WHEFA

AUTHORITY MEETING
November 10, 2021

WASHINGTON HIGHER EDUCATION FACILITIES AUTHORITY

Meeting Agenda

YOU ARE HEREBY NOTIFIED that the Washington Higher Education Facilities Authority will hold a Special Meeting at 1:00 p.m. prevailing Pacific Time on Wednesday, November 10, 2021, to consider the items in the agenda below.

Per the Governor's proclamation regarding the Open Public Meetings Act and Public Records Act (Proclamation 20-28) and due to extraordinary public-health circumstances related to the ongoing COVID-19 (coronavirus) outbreak, participation in this meeting will only be offered virtually.

To join virtually, please go to www.zoom.us and enter:
Meeting ID: 856 8219 3625
Password: 813972

Participants using a computer without a microphone who wish to participate verbally, please dial: 1-(888) 788-0099 U.S. toll-free

Please note that the line will be muted to the public except during the public comment portions of the meeting.

I. CALL TO ORDER: *Chair*

II. APPROVAL OF THE JUNE 14, 2021 SPECIAL MEETING MINUTES:

Chair - **1**

III. CONSIDER AND ACT ON THE FOLLOWING ITEMS:

A. Financing Resolution: Whitworth University, Series 2022

– *Carol Johnson* - **2**

1. Introduction and Financial Update
2. Review and Act on Resolution #21-02 for Whitworth University authorizing issuance by the Authority of refunding

PUBLIC ENGAGEMENT AT AUTHORITY MEETINGS

All Board meetings of the Washington Higher Education Facilities Authority are open to the public. Our intention is to welcome all members of the public and to provide a clear and reasonable process through which they can share their thoughts with us.

Different ways to Join the Authority Meetings:

1. Meeting link: https://us02web.zoom.us/j/85682193625?pwd=dnorb21jWHhyaVFGUk5XTjZZY0tTZz09
2. At www.zoom.us, go to "Join a Meeting," and enter:
   Meeting ID: 856 8219 3625
   Passcode: 813972
3. To participate by phone, dial: 1-(888)-788-0099 or 1-(877)-853-5247

During Meetings: During board meetings, attendees can see and hear all presentations and business taking place. Microphones will be turned off except to receive comment during the public comment period.

Public Hearings: Public hearings are normally held separately from Authority board meetings.

Public Comment:

- **Purpose of Public Comment -** During this period, the Board members listen to public concerns and comments but do not generally engage in dialogue. Staff will follow up with commenters who request assistance or answers to questions, providing that contact information is shared. Anyone who wishes to speak during the public comment period can take this opportunity.

- **When to Comment -** The public comment period takes place after the executive director's report. Typically, the public comment period is reached after about an hour but may be sooner or later.

- **Raising Your Hand in Zoom or Through Phone Participation -** To give us a sense of the number of people wishing to speak and help us call on you in an orderly fashion, the meeting Chair will ask you to use the Zoom "raise hand" feature to indicate you would like to speak. People participating on the telephone can press *9 to virtually "raise a hand." Whether or not you are able to virtually raise a hand, the Chair will provide time and opportunity for all to share their comments before closing the public comment period.

- **Timing of Comments -** We ask that speakers keep their comments brief (2 to 3 minutes). The Chair may ask you to begin bringing your statement to a close after that time, especially if others are waiting to speak. Our intention is not to impose a specific time limit unless it seems necessary to ensure that a sufficient number of speakers have an equal opportunity to express their thoughts.

TAB 1

Washington Higher Education Facilities Authority

MINUTES

June 14, 2021

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

Board members present on the line were Lt. Governor Denny Heck, Mr. Michael Meotti, Mr. Allan Belton, Ms. Claire Grace, and Dr. Gene Sharratt.

Authority staff on the line were Mr. Steve Walker, Executive Director; Mr. Paul Edwards, Deputy Director; Mr. Bob Cook, Senior Finance Director; Ms. Carol Johnson, Affiliates Manager; and Ms. Rona Monillas, Program Assistant.

Also present on the line 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. Michael Nelson II, 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 Corporate Trust; and representing the University of Puget Sound (UPS), Ms. Sherry Mondou, Executive Vice President and Chief Financial Officer, and Mr. Nick Waugh of Stifel, Nicolaus & Co., placement agent to UPS.

Introduction of the New Board Member

Mr. Cohen introduced and welcomed newly elected Lt. Governor Denny Heck.

Mr. Cohen announced that Ms. Grace's final term as a board member expired in May, but that she agreed to continue to serve until the Governor appoints someone to her position. Mr. Cohen expressed gratitude to Ms. Grace for her eight plus years of service on the WHEFA board.

Approval of the Minutes

Mr. Cohen asked for a motion to approve the minutes of the meeting held on November 24, 2020. Mr. Belton made the motion, and it was seconded by Ms. Grace. The minutes were approved unanimously, 6-0.

Election of Secretary and Treasurer

Mr. Cohen introduced Mr. Walker to discuss the election of Board Secretary and Treasurer.

Mr. Walker stated that each year the Board elects a Secretary and a Treasurer. He noted that the past year Mr. Cohen served as Secretary and Ms. Grace served as Treasurer.

Mr. Cohen agreed to continue in his role as Secretary if the Board chose to nominate and re-elect him. Ms. Grace is unable to run for Treasurer again because her final term as a Board member ended in May. Dr. Sharratt volunteered to take on the role of Treasurer if he were nominated and elected.

Lt. Governor Heck made the motion to re-elect Mr. Cohen as Secretary and to elect Dr. Sharratt as Treasurer. The motion was seconded by Ms. Grace. The motion was approved unanimously, 5-0, with one abstention for each position.

Action Item: Approval of Resolution #21-01 for the University of Puget Sound

Mr. Cohen introduced Ms. Johnson to present the staff recommendation for approval of Resolution No. 21-01.

Ms. Johnson stated that the board is being asked to consider a proposed issuance of tax-exempt revenue bonds for the University of Puget Sound in an amount not to exceed $61,000,000.

Ms. Johnson gave a summary of the transaction. She corrected minor information in the financing application summary: the correct amounts for the bonds issued by the Authority in October 2012 should be $34,805,000 (Series 2012A) and $29,195,000 (Series 2012B) and the 2012B bonds were used to refund 2006B bonds that were held by Wells Fargo, not Bank of America.

Ms. Johnson said that a public hearing for this transaction was held on May 19, 2021. She stated that the Authority received approval from the Governor to issue the bonds. She also stated that the transaction is set to close on June 24, 2021.

Ms. Mondou provided additional information about the project. She expressed appreciation to the Authority, and everyone involved in the transaction. Mr. Waugh thanked everyone for their hard work in this project.

Dr. Sharratt inquired about the potential savings for the University from this transaction. Ms. Mondou stated that the net present value savings in excess of $4.6 million over ten years is slightly more than half a million dollars per year.

Ms. Grace expressed her delight that the Authority is able to assist the University with these significant savings.

Lt. Governor Heck asked if the enrollment declines presented in the application summary are consistent with enrollment projections from other institutions. Ms. Mondou said that as a residential liberal arts college, there was a decline in their enrollment, but not unexpected given their mission. She added that the University expects that enrollment will grow modestly over time as it returns to larger class sizes. Ms. Mondou discussed some issues concerning demographics across the country. Mr. Belton added that there

appears to be a difference in the impact on regional institutions versus nationally known institutions.

Mr. Cohen asked for a motion to approve Resolution No. 21-01. Mr. Belton made the motion, and it was seconded by Dr. Sharratt. The resolution was approved unanimously, 6-0.

Action Item: Approval of the Annual Budget

Mr. Cohen introduced Mr. Cook to present the proposed annual budget for the fiscal year beginning July 1, 2021 thru June 30, 2022.

Mr. Cook stated that the Authority is expecting two financings next fiscal year totaling $30 million of proceeds.

Mr. Cook stated that the Authority intends to continue waiving the ongoing fee of 6 basis points on bonds outstanding to its client colleges and universities for another fiscal year. He stated that this will result in an estimated net position for the Authority on June 30, 2022 of approximately $700,000, which is less than the target of $1 million. He also stated that waiving the annual fee for the coming fiscal year will assist members in dealing with the effects of the COVID-19 pandemic.

Mr. Cook presented the Authority’s budget summary and workplan for the fiscal year ending June 30, 2022.

Mr. Belton and Ms. Grace applauded the Authority's decision to waive the annual fee for the coming fiscal year.

Ms. Grace proposed adding the following to the performance measure: (1) Review policies to determine if further streamlining or modernization is prudent and make a report to the Authority about the decision; and (2)

Describe and evaluate efforts to enhance diversity and inclusion in agency operations and policies.

Mr. Cohen asked for a motion to accept the budget for fiscal year 2021-2022. Ms. Grace made the motion, and it was seconded by Mr. Belton. The motion was approved unanimously, 6-0.

Action Item: Acceptance of the Financial Statement

Mr. Cohen asked Mr. Cook to present the financial statement for consideration.

Mr. Cook stated that the unaudited financial statement for the period ending April 30, 2021, shows assets of just over $1.1 million and approximately $99,000 of liabilities, leaving just over $1.0 million in net assets. He added that the Statement of Activities reflects current year to date revenue was approximately $74,000. Mr. Cook said that expenses to date are approximately $314,000, leaving a net reserve of about $1 million.

Mr. Cook stated that the invoice from the Housing Finance Commission covering October 2020 through March 2021, totaling over $151,000, has been approved by Board Treasurer, Ms. Grace.

Ms. Grace moved the acceptance of the financial statements, and it was seconded by Dr. Sharratt. The motion was approved unanimously, 6-0.

Market Update

Mr. Cohen introduced Mr. Toepfer to present the market update.

Mr. Toepfer reported that GDP growth in the first quarter was higher than expected due to increased consumer spending that resulted from additional stimulus funds. He said that the unemployment rate is currently above 6.1%, compared to pre-pandemic levels.

Mr. Toepfer presented an overview of interest rates. He said that rates have increased since the very lowest levels.

Mr. Toepfer compared the difference between taxable rates and tax-exempt rates. He said that there is a lot of demands for tax-exempt bonds. He added that rates may have fallen as a result of increased demand.

Mr. Toepfer reported that new issuance volume was up by 9% year-over-year in April, while year-to-date new issuance volume was 14% higher than 2020 issuance through April.

Mr. Toepfer showed consensus forecasts from numerous financial institutions. He stated that the rate will continue to rise, but at a very slow pace.

Mr. Toepfer gave a brief overview of the higher education credit and sector outlook. He also enumerated some of the modifications to Moody's proposed methodology.

Ms. Grace inquired whether more bonds were issued this year than the previous year. Mr. Toepfer stated that many highly rated institutions issued a large number of bonds, and investors are confident that these institutions will be able to withstand the pandemic situation. He said that the market is now starting to see a return on slightly low-rated institutions. He added that we anticipate a large amount of issuance, though it is debatable whether they need to borrow even if interest rates are low.

Washington Student Achievement Council Update

Mr. Cohen introduced Mr. Meotti to provide an update on the Washington Student Achievement Council.

Mr. Meotti stated that enrollment across the state is a tough priority issue for the Council and many state leaders. He referenced some details that relate to

the currently projected enrollment cliff. He also stated that college enrollment has been fluctuating for several years.

Lt. Governor Heck inquired about the number of public colleges that have declared a state of financial exigency and how many more are expected to do so. Mr. Meotti said that only Central Washington University declared financial exigency early in the COVID-19 pandemic last spring and that no more are expected. He added that the board made the decision for a variety of reasons. Federal funding is a significant factor in averting far more severe damage.

Mr. Belton praised WSAC for its efforts to assist students, particularly students of color and first-generation students.

Bond Issue Status Report

Mr. Cohen asked Mr. Edwards to present the Bond Issue Status Report.

Mr. Edwards stated that the next potential bond transactions are as follows: $20 million for Pacific Northwest University of Health Sciences' Regional Center for Inter-professional Education; $20 million for Whitworth University's new residence hall; and $37 million for University of Puget Sound to refund the 2021B taxable bonds with tax-exempt bonds, totaling $77 million of potential bond issues.

Mr. Edwards stated that after the closing of the UPS bond on June 24, 2021, the Authority will have met its goal for the current fiscal year with bond issues totaling approximately $120 million and PV savings of $6.9 million.

Executive Director's Report

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

Mr. Walker said that board recruitment is in the process. He stated that a recruitment announcement was distributed widely to actively recruit

applicants from BIPOC and underrepresented communities. He added that Gubernatorial appointments take time.

Mr. Cohen asked about the recruitment process. Mr. Walker described how the Authority selects applicants to be recommended to the Governor, who makes the final decision. He added that while the Governor can choose from the list, he sometimes appoints members who are not on it.

Mr. Walker announced the leadership changes to the Authority's member schools.

Mr. Walker spoke about the Authority's efforts in the areas of diversity, equity, and inclusion.

Mr. Walker stated that a record number of higher education bills passed the legislature this past session. He listed some of the bills that were passed and stated that there was no legislation that directly affected the Authority.

Mr. Walker stated that the Fall 2021 NAHEFFA conference will be held in Milwaukee, Wisconsin on September 8-10, 2021. He said that the conference will be held both in person and online. He asked board members who want to attend to inquire with Ms. Monillas.

Mr. Walker shared a press release titled “The Characteristics of Positive Outlier Schools: Illuminating the Strengths of American Indian/Alaska Native, Black, Latino/a, and Students Experiencing Poverty” from the Center for Educational Effectiveness (CEE). He said that Dr. Sharratt, an Authority board member who currently serves as a Senior Research Advisor for the CEE, was one of the primary individuals who worked on the grant, conducted the research and analysis, and wrote the report. Dr. Sharratt stated that this was an 18-month long study supported by the Bill and Melinda Gates

Foundation. He explained how the study came about and how it was carried out. He added that these outlier schools have a strong sense of leadership and are truly exceptional at what they do.

Mr. Cohen commended Dr. Sharratt's report and hoped that it could be used by other schools to foster positive achievement.

Mr. Walker gave a summary of relevant articles in the board meeting packet. He added that the next board meetings are scheduled for August 5, 2021 and November 4, 2021.

Adjournment

Mr. Cohen adjourned the meeting at 2:34 p.m.

_____ _____

Mr. Jerome Cohen, Secretary Date

TAB 2

SUMMARY PROJECT DESCRIPTION

Whitworth University 2022

School Name/Location **Whitworth University**
300 W. Hawthorne Road
Spokane, WA 99251

Bond Issue Name

Tax-Exempt Revenue and Refunding Revenue Bonds (Whitworth University Project), Series 2022

Purpose

The purpose of the Series 2022 Bonds is to refinance the University's existing Series 2012 bonds for debt service savings and finance or reimburse the University for costs associated with the design, construction, installation and furnishing of a new Innovation Lab to house the University's Engineering and Physics departments and provide lab, fabrication, and other shared spaces on the University's campus.

Proceeds of the bonds may be used to finance any other costs, fees, reserves and associated permitted issuance expenses associated with the transaction.

Official Intent Declaration # 21-W02

Application Received on September1, 2021
Reviewed and accepted by staff on October 7, 2021

Public Hearing October 7, 2021

Resolution Resolution #21-02 - Currently before the Board for consideration

Financial Information

Type: Public Sale
Estimated Bond Amount Not to exceed $23,000,000
Bond Structure Fixed
Underwriter Piper Sandler & Co.
Trustee US Bank N.A.
Closing Date January 4, 2022

FINANCING APPLICATION SUMMARY

October 7, 2021

BORROWER

WHITWORTH UNIVERSITY
300 W. Hawthorne Road
Spokane, WA 99251

- **Lawrence Probus**, Vice President, Finance and Administration
- **Luz Merkel**, Associate Vice President, Finance and Administration

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

PROJECT DESCRIPTION

Whitworth University is requesting approval for a tax-exempt bond issuance to refinance the callable maturities of its Revenue Bonds, Series 2012 (the "2012 Bonds") for debt service savings. The 2012 Bonds become callable on April 1, 2022. The refinancing of the 2012 Bonds would include the callable principal amount ($16,895,000) and the interest that accrues through the April 1 call date.

The University is also considering the issuance of new money debt to pay a portion of the costs of construction for an Innovation Lab that will primarily serve as home to Whitworth's growing Engineering and Physics departments and provide lab, fabrication, and other shared spaces on campus. Building square footage is expected to be approximately 16,000 sq. ft. Site work related to the Innovation Lab project is expected to begin in the spring of 2022, with occupancy in June 2023.

The project cost is estimated to be $11 million. A portion of the project costs are expected to be funded by donations, with the remainder funded through the issuance of debt of up to $5 million.

FINANCING

Bond sizing is expected not to exceed $23,000,000. This estimate includes plans to pay costs of issuance from bond proceeds.

The financing will be repaid with annual tuition and fees and room and board revenue paid by university students.

The Project is projected to generate net revenue, after incremental operating costs, of $600,000 annually. Additional revenue will be sourced from 50 additional undergraduate students by fiscal 2025.

Following is a preliminary estimate of the sources and uses of funds:

Preliminary Sources of Funds	**Amount**
Series 2022 Bonds Principal	$ 18,100,000
Net Premium/Discount	$ 3,426,046
Debt Service Reserve Fund Release	$ 1,211,350
Total Sources	**$ 22,737,396**
Escrow Deposit	$ 17,330,631
Project Fund Deposit	$ 5,000,000
Cost of Issuance	$ 336,899
Underwriter's Discount	$ 69,866
Total Uses	**$22,737,396**

PROPOSED SECURITY

The proposed new tax-exempt bonds will be on parity with the University's existing Series 2016 and 2019 Bonds. The proposed security is expected to contain a gross pledge of revenues, and campus property to the extent necessary.

