



W A S H I N G T O N

HEALTH CARE FACILITIES

A U T H O R I T Y

Financing the Health Care Future

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Department of Health
John Wiesman

Public Member
Ronald K. Sperling

Executive Director
Donna A. Murr

Washington Health Care Facilities Authority
410 11th Avenue S.E., Suite 201
Olympia, WA 98504
Thursday, June 13, 2013 Minutes

A special meeting was held at the office of the Washington Health Care Facilities Authority, pursuant to Authority Board meeting notices mailed to all members of the Authority, and to all persons who requested such meeting notice, and those members of the media presently on the mailing list for receiving meeting notices of the Washington Health Care Facilities Authority.

Members Present By Telephone:

Brad Owen, Lieutenant Governor/Member
Charles Brown, Insurance Commissioner's Designee/Member
John Wiesman, Secretary, Department of Health/Member
Ron Sperling, Public Member

Authority Staff Present:

Donna Murr, Executive Director
Shannon Govia, Assistant Executive Director
Ashlee Frye, Chief Financial and Compliance Officer
Lura Harrison, Executive Assistant and Office Manager

Others Present By Telephone:

Dan Gottlieb, Authority Bond Counsel, Hillis Clark Martin & Peterson P.S.
Jan Schorr, Financial Advisor, Melio & Co.
Beth Chevalier, Financial Advisor, Melio & Co., by telephone
Trish Nightingale, Authority Assistant Attorney General
John Myers, Authority Bond Counsel, Orrick, Herrington & Sutcliffe
Gary McLaughlin, Executive VP/CFO, Overlake Hospital Medical Center
Vicki Ringness, CFO, CHCSC
John Self, Wells Fargo Bank, N.A., CHCSC
Alex Sansoni, Wells Fargo Bank, N.A., CHCSC
Sarah Moun, Authority Bond Counsel, Hillis Clark Martin & Peterson P.S.
Joel Bodansky, Authority Bond Counsel, Hillis Clark Martin & Peterson P.S.

Others Present in Person:

Victoria Byerly, Attorney, Parr Byerly PLLC

Lieutenant Governor Brad Owen called the meeting to order at 2:30 p.m. after noting a quorum was present consisting of himself, Charles Brown, John Wiesman, and Ron Sperling.

Review, discussion and possible action regarding the Minutes of May 9, 2013.

After discussion and upon motion by Mr. Brown and seconded by Mr. Sperling, the minutes of the May 9, 2013 Authority meeting were unanimously approved.

Review, discussion and possible action regarding the application for financial assistance submitted by Overlake Hospital Medical Center (OHMC).

Ms. Murr introduced Mr. McLaughlin, Executive VP and CFO of OHMC. Ms. Murr summarized the application received noting that OHMC is located in Bellevue, Washington. The hospital provides a broad range of inpatient and outpatient services. The financing will be in the amount of \$73 million. The purpose of the financing will be to refinance the WHCFA Series 2005 Bonds and pay issuance costs. The purpose of the original bonds was to finance the construction of a new patient care tower and associated equipment at OHMC. This will be a public sale issuance, and will reduce OHMC's interest expense by approximately \$1.8 million. The interest rate will be fixed for the life of the bonds and will be set at pricing. The trustee is U.S. Bank National Association and the underwriter will be RBC Capital Markets with Wells Fargo Securities as co-manager. No Certificate of Need required.

Mr. Sperling asked Mr. McLaughlin to describe the financial benefit OHMC will realize by refinancing the 2005 bonds.

Mr. McLaughlin replied there are two reasons for doing this transaction. First, there is a present value savings in today's market of about \$1.8 million due to the fact that rates have improved since 2005. Second, part of the refunding is to refund bonds that are insured by ACA, who, in the process of granting consent to the WHCFA Series 2010 Bonds, included a requirement that OHMC would need to refund the bonds within five years or pay a penalty if it was economically feasible to refund them.

Mr. Sperling asked when the final date is to meet that requirement.

Mr. McLaughlin answered that date is in 2015.

After further discussion, without public comment and upon motion by Mr. Brown and seconded by Mr. Sperling, the application for financial assistance submitted by OHMC was unanimously accepted by roll call vote.

Review, discussion and possible action regarding the application for financial assistance submitted by Community Health Center of Snohomish County (CHCSC).

Mr. Govia introduced Ms. Ringness, CFO of CHCSC. Mr. Govia summarized the application received noting that CHCSC is located in Everett, Lynnwood, and Edmonds, Washington. CHCSC provides medical dental and pharmaceutical services to primarily low income families

and individuals with limited or no health insurance. The financing will be in the amount of \$7.5 million. The proceeds of the loan will be used to finance the construction of a new two-story owner occupied facility to be located in Edmonds, Washington, purchase equipment, and pay the costs of issuance. This will be a Direct Placement with Wells Fargo Bank, N.A. The interest rate is variable based on 1-Month LIBOR with a current indicative rate of 1.87% as of June 5, 2013. CHCSC will realize an estimated interest savings of over \$550,000 as compared to equivalent taxable financing. No Certificate of Need is required.

Ms. Ringness presented a PowerPoint presentation which was distributed via email to the WHCFA Board members prior to the meeting.

Mr. Sperling commented that the application is for \$7.5 million but the Wells Fargo commitment letter is for only \$6.1 million. He asked if Wells Fargo would facilitate a \$7.5 million loan if needed.

Mr. Sansoni from Wells Fargo answered that they would be willing to consider it.

Mr. Sperling noted, that based on the financial reports submitted with the application it appeared that CHCSC isn't doing as well as expected. He asked if they were concerned with their financial performance so far this year and if the organization thought it would affect their ability to move forward with this project.

Ms. Ringness responded that in the time between the interim financial statements dated for March 31, 2013 and today, two expected sources of income came in that improved the financial standing of the organization so they are not concerned.

After further discussion, without public comment and upon motion by Mr. Brown and seconded by Mr. Sperling, the application for financial assistance submitted by CHCSC was unanimously accepted by roll call vote.

Executive Director's report:

Ms. Murr reviewed the current financials and Monthly Dash Board which was distributed with the board materials. The number of applications in process is now four. Sixteen transactions have been completed for this fiscal year, six for hospitals and ten for non-hospitals. There are two new clients, Okanogan Behavioral Health Care and Cascade Mental Health. Interest cost savings for 2012 is estimated at \$96 million. The financial information included in the board materials includes up to April of this year. The next biennial budget is going to be presented to the board at the July 11th meeting.

The next NAHEFFA conference is in Philadelphia in October. Information will be distributed to the board as soon as it is received.

Ms. Murr announced that Insurance Commissioner Kriedler has appointed AnnaLisa Gellerman as his designee on the board. She thanked Mr. Brown for his time on the board.

Adjournment:

There being no further business, the meeting was adjourned at 2:55p.m.

John Wiesman, Secretary