



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 13, 2019 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:

David Schumacher, Governor's Designee, Member/Chair
Toni Hood, Insurance Commissioner's Designee, Member
John Wiesman, Secretary of Health, Member, by conference speakerphone

Authority Staff Present:

Donna Murr, Executive Director, by conference speakerphone
Ashlee Frye, Assistant Executive Director and Chief Financial Officer
Shannon Govia, Assistant Executive Director and Program Manager
Danni Miller, Executive Assistant

Others Present:

Rusty Fallis, Authority Assistant Attorney General
Dan Gottlieb, Authority Bond Counsel, Hillis Clark Martin & Peterson P.S.
Christi Jacobsen, Authority Bond Counsel, Hillis Clark Martin & Peterson P.S.
Raul Ardelean, Authority Financial Advisor, Melio & Company, by conference speakerphone
Paul Kaschmitter, Community Health of Central Washington
Stan Brown, Key Bank National Association
Diane Albrecht, CommonSpirit Health, by conference speakerphone
Annie Eide, CommonSpirit Health, by conference speakerphone
Jean Ham, Dignity Health, by conference speakerphone
Carrie McCabe, Northwest Kidney Centers, by conference speakerphone
Chad Kenan, Citigroup, by conference speakerphone
Shekh Ali, Valley Cities Counseling and Consultation, by conference speakerphone

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

Mr. Schumacher called the meeting to order at 1:03 p.m. after noting a quorum was present consisting of himself, Ms. Hood and Mr. Wiesman.

Review, discussion and possible action regarding the Minutes from the May 16, 2019 Authority Board Meeting.

After discussion and upon motion by Ms. Hood and seconded by Mr. Wiesman, the minutes of the May 16, 2019 Authority meeting were unanimously accepted.

Review, discussion and possible action regarding the adoption of Resolution No. 2019-03 approving the application for financial assistance and authorizing the issuance and sale of a bond for Community Health of Central Washington (CHCW).

Mr. Govia summarized Resolution No. 2019-03, which if adopted, would approve the application for financial assistance submitted by CHCW and authorize the issuance and sale of a bond in the principal amount of \$4,000,000. Proceeds of the loan will be used to finance the acquisition, remodeling, and equipping of a facility in Yakima, Washington and to pay costs of issuance. The facility will be utilized to provide additional space for support staff.

The financing will be structured as a Quick Loan – private placement and the lender is Key Government Finance, Inc. The primary bondholder security is a deed of trust on the financed property. Feasibility has been determined by the lender. A TEFRA hearing was held on May 15, 2019, 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 3.28% for the initial 10-year term. The depository bank is Zions Bancorporation, National Association. It is anticipated by CHCW that it will save approximately \$247,053 over the life of the loan based on current estimated taxable interest rates versus tax-exempt interest rates.

Mr. Govia introduced Mr. Gottlieb from 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 bond counsel, as well as the information in the application, Mr. Govia urged the adoption of Resolution No. 2019-03 for the benefit of CHCW.

Mr. Govia introduced Mr. Kaschmitter who 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 Ms. Hood, seconded by Mr. Wiesman, Resolution No. 2019-03 was unanimously adopted.

Review, discussion and possible action regarding the application for financial assistance submitted by Valley Cities Counseling and Consultation(VCC).

Mr. Govia summarized the application for financial assistance submitted by Valley Cities Counseling and Consultation. VCC is a Community Mental Health Center that provides licensed mental health and chemical dependency treatment for youth and adults; supported employment and education services; outreach services and housing programs for the homeless; family support programs offering youth and family activities; and specialized veteran services that deliver counseling and family support services to veterans and their families as well as 24-hour crisis services, wraparound planning, peer support and vocational programs.

VCC is applying for a loan in the amount of not-to-exceed \$10,200,000. Proceeds of the loan will be used to refinance a Bank of America, N.A. credit line, Housing Finance Commission loan, Rainier Community Development Funds loan, WHCFA Series 2009 Bond, and to pay costs of issuance. The financing will be structured as a Quick Loan – private placement and the lender is Bank of America, N.A. The primary security for the loan will be a deed of trust. Feasibility has been determined by the lender. There are no Certificate of Need issues per the Department of Health. A TEFRA hearing will be scheduled. The interest rate is estimated at 3.50% with an initial loan term of 10 years with a 20 year amortization. The depository bank is yet to be determined. It is anticipated by VCC that it will save approximately \$819,111 over the life of the loan based on current estimated taxable interest rates versus tax-exempt interest rates.

Based on its review of the application, Hillis Clark Martin & Peterson P.S., the Authority’s bond counsel for the financing, has determined that the borrower and the project are eligible for financing under the Authority’s statute, but such determination is subject to further due diligence. Mr. Govia urged the Authority’s acceptance of this application.

Mr. Govia introduced Mr. Ali who provided a brief summary of the structure of VCC as well as the services provided.