EXPECTED TERMS OF REPAYMENT

A preliminary debt service schedule was submitted as part of the application. It reflects a 25-year maturity for the proposed fixed rate bonds. The refunding bonds will carry the same final maturity as the refunded (2012) bonds.

DEBT TO BE REFINANCED WITH WHEFA ASSISTANCE

The University intends to refinance the callable maturities of its outstanding Revenue Bonds, Series 2012. The bonds are fixed and held in the public market.

The existing debt is secured by a pledge of unrestricted gross revenues and deed of trust over the University's Core Campus in Spokane, Washington.

The University will apply for a credit rating in conjunction with the bonds. The University's outstanding debt is currently rated by 'Baa1' (stable outlook) by Moody's Investors Service (rating most recently reviewed on August 5, 2021).

FINANCES OF THE BORROWER

The University gave WHEFA and the underwriter access to the following:

- Audited financial statements for Fiscal Years 2017 thru 2020
- Latest annual financial statements for fiscal year ending June 30, 2020
- University's Board approved Operating Revenues and Expenses and Capital Budgets for Fiscal Year 2021-2022
- A copy of the University's three-year pro-forma forecast of revenues, expenditures, and capital expenditures
- A description of the outstanding long-term debt of the borrower

The following table shows estimated total outstanding indebtedness as reported by the unaudited records of WHEFA as of June 30, 2021.

Outstanding Bonds	Interest Rate	Par Outstanding
WHEFA Series 2012	Fixed	$ 17,225,000
WHEFA Series 2016A	Fixed	$ 54,445,000
WHEFA Series 2019	Fixed	$ 19,485,000
	TOTAL	**$ 91,155,000**

The University has pledged its unrestricted revenues and property of the core campus located in Spokane, Washington to the repayment of its obligations under the loan agreements for all three outstanding issues.

2012 Series Revenue Bonds - In February 2012, the University entered into a loan and security agreement with WHEFA for the Authority to sell Series 2012 Revenue Bonds in the amount of $19,500,000 and loan the proceeds to the University. The bonds were issued for the purpose of remodeling and expanding the dining facilities, building a new campus recreation center, residence hall design and furniture, various infrastructure projects, and updating certain underground steam distribution lines.

2016 Series Revenue and Refunding Bonds - In December 2016, the University entered into a loan and security agreement with WHEFA for the Authority to sell Series 2016A Nontaxable Revenue and Refunding Bonds in the amount of $47,660,000 and Series 2016B Taxable Refunding Revenue Bonds in the amount of $12,875,000 and loan the proceeds to the University. The bonds were issued for the purpose of refinancing the outstanding balance of the Series 2009 bonds previously issued by the Authority and lent to the University in November 2009 and for the construction of a new athletics administration building and other facility improvements for the University.

2019 Series Revenue Bonds - In December 2019, the University entered into a loan and security agreement with WHEFA for the Authority to sell Series 2019 Revenue Bonds in the amount $19,485,000 and loan the proceeds to the University. The bonds were issued for the purpose of design, construction, installation, and furnishing of a new Health Science Building.

STUDENT ENROLLMENT

YEAR	UNDERGRADUATE FTE	GRADUATE FTE
Fall 2017	2,425	272
Fall 2018	2,516	294
Fall 2019	2,547	297
Fall 2020 (COVID)	2,502	291
Fall 2021	2,480	300
Fall 2022*	2,500	310
Fall 2023*	2,525	320

**Projection – subject to ongoing updates*

GENERAL

Whitworth University is located in Spokane, Washington on a beautiful 224-acre campus of brick buildings, stately pines and rolling lawns. The wooded campus is less than 15 minutes by public transportation from downtown Spokane, the metropolitan hub of the

Inland Northwest and the largest city in the northern United States between Seattle and Minneapolis. The campus consists of a full complement of academic, athletic, administrative and residence life facilities with more than seventy-four buildings totaling over 1,058,000 square feet of space.

The University provides living options for nearly 1,400 students in a variety of residence halls, apartments, and residential homes adjacent to the campus. The majority of housing is provided through 12 residence halls that offer a blend of male, female, coeducational, single, double, triple, quad, pod, or apartment style living. All residence rooms are wired to the campus information network providing an access port for every student. In addition, housing for more than 90 students is provided in neighborhood homes owned by the University.

Whitworth is planning for the introduction of two Health Science doctoral programs in Fall 2022, which is expected to add 200 students and $8 million of incremental revenue ($1 million of cash flow after expenses) when it matures in fiscal 2025. The University is also expanding its Engineering program, with the expectation of constructing a new Innovation Lab that would house the program in Fiscal Year 2023, pending completion of fundraising results.

September 1, 2021

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

Dear Mr. Walker and Ms. Johnson

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

Whitworth University is seeking approval for a tax-exempt bond issuance to refinance the callable maturities of its Revenue Bonds, Series 2012 (the "2012 Bonds") for debt service savings. The 2012 Bonds become callable on April 1, 2022 (callable par amount of $16,895,000). In addition, the University is considering the issuance of new money tax-exempt debt to finance costs of construction of an Innovation Lab, that will primarily serve as home to Whitworth's growing Engineering and Physics departments, as well as provide collaborative opportunities with other disciplines for fabrication and shared spaces. The University expects to fund up to $5,000,000 of the Innovation Lab project cost with bond proceeds.

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

- Refunding of the callable maturities of the Series 2012 Bonds (and accrued interest)
- $5,000,000 of funding provided for the Innovation Lab project
- Coupon/yield structure: 4.00-5.00% / 0.27-2.38% (tax-exempt; 10yr par call); 1.20-3.45% / 1.20-3.45% (taxable, 10yr par call)
- Similar costs of issuance and underwriter's discount
- Final maturity in 25 years (October 1, 2046)
- Refunding debt structured to achieve approximately equal savings in each year (uniform savings)
- New money debt structured to achieve level annual debt service payments

PFM calculated the net present value savings by comparing the tax-exempt and taxable debt service schedules and discounting the difference at 3.00%. 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
$3,708,474	$2,709,551

Representatives 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. 21-02

A RESOLUTION of the Washington Higher Education Facilities Authority authorizing the issuance of nonrecourse revenue and refunding revenue bonds in an aggregate principal amount of not to exceed $23,000,000 to refund certain outstanding bonds and 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 the bonds to Piper Sandler & 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 10, 2021

PREPARED BY:

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

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

RESOLUTION NO. 21-02

A RESOLUTION of the Washington Higher Education Facilities Authority authorizing the issuance of nonrecourse revenue and refunding revenue bonds in an aggregate principal amount of not to exceed $23,000,000 to refund certain outstanding bonds and 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 Sandler & 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 chapter 28B.07 of the Revised Code of Washington (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 Authority has previously issued its Revenue Bonds (Whitworth University Project), Series 2012 (the "2012 Bonds") for the benefit of the University and loaned

the proceeds of the 2012 Bonds to the University for the purpose of financing certain capital projects of the University; and

WHEREAS, the University has submitted an application to the Authority to provide a portion of the funds necessary (1) to finance the design, construction, installation and furnishing of a new Innovation Lab to house the University's Engineering and Physics departments and provide lab, fabrication, and other shared spaces; (2) to make additional capital improvements to the University's facilities; (3) to refund the 2012 Bonds; 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 for the Project through (1) the issuance of its Washington Higher Education Facilities Authority Revenue and Refunding Revenue Bonds (Whitworth University Project), Series 2022 (the "Bonds") in an aggregate principal amount of not to exceed $23,000,000 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 Sandler & Co. pursuant to a bond purchase contract (the "Bond Purchase Contract");

NOW, THEREFORE, BE IT RESOLVED by the Washington 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; Refunding. The Authority hereby authorizes the issuance and sale of its nonrecourse revenue bonds to be designated "Washington Higher Education Facilities Authority Revenue and Refunding Revenue Bonds (Whitworth University Project), Series 2022" or other series designation determined to be necessary by the Executive Director of the Authority, in the aggregate principal amount of not to exceed $23,000,000, pursuant to and in accordance with the provisions of the Act, the Code, the Indenture and this resolution.

The Authority further authorizes the refunding of the 2012 Bonds with proceeds of the Bonds and with other funds available to the University as provided in the Indenture, Loan Agreement, and an Escrow Deposit Agreement among the Authority, the Trustee and the University (the "Escrow Deposit Agreement").

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 and will be in substantially the form on file with the Authority. The Authority also accepts, approves and agrees to the execution and delivery of the Escrow Deposit Agreement and 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 and the refunding of the 2012 Bonds.

Section 6. Approval of Underwriter; Sale of the Bonds. The Authority hereby approves the selection of Piper Sandler & 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 $23,000,000; (b) the true interest cost (in the aggregate) on the Bonds does not exceed 6.00%; (c) the Bond Purchase Contract shall be executed prior to March 31, 2022; 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 the underwriter, such as offering prices, interest rates, selling compensation, aggregate principal amount, principal amount per maturity, delivery dates, and other terms of the Bonds dependent on the foregoing matters. The Executive Director is hereby authorized to provide for the distribution of a Preliminary Official Statement.

The Authority agrees to cooperate with the Underwriter to deliver or cause to be delivered, within seven business days from the date of the sale of the Bonds and in sufficient time to accompany any confirmation that requests payment from any customer of the Underwriter, copies of the final Official Statement in sufficient quantity to comply with

paragraph (b)(4) of Rule 15c2-12 and the rules of the Municipal Securities Rulemaking Board. The Executive Director is hereby authorized to review and approve on behalf of the Authority the final Official Statement with such additions and changes as may be deemed necessary or advisable to such individual.

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 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 10th day of November, 2021.

WASHINGTON HIGHER EDUCATION FACILITIES AUTHORITY

David Schumacher, Designee for Jay Inslee, Governor, Member and Chair	The Honorable Denny Heck, Lieutenant Governor and Member
Michael Meotti, Acting Executive Director of the Washington Student Achievement Council and Member	Claire Grace, Public Member
Allan Belton, Public Member	Dr. Gene Sharratt, Public Member
Jerome O. Cohen, Public Member	

TAB 4

SUMMARY PROJECT DESCRIPTION

Whitman College 2021

School Name/Location **Whitman College**
345 Boyer Avenue
Walla Walla, WA 99362

Bond Issue Name

Tax-Exempt Refunding Revenue Bonds (Whitman College Project), Series 2021

Purpose

The purpose of the bonds is to refund and redeem prior revenue bonds that WHEFA issued in 2004 and 2008 to finance the construction and improvement of educational facilities located on the College's campus.

Proceeds will also be used to finance the termination payments of two interest rate swaps associated with the 2004 and 2008 prior bonds.

Proceeds may also be used to finance any other costs, fees, reserves and associated permitted issuance expenses associated with the transaction.

Official Intent Declaration # 21-W03

Application Received on September 22, 2021
Reviewed and accepted by staff on October 18, 2021

Public Hearing October 12, 2021

Resolution Resolution #21-03 - Currently before the Board for consideration

Financial Information

Type: Public Sale
Estimated Bond Amount Not to exceed $65,000,000
Bond Structure Fixed
Underwriter Stifel Nicolaus Financial Corp.
Trustee US Bank N.A.
Closing Date December 2, 2021

FINANCING APPLICATION SUMMARY

October 15, 2021

BORROWER

WHITMAN COLLEGE
345 Boyer Avenue
Walla Walla, WA 99362

Chief Executive Officer: Kathleen M. Murray, President
Chief Financial Officer/Liaison to WHEFA: Peter Harvey, Chief Financial Officer

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

FINANCING (PROJECT) DESCRIPTION

The purpose of the Series 2021 Bonds will be to refund the College's 2004 and 2008 bonds in the public market. Both refundings will be current refundings since they are both variable rate demand bonds. Additionally, the College will also use proceeds derived from the Series 2021 Bonds to terminate the two interest rate swaps associated with the 2004 and 2008 Bonds. While interest rate savings are nominal at best, the College aims to simplify its debt portfolio and eliminate the several challenges associated with their synthetic fixed rate bond structure. Doing so will de-risk Whitman's debt profile, help increase debt capacity in the long run, and will be a large positive for the rating agency.

As the proposed Bonds will not have a new money component, there will be no construction timeline. The financing process will conclude on the anticipated closing date of December 2, 2021.

FINANCING

The bond sizing is expected not to exceed $65,000,000 for the Series 2021 Bonds. These estimates include plans to pay the swap terminations and costs of issuance from bond proceeds. As the purpose of the proposed Bonds is to refinance the existing 2004 and 2008 Bonds, the University will not realize additional revenues.

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

Sources of Funds	**Refund 2004 Bonds**	**Refund 2008 Bonds**	**Issue Summary**
Par Amount of Bonds	$28,405,000.00	$22,800,000.00	$51,205,000.00
Reoffering Premium	$ 8,484,005.40	$ 4,672,647.45	$13,156,652.85
Total Sources	**$36,889,005.40**	**$27,472,647.45**	**$64,361,652.85**
Uses of Funds			
Estimated Costs of Issuance	$ 294,494.00	$ 228,368.45	$ 522,862.45
Dep to Current Refunding Fund	$28,776,944.76	$22,294,169.47	$51,071,114.23
Swap Termination Payments	$ 7,813,000.00	$ 4,947,000.00	$12,760,000.00
Rounding Amount	$ 4,566.64	$ 3,109.53	$ 7,676.17
Total Uses	**$36,889,005.40**	**$27,472,647.45**	**$64,361,652.85**

PROPOSED SECURITY

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

EXPECTED TERMS OF REPAYMENT

The amortization for the Series 2004 and 2008 refundings will be solved on a uniform basis to the existing amortization schedule of the 2004 and 2008 Bonds. This will result in uniform debt service for the College on both refundings. Amortization for the Series 2004 refunding has a single bullet maturity October 1, 2029, with interest payments being made semi-annually on April 1st and October 1st. Amortization for the Series 2008 refunding has principal payments commencing January 1, 2022 and ending in 2038. The

Series 2008 refunding interest payments will be made semi-annually on January 1st and July 1st.

FINANCES OF THE BORROWER

The College gave WHEFA and the underwriter access to audited financial statements for Fiscal Years 2020, 2019 and 2018; the College's current Fiscal Year 2021 operating budget; and recent financial projections for the next three fiscal years.

The following table shows estimated total outstanding indebtedness as reported by the unaudited records of WHEFA as of June 30, 2021.

Outstanding Bonds	**Final Maturity**	**Interest Rate**	**Par Outstanding**
WHEFA Series 2004	2029	Variable	$ 28,770,000
WHEFA Series 2008	2038	Variable	$ 22,290,000
WHEFA Series 2017	2047	Fixed	$ 16,755,000
		TOTAL	**$ 67,815,000**

The Series 2004 and 2008 Bonds are variable rate and held in the public market. The Series 2017 Bonds are fixed rate and held in the public market.

The College's public bonds hold long-term ratings of "Aa3" and short-term ratings of "VMIG 1" from Moody's Investor Service.

During 2004, WHEFA issued $28,770,000 of variable rate, tax-exempt bonds on behalf of the College to refund bonds previously issued in 1999. The bonds bear interest at a rate determined weekly through the remarketing process, which rate averaged 1.18% for the year ended June 30, 2020. The College, through an agreement with JP Morgan Chase Bank as the counterparty, has exchanged the variable rate for a fixed rate of 4.34% for the life of the loan.

During 2008, WHEFA issued $30,395,000 of variable rate, tax-exempt bonds on behalf of the College to finance building renovations and partially fund a new building. The bonds bear interest at a rate determined weekly through the remarketing process, which rate averaged 1.19% for the year ended June 30, 2020. The College, through an agreement with Bank of New York Mellon as the counterparty, has exchanged the variable rate for a fixed rate of 3.37% for the life of the loan.

During 2017, WHEFA issued $17,705,000 of fixed rate, tax-exempt bonds on behalf of the College to finance two new buildings, a dining commons, and residence hall. The bonds bear rates between 4% and 5%, which averaged 4.39% for the year ended June 30, 2020.

INTEREST RATE SWAP AGREEMENTS

The 2004 and 2008 issues are structured to pay a variable rate of interest. The College, seeking to curtail exposure to rising interest rates and variable debt payments, entered into interest rate exchange agreements for each of those bond issues to synthetically convert the entire notional amount of each issue to a fixed rate of interest. The agreements can be terminated before the maturity date with an adjustment with the counterparty for the respective agreement's fair value at the termination date. The fair value of each of these agreements will be zero if held to their respective termination dates.

STUDENT POPULATIONS/ENROLLMENT

*Projection – subject to ongoing updates

FTE Enrollment	**Undergraduate**	**Graduate**
Fall 2018	1,539	N/A
Fall 2019	1,597	N/A
Fall 2020	1,315	N/A
Fall 2021	1,552	N/A
Fall 2022*	1,500	N/A
Fall 2023*	1,496	N/A

GENERAL

Originally founded in 1859, the College was chartered as a four-year degree-granting college in 1882. The College is a nonprofit, independent coeducational, non-sectarian residential liberal arts and sciences undergraduate college located in Walla Walla, Washington. The College offers an environment for rigorous learning and scholarship and encourages creativity, character, and responsibility to approximately 1,500 students.

STIFEL

October 22, 2021

Ms. Carol Johnson, Manager
Washington Higher Education Facilities Authority
1000 Second Avenue, Suite 2700
Seattle, WA 98104

Dear Ms. Johnson,

On behalf of the Washington Higher Education Facilities Authority (the "Authority") and the institutions who borrow through the Authority, Stifel 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 Whitman College (the "College").

