x
2043	1,209,231	1,485,000	673,300	2,158,300	3,367,531	3.17x
2044	1,207,781	1,545,000	612,700	2,157,700	3,365,481	3.18x
2045	1,208,575	1,610,000	549,600	2,159,600	3,368,175	3.17x
2046	1,211,350	1,675,000	483,900	2,158,900	3,370,250	3.17x
2047	1,210,975	1,740,000	415,600	2,155,600	3,366,575	3.18x
2048		3,050,000	319,800	3,369,800	3,369,800	3.17x
2049		3,170,000	195,400	3,365,400	3,365,400	3.18x
2050		3,300,000	66,000	3,366,000	3,366,000	3.18x
Total:	**$128,461,799**	**$19,005,000**	**$20,229,602**	**$39,234,602**	**$167,696,401**	

Note: Coverage based on FY 2019 projected net revenues available for debt service of approximately $10.7 million

1) Series 2019 debt service is projected and subject to change

October 25, 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 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 Whitworth University (the "University").

Whitworth University is seeking to borrow new tax-exempt project funds to finance the constructing of a new Health Science Building, which will house new graduate programs for Occupational Therapy and Physical Therapy. The total project fund amount is $20,000,000. The University has requested approval from the Authority to issue up to $22,000,000, which includes project fund amount, capitalized interest, and costs of issuance.

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

- Project fund deposit of $20,000,000
- Coupon/yield structure: 4.00%/3.08% (tax-exempt; 10yr par call); 3.88%/3.88% (taxable, 10yr par call)
- Similar costs of issuance and underwriter's discount
- Final maturity in 30 years (October 1, 2049)
- 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 4.00%. In addition to the assumptions described above, this analysis assumes the bonds are held until final maturity at the interest rates described above. Early redemption, or any other material changes to the bonds, could result in a material deviation from the figures shown below.

Nominal Cash Flow Savings	PV Cash Flow Savings
$2,363,942	$1,043,406

Representative of PFM will participate in the scheduled November Authority Board meeting 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 3

WASHINGTON HIGHER EDUCATION FACILITIES AUTHORITY

RESOLUTION NO. 19-03

A RESOLUTION of the Washington Higher Education Facilities Authority authorizing the issuance of nonrecourse revenue bonds in an aggregate principal amount not to exceed $22,000,000 to finance the construction of and improvements to facilities on the campus of Whitworth University; delegating to the Executive Director of the Authority the authority to approve the sale of said bonds to Piper Jaffray & Co.; 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 NOVEMBER 12, 2019

PREPARED BY:

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

Table of Contents*

Page

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

RESOLUTION NO. 19-03

A RESOLUTION of the Washington Higher Education Facilities Authority authorizing the issuance of nonrecourse revenue bonds in an aggregate principal amount not to exceed $22,000,000 to finance the construction of and improvements to facilities on the campus of Whitworth University; delegating to the Executive Director of the Authority the authority to approve the sale of said bonds to Piper Jaffray & Co.; 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, Whitworth University (the "University") is a private, nonprofit higher education institution meeting the requirements of the Act and a corporation described under Section 501(c)(3) of the Code; and

WHEREAS, the University has submitted an application to the Authority to provide a portion of the funds necessary (1) to finance the design, construction, installation and furnishing of a new Health Science Building which will house new graduate programs for Occupational

Therapy and Physical Therapy; (2) to make additional capital improvements to the University's facilities; (3) to pay a portion of interest on the hereinafter defined Bonds, if necessary; 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 Bonds (Whitworth University Project), Series 2019 (the "Bonds") in an aggregate principal amount of not to exceed $22,000,000 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 Piper Jaffray & Co. 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 its nonrecourse revenue bonds to be designated "Washington Higher Education Facilities Authority Revenue Bonds (Whitworth University Project), Series 2019" or other such designation as set forth in the Indenture, in the aggregate principal amount of not to exceed $22,000,000, 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 $22,000,000 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 Bonds from federal taxation pursuant to the Code.

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

Section 6. Approval of Underwriter; Sale of the Bonds. The Authority hereby approves the selection of Piper Jaffray & Co. 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 $22,000,000; (b) the true interest cost on the Bonds does not exceed 6.50%; (c) the Bond Purchase Contract for the Bonds shall be executed prior to March 31, 2020; and (d) the final terms of the Bond Purchase Contract shall otherwise be in furtherance of the Act.

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

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

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

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

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

ADOPTED at an open public meeting duly noticed and called this 12th day of November, 2019.

WASHINGTON HIGHER EDUCATION
FACILITIES AUTHORITY

David Schumacher, Designee for Jay Inslee, Governor and Chair	The Honorable Cyrus Habib, Lieutenant Governor and Member
Roy Heynderickx, Public Member	Michael Meotti, Public Member
Jerome Cohen, Public Member	Claire Grace, Public Member
Gene Sharratt, Public Member	

TAB 4

TAB 5

JAY INSLEE, Chair
Governor

WASHINGTON HIGHER EDUCATION FACILITIES AUTHORITY

KIM HERMAN
Executive Director

October 24, 2019

Members
Washington Higher Education Facility Authority
Seattle, Washington

We have compiled the UNAUDITED Statement of Net Position of the Washington State Higher Education Facilities Authority (the "Authority") General Operating Fund, as of September 30, 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

1000 Second Avenue, Suite 2700 • Seattle, WA 98104-1046
(206) 464-7139 • FAX (206) 587-5113 • 1-800-767-4663

WASHINGTON HIGHER EDUCATION FACILITIES AUTHORITY
GENERAL OPERATING FUND

September 30, 2019

CONTENTS

(See Accountant's Compilation Report)

Washington Higher Education Facilities Authority
Statement of Net Position
Fund: General Operating Fund
Division: All
September 30, 2019
(See Accountant's Compilation Report)

