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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 Board Meeting
410 11th Avenue S.E., Suite 201
Olympia, Washington 98504
Thursday, December 8, 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, by conference speakerphone
Lieutenant Governor Denny Heck, Member, by conference speakerphone
Charles Malone, Insurance Commissioner's Designee, 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
Kristin Petersen, Department of Health, by conference speakerphone
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
Bryan Victor, Authority Bond Counsel, Orrick Herrington & Sutcliffe LLP, by conference speakerphone
Jessica Grimm, 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
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
Ben Luety, CFO, Community Health Center of Snohomish County, by conference speakerphone
Becky Hammill, CEO, Passages Family Support, by conference speakerphone
Teresa Sherman, Borrower's Counsel, Passages Family Support, by conference speakerphone
Kim Lloyd, Washington Trust Bank, by conference speakerphone
Ben Loewen, Washington Trust Bank, by conference speakerphone
Saba Noorali, Kaufman Hall, by conference speakerphone
Robert Turner, Kaufman Hall, by conference speakerphone
Michelle Wickwire, Banner Bank, by conference speakerphone
Darwin Parker, Banner Bank, by conference speakerphone

Mr. Schumacher called the meeting to order at 1:13 p.m. after noting a quorum was present consisting of himself, Lt. Governor Denny Heck, and Mr. Malone.

Review, discussion and possible action regarding the Minutes from the November 10, 2022 Authority Board Meeting.

Upon motion by Lieutenant Governor Heck and seconded by Mr. Malone, the minutes of the November 10, 2022 Authority meeting were accepted by a roll call vote of 3-0.

Review, discussion and possible action regarding the adoption of Resolution No. 2022-09 approving the application for financial assistance and authorizing the issuance and sale of a bond for the benefit of Community Health Center of Snohomish County (CHCSC).

Mr. Govia summarized Resolution No. 2022-09 which, if adopted, would approve the application for financial assistance submitted by CHCSC and authorize the issuance and sale of a bond in the principal amount of not-to-exceed \$8,000,000. The proceeds of the loan will be used to (1) fund costs of constructing, remodeling and equipping new administrative buildings in Everett, Washington; (2) reimburse CHCSC for costs associated with the constructions, remodeling and equipping a clinic in Everett, Washington; and (3) pay costs of issuance.

The financing will be structured as a Quick Loan-Private Placement and the lender is Banner Bank. 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 November 28, 2022 at which no individuals testified for or against the project. The interest rate is fixed at 4.31% with a loan term of 10-years. The bond trustee is U.S. Bank Global Corporate Trust. CHCSC anticipates a savings of approximately \$1,100,000 in interest costs over traditional taxable interest rate financing over the term of the loan.

Mr. Govia introduced Ms. Grimm from Orrick Herrington & Sutcliffe LLP, serving as Authority's bond counsel for this transaction. Ms. Grimm 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. 2022-09 for the benefit of CHCSC.

Mr. Govia introduced Mr. Luety, Chief Financial Officer of CHCSC who thanked the Authority for its support.

There being no further discussion, upon motion by Lieutenant Governor Heck, seconded by Mr. Malone, Resolution No. 2022-09 was adopted by a 3-0 roll call vote.

Review, discussion and possible action regarding the adoption of Resolution No. 2022-10 approving the application for financial assistance and authorizing the issuance and sale of bonds for the benefit of MultiCare Health System (MHS).

Mr. Govia summarized Resolution No. 2022-10 which, if adopted, would approve the application for financial assistance submitted by MHS and authorize the issuance and sale of bonds in the principal amount of not-to-exceed \$210,170,000. 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 and potentially pay issuance costs.