We have relied on the following assumptions in our analysis:

- The purpose of the Series 2021 Bonds will be to refund the College's 2004 and 2008 bonds in the public market. Both refundings will be current refundings, since they are both variable rate demand bonds.
- Additionally, the College will also use proceeds derived from the Series 2021 Bonds to terminate the two interest rate swaps associated with the 2004 and 2008 Bonds and both the SBPA and the remarketing agreements for the bonds will also be terminated at closing.
- While interest rate savings are nominal at best, the College aims to simplify its debt portfolio and eliminate the several challenges associated with their synthetic fixed rate bond structure. Doing so will de-risk Whitman's debt profile, help increase debt capacity in the long run, and will be a large positive for the rating agency.
- The amortization of the refunding bonds will be only slightly modified when compared to the College's existing bonds. There will be no increase in amortization period, however, principal and interest payment dates will be aligned with the College's Series 2017 Bonds (January 1 and July 1) to further simplify the College's debt structure and improve efficiency in the Finance Office.
    - In aligning the payment dates, the College will marginally shorten the final maturity of the Series 2004 Bonds to January 1, 2029 from October 1, 2029.
    - The amortization schedule for the 2008 bonds would remain consistent, with a final maturity date of January 1, 2038.

In order to evaluate the savings benefit to the College when issuing tax-exempt bonds as opposed to a taxable issuance, Stifel analyzed the results when assuming taxable debt is used for each refunding. With relevant data gathered and analyzed, Stifel input separate interest rate scales and ran separate bond cash flows and sources and uses of funds for each scenario, i.e. tax-exempt versus taxable financings (i.e. 1.76% AIC vs. 2.41% AIC). Stifel compared the cash flows of the two scenarios on (i) a total (gross) cost basis and (ii) a present value basis using a discount factor that represents the average of the all-in-costs of the two scenarios.

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. Stifel has calculated the tax-exempt benefit on an estimated basis assuming market conditions as of October 19, 2021.

1401 Lawrence St. Suite 900 | Denver, CO 80202

Series 2004 Refunding Nominal Cash Flow Savings	Series 2004 Ref. PV Cash Flow Savings
$2,364,622	$1,745,806

Series 2008 Refunding Nominal Cash Flow Savings	Series 2008 Ref. PV Cash Flow Savings
$1,261,388	$1,063,405

**Present value is being calculated using a discount factor of 2.085%*

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 720-766-8213.

Sincerely,

Brad Gysin
Vice President
Stifel

1401 Lawrence St. Suite 900 | Denver, CO 80202

TAB 5

WASHINGTON HIGHER EDUCATION FACILITIES AUTHORITY

RESOLUTION NO. 21-03

A RESOLUTION of the Washington Higher Education Facilities Authority authorizing the issuance of nonrecourse refunding revenue bonds in an aggregate principal amount of not to exceed $65,000,000 to refund certain outstanding bonds and pay the interest rate swap termination fees associated with the prior bonds; delegating to the Executive Director of the Authority the authority to approve the sale of the bonds to Stifel Nicolaus & Company, Incorporated; 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 10, 2021

PREPARED BY:

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

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

RESOLUTION NO. 21-03

A RESOLUTION of the Washington Higher Education Facilities Authority authorizing the issuance of nonrecourse refunding revenue bonds in an aggregate principal amount of not to exceed $65,000,000 to refund certain outstanding bonds and pay the interest rate swap termination fees associated with the prior bonds; delegating to the Executive Director of the Authority the authority to approve the sale of the bonds to Stifel Nicolaus & Company, Incorporated; 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 chapter 28B.07 of the Revised Code of Washington (the "Act"); and

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

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

WHEREAS, The Board of Trustees of Whitman College (the "College") 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 College has submitted an application to the Authority to provide the funds required (1) to refund on a current basis the Authority's outstanding Variable Rate

Demand Refunding Revenue Bonds (Whitman College Project), Series 2004 (the "2004 Bonds") and Variable Rate Demand Revenue Bonds (Whitman College Project), Series 2008 (the "2008 Bonds"), (2) to pay the termination fees associated with interest rate swap instruments entered into with respect to the 2004 Bonds and 2008 Bonds, and (3) to pay the costs of issuance of the hereinafter defined Bonds (together, the "Project"); and

WHEREAS, it is desirable for the Authority to provide the College with financing for the Project through (1) the issuance of its Washington Higher Education Facilities Authority Refunding Revenue Bonds (Whitman College Project), Series 2021 (the "Bonds") in an aggregate principal amount of not to exceed $65,000,000 and (2) loaning the proceeds of the Bonds to the College 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 Stifel Nicolaus & Company, Incorporated pursuant to a bond purchase contract (the "Bond Purchase Contract");

NOW, THEREFORE, BE IT RESOLVED by the Washington 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 College (the "Loan Agreement").

Section 2. Findings. The College 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 College 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 College 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 Refunding Revenue Bonds (Whitman College Project), Series 2021", or other series designation as determined to be necessary by the Executive Director of the Authority, in the aggregate principal amount of not to exceed $65,000,000, 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 College. The Indenture will authorize, *inter alia*, the sale, execution, issuance and delivery of the Bonds and 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 College, 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 College. 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 Stifel Nicolaus & Company, Incorporated as the underwriter for the Bonds.

The Authority hereby authorizes and approves the sale of the Bonds to Stifel Nicolaus & Company, Incorporated, 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 $65,000,000; (b) the true interest cost (in the aggregate) on the Bonds does not exceed 6.00%; (c) the Bond Purchase Contract shall be executed prior to March 31, 2022; 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 the underwriter, such as offering prices, interest rates, selling compensation, aggregate principal amount, principal amount per maturity, delivery dates, and other terms of the Bonds dependent on the foregoing matters. The Executive Director is hereby authorized to provide for the distribution of a Preliminary Official Statement.

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

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 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 10th day of November, 2021.

WASHINGTON HIGHER EDUCATION
FACILITIES AUTHORITY

David Schumacher, Designee for Jay Inslee, Governor, Member and Chair	The Honorable Denny Heck, Lieutenant Governor and Member
Michael Meotti, Acting Executive Director of the Washington Student Achievement Council and Member	Claire Grace, Public Member
Allan Belton, Public Member	Dr. Gene Sharratt, Public Member
Jerome O. Cohen, Public Member	

TAB 6

Audit Report

(To be distributed to the Board members prior to the meeting)

TAB 7

October 26, 2021

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, 2021 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: Shirleen Noonan
Shirleen Noonan
General Operations Manager

Approved by: Lucas Loranger
Lucas Loranger
Senior Controller

1000 2nd Avenue, Suite 2700, Seattle, WA 98104 | tel. (206) 464-7139 | (800) 767-4663 | fax (206) 587-5113

WASHINGTON HIGHER EDUCATION FACILITIES AUTHORITY
GENERAL OPERATING FUND

September 30, 2021

CONTENTS

(See Accountant's Compilation Report)

Washington Higher Education Facilities Authority
Statement of Net Position
Fund: General Operating Fund
Division: All
September 30, 2021
(See Accountant's Compilation Report)

	Current Year	Prior Year	Variance Amount		Variance %
ASSETS					
Cash and Cash Equivalents:					
Demand Deposits	$ 44,253	$ 63,363	$ (19,110)		-30%
Money Market Accounts	1,003,345	1,258,898	(255,553)		-20%
Loan Receivable (net)	-	3,454	(3,454)	(1)	-100%
Prepaid Expenses & Other Receivable	14,255	16,686	(2,434)	(2)	-15%
Total Assets	$ 1,061,853	$ 1,342,404	$ (280,551)		-21%
LIABILITIES					
Accounts Payable and Other Liabilities	$ 69,219	$ 78,778	$ (9,559)	(3)	-12%
Total Liabilities	69,219	78,778	(9,559)		-12%
NET POSITION					
Unrestricted	992,634	1,263,626	(270,992)		-21%
Total Net Position	992,634	1,263,626	(270,992)		-21%
Total Liabilities and Net Position	$ 1,061,853	$ 1,342,404	$ (280,551)		-21%

(1) In the prior year an old student loan from 2007 was deemed uncollectible and written off in December 2020, thereby decreasing the balance to zero.

(2) The decrease in prepaids is due to reduced balances related to fall NAHEFFA conference fees, plus the continued amortization of a four-year bond buyer subscription.

(3) The decrease in payables is due to slightly lower interagency charges, reduced legal fees, and slightly slower progress charges from the external auditors, compared to the prior 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, 2021

(See Accountant's Compilation Report)

	Current Period	Current Year to Date	Prior Year to Date	Variance Amount		Variance %
Revenues:						
Fee Income	$ 15,000	$ 15,000	$ 72,138	$ (57,138)	(1)	-79%
Interest Earned	79	317	864	(547)	(2)	-63%
Total Unadjusted Revenues	15,079	15,317	73,003	(57,686)		-79%
Expenses:						
Salaries, Wages, and Employee Benefits	21,190	61,893	66,611	(4,718)		-7%
Travel & Conferences	1,382	1,157	2,339	(1,182)	(3)	-51%
Professional Fees	32	4,532	10,732	(6,200)	(4)	-58%
Office Expense	3,750	11,376	11,373	3		0%
Total Expenses	26,354	78,958	91,054	(12,096)		-13%
(Deficit) Excess of Revenues over Expenses	(11,275)	(63,641)	(18,051)	(45,590)		253%
Net Position						
Total net position, beginning of period	1,003,909	1,056,275	1,281,677	(225,402)		-18%
Current Increase (Decrease) to Net Position	(11,275)	(63,641)	(18,051)	(45,590)		253%
Total net position, end of year	$ 992,634	$ 992,634	$ 1,263,626	$ (270,992)		-21%

(1) Fee income in the prior fiscal year represents fees related to the bond issuance for Seattle University. In the current year, two application fees were received.

(2) The decrease in interest income is primarily due to a lower market yield in the current period of .09% compared to the same period in the prior year of .21%.

(3) The higher conference/training expenses in the prior year was due to expenses related to training in the design of a new logo in fall of the prior year.

(4) The decrease in professional fees is due to reduced legal expenses in the current year as well as slightly slower external audit progress fees from the external auditors.

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, 2021
(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:							
Issuance & Application Fees	-79%	(57,138)	72,138	**15,000**	9,375	5,625	60.0%
Interest Revenue	-63%	(547)	864	**317**	2,481	(2,164)	-87.2%
Total Unadjusted Revenues	-79.0%	(57,685)	73,003	**15,317**	11,856	3,461	29.2%
Expenses:							
Salaries & Wages - Staff & Temp. Svcs	-6%	(3,217)	49,850	**46,633**	71,159	(24,526)	-34%
Employee Benefits - Staff	-8.9%	(1,500)	16,761	**15,261**	18,861	(3,600)	-19.1%
Conference, Education & Training	-53.9%	(915)	1,699	**784**	1,850	(1,066)	-57.6%
Travel out of state - Staff	-41.7%	(267)	640	**373**	4,453	(4,080)	-91.6%
Accounting Fees	-42.8%	(3,370)	7,870	**4,500**	24,600	(20,100)	-81.7%
Legal Fees	-98.9%	(2,830)	2,862	**32**	2,375	(2,343)	-98.7%
Financial Advisor Fees	NA	-	-	**-**	500	(500)	-100.0%
Office Rent/Conf. Room Rentals	13.4%	369	2,746	**3,115**	3,950	(835)	-21.1%
Furniture & Equipment Rental	-27.0%	(43)	159	**116**	134	(18)	-13.4%
Publications/ Subscriptions/ Dues	-11.1%	(129)	1,161	**1,032**	1,112	(80)	-7.2%
Deliveries	-49.5%	(104)	210	**106**	150	(44)	-29.3%
Insurance	-2.4%	(82)	3,359	**3,277**	3,673	(396)	-10.8%
Meeting Expense	NA	-	-	**-**	662	(662)	-100.0%
Equipment & Building Maintenance	78.3%	65	83	**148**	634	(486)	-76.7%
Software Maint. Support & Other Info Svcs	19.9%	364	1,828	**2,192**	3,052	(860)	-28.2%
Supplies	202.2%	91	45	**136**	279	(143)	-51.3%
Telephone	73.8%	361	489	**850**	686	164	23.9%
Other Office Expenses	-15.5%	(74)	478	**404**	456	(52)	-11.4%
Total Expenses	-13.3%	(12,094)	91,053	**78,959**	143,656	(64,697)	-45.0%
(Deficit) Excess of Revenues over Expenses	252.6%	$ (45,592)	$ (18,050)	**$ (63,642)**	$ (131,800)	$ 68,158	-51.7%

Totals may not add due to rounding.

TAB 8

Statement of Account

Washington Higher Education Facility Authority
Proration of costs between WHEFA and WSHFC
For the period July 1, 2021 - September 30, 2021

Month	Salaries & Benefits	Office Expenses (1)	Overhead (2)	Total
July	**$ 18,690.87**	**$ 1,915.49**	**$ 91.11**	**$ 20,697.47**
August	**21,829.83**	**2,406.72**	**111.34**	**24,347.89**
September	**21,101.77**	**2,909.30**	**80.88**	**24,091.95**
Total Per Category	**$ 61,622.47**	**$ 7,231.51**	**$ 283.33**	**$ 69,137.31**

Previous Balance at June 30, 2021	**79,396.14**
Payments & Credit Memos (through September 30, 2021)	**(79,396.14)**
Total Due to WSHFC:	**$ 69,137.31**

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

Gene Sharratt
Gene Sharratt (Oct 29, 2021 08:01 PDT)

Authority Board Member

Statement of Account

Washington Higher Education Facility Authority
Proration of costs between WHEFA and WSHFC
For the period April 1, 2021 - June 30, 2021

Month	Salaries & Benefits	Office Expenses (1)	Overhead (2)	Total
April	**$ 23,235.79**	**$ 2,146.38**	**$ 115.68**	**$ 25,497.85**
May	**24,113.63**	**2,115.72**	**113.84**	**26,343.19**
June	**24,036.02**	**3,405.66**	**113.42**	**27,555.10**
Total Per Category	**$ 71,385.44**	**$ 7,667.76**	**$ 342.94**	**$ 79,396.14**

Previous Balance at March 31, 2021	**72,746.50**
Payments & Credit Memos (through June 30, 2021)	**(72,746.50)**
Total Due to WSHFC:	**$ 79,396.14**

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

Gene Sharratt
Gene Sharratt (Sep 25, 2021 20:18 PDT)

Authority Board Member

TAB 9

Washington Higher Education Facilities Authority

Market Update

November 10, 2021

PFM Financial Advisors LLC

107 Spring Street Seattle, WA 98104

Thomas Toepfer
(206) 858.5360
toepfert@pfm.com

Market Recap

- **The rising summer tide of coronavirus infections seems to have drowned out optimism about the economic recovery.** Daily cases have risen to levels not seen since the beginning of the year, and vaccination rates have slowed at a time when relief from the Federal government is subsiding. As the summer ends, a COVID-weary country may face a distressing reality check.

- **Treasury yields shrug off jobs report.** U.S. Treasury yields have climbed sharply in recent weeks following September's Federal Open Market Committee (FOMC) meeting where we got a better picture of future monetary policy decisions. It seems market participants are more concerned with the upward pressure on Treasury yields associated with a pullback in bond purchases from the central bank.

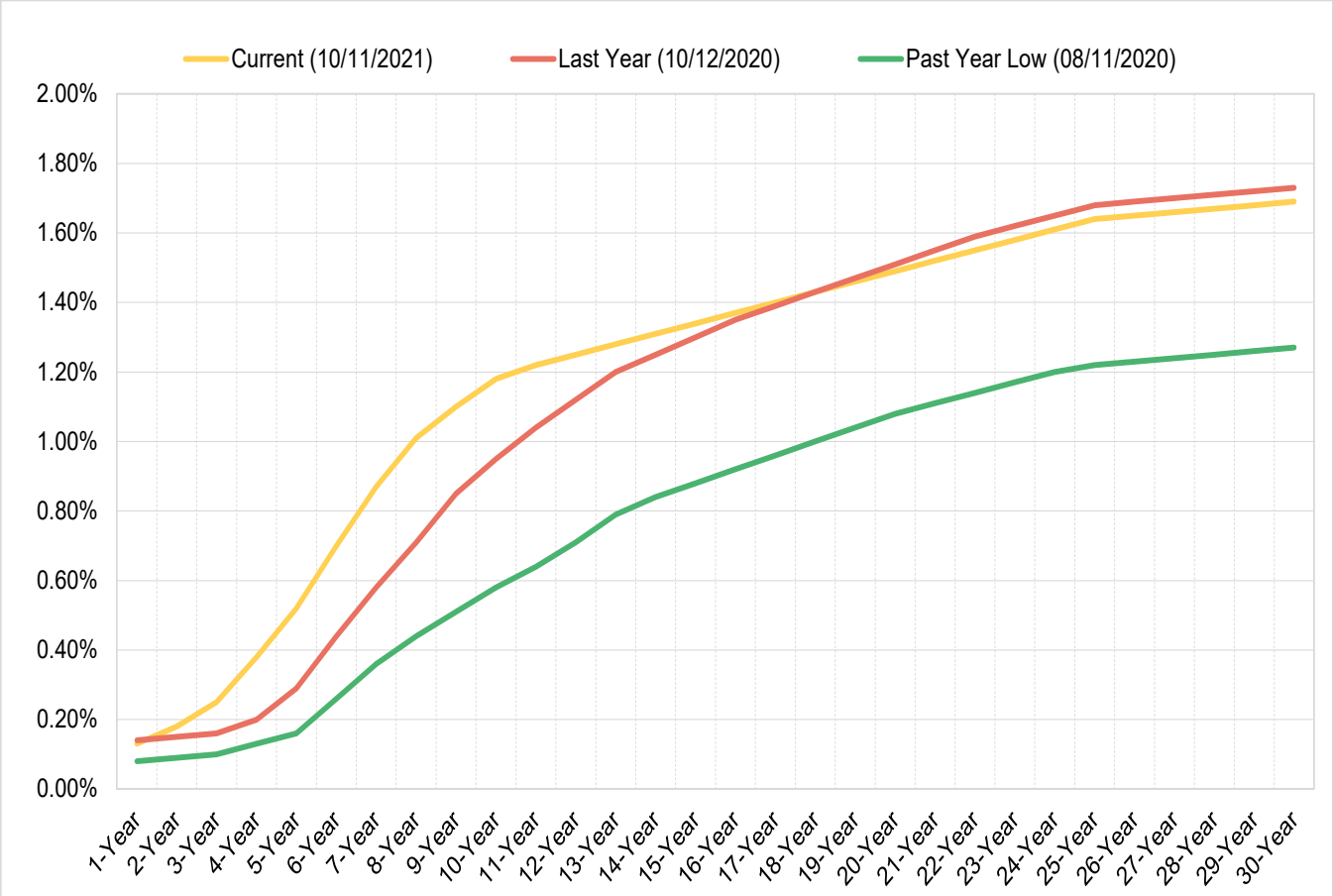
- **Jobs Report Falls Short.** The U.S. added fewer jobs than forecast for a second month in September, signaling potential for the labor market recovery to be cooling off. This brought some initial concern to the market, as the Fed has previously stated that healthy and continued job growth is the last hurdle before they begin the process of tapering asset purchases. While it's never a good sign to fall 300,000 jobs short of estimates, this miss shouldn't do much in the way of impacting the Fed's timeline. Fed officials have emphasized the accumulated hiring process, rather than letting month-by-month patterns drive decision making. In addition, the upward revisions to previous months should be more than sufficient to keep tapering on schedule for a November announcement.

