



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, June 14, 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  
David Schumacher, Governor's Designee, Member/Chair  
Steve Jacobs, Public Member

**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.  
Kim Kwan, Summer Associate, Hillis Clark Martin & Peterson P.S.  
Thea Marriott, Summer Associate, Hillis Clark Martin & Peterson P.S.  
Bryan Victor, Authority Bond Counsel, Orrick Herrington & Sutcliffe LLP  
Tom Zrust, U.S. Bank  
Matt Anderson, Beneficial State Bank  
Judy Andrews, Apex Law Group  
Sue Painter  
Carrie McCabe, Northwest Kidney Centers  
Desmond Skubi, Unity Care Northwest  
Annette Klinefelter, Daybreak Youth Services  
Kevin Bedlington, Umpqua Bank, by conference speakerphone

Mr. Schumacher called the meeting to order at 1:00 p.m. after noting a quorum was present consisting of himself, Mr. Steve Jacobs and Ms. Toni Hood.

**Review, discussion and possible action regarding the adoption of Resolution No. 2018-04 approving the application for financial assistance and authorizing the issuance and sale of a bond for Daybreak Youth Services (DYS).**

Mr. Govia summarized Resolution No. 2018-04, which, if adopted, would approve the application for financial assistance submitted by Daybreak Youth Services and authorize the issuance and sale of a bond in the principal amount of \$4,132,338.04. Proceeds of the loan will be used to refinance a taxable loan used for the acquisition and renovation of the Brush Prairie facility and to pay the costs of issuance.

The financing will be structured as a Quick Loan private placement and the lender is Beneficial State Bank. The primary bondholder security is a deed of trust. Feasibility has been determined by the lender. A TEFRA hearing was held on May 22, 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 3.85%. The loan will have a 5 year initial term with a 25 year amortization. The depository bank is U.S. Bank National Association. It is anticipated by Daybreak Youth Services that it will save approximately \$155,873.60 based on current estimated taxable vs. tax-exempt rates over the initial term of the loan.

Mr. Govia introduced Mr. Gottlieb of Hillis Clark Martin & Peterson P.S., serving as the Authority's bond counsel for this transaction. Mr. Gottlieb 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 Hillis Clark Martin & Peterson P.S., as well as the information in the application, Mr. Govia urged the adoption of Resolution No. 2018-04 for the benefit of Daybreak Youth Services.

Mr. Govia introduced Ms. Klinefelter. Ms. Klinefelter then provided a brief summary of how the project started and the impact of the tax-exempt savings.

There being no further discussion, no member of the public requesting the opportunity to comment and upon motion by Mr. Jacobs, seconded by Ms. Hood, Resolution No. 2018-04 was unanimously adopted.

**Review, discussion and possible action regarding the adoption of Resolution No. 2018-05 approving the application for financial assistance and authorizing the sale of bonds for Northwest Kidney Centers (NWKC).**

Ms. Murr summarized Resolution No. 2018-05, which, if adopted, would approve the application for financial assistance submitted by NWKC and authorize the issuance and sale of bonds in the principal amount of not-to-exceed \$44,000,000. Proceeds of the loan will be used to reimburse NWKC for land acquisition – City of SeaTac/Burien Campus and City of Seattle/Rainier Beach Clinic and construction costs for two new facilities to be located in Burien and Rainier Beach.

The financing will be structured as a direct placement with U.S. Bank National Association. The primary bondholder security is a deed of trust on both facilities and the feasibility has been determined by the lender. A TEFRA hearing was held on June 8, 2018 at which no individuals testified for or against the project. Certificate of Need #1630 was issued to NWKC by the Department of Health on February 14, 2018 for the Rainier Beach facility. Dialysis stations from NWKC's West Seattle facility will be transferred to the Burien facility upon completion and the Department of Health has concluded the relocation qualifies for a relationship exemption under WAC 246-310-830. The bonds will initially bear interest at a per annum rate of interest equal to the sum of (i) LIBOR times the applicable factor and (ii) the applicable spread. The loan will have a 10 year term with a 30 year amortization. The Depository Bank is U.S. Bank National Association. NWKC estimates that it will save approximately \$5,248,657 over the life of the loan based on current estimated taxable interest rates versus tax-exempt interest rates.

