

Washington Higher Education Facilities Authority

MINUTES

July 20, 2022

Dr. Gene Sharratt, Board Secretary, called the special meeting of the Authority to order at 1:04 p.m.

Board members present via Zoom were Lt. Governor Denny Heck, Mr. Mike Meotti, and Ms. Shilpa Tiwari.

Authority staff present were Mr. Steve Walker, Executive Director; Ms. Carol Johnson, Assistant Director; Ms. Fenice Taylor (via Zoom), Senior Finance Director; Mr. Lucas Loranger, Senior Controller; and Ms. Rona Monillas, Program Coordinator.

Also present via Zoom were Ms. Faith Pettis and Ms. Deanna Gregory of Pacifica Law Group, the Authority's bond counsel; Mr. Dan Gottlieb of Hillis Clark Martin & Peterson, the Authority's backup bond counsel; Mr. Scott Forbes, Assistant Attorney General from the Washington State Attorney General's Office; Mr. Thomas Toepfer of PFM Financial Advisors; Ms. Christine Ok of U.S. Bank Trust Company, National Association; Ms. Kim Kvaal, Executive Vice President and Chief Financial Officer, and Justin Juliani, Associate VP for Finance, University of Puget Sound; Mr. Brad Gysin of Stifel Nicolaus Financial Group; and Ms. Kris Gonzales, Vice President for Advancement of Independent Colleges of Washington (ICW).

**Introductions and
Acknowledgements**

Mr. Walker introduced and welcomed new board member, Ms. Shilpa Tiwari.

**Approval of the
Minutes**

**Action Item:
Approval of
Resolution #22-02
for University of
Puget Sound**

Mr. Walker introduced and welcomed the new Senior Finance Director, Ms. Fenice Taylor. He thanked Mr. Loranger for taking on the role while the Authority was searching for a new senior finance director.

Dr. Sharratt asked for a motion to approve the minutes of the meeting held on March 4, 2022. Lt. Governor Heck made the motion, and it was seconded by Mr. Meotti. The minutes were approved unanimously, 4-0.

Dr. Sharratt introduced Ms. Johnson to present the staff recommendation for approval of Resolution No. 22-02.

Ms. Johnson stated that the board is being asked to consider the proposed issuance of tax-exempt refunding revenue bonds for the University of Puget Sound in an amount not to exceed \$35.6 million.

Ms. Johnson gave a summary of the transaction and said that a separate public hearing was not required for this transaction. The transaction is set to close on July 22, 2022.

Ms. Kvaal provided additional information about the University and the benefit they will get from this transaction. She expressed appreciation to the Authority, and everyone involved in the transaction.

Dr. Sharratt asked for a motion to approve Resolution No. 22-02. Lt. Governor Heck made the motion, and it was seconded by Mr. Meotti. The resolution was approved unanimously, 4-0.

**Action Item:
Approval of
the Annual
Budget**

Dr. Sharratt introduced Mr. Loranger to present the proposed annual budget for the fiscal year beginning July 1, 2022, thru June 30, 2023.

Mr. Loranger stated that staff has budgeted for two financings totaling \$65 million for fiscal year 2023. He added that the work for these two issuances was substantially completed in the previous fiscal year, therefore the related application and issuance fees have been waived.

Mr. Loranger stated that the Authority intends to budget 2.34 FTE. He reminded the board that the Authority does not have direct employees and only contracts for staffing through the Washington State Housing Finance Commission. Mr. Loranger added that the Authority is no longer contracting for a deputy director position. Mr. Walker described how staff arrived at that decision and also announced Ms. Johnson's new title of Assistant Director. Ms. Johnson further announced Ms. Monillas' new title of Program Coordinator.

Mr. Loranger stated that staff is recommending that the Authority reinstate the annual six basis point fee on bonds outstanding to its college and university clients. Without a fee reinstatement, the Authority would anticipate having a much lower reserve balance in the next fiscal year.

Dr. Sharratt asked for a motion to accept the budget for fiscal year 2022-2023. Lt. Governor Heck made the motion, and it was seconded by Mr. Meotti. The motion was approved unanimously, 4-0.

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

Dr. Sharratt asked Mr. Loranger to present the financial statement for consideration.

Mr. Loranger stated that the unaudited financial statement for the period ending May 31, 2022, shows assets of \$963,474 and \$123,413 in liabilities, leaving \$840,061 in net assets.

**Invoice for
Services**

**Washington
Student
Achievement
Council
Update**

Mr. Loranger said that fee income for the current year is up about 34%, and expenses are down 5%. Mr. Loranger said that total expenses to date are \$324,960, leaving a revenue deficit of \$216,214.

Lt. Governor Heck moved approval of the financial statements, and it was seconded by Mr. Meotti. The motion was approved unanimously, 4-0.

Mr. Loranger stated that the invoice from the Housing Finance Commission for January 1 through March 31, 2022, totaling \$74,227.24, has been reviewed and approved for payment by the Treasurer, Mr. Belton.

Dr. Sharratt introduced Mr. Meotti to provide an update on the Washington Student Achievement Council (WSAC).

Mr. Meotti talked about the various factors that influence how families and potential students view the value of education.

Lt. Governor Heck inquired if there are institutions in Washington state where declining enrollment trends are severe enough to cause financial concern. Mr. Meotti said the WSAC does not look closely at private institutions in Washington. He gave an example of a public institution that, while not in an emergency situation, had a severe enrollment problem. He said that they used a tool to better comprehend the situation and resolve it.

Lt. Governor Heck inquired if there are institutions that are outperforming others and was curious to know the reason why. Mr. Meotti said that the strongest performing public institution in the state is the University of Washington in Seattle. Whitman College also has a strong competitive admission for private institutions. He mentioned some enrollment issues that affect higher education admissions.

**Market
Update**

Dr. Sharratt introduced Mr. Toepfer to present the market update.

Mr. Toepfer presented a market update which included inflation, employment and housing market rates, taxable and tax-exempt rates movement, an overview of interest rate history and trends, interest rate forecast, and a discussion of municipal market supply and demand.

**Bond Issue
Status Report**

Dr. Sharratt asked Ms. Johnson to present the Bond Issue Status Report.

Ms. Johnson said that at the beginning of this past fiscal year, the Authority anticipated closing two bond issues totaling approximately \$30 million by June 30, 2022. She highlighted that as of June 30, the Authority financed three bond issues totaling \$86.1 million, exceeding the original goal by \$56 million.

Ms. Johnson stated that the next potential bond transactions are as follows: a refunding for Cornish College of the Arts, and a forward delivery refunding for Gonzaga University in early 2023. She added that a new financing for Pacific Northwest University of Health Sciences is still on the table, but it is unlikely to happen this fiscal year.

**Executive
Director's
Report**

Dr. Sharratt then asked Mr. Walker to present the Executive Director's report.

Mr. Walker said that the next NAHEFFA Fall conference will be held September 13-16 in Bozeman, Montana. He advised board members interested in attending to contact staff.

Mr. Walker gave a summary of relevant articles in the board meeting packet. He added the next board meeting is on November 3, 2022. He noted that if there is no business to conduct, the meeting will be cancelled.

Adjournment

Dr. Sharratt adjourned the meeting at 2:10 p.m.

Dr. Gene Sharratt, Secretary

Date