- **Retail Sales Outperform Expectations.** U.S. retail sales unexpectedly increased in September in a broad advance, suggesting resilient demand for merchandise even as production constraints limit supply. The figures cap a quarter in which consumer spending probably slowed, due in part to the delta variant and supply-chain constraints.

Source: Bloomberg, PFM Research

Recent AAA MMD Yield Curve Movement

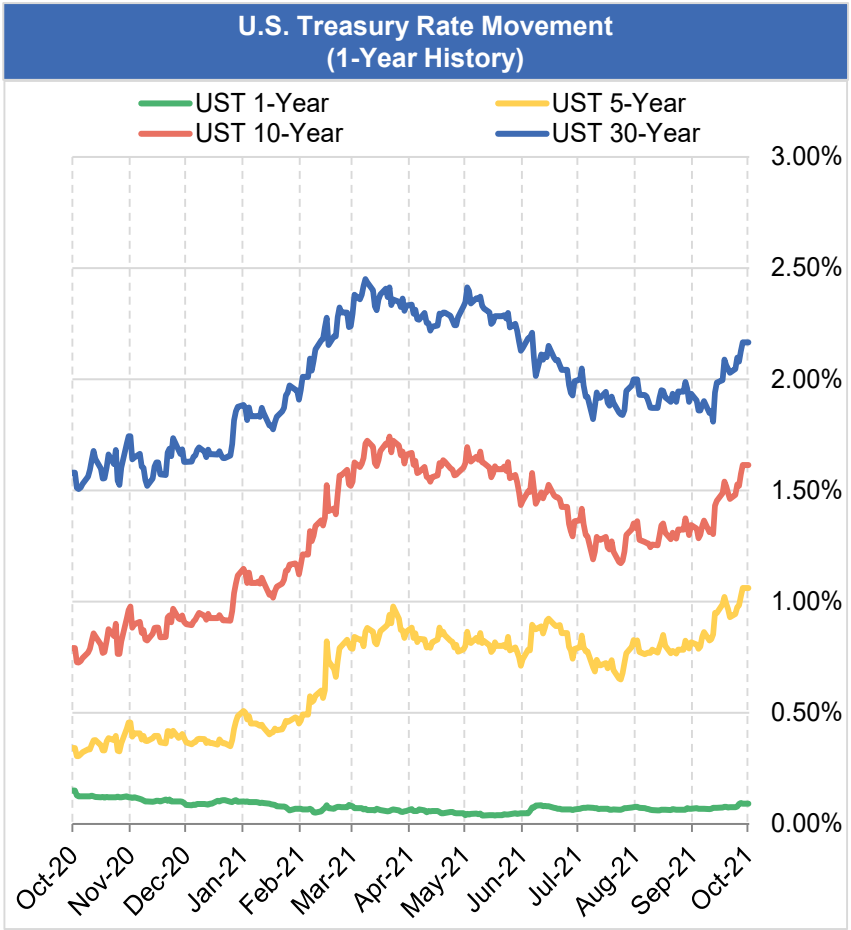
AAA MMD Yield Curve Movement

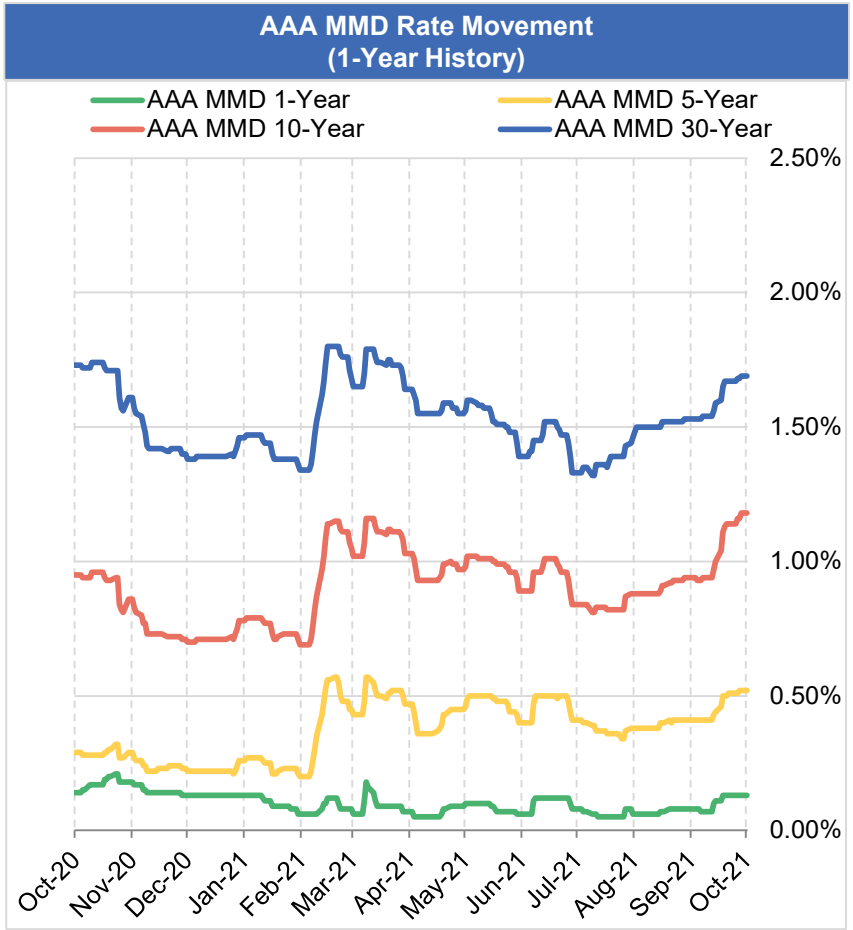


Maturity	Δ Since 10/12/2020	Δ Since 08/11/2020
1-Year	-0.01%	0.05%
2-Year	0.03%	0.09%
3-Year	0.09%	0.15%
4-Year	0.18%	0.25%
5-Year	0.23%	0.36%
6-Year	0.26%	0.44%
7-Year	0.29%	0.51%
8-Year	0.30%	0.57%
9-Year	0.25%	0.59%
10-Year	0.23%	0.60%
11-Year	0.18%	0.58%
12-Year	0.13%	0.54%
13-Year	0.08%	0.49%
14-Year	0.06%	0.47%
15-Year	0.04%	0.46%
16-Year	0.02%	0.45%
17-Year	0.01%	0.44%
18-Year	0.00%	0.43%
19-Year	-0.01%	0.42%
20-Year	-0.02%	0.41%
21-Year	-0.03%	0.41%
22-Year	-0.04%	0.41%
23-Year	-0.04%	0.41%
24-Year	-0.04%	0.41%
25-Year	-0.04%	0.42%
26-Year	-0.04%	0.42%
27-Year	-0.04%	0.42%
28-Year	-0.04%	0.42%
29-Year	-0.04%	0.42%
30-Year	-0.04%	0.42%

Source: Thomson Reuters

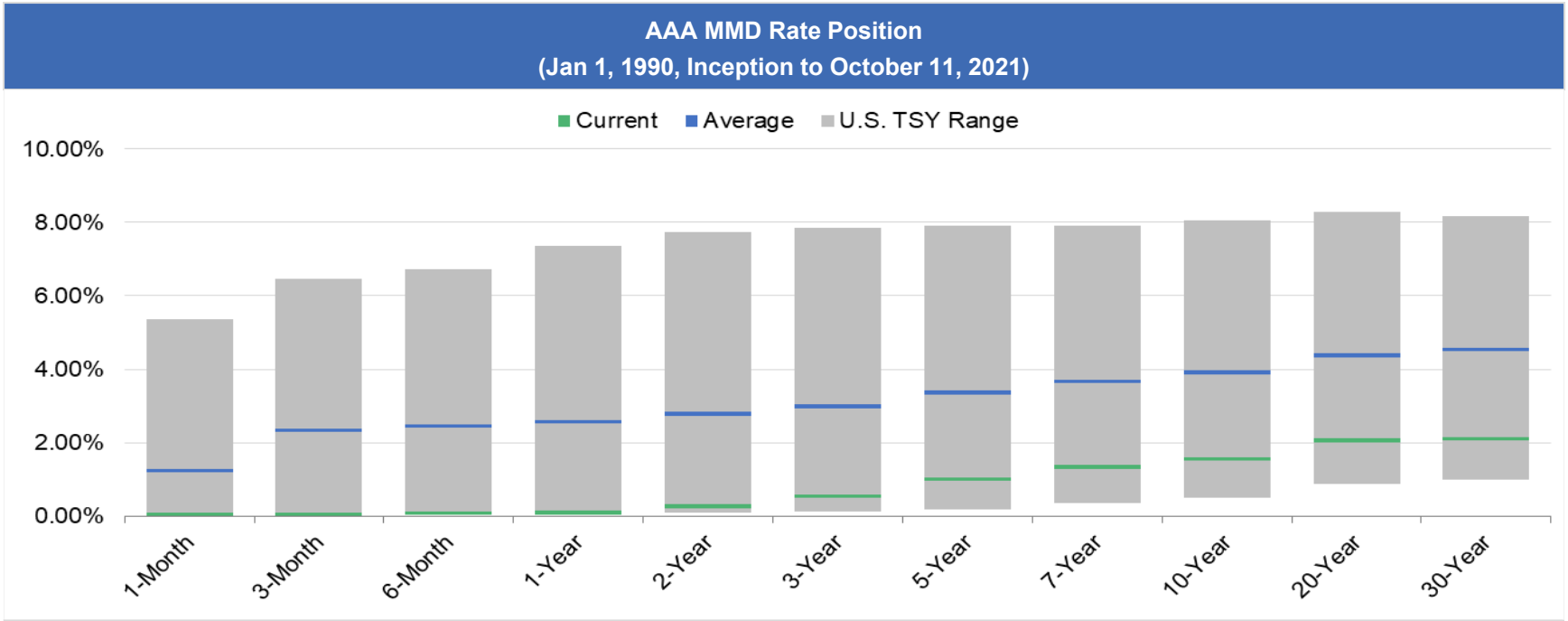
U.S. Treasury & AAA MMD Rate Movement





Source: Thomson Reuters

AAA MMD Position Since Inception



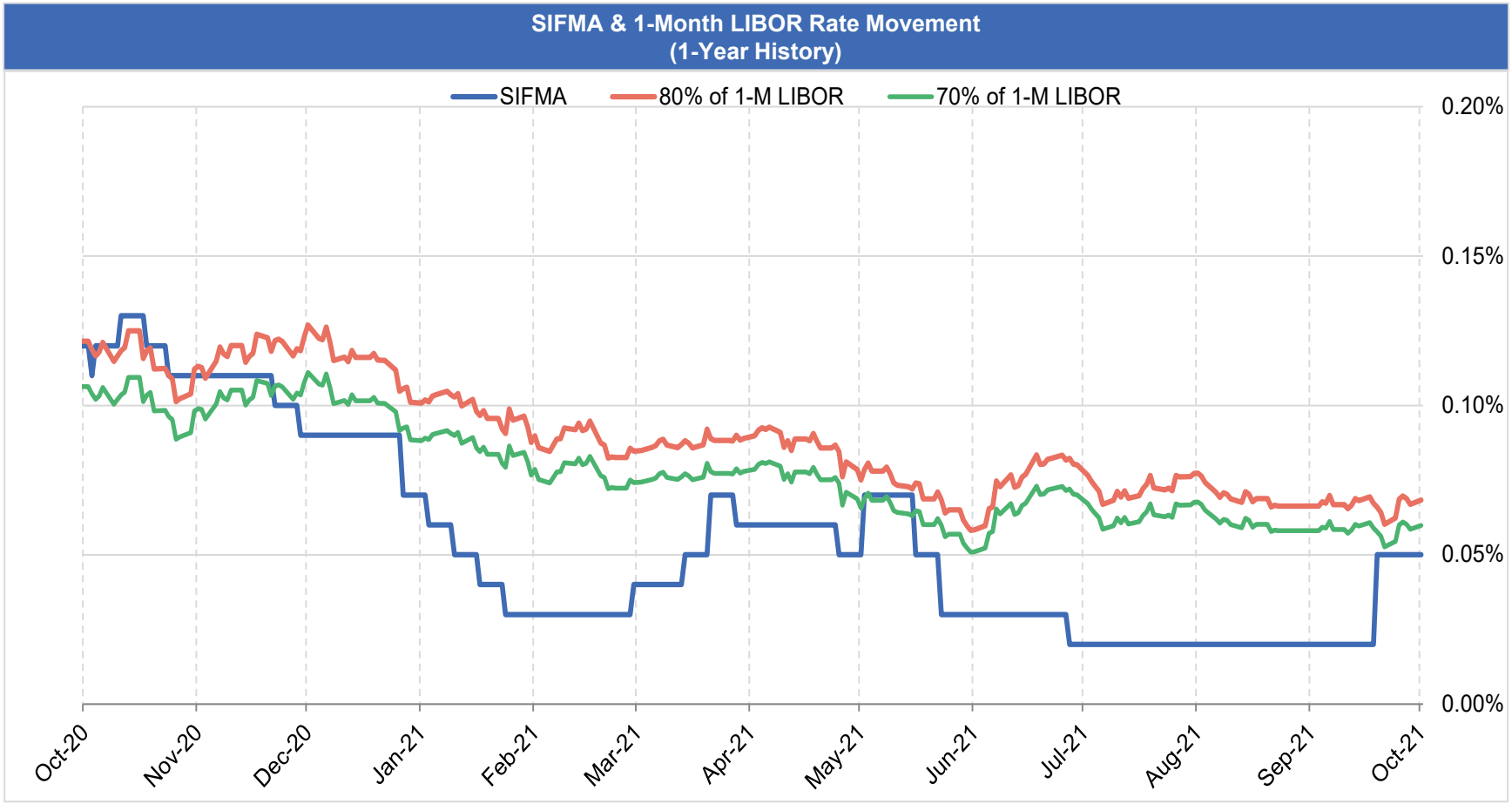
Summary of October 11, 2021 vs. Historical U.S. TSY Rates

Statistic	1-Month	3-Month	6-Month	1-Year	2-Year	3-Year	5-Year	7-Year	10-Year	20-Year	30-Year
October 11, 2021	0.02%	0.05%	0.07%	0.09%	0.32%	0.59%	1.05%	1.39%	1.61%	2.11%	2.16%
Historical Average	1.20%	2.33%	2.45%	2.57%	2.83%	3.04%	3.41%	3.72%	3.96%	4.42%	4.58%
Spread to Average	-1.18%	-2.28%	-2.38%	-2.48%	-2.51%	-2.45%	-2.36%	-2.33%	-2.35%	-2.31%	-2.42%
Minimum	0.00%	0.00%	0.02%	0.04%	0.09%	0.11%	0.19%	0.36%	0.51%	0.87%	0.99%
Maximum	5.27%	6.42%	6.67%	7.32%	7.74%	7.84%	7.90%	7.92%	8.05%	8.30%	8.16%
% of Time Lower	5.04%	10.70%	6.42%	2.04%	11.62%	12.30%	11.53%	9.97%	6.69%	6.98%	5.18%

Source: Thomson Reuters

SIFMA & 1-Month LIBOR Rate Movement

- The SIFMA Index remains at .05% while the 70% of LIBOR sits at .06%.

