



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

**Washington Health Care Facilities Authority
Special Meeting by Teleconference
Thursday, May 13, 2021 Meeting Minutes**

A special meeting of the Washington Health Care Facilities Authority was held by teleconference. 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:

David Schumacher, Governor's Designee, Member, Chair
Lieutenant Governor Denny Heck, Member
Toni Hood, Insurance Commissioner's Designee, Member
Steve Jacobs, Public Member

Authority Staff Present:

Donna Murr, Executive Director
Shannon Govia, Assistant Executive Director and Program Manager
Ashlee Frye, Assistant Executive Director and Chief Financial Officer
Danni Miller, Executive Assistant and Office Manager

Others Present:

Rusty Fallis, Authority Assistant Attorney General
Dallas Roberts, Senior Advisor, Office of Lieutenant Governor Heck
Dan Gottlieb, Authority Bond Counsel, Hillis Clark Martin & Peterson P.S.
Christi Jacobsen, Authority Bond Counsel, Hillis Clark Martin & Peterson P.S.
Robyn Helmlinger, Authority Bond Counsel, Orrick Herrington & Sutcliffe LLP
Bryan Victor, Authority Bond Counsel, Orrick Herrington & Sutcliffe LLP
Raul Ardelean, Authority Financial Advisor, Melio & Company
Carrie McCabe, Northwest Kidney Centers
Diahann Barerra, Comprehensive Healthcare
Chad Christoff, Stifel, Nicolaus & Company, Incorporated

Mr. Schumacher called the meeting to order at 1:04 p.m. after noting a quorum was present consisting of himself, Lieutenant Governor Denny Heck, Ms. Hood, and Mr. Jacobs.

Board Members

Governor
Jay Inslee
Chair

Governor's Designee
David Schumacher

Lieutenant Governor
Denny Heck

Insurance Commissioner
Mike Kreidler

Insurance Commissioner's
Designee
Melanie Anderson

Secretary
Department of Health
Umair A. Shah

Public Member
Steven R. Jacobs

Executive Director
Donna A. Murr

Review, discussion and possible action regarding the Minutes from the April 8, 2021 Authority Board Meeting.

Upon motion by Mr. Jacobs and seconded by Ms. Hood, the minutes of the April 8, 2021 Authority meeting were accepted by a roll call vote of 4-0.

Review, discussion and possible action regarding the adoption of Resolution No. 2021-02 approving the amended application for financial assistance and authorizing the issuance and sale of bonds for the benefit of Northwest Kidney Centers (NWKC).

Mr. Govia summarized Resolution No. 2021-02 which, if adopted, would approve the amended application for financial assistance submitted by NWKC and authorize the issuance and sale of bonds in two series—a Series 2021A Bond in the principal amount of \$51,300,000 and a Series 2021B Bond in the maximum principal amount of \$28,600,000. Proceeds of the bonds will be loaned to NWKC and used to (a) refinance the WHCFA Series 2018A & Series 2019 Bonds, a short term commercial loan held by U.S. Bank National Association; (b) fund the acquisition and construction costs of an 11 station outpatient dialysis center in Kent, Washington, a new dialysis center in Port Angeles, Washington for their existing 10 station Port Angeles Kidney Center, and a new Seattle Kidney Center that will consolidate two existing facilities in downtown Seattle; (c) reimburse NWKC for design, planning & permitting costs; and (d) pay costs of issuance.

The financing will be structured as a direct placement and the placement agent will be Stifel, Nicolaus & Company, Incorporated. The Series 2021A Bond purchaser and lender will be Umpqua Bank and the Series 2021B Bond purchaser and lender will be Columbia State Bank, and each has delivered its required private placement letter. The primary security will be Master Note Obligations. A Certificate of Need is required for NWKC's Kent Panther Lake Kidney Center. Certificate of Need #1850 was issued on August 7, 2020. Feasibility will be determined by the lenders. A TEFRA hearing was held on May 4, 2021, at which no individuals testified for or against the project. The interest rate for each bond will be a fixed rate, and they are estimated to be 2.825% for Series 2021A Bond and 2.184% for Series 2021B Bond. The Series 2021A Bond will have a 20-year maturity and Series 2021B Bond will have a 30-year maturity but will be subject to a mandatory tender after 15 years. The bond trustee will be U.S. Bank National Association. NWKC estimates an approximate savings of \$5,147,674 in interest costs over traditional taxable interest rate financing. This avoided interest expense will favorably impact the future pricing for NWKC patient services, to the benefit of NWKC patients and the community.

Mr. Govia introduced Mr. Gottlieb from Hillis Clark Martin & Peterson P.S., serving as Authority's bond counsel for this transaction. Mr. Gottlieb summarized the documents presented for approval and indicated that they are all in good order. Based on the determinations that are required by the Authority's WACs, the representations of the lenders in their respective private placement letters, the due diligence investigation conducted by bond counsel, as well as the information in the application, Mr. Govia urged adoption of Resolution No. 2021-02 for the benefit of NWKC.

Mr. Govia introduced Ms. McCabe who thanked the Authority for its continued support.

There being no further discussion, upon motion by Mr. Jacobs, seconded by Ms. Hood, Resolution No. 2021-02 was adopted by a 4-0 roll call vote.

Review, discussion and possible action regarding the adoption of Resolution No. 2021-03 approving the application for financial assistance and authorizing the issuance and sale of a bond for the benefit of Comprehensive Healthcare (CompHC).

Mr. Govia summarized Resolution No. 2021-03 which, if adopted, would approve the application for financial assistance submitted by CompHC and authorize the issuance and sale of a bond in the principal amount of \$5,157,500. Proceeds of the bond will be loaned to CompHC and used to (1) expand and remodel a facility in Walla Walla, Washington; (2) remodel CompHC's Yakima Center Medication Assisted Treatment Program Clinic; (3) reimburse CompHC for prior capital expenditures associated with the projects; and (4) pay costs of issuance.

The financing will be structured as a Quick Loan – private placement. The purchaser of the bond and lender will be Baker Boyer National Bank, which has delivered its required private placement letter. The primary security will be a Deed of Trust against CompHC's Yakima Center. There are no Certificate of Need issues per the Department of Health. Feasibility will be determined by the lender. A TEFRA hearing was held on May 3, 2021, at which no individuals testified for or against the project. The interest rate will be fixed at 2.40% and the bond will have a 15-year maturity. The depository bank will be Baker Boyer National Bank. CompHC estimates an approximate savings of \$251,100 in interest costs over traditional taxable interest rate financing. Any savings realized by the organization are directed into additional units of service for the community served.

Mr. Govia introduced Ms. Jacobsen from Hillis Clark Martin & Peterson P.S., serving as the Authority's bond counsel for this transaction. Ms. Jacobsen summarized the documents presented for approval and indicated that they are all in good order. Based on the determinations that are required by the Authority's WACs, the representations of the lender in its private placement letter, the due diligence investigation conducted by bond counsel, as well as the information in the application, Mr. Govia urged adoption of Resolution No. 2021-03 for the benefit of CompHC.

Mr. Govia introduced Ms. Barerra who thanked the Authority for its continued support.

There being no further discussion, upon motion by Mr. Jacobs, seconded by Ms. Hood, Resolution No. 2021-03 was adopted by a 4-0 roll call vote.

Executive Director's 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 1:23 pm.

,Secretary