



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, November 22, 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
John Wiesman, Secretary of Health, by conference speakerphone
Cyrus Habib, Lieutenant Governor, Member, by conference speakerphone
Steve Jacobs, Public Member

Authority Staff Present:

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

Others Present:

Rusty Fallis, Authority Assistant Attorney General
Dan Gottlieb, Authority Bond Counsel, Hillis Clark Martin & Peterson P.S.
Brandon Pond, Authority Bond Counsel, Hillis Clark Martin & Peterson P.S., by conference speakerphone
Robyn Helmlinger, Authority Bond Counsel, Orrick Herrington & Sutcliffe LLP, by conference speakerphone
Catrina Kohn, Authority Bond Counsel, Orrick Herrington & Sutcliffe LLP, by conference speakerphone
Libby Hollingshead, Deputy Chief of Staff, Office of Lt. Governor Cyrus Habib, by conference speakerphone
Raul Ardelean, Authority Financial Advisor, Melio & Company, by conference speakerphone
Mark Melio, Authority Financial Advisor, Melio & Company, by conference speakerphone
Robert Turner, Kaufman Hall, by conference speakerphone
Debbie Hamilton, Bank of America, N.A.

Board Member:

Governor
Jay Inslee
Chair

Governor's Designee
David Schumache

Lieutenant Governor
Cyrus Habib

Insurance Commissioner
Mike Kreidle

Insurance Commissioner's
Designee
Toni Hood

Secretary
Department of Health
John Wiesman

Public Member
Steven R. Jacob

Executive Director
Donna A. Murr

Karen Gibbons, Bank of America, N.A.
Dr. Peter Rutherford, Chief Executive Officer, Confluence Health
Cory Ferari-Zimmerman, Chief Financial Officer, Interim, Confluence Health
Mark Raker, Senior Manager, Peterson Sullivan LLP

Ms. Hood called the meeting to order at 10:04 a.m. after noting a quorum was present consisting of herself, Mr. Wiesman, Lieutenant Governor Habib and Mr. Jacobs.

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

Ms. Murr noted a correction on the minutes from the September 12, 2019 Authority Board Meeting. The start time of the meeting was changed to 1:01 pm. There being no further discussion, upon motion by Mr. Jacobs and seconded by Mr. Wiesman, the amended minutes of the September 12, 2019 Authority meeting were accepted by majority roll call vote. Lieutenant Governor Habib abstained from voting on the acceptance of the minutes due to his absence from the September 12, 2019 Authority board meeting.

Review, discussion and possible action regarding the acceptance of the application for financial assistance submitted by Central Washington Health Services Association, Wenatchee Valley Hospital and Confluence Health.

Mr. Jacobs, Public Member, recused himself from discussion and declared that he would abstain from voting on the application submitted by Central Washington Health Services Association (“CWH”), Wenatchee Valley Hospital (“WVH”) and Confluence Health (“Confluence”) because he still performs part-time work for Central Washington Hospital.

Mr. Govia summarized the application for financial assistance submitted by CWH, WVH and Confluence. CWH, WVH and Confluence are an integrated healthcare delivery system that includes two hospitals, more than 40 medical specialties and primary care, to provide comprehensive medical care throughout North Central Washington. Their goal is to deliver high-quality, safe, compassionate, and cost-effective care close to home. Staying on the leading edge of healthcare innovation is important so they invest in technology – to provide better care for their patients and allow providers to operate at the highest level.

CWH, WVH and Confluence are jointly and severally applying for a loan in the amount of \$40,000,000. The proceeds of the loan will be used to (1) reimburse CWH, WVH and Confluence for prior capital expenditures, including for the construction of a parking garage that adds 500 additional parking spots at CWH; (2) remodel an existing post-anesthesia care unit at CWH; (3) remodel existing space for urology expansion at WVH; (4) purchase various equipment at CWH, WVH and Confluence; and (5) potentially pay issuance costs. The financing will be structured as a Quick Loan – direct placement and the Purchaser will be Bank of America, N.A. The primary security for the loan will be a Master Note Obligation. Feasibility will be determined by the Purchaser. 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 2.09% with an initial loan term of 10 years with a 16 year amortization. CWH, WVH and Confluence anticipate that they will save

approximately \$2.38 million in interest costs over the life of the proposed bond issue by financing at tax-exempt rates compared to taxable rates. All proposed projects and equipment will directly benefit patients of CWH, WVH and Confluence. These items are specific to the ongoing operations of each entity and benefit the population entirely.

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 Dr. Rutherford who provided a brief summary of the structure of the Confluence Health system, as well as the services provided.

There being no further discussion, upon motion by Mr. Wiesman, seconded by Lieutenant Governor Habib, the application for financial assistance submitted by CWH, WVH and Confluence was accepted by majority roll call vote.

Review, discussion and possible action regarding the June 30, 2019 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 his presentation of the audit process, including certain required communications and a description of 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, upon motion by Mr. Jacobs, seconded by Mr. Wiesman, the June 30, 2019 audit of the Washington Health Care Facilities Authority was accepted by majority roll call vote. Lieutenant Governor Habib left the meeting at 10:38 am due to a prior commitment and did not participate in the voting of the acceptance of the June 30, 2019 Audit of the Washington Health Care Facilities Authority.

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 10:48 am.

John Wiesman, Secretary