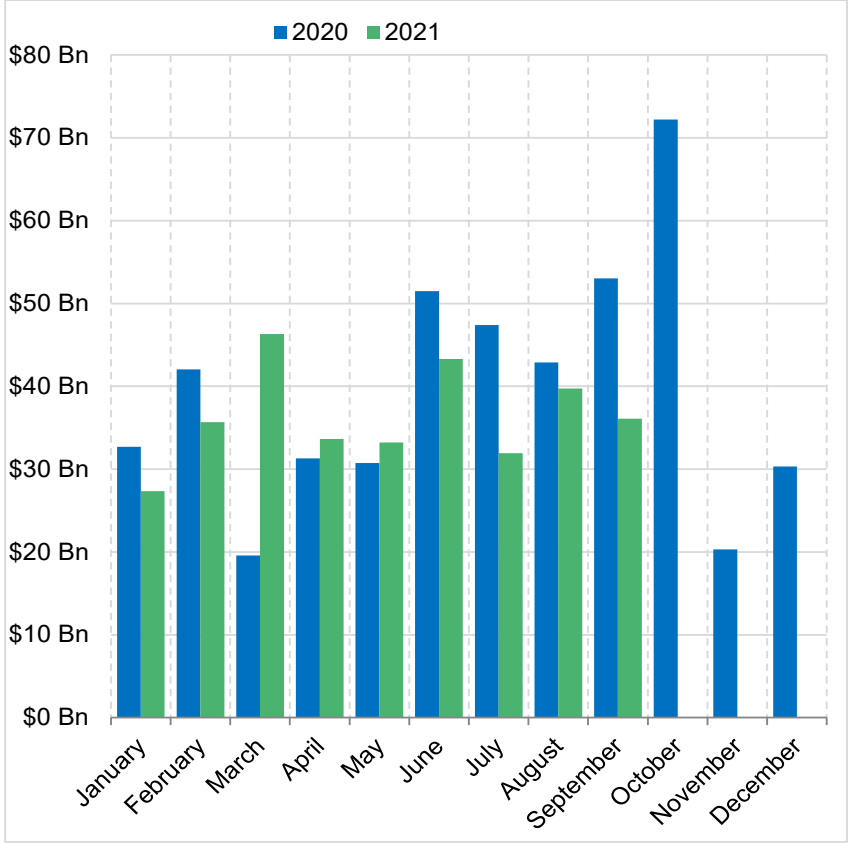


Source: Thomson Reuters

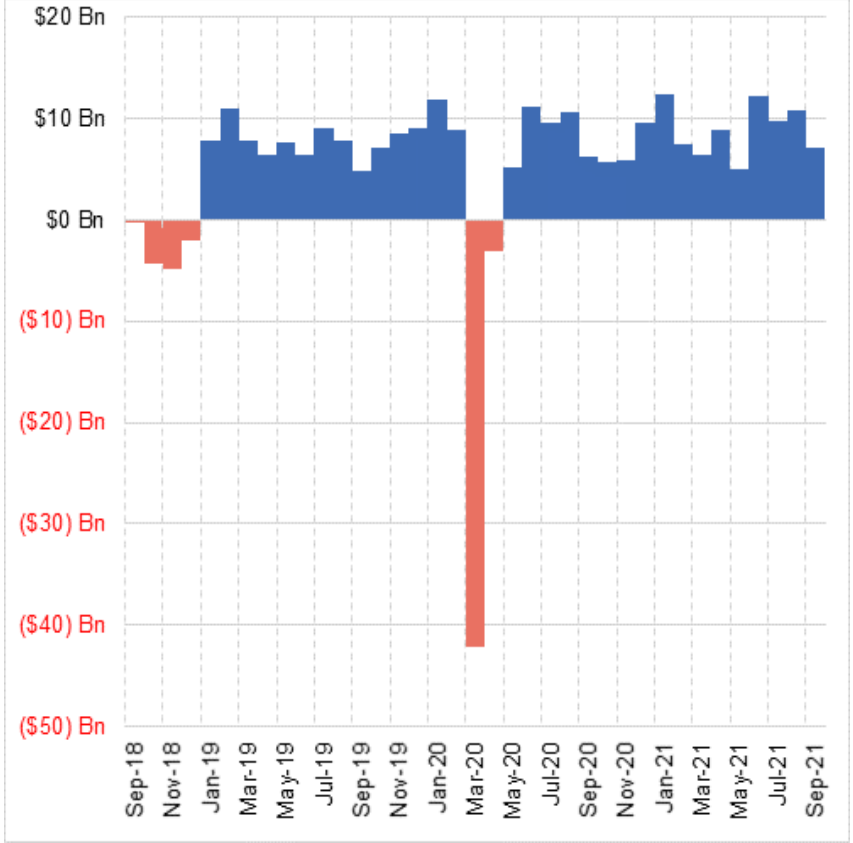
Municipal Market Supply & Demand

- New issuance volume was down by 31.9% year-over-year in September, while year-to-date new issuance volume was 6.8% lower than 2020 issuance through September.

Overall Municipal Market Volume (Supply)



Municipal Fund Flows (Demand)

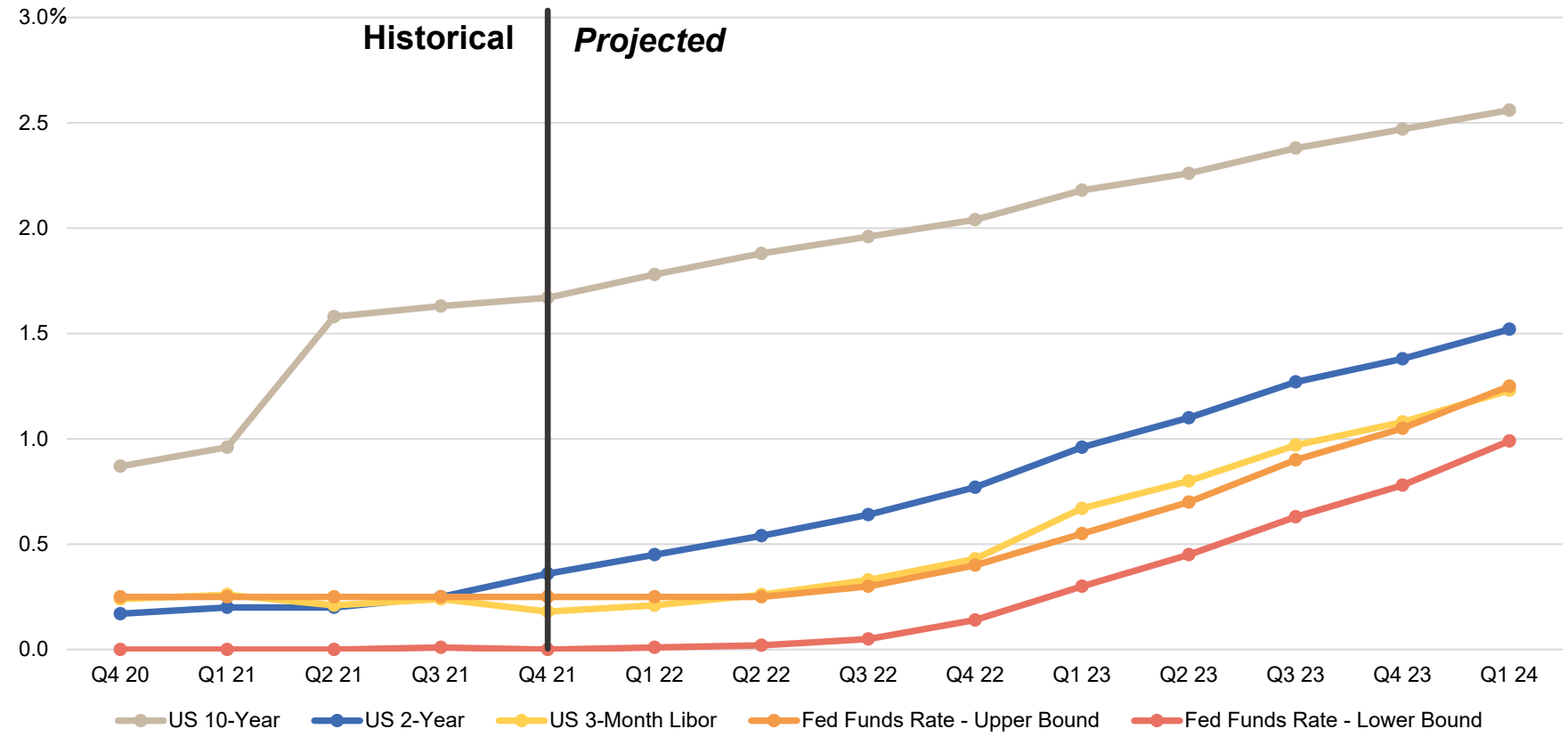


Source: Bond Buyer, Investment Company Institute

Market Update – Historical and Forecasted Interest Rates

- The chart below shows consensus forecasts from numerous financial institutions as reported by Bloomberg

Quarterly Historical and Forecasted Interest Rates



Source: Bloomberg, as of 10/18/2021

TAB 10

Washington Higher Education Facilities Authority
Bond Issue Status Report
As of November 1, 2021

	App 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
Pending and Potential Bond Issues - Fiscal Year 2021/2022														
Whitworth ***$23,000,000*** *Refund 2012* *$5 million New Money for Innovation Lab*	9/1/21	9/2/21	10/6/21	9/7/21	10/7/21	Complete	10/7/21 10/18/21	Complete	10/15/21	11/10/21	11/18/21	1/4/22	Preliminary Present Value Savings $2,709,551	*No WHEFA FA* *Public Sale*
Whitman ***$65,000,000*** *Refund 2004 & 2008 bonds Eliminate 2 swaps*	9/22/21	9/23/21	10/15/21	9/22/21	10/12/21	Complete	10/20/21	Complete	11/5/21	11/10/21	11/17/21	11/30/21	Preliminary Present Value Savings $2,809,211	*No FA* *Public Sale*
PNWU ***$20,000,000*** *New Money for 80,000 SF Regional Center for Inter-professional Education*	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	2022 TBD	Preliminary Present Value Savings TBD	*Financial Advisor TBD*

Washington Higher Education Facilities Authority
Bond Issue Status Report
As of November 1, 2021

	App 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
UPS ***$37,000,000*** *Refunding of 2021 B taxable to tax-exempt*	TBD	TBD	TBD	TBD	N/A	TBD	TBD	N/A	TBD	Fall 2022 TBD	TBD	Fall 2022 TBD	Preliminary Present Value Savings TBD	*No Financial Advisor* *Private Placement* *Columbia Bank*
Closed Bond Issues - Fiscal Year 2021/2022 – None to date														

FY 2021-22 Goal: Complete two bond issues totaling approximately $30 million by June 30, 2022.

TAB 11

STIFEL

May 25, 2021

Ms. Carol Johnson, Manager
Washington Higher Education Facilities Authority
1000 Second Avenue, Suite 2700
Seattle, WA 98104

Dear Ms. Johnson,

On behalf of the Washington Higher Education Facilities Authority (the "Authority") and the institutions who borrow through the Authority, Stifel 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 Series 2021A Bonds is to refinance the University's existing Series 2019 Bonds that are currently held with Bank of America to eliminate a restrictive debt service coverage covenant.
- The purpose of the proposed Series 2021B Bonds is to refinance the University's existing Series 2012A Bonds for interest rate savings. The Series 2012A Bonds have a call date of 10/01/2022. Since the Bonds are not currently refundable, the Series 2021B refunding bonds will be refunded with taxable bonds. In 2022, the taxable bonds will be refunded with tax-exempt bonds.
- The bond sizing is expected not to exceed $24,000,000 for the Series 2021A Bond and $37,000,000 for the Series 2021B Bonds. These estimates include plans to pay costs of issuance from bond proceeds.
- From a competitive RFP process involving a regional and national bank, the University selected a proposal received from Columbia State Bank subject to further negotiation. The University and Bank signed a final written agreement on May 21, 2021.
- The amortization for 2021A refunding will match the existing amortization schedule 2019 Bonds.
- The amortization for the Series 2021B refunding will be solved on a uniform basis to the existing amortization schedule of the 2012A Bonds, this will result in uniform savings to the University.
- Amortization for the Series 2021A Bonds pays principal annually each October commencing in 2021 and ending in 2036 and the Series 2021B Bonds pays principal annually each October commencing in 2021 and ending in 2042. Interest payments will be made semi-annually on April 1st and October 1st. The Bonds will be subject to mandatory tender after a term of 10 years.
- The Series 2021A Bonds will bear interest at a variable rate based on LIBOR, similarly to the existing Series 2019 Bonds. The interest rate will reset weekly and will be an annual rate based upon 80% of 1-Month LIBOR plus a credit spread of 75 basis points. Based on the Bank's rate of 80% of 1-Month LIBOR plus a credit spread of 75 basis points the current rate would be 0.69%.
- The Series 2021B Bonds will be refunded with tax-exempt bonds in 2022. Both the taxable and tax-exempt bonds will bear a fixed interest rate. This will allow the borrowers to refinance their tax-exempt debt ahead of its call date. Both the taxable and tax-exempt rate will be locked in at closing. The Bank's 10 year fixed rates are equal to 2.64% (Taxable) and 2.11% (Tax-Exempt).

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 each refunding. The analysis for the Series 2019 refunding is based on the Bank's rate of 80% of 1-Month LIBOR plus a credit spread of 75 basis points (0.69% at current rates). As a taxable point of comparison, the Bank's provided Taxable Rate Factor of 1.25 is used (reflecting the factor needed to derive an equivalent taxable

rate given the Bank's Internal Tax Rate of 20% a taxable equivalent rate of 0.86%). The analysis assumes the current 1-Month LIBOR Implied Forward Curve through 2021 and then LIBOR's 10-year average thereafter (0.75%) through the entire amortization period extending to final maturity in 2036.

The analysis for the Series 2012A refunding is based on the Bank's 10 year fixed rates of 2.64% (Taxable) and 2.11% (Tax-Exempt). For the taxable comparison, we have assumed the taxable bonds never convert to tax-exempt in 2022. The analysis assumes the Bank's 2.64% taxable 10-year rate is held constant through the entire amortization period extending to final maturity in 2042.

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.

Series 2021A Nominal Cash Flow Savings	Series 2021A PV Cash Flow Savings
$675,528	$631,334

Series 2021B Nominal Cash Flow Savings	Series 2021B PV Cash Flow Savings
$2,697,869	$2,410,519

As you review, please let us know if you have any questions or comments. If you'd like, please feel free to contact us at 415-902-7835.

Sincerely,

Nick Waugh
Director
Stifel

One Montgomery Ste. 3500 | San Francisco, Ca, 94104

THE BOND BUYER

DIVERSITY AND EQUALITY

Minority broker-dealer firms face hurdles in moving beyond co-manager

By Keeley Webster | October 20, 2021, 2:27 p.m.

Though California has systems to ensure that minority and women-owned bond firms are included on bond deals, request for proposal requirements can mean that smaller firms get stuck in “co-manager purgatory,” according to one participant at the California Public Finance conference.

The question arose during a panel moderated Tuesday by Natalie Brill, former Los Angeles debt manager and current chair of the National Women in Public Finance DEI Committee. DEI stands for Diversity, Equity and Inclusion.

California state and local governments have created debt management programs that foster the inclusion of women and minorities on bond sales. And the bulge bracket firms who participate on deals are encouraged through RFP requirements to create diverse teams, panel members said.

“We want to encourage opportunities for men, women and minorities to excel and stay in the industry," said Carmen Vargas, a director at Barclays.

But RFP requirements that set a minimum number of deals or volume of deals for participants can prevent smaller broker-dealers from being the lead manager, they said.

“At the end of the day, the client or issuer needs to get the best transaction,” said panelist Carmen Vargas, a director at Barclays. “They have to make the best decisions on behalf of their board or council to select a team to get the job done. I do think it could

be better done without minimum qualifications, because you are stuck applying for the co-manager spot, because you haven't done X number of deals, or X size of deals.

"I think that will change, but there are some smaller minority owned firms that are working their way through the industry," Vargas said. "I think it's something that issuers should consider that would give firms the opportunity to work in the top slot."

Panelists said there is much work to do even though California has made great strides to ensure that the people who work on the state's bond deals are representative of its population.

"When I think about accountability in our industry, I don't think we know what that looks like yet," said Bianca Gaytan Burrell, senior director/analytical manager at S&P Global Ratings.

Burrell described S&P as an anti-racist company with many systems for hiring from internship to top positions designed to increase diversity. It's good to have someone at the top who supports diversity hiring, but those programs are executed by middle managers and there needs to be buy-in at that level as well, she said, referencing a report S&P produced on diversity hiring.

"I think it is important to make sure that DEI is part of the company's DNA," she said.

Vargas, who has been a managing director at Barclays for a year, spent much of her prior career at minority owned firms.

"I have been at Barclays for less than a year, but they definitely walk the walk," Vargas said. "Folks are really trying to put in the effort and work."

One thing she has noticed as a broker-dealer is that sometimes companies will send in diverse hires with less experience for the tour, but then send in senior managers later to work on the deal. The younger people being hired that represent the firm's diversity need to be included in the deal from start to finish, or they will never get the experience to move up the ladder, Vargas said.

"When you put women and minorities in positions, you don't take them out mid-financing," she said. "You put them there, and you keep them there."

Vargas also said that people in the industry need to also give credit to allies. She worked with Tony Hughes at Citi and he encouraged her to apply for the job at Barclays, and he is a white man.

“Decision makers, even at a recruiting level, don’t have to be diverse,” Vargas said. “We haven’t talked about ally-ship a lot. For me, as some of you may know, I work for Tony Hughes. He was a manager at Citi I worked for, and is now a managing director at Barclays. He is great at giving folks encouragement.”

The goal Vargas said is to give opportunities to people who are both qualified and diverse.

“We want to encourage opportunities for men, women and minorities to excel and stay in the industry,” Vargas said.