The financing will be structured as direct placements, both tax-exempt and taxable, with the lenders being Banc of America Preferred Funding Corporation & Bank of America, N.A. The primary security is Master Note Obligations. There are no Certificate of Need issues per the Department of Health. Feasibility is determined by the lenders. A TEFRA hearing is not required for this transaction. The interest rate for the tax-exempt loan is estimated at 3.25% (SIFMA+0.88%) with a 3-year term and 2047 maturity. The interest rate for the taxable loan is estimated at 4.29% (SOFR+1.25%) with a 2-year term and 2047 maturity. The bond trustee is U.S. Bank Global Corporate Trust. MHS anticipates that it will save approximately \$20,100,000 in interest costs over traditional taxable interest rate financing over the term of the tax exempt loan.

Mr. Govia introduced Mr. Victor from Orrick Herrington & Sutcliffe LLP, serving as Authority's bond counsel for this transaction. Mr. Victor 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. 2022-10 for the benefit of MHS.

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

There being no further discussion, upon motion by Lieutenant Governor Heck, seconded by Mr. Malone, Resolution No. 2022-10 was adopted by a 3-0 roll call vote.

Review, discussion and possible action regarding the adoption of Resolution No. 2022-11 approving the application for financial assistance and authorizing the issuance and sale of bonds for the benefit of Overlake Hospital Medical Center (Overlake).

Mr. Govia summarized Resolution No. 2022-11 which, if adopted, would approve the application for financial assistance submitted by Overlake and authorize the issuance and sale of bonds 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 and the lender is Key Government Finance. The primary security is a Master Note Obligation. There are no Certificate of Need issues per the Department of Health. Feasibility is determined by the lender. A TEFRA hearing is not required for this transaction. The interest rate is variable and estimated at 4.066% (79% of adjusted term SOFR +1.40%) with a 5-year term and 2044 maturity. The bond trustee is U.S. Bank Global Corporate Trust. Overlake anticipates a saving of approximately \$10,100,000 in interest costs over traditional taxable interest rate financing over the term of the loan.

Mr. Govia introduced Mr. Gottlieb from Hillis Clark Martin & Peterson P.S., serving as Authority's bond counsel for this transaction. Mr. Gottlieb 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. 2022-11 for the benefit of Overlake .

Mr. Govia introduced Mr. Tokar, Chief Financial Officer and Ms. Soboloski, Controller of Overlake, who, together thanked the Authority for its support.

There being no further discussion, upon motion by Lieutenant Governor Heck, seconded by Mr. Malone, Resolution No. 2022-11 was adopted by a 3-0 roll call vote.

Review, discussion and possible action regarding the application for financial assistance submitted by Passages Family Support (Passages).

Mr. Govia summarized the application for financial assistance submitted by Passages. Passages is a peer-operated, licensed outpatient behavioral health clinic that provides services exclusively to the Medicaid population. Passages provides outpatient therapy, care coordination, recovery support services, health home services, intensive residential services, substance use disorder treatment and medication management.

Passages is applying for a loan in the amount of not-to-exceed \$6,900,000. The proceeds of the loan will be used to refinance a taxable loan that was used to purchase Passage's outpatient and administrative services building.

The financing will be structured as a Quick Loan-Private Placement. The lender will be Washington Trust Bank. The primary security will be a Deed of Trust. There are no Certificate of Need issues per Passages 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 fixed and is estimated to be 3.87% with a 10-year loan term and 25-year amortization. The depository bank will be determined. Passages anticipates that it will save approximately \$341,669 in interest costs over traditional taxable interest rate financing over the term of the loan. The savings associated with the tax-exempt financing will be used to further Passage's mission and help fund the cost off expanding capacity in the communities served.

Based on its review of the application, Orrick Herrington & Sutcliffe LLP, Authority's bond counsel, has determined that Passages 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. Hammill, CEO of Passages, who summarized the services provided by Passages.

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

Review, discussion and possible action regarding the Proposed Authority Meeting Dates for 2023.

Ms. Murr provided the Proposed Authority Meeting Dates for 2023 for information purposes only; no board action was necessary.

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 1:38 p.m.

Steve Jacobs, Secretary