



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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Ronald K. Sperling

Executive Director
Donna A. Murr

Washington Health Care Facilities Authority
410 11th Avenue S.E., Suite 201
Olympia, WA 98504
Thursday, December 12, 2013 Meeting Minutes

A special meeting was held at the office of the Washington Health Care Facilities Authority, pursuant to Authority 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:

David Schumacher, Governor's Designee/Member, by conference speakerphone
AnnaLisa Gellermann, Insurance Commissioner's Designee/Member
John Wiesman, Secretary of the Department of Health
Ron Sperling, Public Member, by conference speakerphone

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:

Dan Gottlieb, Authority Bond Counsel, Hillis Clark Martin & Peterson P.S.
Joel Bodanski, Authority Bond Counsel, Hillis Clark Martin & Peterson P.S., by conference speakerphone
Sarah Moum, Authority Bond Counsel, Hillis Clark Martin & Peterson P.S., by conference speakerphone
Bryan Victor, Authority Bond Counsel, Orrick Herrington Sutcliffe, LLP, by conference speakerphone
Jan Schorr, Authority Financial Advisor, Melio & Company, by conference speakerphone
Trish Nightingale, Authority Assistant Attorney General
Mary Grinnell, Consultant, Planned Parenthood of the Great Northwest
Scott Olander, VP and CFO, Yakima Valley Memorial Hospital
Becky Beers, Key Government Finance Inc., by conference speakerphone
Kendall Hansen, Key Government Finance Inc., by conference speakerphone

Dan Koszczewski, Key Government Finance Inc., by conference speakerphone

Mr. Wiesman called the meeting to order at 2:30 p.m. after noting a quorum was present consisting of himself, AnnaLisa Gellermann, Ron Sperling, and David Schumacher.

Review, discussion and possible action regarding the Minutes of November 14, 2013.

After discussion and upon motion by Ms. Gellermann and seconded by Mr. Sperling, the minutes of the November 14, 2013 Authority meeting were unanimously accepted.

Review, discussion and possible action regarding the application for financial assistance submitted by Planned Parenthood of the Great Northwest (PPGN).

Mr. Govia introduced Ms. Grinnell who is a consultant for PPGN. PPGN operates a family planning clinic by the name of Bellevue Health Center, located in Bellevue, Washington. They are seeking financing in the amount of \$3,640,000 for the purpose of reimbursement for the purchase of a building, renovations, equipment and pay costs of issuance. This is a Quick Loan private placement with Key Government Finance Inc. The primary security is the deed of trust. Their estimated interest rate is 3.64% for an initial term of 10 years. The public benefit is estimated at \$613,365 for the initial ten year period. The applicant is eligible to pursue financing through the Authority.

Mr. Wiesman asked what increase in capacity for health care services will there be with this clinic opening up.

Ms. Grinnell responded that it continues capacity that already exists in the Bellevue Health Center currently. It is currently located in a building that is not ADA accessible. There is a hair salon below the center which emits fumes into the center and there is a bar next door to the center. It will also expand the size of the health center, from 4 exam rooms to 6 exams room. A broader range of services will also be offered at the new location.

Mr. Wiesman asked for clarification on the use of funds to reimburse PPGN for a building that was already purchased.

Ms. Grinnell replied that the building was purchased with a bridge loan and this financing would pay that loan off.

Ms. Gellermann asked if PPGN tracks the savings they will realize from this financing to show that the savings were spent on providing free services.

Ms. Grinnell said that it is very difficult to track that and it hasn't been done in the past. She also stated that the Bellevue location has been in the same location for about 30 years and they have been searching for a new location for twenty years. This is very exciting for PPGN.

After further discussion, without public comment and upon motion by Mr. Sperling and seconded by Ms. Gellermann, the application for financial assistance submitted by PPGN was unanimously accepted.

Review, discussion and possible action regarding the application for financial assistance submitted by Yakima Valley Memorial Hospital (YVMH).

