

# Washington Higher Education Facilities Authority

## MINUTES

**July 25, 2023**

Dr. Gene Sharratt, Board Secretary, called the special meeting of the Authority to order at 1:10 p.m.

Board members present via Zoom were Lt. Governor Denny Heck, Mr. Mike Meotti, and Mr. Allan Belton.

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

Also present were Ms. Faith Pettis of Pacifica Law Group, the Authority's bond counsel; Mr. Dan Gottlieb of Hillis Clark Martin & Peterson, the Authority's backup bond counsel; and Mr. Thomas Toepfer of PFM Financial Advisors.

Also present via Zoom were Dr. Kim Kvaal, Executive Vice President and Chief Financial Officer, University of Puget Sound, and Mr. Kevin Smith of Eide Bailly.

### **Approval of the Minutes**

The minutes of the July 20, 2022, special meeting minutes were approved as mailed.

### **Election of Secretary and Treasurer**

Dr. Sharratt introduced Ms. Johnson to discuss the election of Board Secretary and Treasurer.

Ms. Johnson stated that each year the Board elects a Secretary and a Treasurer. She noted that in the past year, Dr. Sharratt served as Secretary and Mr. Belton served as Treasurer.

She stated that both Dr. Sharratt and Mr. Belton agreed to continue in their roles as Secretary and Treasurer if the Board chooses to nominate and re-elect them.

Mr. Meotti made the motion to re-elect Dr. Sharratt as Secretary and Mr. Belton as Treasurer. The motion was seconded by Mr. Belton. The motion was approved unanimously, 4-0.

**Action Item:  
Approval of  
Resolution #23-01  
for University of  
Puget Sound**

Dr. Sharratt introduced Ms. Johnson to present the staff recommendation for approval of Resolution No. 23-01.

Ms. Johnson stated that the board is being asked to approve the proposed issuance of tax-exempt revenue and refunding revenue bonds for the University of Puget Sound in an amount not to exceed \$35 million.

Ms. Johnson gave a summary of the transaction and said that a public hearing was held on July 11, 2023. The transaction is set to close on September 6, 2023.

Dr. 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. 23-01. Mr. Belton made the motion, and it was seconded by Mr. Meotti. The resolution was approved unanimously, 4-0.

**Consider and Act  
on Staff  
Recommendations  
Regarding Selection  
of Legal Counsel for  
the Authority**

Dr. Sharratt introduced Ms. Johnson to present the staff recommendations regarding the selection of legal counsel for the Authority.

Ms. Johnson stated that the Authority is required to select finance team members through a competitive process. She added that WHEFA's current contracts with Pacifica Law Group for legal services and Hillis Clark Martin & Peterson for alternate legal services had expired.

Ms. Johnson proceeded with the outline of the RFP process and recognized all applicants for their time and thoughtful submittals. She stated that based upon the assessment of each firm's written proposal, staff agreed that interviews were not necessary.

Ms. Johnson stated that staff recommends that the Authority contract with Pacifica Law Group as primary legal counsel and Hillis Clark Martin & Peterson as backup and alternate legal counsel in the even of conflict of interest or for other legal services as circumstances dictate.

Mr. Meotti made the motion, and it was seconded by Mr. Belton. The motion was approved unanimously, 4-0.

**Action Item:  
Acceptance of the  
Final Audit  
Report**

Ms. Taylor introduced Mr. Kevin Smith to present a summary of the 2022 Audit Report.

Mr. Smith presented the overall results of the audit and highlighted some changes in the audit reporting compared to prior years.

Mr. Smith stated that the financial statements were presented fairly and in accordance with accounting principles generally accepted in the United States of America (US GAAP).

Mr. Smith explained the risks identified in the audit. He also pointed out significant accounting policies.

Mr. Smith noted that auditors encountered no difficulties during the audit process.

Mr. Belton made the motion to accept the final Audit Report. It was seconded by Mr. Meotti. The motion was approved unanimously, 4-0.

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

Dr. Sharratt introduced Ms. Taylor to present the proposed annual budget for the fiscal year beginning July 1, 2023, through June 30, 2024.

Ms. Taylor stated that staff has budgeted for two financings next year totaling \$49 million. She then presented the Authority's budget summary and workplan for the fiscal year ending June 30, 2024.

Dr. Sharratt asked for a motion to accept the budget for the fiscal year 2023-2024. Mr. Meotti made the motion, and it was seconded by Mr. Belton. The motion was approved unanimously, 4-0.

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

Dr. Sharratt asked Ms. Taylor to present the financial statement for approval.

Ms. Taylor presented the unaudited, current financial statement of the Authority's General Operating Fund. She stated that the unaudited financial statement for the period ending May 31, 2023, shows assets of \$1,204,798 and \$232,368 in liabilities, leaving \$972,430 in net assets.

Mr. Meotti moved approval of the financial statement, and it was seconded by Mr. Belton. The motion was approved unanimously, 4-0.

**Invoice for  
Services**

Ms. Taylor stated that the invoice from the Housing Finance Commission for April 1, 2022, through March 31, 2023, has been reviewed and approved for payment by the Treasurer, Mr. Belton.

**Market Update**

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

Mr. Toepfer presented a market update which included a discussion about inflation, employment and housing market rates, taxable and tax-exempt rates, an overview of interest rate history and trends, an 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 \$65 million by June 30, 2023. She highlighted that as of June 30, the Authority financed two bond issues totaling \$67.3 million.

Ms. Johnson stated that the Authority is anticipating closing two bond issues totaling approximately \$49 million by June 30, 2024. In addition to the bond issue from University of Puget Sound that was approved today, the Authority also anticipates a potential bond transaction for Whitman College by the end of the 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 October 9-12 in Burlington, Vermont. He advised board members interested in attending to contact staff.

At the request of Lt. Governor Heck, Mr. Meotti gave a summary enrollment update for Washington State.

Ms. Johnson congratulated Mr. Meotti for being the recipient of the 2023 Exceptional Leader Award presented by The State Higher Education Executive Officers Association (SHEEO).

Mr. Walker gave a summary of relevant articles in the board meeting packet. He added the next board meeting is on November 2, 2023. He noted that if there is no business to conduct, the meeting will be cancelled.

**Adjournment**

Dr. Sharratt adjourned the meeting at 2:05 p.m.

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Dr. Gene Sharratt, Secretary

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Date