



W A S H I N G T O N

**HEALTH CARE FACILITIES**

A U T H O R I T Y

HCMP comments 11/2/22

*Financing the Health Care Future*

**Board Members**

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Chair

Governor's Designee

**David Schumacher**

Lieutenant Governor

**Denny Heck**

Insurance Commissioner

**Mike Kreidler**

Insurance Commissioner's

Designee

**Charles Malone**

Secretary

Department of Health

**Umair A. Shah**

Public Member

**Steven R. Jacobs**

Executive Director

**Donna A. Murr**

**Washington Health Care Facilities Authority  
Special Board Meeting  
410 11th Avenue S.E., Suite 201  
Olympia, Washington 98504  
Wednesday, October 19, 2022 Meeting Minutes**

A special meeting was held at the offices 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

Lieutenant Governor Denny Heck, Member

Charles Malone, Insurance Commissioner's Designee, Member, by conference speakerphone

Steve Jacobs, Public Member, by conference speakerphone

**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:**

Stacia Hollar, Authority Assistant Attorney General

Christi Jacobsen, Authority Bond Counsel, Hillis Clark Martin & Peterson P.S.

Dan Gottlieb, Authority Bond Counsel, Hillis Clark Martin & Peterson P.S.

Robyn Helmlinger, Authority Bond Counsel, Orrick Herrington & Sutcliffe LLP, by conference speakerphone

Raul Ardelean, Authority Financial Advisor, Melio & Company, by conference speakerphone

Ryan Johnson, Staff Member, Office of the Lieutenant Governor

Ben Luety, Chief Financial Officer, Community Health Center of Snohomish County, by conference speakerphone

Michelle Wickwire, Banner Bank, by conference speakerphone

Darwin Parker, Banner Bank, by conference speakerphone

Lisa Hayward-England, CPA, Hellam, Varon & Co. Inc. P.S., by conference speakerphone

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

**Review, discussion and possible action regarding the Minutes from the August 8, 2022 Authority Board Meeting.**

Upon motion by Mr. Jacobs and seconded by Lieutenant Governor Heck, the minutes of the August 8, 2022 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 Community Health Center of Snohomish County (CHCSC).**

Mr. Govia summarized the application for financial assistance submitted by Community Health Center of Snohomish County. CHCSC is a community health center that provides medical, dental and pharmaceutical services to primarily low-income families and individuals with limited or no health insurance. CHCSC operated seven medical clinics, five dental clinics and five pharmacies located in Snohomish County.

CHCSC is applying for a loan in the principal amount of \$8,000,000. The proceeds of the loan will be used to (1) fund costs of constructing a new administrative building in Everett, Washington; (2) reimburse CHCSC for costs associated with construction, remodeling, and equipping of a clinic in Everett, Washington; and (3) pay costs of issuance.

The financing will be structured as Quick Loan – Private Placement. The lender will be Banner Bank. The primary security will be a Deed of Trust. There are no Certificate of Need issues per CHCSC and confirmed by the Department of Health. Feasibility will be determined by the lender. A TEFRA hearing will be scheduled. The interest rate will be an estimated fixed rate of 4.74% for a 10 year loan term. The depository bank will be determined. CHCSC anticipates that it will save approximately \$1,100,000 in interest costs over traditional taxable interest rate financing over the term of the loan. The lower cost of borrowing from a tax-exempt financing will increase service capacity and improve operating efficiencies. The funds saved will be redirected toward patient programs.

Based on its review of the application, Orrick Herrington & Sutcliffe LLP, Authority Bond Counsel, has determined that CHCSC 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. Luety, CFO of CHCSC, who summarized the services provided by CHCSC.

In response to Lieutenant Governor Heck's inquiry regarding the evaluation of reasonableness for non-clinical facilities financed by bond proceeds, Mr. Gottlieb provided a summary of the health care facilities that the Authority is statutorily authorized to finance. These include facilities "useful for or associated with the delivery of inpatient or outpatient health care services

or support for such care,” which would include administrative facilities of the sort CHCSC intends to finance. Mr. Gottlieb stated that the federal tax laws generally prohibit any significant use of a facility financed with tax-exempt qualified 501(c) (3) bonds for purposes unrelated to the charitable purpose of the benefitting health care provider. The Authority’s bond counsel reviews the proposed use of any non-clinical facilities to be financed to determine compliance with those legal provisions, including whether the size of the facility appears to be greater than what the borrower will use for its intended nonprofit health care purpose.

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

**Review, discussion and possible action regarding the June 30, 2022 Audit of the Washington Health Care Facilities Authority.**

Ms. Frye introduced Ms. 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.

Ms. Hayward-England provided and discussed her 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. Ms. Hayward-England 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, 2022 audit of the Washington Health Care Facilities Authority was accepted by 4-0 roll call vote.

**Review discussion and possible action regarding the ratification of the Authority’s D&O Liability Insurance coverage annual review.**

Ms. Murr described the coverage provided by AIG Specialty Insurance Company (primary), Markel American Insurance Company (excess), Kinsale Insurance Company (excess) and Indian Harbor Insurance Company (excess) for the Authority’s public officials and employment practices liability insurance, and the decision to renew such coverage for another one-year term.

Upon motion by Mr. Jacobs, seconded by Lieutenant Governor Heck, the renewal of the Authority’s D&O Liability Insurance Coverage was ratified by a roll call vote of 4-0.

**Review, discussion and possible action regarding the repeal and replacement of Board Adopted Policy No. 2020-1 – Acceptance & Use of Electronic Signatures.**

In April 2020, as a result of the Governor’s mandate to work remotely, the Authority developed Board Policy 2020-01 – Acceptance and Use of Electronic Signatures, which authorized the use of electronic signatures consistent with RCW 19.360.020. This law was effective until June 11, 2020, at which point it was replaced by the Uniform Electronic Transactions Act (“UETA”) established pursuant to ESSB 6028. In order for the Authority to permit use of electronic signatures until the UETA became effective, it was necessary to adopt an interim policy for this purpose.

The Uniform Transaction Act, Chapter 1-80 RCW provides guidance on how a government agency shall manage the use and acceptance of electronic signatures. After consulting with legal counsel and to ensure continued operation during a period of mandated or authorized remote work, the Authority developed Procedure #IPP 22-01 Acceptance and Use of Electronic Signatures, which repeals and replaces Board Policy 2020-1.

Upon motion by Mr. Jacobs, seconded by Lieutenant Governor Heck, the repeal and replacement of Board Policy 2020-1 was accepted by a roll call vote of 4-0.

**Executive Director’s Report**

Ms. Murr provided an overview of 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 1:39 p.m.

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Steve Jacobs, Secretary