



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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Donna A. Murr

Washington Health Care Facilities Authority
410 11th Avenue S.E., Suite 201
Olympia, WA 98504
Monday, August 17, 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
AnnaLisa Gellermann, Insurance Commissioner's Designee/Member
Ron Sperling, Public Member

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.
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
Mike Leong, Vice President of Corporate & Legal Affairs, Sea-Mar Community Health Center
Dr. Mike Maples, Chief Executive Officer, Community Health of Central Washington

Ms. Gellermann called the meeting to order at 2:31 p.m. after noting a quorum was present consisting of herself, Lieutenant Governor Owen, and Ron Sperling.

Review, discussion and possible action regarding the Minutes of July 16, 2015.

After discussion and upon motion by Mr. Sperling and seconded by Lieutenant Governor Owen, the minutes of the July 16, 2015 Authority meeting were unanimously accepted by roll call vote.

Review, discussion and possible action regarding the adoption of Resolution No. 2015-11, approving the application for financial assistance and authorizing the issuance and sale of a bond for Sea-Mar Community Health Centers.

Mr. Govia introduced Mr. Mike Leong, Senior Vice President of Corporate & Legal Affairs of Sea-Mar Community Health Centers who was available to answer any questions the board had.

Mr. Govia summarized the resolution and application submitted by Sea Mar Community Health Centers located in Seattle, Washington. The amount requested is not to exceed \$7,500,000. The actual loan amount will be \$7.12 million dollars. The proceeds of the loan will be used to reimburse Sea Mar for land and building acquisition costs. This will be a Quick Loan private placement with the purchaser being Heritage Bank. The primary security will be a deed of trust on several properties owned by Sea Mar. There are no Certificate of Need issues per the Department of Health. The TEFRA Hearing was held on August 6, 2015 with no parties testifying for or against the project. Feasibility will be determined by the lender. The interest rate is estimated at 2.68% and Heritage Bank will also serve as the depository agent. The estimated public benefit of this loan is anticipated to be approximately \$937,500 in interest cost savings versus a traditional taxable interest rate financing. The proceeds are to be used for reimbursement for the following facilities: the Vancouver Medical Clinic; Battleground Mental Health Clinic; Elma Medical Clinic; Little Rock Mental Health Clinic; and the Salmon Creek Medical Clinic and also to pay cost of issuance.

Mr. Govia recommended the adoption of Resolution No. 2015-11 for Sea-Mar Community Health Centers based on the due diligence review by Orrick Herrington & Sutcliffe LLP, serving as the Authority's bond counsel as well as Heritage Bank's letter of representation.

Mr. Victor of Orrick, Herrington & Sutcliffe LLP, summarized the documents presented for approval and indicated that they are all in good order and that, should the Authority approve the financing, his firm is prepared to issue its approving opinion at closing.

In response to Mr. Sperling's inquiry regarding the intention of the organization to ultimately finance the acquisitions following purchase of the properties with SeaMar's cash. Mr. Leong's response was that the plan was always to refinance these property acquisitions to save money.

There being no further discussion, without public comment and upon motion by Mr. Sperling, seconded by Lieutenant Governor Owen, Resolution No. 2015-11 was unanimously adopted by roll call vote.

Review, discussion and possible action regarding the application for financial assistance submitted by Community Health of Central Washington (CHCW).

Dr. Mike Maples, Chief Executive Officer of Community Health of Central Washington provided an overview of the services provided by CHCW. The formation of CHCW was a collaborative effort between the local hospitals in 1992 to address the need for family medicine providers through a teaching center focusing on the underserved and underinsured. The mission of CHCW is to provide access to quality healthcare through service and education, continue to guide the organization to reach out to the population and meet the most basic health care needs. It is through the ability to obtain tax exempt debt that they are able to serve these populations. Without these savings it would make it difficult to achieve their mission.

Mr. Govia summarized the application submitted by CHCW. The purpose of this application in the amount of \$4,230,000 is for renovations, reimbursement, refinancing and costs of issuance. This is a Quick Loan private placement with the lender being Key Government Finance. The security is a deed of trust. There are no Certificate of Need issues per CHCW. Feasibility has been determined by Key Bank. A TEFRA hearing will be scheduled upon Authority acceptance of this application. The interest rate is estimated at 3.56% with a 10 year maturity. The depository bank is Zions First National Bank. There is an estimated public benefit of \$347,679 based on current estimated taxable vs. tax-exempt rates over the term of the loan.

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 counsel's due diligence review. Mr. Govia urged the Authority's acceptance of this application.

In response to Mr. Sperling's inquiry regarding whether the current debt would be in addition to the approximate \$3 million in current long term debt of CHCW. Dr. Maples stated that a portion of the current long term debt will be refinanced with this transaction.

There being no further discussion, without public comment and upon motion by Mr. Sperling, seconded by Lieutenant Governor Owen, the application for financial assistance submitted by CHCW 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 2:54 p.m.

John Wiesman, Secretary