



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

Umair A. Shah

Public Member

Steven R. Jacobs

Executive Director

Donna A. Murr

Washington Health Care Facilities Authority Special Meeting by Teleconference Thursday, October 14, 2021 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
Lieutenant Governor Denny Heck, Member
Charles Malone, Insurance Commissioner's Designee, 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 and Office Manager

Others Present:

Rusty Fallis, Authority Assistant Attorney General
Dan Gottlieb, Authority Bond Counsel, Hillis Clark Martin & Peterson P.S.
Bryan Victor, Authority Bond Counsel, Orrick Herrington & Sutcliffe LLP
Mayling Leong, Authority Bond Counsel, Orrick Herrington & Sutcliffe LLP
Raul Ardelean, Authority Financial Advisor, Melio & Company
Rhonda Hauff, Yakima Neighborhood Health Services
Laraine Rising, Yakima Neighborhood Health Services
Don Hinman, Yakima Neighborhood Health Services
David Flentge, Community Health Care
Tonia Campbell, Community Health Care
Mark Raker, Hellam Varon & Co. P.S.
Greg Gratz, Home Street Bank
Andrea de la Fuente, U.S. Bank National Association

Mr. Schumacher called the meeting to order at 1:02 p.m. after noting a quorum was present consisting of himself, Lieutenant Governor Heck, Mr. Malone, and Mr. Jacobs.

Review, discussion and possible action regarding the Minutes from the September 2, 2021 Authority Board Meeting.

Upon motion by Mr. Jacobs and seconded by Lieutenant Governor Heck, the minutes of the September 2, 2021 Authority meeting were accepted by a roll call vote of 4-0.

Review, discussion and possible action regarding the Minutes from the September 20, 2021 Authority Board Meeting.

Upon motion by Mr. Jacobs and seconded by Mr. Malone, the minutes of the September 20, 2021 Authority meeting were accepted by a roll call vote of 4-0.

Review, discussion and possible action regarding the application for financial assistance submitted by Yakima Neighborhood Health Services (YNHS).

Mr. Govia summarized the application for financial assistance submitted by Yakima Neighborhood Health Services. YNHS is a community health clinic that provides primary medical, dental, pharmacy, behavioral health and other services from multiple locations throughout Yakima County.

YNHS is applying for a loan in the principal amount of \$4,703,400. The proceeds of the loan will be used to refinance the WHCFA Series 2008 Bond and to fund the acquisition, equipping and remodeling of the YNHS Terrace Heights facility located in Yakima, Washington.

The financing will be structured as a Quick Loan – private placement with the lender being Home Street Bank. The primary security will be a Deed of Trust. There are no Certificate of Need issues per YNHS and confirmed by the Department of Health. Feasibility will be determined by the lender. A TEFRA hearing is to be scheduled. The fixed interest rate is estimated at 2.73%, with a 10-year initial term and a 30-year amortization. The depository bank has yet to be determined. YNHS anticipates that it will save approximately \$977,880 in interest costs over traditional taxable interest rate financing. Savings from the tax-exempt financing proposed in the application will enable YNHS to further its mission to provide affordable, accessible, quality health care to their communities. It will enable them to expand services and increase access to primary care services.

Based on its review of the application, Orrick Herrington & Sutcliffe LLP, Authority Bond Counsel, has determined that YNHS and the proposed 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. Hinman, Board Chair, and Ms. Hauff, Chief Executive Officer of YNHS, who together summarized the services provided by YNHS.

There being no further discussion, upon motion by Mr. Jacobs, seconded by Lieutenant Governor Heck, the application for financial assistance submitted by YNHS was accepted by a 4-0 roll call vote.

Review, discussion and possible action regarding the application for financial assistance submitted by Community Health Care (CHC).

Mr. Govia summarized the application for financial assistance submitted by Community Health Care. CHC is a community health clinic that provides health care to people with or without insurance through seven clinic sites located in Pierce County. Those without insurance are treated on a sliding fee scale based on income and family size. The majority of its patients are low income, and no one is denied care due to inability to pay. In addition to medical and dental care, services also include pharmacy, urgent care, obstetrics, women's health, pediatrics, HIV/AIDS care, vision services, residency programs and maternity support services.

CHC is applying for a loan in the principal amount of not-to-exceed \$23,000,000. Proceeds of the loan will be used to (1) finance the acquisition and renovation of a health center and parking garage located at 201 and 211 W Main Street in Puyallup, Washington; (2) refinance the WHCFA Series 2016 Bond; and (3) to pay issuance costs.

The financing will be structured as a direct placement with the lender being U.S. Bank National Association. The primary security will be a Deed of Trust. There are no Certificate of Need issues per CHC and confirmed by the Department of Health. Feasibility will be determined by the lender. A TEFRA hearing is to be scheduled. The variable interest rate is estimated at 1.59%, with a 7-year initial term and up to a 25-year amortization. The depository bank is U.S. Bank National Association. CHC anticipates that it will save approximately \$1,329,900 in interest costs over traditional taxable interest rate financing. As a non-profit organization, all revenue is used to further the mission of CHC, which is "to provide the highest quality health care with compassionate and accessible service for all." The savings achieved by tax-exempt financing would help fund the cost of uninsured care and could also be used to expand capacity in order to serve more patients.

Based on its review of the application, Orrick Herrington & Sutcliffe LLP, Authority Bond Counsel, has determined that CHC and the proposed 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. Flentge, Chief Executive Officer, and Ms. Campbell, Chief Financial Officer of CHC, who together summarized the services provided by CHC.

In response to Mr. Jacobs's inquiry regarding the use of an equity contribution for this project, Mr. Flentge stated there will be an equity contribution for this project as well as grant funding contributions.

There being no further discussion, upon motion by Mr. Jacobs, seconded by Lieutenant Governor Heck, the application for financial assistance submitted by CHC was accepted by a 4-0 roll call vote.

Review, discussion and possible action regarding the June 30, 2021 Audit of the Washington Health Care Facilities Authority.

Ms. Frye introduced Mr. Raker 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 Lieutenant Governor Heck, the June 30, 2021 audit of the Washington Health Care Facilities Authority was accepted by 4-0 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. She also thanked Mr. Govia for his excellent presentation of the two applications.

In response to Lieutenant Governor Heck's inquiry regarding what consideration has been given in terms of the status of remote working, Ms. Murr explained that Authority staff currently rotate office time among the four full time employees with each person working on site on assigned days and then working remotely the remaining days of the week. She also explained that a public access point would once again will be necessary as determined by state mandates.

Adjournment:

There being no further business, the meeting was adjourned at 1:37 pm.

Steve Jacobs, Secretary