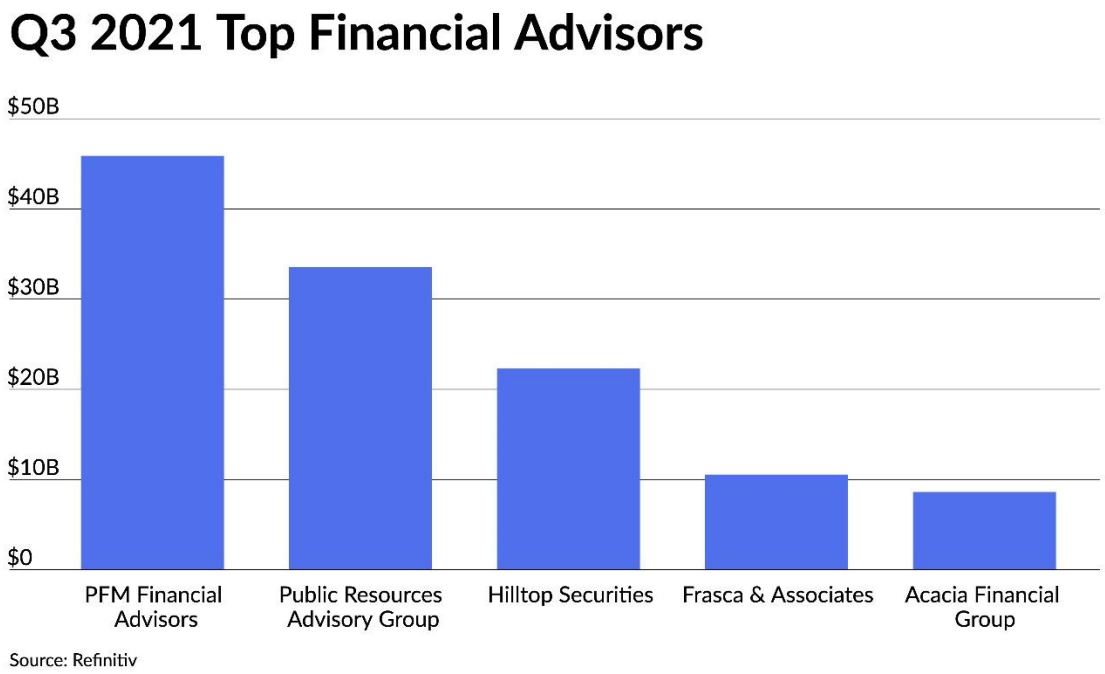
Diversity in leadership does help encourage younger people to stay in the industry, because they then see that if they work hard they too can have that opportunity to move up the ladder, she said.

Formal mentorship is critical, and diverse leaders may not be available in the upper echelons, but sometimes people hesitate to mentor people who don’t have the same background they do, and that needs to change, said Grace Yuen, managing director of Siebert Williams Shank & Co.

THE BOND BUYER

Q3 2021 top financial advisors

By Jessica Lerner October 12, 2021 2:14 PM



The top municipal financial advisors saw $278.55 of business in 6,599 transactions in the first nine months of 2021, from the $284.08 billion in 6,350 deals the same period last year.

RBC Capital Markets and Baker Tilly Municipal Advisors moved up into the top 10.

1 PFM tops financial advisors

Public Financial Management Financial Advisors claimed the top spot but with less volume than 2020. PFM advised on $45.89 billion with a 16.5% market share versus $50.31 billion and 17.7% share of the market a year ago.

2 PRAG slips but still comes in second

Public Resources Advisory Group found itself in second place again with a par amount of $33.53 billion or 12% share of the market. That compares with its $34.18 billion and a 12% market share from the first three quarters of 2020.

3 Hilltop is steady

HilltopSecurities accounted for $22.3 billion and an 8% market share to be squarely in third place, compared to $21.35 and a 7.5% market share from the same period the year before.

4 Frasca makes gains

Frasca & Associates totaled $10.55 billion and 3.8% market share, both up from $8.56 billion and 3% share of the market.

THE BOND BUYER

ACACIA
FINANCIAL GROUP, INC.

5 Acacia drops on par amount and market share

Acacia Financial Group has a par amount of $8.62 billion and 3.1% share of the market, both decreases from $10.03 billion and 3.5% it had during the first nine months of 2020.

6 Rounding out the top 10

Rounding out the top 10 are: Piper Sandler & Co. with $8.04 billion, KNN Public Finance with $7.9 billion, Swap Financial Group with $6.24 billion, RBC Capital Markets with $5.43 billion and Baker Tilly Municipal Advisors with $5.09 billion.

ROUTE FIFTY

More Than 500,000 Public Workers Likely to See Debt Relief Under Student Loan Forgiveness Overhaul

ISTOCKPHOTO.COM/MARK CHILTON

By Kate Elizabeth Queram,
Senior Reporter

OCTOBER 6, 2021

The U.S. Department of Education announced a host of changes Wednesday to the Public Service Loan Forgiveness program, which guarantees debt forgiveness to qualifying public sector employees.

The U.S. Department of Education on Wednesday announced sweeping changes to a student loan forgiveness program, an overhaul officials said could mean financial relief for more than half a million borrowers working for government entities or nonprofits.

The Public Service Loan Forgiveness program, established in 2007, promised to forgive student loans for qualifying public sector workers who made their federal student loan payments on time for 10 consecutive years.

But the program was plagued with problems from its inception, drawing criticism from advocates who said the system was difficult to navigate and often left qualified borrowers

ineligible for debt forgiveness after a decade of regular payments. More than 98% of people who applied for loan forgiveness under the program were rejected, according to federal data, including thousands of teachers. Many of them were turned away for small mistakes, like checking the wrong box on an application or failing to date a signature.

"Borrowers who devote a decade of their lives to public service should be able to rely on the promise of Public Service Loan Forgiveness," U.S. Secretary of Education Miguel Cardona said in a statement Wednesday. "The system has not delivered on that promise to date, but that is about to change for many borrowers who have served their communities and their country."

Among the changes is a new waiver that allows all payments by student loan holders to count toward forgiveness, "regardless of loan program or payment plan." That provision is a significant shift from the program's original criteria, which offered debt relief only to borrowers whose loans were made directly by the federal government.

All federal student loans have been owned by the U.S. Department of Education since 2010. But before then, borrowers typically had government-guaranteed loans from private banks. Those loans weren't eligible for forgiveness under the federal program, but borrowers often didn't know that until they tried to have their debt cancelled after a decade of regular payments.

"People I know in the government and public sectors really started to get nervous when that started happening," said Ashley Qualls, a management analyst with the Mecklenburg County Department of Public Health in North Carolina. "They'd make their payments and then get 10 years down the road and all of a sudden you don't have the forgiveness you thought you would."

The waiver will retroactively count those payments, a change that's likely to affect upwards of 550,000 borrowers, including 22,000 who will become "immediately eligible for $1.74 billion in forgiveness without the need for further action on their part," the federal education department said.

Another 27,000 people may be eligible for up to $2.82 billion in relief by verifying additional periods of employment. The average borrower is likely to receive roughly two additional years of "progress toward forgiveness" under the waiver program alone, the department said. Most will have to apply for the benefits, with applications due by the end of next October.

Other changes include allowing active-duty service members to count loan deferments and forbearances toward the forgiveness program and automatically providing credit for eligible service members and federal employees. The department will also review applications that were denied previously, with an appeals process for borrowers who were rejected from the program.

The changes come after years of advocacy from employee unions and membership organizations, including more than 200 groups that asked Cardona last month to grant comprehensive and retroactive debt relief for public employees. Their letter, dated Sept. 22, came after the Biden administration launched a probe to investigate the loan forgiveness program, an inquiry that collected personal stories from more than 48,000 borrowers.

One submission came from a person with more than 20 years of experience teaching in three public school systems, who consolidated loans only to find out later that the payments would not count toward debt forgiveness.

"The lender...failed to disclose that information prior to my loan consolidation," it read. "This whole ordeal has been an absolute nightmare."

Another submission detailed the decades-long public service careers of a couple who opted not to pursue higher-paying jobs at private companies in part because they believed their loans would be forgiven. Their lender assured them they were on track to have their debt wiped away, only to be told after 10 years that they "were ineligible for forgiveness because they were not direct loans."

"In the current state, this program offers no incentive to remain in low-paying, public-service jobs," it said. "As our children approach college age, we are left asking whether we should encourage them to avoid public service entirely? Either way, we anticipate paying our student loans while they are in college. This shouldn't happen to families who simply believed in a flawed program."

Welcome News for Borrowers

Seth Frotman, head of the nonprofit Student Borrower Protection Center, which previously launched investigations into the program, said the changes were welcome news for thousands of public employees who thought they were already on track to have their loans forgiven.

"This is a good day for teachers, nurses, servicemembers, and millions of workers serving on the front lines of the pandemic," he said in a statement. "For too long, those who give the most to our communities and our country have been given the runaround and forced to shoulder debts that should have been canceled. The Biden administration is taking a critical step towards alleviating that burden for our public service workers."

Qualls, who expects to qualify for forgiveness on loans she obtained to get her master's degree in public administration, said her payment plans likely won't change as a result of the program's overhaul. But the restructuring could benefit the public sector as a whole, she said, by allowing relatively low-paid employees to recoup the cost of their educations.

"I think we do miss out on a lot of good candidates because of that cost," she said. "You do worry how you're going to pay for it, and you just kind of hope that you can."

Kate Elizabeth Queram is a senior reporter for *Route Fifty* and is based in Washington, D.C.

THE BOND BUYER

IRS may extend remote PAB hearings past March 31 deadline

By Connor Hussey
October 04, 2021

The Internal Revenue Service is likely to extend its COVID-19 related relief allowing TEFRA hearings to be held over the phone even beyond its recently extended March 31, 2022 deadline, tax lawyers say.

Under the 1982 Tax Equity and Fiscal Responsibility Act (TEFRA), a public notice and hearing are required for the issuance of most types of private activity bonds. Citing the pandemic, the IRS moved in May 2020 to provide temporary relief to issuers of PABs by allowing TEFRA hearings to be held via telephone. That was subsequently extended a few weeks ago to March 31, 2022.

But given most IRS employees are still not back in the office due to COVID-19 concerns, this is likely to be moved to a further date, or even, indefinitely.

I suspect the pandemic is not going to be completely resolved [by March 31] and the IRS has been very good about revisiting these deadlines," Carol Lew, a shareholder at Stradling Yocca Carlson & Rauth and a former National Association of Bond Lawyers president said. "They haven't fully opened up all the IRS offices so they completely understand that there's not going to necessarily be public meetings yet."

The IRS extension to hold telephone hearings until March 31, just like its initial guidance allowing such remote meetings in the first place, follows NABL's recommendations on the matter, and has been an unexpected success.

"Not only is the extension still needed because we have all these variants and we're all still in varying degrees of lockdown but I think it's actually working well," Richard Moore, tax partner at Orrick, Herrington & Sutcliffe and another former president of NABL said.

"It feels like more people participate with these new options than when the only way to participate was in person," he added. "It's just a lot more of an ask for people to physically attend something than just dial in."

Moving the date past the slated March 31 deadline could be a quick fix, depending on the state of the public health crisis, lawyers say. But making it so municipal bond issuers can always hold TEFRA hearings virtually would require a lot more.

Many states and localities require public hearings by law in order to give the public a chance to respond. Changing those laws to fit a uniform IRS policy would be difficult.

"I don't know if something like this could be made permanent in all situations under state law," Lew said. "We have 50 states, and local jurisdictions and they each may have their own unique requirements but one has to accommodate reality."

NABL and other related groups, while they may offer guidance for further extensions in the future, are also focused on many other issues, including continued improvements to the guidance regarding transitioning from LIBOR to new indexes without giving rise to a reissuance, Moore said. Other TEFRA related suggestions may come as the March 31 deadline gets closer.

“A decision has been made not to muddle the waters with the temporary relief we have to have, with requests for a long term change to the rules,” Moore said.

“We're all observing how well TEFRA is working within this program and at some point, there will be suggestions made to the effect that maybe this should be a permanent change in law.”

Everett Community College cancels $1.2 million in student debt

Press Release

Release Date: September 17, 2021

Contact: Laurie Franklin, Interim Vice President of Student Services, 425-388-9035; lfranklin@everettcc.edu

EVERETT, Wash. – Everett Community College is forgiving $1.2 million in student debt accumulated during the pandemic.

EvCC is using institutional Higher Education Emergency Relief Funds (HEERF) to cancel student debt for more than 3,000 students who attended classes spring quarter 2020 through summer quarter 2021.

Student debt more than doubled during the first year of the COVID-19 pandemic, according to EvCC's College Financial Services office.

"The pandemic has hit our students hard, personally and financially. Students have lost jobs, faced food insecurity and some battled COVID-19 infection," said EvCC President Daria Willis. "By eliminating this debt, we are removing a barrier preventing students from continuing their education. We will continue seeking innovative ways to support our students."

The U.S. Department of Education encouraged institutions to use their HEERF funds to cancel student debt to support students facing challenges due to the pandemic. EvCC is one of a growing number of community colleges using HEERF funds for student debt.

EvCC students whose debt is being forgiven are also being provided financial literacy resources and support to prevent them from accruing future debt.

“We want to help students regain financial stability and get the education they need to emerge from the pandemic successfully,” Willis said.

Like other colleges, EvCC found that student debt was disproportionately held by students of color. At EvCC, a third of students educated are students of color, but half of the students who owed tuition and fees were students of color.

Students who are enrolled in Fall quarter classes who have experienced financial hardship due to COVID-19 can apply for up to $2,500 in federal funding for tuition, housing and other educational expenses, such as a laptop for online learning. For more information and an application, see EverettCC.edu/Cares.

Student Housing

EvCC is also using HEERF funding to provide free on-campus housing for the 2021-22 academic year for current students enrolled in 12 or more credits. Students are required to maintain satisfactory academic progress and enroll in a Learning Community with monthly educational programs.

EvCC offers student housing year-round at Mountain View Hall and Cedar Hall on the college’s main campus. For more information or to apply, visit EverettCC.edu/Housing.

Packet Revisions and Additions
November 10, 2021

TAB 3

WASHINGTON HIGHER EDUCATION FACILITIES AUTHORITY

RESOLUTION NO. 21-02

A RESOLUTION of the Washington Higher Education Facilities Authority authorizing the issuance of nonrecourse revenue and refunding revenue bonds in an aggregate principal amount of not to exceed $23,000,000 to refund certain outstanding bonds and 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 the bonds to Piper Sandler & 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 10, 2021

PREPARED BY:

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

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

RESOLUTION NO. 21-02

A RESOLUTION of the Washington Higher Education Facilities Authority authorizing the issuance of nonrecourse revenue and refunding revenue bonds in an aggregate principal amount of not to exceed $23,000,000 to refund certain outstanding bonds and 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 Sandler & 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 chapter 28B.07 of the Revised Code of Washington (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 Authority has previously issued its Revenue Bonds (Whitworth University Project), Series 2012 (the "2012 Bonds") for the benefit of the University and loaned

the proceeds of the 2012 Bonds to the University for the purpose of financing certain capital projects of the University; and

WHEREAS, the University has submitted an application to the Authority to provide a portion of the funds necessary (1) to finance the design, construction, installation and furnishing of a new Innovation Lab to house the University's Engineering and Physics departments and provide lab, fabrication, and other shared spaces; (2) to make additional capital improvements to the University's facilities; (3) to refund the 2012 Bonds; 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 for the Project through (1) the issuance of its Washington Higher Education Facilities Authority Revenue and Refunding Revenue Bonds (Whitworth University Project), Series 2022 (the "Bonds") in an aggregate principal amount of not to exceed $23,000,000 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 Sandler & Co. pursuant to a bond purchase contract (the "Bond Purchase Contract");

NOW, THEREFORE, BE IT RESOLVED by the Washington 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; Refunding. The Authority hereby authorizes the issuance and sale of its nonrecourse revenue bonds to be designated "Washington Higher Education Facilities Authority Revenue and Refunding Revenue Bonds (Whitworth University Project), Series 2022" or other series designation determined to be necessary by the Executive Director of the Authority, in the aggregate principal amount of not to exceed $23,000,000, pursuant to and in accordance with the provisions of the Act, the Code, the Indenture and this resolution.

The Authority further authorizes the refunding of the 2012 Bonds with proceeds of the Bonds and with other funds available to the University as provided in the Indenture, Loan Agreement, and an Escrow Deposit Agreement among the Authority, the Trustee and the University (the "Escrow Deposit Agreement").

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 and will be in substantially the form on file with the Authority. The Authority also accepts, approves and agrees to the execution and delivery of the Escrow Deposit Agreement and 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 and the refunding of the 2012 Bonds.

Section 6. Approval of Underwriter; Sale of the Bonds. The Authority hereby approves the selection of Piper Sandler & 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 $23,000,000; (b) the true interest cost (in the aggregate) on the Bonds does not exceed 6.00%; (c) the Bond Purchase Contract shall be executed prior to March 31, 2022; 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 the underwriter, such as offering prices, interest rates, selling compensation, aggregate principal amount, principal amount per maturity, delivery dates, and other terms of the Bonds dependent on the foregoing matters. The Executive Director is hereby authorized to provide for the distribution of a Preliminary Official Statement.

The Authority agrees to cooperate with the Underwriter to deliver or cause to be delivered, within seven business days from the date of the sale of the Bonds and in sufficient time to accompany any confirmation that requests payment from any customer of the Underwriter, copies of the final Official Statement in sufficient quantity to comply with

paragraph (b)(4) of Rule 15c2-12 and the rules of the Municipal Securities Rulemaking Board. The Executive Director is hereby authorized to review and approve on behalf of the Authority the final Official Statement with such additions and changes as may be deemed necessary or advisable to such individual.

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 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 10th day of November, 2021.

WASHINGTON HIGHER EDUCATION FACILITIES AUTHORITY

David Schumacher, Designee for Jay Inslee, Governor, Member and Chair	The Honorable Denny Heck, Lieutenant Governor and Member
Michael Meotti, Acting Executive Director of the Washington Student Achievement Council and Member	Jasmine Minato, Public Member
Allan Belton, Public Member	Dr. Gene Sharratt, Public Member
Jerome O. Cohen, Public Member	

TAB 4

SUMMARY PROJECT DESCRIPTION

Whitman College 2021 – Revised November 9, 2021

School Name/Location **Whitman College**
345 Boyer Avenue
Walla Walla, WA 99362

Bond Issue Name

- Tax-Exempt Refunding Revenue Bonds (Whitman College Project), Series 2021A
- Taxable Refunding Revenue Bonds (Whitman College Project), Series 2021B

Purpose

The purpose of the bonds is to refund and redeem prior revenue bonds that WHEFA issued in 2004 and 2008 to finance the construction and improvement of educational facilities located on the College's campus.

