



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, November 8, 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:

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

Rusty Fallis, Authority Assistant Attorney General
Dan Gottlieb, Authority Bond Counsel, Hillis Clark Martin & Peterson P.S.
Robyn Helmlinger, Authority Bond Counsel, Squire Patton Boggs (US) LLP
Raul Ardelean, Authority Financial Advisor, Melio & Company, by conference speakerphone
Libby Hollingshead, Deputy Chief of Staff, Office of Lt. Governor Cyrus Habib, by conference speakerphone
Todd Gibson, Authority Bond Counsel, Squire Patton Boggs (US) LLP, by conference speakerphone
Johnny Hutchinson, Authority Bond Counsel, Squire Patton Boggs (US) LLP, by conference speakerphone
Catrina Kohn, Authority Bond Counsel, Squire Patton Boggs (US) LLP, by conference speakerphone
Amanda Barta, CFO, Moses Lake Community Health Center, by conference speakerphone
Terry Neal, Washington Trust Bank, by conference speakerphone
Mark Raker, Senior Manager, Peterson Sullivan LLP

Mr. Schumacher called the meeting to order at 1:06 p.m. after noting a quorum was present consisting of himself, Ms. Toni Hood and Mr. Steve Jacobs. Lieutenant Governor Habib joined the meeting at 1:10 pm.

Review, discussion and possible action regarding the Minutes from the July 20, 2018 Authority Board Meeting.

After discussion and upon motion by Mr. Jacobs and seconded by Ms. Hood, the minutes of the July 20, 2018 Authority meeting were unanimously accepted by roll call vote.

Review, discussion and possible action regarding the application for financial assistance submitted by Moses Lake Community Health Center (MLCHC).

Ms. Murr summarized the application for financial assistance submitted by Moses Lake Community Health Center. MLCHC is a nonprofit federally qualified health center, founded in 1978 and incorporated in 1991. MLCHC is the only nonprofit community and migrant health center that provides comprehensive services for the target population in rural central and north Grant County in Eastern Washington.

MLCHC is applying for a loan in the amount of \$16,000,000. Proceeds of the loan will be used to add an additional 18,000 sq. ft. to, and completely remodel, MLCHC's existing 40,000 sq. ft. Moses Lake facility. This will expand dental capacity from 12 to 20 operatory rooms and increase medical capacity by allowing MLCHC the space to hire and additional 6-8 medical providers and begin providing ultrasound services and optometry immediately upon completion of the remodeled space.

The financing is currently structured as a Quick Loan – Private Placement. The lender is Washington Trust Bank. Primary security will be a first Deed of Trust on financed property and feasibility is to be determined by the lender. A Certificate of Need is not required per MLCHC and the Department of Health. A TEFRA hearing will be scheduled. The expected interest rate and loan term is yet to be determined. The depository bank will be Washington Trust Bank. MLCHC estimated that it will save approximately \$1,938,428 over the life of the loan based on current estimated taxable interest rates versus tax-exempt interest rates. The savings from this financing will be put directly into patient care and access.

Based on its review of the application, Squire Patton Boggs (US) LLP, 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. Amanda Barta from MLCHC. Ms. Barta then provided a summary of the structure of MLCHC as well as the services provided by MLCHC.

In response to Lieutenant Governor Habib's inquiry regarding the possible addition of mobile dental and eye clinics Ms. Barta explained that while a mobile dental clinic has been discussed it was determined that these type of services are very difficult to provide in such a remote geographical area. At this time mobile services do not fit into their current model due to the costs involved with

providing these type of services. Ms. Barta did state that MLCHC has expanded their outreach efforts into the migrant camps.

Ms. Murr suggested a possible resource for children's eye exams. Ms. Murr is going to provide contact information for the local Lions Club which provide children with eye exams and screenings at local elementary schools.

In response to Mr. Jacobs's request for financial clarification on project costs and financing details, Ms. Barta clarified stated that the total project cost is \$22,886,000, of which \$18 million is for constructions costs and the remaining amount is for equipment acquisition. The amount of the financing requested is \$16 million and it will be used for construction costs only. It does not include equipment. Mr. Jacobs also inquired whether the new market tax credit loan that is noted in the financials will disappear in 2020, which Ms. Barta confirmed will be the case.

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 application for financial assistance submitted by Moses Lake Community Health Center was unanimously accepted by roll call vote.

Review, discussion and possible action affirming the renewal of the Authority's D&O Liability Insurance Coverage.

A motion is necessary to affirm the renewal coverage provided by National Union Fire Insurance Co. and Market American Insurance Company for the Authority's public officials and employment practices liability insurance for a one-year term. Ms. Hood previously reviewed the renewal information and supports the recommendation to affirm the renewal as presented.

Ms. Murr inquired if the Authority Board would consider delegating the authority of this yearly renewal to Ms. Murr, which would result in this matter not being presented as an action item at future board meetings.

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 renewal of the Authority's D&O Liability Insurance Coverage was ratified unanimously by roll call vote.

Review, discussion and possible action regarding the June 30, 2018 Audit of the Washington Health Care Facilities Authority.

Ms. Frye introduced Mr. Mark Raker from Peterson Sullivan LLP, who reported that the audit and accompanying management letter indicated that Peterson Sullivan LLP did not identify any deficiencies in internal control that would be considered material weaknesses.

Mr. Raker provided and discussed a presentation about the audit process that included the communication they are requirement to make, the audit reporting requirements as well as some operating statistics about the Authority. Mr. Raker confirmed that the findings were favorable and there were no material weaknesses or deficiencies found.

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 June 30, 2018 audit of the Washington Health Care Facilities Authority was unanimously accepted by roll call vote.

Ms. Frye was congratulated on a job well done.

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 1:51 p.m.

John Wiesman, Secretary