



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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Secretary

Department of Health

Umair A. Shah

Public Member

Steven R. Jacobs

Executive Director

Donna A. Murr

Washington Health Care Facilities Authority Special Meeting by Teleconference Tuesday, August 17, 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
Charles Malone, 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
Dan Gottlieb, Authority Bond Counsel, Hillis Clark Martin & Peterson P.S.
Christi Jacobsen, Authority Bond Counsel, Hillis Clark Martin & Peterson P.S.
Brandon Pond, 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
Florien Bouwmeester, Authority Financial Advisor, Melio & Company
Joseph Walker, Providence St. Joseph Health
Sonya Shaw, Providence St. Joseph Health

Mr. Schumacher called the meeting to order at 10:02 a.m. after noting a quorum was present consisting of himself, Lieutenant Governor Heck, Mr. Malone, and Mr. Jacobs.

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

Upon motion by Mr. Jacobs and seconded by Lieutenant Governor Denny Heck, the revised minutes of the July 8, 2021 Authority meeting were accepted by a roll call vote of 4-0.

Review, discussion and possible action regarding the application for financial assistance submitted by Providence St. Joseph Health (PSJH).

Mr. Govia summarized the application for financial assistance submitted by Providence St. Joseph Health. PSJH is the parent corporation and Obligated Group Agent of a combined group of affiliated health care corporations that owns or leases and operates acute care hospitals and long-term care facilities that provide a broad range of inpatient, residential health care services in the states of Alaska, California, Montana, Oregon, Texas and Washington. As a leading health care provider in the nation, PSJH provides industry leading services, including an integrated care delivery system for inpatient and outpatient services, employed physicians, health plans and housing programs. The PSJH System is driving advances in cutting edge clinical research and investing in digital technologies to transform health care. Their diverse family of organization employ more than 120,000 caregivers who serve in 51 hospitals, 1,000 clinics and hundreds of programs and services.

PSJH is applying for a loan in an amount not-to-exceed \$263,000,000. The purpose of the loan is to refund the WHCFA Series 2012B Bonds and refinance the taxable debt incurred by PSJH that redeemed the WHCFA Series 2012C and 2012D Bonds on July 22, 2021.

The financing will be structured as a public sale underwritten by Morgan Stanley, Goldman Sachs, Barclays Capital & Wells Fargo Securities. The primary security will be a Master Note Obligation and funds held by the bond trustee. A Certificate of Need is not required per PSJH and confirmed by the Department of Health. Feasibility will be based on the investment grade rating of PSJH. A TEFRA hearing may not be required. Fixed interest rates will be determined at pricing. Loan term has not yet been determined. The Bond Rating is based on the rating of PSJH which is currently rated As3/AA-/AA- by Moody's/S&P/Fitch respectively. The bond trustee is U.S. Bank National Association. Based on current estimates of taxable vs. tax-exempt interest rates, the estimated cost reduction is approximately \$4 million over the life of the loan. PSJH will take into account projected revenues and expenses, including interest expense, in establishing its rates for services from time to time. The lower interest expense they expect to incur through refinancing on a tax-exempt basis will help minimize the rates charged for services to patients and other users on a sustainable basis.

Based on its review of the application, Hillis Clark Martin & Peterson P.S., Authority Bond Counsel, has determined that Providence St. Joseph Health and the proposed project are eligible for financing under the Authority's statute, but such determination is subject to further due diligence. Mr. Govia urged the Authority's acceptance of this application.

Mr. Govia introduced Mr. Walker, Senior Vice President and Treasurer of PSJH, who provided a summary of the services provided by PSJH.

There being no further discussion, upon motion by Mr. Jacobs, seconded by Lieutenant Governor Heck, the application for financial assistance submitted by Providence St. Joseph Health was accepted by a 4-0 roll call vote.

Review, discussion and possible action regarding the Special Assistance Reserve correction from the presentation of the Authority Budget for FY 22-23.

Ms. Frye summarized the Special Assistance Reserve Correction from the previous presentation of the Authority Budget for FY 22-23.

The FY 22/23 Budget was presented at the July 8, 2021 WHCFA board meeting. The budget material provided to the board stated:

Special Assistance Reserve is composed of the interest earnings on Authority investments. These funds are used to assist non-hospital customers pay for the costs of bond issuances. The Authority will pay half of bond counsel charges up to \$15,000 on non-hospital bond issuances of \$10 million and less.

On August 24, 2020, Policy #96-4 was revised to adjust the Special Assistance Reserve. The board material should state:

Special Assistance Reserve is composed of the interest earnings on Authority investments. These funds are used to assist non-hospital customers pay for the costs of bond issuances. The Authority will pay half of bond counsel charges up to \$25,000 on non-hospital bond issuances of \$30 million and less.

Mr. Jacobs noted, for the record, that the budget amount is not changing.

Ms. Murr stated that a motion from the board is not necessary, the correction has been presented to be noted on record.

Review, discussion and possible action regarding the D&O Insurance Renewal.

Ms. Murr described the coverage provided by National Union Fire Insurance Co. and Markel American Insurance Company for the Authority's public officials and employment practices liability insurance, and the decision to renew such coverage for another one-year term.

Upon motion by Mr. Jacobs, seconded by Lieutenant Governor Heck, the renewal of the Authority's D&O Liability Insurance Coverage was ratified by a roll call vote of 4-0.

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 10:23 am.

Steve Jacobs, Secretary