



W A S H I N G T O N

HEALTH CARE FACILITIES

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Financing the Health Care Future

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Executive Director
Donna A. Murr

Washington Health Care Facilities Authority
410 11th Avenue S.E., Suite 201
Olympia, WA 98504
Thursday, February 18, 2016 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:

AnnaLisa Gellermann, Insurance Commissioner's Designee/Serving as Chair, by conference speakerphone
John Wiesman, Secretary of Health/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., by conference speakerphone
Mayling Leong, Authority Bond Counsel, Orrick, Herrington & Sutcliffe LLP, by conference speakerphone
Raul Ardelean, Authority Financial Advisor, Melio & Company, by conference speakerphone
Rusty Fallis, Authority Assistant Attorney General, by conference speakerphone
Doug Dale, Chief Financial Officer and VP of Finance, Sea Mar Community Health Centers, by conference speakerphone

Ms. Gellermann called the meeting to order at 9:01 a.m. after noting a quorum was present consisting of herself, John Wiesman, and Ron Sperling.

Review, discussion and possible action regarding the Minutes of December 9, 2015.

After discussion and upon motion by Mr. Sperling and seconded by Mr. Wiesman, the minutes of the December 9, 2015 Authority meeting were unanimously accepted by roll call vote.

Review, discussion and possible action regarding the adoption of Resolution No. 2016-01, authorizing the execution and delivery of a first amendment to the financing agreement in connection with the Series 2014 Revenue Bond for Sea-Mar Community Health Center (Sea-Mar).

Mr. Govia introduced Mr. Doug Dale, Chief Financial Officer for Sea-Mar Community Health Center, who is available to answer any questions the board may have.

Mr. Govia summarized the resolution. The Authority previously issued its Revenue Bond Series 2014 (Sea-Mar Community Health Center) (the "Bond") in an amount not to exceed \$33,000,000 for the benefit of Sea-Mar in a private placement transaction with Heritage Bank. The proceeds of the Bond were to be used by Sea-Mar to finance new construction, the remodeling and acquisitions of several health care facilities owned and/or operated by Sea-Mar as well as refinance the Authority's Revenue Bond, Series 2006A & Series 2007 and pay the cost of issuance of the Bond.

The loan was structured so that approximately \$17 million of Bond proceeds were used at closing to refinance the Series 2006A and 2007 Bonds, pay cost of issuance and fund the initial deposit into the Project Account. The Bond was also structured as a draw-down bond. Subsequent advances into the Project Account by Heritage Bank were contingent on receipt by the depository bank of project requisitions from Sea-Mar for costs incurred. Sea-Mar anticipated that by April 1, 2016 they would have incurred sufficient projects costs such that the aggregate principal amount of advances deposited into the Project Account would equal the maximum principal amount of the Bond less the amount used to refinance the Series 2006A and 2007 Bonds plus costs of issuance of the Bond.

Sea-Mar has advised the Authority that, as of April 1, 2016, they do not expect to have completed the construction project or have incurred sufficient project costs such that the aggregate principal amount of advances deposited into the Project Account will equal the maximum principal amount of the Bond less the amount used to refinance the Series 2006A and 2007 Bonds plus costs of issuance of the Bond.

Sea-Mar and Heritage Bank have consented to and requested that the Authority amend the Financing Agreement to provide for a final advance on or before April 1, 2016, in

such an amount that the aggregate principal amount of all advances as of such date will equal \$32,130,000. This amount is less than the not-to-exceed amount of \$33 million in the Bond but reflects the actual project costs.

This amendment in combination with a modification to the Loan Agreement, which is not subject to Authority approval, would allow Sea-Mar to complete the project as initially envisioned.

The modification to the Loan Agreement will extend the date of completion of construction from within 15 months from the initial closing date to April 1, 2017. Heritage Bank will be placing the outstanding loan amount of approximately \$9.1 million into the Project Account on April 1, 2016 for Sea-Mar to draw down over the next 12 month period.

In order to effect this requested change, the Series 2014 Financing Agreement must be amended. Adoption of Resolution No. 2016-01 would authorize the execution and delivery of a First Amendment to the Financing Agreement. Mr. Govia recommended the adoption of Resolution No. 2016-01 for the benefit of Sea-Mar.

Ms. Leong of Orrick Herrington & Sutcliffe LLP., serving as bond counsel for this transaction, summarized the documents presented for approval and indicated that they are all in good order.

There being no further discussion, without public comment and upon motion by Mr. Sperling, seconded by Mr. Wiesman, Resolution No. 2016-01 was unanimously adopted by roll call vote.

Review, discussion and possible action regarding the proposed Board Meeting Dates for 2016.

Ms. Murr presented the proposed schedule of Authority Board meeting dates for the year 2016. The Authority is requesting to continue to schedule the board meetings on the 2nd Thursday of each month but would like to change the meeting time to 11:00 a.m. to accommodate those who must travel to attend the Board meetings.

There being no further discussion, without public comment and upon motion by Mr. Sperling, seconded by Mr. Wiesman the 2016 Authority Board meeting dates were unanimously accepted as proposed, by roll call vote.

Adjournment:

There being no further business, the meeting was adjourned at 9:15 a.m.

John Wiesman, Secretary