

Chapter 247-16 WAC
PROCEDURES AND FEES FOR PREPARATION AND PROCESSING OF APPLICATIONS FOR
AUTHORITY ASSISTANCE

Last Update: 12/15/82

WAC

247-16-010	Purpose.
247-16-020	Definitions.
247-16-030	Applications for financial assistance.
247-16-035	Applications for equipment financing assistance.
247-16-040	Fees.
247-16-050	Processing of application.
247-16-060	Priorities regarding applicant funding.
247-16-070	Authority action on applications.
247-16-090	Selection of investment banking firms as underwriters.
247-16-100	Selection of a feasibility consultant.

DISPOSITION OF SECTIONS FORMERLY CODIFIED IN THIS CHAPTER

247-16-080 Adoption of plan and system. [Statutory Authority: RCW 70.37.050. WSR 79-10-101 (Order 2, Resolution No. 79-3), § 247-16-080, filed 9/26/79.] Repealed by WSR 81-24-038 (Order 9, Resolution No. 81-1), filed 11/25/81. Statutory Authority: RCW 73.37.050 [70.37.050].

WAC 247-16-010 Purpose. The purpose of this chapter shall be to set forth the procedures pursuant to which the authority determines those health care facilities to which the authority will give financial assistance.

[Statutory Authority: RCW 73.37.050 [70.37.050]. WSR 81-24-038 (Order 9, Resolution No. 81-1), § 247-16-010, filed 11/25/81. Statutory Authority: RCW 70.37.050. WSR 79-10-101 (Order 2, Resolution No. 79-3), § 247-16-010, filed 9/26/79.]

WAC 247-16-020 Definitions. (1) "Applicant" means a participant which submits an application to the authority.

(2) "Application" means a formal request for the providing of bonds for the financing of a health care facility by the authority, in a format and containing such information as the authority shall specify in these rules or in the application instructions and which is signed and sworn to by a representative designated by formal action of the applicant's governing board or equivalent.

[Statutory Authority: RCW 70.37.050. WSR 79-10-101 (Order 2, Resolution No. 79-3), § 247-16-020, filed 9/26/79.]

WAC 247-16-030 Applications for financial assistance. Because the needs of health care facilities in the state vary substantially, no application forms shall be provided by the authority. However, an applicant should furnish the following information to the authority, where applicable, with its request for financial assistance, and such other information as is deemed pertinent by the applicant or the executive director of the authority:

- (1) Identification of applicant:
 - (a) Legal name and address of applicant;
 - (b) Names, titles and telephone numbers of chief executive officer, chief financial officer and person assigned responsibility for liaison with the authority;

(c) Names, addresses and telephone numbers of applicant's legal counsel, outside accounting firm and financial consultant or investment banking firm (if any);

(d) Description of applicant's legal structure (e.g., private nonprofit corporation, public district hospital). If private, describe type and ownership of stock, if any; how assets held and by whom; and attach copies of articles of incorporation or similar documentation;

(e) If applicant is a private hospital, attach a copy of IRS determination of 501(c)(3) status;

(f) Religious or other group affiliation, if any.

(2) Project for which financial assistance is sought (if applicable):

(a) Amount and requested terms of repayment for financing sought;

(b) General description of project to be accomplished with authority financial assistance;

(c) Current status of planning for project and dates proposed for (i) completion of drawings for project, if necessary (attach copies if completed); (ii) filing of environmental impact statement, if necessary; (iii) entry into construction contract; and (iv) completion or occupancy;

(d) Recommendations of the appropriate regional health systems agency, and of the state hospital commission, or the current status of their respective reviews;

(e) Current status of certificate of need for project. If certificate has been issued, attach copy;

(f) Cost of project (including simple breakdown of costs of general construction, site work, utilities, equipment, land acquisition, architects' and other fees, contingency, interim interest, other);

(g) Sources of funds for payment of project costs and dates of expected receipt (assistance from authority, interim financing, grants, funds on hand, interest and profit on interim investment of construction funds, other);

(h) Amount of projected revenues to be derived from project, the sources of such revenues, when expected to begin, and a three-year projection;

(i) Feasibility studies on project, if any (attach copy if one has been completed);

(j) Proposed security for authority-issued bonds;

(k) Contracts or preliminary arrangements with planners, architects, consultants, investment banking firm, if any, regarding project.

