



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*

**Washington Health Care Facilities Authority  
410 11th Avenue S.E., Suite 201  
Olympia, WA 98504  
Thursday, December 11, 2014 Meeting Minutes**

A special meeting was held at the office of the Washington Health Care Facilities Authority. Meeting notices were mailed to all members of the Authority, to all persons who requested such meeting notice, and to 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  
AnnaLisa Gellermann, Insurance Commissioner's Designee/Member, by conference speaker phone  
Ron Sperling, Public Member, by conference speaker phone

**Authority Staff Present:**

Donna Murr, Executive Director  
Shannon Govia, Assistant Executive Director  
Ashlee Frye, Chief Financial and Compliance Officer  
Danni Minker, Executive Assistant/Office Manager

**Others Present:**

Dan Gottlieb, Authority Bond Counsel, Hillis Clark Martin & Peterson P.S.  
Bryan Victor, Authority Bond Counsel, Orrick, Herrington & Sutcliffe LLP  
Courtney Muraski, Authority Bond Counsel, Orrick, Herrington & Sutcliffe LLP  
John Ryan, Authority Assistant Attorney General  
Matt Swafford, Authority Financial Advisor, Melio & Company, by conference speakerphone  
Raul Ardelean, Authority Financial Advisor, Melio & Company, by conference speakerphone  
Gretchen Hanna, Director of Corporate Finance, Seattle Cancer Care Alliance, by conference speakerphone  
Jonathan M. Tingstad, Vice President & Chief Financial Officer, Seattle Cancer Care Alliance, by conference speakerphone  
Robert Turner, Senior Vice President, Kaufman Hall Financial Advisor for Seattle Cancer Care Alliance, by conference speakerphone  
Doug Dale, Vice President of Finance, Sea-Mar Community Health Center

**Board Members**

Governor  
Jay Inslee  
Chair

Governor's Designee  
David Schumacher

Lieutenant Governor  
Brad Owen

Insurance Commissioner  
Mike Kriedler

Insurance Commissioner's  
Designee  
AnnaLisa Gellermann

Secretary  
Department of Health  
John Wiesman

Public Member  
Ronald K. Sperling

Executive Director  
Donna A. Murr

Norman Johnson, Chief Executive Officer, Therapeutic Health Services  
Jon Berkedal, Consultant, Therapeutic Health Services  
Louis Olay, Commercial Loan Officer Sound Community Bank  
Alan Schulkin, Attorney, Stokes Lawrence  
John Van Gorkom

Lieutenant Governor Owen called the meeting to order at 3:06 p.m. after noting a quorum was present consisting of himself, AnnaLisa Gellermann, and Ron Sperling.

**Review, discussion and possible action regarding the Minutes of October 14, 2014.**

After discussion and upon motion by Ron Sperling, and seconded by AnnaLisa Gellermann, the minutes of the October 14, 2014 Authority meeting were unanimously accepted by roll call vote.

**Review, discussion and possible action regarding the adoption of Resolution No. 2014-11 authorizing and approving certain document amendments relating to Seattle Cancer Care Alliance (SCCA) Series 2010 Variable Rate Revenue Bonds.**

Mr. Govia presented Resolution No. 2014-11. The Authority previously issued its \$21,415,000 Variable Rate Revenue Bonds, Series 2010 for the benefit of Seattle Cancer Care Alliance (SCCA) in a private placement transaction with KeyBank National Association. The proceeds of the Series 2010 Bonds were used to refinance the Series 2008 Bonds. The proceeds of the Series 2008 Bonds were used to construct the SCCA House, an 80-unit facility that provided short-term housing and meals for SCCA patients and their family members. Subsequent to the issuance of the variable rate Series 2010 Bonds, the Authority adopted Resolution No. 2012-17 which requested that the Authority and US Bank National Association enter into a Supplemental Bond Indenture and amend the original form of the bond as follows: 1. Reduce the Applicable Spread from 2.15% to 1.88% effective November 1, 2012; 2. Extend the Initial Bank Loan Tender Date to November 18, 2016. SCCA has requested and KeyBank has agreed to: 1. Reduce the Applicable Spread from 1.88% to 1.20% effective December 1, 2014; 2. Extend the Initial Bank Loan Tender Date to November 18, 2024; and 3. Change the tax Exempt Factor from 65% to 65.01%. These changes would allow SCCA to save approximately \$5,900 per month in interest saving through 2024 and approximately \$4,300 per month if amortized through the maturity date of February 1, 2038. The extension of the Initial Bank Loan Tender Date provides an additional eight years before the bonds are required to be tendered by KeyBank. In order to make these requested changes, the Bond Indenture and Series 2010 Bond must be amended and modified. Resolution No. 2014-11 which, if adopted, would authorize and approve Supplemental Bond Indenture No. 2 and amend the Bond. The approval by KeyBank and SCCA will be evidenced by the execution of their consent to Supplemental Bond Indenture No. 2. Orrick, Herrington & Sutcliffe LLP served as bond counsel to the Authority for this transaction and also completed the due diligence review. Based on the tax review of Orrick, Herrington & Sutcliffe, Bond Counsel, it was determined that this transaction does not constitute a re-

issuance. Mr. Govia recommended adoption of Resolution No. 2014-11 based on the determinations made as required by Authority Rules.

Mr. Victor summarized the documents presented for approval and indicated that they are all in good order and that his firm is prepared to issue its opinion should the Authority approve the financing.

