



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
Friday, August 16, 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:

Toni Hood, Insurance Commissioner's Designee, Member/Acting Chair
Cyrus Habib, Lieutenant Governor, Member, by conference speakerphone
Steve Jacobs, Public Member, by conference speakerphone

Authority Staff Present:

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., by conference speakerphone
Bryan Victor, Authority Bond Counsel, Orrick Herrington & Sutcliffe LLP, by conference speakerphone
Mark Melio, Authority Financial Advisor, Melio & Company, by conference speakerphone
Raul Ardelean, Authority Financial Advisor, Melio & Company, by conference speakerphone
Libby Hollingshead, Office of the Lieutenant Governor Cyrus Habib, by conference speakerphone
Carrie McCabe, NW Kidney Centers, by conference speakerphone
Andrea de la Fuente, U.S. Bank National Association, by conference speakerphone
Dustin Greer, Sea Mar Community Health Centers, by conference speakerphone
Carlos Guangorena, Heritage Bank, by conference speakerphone

Ms. Hood called the meeting to order at 2:10 p.m. after noting a quorum was present consisting of herself, Lieutenant Governor Habib and Mr. Jacobs.

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

Review, discussion and possible action regarding the Minutes from the July 12, 2019 Authority Board Meeting.

Upon motion by Mr. Jacobs and seconded by Lieutenant Governor Habib, the minutes of the July 12, 2019 Authority meeting were unanimously accepted by roll call vote.

Review, discussion and possible action regarding the adoption of Resolution No. 2019-06 approving the application for financial assistance and authorizing the issuance and sale of a bond for Northwest Kidney Centers (NWKC).

Mr. Govia summarized Resolution No. 2019-06, which if adopted, would approve the application for financial assistance submitted by NWKC and authorize the issuance and sale of a bond in the principal amount of not-to-exceed \$9,525,000. Proceeds of the loan will be used for the renovation of its existing Bellevue Kidney Center and the acquisition of its existing leased Renton Kidney Center and to pay costs of issuance.

The financing will be structured as a Quick Loan – private placement and the lender is U.S. Bank National Association. The primary bondholder security is the first deed of trust. Feasibility has been determined by the lender. A TEFRA hearing was held on August 14, 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 variable equal to LIBOR times the Applicable Factor and the Applicable Spread. Loan term is 10 years with a 25-year amortization. The depository bank is U.S. Bank National Association. It is anticipated by NWKC that it will save approximately \$790,092 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 adoption of Resolution No. 2019-06 for the benefit of NWKC.

Mr. Govia introduced Ms. McCabe who thanked the Authority for their assistance with this financing.

There being no further discussion, no member of the public requesting the opportunity to comment and upon motion by Mr. Jacobs, seconded by Lieutenant Governor Habib, Resolution No. 2019-06 was unanimously adopted by roll call vote.

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

Mr. Govia summarized the application for financial assistance submitted by Sea Mar. Sea Mar operates primary care, medical and dental health facilities, senior housing and provides community

social services in Washington. Sea Mar is a Federally Qualified Health Center which also offers substance abuse treatment, behavioral health and a plethora of other community service programs. Sea Mar is applying for a loan in the amount of \$20,002,500. Proceed of the loan will be used to finance the renovation and remodel of several facilities and to also reimburse Sea Mar for all or a portion of the acquisition costs of several facilities. Approximately \$14,150,000 will be allocated to remodeling and renovation and the remaining \$5,852,500 will be allocated to reimbursement of acquisition costs. The financing will be structured as a Quick Loan – private placement and the lender is Heritage Bank. The primary security for the loan will be a Deed of Trust on properties owned by Sea Mar. Feasibility will be 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 to be fixed at 3.54% with an initial loan term of 10 years with a 25 year amortization. The depository bank is Heritage Bank. It is anticipated by Sea Mar that it will save approximately \$4,260,000 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., Authority bond counsel, 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. Greer who provided a brief summary of the structure of Sea Mar 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 Mr. Jacobs, seconded by Lieutenant Governor Habib, the application for financial assistance submitted by Sea Mar Community Health Centers was unanimously accepted by roll call vote.

Adjournment:

There being no further business, the meeting was adjourned at 2:24 pm.

John Wiesman, Secretary