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HEALTH CARE FACILITIES

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Financing the Health Care Future

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Department of Health

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Ronald K. Sperling

Executive Director

Donna A. Murr

**Washington Health Care Facilities Authority
410 11th Avenue S.E., Suite 201
Olympia, WA 98504
Thursday, May 8, 2014 Meeting Minutes**

A special meeting was held at the office of the Washington Health Care Facilities Authority, pursuant to Authority meeting notices mailed to all members of the Authority, and to all persons who requested such meeting notice, and 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

AnnaLisa Gellermann, Insurance Commissioner's Designee/Member, by conference speakerphone

John Wiesman, Secretary of the Department of Health/Member, by conference speakerphone

Ron Sperling, Public Member

Authority Staff Present:

Donna Murr, Executive Director

Shannon Govia, Assistant Executive Director

Ashlee Frye, Chief Financial and Compliance Officer

Lura Harrison, Executive Assistant and Office Manager

Others Present:

Dan Gottlieb, Authority Bond Counsel, Hillis Clark Martin & Peterson P.S.

Jan Schorr, Authority Financial Advisor, Melio & Company, by conference speakerphone

John Ryan, Authority Assistant Attorney General

Alex Town, CFO, Tri-State Memorial Hospital

Mr. Schumacher called the meeting to order at 2:31 p.m. after noting a quorum was present consisting of himself, AnnaLisa Gellermann, John Wiesman, and Ron Sperling.

Review, discussion and possible action regarding the Minutes of April 10, 2014.

After discussion and upon motion by Mr. Sperling and seconded by Ms. Gellermann, the minutes of the April 10, 2014 Authority meeting were unanimously accepted by roll call vote.

Review, discussion and possible action regarding the amendment to the application for financial assistance submitted by Tri-State Memorial Hospital (TSMH).

Ms. Murr introduced Mr. Town, CFO, from TSMH.

Mr. Govia summarized the amended application submitted by TSMH. He explained that at the time of the original application, Tri-State also contemplated pursuing financing for the expansion of a medical office building through a separate funding source. They were unable to secure the financing for the expansion and Wells Fargo has agreed to assist with the financing of the medical office building. The amount of financing requested increased from \$5,200,000 to \$18,000,000. The proceeds of the loan will be used to refinance the Authority's Series 2005 Bond (Tri-State Memorial Hospital), to renovate the existing hospital facility, to renovate, and construct and equip an addition to an existing medical office building, and to acquire and construct a parking lot. The financing will be a Quick Loan private placement with Wells Fargo Bank. There are no CoN issues for the financing. A TEFRA hearing will be scheduled prior to final Authority approval of the transaction. The estimated interest rate for the 10 year loan term is 3.45%. It has been determined that approximately \$3,312,665 will be saved in interest costs based on current tax exempt versus taxable rates.

Mr. Town thanked the Authority for considering the application and described the reasoning behind the amended application.

In response to Mr. Sperling's inquiry about the medical office building and its eligibility for tax exempt financing, Mr. Town explained that the medical office building will not be leased to physicians that are not already employed by TSMH.

In addition to Mr. Town's remarks, Mr. Gottlieb also confirmed that the medical office building is eligible due to the fact that the tenants of the new building will be employed by TSMH.

After further discussion, without public comment and upon motion by Mr. Sperling and seconded by Mr. Wiesman, the amended application for financial assistance submitted by TSMH was unanimously accepted by roll call vote.

Executive Directors Report.

Ms. Murr reviewed the Executive Director's materials presented to the Authority in regards to Authority operations, bond financings and Authority budget, balance sheet and income statement, and debt service report.

At the request of Mr. Sperling, Ms. Schorr gave a short overview based on the transaction summary report provided by Melio and Company regarding the PeaceHealth market pricing. The presentation was distributed to the Board prior to the meeting.

Mr. Sperling voiced an interest in hearing updates and summaries like that regularly at Authority meetings.

Adjournment:

There being no further business, the meeting was adjourned at 3:05 p.m.

John Wiesman, Secretary