



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*

## Board Members

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Department of Health  
**John Wiesman**

Public Member  
**Ronald K. Sperling**

Executive Director  
**Donna A. Murr**

**Washington Health Care Facilities Authority**  
**410 11th Avenue S.E., Suite 201**  
**Olympia, WA 98504**  
**Thursday, September 10, 2015 Meeting Minutes**

A special meeting was held at the office 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:

Brad Owen, Lieutenant Governor/Member, by conference speakerphone  
David Schumacher, Governor's Designee/Chair and Member, by conference speakerphone  
Ron Sperling, Public Member, by conference speakerphone

### Authority Staff Present:

Donna Murr, Executive Director  
Shannon Govia, Assistant Executive Director  
Ashlee Frye, Chief Financial and Compliance Officer  
Danni Minker, Executive Assistant/Office Manager

### Others Present:

Dan Gottlieb, Authority Bond Counsel, Hillis Clark Martin & Peterson P.S., by conference speakerphone  
Raul Ardelean, Authority Financial Advisor, Melio & Company, by conference speakerphone  
Bryan Victor, Authority Bond Counsel, Orrick, Herrington & Sutcliffe LLP, by conference speakerphone  
John Ryan, Authority Assistant Attorney General  
Matt Swafford, Authority Financial Advisor, Melio & Company, by conference speakerphone  
Mayling Leong, Authority Bond Counsel, Orrick, Herrington & Sutcliffe LLP, by conference speakerphone  
Roshan Parikh, Treasury Director, PeaceHealth, by conference speakerphone  
Doug Dale, Chief Financial Officer & Vice President of Finance, Sea-Mar Community Health Centers, by conference speakerphone

Brooke Einstein, Union Bank, by conference speakerphone

Mr. Schumacher called the meeting to order at 2:32 p.m. after noting a quorum was present consisting of himself, Lieutenant Governor Owen, and Ron Sperling.

**Review, discussion and possible action regarding the Minutes of August 17, 2015.**

After discussion and upon motion by Mr. Sperling and seconded by Lieutenant Governor Owen, the minutes of the August 17, 2015 Authority meeting were unanimously approved by roll call vote.

**Review, discussion and possible action regarding the adoption of Resolution No. 2015-12, authorizing the execution of Supplemental Bond Trust Indenture No.1 pertaining to the Series 2013A Revenue Bonds for PeaceHealth.**

Ms. Murr summarized the resolution submitted by PeaceHealth. The Authority previously issued its \$53,464,897.89 Revenue Bonds, Series 2013A for the benefit of PeaceHealth in a private placement transaction with Union Bank pursuant to a Bond Trust Indenture dated February 27, 2013. The proceeds of the 2013A Bonds were used by PeaceHealth to refund the Authority's Revenue Bonds, Series 2008A (Southwest Washington Medical Center). The interest rate mode for the Series 2013A Bonds is currently variable based on 30 day LIBOR and are subject to tender for purchase by PeaceHealth at the option of Union Bank on any February 27<sup>th</sup> occurring on or after February 27, 2016 with 365 days notice to PeaceHealth and U.S. Bank National Association, serving as Bond Trustee. PeaceHealth has requested and Union Bank has agreed to amend the Bond Trust Indenture to change the tender notice period from 365 days to 730 days. In order to effect this requested change, the Bond Trust Indenture must be amended. Resolution No. 2015-12 which, if adopted, would approve and authorize the execution by the Authority of Supplemental Bond Indenture No. 1, the form of which is outlined and labeled as Exhibit A. The Resolution also acknowledges the related Amended and Restated Continuing Covenant Agreement between PeaceHealth and Union Bank. The approval by Union Bank will be evidenced by the execution of their consent to Supplemental Bond Indenture No. 1. Ms. Murr recommended the adoption of Resolution No. 2015-12 for PeaceHealth.

Mr. Gottlieb of Hillis Clark Martin & Peterson P.S., serving as bond counsel for this transaction, summarized the documents presented for approval and indicated that they are all in good order and that his firm has issued its opinion which is presented in the board materials.

Ms. Murr introduced Mr. Roshan Parikh, Treasury Director. Mr. Parikh thanked the Authority for considering this transaction and hopes the documents meet with the Authority's approval.

There being no further discussion, without public comment and upon motion by Lieutenant Governor Owen, seconded by Mr. Sperling, Resolution No. 2015-12 was unanimously approved by roll call vote.

**Review, discussion and possible action regarding the application for financial assistance submitted by Sea-Mar Community Health Centers (Sea-Mar).**

Mr. Govia summarized the application submitted by Sea-Mar Community Health Centers of Seattle, Washington. The purpose of this application in the amount of \$16,500,000 is to refinance taxable loans held by Union Bank and Heritage Bank which were used to finance the purchase of medical, dental, and behavioral health buildings, as well as a warehouse for storage of medical records. Cost of issuance will also be funded through bond proceeds. This will be a Quick Loan private placement with Union Bank. The primary security is a deed of trust on several properties owned by Sea-Mar. There are no Certificate of Need issues per Sea-Mar as well as the Department of Health. The interest rate will be fixed and is currently estimated to be 2.36% with a loan term of 10 years. It is anticipated by Sea-Mar that they will save approximately \$1,650,000 in interest costs over traditional taxable interest rate financing.

Orrick, Herrington and Sutcliffe LLP will serve as bond counsel for this transaction. Based on review of the application, bond counsel has determined that the borrower and the project qualify for financing under the Authority's statute, but such determination is subject to bond counsels due diligence review. Mr. Govia urged the Authority's acceptance of this application.

Mr. Govia introduced Mr. Doug Dale, Chief Financial Officer and VP of Finance of Sea-Mar so that he may address any questions the Authority may have. Mr. Dale thanked the Authority for the opportunity to present this application for financing.

Mr. Sperling inquired as to the duration of the current loans and why the organization (Sea-Mar) chose to utilize taxable loans as opposed tax exempt loans originally. In response, Mr. Dale explained that the loans were eight to nine years old and at the time Sea-Mar and the bank had determined it was more cost effective to proceed with taxable loans versus tax-exempt loans.

There being no further discussion, without public comment and upon motion by Lieutenant Governor Owen, seconded by Mr. Sperling, the application for financial assistance submitted by Sea-Mar was unanimously accepted by roll call vote.

**Review, discussion and possible action regarding the affirmation of D&O Insurance Coverage**

Ms. Murr presented the proposed Directors and Officers (D&O) liability insurance annual renewal terms provided by the Authority's insurance broker. The Authority has received renewal quotes for the primary \$5 million policy with National Union Fire Insurance Co. and the excess \$5 million policy from Markel American Insurance Company for a total of

\$10 million coverage, which has been bound for both policies. Both insurers offered renewal terms equal to our current coverage, however the total premium for both the primary and excess coverage is \$65,875, which is \$4,962 higher than what we paid last year, Ms. Murr inquired about the increase in premium and was told by the broker that the increase is based on the total agency expenditures. While we are not happy about the premium increase, we felt it was prudent to accept the proposal in order to maintain the Pending and Prior Litigation Date to avoid the cost of purchasing "tail coverage", which could be costly. Ms. Gellermann reviewed the information provided by the broker and supports the recommendation to renew as presented.

After further discussion, without public comment and upon motion by Lieutenant Governor Owen and seconded by Mr. Sperling, the recommendation to confirm selection of a one year policy for Directors and Officers insurance coverage through National Union Fire Insurance Company and Markel American Insurance Company was unanimously accepted by roll call vote.

**Executive Directors 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 2:56 p.m.

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John Wiesman, Secretary