

A Forgotten Authority:

**The Washington Health Care Facilities Authority is
Failing in Its Primary Purpose: To Make Quality Health
Care Affordable for Washingtonians**



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**Northwest Federation of
Community Organizations**

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A Forgotten Authority

The Washington Health Care Facilities Authority is Failing in Its Primary Purpose: To Make Quality Health Care Affordable for Washingtonians

Introduction

Washington's health care consumers are caught in a jam, and no one is immune. Those with health coverage are paying more out of their own pockets each year for insurance that covers less. At the same time, skyrocketing out-of-pocket expenses diminish access to care for those who are uninsured and underinsured.

Washington State has a number of tools to reduce the burden on families that pay directly for health care services. One tool is the Washington Health Care Facilities Authority (WHCFA). WHCFA, through its enabling statutes, regulations, and loan agreements, makes it possible for qualified nonprofit health care facilities to access tax-exempt bond financing, which allows those facilities to borrow money at interest rates significantly lower than those paid by for-profit enterprises. WHCFA provides these loans on the condition that the savings from the lower interest rates are passed along to patients in the form of across-the-board rate reductions. In setting up the WHCFA, the Legislature reasoned that, if nonprofits – which have a mission to serve local communities and the poor and underserved – received lower interest loans, the nonprofits would use the savings to cut costs for patients.

It sounded like a great idea. Nonprofit hospitals could get the money they need to build new facilities and provide lower cost services to the community, and the state and its residents would hold down costs, since the nonprofits would pass along the savings. But has it worked out that way?

Washington Community Action Network (formerly Washington Citizen Action) took a look at the savings that nonprofit health care facilities receive due to financing through the WHCFA. Every year, the savings realized by nonprofit health care facilities is more than \$50 million.

That money could help a lot of people. With \$50 million a year, 106,000 of the state's 125,000 currently uninsured childrenⁱ could be covered through the CHIP program.ⁱⁱ With \$50 million per year, 12,425 people could buy private insurance.ⁱⁱⁱ With \$50 million per year, patient costs could be reduced significantly at local hospitals.

Next, Washington Community Action Network reviewed what the various health care facilities that have borrowed money through the WHCFA claimed to have done with the savings. Many borrowers have not reported to the WHCFA at all. Of those that did, most simply stated that they were in compliance with the requirement to pass along savings, but without describing how the savings were passed along. Only a few borrowers claimed that their rates for providing health care goods and services were reduced due to the savings; none provided documentation to demonstrate the specific manner in which the savings were used to lower patients' rates. Not one.

Finally, Washington Community Action Network reviewed what WHCFA has done to enforce the savings requirement. It discovered that WHCFA has never, in its 30-year history, taken any enforcement action. In fact, WHCFA's Executive Director maintains that the agency's only role is to passively receive information. "It does not have any other duty under the covenant or law to take any action regarding such compliance." (Memo to WHCFA Board Members from John Van Gorkom, Executive Director, dated May 11, 2006)

WHCFA's lax attitude toward enforcement of the savings requirement in its bond agreements is not shared by others in state government. Governor Christine Gregoire recently wrote to the WHCFA Executive Director about her concern that the savings requirement be enforced:

“If a revision to the Authority’s policies and procedures is necessary to insure adequate tracking of contractual requirements and receipt of required documents, it is incumbent on the Authority to promptly institute those changes. The Authority should assure that bond recipients provide all contractually required documents in exact compliance with the financing document’s covenants.” (Letter from Governor Gregoire to John Van Gorkom, dated June 19, 2006)

Unfortunately, WHCFA staff did not respond to Governor Gregoire’s letter by strengthening the savings requirement. Instead, WHCFA staff proposed that the regulations and covenants be changed to eliminate the savings requirement altogether. Wiping out the savings requirement could mean even higher health care costs for Washington patients.

Why has WHCFA strayed so far from its original purpose and mission? It appears that WHCFA staff see the health care facilities that borrow through the agency as their “clients.”^{iv} In doing so, the staff ignore WHCFA’s real constituency: Washington state residents who need lower health care costs.

WHCFA should return to serving its public mission and fully enforce the savings requirement. In doing so, it will make sure that more than \$50 million a year is dedicated to reducing costs to Washington health care consumers.

Washingtonians are Facing a Health Care Crisis

Our state’s health care system is in crisis. More than 800,000 people in Washington are uninsured, mostly because they cannot afford to pay insurance premiums. Many more Washingtonians have inadequate health insurance that does not cover critical services. Nationwide, more than half of all bankruptcies are related to medical causes. For millions of people, the financial consequences of a trip to the hospital are as frightening as the medical consequences.

Hospitals and other health care institutions have considerable ability to determine the cost of care. They are thus centrally important to efforts to ensure that health care is affordable to those who need it. Washington is fortunate to have a health care system



Patricia Scott

I am originally from Durham, North Carolina, but moved to Seattle, Washington a number of years ago. I am 62 years old and have one daughter. I am a licensed social worker and used to work for Kaiser Permanente, but lost my job.