(3) Debt to be refinanced with authority assistance (if applicable):

(a) Amount, date, maturity or maturities, interest rate or rates, prepayment penalties, if any, debt service and form of applicant's existing debt to be refinanced;

(b) Source of revenue for payment of existing debt, security for debt and rating, if any, assigned to debt instruments at time of debt issuance;

(c) Most recent decision and order of the state hospital commission on its annual review of the applicant's budget;

(d) Holder of debt (if ascertainable);

(e) Any negative debt service payment history;

(f) Proposed security for new authority-issued debt;

(g) Proposed date schedule for accomplishing debt refinancing.

(4) Finances of applicant:

- (a) Audited (if audited) financial statements for past three years;
 - (b) Latest current financial statement;
 - (c) Current year's budget of revenues, expenses and capital expenditures;
 - (d) Projection of revenues, expenses, capital expenditures for next three-five years, including revenues and expenses of proposed project (if applicable);
 - (e) Description of long-term debts of applicant, if not already given above, including date incurred, by whom held, debt service schedule, interest rate, form of debt, source of revenues for repayment, security for repayment;
 - (f) Sources of hospital revenues (private patient, medicare, medicaid, welfare, Blue Cross, grants, etc.) and approximate dollar volumes and percentages of total revenues for each source in last three years.
- (5) General:
- (a) Pending or threatened litigation or administrative actions with potential of material adverse effect on applicant;
 - (b) Brief description of existing medical facilities, including number of beds, number of medical and other staff, categories of medical services offered, and laboratory and research facilities, if any;
 - (c) Brief description of hospital expansion plans, if any, in next ten years;
 - (d) Brief summary of statistics (last three years, if available) on percentage of bed occupancy and types and numbers of patients cared for (inpatient, outpatient, welfare, etc.);
 - (e) Estimate of aggregate savings over the life of the proposed financing to be realized by applicant through authority financing by tax-exempt bonds as compared to financing through taxable obligations. Specify interest assumptions on which savings calculations based;
 - (f) Describe means applicant proposes to use to ensure that savings from tax-exempt financing are passed on to patients of applicant.

[Statutory Authority: RCW 73.37.050 [70.37.050]. WSR 81-24-038 (Order 9, Resolution No. 81-1), § 247-16-030, filed 11/25/81. Statutory Authority: RCW 70.37.050. WSR 79-10-101 (Order 2, Resolution No. 79-3), § 247-16-030, filed 9/26/79.]

WAC 247-16-035 Applications for equipment financing assistance.

Because the needs of health care facilities in the state vary substantially, no application forms shall be provided by the authority. However, an applicant should furnish the following information to the authority, where applicable, with its request for financial assistance, and such other information as is deemed pertinent by the applicant or the executive director of the authority:

- (1) Identification of applicant:
 - (a) Legal name and address of applicant;
 - (b) Names, titles, and telephone numbers of chief executive officer, chief financial officer, and person assigned responsibility for liaison with the authority;
 - (c) Names, addresses, and telephone numbers of applicant's legal counsel, outside accounting firm and financial consultant or investment banking firms (if any);
 - (d) Description of applicant's legal structure (e.g., private nonprofit corporation, public district hospital). If private, describe

type and ownership of stock, if any; how assets held and by whom; and attach copies of articles of incorporation or similar documentation;

(e) If applicant is a private hospital, attach a copy of IRS determination of 501 (c) (3) status.

(2) Project for which financial assistance is sought (if applicable):

(a) Amount of financing sought;

(b) Description of equipment to be purchased with authority financial assistance;

(c) Current status of planning for equipment and dates proposed for purchase and installation;

(d) Current status of certificate of need for project. If certificate has been issued, attach copy;

(e) Cost of equipment (including installation);

(f) Sources of funds for payment of project costs and dates of expected receipt (assistance from authority, interim financing, grants, funds on hand, interest and profit on interim investment of construction funds, other);

(g) Contracts or preliminary arrangements with planners, architects, consultants, investment banking firm, if any, regarding project.

(3) Debt to be refinanced with authority assistance (if applicable):

(a) Amount, date, maturity or maturities, interest rate or rates, prepayment penalties, if any, debt service and form of applicant's existing debt to be refinanced;

(b) Source of revenue for payment of existing debt, security for debt and rating, if any, assigned to debt instruments at time of debt issuance;

(c) Decision and order of the state hospital commission approving inclusion of the equipment item or items in applicant's budget;

(d) Holder of debt (if ascertainable);

(e) Any negative debt service payment history;

(f) Proposed date schedule for accomplishing debt refinancing.