- The **Series 2021A** (tax-exempt) bonds will refinance the University's existing Series 2008 Bonds and the cost of termination of an interest rate swap associated with those bonds
- The **Series 2021B** (taxable) bonds will refinance the University's existing Series 2004 Bonds and the cost of termination of an interest rate swap associated with those bonds

Proceeds of the bonds may be used to finance any other costs, fees, reserves and associated permitted issuance expenses associated with the transaction.

Official Intent Declaration #	21-W03
Application	Received on September 22, 2021 Reviewed and accepted by staff on October 18, 2021
Public Hearing	October 12, 2021
Resolution	Resolution #21-03 - Currently before the Board for consideration

Financial Information

Type:	Public Sale
Estimated Bond Amount	Not to exceed $65,000,000
Bond Structure	Fixed
Underwriter	Stifel Nicolaus Financial Corp.
Trustee	US Bank N.A.
Closing Date	November 30, 2021

STIFEL

November 9, 2021
Ms. Carol Johnson, Manager
Washington Higher Education Facilities Authority
1000 Second Avenue, Suite 2700
Seattle, WA 98104

Dear Ms. Johnson,

On behalf of the Washington Higher Education Facilities Authority (the "Authority") and the institutions who borrow through the Authority, Stifel has calculated the estimated interest savings that result from issuing approximately $23,035,000 of 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 Whitman College (the "College").

We have relied on the following assumptions in our analysis:

- The purpose of the $23,035,000 Series 2021A Bonds will be to refund the College's 2008 bonds in the public market. The refunding will be a current refunding, since the 2008 bonds are variable rate demand bonds.
- Additionally, the College will also use proceeds derived from the Series 2021A Bonds to terminate the interest rate swap associated with the 2008 Bonds and the SBPA and the remarketing agreements for the bonds will also be terminated at closing.
- While interest rate savings are nominal at best, the College aims to simplify its debt portfolio and eliminate the several challenges associated with their synthetic fixed rate bond structure. Doing so will de-risk Whitman's debt profile, help increase debt capacity in the long run, and will be a large positive for the rating agency.
- The amortization of the 2008 refunding bonds will remain consistent, with no changes, with a final maturity date of January 1, 2038.

In order to evaluate the savings benefit to the College when issuing tax-exempt bonds as opposed to a taxable issuance, Stifel analyzed the results when assuming taxable debt is used for the refunding. With relevant data gathered and analyzed, Stifel input separate interest rate scales and ran separate bond cash flows and sources and uses of funds for each scenario, i.e. tax-exempt versus taxable financings (i.e. 2.13% AIC vs. 2.50% AIC). Stifel compared the cash flows of the two scenarios on (i) a total (gross) cost basis and (ii) a present value basis using a discount factor that represents the average of the all-in-costs of the two scenarios.

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. Stifel has calculated the tax-exempt benefit on an estimated basis assuming market conditions as of November 9, 2021.

Series 2008 Refunding Nominal Cash Flow Savings	Series 2008 Ref. PV Cash Flow Savings
$951,110	$786,350

**Present value is being calculated using a discount factor of 2.315%*

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 720-766-8213.

Sincerely,

Brad Gysin
Vice President, Stifel

TAB 5

WASHINGTON HIGHER EDUCATION FACILITIES AUTHORITY

RESOLUTION NO. 21-03

A RESOLUTION of the Washington Higher Education Facilities Authority authorizing the issuance of taxable and tax-exempt nonrecourse refunding revenue bonds in two or more series in an aggregate principal amount of not to exceed $65,000,000 to refund certain outstanding bonds and pay the interest rate swap termination fees associated with the prior bonds; delegating to the Executive Director of the Authority the authority to approve the sale of the bonds to Stifel Nicolaus & Company, Incorporated; 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 10, 2021

PREPARED BY:

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

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RESOLUTION NO. 21-03

A RESOLUTION of the Washington Higher Education Facilities Authority authorizing the issuance of taxable and tax-exempt nonrecourse refunding revenue bonds in two or more series in an aggregate principal amount of not to exceed $65,000,000 to refund certain outstanding bonds and pay the interest rate swap termination fees associated with the prior bonds; delegating to the Executive Director of the Authority the authority to approve the sale of the bonds to Stifel Nicolaus & Company, Incorporated; 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 chapter 28B.07 of the Revised Code of Washington (the "Act"); and

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

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

WHEREAS, The Board of Trustees of Whitman College (the "College") 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 College has submitted an application to the Authority to provide the funds required (1) to refund on a current basis the Authority's outstanding Variable Rate Demand Refunding Revenue Bonds (Whitman College Project), Series 2004 (the "2004 Bonds") and Variable Rate Demand Revenue Bonds (Whitman College Project), Series 2008 (the "2008 Bonds"), (2) to pay the termination fees associated with interest rate swap instruments entered into with respect to the 2004 Bonds and the 2008 Bonds, and (3) to pay the costs of issuance of the hereinafter defined Bonds (together, the "Project"); and

WHEREAS, it is desirable for the Authority to provide the College with financing for the Project through (1) the issuance of its Washington Higher Education Facilities Authority Refunding Revenue Bonds (Whitman College Project), Series 2021A (the "Series A Bonds") and Taxable Refunding Revenue Bonds (Whitman College Project), Series 2021B (the "Series B Bonds" and together, the "Bonds") in an aggregate principal amount of not to exceed $65,000,000 and (2) loaning the proceeds of the Bonds to the College pursuant to a Loan Agreement (as hereinafter defined) for purposes of financing and refinancing the Project; and

WHEREAS, the Authority expects to receive an offer to purchase the Bonds from Stifel Nicolaus & Company, Incorporated pursuant to a bond purchase contract (the "Bond Purchase Contract");

NOW, THEREFORE, BE IT RESOLVED by the Washington 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 College (the "Loan Agreement").

Section 2. Findings. The College 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 and refinancing of the Project will benefit the higher education system; that the College 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 College 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 in two series, to be designated "Washington Higher Education Facilities Authority Refunding Revenue Bonds (Whitman College Project), Series 2021A" and "Washington Higher Education Facilities Authority Taxable Refunding Revenue Bonds (Whitman College Project), Series 2021B"; provided, that additional series are authorized, with such other series designation as determined to be necessary by the Executive Director of the Authority to carry out the Project, in the aggregate principal amount of not to exceed $65,000,000, 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 College. The Indenture will authorize, *inter alia*, the sale, execution, issuance and delivery of the Bonds and 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 College, the financing of the Project and the exemption of interest on the Series A 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 College. The Chair and the Secretary or Executive Director of the Authority hereby are authorized and directed to execute, for and on behalf of the Authority, the Bonds, in substantially the forms set forth in the Indenture. Such officers are hereby authorized to execute on behalf of the Authority any additional certificates, documents or other papers which are necessary to the sale, execution, issuance and delivery of the Bonds.

Section 6. Approval of Underwriter; Sale of the Bonds. The Authority hereby approves the selection of Stifel Nicolaus & Company, Incorporated as the underwriter for the Bonds.

The Authority hereby authorizes and approves the sale of the Bonds to Stifel Nicolaus & Company, Incorporated, 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 $65,000,000; (b) the true interest cost (in the aggregate) on the tax-exempt Bonds does not exceed 6.00% and on the taxable Bonds does not exceed 7.00%; (c) the Bond Purchase Contract shall be executed prior to March 31, 2022; 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 the underwriter, such as offering prices, interest rates, selling compensation, aggregate principal amount, principal amount per maturity, delivery dates, and other terms of the Bonds dependent on the foregoing matters. The Executive Director is hereby authorized to provide for the distribution of a Preliminary Official Statement.

The Authority agrees to cooperate with the Underwriter to deliver or cause to be delivered, within seven business days from the date of the sale of the Bonds and in sufficient time to accompany any confirmation that requests payment from any customer of the

Underwriter, copies of the final Official Statement in sufficient quantity to comply with paragraph (b)(4) of Rule 15c2-12 and the rules of the Municipal Securities Rulemaking Board. The Executive Director is hereby authorized to review and approve on behalf of the Authority the final Official Statement with such additions and changes as may be deemed necessary or advisable to such individual.

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 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 10th day of November, 2021.

WASHINGTON HIGHER EDUCATION FACILITIES AUTHORITY

David Schumacher, Designee for Jay Inslee, Governor, Member and Chair	The Honorable Denny Heck, Lieutenant Governor and Member
Michael Meotti, Acting Executive Director of the Washington Student Achievement Council and Member	Jasmine Minato, Public Member
Allan Belton, Public Member	Dr. Gene Sharratt, Public Member
Jerome O. Cohen, Public Member	

TAB 6

MOSSADAMS

Audit Results

Better Together: Moss Adams & Washington Higher Education Facilities Authority

Board of Directors

Dear Board of Directors:

Thank you for your continued engagement of Moss Adams LLP. We are pleased to have the opportunity to meet with you to discuss the results of our audit of the Washington Higher Education Facilities Authority (“WHEFA”) for the year ended June 30, 2021.

The accompanying report, which is intended solely for the use of the Board, the Washington State Auditor’s Office, and Management and not intended to be and should not be used by anyone other than these specified parties, presents important information regarding the financial statements and our audits that we believe will be of interest to you.

We conducted our audit with the objectivity and independence that you expect. We received the full support and assistance from all personnel. We are pleased to serve and be associated with the WHEFA as its independent public accountants and look forward to our continued relationship.

We look forward to discussing our report or any other matters of interest with you during this meeting.

Required Communications

to Those Charged with Governance

ENTRANCE	○ Auditor's responsibility under U.S. generally accepted auditing standards ○ Planned scope and timing of audit
EXIT	○ Significant audit findings ○ Qualitative aspects of accounting practices ○ Difficulties encountered in performing the audit ○ Corrected and uncorrected misstatements ○ Management representations ○ Management consultations with other independent accountants ○ Other audit findings or issues

Auditor Report on the Financial Statements

Unmodified Opinion

Financial statements are presented fairly and in accordance with accounting principles generally accepted in the United States of America (US GAAP).

Our Responsibility Under US Generally Accepted Auditing Standards

1. To express our opinion on whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, and in accordance with U.S. GAAP. However, our audit does not relieve you or management of your responsibilities.

2. To perform an audit in accordance with generally accepted auditing standards issued by the AICPA and design the audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement.

3. To consider internal control over financial reporting as a basis for designing audit procedures but not for the purpose of expressing an opinion on its effectiveness or to provide assurance concerning such internal control.

4. To communicate findings that, in our judgment, are relevant to your responsibilities in overseeing the financial reporting process. However, **we** are not required to design procedures for the purpose of identifying other matters to communicate to you.

5

Significant Accounting Policies & Unusual Transactions

- Management has the responsibility for selection and use of appropriate accounting policies. The significant accounting policies used by the Authority are described in the footnotes to the financial statements. Throughout the course of an audit, we review changes, if any, to significant accounting policies or their application, and the initial selection and implementation of new policies. There were no changes to significant accounting policies for the year ended June 30, 2021.
- We believe management has selected and applied significant accounting policies appropriately and consistently with those of the prior year.

Management Judgments & Accounting Estimates

- Management's judgments and accounting estimates are based on knowledge and experience about past and current events and assumptions about future events.
- Only estimate consists of valuation of investments, which currently are held as cash equivalents within the State Local Government Investment Pool.
- We evaluated the key factors and assumptions used to develop these estimates and have determined they are reasonable in relation to the financial statements as a whole.

Financial Disclosures

The disclosures in the financial statements are clear and consistent. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. We call your attention to the following:

- Note 5 – Bonds Payable

Other Communications

- No significant difficulties were encountered during our audit.
- There were no corrected or uncorrected adjustments.
- We are not aware of any known asserted or unasserted claims or judgments against WHEFA.
- We are pleased to report that there were no disagreements with management.
- We are not aware of any significant accounting or auditing matters for which management consulted with other accountants.
- We are not aware of any instances of fraud or noncompliance with laws, regulations, contracts or grant agreements.
- Management provides us a signed representation letter, which includes a variety of matters and information that was conveyed to us as part of the audit.

Contact Us

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THANK YOU

REPORT OF INDEPENDENT AUDITORS
AND FINANCIAL STATEMENTS

WASHINGTON HIGHER EDUCATION FACILITIES AUTHORITY

June 30, 2021 and 2020

MOSSADAMS

Table of Contents

MOSSADAMS

Report of Independent Auditors

To the Board of Directors
Washington Higher Education Facilities Authority

Report on the Financial Statements

We have audited the accompanying financial statements of the Washington Higher Education Facilities Authority, which comprise the statements of net position as of June 30, 2021 and 2020, and the related statements of revenues, expenses and changes in net position and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Washington Higher Education Facilities Authority as of June 30, 2021 and 2020, and the changes in its net position and results of its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 7 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Moss Adams LLP

Seattle, Washington
November 9, 2021

As management of the Washington Higher Education Facilities Authority (the Authority), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the years ended June 30, 2021 and 2020 (FY 2021 and FY 2020, respectively). This overview and analysis is required by accounting principles generally accepted in the United States of America (GAAP) as promulgated by the Governmental Accounting Standards Board.

Financial Highlights

At June 30, 2021, and for the year then ended:

- Cash and investments totaled $1.1 million, a decrease of $217.0 thousand as annual fees were waived for FY 2021.
- Prepaid fees and other assets decreased by $7.1 thousand primarily due to the write-off of a student loan deemed uncollectible.
- Total revenues decreased significantly to $149.1 thousand from $679.4 thousand in the prior year. Annual fees were waived this year, and program fees were collected on two financings, down from four in the prior year.
- Total expenses for FY 2021 decreased 1.4% primarily due to reduced state audit fees offset by an increase in salaries.

Overview of the Financial Statements

The financial statements consist of three parts: Management's Discussion and Analysis, the financial statements, and the notes to the financial statements. The financial statements are presented in a manner similar to that of a private business, using the economic resources measurement focus and the accrual basis of accounting. The financial statements report information for all Authority programs and operations. The statements of net position include all of the Authority's assets and liabilities. All revenues and expenses of the Authority are reflected in the statements of revenues, expenses, and changes in net position.

Economic Outlook

Interest rates continue to be at historically low levels. The COVID-19 pandemic is causing greater uncertainty around enrollment and the need for facilities for our university and college clients. Therefore, we expect most financings to be refunding prior issues, lowering effective interest rates. There will likely be fewer new money financings in the near term. Private placement of tax-exempt debt directly with lending institutions and bonds issued supported by the borrower's credit rating continue to be favored by the borrowers.

Financial Analysis of the Authority

Statements of Net Position

The following table summarizes the changes in assets, liabilities, and net position between the years ended June 30, 2021 and 2020 (in thousands):

	2021	2020	Change	
Assets				
Cash and cash equivalents	$ 1,123.7	$ 1,340.7	$ (217.0)	(16.2%)
Prepaid fees and other assets	14.4	21.5	(7.1)	(33.0%)
Total assets	$ 1,138.1	$ 1,362.2	$ (224.1)	(16.5%)
Liabilities				
Payables	$ 81.8	$ 80.5	$ 1.3	1.6%
Total liabilities	$ 81.8	$ 80.5	$ 1.3	1.6%
Net position				
Unrestricted	$ 1,056.3	$ 1,281.7	$ (225.4)	(17.6%)

Financial Analysis of the Authority (continued)

Statements of Revenues, Expenses, and Changes in Net Position

The following table summarizes the changes in revenues and expenses between the years ended June 30, 2021 and 2020 (in thousands):

	2021	2020	Change	
Revenues				
Program fees	$ 147.1	$ 659.8	$ (512.7)	(77.7%)
Operating fund interest income	2.0	19.6	(17.6)	(89.8%)
Total revenues	149.1	679.4	(530.3)	(78.1%)
Expenses				
Salaries and related expense	277.3	266.3	11.0	4.1%
Communication and office expenses	55.7	60.1	(4.4)	(7.3%)
Professional expense	41.5	53.6	(12.1)	(22.6%)
Total expenses	374.5	380.0	(5.5)	(1.4%)
Change in net position	$ (225.4)	$ 299.4	$ (524.8)	(175.3%)

During the year ended June 30, 2021, the Authority's revenue largely resulted from program fees from initial issuer fees totaling $147.1 thousand as ongoing annual issuer fees were waived. Expenses of $374.5 thousand are comprised of personnel, communication, office expense, and other professional fees.

Debt Administration

The Authority issues bonds on behalf of private higher education facilities. However, the bonds issued meet the definition of conduit debt obligations for which the Authority has not extended any additional commitments for debt service payments beyond the collateral and payments received from the underlying mortgages. As of June 30, 2021, such bonds have an aggregate outstanding principal amount payable of $735.4 million. Because these bonds are considered conduit bond they are not recognized as a liability by the Authority.

The Authority has no general obligation bonds and does not currently have an issuer credit rating. The Authority's authorized debt limit is $1 billion.

Additional information on the Authority's debt obligations can be found in Note 5 of this report.

