



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**

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**Steven R. Jacobs**

Executive Director

**Donna A. Murr**

**Washington Health Care Facilities Authority  
Special Meeting by Teleconference  
Monday, August 8, 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:**

Lieutenant Governor Denny Heck, Member  
Charles Malone, Insurance Commissioner's Designee, Member  
Steve Jacobs, Public Member, Chair

**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  
Dan Gottlieb, Authority Bond Counsel, Hillis Clark Martin & Peterson P.S.  
Christi Jacobsen, 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  
Mark Melio, Authority Financial Advisor, Melio & Company  
Raul Ardelean, Authority Financial Advisor, Melio & Company  
Dallas Roberts, Office of Lieutenant Governor Denny Heck  
Kristin Peterson, Department of Health  
Judy Swain, MultiCare Health System  
Jason Mitchell, MultiCare Health System  
Sharlene Morgan, MultiCare Health System  
James Lee, MultiCare Health System  
Warren Hewitt, Seattle Children's  
Katie Chilcott, Seattle Children's  
Saba Noorali, Kaufman Hall  
Brant Hunsaker, Wells Fargo  
Joyce Sinakhone, SEIU

Mr. Jacobs called the meeting to order at 11:03 a.m. after noting a quorum was present consisting of himself, Lieutenant Governor Heck, and Mr. Malone.

**Review, discussion and possible action regarding the Minutes from the June 9, 2022 Authority Board Meeting.**

Upon motion by Mr. Malone and seconded by Lieutenant Governor Heck, the minutes of the June 9, 2022 Authority meeting were accepted by a roll call vote of 3-0.

**Review, discussion and possible action regarding the Minutes from the June 22, 2022 Authority Board Meeting.**

Upon motion by Mr. Malone and seconded by Lieutenant Governor Heck, the minutes of the June 22, 2022 Authority meeting were accepted by a roll call vote of 3-0.

**Review, discussion and possible action regarding the adoption of Resolution No. 2022-07 approving the application for financial assistance and authorizing the issuance and sale of bonds for the benefit of MultiCare Health Systems (MHS).**

Mr. Govia summarized Resolution No. 2022-07, which if adopted would approve the application for financial assistance submitted by MultiCare Health System and authorize the issuance and sale of bonds in the principal amount of not-to-exceed \$161,000,000. The proceeds of the loan will be used to refund all or a portion of the WHCFA Series 2009A/B bonds, 2012A bonds and pay issuance costs.

The financing will be structured as direct placements and the lenders are PNC Bank, National Association and RBC Capital Market, LLC. The primary security are Master Note Obligations. There are no Certificate of Need issues per the Department of Health. Feasibility is determined by the lenders. A TEFRA hearing was held on July 21, 2022 at which no individuals testified for or against the project. The interest rates are variable and will be set at or prior to closing. The Series 2022A Bonds have a 6-year initial term and maturity date of 8/15/2044; the Series 2022B Bonds have a 7-year initial term and maturity date of 8/15/2046. The bond trustee is U.S. Bank Trust Company, National Association. MHS anticipates a savings of approximately \$11,900,000 in interest costs over traditional taxable interest rate financing over the term of the loan.

Mr. Govia introduced Ms. Leong from Orrick Herrington & Sutcliffe LLP, 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. 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. 2022-07 for the benefit of MultiCare Health Systems.

Mr. Govia introduced Mr. Lee, Executive Vice President and Chief Financial Officer of MHS, Ms. Swain, Vice President and Treasurer of MHS, and Mr. Mitchell, Vice President of Financial Operations of MHS, who, together, thanked the Authority for its support.

In response to Lieutenant Governor Heck's inquiry regarding the proposed interest rates for this transaction, it was noted by Mr. Govia that the interest rates will be variable initially, but the bond indenture allows for changes in the way in which rates are determined in the future. Ms. Murr further described how the interest rates during the initial term of the credit agreement are set and reiterated that the methodology can be changed in the future. Ms. Noorali of Kaufman Hall provided the details of the index and the percentage and applicable spread to be applied to each series of bonds.

There being no further discussion, upon motion by Lieutenant Governor Heck, seconded by Mr. Malone, Resolution No. 2022-07 was adopted by a 3-0 roll call vote.

**Review, discussion and possible action regarding the adoption of Resolution No. 2022-08 approving and authorizing the execution of amendments to and potential reissuance of the Series 2012C and 2012D Refunding Revenue Bonds for Seattle Children's Hospital.**

Mr. Govia summarized Resolution No. 2022-08. On June 20, 2012, the Authority issued its Series 2012C and 2012D Refunding Revenue Bonds for Seattle Children's Hospital in the amount of \$68,140,000 and \$74,025,000, respectively. These bonds currently bear interest at variable interest rates that are determined on a monthly basis pursuant to an index-based formula that applies One Month LIBOR as the Applicable Index pursuant to their respective Bond Indentures. LIBOR is expected to be discontinued June 30, 2023; therefore, an alternative index needs to be utilized for the bonds to remain outstanding beyond June 30, 2023.

Seattle Children's has requested the Authority take the necessary steps to amend the documents necessary to: (a) modify certain provisions to provide for the transition from using One Month LIBOR as the Applicable Index to using Term SOFR as the Applicable Index; (b) extend the period of time during which the Series 2012D Purchaser will continue to own the Series 2012D Bonds; and (c) make other changes as necessary and agreed upon by the parties. JPMorgan Chase Bank, National Association (the Series 2012C Owner) and Wells Fargo Municipal Capital Strategies, LLC (the Series 2012D Owner), have agreed to Seattle Children's request.

Hillis Clark Martin & Peterson, P.S., serving as Bond Counsel, has determined that these amendments may cause a reissuance for federal income tax purposes and therefore Seattle Children's is seeking Authority action in anticipation of a potential reissuance. 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 provided by Seattle Children's, Mr. Govia urged adoption of Resolution No. 2022-08 for the benefit of Seattle Children's Hospital.

Mr. Govia introduced Mr. Hewitt, Vice President of Finance & Chief Accounting Officer of Seattle Children's and Ms. Chilcott, Treasury Operation Director of Seattle Children's who together thanked the Authority for its support.

In response to Lieutenant Governor Heck's inquiry about the possibility of the Authority receiving similar amendment requests, Mr. Gottlieb replied that is a definite possibility.

There being no further discussion, upon motion by Lieutenant Governor Heck, seconded by Mr. Malone, Resolution No. 2022-08 was adopted by a 3-0 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.

**Adjournment:**

There being no further business, the meeting was adjourned at 11:36 a.m.

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Steve Jacobs, Secretary