



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

Board Members

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Insurance Commissioner

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Insurance Commissioner's

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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
Thursday, November 10, 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:

Lieutenant Governor Denny Heck, Member, by conference speakerphone
Charles Malone, Insurance Commissioner's Designee, Member, Chair
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, by conference speakerphone
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., by conference speakerphone
Dan Gottlieb, Authority Bond Counsel, Hillis Clark Martin & Peterson P.S.
Robyn Helmlinger, Authority Bond Counsel, Orrick Herrington & Sutcliffe LLP, by conference speakerphone
Bryan Victor, Authority Bond Counsel, Orrick Herrington & Sutcliffe LLP, by conference speakerphone
Raul Ardelean, Authority Financial Advisor, Melio & Company, by conference speakerphone
Mark Melio, Authority Financial Advisor, Melio & Company, by conference speakerphone
Florien Bouwmeester, Financial Advisor, Melio & Company, by conference speakerphone
Joey Freichels, Financial Advisor, Melio & Company, by conference speakerphone
James Lee, EVP, CFO, MultiCare Health System, by conference speakerphone
Judy Swain, VP, Treasurer, MultiCare Health System, by conference speakerphone
Jason Mitchell, VP Financial Operations, MultiCare Health System, by conference speakerphone

Sharlene Morgan, Cash Manager, MultiCare Health System, by conference speakerphone
Andrew Tokar, CFO, Overlake Hospital Medical Center, by conference speakerphone
Lindsey Soboloski, Controller, Overlake Hospital Medical Center, by conference speakerphone
Saba Noorali, Kaufman Hall, by conference speakerphone
Robert Turner, Kaufman Hall, by conference speakerphone
Joyce Sinakhone, SEIU, by conference speakerphone

Mr. Malone called the meeting to order at 1:04 p.m. after noting a quorum was present consisting of himself, Lt. Governor Denny Heck, and Mr. Jacobs.

Review, discussion and possible action regarding the Minutes from the October 19, 2022 Authority Board Meeting.

Upon motion by Mr. Jacobs and seconded by Lieutenant Governor Heck, the minutes of the October 19, 2022 Authority meeting were accepted by a roll call vote of 3-0.

Review, discussion and possible action regarding the application for financial assistance submitted by MultiCare Health System (MultiCare).

Mr. Govia summarized the application for financial assistance submitted by MultiCare, which is an integrated healthcare delivery system providing inpatient, outpatient and other healthcare services primarily to the residents of Pierce, King, Spokane, and Thurston counties and, with respect to pediatric care, much of the southwest Washington region.

MultiCare is applying for a loan in the principal amount of not-to-exceed \$214,000,000. The proceeds of the loan will be used to refund all or a portion of the WHCFA Series 2017E Bonds and all or a portion of two taxable term loans.

The financing will be structured as Direct Placements – Taxable & Tax-Exempt. The lender will be Bank of America, N.A. The primary security will be Master Note Obligations. There are no Certificate of Need issues per MultiCare and confirmed by the Department of Health. Feasibility will be determined by the lender. A TEFRA hearing will be scheduled. The interest rate for the Tax-Exempt bonds is estimated at 3.25% (SIFMA+0.88%) for a 3 year loan term. The interest rate for the Taxable bonds is estimated at 4.29% (SOFR+1.25%) for a loan term up to 2 years. The trustee will be U.S. Bank Global Corporate Trust. MultiCare anticipates that it will save approximately \$20,100,000 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 lower the operating expenses for MultiCare thereby reducing its dependency on cash flow derived from revenue sources. This will reduce the cost of providing care and lessen the need for rate increases.

Based on its review of the application, Orrick Herrington & Sutcliffe LLP, Authority Bond Counsel, has determined that MultiCare 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, Ms. Swain, VP Treasurer of MultiCare, who summarized the services provided by MultiCare.

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

Review, discussion and possible action regarding the application for financial assistance submitted by Overlake Hospital Medical Center (Overlake).

Mr. Govia summarized the application for financial assistance submitted by Overlake, which is a 349-licensed bed, non-profit regional medical center offering a full range of inpatient and outpatient services. The hospital has over 855 active physicians on its medical staff and operates nine primary care clinics, 20 specialist clinics and four urgent care centers through a wholly owned subsidiary Overlake Medical Clinics, LLC.

Overlake is applying for a loan in the principal amount of not-to-exceed \$51,000,000. The proceeds of the loan will be used to refund all or a portion of the WHCFA Series 2017C Bonds and to pay issuance costs.

The financing will be structured as a Direct Placement. The lender will be Key Government Finance, Inc. The primary security will be a Master Note Obligation. There are no Certificate of Need issues per Overlake 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 variable rate of 4.066% (79% of Adjusted Term SOFR+1.40%) for a loan term of up to 5 years with a 2044 maturity. The trustee will be U.S. Bank Global Corporate Trust. Overlake anticipates that it will save approximately \$10,100,000 in interest costs over traditional taxable interest rate financing over the term of the loan. The savings from issuing tax-exempt bonds reduces the interest expense and therefore results in lower rate increases being passed along to patients.

Based on its review of the application, Hillis Clark Martin & Peterson P.S., Authority Bond Counsel, has determined that Overlake 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. Tokar, Chief Financial Officer of Overlake, who summarized the services provided by Overlake.

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

Review, discussion and possible action regarding the repeal of Board Adopted Policy # 2004-1 – Application Fee Credits – Non-hospital health care providers.

In January 1994, the Board approved a policy of granting half of the application fee (\$3,750) as a credit against future annual fees for loans under \$5 million for non-hospital health care providers in an effort to lower the overall financing costs.

In December of 2004, the Board repealed the 1994 policy and adopted Policy # 2004-1, which eliminated the application fee credits for applications received after December 13, 2004. Bond issues that had a credit on the books would continue to receive the annual credit until the credit balance was exhausted. At this time, there are no outstanding fee credits and therefore this policy is no longer necessary. A motion is necessary to repeal Board Adopted Policy # 2004-1.

There being no further discussion, upon motion by Mr. Jacobs, seconded by Lieutenant Governor Heck, the repeal of Board Policy # 2004-1 was accepted by a roll call vote of 3-0.

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 1:22 p.m.

Steve Jacobs, Secretary