



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

Governor
Jay Inslee
Chair

Governor's Designee
David Schumacher

Lieutenant Governor
Brad Owen

Insurance Commissioner
Mike Kriedler

Insurance Commissioner's
Designee
AnnaLisa Gellermann

Secretary
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
Wednesday, December 9, 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:

Lieutenant Governor Brad Owen, Chair/Member
AnnaLisa Gellermann, Insurance Commissioner's Designee/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 Miller, Executive Assistant/Office Manager

Others Present:

Dan Gottlieb, Authority Bond Counsel, Hillis Clark Martin & Peterson P.S.
William Singer, Authority Bond Counsel, Hillis Clark Martin & Peterson P.S.
Matt Swafford, Authority Financial Advisor, Melio & Co.
Raul Ardelean, Authority Financial Advisor, Melio & Co, by conference speakerphone
Mayling Leong, Authority Bond Counsel, Orrick, Herrington & Sutcliffe LLP, by conference speakerphone
Rusty Fallis, Authority Assistant Attorney General
Doug Dale, Chief Financial Officer and VP of Finance, Sea Mar Community Health Centers
Herb Bone, Corporate Treasurer, Fred Hutchinson Cancer Research Center
Steve Bro, US Bank
Ken Case, US Bank
Tom Zrust, US Bank

John Van Gorkom, Guest

Lieutenant Governor Owen called the meeting to order at 10:12 am. after noting a quorum was present consisting of himself, AnnaLisa Gellermann, and Ron Sperling.

Review, discussion and possible action regarding the Minutes of November 12, 2015.

After discussion and upon motion by Mr. Sperling and seconded by Ms. Gellermann, the minutes of the November 12, 2015 Authority meeting were unanimously accepted by roll call vote.

Review, discussion and possible action regarding the adoption of Resolution No. 2015-18, approving the application for financial assistance and authorizing the issuance and sale of a bond for Sea-Mar Community Health Center, Series 2015D (Sea-Mar)

Mr. Govia introduced Mr. Doug Dale, Chief Financial Officer and Vice President of Finance for Sea-Mar Community Health Center, who was available to answer any questions the board may have had.

Mr. Govia summarized the application submitted by Sea-Mar. Sea Mar is seeking resolution approval in the amount of \$7,000,000. Sea-Mar Community Health Center out of Seattle, Washington operates primary care medical and dental health facilities, senior housing and provides community social services in Washington. Sea-Mar is a Federally Qualified Health Center which also offers substance abuse treatment, behavioral health treatment, and many other community service programs. Proceeds of the loan will be used to refinance a portion of an HUD loan (equity will be used to pay off the remaining amount) which was used for the construction of a 100 bed nursing facility and for construction costs associated with the replacement of Sea-Mar's Ocean Shores facility. Costs of issuance are also expected to be funded with bond proceeds. The original HUD loan amount was \$9,550,000 with a current outstanding estimate of \$7,029,008, and an interest rate of 4.5%. The origination date of this loan was July 29, 1993 were it not to be refinanced would mature in 2033. This will be a Quick Loan private placement with Heritage Bank. The primary security is a deed of trust on property owned by Sea-Mar. There are no Certificate of Need issues per Sea-Mar and the Department of Health. The project feasibility has been determined by the lender. A TEFRA hearing was held on December 3, 2015. No individuals testified for or against the project. The interest rate is 2.75% with a loan term of 10 years. It is anticipated by Sea-Mar that it will save approximately \$875,000 in interest costs over traditional taxable interest rate financing. Based on the information in the application and the information provided by Department of Health and the Heritage Bank Private Placement Letter, Mr. Govia recommended adoption of Resolution No. 2015-18 for the benefit of Sea-Mar.

Ms. Leong of Orrick, Herrington & Sutcliffe LLP served as bond counsel for this transaction. Ms. Leong summarized the documents presented for approval and indicated

that they were all in good order and that her firm is prepared to issue its approving opinion at closing.

Mr. Dale thanked the Authority for this financing opportunity which will give Sea-Mar the ability to provide much needed care and expand services to those in need.

There being no further discussion, without public comment and upon motion by Mr. Sperling and seconded by Ms. Gellermann, Resolution No. 2015-18 was unanimously accepted by roll call vote.

Review, discussion and possible action regarding the adoption of Resolution No. 2015-19, approving the application for financial assistance and authorizing the issuance and sale of a bond for Fred Hutchinson Cancer Research Center, Series 2015B (Fred Hutch)

Mr. Govia introduced Mr. Herb Bone, Corporate Treasurer of the Fred Hutchinson Cancer Research Center who was available to answer any questions the board may have had.

Mr. Govia summarized the application submitted by Fred Hutchinson Cancer Research Center. Fred Hutch is seeking resolution approval in the amount of \$5,475,000. The purpose of the loan is to reimburse Fred Hutch for the purchase of the land and building located at 1210 Valley Street. The facility houses a child care center operated by Hutch Kids Child Care Center, a separately incorporated corporation, and is primarily used by Fred Hutch and Seattle Cancer Care Alliance employees. This is a Quick Loan private placement and the lender is U.S. Bank National Association. The primary security is a deed of trust. There are no Certificate of Need issues per Fred Hutch and the Department of Health. Feasibility has been determined by the lender. A TEFRA hearing was held on December 2, 2015. No individuals testified for or against the project. The interest rate is variable at 69% of 1-Month LIBOR+.65%, with a 7 year term and a 25 year amortization. The depository agent is U.S. Bank National Association. It is estimated that Fred Hutch will save approximately \$400,000 in interest costs over the life of the proposed bond issue by financing at tax-exempt rates compared to taxable rates. Based on the information in the application and the information provided by Department of Health and the U.S. Bank National Association Private Placement Letter, Mr. Govia recommended adoption of Resolution No. 2015-19 for the benefit of Fred Hutchinson Cancer Research Center.

Mr. Singer of Hillis Clark Martin & Peterson P.S., serving as bond counsel for this transaction, summarized the documents presented for approval and indicated that they were all in good order and that his firm is prepared to issue its approving opinion at closing.

Mr. Bone thanked the Authority for considering this application. Mr. Bone stated that this parcel is the final piece to the expansion of their South Lake Union campus.

There being no further discussion, without public comment and upon motion by Mr. Sperling and seconded by Ms. Gellermann, Resolution No. 2015-19 was unanimously approved 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 10:27 a.m.

John Wiesman, Secretary