



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

Special Board Meeting

410 11th Avenue S.E., Suite 201

Olympia, WA 98504

Thursday, May 24, 2018 Meeting Minutes

Board Members

Governor
Jay Inslee
Chair

Governor's Designee
David Schumacher

Lieutenant Governor
Cyrus Habib

Insurance Commissioner
Mike Kreidler

Insurance Commissioner's
Designee
Toni Hood

Secretary
Department of Health
John Wiesman

Public Member
Steven R. Jacobs

Executive Director
Donna A. Murr

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:

Toni Hood, Insurance Commissioner's Designee, Member, by conference speakerphone
John Wiesman, Secretary of Health, Member
David Schumacher, Governor's Designee, Member/Chair
Steve Jacobs, Public Member, by conference speakerphone
Lieutenant Governor Cyrus Habib, Member, by conference speakerphone

Authority Staff Present:

Donna Murr, Executive Director
Shannon Govia, Assistant Executive Director
Ashlee Frye, Chief Financial and Compliance Officer
Danni Miller, Executive Assistant

Others Present:

Raul Ardelean, Authority Financial Advisor, Melio & Company, by conference speakerphone
Matt Swafford, Authority Financial Advisor, Melio & Company, by conference speakerphone
Rusty Fallis, Authority Assistant Attorney General
Dan Gottlieb, Authority Bond Counsel, Hillis Clark Martin & Peterson P.S.
Mayling Leong, Authority Bond Counsel, Orrick Herrington & Sutcliffe LLP, by conference speakerphone
Libby Hollingshead, Chief of Staff, Lieutenant Governor's Office, by conference speakerphone
Patricia Edmond-Quinn, Interim Chief Executive Officer, Therapeutic Health Services
John Berkedal, Consultant, Therapeutic Health Services

Mr. Schumacher called the meeting to order at 1:03 p.m. after noting a quorum was present consisting of himself, Mr. John Wiesman, Mr. Steve Jacobs and Ms. Toni Hood. Lieutenant Governor Habib joined the meeting at 1:07 p.m.

Review, discussion and possible action regarding the Minutes of April 6, 2018.

After discussion and upon motion by Mr. Wiesman and seconded by Mr. Jacobs, the minutes of the April 6, 2018 Authority meeting were accepted by majority roll call vote. Lieutenant Governor Habib did not attend the April 6, 2018 board meeting so therefore did not vote to accept the minutes as presented.

Review, discussion and possible action regarding the recommendation of Authority Outside Auditor.

Ms. Frye summarized the recommendation of Authority Outside Auditor and briefly explained the selection process. The Authority retains an outside auditor to audit the Authority's financial records each year. Every three years the Authority conducts a request for proposal (RFP) for firms to provide these audit services. This year the Authority sent RFPs through the Department of Enterprise Services WEBS Bid Posting and Notification System and received three proposals.

The three proposals were reviewed by the audit committee consisting of Steve Jacobs and Ashlee Frye. The committee evaluated each proposal independently and met on April 6, 2018 to discuss the merits of each. Ms. Frye recommends the retention of Peterson Sullivan as the Authority Outside Auditor for FY18, FY19 and FY20.

Lieutenant Governor Habib asked if Peterson Sullivan is a Washington based company, and Ms. Frye responded, yes, it is a company headquartered out of Seattle, Washington. Lieutenant Governor Habib also inquired about the fee difference between the top two choices and Ms. Frye responded by stating that there is a \$500 per year difference between the top two candidates, with Peterson Sullivan being the lower of the two.

Mr. Wiesman requested that, in connection with future solicitations, the Authority provide Board members with a written summary of the proposals and the committee's evaluation and recommendation in advance of requested Board action.

There being no further discussion, no member of the public requesting the opportunity to comment and upon motion by Mr. Wiesman, seconded by Ms. Hood, the recommendation of the Authority Outside Auditor was unanimously adopted by roll call vote.

Review, discussion and possible action regarding the adoption of Resolution No. 2018-03 approving the application for financial assistance and authorizing the sale of a bond for Therapeutic Health Services (THS).

Mr. Govia summarized Resolution No. 2018-03, which, if adopted, would approve the application for financial assistance submitted by Therapeutic Health Services and authorize the issuance and sale of a bond in the principal amount of \$6,440,000. Proceeds of the loan will be used to finance the acquisition costs of Therapeutic Health Services' primary facility located in Seattle, Washington.

This financing will be structured as a Quick Loan – private placement and the lender is Sound Community Bank. The primary bondholder security is a deed of trust. Feasibility has been determined by the lender. A TEFRA Hearing was held on May 14, 2018 at which no individuals testified for or against the project. There are no Certificate of Need issues per the Department of Health. The interest rate is fixed at 3.98%. The loan will have a 5 year initial term with a 20 year maturity. The depository bank is U.S. Bank National Association. It is anticipated by THS that it will save approximately \$1,079,214 in interest costs over traditional taxable interest rate financing over the term of the loan. THS specializes in treating high-risk, low-income, ethnic minority, multi-system involved, “harder to serve” adults and youth. Savings from the bond financing will be used to maintain and expand services to the population they serve.

Mr. Govia introduced Ms. Leong of Orrick Herrington & Sutcliffe LLC, serving as the Authority’s bond counsel for this transaction. Ms. Leong summarized the documents presented for approval and indicated that they are all in good order. Based on the determinations that are required by Authority WACs, the due diligence investigation conducted by Orrick Herrington & Sutcliffe LLC, as well as the information in the application, Mr. Govia urged the adoption of Resolution No. 2018-03 for the benefit of Therapeutic Health Services.

Lieutenant Governor Habib asked whether the funds provided by King County to be used in the project are in the form of a grant or a loan. Ms. Leong responded that the King County funds are in the form of a grant but they are secured by a deed of trust on the primary security for the current bond issue. Due to the encumbrance, the purchaser has requested that King County take a subordinate position on the security. King County has agreed.

Mr. Jacobs’s sought clarification that the loan amount is 80% of the actual purchase price, which Ms. Leong confirmed.

Mr. Govia introduced Ms. Edmonds-Quinn. Ms. Edmonds-Quinn then provided a brief summary of the structure of THS, as well as the services provided by THS.

Mr. Wiesman inquired whether THS provided primary health care along with behavioral health services, and Ms. Edmonds-Quinn responded that THS provides both primary care and medication-assisted therapy at their new facility.

There being no further discussion, no member of the public requesting the opportunity to comment and upon motion by Mr. Wiesman, seconded by Mr. Jacobs, Resolution No. 2018-03 was unanimously adopted by roll call vote.

Executive Director's 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 1:37 p.m.

John Wiesman, Secretary