



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

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Secretary
Department of Health
John Wiesman

Public Member
Steven R. Jacobs

Executive Director
Donna A. Murr

Washington Health Care Facilities Authority Special Meeting by Teleconference Monday, August 24, 2020 Meeting Minutes

A special meeting of the Washington Health Care Facilities Authority was held by teleconference. 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

Authority Staff Present:

Donna Murr, Executive Director
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.
Brandon Pond, Authority Bond Counsel, Hillis Clark Martin & Peterson P.S.
Robyn Helmlinger, Authority Bond Counsel, Orrick Herrington & Sutcliffe LLP
Bryan Victor, Authority Bond Counsel, Orrick Herrington & Sutcliffe LLP
Mark Melio, Authority Financial Advisor, Melio & Company
Raul Ardelean, Authority Financial Advisor, Melio & Company
Jesus Hernandez, Chief Executive Officer, Family Health Centers
Rodger Matlock, Chief Financial Officer, Family Health Centers
Nicolette Descoteaux, Director of Finance, Family Health Centers
John Roberts, North Cascades Bank
Jim Tinker, North Cascades Bank

Mr. Schumacher called the meeting to order at 2:02 pm after noting a quorum was present consisting of himself, Ms. Hood, and Mr. Jacobs.

Review, discussion and possible action regarding the Minutes from the July 9, 2020 Authority Board Meeting.

Upon motion by Mr. Jacobs, seconded by Ms. Hood, the minutes of the July 9, 2020 Authority meeting were accepted by a vote of 3-0.

Review, discussion and possible action regarding the application for financial assistance submitted by Family Health Centers.

Mr. Govia summarized the application for financial assistance submitted by Family Health Centers and its wholly owned subsidiary, Family Health Centers Omak (collectively, "FHC"). FHC provides high quality health care services in the communities of Okanogan, Tonasket, Oroville, Bridgeport, Brewster and Twisp. FHC clinics offer vital services including adult and child medical care naturopathy, dental care, obstetrics, internal medicine, lab, WIC, behavioral health services, substance use disorder, palliative care and pharmacy services.

FHC is applying for a loan in the amount of \$4,500,000. Proceeds of the loan will be used (a) to refinance a taxable New Markets Tax Credit loan for FHC's medical facility located in Omak, WA which comes due around 11/1/2020, and a second taxable loan for the furniture and fixtures associated with the facility; and (b) to pay issuance costs. The financing will be structured as a Quick Loan – Private Placement and the purchaser is North Cascades Bank ("NCB"). The primary security for the loan will be a Deed of Trust. 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 3.4% with an initial loan term of 10 years. The depository bank is yet to be determined. It is anticipated by FHC that it will save approximately \$672,663 in interest costs over traditional taxable interest rate financing over the life of the loan.

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. Hernandez, chief executive officer of FHC, who provided a summary of the structure of FHC as well as the services provided.

In response to Mr. Jacobs's inquiry as to the consequences of not meeting the "days cash on hand" covenant listed in NCB's commitment letter, Mr. Roberts from NCB stated that in black and white terms the note would be in default and could be called or the interest rate could increase by 5%, but it all depends on the circumstances. NCB would contact FHC and research why the covenant was not met and would, in most cases, release the covenant for that particular financial period.

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 FHC was accepted by a vote of 3-0.

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

Ms. Murr described the coverage provided by National Union Fire Insurance Co. and Markel American Insurance Company for the Authority's public officials and employment practices liability insurance, and the decision to renew such coverage for another one-year term. She explained that Ms. Hood previously reviewed the renewal information and supports the recommendation to affirm the renewal as presented.

Upon motion by Mr. Jacobs, seconded by Ms. Hood, the renewal of the Authority's D&O Liability Insurance Coverage was ratified by a vote of 3-0.

Review, discussion and possible action regarding revisions to Board Adopted Policy #96-4: Fees: Non-hospital health care providers.

Proposed revisions to Board Adopted Policy #96-4 were presented at the July 9, 2020 Authority board meeting. After lengthy discussion at that meeting, the matter was tabled for further clarification. Since then, Mr. Fallis, the Authority's Assistant Attorney General, has provided the Authority with a memo that clarified the questions from the July board meeting. As a result, minor additional revisions to Policy #96-4 have been proposed. Some wording has been revised, but the main content of the policy did not change.

Ms. Murr summarized current Policy #96-4, which is intended to assist small non-hospital health care providers, and the evolution of the prior revisions to the policy adopted by the Authority since its original adoption in 1996. She further summarized the recommended changes to the policy and the rationale for the changes. Recommended changes include an increase in the qualifying issue size threshold from \$10 million to \$30 million, an increase in the maximum amount of bond counsel fees and expenses to be paid by the Authority from \$15,000 to \$25,000, and a proposed policy name change.

Ms. Murr urged the Authority's acceptance of the amendments to Policy #96-4. Mr. Schumacher stated, for the record, that the amendments are a clarification of policy not a change of policy.

Upon motion by Mr. Jacobs, seconded by Ms. Hood, the revisions to Board Adopted Policy #96-4 were accepted by a vote of 3-0.

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 2:36 pm.

John Wiesman, Secretary