



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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Department of Health

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**Steven R. Jacobs**

Executive Director

**Donna A. Murr**

## Washington Health Care Facilities Authority Special Meeting by Teleconference Thursday, February 10, 2022 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:

Tor Jernudd, Authority Assistant Attorney General  
Dallas Roberts, Senior Advisor, Office of Lieutenant Governor Heck  
Christi Jacobsen, Authority Bond Counsel, Hillis Clark Martin & Peterson P.S.  
Brandon Pond, Authority Bond Counsel, Hillis Clark Martin & Peterson P.S.  
Mayling Leong, Authority Bond Counsel, Orrick Herrington & Sutcliffe LLP  
Robyn Helmlinger, Authority Bond Counsel, Orrick Herrington & Sutcliffe LLP  
Catrina Kohn, Authority Bond Counsel, Orrick Herrington & Sutcliffe LLP  
Mark Melio, Authority Financial Advisor, Melio & Company  
Raul Ardelean, Authority Financial Advisor, Melio & Company  
Florien Bouwmeester, Authority Financial Advisor, Melio & Company  
Mike Romine, Columbia Valley Community Health  
David Flentge, Community Health Care  
Karen Park, Community Health Care  
Rhonda Hauff, Yakima Neighborhood Health Systems  
Laraine Rising, Yakima Neighborhood Health Systems

Don Hinman, Yakima Neighborhood Health Systems  
Andrea de la Fuente, U.S. Bank National Association  
Marc Stasiowski, Wells Fargo  
Joyce Sinakhone, SEIU  
Greg Gratz, HomeStreet Bank

Mr. Schumacher called the meeting to order at 2:02 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 January 14, 2022 Authority Board Meeting.**

Upon motion by Mr. Jacobs and seconded by Lieutenant Governor Heck, the minutes of the January 14, 2022 Authority meeting were accepted by a roll call vote of 4-0.

**Review, discussion and possible action regarding the adoption of Resolution No. 2022-01 approving the application for financial assistance and authorizing the issuance and sale of a bond for the benefit of Columbia Valley Community Health (CVCH).**

Mr. Govia summarized Resolution No. 2022-01 which, if adopted, would approve the application for financial assistance submitted by CVCH and authorize the issuance and sale of a bond in the principal amount of \$24,600,000. Proceeds of the loan will be used to (1) refinance the WHCFA Series 2017 Bond; (2) fund the construction of a new outpatient clinic located in East Wenatchee and (3) pay costs of issuance.

The financing will be structured as a Quick Loan – private placement and the lender will be Wells Fargo N.A. The primary security is a Deed of Trust. There are no Certificate of Need issues per the Department of Health. Feasibility is determined by the lender. A TEFRA hearing was held on January 26, 2022 at which no individuals testified for or against the project. The interest rate is fixed at 2.70%. The loan term has a 10-year initial term with up to a 30-year amortization. The depository bank is Computershare Trust Company, National Association. CVCH estimates that it will save approximately \$1,234,670 in interest costs over traditional taxable interest rate financing.

Mr. Govia introduced Mr. Brandon Pond from Hillis Clark Martin & Peterson P.S., serving as Authority's bond counsel for this transaction. Mr. Pond summarized the documents presented for approval and indicated that they are all in good order making note that the maturity date on this transaction has been changed to March 1, 2052. Based on the determinations that are required by the Authority's WACs, the due diligence investigation conducted by bond counsel, as well as the information in the application, Mr. Govia urged adoption of Resolution No. 2022-01 for the benefit of Columbia Valley Community Health.

Mr. Govia introduced Mr. Romine, who thanked the Authority for its continued support.

There being no further discussion, upon motion by Mr. Jacobs, seconded by Lieutenant Governor Heck, Resolution No. 2022-01 was adopted by a 4-0 roll call vote.

**Review, discussion and possible action regarding the adoption of Resolution No. 2022-02 approving the application for financial assistance and authorizing the issuance and sale of a bond for the benefit of Community Health Care (CHC).**

Mr. Govia summarized Resolution No. 2022-02 which, if adopted, would approve the application for financial assistance submitted by CHC and authorize the issuance and sale of a bond 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 in Puyallup, WA; (2) refinance the WHCFA Series 2016 Bond; (3) potentially fund the purchase of equipment to be utilized at the new Puyallup clinic; and (4) pay costs of issuance.