Mr. Govia introduced Ms. Gretchen Hanna, Director of Corporate Finance and Mr. Jonathan Tingstad, Vice President & Chief Financial Officer from SCCA who are available via teleconference to answer any questions.

Ms. Hanna thanked all that were involved in this transaction.

After further discussion, without public comment and upon motion by Mr. Sperling and seconded by Lieutenant Governor Owen, Resolution No. 2014-11 was unanimously accepted by roll call vote.

**Review, discussion and possible action regarding the adoption of Resolution No. 2014-12 approving the final application for financial assistance and authorizing the issuance and sale of a bond for Sea-Mar Community Health Center.**

Ms. Murr introduced Mr. Doug Dale, Chief Financial Office and Vice President of Finance for Sea-Mar Community Health Center.

Ms. Murr summarized the application submitted by Sea-Mar Community Health Center. Sea-Mar is a Community Health Center that operates primary care medical and dental health facilities, senior housing and provides community social services primarily in Washington State. Sea-Mar is a Federally Qualified Health Center which also offers substance abuse treatment, behavioral health and a number of other community service programs. Sea-Mar has applied for a Quick Loan in an amount not to exceed \$33,000,000. The purpose of the loan is for new construction, acquisition, remodeling and refinancing of two prior Authority bonds Series 2006 and 2007. Out of the \$33,000,000 approximately \$12,000,000 will be used for refinancing purposes. This will be a Quick Loan with Heritage Bank with the primary bondholder security being a deed of trust on several properties owned or to be acquired by Sea-Mar. The TEFRA Hearing was held December 4, 2014, at which no individuals testified for or against the Bond or the project. The interest rate is 2.78% for ten years. This is a draw down Bond. It is anticipated by Sea-Mar that it will save approximately \$3,700,000 in interest costs over traditional taxable interest rate financing. We are recommending this financing to you and we have made all of the determinations that are required in our WAC. A private placement letter from Heritage Bank is included in the financial paperwork.

Ms. Murr introduced bond counsel for this transaction, Mr. Bryan Victor and Ms. Courtney Muraski from Orrick, Herrington & Sutcliffe LLP. Mr. Victor summarized the documents presented for approval and indicated that they are all in good order and that his firm is prepared to issue its opinion should the Authority approve the financing.

Mr. Dale thanked the Authority and all staff involved in this transaction.

In response to Mr. Sperling's inquiry regarding a question about the original loan amount and number of projects listed on the application versus what is listed on the resolution being different, Ms. Murr explained that the numbers are different and an amendment was approved at a prior board meeting to make those changes. The loan amount is actually lower as a result of the banks due diligence review into the collateral as explained by Mr. Victor. The number of projects listed in the resolution is very similar to the number listed in the original application.

After further discussion, without public comment and upon motion by Mr. Sperling and seconded by Ms. Gellermann, Resolution No. 2014-12 was unanimously accepted by roll call vote.

**Review, discussion and possible action regarding the adoption of Resolution No. 2014-13 approving the final application for financial assistance and authorizing the issuance and sale of a bond for Therapeutic Health Services (THS).**

Ms. Murr summarized the application submitted by Therapeutic Health Services (THS). THS is a substance abuse and mental health provider that has eight branches serving King and Snohomish counties. All branches provide a range of services exclusively on an outpatient basis. THS currently employs 214 regular and 8 contracted staff in the following categories: medical doctors, nurses, ARNPs, phlebotomists, UA technicians, chemical dependence counselors, finance, childcare, support services, management and other staff related to specific programs such as vocational services, veteran's services, youth engagement/homelessness, and others. THS is a new borrower to the Authority. This will be a Quick Loan with Sound Community Bank. Sound Community Bank is also new to the Authority. This will be a refinance from a prior loan that was a New Market Tax Credit loan used to finance the 2008 acquisition of their Everett facility which is used to support their programs. The security will be a deed of trust on the Everett property. There are no CoN issues for this transaction. The TEFRA hearing was held December 5, 2014, at which no individuals testified for or against the project. The amount of the loan requested is \$2,700,000. The issuance will be segregated into two separate series: Series 2014A \$2,320,000 and Series 2014B \$380,000. The interest rate for both series is 3.25%. The Series A Bond interest rate will reset every 5 years with a loan term of 25 years and the Series B Bond interest rate will remain at 3.25% over the term of the loan which is 7 years. The estimated interest cost savings for this tax-exempt loan is \$703,000. Orrick, Herrington & Sutcliffe LLP served as Authority Bond Counsel for this transaction.

Mr. Victor summarized the documents presented for approval and indicated that they are all in good order and that his firm is prepared to issue its opinion should the Authority approve the financing.

Ms. Murr introduced Mr. Norm Johnson, Chief Executive Officer and Mr. Jon Berkedal, Consultant for Therapeutic Health Services.

Mr. Johnson thanked the Authority and all staff involved in this transaction.

After further discussion, without public comment and upon motion by Mr. Sperling and seconded by Lieutenant Governor Owen, Resolution No. 2014-13 was unanimously accepted by roll call vote.

**Review, discussion and possible action regarding the Proposed Board Meeting Dates for 2015.**

The proposed board meeting dates for 2015 were accepted by the Authority.

**Executive Directors Report.**

Ms. Murr reviewed the Executive Director's Report presented in the board materials including the status of Authority financings, financial statements, status report and debt service report

**Adjournment:**

There being no further business, the meeting was adjourned at 3:27 p.m.

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John Wiesman, Secretary