



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*

**Washington Health Care Facilities Authority  
Special Board Meeting  
410 11th Avenue S.E., Suite 201  
Olympia, Washington 98504  
Monday, June 12, 2023 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  
Dr. Umair Shah, Secretary of Health, Member, by conference speakerphone  
Steve Jacobs, Public Member, Acting Chair, 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, by conference speakerphone  
Sharon James, Authority Assistant Attorney General  
Dan Gottlieb, Authority Bond Counsel, Hillis Clark Martin & Peterson P.S.  
Bryan Victor, Authority Bond Counsel, Orrick Herrington & Sutcliffe LLP, by conference speakerphone  
Florien Bouwmeester, Authority Financial Advisor, PFM, by conference speakerphone  
Todd Mountin, Department of Health, by conference speakerphone  
Bob Marsalli, Washington Association for Community Health

Mr. Jacobs called the meeting to order at 11:09 a.m. after noting a quorum was present consisting of himself, Lieutenant Governor Heck, Mr. Malone, and Dr. Shah.

**Board Members**

Governor  
**Jay Inslee**  
Chair

Governor's Designee  
**David Schumacher**

Lieutenant Governor  
**Denny Heck**

Insurance Commissioner  
**Mike Kreidler**

Insurance Commissioner's  
Designee  
**Charles Malone**

Secretary  
Department of Health  
**Umair A. Shah**

Public Member  
**Steven R. Jacobs**

Executive Director  
**Donna A. Murr**

**Review, discussion and possible action regarding the Minutes from the May 24, 2023 Authority Board Meeting.**

Upon motion by Mr. Malone, seconded by Dr. Shah, the minutes of the May 24, 2023 Authority meeting were accepted by a roll call vote of 4-0.

**Review, discussion and possible action regarding the Authority Budget for FY 24-25.**

Ms. Frye presented the proposed budget for FY 24-25. The estimated June 30, 2023 total fund balance is \$3.5 million. The current fund balance reserves are divided into three categories:

- Insurance/Legal Contingency Reserve is set at .03% of the outstanding principal of loans as of June 30 of each year and is to cover the deductible on the D&O insurance policy and the general liability insurance policy, plus the cost of litigating any suit brought against the Authority prior to payment by the D&O provider;
- Special Assistance Reserve is composed of the interest earnings on Authority investments. These funds are used to assist non-hospital customers pay for the costs of bond issuances. The Authority will pay half of bond counsel charges up to \$25,000 on non-hospital bond issuances of \$30 million and less;
- Operational Reserve equal to 1 times agency expenditures and is intended to cover Authority costs in the event that business falls off for a period of time.

Based upon projected revenues and expenditures, there will be an estimated \$2.9 million total fund balance (equity) as of June 30, 2023. However, the amounts in each reserve fund will change as the Insurance/Legal Reserve will reduce to about \$1.4 million, Special Assistance Reserve will remain at \$150,000, and the Operational Reserve will increase to \$1.5 million.

Revenues are projected at \$1,445,810 and \$1,392,405 for FY24-FY25 respectively. Expenses are projected at \$1,441,774 and \$1,543,489 for FY24-FY25 respectively, leaving a deficit balance each fiscal year of (\$151,084) for FY24 - FY25 respectively. The projected fund balance (equity) is expected to be \$3.5 million at June 30, 2024. It is important to keep the overall fund balance (equity) at between \$3.0 million and \$3.5 million.

Annual fees have been adjusted over the years to try to achieve a better balance of revenues and expenditures and maintain agency fund balances (equity) at approximately \$3 million. The current fees are set at 2.0 basis points. We are recommending an adjustment to the rate to keep the fund balance at a reasonable level based on the projected transactions and expenses for the next two years. It is recommended that the annual fees for FY24 and FY25 be increased to 2.5 basis points. The fund balance will be reviewed as of June 30, 2024 to determine whether adjustments to fee schedule are warranted.

There being no further discussion, upon motion by Mr. Malone, seconded by Dr. Shah, the Authority Budget for FY24-25 as presented was accepted by a 3-0-1 roll call vote, with Lieutenant Governor Heck abstaining from this vote.

**Review, discussion and possible action regarding the Selection of the Authority Financial Advisor.**

Ms. Murr stated the Authority's contract with its financial advisor, Melio & Company, is set to expire on June 30, 2023.

The Authority followed DES's Personal Services Competitive Procurement guidelines contained in RCW 39.26 as well as the Authority's procurement delegation granted by DES by posting a Request for Proposal (RFP) to its Washington Electronic Business Solution for Government Customers website and mailed the RFP to the top healthcare financial advisors in the nation. Proposals were received from two firms, Hilltop Securities and PFM Financial Advisors LLC, and independently reviewed by the selection committee comprised of Steve Jacobs, Shannon Govia and Ms. Murr. Based on its review, the committee unanimously recommended to retain PFM Financial Advisors LLC to serve as the Authority's financial advisor for an initial contract period of three years.

After further discussion, without public comment and upon motion by Mr. Malone, seconded by Dr. Shah, the selection of PFM Financial Advisors LLC as the Authority's financial advisor was accepted by roll call vote of 4-0.

**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 11:26 a.m.

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Steve Jacobs, Secretary