The financing will be structured as a Direct Purchase – private placement and the lender will be U.S. Bank National Association. The primary security is a Deed of Trust. There are no Certificate of Need issues per the Department of Health. Feasibility is determined by the lender. A TEFRA hearing was held on January 6, 2022 at which no individuals testified for or against the project. The interest rate is variable and estimated at 1.59%. The loan has a seven year initial term with a 25-year amortization. The depository bank is U.S. Bank Trust Company, National Association. CHC estimates that it will save approximately \$1,329,900 in interest costs over traditional taxable interest rate financing over the term of the loan.

Mr. Govia introduced Ms. Leong from Orrick Herrington & Sutcliffe L.L.P., serving as Authority's bond counsel for this transaction. Ms. Leong summarized the documents presented for approval and indicated that they are all in good order making note that the maturity date on this transaction has been changed to February 1, 2047. Based on the determinations that are required by the Authority's WAC's, the due diligence investigation conducted by bond counsel, as well as the information in the application, Mr. Govia urged adoption of Resolution No. 2022-02 for the benefit of Community Health Care.

Mr. Govia introduced Mr. Flentge, who thanked the Authority for its continued support.

In response to Lieutenant Governor Heck's inquiry regarding the reason for a variable rate, Ms. De la Fuente, from U. S. Bank, stated that there is a variable interest rate with a swap for the bond draw down period of construction and once complete the interest rate will become fixed based on the swap, which is not an integrated swap and outside the bond financing through the Authority.

There being no further discussion, upon motion by Mr. Jacobs, seconded by Lieutenant Governor Heck, Resolution No. 2022-02 was adopted by a 4-0 roll call vote.

**Review, discussion and possible action regarding the adoption of Resolution No. 2022-03 approving the application for financial assistance and authorizing the issuance and sale of a bond for the benefit of Yakima Neighborhood Health Services (YNHS).**

Mr. Govia summarized Resolution No. 2022-03 which, if adopted, would approve the application for financial assistance submitted by YNHS and authorize the issuance and sale of a bond in the principal amount of \$4,463,210. 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 in Yakima, WA.

The financing is structured as a Quick loan – private placement and the lender is HomeStreet Bank. The primary security is a deed of trust. There are no Certificate of Need issues per the Department of Health. Feasibility has been determined by the lender. A TEFRA hearing was held on February 3, 2022 at which no individuals testified for or against the project. The interest rate is fixed and was estimated at 2.73% based on the term sheet provided by the lender at the time the application was accepted in October 2021. The lender locked in the rate at 3.31% as of February 9, 2022. The loan has a 10-year initial term with up to a 30-year amortization. The depository bank is U.S. Bank Trust Company, National Association. YNHS estimates that it will save approximately \$977,880 in interest costs over traditional taxable interest rate financing over the term of the loan.

Mr. Govia introduced Ms. Kohn from Orrick Herrington & Sutcliffe L.L.P., serving as Authority's bond counsel for this transaction. Ms. Kohn summarized the documents presented for approval and indicated that they are all in good order. Based on the determinations that are required by the Authority's WAC's, the due diligence investigation conducted by bond counsel, as well as the information in the application, Mr. Govia urged adoption of Resolution No. 2022-03 for the benefit of Yakima Neighborhood Health Services.

Lieutenant Governor Heck inquired as to the interest rate for this transaction versus the other transactions presented today. Mr. Gratz from HomeStreet Bank joined the call at this point to address this inquiry. Mr. Gratz stated that the indicative interest rate was estimated at the time the term sheet was provided and the final rate was locked immediately prior to the final approval of the transaction and based on current market rates at that time. Additional discussion ensued on the topic of interest rates more broadly, including the process of agreement between borrowers and their lenders and the rising interest rate environment, with remarks from Ms. Murr, Mr. Govia and Mr. Melio. Mr. Schumacher suggested that further discussion may be of interest at a later date.

There being no further discussion, upon motion by Mr. Jacobs, seconded by Mr. Malone, Resolution No. 2022-03 was adopted by a 3-1 majority 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.

**Adjournment:**

There being no further business, the meeting was adjourned at 2:47 pm.

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Steve Jacobs, Secretary