(4) Finances of applicant:

(a) Audited (if audited) financial statements for past year;

(b) Latest current financial statement;

(c) Current year's budget of revenues, expenses and capital expenditures;

(d) Description of long-term debts of applicant, if not already given above, including date incurred, by whom held, debt service schedule, interest rate, form of debt, source of revenues for repayment, security for repayment;

(e) Sources of hospital revenues (private patient, medicare, medicaid, welfare, Blue Cross, grants, etc.) and approximate dollar volumes and percentages of total revenues for each source in last three years;

(f) Pending or threatened litigation or administrative actions with potential of material adverse effect on applicant;

(g) Feasibility studies on project, if any (attach copy if one has been completed).

[Statutory Authority: RCW 70.37.050. WSR 83-01-061 (Order 14), § 247-16-035, filed 12/15/82.]

WAC 247-16-040 Fees. (1) Authorization to charge fees: The authority, pursuant to RCW 70.37.090, shall require applicants to pay fees and charges to the authority to provide it with funds for investigations, financial feasibility studies, expenses of issuance and sale of bonds, and other charges for services provided by the authority in connection with projects undertaken, as well as the operating and administrative expenses of the authority. In accordance with this authorization, an applicant shall pay to the authority such fees and charges as are necessary to meet any and all expenses incurred by the authority in connection with the processing of the application of the applicant, together with an annual service fee to defray expenses of the authority in administering and servicing the financing provided to the applicant and other allocable expenses of the authority. The authority shall assess an annual fee of one-tenth of one percent of the outstanding and unredeemed bonds of each applicant. The initial annual fee shall be paid to the authority on the date of closing of each tax exempt note or bond issue and in every anniversary date thereafter: Provided, however, That the authority by an adopted motion may set a different fee schedule and may waive all or any part of the annual or application fee.

(2) Fee obligations of the applicants: An applicant shall submit with its application an initial remittance of \$7,500.00, to be credited against the fees and charges imposed or to be imposed by the authority on such applicant pursuant to this section in connection with the processing of an application. The applicant shall pay such fees and charges as they are billed to it from time to time by the authority. These expenses may be reimbursed to the applicants from the bond proceeds if financing is consummated. In addition, the application shall contain an appropriate legal commitment to indemnify the authority against any expenses or costs incurred by it in connection with the processing of the applicant's application and the completion of any project or plan and system subsequently approved and undertaken by the authority, as well as to pay the authority an annual service fee to defray expenses of the authority in administering and servicing the financing provided to the applicant and other allocable expenses of the authority, which annual fee shall be imposed so long as financing is being provided by the authority to the applicant.

(3) Refund of excess fees: The authority will refund any surplus fees paid or deposited by an applicant or participant which exceed the actual application-processing expenses and authority-determined pro rata administrative and operating costs of the authority.

(4) All the costs and expenses of the authority shall be paid from fees assessed pursuant to this section. No moneys of the state of Washington shall be expended for such purposes.

[Statutory Authority: RCW 73.37.050 [70.37.050]. WSR 81-24-038 (Order 9, Resolution No. 81-1), § 247-16-040, filed 11/25/81. Statutory Authority: RCW 70.37.050. WSR 79-10-101 (Order 2, Resolution No. 79-3), § 247-16-040, filed 9/26/79.]

WAC 247-16-050 Processing of application. An application will be reviewed by the executive director and such authority staff as he or she determines. Upon completion of authority staff analysis and recommendations, such staff analysis and recommendations and the application shall be presented to the authority for appropriate action.

[Statutory Authority: RCW 70.37.050. WSR 79-10-101 (Order 2, Resolution No. 79-3), § 247-16-050, filed 9/26/79.]

WAC 247-16-060 Priorities regarding applicant funding. The authority will process health care facility applications for assistance in the order of their date of receipt. The date of receipt shall be the date the health care facility application together with the application fee is received by the authority at its Olympia office.

The authority reserves the right to change priorities and scheduling when the authority determines that a "first come, first served" priority scheduling is detrimental to the sale of another health care facility's bond issue or when conditions of health and safety or public benefit require a different priority.

[Statutory Authority: RCW 73.37.050 [70.37.050]. WSR 81-24-038 (Order 9, Resolution No. 81-1), § 247-16-060, filed 11/25/81. Statutory Authority: RCW 70.37.050. WSR 79-10-101 (Order 2, Resolution No. 79-3), § 247-16-060, filed 9/26/79.]