Comparison of Fiscal Year 2020 with 2019

Statements of Net Position

The following table summarizes the changes in combined net position between June 30, 2020 and 2019 (in thousands):

	2020	2019	Change	
Assets				
Cash and cash equivalents	$ 1,340.7	$ 1,031.6	$ 309.1	30.0%
Prepaid fees and other assets	21.5	16.8	4.7	28.0%
Total assets	$ 1,362.2	$ 1,048.4	$ 313.8	29.9%
Liabilities				
Payables	$ 80.5	$ 66.1	$ 14.4	21.8%
Net position				
Unrestricted	$ 1,281.7	$ 982.3	$ 299.4	30.5%

Statements of Revenues, Expenses and Changes in Net Position

The following table summarizes the combined changes in net position activity between the years ended June 30, 2020 and 2019 (in thousands):

	2020	2019	Change	
Revenues				
Program fees	$ 659.8	$ -	$ 659.8	NA
Operating fund interest income	19.6	26.7	(7.1)	(26.6%)
Total revenues	679.4	26.7	652.7	2,444.6%
Expenses				
Salaries and related expense	266.3	247.7	18.6	7.5%
Communication and office expenses	60.1	64.3	(4.2)	(6.5%)
Professional expense	53.6	45.4	8.2	18.1%
Total expenses	380.0	357.4	22.6	6.3%
Change in net position	$ 299.4	$ (330.7)	$ 630.1	(190.5%)

During the year ended June 30, 2020, the Authority's revenue largely resulted from program fees from initial and annual issuer fees totaling $659.8 thousand as previously waived ongoing annual fees were reinstated. Expenses of $380.0 thousand are comprised of personnel, communication, office expense, and other professional fees.

Additional Information

Questions and inquiries may be directed to the Senior Director of Finance or the Senior Controller at Washington Higher Education Facilities Authority, 1000 2nd Avenue, Suite 2700, Seattle, Washington 98104 (206-464-7139).

Washington Higher Education Facilities Authority
Statements of Net Position

ASSETS

	June 30, 2021	June 30, 2020
CASH AND CASH EQUIVALENTS	$ 1,123,675	$ 1,340,656
PREPAID FEES AND OTHER ASSETS	14,430	21,553
TOTAL ASSETS	$ 1,138,105	$ 1,362,209

LIABILITIES AND NET POSITION

ACCOUNTS PAYABLE	$ 81,830	$ 80,532
NET POSITION		
Unrestricted	1,056,275	1,281,677
TOTAL LIABILITIES AND NET POSITION	$ 1,138,105	$ 1,362,209

See accompanying notes.

Washington Higher Education Facilities Authority
Statements of Revenues, Expenses, and Changes in Net Position

	Years Ended June 30,	
	2021	2020
REVENUES		
Fee income	$ 147,063	$ 659,815
Interest earned on investments	2,057	19,656
	149,120	679,471
EXPENSES		
Salaries and related expense	277,264	266,347
Communication and office expense	55,695	60,081
Professional fees	41,563	53,611
	374,522	380,039
CHANGE IN NET POSITION	(225,402)	299,432
NET POSITION		
Beginning of year	1,281,677	982,245
End of year	$ 1,056,275	$ 1,281,677

See accompanying notes.

Washington Higher Education Facilities Authority
Statements of Cash Flows

	Years Ended June 30,	
	2021	2020
OPERATING ACTIVITIES		
Cash received from fee income	$ 147,063	$ 659,815
Cash payments for salaries and benefits	(273,801)	(256,654)
Vendor payments	(92,299)	(113,769)
Net cash provided by (used in) operating activities	(219,037)	289,392
INVESTING ACTIVITIES		
Interest received on investments	2,056	19,656
Net cash provided by investing activities	2,056	19,656
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(216,981)	309,048
CASH AND CASH EQUIVALENTS		
Beginning of year	1,340,656	1,031,608
End of year	$ 1,123,675	$ 1,340,656
RECONCILIATION OF EXCESS OF EXPENSES OVER REVENUES TO NET CASH PROVIDED FROM OPERATING ACTIVITIES		
Change in net position	$ (225,402)	$ 299,432
Adjustments to reconcile excess of expenses over revenues to net cash used by operating activities		
Cash from changes in operating assets and liabilities:		
Interest and other receivables	5,066	(24,396)
Interest and other payables	1,299	14,356
Net cash provided by (used in) operating activities	$ (219,037)	$ 289,392

See accompanying notes.

Note 1 – Description of Business

The Washington Higher Education Facilities Authority (the Authority) was created in 1983 in accordance with the Chapter 28B.07 of the Revised Code of Washington (RCW). The Authority was formally activated in 1984. Four public board members are appointed by the governor to terms of four years, subject to confirmation by the State Senate. Three board members serve ex officio, the Governor (who may designate an employee of the governor's office to serve in the governor's absence), Lieutenant Governor, and the Chair of the Student Achievement Council.

The Authority's purpose is to reduce the financing costs of higher education facilities through the issuance of tax-exempt, nonrecourse revenue bonds, and to loan the proceeds to qualified, not-for-profit higher education institutions in Washington State. The institutions may use the bond proceeds for refinancing taxable or tax-exempt debt, remodeling, construction, purchase of equipment, or other approved purposes. The Authority's debt limit is $1 billion.

The bonds, which constitute a special obligation of the Authority, are payable solely from the bond fund established pursuant to the indenture. Payments made by the not-for-profit higher education institutions to satisfy the loan agreement are the primary source of payment on the bonds, in addition to any other money held by the bond trustee pursuant to the indenture. The obligation of the not-for-profit colleges and universities to repay the loan is absolute and unconditional.

The bonds do not constitute a general, moral, or special obligation of the State of Washington, a pledge of the faith and credit of the State, or a general obligation of the Authority. The owners of the bonds have no right to require the State of Washington or the Authority, nor has the State of Washington or the Authority any obligation or legal authorization, to levy any taxes or appropriate or expend any of its funds for the payment of principal thereof, premium, if any, or interest thereon. For financial reporting purposes, the bonds meet the definition of conduit bonds and are, therefore, not included as a liability to the Authority.

Effective July 22, 2007, the Authority was granted the power to originate and purchase student loans, to participate in federal programs that provide guarantees for the repayment of educational loans and to issue revenue bonds payable from and secured by educational loans. Revenue bonds so secured are to be excluded from the debt limit of $1 billion. As of the date of this report, no such revenue bonds have been issued.

The Authority is a legally separate entity from and incurs no expense or liability to the State of Washington. Although the governor and lieutenant governor sit on the board and the governor appoints the public members of the board, the State of Washington is not considered to be financially accountable due to the restricted ability of the Washington State legislature to impose its will on the Authority and a lack of any financial dependency of the Authority on any State appropriations. The Authority does not impose a financial burden on, nor is there a benefit to the State; however, the Authority is presented as a discrete component unit of the State of Washington in their Comprehensive Annual Financial Report.

The Authority summarizes its financial activities in the General Operating Fund. The General Operating Fund was established by the Authority to account for the fiscal activities related to the administration of its ongoing program responsibilities. Revenues of the General Operating Fund are derived primarily from fees earned on bond issues and interest income on operating investments. All funds received by the Authority are generated by its activities. Expenditures are not appropriations from the State of Washington.

Note 2 – Summary of Significant Accounting Policies

The financial statements of the Authority have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Authority has applied all applicable GASB pronouncements. The most significant of the Authority's accounting policies are described below.

Measurement focus and basis of accounting – The Authority uses a flow of economic resources measurement focus with all assets and all liabilities included on the statement of net position. The statement of revenues, expenses and changes in net position presents increases (e.g., revenues) and decreases (e.g., expenses) in net position using the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Unclassified statement of net position – The Authority's business cycle is greater than one year. As such, all assets and liabilities as shown on the statements of net position are unclassified.

Cash and cash equivalents – Cash deposits are entirely covered by the Federal Deposit Insurance Corporation (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC).

For purposes of the statement of cash flows, the Authority considers all highly liquid, interest-bearing instruments purchased with an original maturity of three months or less that are readily convertible to cash to be cash and cash equivalents.

Conduit bonds – Conduit bonds are defined as debt instruments where:

- The Authority, as the issuer, is joined by an unrelated third-party obligor, and a debt holder or trustee
- The debt obligation is neither a parity bond of the Authority, nor is it cross-collateralized with other debt of the Authority
- Debt proceeds are intended and received by the third-party obligor or its agent, and
- The Authority is not primarily obligated for the debt service payments.

Bonds issued that meet the definition of a conduit bond are reportable in note disclosure rather than within the financial statements.

Prior to bond issuance the Authority determines if the bond meets this definition with periodic subsequent review to ensure the bonds still meet the definition of conduit debt. As of June 30, 2021 and 2020, all bonds outstanding met the definition of conduit bonds and are excluded from the financial statements but are summarized in Note 5.

Prepaid fees – Prepaid fees represent annual property and liability insurance premiums.

Revenue recognition – The primary source of revenue are issuance fees, charged at bond origination as well as annual fees charged on the loan amounts outstanding. Fees are recognized on an accrual basis.

Note 2 – Summary of Significant Accounting Policies (continued)

Income taxes – The Authority is exempt from federal income taxes under Internal Revenue Code (IRC) Section 115(a) and, accordingly, no provision for income taxes was made for the years ended June 30, 2021 and 2020.

Use of estimates – The preparation of the financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements. Actual results may differ from those estimates.

Unrestricted net position – The unrestricted net position balances at June 30, 2021 and 2020, were $1,056,275 and $1,281,677, respectively.

Note 3 – Investments

Investment policy – The Authority can invest in nongovernmental investments, including certificates of deposit, banker's acceptances, and repurchase agreements.

In addition, the following governmental investments are eligible:

1. Treasury bills, notes, and other obligations issued by the United States Department of the Treasury and backed by the full faith and credit of the US government.

1. Federal Home Loan Bank notes and bonds.

2. Federal Land Bank bonds.

3. Federal National Mortgage Association notes, debentures, and guaranteed certificates of participation.

4. The obligations of certain government-sponsored corporations whose obligations are eligible as collateral for advances to member banks, as determined by the Board of Governors of the Federal Reserve System.

5. Shares of mutual funds with portfolios consisting of only US government bonds or US government guaranteed bonds issued by federal agencies with average maturities less than four years.

6. Investments in state investment pool – the Authority is a voluntary participant in the Local Agency Investment Pool operated by the State Treasurer pursuant to RCW 43.250. Investments in the pool are reported at amortized cost.

The Authority measures investments at fair value on a reoccurring basis and categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. However, as of the years ended June 30, 2021 and 2020, the Authority held no investments as all excess funds were held as cash and cash equivalents.

Note 4 – Contracted Staff Services

The Washington State Housing Finance Commission (the Commission) provides staff and other administrative services to the Authority. The Authority has no directly hired staff and as such has no pension obligations. Total charges for each fiscal year and amounts due as of the end of each fiscal year are summarized here:

Contracted Services	June 30, 2021	June 30, 2020
Total charges of the Commission for the fiscal year	$ 304,420	$ 298,433
Amount due to the Commission at June 30	79,396	75,226

Note 5 – Bonds Payable

The Authority's bonds are limited obligations payable solely from, and secured by, a pledge of the mortgage loans (including any insurance payments made with respect thereto), restricted investments, and undisbursed bond proceeds and the earnings thereon held under the indenture or financing agreement authorizing the bonds. The Authority has made no other commitment to support debt service payments. Uncured default of the debt requires mandatory bond redemption, paid by reassignment of the underlying pledge of the mortgage loan to the bond holder as full payment of the outstanding conduit debt obligation and eliminating the tax-exempt benefits to the remaining parties. As of June 30, 2021 and June 30, 2020, the conduit bonds issued by the Authority have an aggregate outstanding principal amount payable of $735.4 million and $703.0 million, respectively, none of which is recognized as a liability by the Authority.

Note 6 – Contingencies

The Authority is exposed to various risks of loss related to torts; theft of, damages to, and destruction of assets; errors and omissions; natural disasters; and acts of terrorism for which the Authority carries commercial insurance. As of June 30, 2021, there were no known asserted or unasserted claims or judgments against the Authority.

Members of the board of directors and persons acting on the Authority's behalf, while acting within the scope of their duties or employment, shall not be subject to any personal liability resulting from carrying out the powers and duties conferred on them, and shall have the indemnification rights under the provisions of the Authority's Public Officials and Employees Liability insurance policy.

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TAB 10

Washington Higher Education Facilities Authority
Bond Issue Status Report
As of November 9, 2021

	App 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
Pending and Potential Bond Issues - Fiscal Year 2021/2022														
Whitworth ***Not to Exceed $23,000,000*** *Refund 2012* *$5 million New Money for Innovation Lab*	9/1/21	9/2/21	10/6/21	9/7/21	10/7/21	Complete	10/7/21 10/18/21	Complete	10/15/21	11/10/21	11/23/21	1/4/22	Preliminary Present Value Savings $2,709,551	*No WHEFA FA* *Public Sale*
Whitman ***Not to exceed $65,000,000*** *2021A - Est $23.035 MM Refunding of 2008 Bonds* *2021B - Est $36.255 MM Taxable Refunding of 2004 Bonds*	9/22/21	9/23/21	10/15/21	9/22/21	10/12/21	Complete	10/20/21	Complete	11/5/21	11/10/21	11/18/21	11/30/21	Preliminary Present Value Savings Series A $786,350	No FA Public Sale

Washington Higher Education Facilities Authority
Bond Issue Status Report
As of November 9, 2021

	App 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 for 80,000 SF Student Learning Collaborative*	Feb-March 2022 TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	2022 TBD	Preliminary Present Value Savings TBD	Financial Advisor TBD
UPS ***$37,000,000*** *Refunding of 2021 B taxable to tax-exempt*	TBD	TBD	TBD	TBD	N/A	TBD	TBD	N/A	TBD	Fall 2022 TBD	TBD	Fall 2022 TBD	Preliminary Present Value Savings TBD	No Financial Advisor Private Placement Columbia Bank
Closed Bond Issues - Fiscal Year 2021/2022 – None to date														

FY 2021-22 Goal: Complete two bond issues totaling approximately $30 million by June 30, 2022.

TAB 11

THE BOND BUYER

Bipartisan infrastructure bill passage a win for munis

By Connor Hussey November 08, 2021

The bipartisan infrastructure bill provides the muni industry with a considerable win, though muni industry advocates are still pushing for their largest priorities to be included in the still unfinalized reconciliation bill.

The bipartisan infrastructure bill includes $550 million to reauthorize surface transportation funding programs, and increases the federally-administered private activity bond volume cap to $30 billion from $15 billion, in addition to $110 billion for roads and bridges, $66 billion for rail projects, $42 billion for ports and airports, $39 billion for public transit, $73 billion for updating the power grid, $55 billion for drinking water and $65 billion for broadband infrastructure.

The bill also includes specific bond provisions such as new authority for private activity bonds for electric vehicle charging stations in addition to carbon capture facilities.

“The infrastructure bill is a big win for the country,” Chuck Samuels, member and co-chair of retail and consumer products at Mintz Levin and counsel to the National Association of Health & Educational Facilities Finance Authorities said. “It's good to get that bill, which has enormous indirect consequences for the municipal market by working on a variety of infrastructure needs, into law.”

The passing of this infrastructure package and the larger effect of the reconciliation bill could also help buyers and issuers alike.

“In terms of buying municipal bonds, it should help because I don't think there's any doubt that taxes are going to be increased, which obviously makes municipals more attractive,” said John Farawell, executive vice president and head municipal trader at Roosevelt & Cross.

“In terms of municipal issuance, I think they may get some matching funds, so we can see improvement on that and I think we're gonna see more municipals issued in the future,” Farawell added. “This is definitely a positive for us.”

It may be difficult to measure the exact effects this legislation will have for some time, besides a generally positive one. But in terms of allocating this money to states and local governments, getting this massive amount of money to its respective agencies may be the next challenge.

“It's going to take a little while to get the money where it needs to go,” Emily Brock, director of the federal liaison center at the Government Finance Officers Association said. “We need to track the money, we need to understand distribution channels and we need to make sure we are giving local governments what they need to understand where the funds are going to flow and how they then can become eligible for those funds.”

The money will be allocated through federal agencies, mainly under the umbrella of the Department of Transportation.

“While the money might not flow through the Treasury, it's definitely going to be going through parts of the administration,” Brock said. “We're going to have to make sure we understand where it goes and how the grants process is going to work.”

GFOA has been in close contact with the National Governors Association as well as the National Association of State Treasurers to ensure local governments understand how this money is being allocated and how they can be eligible for it.

But the real focus of the muni advocates is on the Build Back Better agenda. The restoration of tax-exempt advance refunding, the creation of a direct-pay bond program, and a higher cap on the bank-qualified issuance limit were all stripped from the bill under consideration in the House. But muni advocates remain determined to pursue those goals until the process is over.

“Until it's over, it's not over,” Samuels said. “Our long standing agenda deserves careful consideration and inclusion and we've got Chairman Neal, who will look for any opportunity to include it.”

The provision was included, for a time, in a draft reconciliation bill but was since cut as the package went from $3.5 trillion to $1.75 trillion. Negotiations are still ongoing and may be for the weeks to come.

“I don't think the process is finished,” Michael Decker, senior vice president for research and public policy at Bond Dealers of America said. “There's a house bill, which is nearly ready for a vote but there's still work to be done there on the scoring and other things,” he said. “I anticipate that the Senate will take a parallel but slightly different track with respect to what they consider.”

“I don't think the House bill, assuming it passes in the next week or two is necessarily what the Senate is going to be working from,” Decker said. “There may be opportunities to revisit some of the decisions about the bond provisions.”

The reconciliation bill also includes a provision to raise the cap on state and local tax deductions to $80,000 from $10,000 and could be subject to further change once the Senate receives the bill.

Congress is in recess this week but over the weekend, a group of House members indicated that they don’t intend to vote on the reconciliation bill until it is scored by the Congressional Budget Office.

“I presume that CBO staff are working on that score while Congress is out,” Decker said.

While Farawell predicted that the proposed increase in taxes could help muni demand, others are worried that another provision of the bill will do the opposite.

“Then you have the issue of this alternative minimum tax proposal with its negative impact on corporate appetite and municipal bonds,” Samuels said. “We have the ironic, actually, somewhat cruel scenario where we may actually be hurt by this second bill, rather than helped.”