



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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**Washington Health Care Facilities Authority
Special Meeting by Teleconference
Thursday, April 14, 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:

Stacia Hollar, Authority Assistant Attorney General

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

Raul Ardelean, Authority Financial Advisor, Melio & Company

Dallas Roberts, Office of Lieutenant Governor Denny Heck

Lindsey Ruivivar, New Health Programs Association

Vicki Nussbaum, New Health Programs Association

David Browdy, Fred Hutchinson Cancer Center

Herb Bone, Fred Hutchinson Cancer Center

Gretchen Hanna, Fred Hutchinson Cancer Center

Stan Brown, Key Bank National Association

Kendal Hansen, Key Government Finance, Inc.

Terri Wareham, Kaufman Hall

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 March 11, 2022 Authority Board Meeting.

Upon motion by Mr. Jacobs and seconded by Lieutenant Governor Heck, the minutes of the March 11, 2022 Authority meeting were accepted by a roll call vote of 4-0.

Review, discussion and possible action regarding the adoption of Resolution No. 2022-04 approving the application for financial assistance and authorizing the issuance and sale of a bond for the benefit of New Health Programs Association (NH).

Mr. Govia summarized Resolution No. 2022-04 which, if adopted, would approve the application for financial assistance submitted by NH and authorize the issuance and sale of a bond in the principal amount of \$7,948,100. Proceeds of the loan will be used to fund the construction of a new facility to replace NH's Colville medical building. The new facility will house NH's primary care medical, pharmacy and behavioral health services.

The financing will be structured as a Quick Loan – private placement and the lender will be Key Government Finance, Inc. The primary security is a Deed of Trust. There are no Certificate of Need issues per the Department of Health. The Department of Health confirmed prior to the meeting that the par amount stated in its April 11, 2022 email confirmation (\$7,949,100) did not affect its determination that no Certificate of Need is required. Feasibility is determined by the lender. A TEFRA hearing was held on March 8, 2022 at which no individuals testified for or against the project. The interest rate is fixed at 3.89%. The loan has a 10-year initial term with a 25-year maturity. The depository agent is Zions Bank. NH estimates that it will save approximately \$734,666.10 in interest costs over traditional taxable interest rate financing.

Mr. Govia introduced Ms. Christi Jacobsen from Hillis Clark Martin & Peterson P.S., serving as Authority's bond counsel for this transaction. Ms. Jacobsen summarized the documents presented for approval and indicated that they are all in good order making note that an address correction has been made on the resolution. The correct address for the proposed project is 358 N. Main Street, Colville, WA. 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. 2022-04 for the benefit of New Health Programs Association.

Mr. Govia introduced Ms. Ruivivar and Ms. Nussbaum who together thanked the Authority for its support.

There being no further discussion, upon motion by Mr. Jacobs, seconded by Lieutenant Governor Heck, Resolution No. 2022-04 was adopted by a 4-0 roll call vote.

Review, discussion and possible action regarding the application for financial assistance submitted by Fred Hutchinson Cancer Center (FHCC).

Mr. Govia summarized the application for financial assistance submitted by Fred Hutchinson Cancer Center. FHCC is a newly formed entity that combines the cancer research enterprise of Fred Hutchinson Cancer Research Center, and the cancer treatment clinical operations of Seattle Cancer Care Alliance. The merger creates an integrated cancer care and research entity, with FHCC to serve as UW Medicine's cancer program and to operate as a clinically integrated part of UW Medicine.

FHCC is applying for a loan in the principal amount of not-to-exceed \$322,000,000. The proceeds of the loan will be used to refinance all or a portion of two taxable series of bonds. The 2022AB Taxable Bonds were used to refund and defease multiple series of tax-exempt Washington Health Care Facilities Authority ("WHCFA") bonds. The WHCFA bonds were previously issued for the benefit of Fred Hutchinson Cancer Research Center. In addition, the proceeds of the taxable bonds proposed to be refinanced were also used to fund the purchase of Seattle Children's Hospital's membership interest of the Seattle Cancer Care Alliance and to pay certain costs of issuance.

Tax-exempt bond proceeds will not be used to fund the costs associated with the purchase of Seattle Children's Hospital's membership interest of the Seattle Cancer Care Alliance.

The financing will be structured as a Public Sale with the underwriting team composed of Barclays Capital Inc. and J.P. Morgan Securities LLC serving as Co-Senior Managers and Cain Brothers, a division of KeyBanc Capital Markets Inc. serving as Co-Manager. The primary security will be a Master Note Obligation. The Department of Health completed a determination of reviewability and concluded that the project does not require a Certificate of Need (DOR 22-17). Feasibility will be based on the investment grade rating of FHCC. A TEFRA is to be scheduled. Interest rate and loan terms will be determined at pricing. The bond rating will be based on the credit rating of FHCC and U.S. Bank Global Corporate Trust will serve as bond trustee.

Over the life of the bonds, savings generated from using tax-exempt debt over taxable on a net present value basis, would be estimated at \$23.0 million in aggregate, or an average of \$919,389 annually. This analysis compares taxable and tax-exempt fixed-rate matched maturity refunding of the Series 2015 and 2017 Bonds. Substantially all of the savings realized by FHCC from the availability of financing through tax-exempt bonds will be used in a manner that will minimize financing costs within the entity's permanent capital structure and thereby the costs to the public for vital cancer treatments and contribute to the organization's research mission of eradicating cancer.

Based on its review of the application, Orrick Herrington & Sutcliffe, LLP., Authority Bond Counsel, has determined that FHCC and the proposed projects 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. Browdy, Vice President and CFO, Mr. Bone, Corporate Treasurer and Ms. Hanna, Director of Corporate Finance of FHCC, who, together summarized the services provided by FHCC.

In response to Lieutenant Governor Heck's inquiry regarding clarification of the anticipated use of tax-exempt proceeds for the current application request, Mr. Browdy and Ms. Wareham provided additional information and clarified as requested.

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

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 1:27 p.m.

Steve Jacobs, Secretary