

# Washington Higher Education Facilities Authority

## MINUTES

**November 24, 2020**

Mr. Jerome Cohen, Board Secretary, called the special meeting of the Authority to order at 1:04 p.m. via teleconference.

Board members present on the line were 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 Mr. Will Singer 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; Ms. Elizabeth Bergman of Baker Tilly Municipal Advisors; and Ms. Christine Ok of U.S. Bank Corporate Trust.

Other meeting attendees were Mr. Bob Woodard, Mr. Matt Vickery, Ms. Margret Graham, and Ms. Vanessa Thomas of the Washington State Housing Finance Commission; Ms. Terri Standish-Kuon, President and CEO of Independent Colleges of Washington (ICW); Ms. Mary Chikwinya, Director of Higher Education for Lt. Governor Cyrus Habib; Ms. Amy Sutherland of Moss Adams; and Mr. Thomas Turley of T-Squared Graphic Design.

**Approval of the Minutes**

Mr. Cohen asked for a motion to approve the minutes of the meeting held on August 18, 2020. Ms. Grace made the motion, and it was seconded by Dr. Sharratt. The minutes were approved unanimously, 5-0.

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

Mr. Cohen introduced Ms. Amy Sutherland to present the summary of the Audit Report to the Authority board.

Ms. Sutherland presented the overall results of the audit. She highlighted that the financial statements were presented fairly and in accordance with accounting principles generally accepted in the United States of America (US GAAP).

Ms. Sutherland reported that the Authority early adopted a new accounting standard related to the presentation and reporting of conduit debt obligations. She then explained GASB Statement No. 91.

Ms. Sutherland encouraged board members to read about the adoption of a new accounting pronouncement in Note 2 of the Audit Report and the standard disclosure requirement in Note 5.

Mr. Cook complimented Moss Adams and Authority staff for accomplishing the audit report during this difficult time. He also commended Ms. Debra Stephenson for spearheading the audit process and announced her early retirement effective in January, 2021. Ms. Grace congratulated the Authority and Moss Adams for completing a clean audit and congratulated Ms. Stephenson on her retirement.

Mr. Cohen asked for a motion to accept the Final Audit Report. Ms. Grace made the motion and it was seconded by Mr. Belton. The motion was approved unanimously, 5-0.

**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 September 30, 2020, shows assets of just over \$1.34 million and approximately \$79,000 of liabilities, leaving just over \$1.26 million in net assets. He added that current year to date unrestricted revenue was approximately \$73,000. Mr. Cook said that expenses to date are approximately \$91,000, leaving a net deficit to date of about \$18,000.

Mr. Cook said that the deficit was expected, and that it was due to the waiver of ongoing annual bond fees that became effective on July 1, 2020. Fees were waived for this fiscal year to assist our member schools during these challenging times.

Mr. Cook stated that the invoice from the Housing Finance Commission covering July to September 2020, totaling over \$73,000, has been approved by Board Treasurer, Mr. Grace.

Ms. Grace commended the Authority for presenting a clear financial statement.

Dr. Sharratt moved the acceptance of the financial statements, and it was seconded by Ms. Grace. The motion was approved unanimously, 5-0.

**Action Item:  
Review and  
Consider  
Approval of  
WHEFA's  
Proposed New  
Logo**

Mr. Cohen introduced Ms. Johnson and Ms. Graham to present the Authority's proposed new logo.

Ms. Johnson gave a brief background on how Authority staff came up with the rebranding idea and described the general process that staff used. She noted that Mr. Cohen assisted them with review of logo designs and making a final decision on a recommendation. She then introduced the creative team behind the project.

Ms. Graham described the rebranding process and how a new visual identity will help the Authority reflect its mission and values.

Ms. Monillas presented her logo called "Unfolding Future" and stated that the logo represents development and progress. She explained how she came up with the design and aligned it with the brand attributes. She also presented different versions of the logo.

Ms. Thomas presented her logo called "Cutting Edge". She said that her logo signifies confidence, competence, and modernity. She also presented different versions of the logo.

Ms. Graham showed a slide with the two logos and explained how the team evaluated each one. She stated that staff recommends "Unfolding Future" as the Authority's new logo. She added that the next step is to create a style guide if the board accepts this recommendation. She further added that the new logo will roll out in 2021.