	Current Year	Prior Year	Variance Amount		Variance %
ASSETS					
Cash and Cash Equivalents:					
Demand Deposits	$ 95,977	$ 257,013	$ (161,036)		-63%
Money Market Accounts	1,250,120	1,100,503	149,617		14%
Loan Receivable (net)	3,454	3,454	-		0%
Prepaid Expenses & Other Receivable	16,061	12,900	3,158	(1)	24%
Total Assets	$ 1,365,612	$ 1,373,873	$ (8,261)		-1%
LIABILITIES					
Accounts Payable and Other Liabilities	$ 99,792	$ 157,984	$ (58,192)	(2)	-37%
Unearned Fee Income	275,591	-	275,591		NA
Total Liabilities	375,383	157,984	217,399		138%
NET POSITION					
Unrestricted	990,229	1,215,889	(225,660)		-19%
Total Net Position	990,229	1,215,889	(225,660)		-19%
Total Liabilities and Net Position	$ 1,365,612	$ 1,373,873	$ (8,261)		-19%

(1) The increase in prepaid expenses in the current year is due primarily to a 4-year renewal of the Bond Buyer subscription and to a prepayment of registration fees for staff to attend conferences.

(2) The decrease in accounts payables is due to interagency (IA) charges generally paid quarterly to WSHFC. There were two quarters of IA charges (April-September 2018) included in payables in the prior year, compared to one quarter of IA charges in the current year.

Totals may not add due to rounding.

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: September 30, 2019

(See Accountant's Compilation Report)

	Current Period	Current Year to Date	Prior Year to Date	Variance Amount		Variance %
Revenues:						
Fee Income	$ 30,621	$ 106,864	$ -	$ 106,864	(1)	NA
Interest Earned	2,259	6,659	6,707	(48)		-1%
Total Unadjusted Revenues	32,880	113,523	6,708	106,815		1592%
Expenses:						
Salaries, Wages, and Employee Benefits	17,576	61,881	66,437	(4,556)		-7%
Travel & Conferences	7,055	9,704	6,381	3,323	(2)	52%
Professional Fees	22,750	23,027	20,691	2,336	(3)	11%
Office Expense	3,323	10,927	10,278	649		6%
Total Expenses	50,704	105,539	103,786	1,753		2%
(Deficit) Excess of Revenues over Expenses	(17,824)	7,984	(97,078)	105,062		-108%
Net Position						
Total net position, beginning of period	1,008,053	982,245	1,312,967	(330,722)		-25%
Current Increase (Decrease) to Net Position	(17,824)	7,984	(97,078)	105,062		-108%
Total net position, end of year	$ 990,229	$ 990,229	$ 1,215,889	$ (225,660)		-19%

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

(2) In the prior year the Fall 2018 NAHEFFA conference was held in Denver, whereas in the current year the Fall 2019 NAHEFFA conference was held in Maine, resulting in higher airfare and lodging costs in the current year.

(3) The increase in professional fees is a reflection of slightly higher audit fees in the current year.

Totals may not add due to rounding.

Washington Higher Education Facilities Authority

Detailed Statement of Activities

Fund: General Operating Fund

Division: All

For The Year To Date Ending: September 30, 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	%
Revenues:							
Program Fees	NA	$ 91,864	$ -	**$ 91,864**	$ 94,770	$ (2,906)	-3.1%
Issuance & Application Fees	NA	15,000	-	**15,000**	18,750	(3,750)	-20.0%
Interest Revenue	(0)	(48)	6,707	**6,659**	6,911	(252)	-3.6%
Total Unadjusted Revenues	1592.4%	106,816	6,708	**113,523**	120,431	(6,908)	-5.7%
Expenses:							
Salaries & Wages - Staff & Temp. Svcs	-10%	(4,960)	49,796	**44,836**	66,472	(21,636)	-33%
Employee Benefits - Staff	2.4%	403	16,641	**17,044**	21,155	(4,111)	-19.4%
Conference, Education & Training	0.0%	-	1,350	**1,350**	2,204	(854)	-38.7%
Travel out of state - Staff	68.2%	3,198	4,687	**7,885**	7,125	760	10.7%
Travel in state - Staff	36.3%	125	344	**469**	488	(19)	-3.9%
Accounting Fees	13.8%	2,750	20,000	**22,750**	25,600	(2,850)	-11.1%
Legal Fees	-59.9%	(414)	691	**277**	1,750	(1,473)	-84.2%
Financial Advisor Fees	NA	-	-	**-**	625	(625)	-100.0%
Office Rent/Conf. Room Rentals	-23.1%	(640)	2,768	**2,128**	3,303	(1,175)	-35.6%
Furniture & Equipment Rental	-26.9%	(78)	290	**212**	343	(131)	-38.2%
Publications/ Subscriptions/ Dues	0.6%	6	956	**962**	1,241	(279)	-22.5%
Deliveries	3.4%	3	87	**90**	100	(10)	-10.0%
Insurance	0.0%	-	3,329	**3,329**	3,329	-	0.0%
Meeting Expense	NA	-	-	**-**	1,288	(1,288)	-100.0%
Equipment & Building Maintenance	-18.7%	(29)	155	**126**	335	(209)	-62.4%
Software Maint. Support & Other Info Svcs	96.5%	1,355	1,404	**2,759**	4,104	(1,345)	-32.8%
Postage	NA	3	-	**3**	25	(22)	-88.0%
Printing	26.8%	78	291	**369**	737	(368)	-49.9%
Supplies	-20.1%	(49)	244	**195**	633	(438)	-69.2%
Telephone	-1.7%	(8)	459	**451**	461	(10)	-2.2%
Other Office Expenses	18.2%	47	258	**305**	522	(217)	-41.6%
Total Expenses	1.7%	1,752	103,788	**105,540**	142,564	(37,024)	-26.0%
(Deficit) Excess of Revenues over Expenses	-108.2%	$ 105,063	$ (97,080)	**$ 7,983**	$ (22,133)	$ 30,116	-136.1%

Totals may not add due to rounding.

