



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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Donna A. Murr

Washington Health Care Facilities Authority
410 11th Avenue S.E., Suite 201
Olympia, WA 98504
Thursday, April 10, 2014 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:

Brad Owen, Lieutenant Governor/Member, by conference speakerphone
David Schumacher, Governor's Designee/Member
AnnaLisa Gellermann, Insurance Commissioner's Designee/Member, by conference speakerphone
John Wiesman, Secretary of the Department of Health/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.
Bryan Victor, Authority Bond Counsel, Orrick Herrington Sutcliffe, LLP, by conference speakerphone
Jan Schorr, Authority Financial Advisor, Melio & Company, by conference speakerphone
Beth Chevalier, Authority Financial Advisor, Melio & Co., by conference speakerphone
Dawn Cortez, Authority Assistant Attorney General, by conference speakerphone
Peter Casey, Executive Director, Peninsula Behavioral Health, by conference speakerphone
Bill Hannan, Finance Director, Peninsula Behavioral Health, by conference speakerphone
Doug Dale, CFO and VP of Finance, Sea-Mar, by conference speakerphone

Mr. Schumacher called the meeting to order at 2:31 p.m. after noting a quorum was present consisting of himself, Brad Owen, AnnaLisa Gellermann, and John Wiesman.

Review, discussion and possible action regarding the Minutes of February 13, 2014.

After discussion and upon motion by Lieutenant Governor Owen and seconded by Mr. Wiesman, the minutes of the February 13, 2014 Authority meeting were unanimously accepted by roll call vote.

Review, discussion and possible action regarding the application for financial assistance submitted by Peninsula Behavioral Health (PBH).

Ms. Murr introduced Mr. Casey, Executive Director and Mr. Hannan, Finance Director, who are from PBH.

Mr. Govia summarized the application submitted by PBH (formerly Peninsula Community Mental Health). PBH is a community mental health center located in Port Angeles, Washington. The application is for \$1,292,000. The purpose of the application is to refinance prior bonds issued in 2004 through the Authority. The financing will be a Quick Loan private placement with First Federal Savings in Port Angeles. There are no CoN issues for the financing. A TEFRA hearing will be scheduled prior to final Authority approval of the transaction. The estimated fixed interest rate for the initial 5 year term of the 20 year loan is 3.15%. It has been determined that approximately \$260,697 will be saved in interest costs by this refinancing based on current tax exempt and taxable rates.

Mr. Hannan thanked the Authority for considering the application.

In response to Ms. Gellermann's inquiry about the interest savings and the adjacent short stay crisis center also run by PBH, Mr. Casey explained that the interest savings from the refinancing of the 2004 bonds will go directly into the regular account for all services. Funding for the crisis center is coming from several other sources in Clallam County and Washington Mental Health Council System.

In response to Ms. Gellermann's inquiry about their client load post Medicaid expansion, Mr. Casey stated that in 2013 they served approximately 3,400 clients. There appears to be an increase of 250 people needing their services per year. They have already conducted approximately 270 intakes for people who came to them through Medicaid this year.

After further discussion, without public comment and upon motion by Lieutenant Governor Owen and seconded by Ms. Gellermann, the application for financial assistance submitted by PBH was unanimously accepted by roll call vote.

Review, discussion and possible action regarding the application for financial assistance submitted by Sea-Mar Community Health Centers (Sea-Mar).

Ms. Murr introduced Mr. Dale, the Chief Financial Officer and Vice President of Sea-Mar.

Mr. Govia summarized the application submitted by Sea-Mar. Sea-Mar operates a number of community health centers which are located throughout Western Washington. The application is

for \$27,525,000. The purpose of the financing is construction, acquisition, and remodeling of clinics in eight cities in Western Washington as outlined on page two and three of the application summary. The financing will be a private placement with Union Bank, N.A. There are no CoN issues for the financing. The estimated fixed interest rate for the 10 year term is 3.34% based on a proposed interest rate swap. A TEFRA hearing will be scheduled prior to final Authority approval of the transaction. It has been determined that approximately \$3,700,000 will be saved in interest costs by this refinancing based on current tax exempt and taxable rates.

Mr. Dale thanked the Authority for considering Sea-Mar's application. Sea-Mar's past experience with the Authority has been very positive.

In response to Mr. Wiesman's inquiry about the construction and acquisition portions of this financing and if service capacity will increase, Mr. Dale responded that the Federal Way clinic will be a new clinic for the community and will serve a significant part of South King County. The Clark County facility will replace a facility currently being rented from the county and allow them to provide more services. The Bellingham clinic is going to primarily house behavioral health services, while maintaining within another building the other medical and dental services already provided to the community. The Des Moines building will be a new facility within that community, replacing a small facility that provided medical and dental services. The new location will increase Sea-Mar's ability to provide medical services in the area and include mental health and increased dental services there.

After further discussion, without public comment and upon motion by Lieutenant Governor Owen and seconded by Mr. Wiesman, the application for financial assistance submitted by Sea-Mar was unanimously accepted by roll call vote.

Executive Directors Report.

Ms. Murr reviewed the Executive Director's materials presented to the Authority in regards to Authority operations, bond financings and Authority budget, balance sheet and income statement, and debt service report. She also updated members of the Authority on recent hospital CEO retirements.

Adjournment:

There being no further business, the meeting was adjourned at 2:51 p.m.

John Wiesman, Secretary