WAC 247-16-070 Authority action on applications. (1) The authority shall meet to review and consider the staff analysis and recommendations and the application.

(2) The authority may approve an application and adopt a resolution authorizing the issuance of bonds for the requested financing where it determines:

(a) It is necessary or advisable for the benefit of the public health for the authority to provide financing for the proposed project;

(b) The applicant can reasonably be expected to achieve successful completion of the health care facilities to be financed by the authority;

(c) The proposed project and the issuance of bonds by the authority for such project are economically feasible and can be undertaken on terms economically satisfactory to the authority;

(d) The proposed health care facility, if completed as described in the application, will carry out the purposes and policies of the act;

(e) The applicant has satisfied the authority that substantially all of the savings realized by the applicant from the availability of financing through tax-exempt bonds, as contrasted to financing through taxable debt, will be passed on by the applicant to its patients;

(f) The applicant has reasonably satisfied the requirements of the act and these regulations; and

(g) Other criteria that the authority has determined are appropriate factors in its decision-making process have been met.

(3) The authority may approve an application and a bond resolution on a conditional basis where the criteria of WAC 247-16-070(2) have been met and pending satisfaction of such other conditions or requirements as the authority shall determine to be reasonable and necessary in order to carry out the purposes, policies and requirements of the act and these regulations. The applicant shall be notified in writing of such conditions or requirements, which may include, but need not be limited to, the amendment of an application or proposed bond resolution in order to meet the availability of funds, changes in

costs, or other purposes or circumstances which may enhance the ability of the authority or the applicant to complete the project or better serve the purposes and policies of the act. Upon the satisfaction of such additional conditions or requirements, the application shall be deemed approved pursuant to WAC 247-16-070(2).

(4) The authority may also deny an application; in such event, it shall notify the applicant of such action, specifying in writing the reasons for its denial.

[Statutory Authority: RCW 73.37.050 [70.37.050]. WSR 81-24-038 (Order 9, Resolution No. 81-1), § 247-16-070, filed 11/25/81. Statutory Authority: RCW 70.37.050. WSR 79-10-101 (Order 2, Resolution No. 79-3), § 247-16-070, filed 9/26/79.]

WAC 247-16-090 Selection of investment banking firms as underwriters.

(1) The applicants may select an investment banking firm as senior managing underwriter for its proposed financing, subject to review and approval by the authority. In every instance, the senior manager selected must be able to demonstrate a familiarity, competence and experience in the structuring and sale of health care facility bonds. The applicant shall notify the authority in writing of its proposed senior manager selection fifteen days prior to the date it intends to enter into a formal contractual agreement. The authority will notify the applicant of its acceptance or rejection of the applicant's senior manager selection no later than ten days after receipt of the applicant's notification. If rejected, the authority will set forth the reasons for rejection, and the applicant will then propose another senior manager, subject to authority approval in the same manner.

(2) To provide balanced management knowledge and sale distribution and to assure the most realistic bond terms and interest, the authority reserves the right to name investment banking firms as co-managers of any authority bond issue(s). The authority will not name an investment banking firm or firms as a co-managing underwriter or co-managing underwriters on bond issues of less than \$10 million unless the authority determines that special circumstances so require. On issues of more than \$10 million the authority will name a co-manager or co-managers for each issue. The authority will also review the division of the management fee in each instance where a co-manager is named. While the authority will actually select the co-managers, it will consider recommendations from the applicant as to the selection of any co-manager or co-managers.

In each instance, the applicant will be given a written notification fifteen days prior to the authority's actual designation of an investment banking firm or firms as a co-manager on a particular bond issue.

[Statutory Authority: RCW 73.37.050 [70.37.050]. WSR 81-24-038 (Order 9, Resolution No. 81-1), § 247-16-090, filed 11/25/81.]

WAC 247-16-100 Selection of a feasibility consultant.

The authority shall maintain a list of management and accounting firms which it deems qualified to conduct feasibility studies for the applicants. The applicant's selection of a firm from the approved list shall constitute authority approval. In the event an applicant wishes to select a firm not on the approved list, the authority will review the pro-

posed firm's qualifications on a case-by-case basis, based on its familiarity, competence, and experience in health care management and accounting. The applicant shall not enter into any contractual agreement with a management or accounting firm not on the approved list until written approval has been granted by the authority.

[Statutory Authority: RCW 73.37.050 [70.37.050]. WSR 81-24-038 (Order 9, Resolution No. 81-1), § 247-16-100, filed 11/25/81.]