TAB 6

Statement of Account

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

Month	Salaries & Benefits	Office Expenses (1)	Overhead (2)	Total
July	$ 23,840.25	$ 4,633.18	$ 122.52	$ 28,595.95
August	20,121.52	4,740.46	97.22	24,959.20
September	17,426.89	2,229.02	66.22	19,722.13
Total Per Category	**$ 61,388.66**	**$ 11,602.66**	**$ 285.96**	**$ 73,277.28**

Previous Balance at June 30, 2019	**64,792.82**
Payments & Credit Memos (through September 30, 2019)	**(64,792.82)**
Total Due to WSHFC:	**$ 73,277.28**

Please make checks payable to:

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

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

Approval for Payment

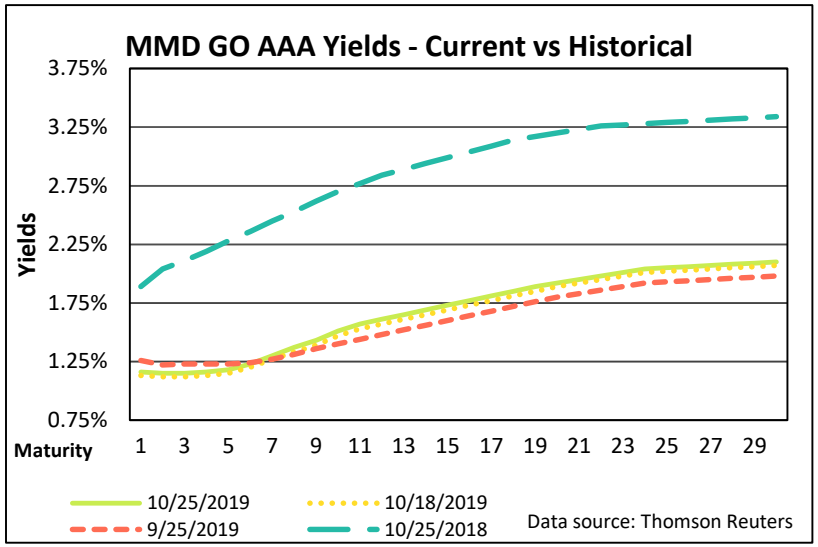
Claire S. Grace

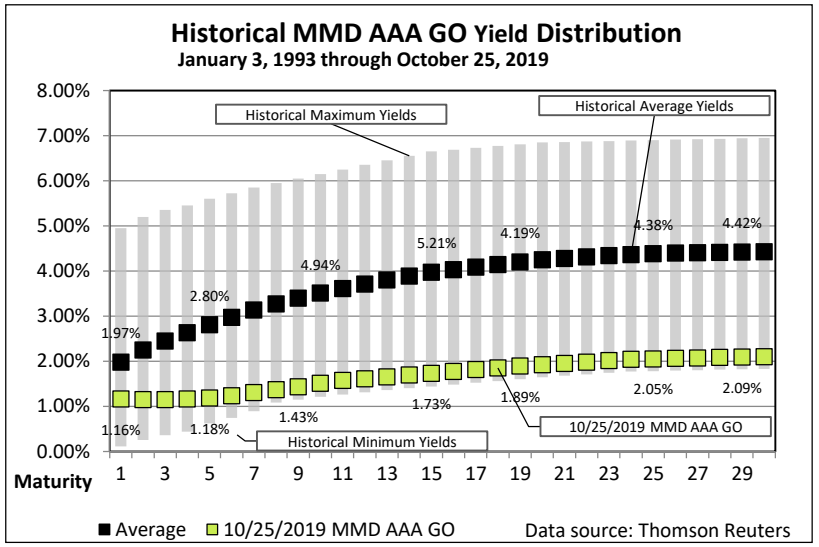
Authority Board Member

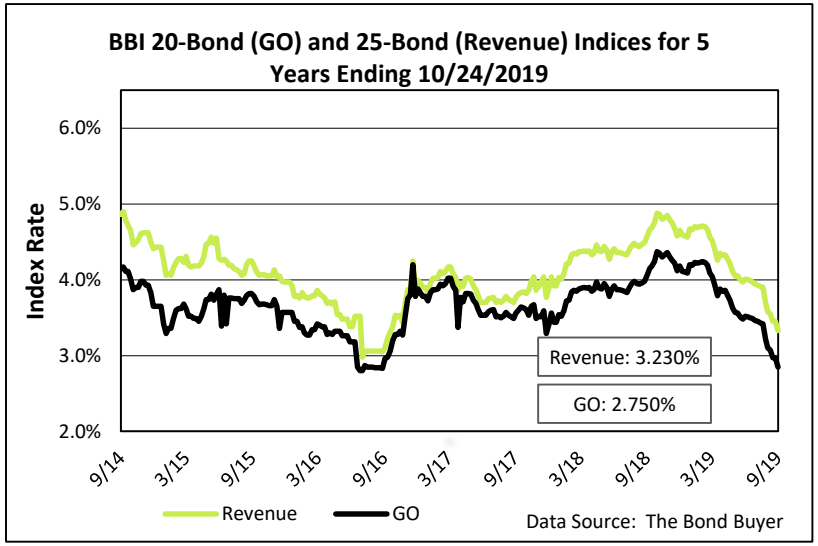
TAB 7

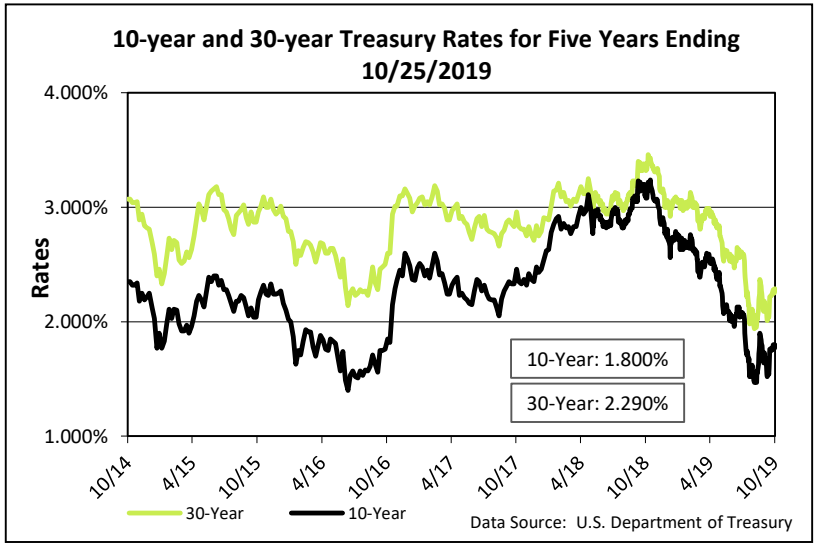
bakertilly
now, for tomorrow.

MUNICIPAL MARKET CONDITIONS









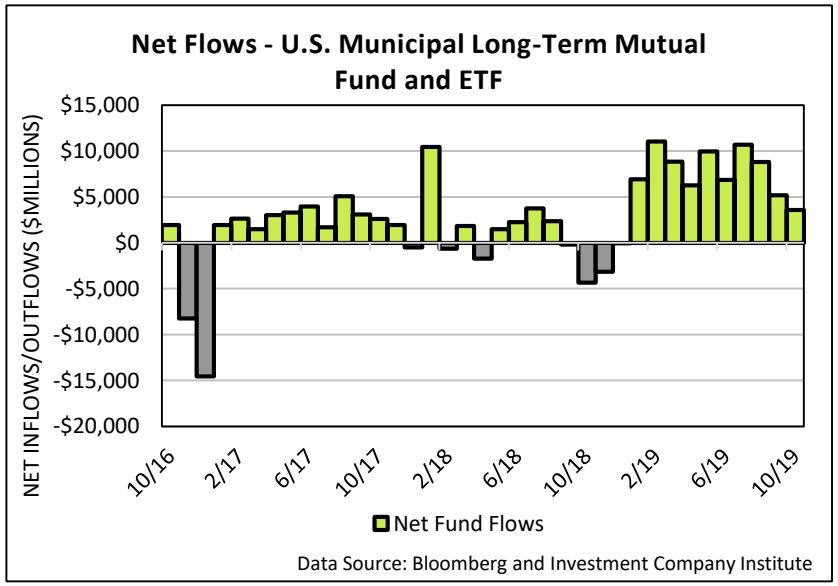
bakertilly
now, for tomorrow.

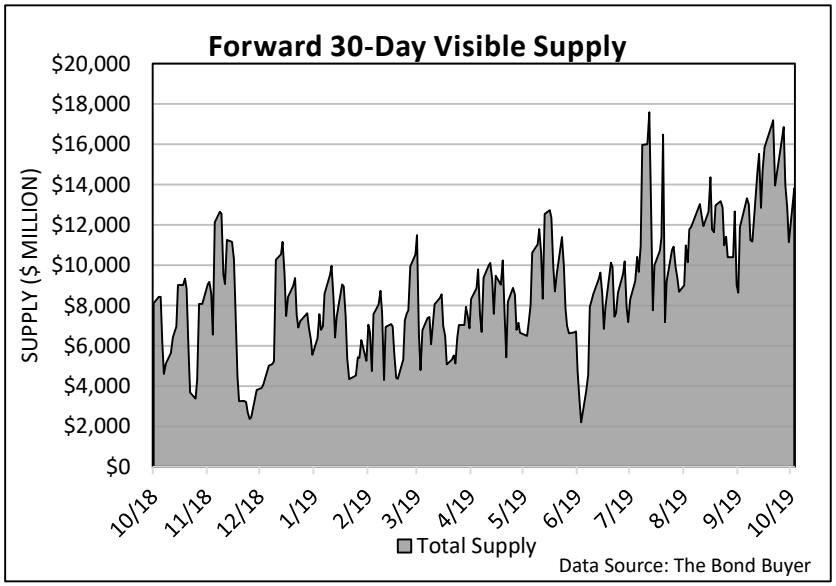
MUNICIPAL MARKET CONDITIONS

2019 Key Economic Indicators

