



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 Meeting by Teleconference  
Wednesday, October 8, 2020 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 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:**

Toni Hood, Insurance Commissioner's Designee, Member, Chair  
John Wiesman, Secretary of Health, Member  
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.  
Christi Jacobsen, 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  
Mayling Leong, Authority Bond Counsel, Orrick Herrington & Sutcliffe LLP  
Joyce Sinakhone, SEIU  
Hermes Shahbazian, Chief Financial Officer, International Community Health Services  
Nicolette Descoteaux, Director of Finance, Family Health Centers  
Rodger Matlock, Chief Financial Officer, Family Health Centers  
Dustin Greer, Chief Financial Officer, Sea Mar Community Health Centers  
Mark Raker, CPA, Hellam, Varon Co., Inc. P.S.  
Lisa Hayward-England, CPA, Hellam, Varon Co., Inc. P.S.  
Kendall Hansen, Key Government Finance, Inc.  
Matthew Norman, MUFG Union Bank, N.A.  
Jennifer Evans, MUFG Union Bank, N.A.

Ms. Hood called the meeting to order at 1:04 p.m. after noting a quorum was present consisting of herself, Mr. Wiesman, and Mr. Jacobs.

Review, discussion and possible action regarding the Minutes from the September 9, 2020 Authority Board Meeting and the presentation of the Executive Director's report were pulled from the agenda and will be presented at the next board meeting.

**Review, discussion and possible action regarding the adoption of Resolution No. 2020-05 approving the authorizing the execution of amendments to and reissuance of the Series 2013 Revenue Bond for International Community Health Services (ICHS).**

Mr. Govia summarized Resolution No. 2020-05 which, if adopted, would allow ICHS to: (a) reset the interest rate on the loan to 3.85%; (b) extend the initial optional tender date by five years beyond the current Optional Tender date of October 17, 2020; (c) shorten the maturity of the Bond to October 18, 2040; and (d) make other changes as necessary and agreed upon by the parties. Key Government Finance, Inc., the Purchaser and Owner of the bond, has agreed to ICHS's request.

The estimated net present value interest savings on the current outstanding loan balance is \$442,652.88, which based on the tax exempt interest rate versus a taxable comparison rate of 5.85%. The taxable comparison rate was derived from the borrower's perception of the average market taxable commercial loan rate. A savings of \$224,000 would be realized if the analysis is calculated based on the fixed rate definition defined within the documents.

A TEFRA hearing was held on October 2, 2020 at which no individuals testified for or against the project.

Mr. Govia introduced Ms. Leong from Orrick Herrington & Sutcliffe LLP., serving as the Authority's bond counsel for this transaction. Ms. Leong summarized the documents presented for approval and indicated that they are all in good order. Based on the determinations that are required by Authority's WACs, the due diligence investigation conducted by bond counsel, as well as the information in the letter of request dated September 3, 2020 submitted by ICHS, Mr. Govia urged adoption of Resolution No. 2020-05 for the benefit of ICHS.

Mr. Govia introduced Mr. Shahbazian from ICHS who thanked the Authority for their continued support.

There being no further discussion, upon motion by Mr. Jacobs, seconded by Mr. Wiesman, Resolution No. 2020-05 was adopted by a 3-0 roll call vote.

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

Mr. Govia summarized the application for financial assistance submitted by Sea Mar. Sea Mar operates primary care medical and dental 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 \$20,000,000. Proceeds of the loan will be used to finance: (1)

the construction and remodeling costs for two facilities; (2) the acquisition costs of a third facility; and (3) refinance three loans. The financing will be structured as a direct placement and the lender will be MUFG Union Bank, N.A. The primary security for the loan will be a deed of t 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 a fixed rate of 2.77% with an initial loan term of 10 years with a 25 year amortization. The depository bank will be MUFG Union Bank, N.A. It is anticipated that Sea Mar will save approximately \$2,600,538 in interest costs over the life of the loan based on current estimated taxable interest rates versus tax-exempt interest rates. As a not-for-profit health care service entity, all excess earnings and cost savings are used to support the provision of charitable care and for expansion of services.

Based on its review of the application, Orrick, Herrington & Sutcliffe, LLP., 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 services provided by Sea Mar and the current need for the financing.

All board members commented on how impressed they are with Sea Mar as an organization and the work they do.

In response to Mr. Jacobs's inquiry regarding the 2020 audited financials, Mr. Greer stated that the 2020 financials will be submitted as soon as they are finalized. Mr. Govia stated that he will be updating the financials for Sea Mar prior to the Resolution submission.

There being no further discussion, upon motion by Mr. Jacobs, seconded by Mr. Wiesman, the application for financial assistance submitted by Sea Mar was accepted by a 3-0 roll call vote.

**Review, discussion and possible action regarding the amended application for financial assistance submitted by Family Health Centers (FHC).**

On August 24, 2020, the Authority accepted an application submitted by Family Health Centers/Family Health Centers Omak. Family Health Centers Omak was created for the purpose of a New Markets Tax Credit structured transaction which is to be refinanced with the proposed 2020 bond issuance.

FHC has requested the Authority to take the necessary steps to amend their application by removing Family Health Centers Omak as an applicant. Family Health Centers will be the sole applicant for the currently proposed financing. Mr. Govia urged the Authority's acceptance of this amended application.

There being no further discussion, upon motion by Mr. Jacobs, seconded by Mr. Wiesman, the amended application for financial assistance submitted by Family Health Centers was accepted by a 3-0 roll call vote.

**Review, discussion and possible action regarding the June 30, 2020 Audit of the Washington Health Care Facilities Authority.**

Ms. Frye introduced Mr. Mark Raker and Ms. Lisa Hayward-England from Hellam, Varon Co., Inc. P.S., who reported that the audit and accompanying management letter indicated that Hellam Varon 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.

Mr. Jacobs thanked the audit firm for their timely response and presentation.

Ms. Frye was congratulated on a job well done.

There being no further discussion, upon motion by Mr. Jacobs, seconded by Mr. Wiesman, the June 30, 2020 audit of the Washington Health Care Facilities Authority was accepted by 3-0 roll call vote.

**Adjournment:**

There being no further business, the meeting was adjourned at 1:36 pm.

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John Wiesman, Secretary