

Washington Higher Education Facilities Authority

MINUTES

June 2, 2016

**Pacific
Lutheran
University:
Public Hearing
(OID 16-W01)**

Mr. Kim Herman, Executive Director of the Washington Higher Education Facilities Authority opened the public hearing at 9:02 a.m.

In addition to Mr. Herman, Authority Staff Mr. Paul Edwards, Ms. Carol Johnson and Mr. Cody Field were present in the Board Room at the Authority offices located at 1000 Second Avenue, 28th floor in Seattle, WA 98104. Present by teleconference were: Mr. Allan Belton, Vice President of Finance and Administration at Pacific Lutheran University; Authority Board members Mr. Tom Johnson and Ms. Claire Grace; and Mr. Barry Fick of Springsted Inc.

Mr. Herman stated that the public hearing was being held concerning the proposed issuance by the Authority of tax-exempt revenue refunding bonds in an aggregate principal amount of not to exceed \$51,000,000 to benefit Pacific Lutheran University.

Proceeds of the bonds will be used to refund the Authority's outstanding Revenue and Refunding Revenue Bonds (Pacific Lutheran University Project), Series 2006, a portion of which refunded bonds issued by the Authority in 1999 and 1996. Proceeds of these issues financed or refinanced the construction, renovation, upgrade and equipping of University academic buildings, residence halls, administrative offices and other campus buildings and facilities located on the University's campus at 12180 Park Avenue South, Tacoma, Washington 98447.

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

Mr. Herman asked Ms. Johnson if the Authority had received any written comments. Ms. Johnson stated that no written comments had been received.

Mr. Herman asked Mr. Belton to comment on behalf of Pacific Lutheran University. Mr. Belton stated that the University has decided to refund the 2006 series bonds through a direct placement with Washington Federal for the purpose of achieving significant debt service cost savings and obtaining covenants that more appropriately align with the University's financial structure and operating strategy. The refunding will benefit the

University not only by reducing the cost of capital but by creating flexibility in current operations and future capital structure. As a direct result of the refunding savings the University has chosen to establish a sizable unrestricted operating reserve and will transfer the annual debt service savings into annual operating budget contingency funds. The University is pleased to be working with Washington Federal and the Authority.

Mr. Herman asked Authority Board members for comments. Ms. Grace stated that the Authority is very pleased to work with the University to refund the bonds. Mr. Johnson seconded that statement noting that it is encouraging to see that University will benefit from cost savings.

Mr. Herman noted that no members of the public were present in the Board room.

Mr. Herman adjourned the hearing at 9:07 a.m.