Date	Monday Oct 28	Tuesday Oct 29	Wednesday Oct 30	Thursday Oct 31	Friday Nov 01	Monday Nov 04	Tuesday Nov 05	Wednesday Nov 06	Thursday Nov 07	Friday Nov 08	Tuesday Nov 12	Wednesday Nov 13	Thursday Nov 14	Friday Nov 15
Events	International Trade in Goods	Consumer Confidence	ADP Employment Report	Jobless Claims	Employment Situation	Factory Orders	International Trade	MBA Mortgage Applications	Jobless Claims	Consumer Sentiment	NFIB Sm Business Optimism Index	CPI	Jobless Claims	Retail Sales
	Chicago Fed National Activity Index	Pending Home Sales Index	GDP	Personal Income and Outlays	PMI Mfg Index		ISM Non-Mfg Index	Productivity and Costs	EIA Natural Gas Report	Wholesale Trade		Treasury Budget	PPI-FD	Empire State Mfg Survey
			EIA Petroleum Status Report	Employment Cost Index	ISM Mfg Index			EIA Petroleum Status Report	Fed Balance Sheet			MBA Mortgage Applications	Fed Balance Sheet	Import and Export Prices
			Fed Chair Press Conference	Farm Prices	Construction Spending							Atlanta Fed Bus. Inflation Expectations	EIA Natural Gas Report	Industrial Production

Source: Bloomberg Markets www.b-us.econoday.com





TAB 8

Washington Higher Education Facilities Authority
Bond Issue Status Report
As of October 25, 2019

