



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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Insurance Commissioner

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Insurance Commissioner's

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Charles Malone

Secretary

Department of Health

Umair A. Shah

Public Member

Steven R. Jacobs

Executive Director

Shannon D. Govia

**Washington Health Care Facilities Authority
Special Board Meeting
410 11th Avenue S.E., Suite 201
Olympia, Washington 98504
Thursday, November 14, 2024 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:

Nona Snell, Governor's Designee, Member, by conference speakerphone
Lieutenant Governor Denny Heck, Member, Chair, by conference speakerphone
Charles Malone, Insurance Commissioner's Designee, Member, by conference speakerphone
Steve Jacobs, Public Member, by conference speakerphone

Authority Staff Present:

Shannon Govia, Executive Director
Ashlee Frye, Assistant Executive Director and Chief Financial Officer, by conference speakerphone
Danni Miller, Operations Director

Others Present:

Mark Rachel, Authority Assistant Attorney General, 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
Florien Bouwmeester, Financial Advisor, PFM Financial Advisors LLC, by conference speakerphone
Raul Ardelean, Financial Advisor, PFM Financial Advisors LLC, by conference speakerphone
Todd Mountin, Department of Health, by conference speakerphone
Herb Bone, Fred Hutchinson Cancer Center, by conference speakerphone
David Browdy, Fred Hutchinson Cancer Center, by conference speakerphone
Marek Kowalewski, Kaufman Hall, by conference speakerphone

Lieutenant Governor Heck called the meeting to order at 1:02 p.m. after noting a quorum was present consisting of himself, Ms. Snell and Mr. Jacobs. Mr. Malone joined the meeting at 1:11 p.m.

Review, discussion and possible action regarding the Minutes from the October 14, 2024 Authority Board Meeting.

Upon motion by Mr. Jacobs and seconded by Ms. Snell, the minutes of the October 14, 2024 Authority meeting were unanimously accepted.

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 FHCC. FHCC is a nonprofit organization that combines cancer research with cancer treatment clinical operations. FHCC was formed with the merger of Seattle Cancer Care Alliance and Fred Hutchinson Cancer Research Center. The organization serves as UW Medicine's cancer program and operates as a clinically integrated part of UW Medicine. FHCC offers a variety of treatment options to both adult and pediatric patients, in addition to conducting research for the purpose of eliminating cancer.

FHCC is applying for a loan in the amount of not-to-exceed \$200,000,000. The proceeds of the loan will be used to refinance its Series 2014 Fixed Rate Bonds (SCCA) and its Series 2022E Variable Rate Bonds (FHCC), and to pay issuance costs.

The financing will be structured as a Public Sale. The underwriter will be BofA Securities, Inc. The primary bondholder security will be a Master Note Obligation. There are no Certificate of Need issues per FHCC and confirmed by the Department of Health. Feasibility will be determined by the Investment Grade rating of FHCC. A TEFRA hearing will be scheduled. The interest rate will be fixed and/or variable and determined at pricing, along with the loan term and credit enhancer. The Bond Rating will be based on the credit rating of FHCC which is currently A2 with Moody's and A+ with Fitch. The bond trustee will be U.S. Bank Trust Company, National Association. Over the life of the bonds, savings generated from using tax-exempt debt with a fixed-rate over taxable on a net present value basis, is estimated at \$30.4 million in aggregate, or an average of \$1.1 million annually. 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 of the public vital cancer treatments. The savings will also contribute to the organization's research mission of eradicating cancer.

Based on its review of the application, Orrick Herrington & Sutcliffe LLP, Authority's bond counsel, has determined that FHCC and the proposed project are eligible for financing under the Authority's statute, but such determination is subject to further due diligence review by bond counsel. Mr. Govia urged the Authority's acceptance of the application.

Mr. Govia introduced Mr. Browdy, Chief Financial Officer, who summarized the services provided by FHCC.

In response to Lieutenant Governor Heck's clarifying question regarding Section 5(a)(1) of the application, Mr. Govia confirmed that the numbers listed in the section are in the "thousands".

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

Executive Director's Report

Mr. Govia 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 1:13 p.m.

Steve Jacobs, Secretary