There being no further discussion, no member of the public requesting the opportunity to comment and upon motion by Ms. Hood, seconded by Mr. Wiesman, the application for financial assistance submitted by Valley Cities Counseling and Consultation was unanimously accepted.

Review, discussion and possible action regarding the amended application for financial assistance submitted by CommonSpirit Health (CSH) and Dignity Health.

Ms. Murr summarized the amended application for financial assistance submitted by CommonSpirit Health and Dignity Health. CSH was created by the alignment of Catholic Health Initiatives and Dignity Health as a single Catholic, nonprofit health system. With over 700 care centers spanning 21 states, they operate 142 hospitals, as well as research programs, virtual care services, home health programs and living communities. CSH also supports a range of community health programs to create healthier communities and address the root causes of poor health such as access to quality care and health equality, affordable housing, safe neighborhoods, and a health environment.

CSH is applying for a loan in the amount of not-to-exceed \$1,300,000,000. Proceeds of the loan will be used to refinance outstanding bonds previously issued by the Authority on behalf of CHI, finance new construction projects at St. Joseph Medical Center and Highline Medical Center as well as continuation projects at Harrison Medical Center, St. Joseph Medical Center, Highline Medical Center and St. Francis Medical Center.

The financing is currently structured as a public sale underwritten by Citigroup Global Markets, Inc., J.P. Morgan Securities LLC and Morgan Stanley & Co. Primary bond holder security will be obligations issued under the Master Trust Indenture and feasibility is based on the investment grade credit rating of CSH. The Certificates of Need that are required for the projects to be financed through the Authority have been granted by the Department of Health. A TEFRA hearing will be scheduled. The expected interest rate, loan term and bond trustee is yet to be determined. Based on current market conditions and assuming the bonds will be issued as fixed-rate debt, CSH expects to save approximately \$360 million over the life of the bonds by utilizing tax-exempt financing through the Authority as compared to financing on a non-tax-exempt basis. CSH is committed to creating healthier communities, delivering exceptional patient care, and ensuring every person has access to quality healthcare. CSH's ability to continue providing this level of support to its communities is significantly supported by its access to a tax-exempt cost of capital.

Based on its review of the application, Hillis Clark Martin & Peterson P.S., the Authority's bond counsel for the financing, has determined that the borrower and the project are eligible for financing under the Authority's statute, but such determination is subject to further due diligence. Ms. Murr urged the Authority's acceptance of this application.

Ms. Murr introduced Ms. Albrecht, Ms. Eide from CSH and Ms. Ham from Dignity Health who together provided a summary of the structure of CSH, an overview of future projects as well as the services provided by CSH.

There being no further discussion, no member of the public requesting the opportunity to comment and upon motion by Ms. Hood, seconded by Mr. Wiesman, the amended application for financial assistance submitted by CommonSpirit Health & Dignity Health was unanimously accepted.

Review, discussion and possible action regarding the application for financial assistance submitted by Northwest Kidney Centers (NWKC).

Ms. Murr summarized the application for financial assistance submitted by Northwest Kidney Centers. NWKC is a Washington nonprofit corporation providing outpatient dialysis services at 17 facilities located within King County, and one facility located in Clallam County, supporting a total of 331 licensed stations and home dialysis program for eligible patients.

NWKC is applying for a loan in the amount of \$17,745,000. Proceeds of the loan will be used to renovate its existing Bellevue Kidney Center and the acquisition of its existing leased Renton Kidney Center, refinancing of its WHCFA Series 2012 Revenue Bond and payment of issuance costs.

The financing is currently structured as a Quick Loan – private placement. The lender is U.S. Bank National Association. Primary security will be a first Deed of Trust on the Renton, Bellevue and Lake City properties. Feasibility is to be determined by the lender. A Certificate of Need is not required per NWKC and the Department of Health. A TEFRA hearing will be scheduled. The expected interest rate is variable equal to LIBOR times the Applicable Factor and Applicable Spread, with an initial loan term of 10 years with a 25-year amortization. The depository bank is U.S. Bank National Association. NWKC estimates that it will save approximately \$1,547,277 over the life of the loan based on current estimated taxable interest rates versus tax-exempt interest rates. The avoided interest expense will favorably impact the future pricing for NWKC patient services, to the benefit of NWKC patients and the community.

Based on its review of the application, Hillis Clark Martin & Peterson P.S., the Authority's bond counsel for the financing, has determined that the borrower and the project are eligible for financing under the Authority's statute, but such determination is subject to further due diligence. Ms. Murr urged the Authority's acceptance of this application.

Ms. Murr introduced Ms. McCabe from NWKC. Ms. McCabe then provided a summary of the structure of NWKC as well as the services provided by NWKC.

There being no further discussion, no member of the public requesting the opportunity to comment and upon motion by Ms. Hood, seconded by Mr. Wiesman, the application for financial assistance submitted by Northwest Kidney Centers was unanimously accepted.

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 1:43 p.m.

John Wiesman, Secretary