	Appl. Rec'd	OID Signed	App Review Complete	Scoping Meeting	Public Hearing	Tax Due Diligence Complete	Doc Review Meetings	Gov's Cert Signed	Borrower Board Approval	Authority Board Approval	Pricing	Pre-Close & Close	Savings	Comments
Potential Bond Issues - Fiscal Year 2019/20														
Whitworth University ***$22,000,000*** *New Money* *Health Sciences Building*	10/4/19	10/11/19	TBD	10/7/19	11/1/19	TBD	10/25/19 11/4/19 11/8/19	TBD	10/11/19	Presented to board 11/12/19	Dec 2019	1/7/20 1/9/20	Preliminary Present Value $1,043,406	Financial Advisor - PFM
Seattle Pacific University ***$92,000,000 Maximum*** *$20,000,000 - $30,000,000 New Money – Land & Misc. projects* *$62,000,000 Refunding existing private placement debt*	TBD	TBD	TBD	Early Nov. TBD	Nov/Dec TBD	TBD	TBD	TBD	11/22/19	TBD	January 2020 TBD	TBD	Preliminary Present Value TBD	*Financial Advisor - PFM*

Washington Higher Education Facilities Authority
Bond Issue Status Report
As of October 25, 2019

	Appl. Rec'd	OID Signed	App Review Complete	Scoping Meeting	Public Hearing	Tax Due Diligence Complete	Doc Review Meetings	Gov's Cert Signed	Borrower Board Approval	Authority Board Approval	Pricing	Pre-Close & Close	Savings	Comments
Seattle University ***$50,000,000*** *New Money* *Center for Science & Innovation*	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	June or July 2020	Preliminary Present Value TBD	*Financial Advisor TBD*
Walla Walla University ***$31,000,000*** *New Money* *New Men's & Women's Residence Halls*	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	June or July 2020	Preliminary Present Value TBD	*Financial Advisor TBD*
Heritage University ***$7,000,000*** *Refunding*	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	2020 TBD	Preliminary Present Value TBD	*Financial Advisor TBD*

Washington Higher Education Facilities Authority
Bond Issue Status Report
As of October 25, 2019

	Appl. Rec'd	OID Signed	App Review Complete	Scoping Meeting	Public Hearing	Tax Due Diligence Complete	Doc Review Meetings	Gov's Cert Signed	Borrower Board Approval	Authority Board Approval	Pricing	Pre-Close & Close	Savings	Comments
PNWU ***$20,000,000*** *New Money* *80,000 SF Regional Center for Inter-professional Education*	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	2021-22 For reporting purposes only	Preliminary Present Value TBD	*Financial Advisor TBD*
Closed Bond Issues - Fiscal Year 2018														
UPS ***$24,280,000*** *Refunding 2012 B*	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 $1,300,549	*Financial Advisor* *None*
Gonzaga University ***$75,000,000*** *$44,685,000New Money Engineering Complex* *$30,315,000 Refunding 2016B Taxable*	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	Preliminary Present Value $3,249,149 Final Present Value TBD	*Financial Advisor – Prager*

FY 19-20 Goal: Complete two bond issues totaling approximately $30 million by June 30, 2019. **Total bonds issued as of 10-25-19: $99,280,000.**

TAB 9

George K. Baum & Company
INVESTMENT BANKERS SINCE 1928

October 4, 2019

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

Dear Mr. Herman and Ms. Johnson,

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

We have relied on the following assumptions in our analysis:

- The purpose of the proposed Series 2019 Bonds is to refinance the University's existing Series 2012B Bonds
- The existing Bonds have a mandatory tender date on October 1, 2019, and the University is entering into a new financing facility on the tender date
- The University received terms from Bank of America for a new LIBOR-based variable rate bank direct placement (the proposed Series 2019 Bonds) with a 7-year commitment term to refinance the existing 2012B Bonds on the upcoming mandatory tender date
- The bond sizing will be $24,280,000, equaling the remaining maturities of the existing 2012B Bonds from October 2020 through final maturity in October 2036
- The interest rate will reset weekly and will be an annual rate based upon 80% of 1- Month LIBOR plus a credit spread of 44 basis points (initial rate set at 2.065200%)
- The analysis assumes the 1-Month LIBOR rate at the time the initial rate was set of 2.031500% held constant through the entire amortization period extending to final maturity in 2036

In order to evaluate the savings benefit to the University when issuing tax-exempt bonds as opposed to a taxable issuance, we analyzed the results when assuming the taxable conversion factor is applied to an estimate of Bank of America's tax-exempt variable rate (2.0652%). As a taxable point of comparison, the Bank provided a Taxable Rate Factor of 1.2658 (using the factor needed to derive an equivalent taxable rate given the Bank's Federal Tax Rate of 21%, a taxable equivalent rate results in a rate of 2.614130%). The benefit in cash flow savings between a 2.065200% tax-exempt rate versus a 2.614130% taxable rate is summarized below.

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

Nominal Cash Flow Savings	PV Cash Flow Savings
$1,525,201.44	$1,300,548.88

1400 Wewatta Street, Suite 800 | Denver, CO 80202

As you review, please let us know if you have any questions or comments. If you'd like, please feel free to contact us at 303-391-5557.

Sincerely,

Ed Steinauer
Executive Vice President
George K. Baum & Company

EDUCATION DIVE

DEEP DIVE

With interest rates low, colleges get in on 100-year debt

AUTHOR Daniel C. Vock
PUBLISHED Oct. 29, 2019

The University of Pennsylvania wasn't necessarily looking to issue bonds this summer, much less bonds that would take 100 years to repay. But as its analysts watched the debt markets, they saw an opportunity that was too good to pass up.

Colleges and universities regularly secure funds to improve their facilities by issuing bonds that they'll have to repay, with interest, over several years. Usually, the longest they will take to repay the bonds is 30 years. Since the Great Recession, however, a dozen elite public and private universities, including Penn, have issued century bonds, which don't mature for 100 years.