Mr. Belton appreciated the logos that were presented and admired the proposed new logo's design and color scheme. Ms. Grace added that she feels comfortable with the proposed logo and added that it will look beautiful on all documentations and printed materials for the Authority. Mr. Cohen also added

that “Unfolding Future” will convey the message of the Authority to its clients.

Mr. Belton moved the acceptance of the Authority’s proposed new logo, and it was seconded by Ms. Grace. The motion was approved unanimously, 5-0.

Mr. Cohen introduced Ms. Standish-Kuon to present the Independent Colleges of Washington update.

Ms. Standish-Kuon shared that majority of their member campuses have a diversity, equity, and inclusion officer. She added that 36% of their member campuses’ students are black, indigenous or people of color.

Ms. Standish-Kuon shared how their member schools implemented guidelines and processes around educating and minimizing the spread of COVID-19. She presented how the schools approached the fall 2020 classes in terms of in person, hybrid/blended, and remote instruction. She then compared it with the class in winter 2020 and spring 2021.

Ms. Standish-Kuon reported that ICW’s member schools’ standardized test for transfer students and high school graduates are now optional with some exceptions.

Ms. Standish-Kuon stated that 9 in 10 students get aid from their colleges. She also shared a list of new academic programs offered by their member schools.

Ms. Standish-Kuon shared that there are funds that came directly to their member schools through the CARES Act. Half of the money was used for COVID-19 pandemic relief and the other half was used for student aid programs and funding. She also shared some ideas about how ICW could

partner with the State of Washington to help its residents with median to lower family incomes.

Dr. Sharratt appreciated ICW for their work and complimented them for their overall graduation rate.

#### **Market Update**

Mr. Cohen introduced Ms. Bergman from Baker Tilly Municipal Advisors to present the market update.

Ms. Bergman reported that interest rates in the tax-exempt municipal market are low compared to the historical average since 1993. She presented a graph showing municipal market demand and said that over the past year supply has been easily absorbed due to high demand. She highlighted that there were more bonds issued in October 2020 due to uncertainties around the election.

Ms. Bergman said that there was not a lot of issuance in the higher education sector and that investors see this sector as riskier than other governmental sectors.

#### **WHEFA College and University Status Update**

Mr. Cohen introduced Ms. Johnson to present the WHEFA college and university status update.

Ms. Johnson said that the member colleges and universities are doing well, and that their bond issues were not in distress. She added that the schools are making their debt service payments and meeting their covenants and commitments.

Ms. Johnson highlighted the recent announcement of Cornish College of the Arts' declaration of financial emergency. She reported that both Dr. Tymas-Jones, Cornish President, and Debbie Treen, Cornish Chief Financial Officer, stated that the college has had financial difficulties and low enrollment for

several years, but are confident that they will succeed in their efforts and that the college will not close. She added that the declaration gives the college more flexibility in their approach to finding a sustainable solution.

Ms. Johnson reported that WHEFA currently has 24 bond issues outstanding totaling around \$747 million, 60% (16) of these are public sales and 30% (8) are private placements with financial institutions. She added that public sales are rated while private placements are not. The bond issues that were publicly sold continue to have investment grade ratings as required by the Authority's policies.

Mr. Cohen commended Ms. Johnson for her report. He added that the situation caused by the pandemic is going to stay with us for a while and that planning for 2021 is important for the schools. Ms. Johnson shared that both Moody's and Standard & Poor's (S&P) said that the schools are doing an exceptional job dealing with the current situation.

**Bond Issue  
Status Report**

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

Mr. Edwards reported that there have been no changes to the bond status report since the August 2020 board meeting. He added that the potential bond issue for Pacific Northwest University of Health Sciences is still on the radar.

Mr. Edwards said that the Authority completed one bond issue for the current fiscal year totaling \$60 million with PV savings of \$2.3 million.

**Executive  
Director's  
Report**

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

Mr. Walker highlighted some of the sessions from the National Association of Health and Education Facilities Finance Authorities (NAHEFFA) conference last October 2020.

Mr. Walker reported that he is focusing on the upcoming state legislative session. He said that the emphasis remains on the budget deficit, the economy, COVID-19, racial justice, and housing.

Mr. Walker gave a summary of relevant articles in the board meeting packet. He added that the next board meeting is scheduled for February 4, 2021.

**Adjournment**

Mr. Cohen adjourned the meeting at 2:30 p.m.

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Mr. Jerome Cohen, Secretary

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Date