



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, July 12, 2019 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/Acting Chair  
Cyrus Habib, Lieutenant Governor, Member, by conference speakerphone  
Steve Jacobs, Public 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:**

Dan Gottlieb, Authority Bond Counsel, Hillis Clark Martin & Peterson P.S.  
Brandon Pond, Authority Bond Counsel, Hillis Clark Martin & Peterson P.S.  
Elizabeth Runtz, Authority Bond Counsel, Hillis Clark Martin & Peterson P.S.  
Christi Jacobsen, Authority Bond Counsel, Hillis Clark Martin & Peterson P.S., 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  
Diane Albrecht, CommonSpirit Health, by conference speakerphone  
Annie Eide, CommonSpirit Health, by conference speakerphone  
Chad Kenan, Citigroup, by conference speakerphone  
Ken Fisher, Okanogan Behavioral HealthCare, by conference speakerphone  
Marc Stasiowski, Wells Fargo Bank N.A., by conference speakerphone  
Rachel Erstad, SEIU, by conference speakerphone

Ms. Hood called the meeting to order at 1:51 p.m. after noting a quorum was present consisting of herself, Lieutenant Governor Habib and Mr. Jacobs.

**Review, discussion and possible action regarding the Minutes from the June 13, 2019 Authority Board Meeting.**

Upon motion by Mr. Jacobs and seconded by Ms. Hood, the minutes of the June 13, 2019 Authority meeting were accepted by majority roll call vote. Lieutenant Governor Habib abstained from voting to approve the minutes as he was not in attendance at the June 13, 2019 board meeting.

**Review, discussion and possible action regarding the adoption of Resolution No. 2019-04 approving the execution of amendments to and reissuance of the Series 2012 Revenue Bond for Okanogan Behavioral HealthCare (OBHC).**

Mr. Govia summarized Resolution No. 2019-04, which if adopted would approve the execution of amendments to and the reissuance of the Series 2012 Revenue Bond requested by OBHC.

The Authority previously issued its Series 2012 Bond for the benefit of OBHC in the amount of \$2,885,380. The proceeds of the Series 2012 Bond were used to refinance a taxable loan which was used to purchase OBHC's 1007 Koala Drive facility. The Series 2012 Bond has a fixed interest rate of 2.97% until the Initial Purchase Date of July 26, 2019. The current outstanding principal amount is \$2,000,015.35. OBHC is requesting to (1) extend the Initial Purchase Date from July 26, 2019 to July 26, 2026; (2) fix the interest rate at 3.30% through July 26, 2026; (3) release security interest in one of the two properties used to secure the Series 2012 Bond; and (4) update and conform the loan documents to address changes in tax law since the original issuance and other desired changes. Wells Fargo Bank, N.A., as purchaser and owner of the Series 2012 Bond has agreed to these new terms. The proposed amendments will provide an estimated savings of \$63,804 through July 26, 2026 based on a tax exempt rate of 3.30% vs a taxable comparison rate of 4.10%.

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 and noted that the amendments will cause a reissuance for federal income tax purposes and therefore require Authority action. Mr. Govia urged the adoption of Resolution No. 2019-04 for the benefit of OBHC.

Mr. Govia introduced Mr. Fisher who provided a brief summary of the structure of OBHC 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, Resolution No. 2019-04 was unanimously adopted by roll call vote.

**Review, discussion and possible action regarding the adoption of Resolution No. 2019-05 approving the amended application for financial assistance and authorizing the issuance and sale of bonds for CommonSpirit Health and Dignity Health (CSH & DH).**

Ms. Murr summarized Resolution No. 2019-05, which if adopted, would approve the amended application for financial assistance submitted by CSH and DH and authorize the issuance and sale of bonds in the principal amount of not to exceed \$926,010,000. Proceeds of the loan will be used to refinance all of the outstanding WHCFA Bonds that are identified in the amended application for financial assistance except the Series 2013A and Series 2013B Bonds, pay the costs of issuing the bonds, fund a debt service reserve (if required by the market) and finance, pay or reimburse the costs of various 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.

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.

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 was held on July 11, 2019 at which no individuals testified for or against the project. The Series 2019A-1 and 2019A-2 Bonds will be issued as fixed rate securities and the interest rates will be determined at pricing. The Series 2019B-1, 2019B-2 and 2019B-3 Bonds will be issued as variable rate securities, initially in a Long-Term Mode, and the interest rate will be determined at pricing. The bond trustee is The Bond of New York Mellon Trust Company, N.A. Based on current market conditions and assuming the bonds will be issued as fixed-rate debt, CHS expects to save approximately \$256 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.

Ms. Murr introduced Mr. Gottlieb from Hillis Clark Martin & Petersen 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, Ms. Murr urged the adoption of Resolution No. 2019-05 for the benefit of CSH & DH.

Ms. Murr introduced Ms. Albrecht and Ms. Eide from CSH. Ms. Albrecht thanked the Authority for their assistance with this restructuring that will allow CSH to fulfill the mission envisioned by their strategic alignment.

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. 2019-05 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 2:21 p.m.

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John Wiesman, Secretary