That timeframe lets schools pay off massive investments over a lifetime or more, usually at a fixed, low interest rate. For the investors that buy them, such as insurance companies, century bonds are a chance to lock in guaranteed returns even in tough market conditions. But the opportunity to issue them doesn't come up often.

So far this year, the pieces have fallen into place for four universities: Penn, the University of Virginia, Rutgers and Georgetown. Together, they have issued more than $1.23 billion in 100-year financing.

Penn's finance team knew the university was interested in issuing debt sometime in the next year, said MaryFrances McCourt, vice president of finance and treasurer. The university had issued century bonds once before — $300 million in 2012 — to help upgrade its facilities to meet environmental goals. Several developments moved university officials to consider those bonds again.

The first major signal was that interest rates were low — really low. In July, interest rates for 30-year municipal bonds were lower only about 1% of the time, while rates on 30-year U.S. Treasury bonds were only lower about 2% of the time, according to McCourt's office. "It kind of takes you aback," she said.

The second factor was that lenders weren't paying a significant penalty for long-term bonds. Investors usually demand higher interest rates for longer-term investments. But when Penn analysts looked at the market, they found little difference in interest rates for shorter- and longer-term investments.

Other market indicators were also favorable: The interest rates Penn would have to pay on its bonds were lower than usual relative to U.S. Treasury bonds. And the interest rates for taxable bonds were not significantly higher than the rates on the tax-exempt municipal bonds that public and private universities typically depend on.

Plus, Penn's fiscal models showed that the century bonds would help, not hurt, its financial situation in an economic downturn. If cash ran short or if interest rates in the bond market spiked, having access to a low-interest pool of money could let the university meet its capital needs.

"You don't know what's going to happen tomorrow. All we knew was what was staring at us then," McCourt said. "We decided we've got to move quickly on this."

Century bonds gain traction

Only a handful of universities have issued century bonds this year, but their reemergence "has captured the imagination" of the higher education sector, said Ken Rodgers, an analyst for S&P Global Ratings.

The Walt Disney Co. issued the first modern-day corporate century bonds in 1993. On the higher ed front, Yale and Boston universities followed suit a few years later. But the next moves by colleges and universities to offer 100-year debt waited about two decades.

Why colleges entered the century bond market so much later is more likely due to interest rate trends than to universities' financial positions, Rodgers said.

The federal income tax cut law passed by Republicans in 2017 may have encouraged universities to use century bonds. The law effectively ended a popular way to take advantage of a falling interest rate environment — in which institutions could issue new bonds to pay off existing, higher-interest bonds — by eliminating the tax exemption for that practice.

Today, bankers and chief financial officers "are all talking about" century bonds with clients, even if they don't intend to use them, Rodgers said. "They want to be responsive to boards of trustees and the like, so they can explain what (century bonds) are and how universities have gone about issuing them."

Century bonds offer a few advantages over the types of bonds that colleges usually issue, particularly municipal bonds.

For one, century bonds do not have the same federal restrictions as municipal bonds, because, unlike municipal bonds, the income investors get from century bonds is not tax-exempt. That means universities can use the money raised from century bonds to fund both public and private projects (such as food courts or corporate-funded research labs), not just those solely used for public purposes. As a result, century bonds can draw a wider range of investors.

Municipal bonds come with lower interest rates than century bonds because the investors who buy them can take advantage of the tax break. But investors that don't need exemptions from U.S. income taxes and, therefore, aren't likely to buy municipal bonds — such as foreign investors or nonprofit agencies — could take advantage of the century bonds instead.

'A more limited pool'

Relatively few institutions can realistically issue century bonds, however. The best candidates have sterling credit ratings, are well-positioned in the market and have been around for at least a century already, said Dennis Gephardt, a higher ed analyst for Moody's Investors Service.

"There are universities that a reasonable person might wonder whether they'll be around in 100 years from now. Those would not be good candidates for this," he said. "But the ones that (would be) have a record of many generations of being good stewards of the resources they've been given, have large endowments, have attractive student markets, have diverse revenue sources and have good planning discipline. That starts to get to be a more limited pool."

With such a long potential commitment, investors and credit rating agencies are especially thorough in evaluating a university's finances and policies before the bonds go on sale. That could include making sure there are protections for how the bond proceeds would be used. They also look over related entities, such as university-owned hospitals, for potential financial problems. They want to make sure the bond money will go toward its intended uses and not prop up a university's operating budget.

Even with all the scrutiny, century bonds give universities a low-interest option they can depend on for decades to come, including during periods when it would otherwise be tough to borrow money on the bond market.

Top five universities based on total century bond par, 1996-present

Institution	Total century bond par (in thousands)
Massachusetts Institute of Technology	$1,800,000
University of California System	$1,360,000
University of Pennsylvania	$600,000
California Institute of Technology	$500,000
Ohio State University	$500,000

Source: S&P Global Ratings; media reports.

How colleges use them

Georgetown CFO David Green said the 100-year bonds are part of the school's strategy to refinance existing debt and keep up its 230-year-old campus. It issued $304 million of century bonds in January at an interest rate of 5.2%.

"By issuing century bonds, we can lock in rates, hedge against inflation and tap into a flexible and stable source of capital over a long period of time as we maintain our physical infrastructure and invest in the future of our university," he said.

Rutgers University is using proceeds from the $330 million of century bonds it issued in September, at a rate of 3.92%, to help finance an internal bank. The public university will be able to finance projects cheaply through the bank and pay back the loans over a few decades. Once those loans are repaid, the internal bank can finance more projects.

"By locking in this long-term financing, the university will be able to recycle funding for capital projects several times over the course of the next hundred years," said Adam Day, the university's assistant treasurer.