Ms. Murr introduced Mr. Victor of Orrick Herrington & Sutcliffe LLP, serving as the Authority's bond counsel for this transaction. Mr. Victor 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 LLP, as well as the information in the application Ms. Murr urged the adoption of Resolution No. 2018-05 for the benefit of NWKC.

In response to Mr. Jacobs's inquiry regarding the LIBOR rate and what will happen when and if LIBOR goes away, Mr. Victor stated that if LIBOR is no longer applicable or available prior to it going away a substitute index should be available with an IRS guidance statement accompanying it.

Mr. Murr introduced Ms. McCabe. Ms. McCabe then provided a brief summary of the project and the impact of the tax-exempt savings.

There being no further discussion, no member of the public requesting the opportunity to comment and upon motion by Mr. Jacobs, seconded by Ms. Hood, Resolution No. 2018-05 was unanimously adopted.

**Review, discussion and possible action regarding the adoption of Resolution No. 2018-06 approving and authorizing the execution of amendments to and reissuance of the Series 2009 Bond for Interfaith Community Health Center (d/b/a Unity Care Northwest).**

Mr. Govia summarized Resolution No. 2018-06, which, if adopted, would approve the execution of amendments to and reissuance of the Series 2009 Bond for Interfaith Community Health Center, d/b/a Unity Care Northwest. The Authority previously issued its Series 2009 Bond for the benefit of Interfaith Community Health Center in an amount of \$3,400,000. The proceeds of the Series 2009 Bond were used to acquire health care facilities and related parking in Bellingham, Washington. The current maturity of the Series 2009 Bond is October 27, 2019 and the current interest rate is 3.859%. The current outstanding principal amount is \$2,614,982.83.

Unity Care Northwest and Umpqua Bank have agreed (1) to extend the maturity from October 27, 2019 to October 27, 2029; and (2) to change the interest rate formula. These changes require

amendments to the Series 2009 Bond and the related loan documents that will result in the reissuance of the Series 2009 Bond for federal tax purposes.

Mr. Govia introduced Mr. Gottlieb of Hillis Martin & Peterson P.S., serving as the Authority's bond counsel for this transaction. Mr. Gottlieb summarized the documents presented for approval and indicated that they are all in good order. Mr. Govia urged the adoption of Resolution No. 2018-06 for the benefit of Unity Care Northwest.

In response to Mr. Jacobs's inquiry regarding what causes a reissuance? Is it the change in the interest rate? Mr. Gottlieb responded that a change in the interest rate of more than 25 basis points would be considered a significant modification and would cause a reissuance. An extension of the maturity would also be considered a significant modification and require a reissuance. Mr. Gottlieb stated that both of these factors are occurring in the requested amendment.

Mr. Govia introduced Mr. Skubi. Mr. Skubi then provided a brief summary of how the project started and the impact of the tax-exempt savings as well as an overview of the services provided by Unity Care Northwest.

There being no further discussion, no member of the public requesting the opportunity to comment and upon motion by Mr. Jacobs, seconded by Ms. Hood, Resolution No. 2018-06 was unanimously adopted.

**Review, discussion and possible action regarding Authority Fund Balances and Proposed Annual Charges for FY 2019.**

The Authority's FY18-19 budget was adopted last year with the understanding that Authority staff would review the FY18 fund balance to determine whether or not there should be an adjustment to annual charges for FY19. The fee structure adopted for FY18 & FY 19 – 2.5 basis points with a maximum per borrower cap of \$300,000 for borrowers with outstanding loans over \$1 billion and \$200,000 for loans under \$1 billion.

Ms. Frye reviewed and summarized current fund balances, projected fund balances, discussed the variances between estimates and the current budget. Ms. Frye stated that Authority reserves will continue to be maintained as follows:

- Funding ratio for the Insurance/Legal Contingency Reserve at .03% of the outstanding principal;
- Special Assistance Reserve at \$150,000; and
- Operational Reserve to 1 times budget.

Ms. Frye recommended the continuation of annual charges at 2.5 basis points with a maximum per borrower cap of \$300,000 for borrowers with outstanding loans over \$1 billion and \$200,000 for loans under \$1 billion.

There being no further discussion, no member of the public requesting the opportunity to comment and upon motion by Mr. Jacobs, seconded by Ms. Hood, the continuation of annual charges at 2.5 basis points was unanimously adopted.

**Adjournment:**

There being no further business, the meeting was adjourned at 1:37 p.m.

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John Wiesman, Secretary