Ms. Murr introduced Mr. Olander, the CFO of YVMH and also indicated that Mr. Govia will also present the application for this transaction. She noted that YVMH was one of the first borrowers of the Authority and she will be presenting a framed specimen bond from the Series 1980 Bond Issue to Rick Linneweh, the CEO who just announced his retirement. He was the CEO of YVMH when those bonds were issued in 1980.

Mr. Gottlieb added that YVMH was also one of the underwriters of the test case that freed up the Authority to do its business in 1979 and 1980.

Mr. Govia reviewed the application submitted by YVMH that was provided to the board in the board book. YVMH had initially applied for \$7,000,000 but after discussions with Authority staff and the bank they decided to revise their application and add \$50,000 to the request to cover the cost of issuance. The revised application was provided to the board prior to the board meeting. This will be a Quick Loan private placement with Key Government Finance Inc. The primary security is equipment to be financed. The feasibility has been determined by the lender and the estimated interest rate is set for 2.35% for the initial seven years. The estimated public benefit is \$1,100,000 based on current taxable versus tax exempt rates. Mr. Govia reviewed the break-out of equipment to be financed on page three of the application summary. Bond counsel has reviewed the application and the borrower and believes the applicant is eligible to pursue financing through the authority, as they have previously done before.

Ms. Gellermann asked if the portion of the equipment costs for computer hardware and software was related to the Health Information Exchange.

Mr. Olander replied that perhaps it might be. It is for miscellaneous hardware and software.

Ms. Gellermann asked how far along YVMH was with transitioning over to electronic records.

Mr. Olander said that YVMH has met meaningful use stage one qualifications and have received a payment from CMS and DSHS. They believe they have met the second level requirements for Medicaid and have submitted an application for that payment to DSHS.

Ms. Gellermann commended Mr. Olander on those achievements.

After further discussion, without public comment and upon motion by Ms. Gellermann and seconded by Mr. Schumacher, the application for financial assistance submitted by YVMH was unanimously accepted.

Executive Directors Report.

Ms. Murr reviewed the report materials distributed to the Authority. The Dashboard gave a snapshot of where the Authority was in terms of applications in process and financings that were completed. There is an outstanding application with PeaceHealth, and it was on hold for a while, but it has come back to life and staff hopes to bring it back for consideration in February.

Mr. Wiesman explained that he was on the PeaceHealth Southwest Washington Medical Center's board of directors before he accepted the position of Secretary of the Department of Health and, although there is not conflict of interest at this time, he wanted the Authority to be aware of his prior relationship with the organization.

Ms. Gellermann asked about the reason for the transaction being on hold.

Mr. Gottlieb explained that the transaction was on hold at first because PeaceHealth was exploring a possible affiliation with Catholic Health Initiatives. That has been put on hold but before that they had merged with Southwest Washington Medical Center and now they need to refinance bonds issued in 1999, hopefully to come before the board in February.

Ms. Murr stated that the Overlake transaction is still on hold. Tri-State Memorial Hospital is still being worked on and the details on the structure of the transaction are still being worked out. Interest savings are being calculated for 2013 and will be available soon. Current budget information was provided in the board packet. Staff is also working on the Authority business plan and there was a meeting with the Authority staff, attorneys, and financial advisors on December 4, 2013 to begin the process of drafting the business plan for the next biennium. The latest debt service report was also provided in the board packet. A proposed meeting calendar was also provided for Authority 2014 board meetings. NAHEFFA's conferences in 2014 will be in New Orleans, Louisiana in March and in Big Sky, Montana in September.

Executive Session:

Executive Session requested at 2:52 p.m. by Mr. Sperling to review the performance of the Executive Director.

The recorder was turned off during this discussion.

Mr. Wiesman called the meeting to order after Executive Session ended at 3:20 p.m.

After further discussion, without public comment and upon motion by Ms. Gellermann and seconded by Mr. Sperling, the Executive Director was granted a compensation increase of 5% as of January 1, 2014.

Mr. Sperling requested that the next meeting agenda include an item to discuss the membership of a performance and compensation committee.

Adjournment:

There being no further business, the meeting was adjourned at 3:25 p.m.

John Wiesman, Secretary