Penn's team initially considered issuing just $200 million in century bonds, but after seeing how interested investors were, they opted to offer $300 million instead. They sold the bonds in August at a rate of 3.61%, which at the time was the lowest rate ever on a U.S. century bond. (In September, the University of Virginia sold $350 million in century bonds at an even lower rate of 3.23%.)

McCourt said market conditions ultimately convinced her team to make the move.

"We didn't walk in intending to (use century bonds)," she said, "but it was something we couldn't ignore because it was too attractive."

Century bonds issued by colleges and universities, 1996-present

Institution	Year issued	Par value (in thousands)
California Institute of Technology	2011	$350,000
California Institute of Technology	2016	$150,000
Boston University	1997	$100,000
Bowdoin College	2012	$128,500
Georgetown University	2019	$304,000
Hamilton College	2013	$103,000
Massachusetts Institute of Technology	2011	$750,000
Massachusetts Institute of Technology	2014	$550,000
Massachusetts Institute of Technology	2016	$500,000
Ohio State University	2011	$500,000
Ohio University	2014	$250,000
Rutgers University	2019	$330,000
Tufts University	2012	$250,000
University of California System	2012	$860,000
University of California System	2015	$500,000
University of Pennsylvania	2012	$300,000
University of Pennsylvania	2019	$300,000
University of Southern California	2011	$300,000
University of Virginia	2019	$300,000
Wesleyan University	2016	$250,000
Yale University	1996	$125,000

Source: S&P Global Ratings; media reports.

ROUTE FIFTY

The States Where Public University Tuition Rates Rose the Most after Big Budget Cuts

OCTOBER 24, 2019

By Andrea Noble, Staff Correspondent

Tuition rates at four-year public colleges climbed 37% over the last decade as states have slashed education funding.

The amount of money states spend on higher education has dropped by $6.6 billion over the last decade, putting a greater cost burden on students who attend public two- and four-year universities, according to a new report.

Forty-one states saw declines in the amount spent per student between 2008 and 2018 after adjusting for inflation, and 27 states spend less in 2018 than they did in 2017, according to a report released this week by the liberal-leaning Center on Budget and Policy Priorities. Because of the cuts, average tuition rates now exceed the amount that 27 states spend per-student to fund higher education. That's up from 10 states in 2008, when the Great Recession began to take its toll on state tax revenue and cuts followed across the country.

The increased reliance on student tuition to fund public universities has translated into higher costs for students, according to the report. Tuition rates at four-year public colleges increased 37%, or $2,708, from 2008 to 2018.

"Rising tuition threatens affordability and access, leaving many students and their families––including those whose annual wages have stagnated or fallen over recent decades—either saddled with onerous debt or unable to afford college altogether," the report said, noting students of color and low-income students were most likely to be negatively impacted.

In Louisiana, tuition at four-year schools between 2008 and 2018 doubled, increasing by $4,810. During the same period, the state cut per-student funding by 38%, or $4,454. A 2014 series by *The Advocate* newspaper identified generous business tax incentives as the main culprit in the state's annual budget woes around that time, noting that public universities and colleges across the state reliably bore the brunt of the corresponding cuts.

Michael Mitchell, one of the authors of the CBPP report, noted that across the country the cuts to higher education funding were most palpable in states that have faced budget challenges due to volatility in natural resources revenues, like oil and gas. Louisiana, too, is in part reliant on oil and gas revenue from drilling in the state.

"We can see that in some other resource-dependent states where, because for a number of years resources and prices for oil were high, they were able to weather some of that. But as those prices fell, they too started having pretty significant cuts," Mitchell said.

In Arizona, hundreds of millions of dollars were cut from public university budgets after the recession.

A $3,669 cut in per-student funding in Arizona equates to a 55% drop in spending per student, the largest drop of all 50 states. The average tuition at a four-year college in the state increased 98% during that time.

Other states that saw tuition increases greater than 60% over the last decade are Alabama, California, Colorado, Florida, Georgia, and Hawaii. Alabama, Colorado, Florida and Georgia all cut per-student spending over the last decade while California and Hawaii both increased funding. Tuition rates include only the annual cost of attending a college, not additional expenses like housing, books, or food.

Higher tuition costs can negatively affect low-income students and students of color in a number of ways, the report said.

Some students may be deterred from enrolling altogether based on high costs for tuition. The average net price of attending a public four-year university in 2017 (tuition plus housing and books and minus the average amount of financial aid provided) accounts for 23% of a family's median household income, but averaged about 38% of black families' household income.

Universities' strategies to compensate for budget cuts can lead to resources being shifted away from low-income students.

To increase tuition revenues, Mitchell said some schools have sought to recruit more out-of-state or international students, who pay higher tuition rates than in-state students. To entice those students, schools may offer some financial aid that would otherwise go to low-income students.

To address these issues, the report recommends that lawmakers increase funding to public two- and four-year colleges, bolster need-based financial aid programs, and focus state funding on building out the capacity of colleges with limited resources.

Andrea Noble is a staff correspondent for *Route Fifty*.

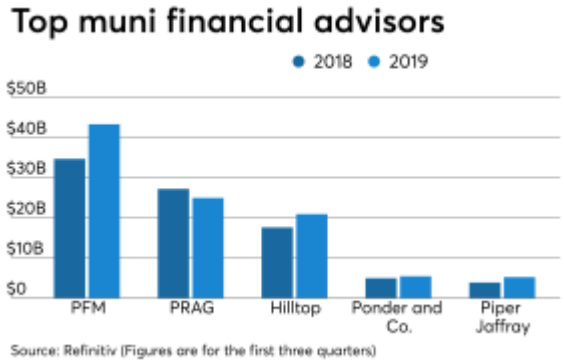
THE BOND BUYER

Top Q3 muni financial advisors

By Aaron Weitzman
Published October 07 2019, 1:27pm EDT

Following suit with the issuers and underwriters, top muni financial advisors were outpacing business done to this point last year with $224.84 billion, up from $206.93 billion. The first three spots in the rankings remained the same for the big players, as the rest of the field saw a bevy of changes.

PFM pushes further ahead



Public Financial Management Financial Advisors improved its par amount and market share to $43.25 billion and 19.3% from $34.70 billion and 16.8% from the first nine months of 2018.

PRAG slows pace

Public Resources Advisory Group lost ground from a year ago to $24.98 billion, or 11.1% market share. from $27.21 billion and 13.2% market share.

Hilltop hovers

Hilltop securities was stagnant in terms of ranking but gained in market share and par amount. The firm accounted for $20.84 billion and 9.3% market share, compared to $17.62 billion and 8.5% share to this point last year.

Ponder pushes higher

Ponder and Co. moved up three places to $5.44 billion from $4.97 billion.

Piper pulls up

Piper Jaffray also moved up three spaces with $5.22 billion from $3.88 billion.

Remaining rankings

Acacia Financial group was next with $5.024 billion, followed by Kaufman Hall and Associates with $4.71 billion, KNN Public Finance followed with $4.33 billion, Frasca and Associates with $4.18 billion and CSG Advisors Inc. with $3.44 billion.

Gonzaga Launches Construction of Transformative Integrated Science and Engineering Facility

A New Era in STEM-Related Education

September 27, 2019 / Gonzaga News Service

SPOKANE, Wash. — Gonzaga University ceremonially launched construction of its transformational $56 million Integrated Science and Engineering facility Thursday — heralding a new phase of expansion in STEM-related educational and interdisciplinary collaboration, enabling faculty and students to engage in important significant theoretical and applied work in an important new learning environment.

Community leaders along with Gonzaga Trustees, Regents, faculty, staff and students were on hand for the ceremonial groundbreaking to mark the start of construction for the facility dedicated to exemplary teaching, learning and undergraduate research. It will add more than 82,000 square feet of labs, classrooms, faculty offices and a special "collaboration studio."

Scheduled to open in time for fall semester 2021, the facility will contribute to a total of more than 270,000 square feet dedicated to classroom and laboratory education for STEM (science, technology, engineering and math) disciplines.

"We do seek as an institution to do the best possible work at preparing our students to be competitive, innovative and creative in the collaborative fields of science and technology, engineering and mathematics but also in related areas where again interdisciplinary studies become possible," said Gonzaga President Thayne McCulloh, D.Phil. "The ISE will not only be a home for students and faculty who can imagine and create, it will be a place that will allow others, who for so long have imagined new possibilities for this institution, to join with us in celebrating accomplishments and the future to come."

The University is funding this project from a variety of sources, including current resources and financing, as well as seeking philanthropic donations. To participate as a donor to this monumental project, please contact Jeff Geldien, assistant vice president for academic development, at geldien@gonzaga.edu or (509) 313-6213.

Skybridges will connect the new facility with the PACCAR Center for Applied Science and the chemistry and biology departments in Hughes Hall. The PACCAR Center, which opened in 2009, is connected via a sky bridge to the Herak Center for Engineering.

Applications for STEM-related majors at GU have doubled in the past nine years while Washington STEM notes that jobs in these fields "make up the majority of projected family sustaining job openings and will be the hardest to fill with local talent, given the credentials they require." According to industry estimates, 79,000 jobs will be available in Washington state by 2030 for credentialed STEM professionals.

Karlene Hoo, Ph.D., dean of the School of Engineering and Applied Science, said the facility will allow Gonzaga to better serve its growing student body in the STEM fields, make students more competitive globally, and equip them with the research skills and experiences to explore real-world problems under faculty or research staff tutelage.

"The ISE facility provides the space to allow for a modern multidisciplinary curriculum to be implemented that can address the myriad of global challenges posed by the water-food-energy-planet nexus," said Dean Hoo, adding it will also foster top-quality STEM and computer science collaboration, and promote untapped areas of bioengineering programs with components of innovation and entrepreneurship.

The ISE represents another example of this extraordinary time of innovation at Gonzaga to advance science education and serve the community and global needs. In mid-September, the University of Washington School of Medicine-Gonzaga University Regional Health Partnership announced a new center for medical education, health sciences and innovation.

Matt Bahr, Ph.D., interim dean of the College of Arts and Sciences, said the facility will provide critical space for existing projects and expand the scope of projects for undergraduates, including course-based research experiences and independent research projects with faculty.

"This shared facility will help develop new collaborations in curriculum, projects, and networks that will support our students and their goals," Bahr said. "This is exceptionally important as it relates to diversity and inclusion in STEM disciplines — where women and underrepresented minorities are more likely to be engaged when they experience collaborative, interdisciplinary, hands-on learning with demonstrated real-world applications of what they are learning."

The facility will serve all majors through core curriculum classes — providing opportunities for all undergraduates to engage in integrated environments to solve problems, create commerce, and explore disciplines of innovation and entrepreneurship, all balanced with a heart and mind for the common good.

SRG Partnership Inc. of Portland, Oregon is the lead architect, along with Integrus Architecture of Spokane, Research Facilities Design of San Diego, MW Engineers of Spokane, and DCI Engineers of Spokane. The contractor is Walker Construction, Spokane.

For more information about the facility, including a Q&A with Deans Bahr and Hoo, updated facility renderings, and ongoing construction updates, visit https://www.gonzaga.edu/ise.

About Gonzaga University

Gonzaga University, established in Spokane, Wash. in 1887, is a nationally ranked, Jesuit and Catholic, liberal-arts based comprehensive institution that develops every student's intellectual skills, imaginative capacities and ability to innovate so our graduates become leaders who shape and server their professions and communities for the good of all. Gonzaga offers 16 undergraduate degrees through 49 majors, 58 minors and 49 concentrations; 24 master's programs; and five doctorate degrees, through the College of Arts and Sciences and six schools: School of Business Administration, School of Education, School of Engineering and Applied Science, School of Nursing and Human Physiology, School of Leadership Studies, and School of Law.