When I lost my job, there was suddenly a huge gap in my income. I went on unemployment, and was in a state of shock. I eventually found a job as a part-time university teacher, but I received no benefits because of my part-time status. I stayed on COBRA for 3 years. For the first six months, I didn’t have to pay anything, but after that I was paying \$327 a month, which was the majority of my income.

I am disabled and have severe arthritis. As a result of my arthritis, I had to have a full knee replacement. Even with insurance coverage, the cost of this surgery was so high that I had to choose between paying my credit card bills and paying my medical bills. My financial situation became so bad that I had to file for bankruptcy. I felt ashamed and isolated because this was something I couldn’t talk to my friends about.

Although I am currently running a private practice and continuing to teach part time, I am barely scraping by with the money I make. I’m thinking about moving down to Mexico when I retire because I feel that that’s the only place I can get affordable health care. It’s a shame that I have to leave the country to get good, affordable health care. There’s something wrong with our system.

composed primarily of nonprofit providers. More than 75 percent of health care in Washington is provided by nonprofit institutions, which should be accountable to the communities they serve.

Yet despite the nonprofit character of Washington's health care system, costs of care continue to rise. In fact, nonprofit health care institutions across the state often have higher charges for services than their public and for-profit counterparts.

Nonprofit health care facilities must demonstrate that they are fulfilling their obligation to serve the public interest and return real, measurable benefits to their local communities. Washington state must use all the mechanisms at its disposal to reduce health care costs by fully enforcing the savings requirement in the WHCFA loan agreements with nonprofit health facilities.

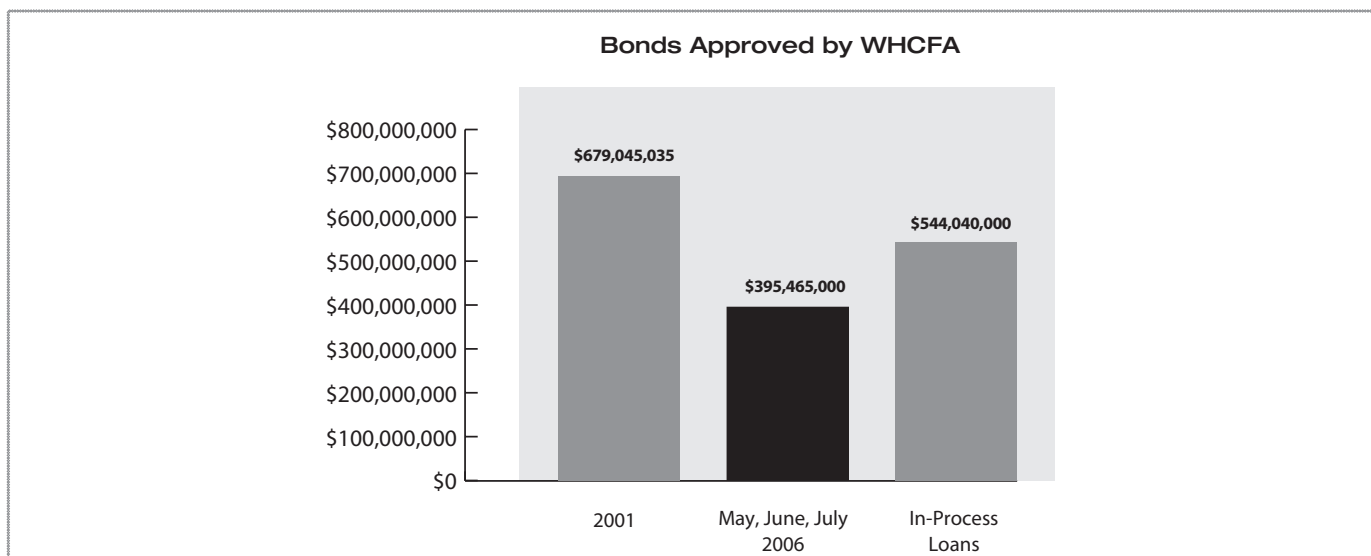
WHCFA – Washington State's Little Hill-Burton Act

WHCFA was created to support the construction of reasonably-priced health care institutions. Before the creation of the WHCFA, nonprofit health care facilities relied frequently on federal Hill-Burton funding for construction projects. As a condition for receiving this federal money, health care providers were required to dedicate "a reasonable volume of services" to indigent and uninsured people.^v This requirement was enforced through specific federal regulations. When Hill-Burton funding dried up in the 1970s, nonprofit health care facilities were left searching for other ways to cover their construction costs. In 1974, the Washington Legislature

passed the Washington Health Care Financing Act, authorizing tax-exempt bond financing for health care nonprofits, providing a new source of funding for these health care facilities.^{vi}

As reflected in its statutory purpose, WHCFA was established to minimize costs of construction and costs to the public, which, in turn, would help to improve the quality of health care in Washington State:

The good health of the people of our state is a most important public concern. The state has a direct interest in seeing to it that health care facilities adequate for good public health are established and maintained in sufficient numbers and in proper locations. ***The rising costs of care of the infirm constitute a grave challenge not only to health care providers but to our state and the people of our state who will seek such care. It is hereby declared to be the public policy of the state of Washington to assist and encourage the building, providing and utilization of modern, well equipped and reasonably priced health care facilities, and the improvement, expansion and modernization of health care facilities in a manner that will minimize the capital costs of construction, financing and use thereof and thereby the costs to the public of the use of such facilities,*** and to contribute to improving the quality of health care available to our citizens. In order to accomplish these and related purposes this chapter is adopted and shall be liberally construed to carry out its purposes and objects.^{vii} (emphasis added)



The savings covenant plays a similar role to the community benefit requirement under the Hill-Burton Act. Just like the federal act, the Washington law is designed to ensure that, in exchange for access to lower-cost financing, nonprofit health facilities pass on the savings to the public.

Eliminating the savings covenant, as WHCFA has proposed, would eviscerate this purpose. By failing to enforce the current requirement that borrowers pass savings on to patients – and, indeed, by attempting to get rid of that requirement altogether – the WHCFA is turning its back on the very purpose for which it was created: to benefit people who are facing rising health care costs.

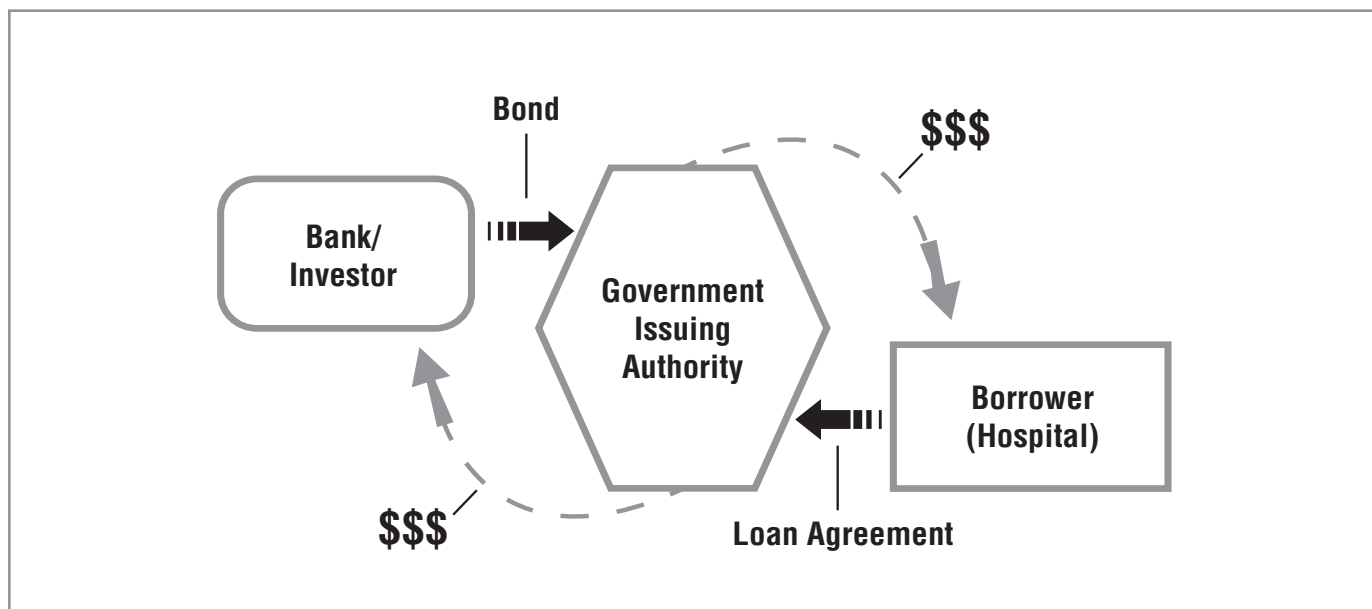
How Does WHCFA Provide Savings to Nonprofit Health Care Institutions?

Governmental agencies, such as WHCFA, can issue “tax-exempt” bonds on behalf of qualifying nonprofit facility seeking funds for a construction or expansion project. The bonds are called “tax-exempt” because the investors who purchase the bonds are not taxed on the interest income they earn from the bonds. This makes the bonds attractive to investors.

When the bonds are issued, the bank or investors supply the funds for the project to the WHCFA, which in turn passes the funds on to the nonprofit health care facility that is borrowing the money. When the facility repays the loan, WHCFA repays the principal and interest on the bonds to the bondholders.^{viii} WHCFA typically hires a trustee to receive, manage, and disburse the proceeds from the borrower to the bondholders.^{ix}

WHCFA is not responsible for repayment of the loan by the facility. In Washington, as in many other states, the state constitution bars the lending of state credit to a private entity.^x Most state government bond issuing authorities (including the WHCFA) include provisions to the effect that, although the bonds are issued in the name of a governmental entity, the governmental entity is not taking on responsibility for the bond debt.^{xi}

When it borrows money through the WHCFA for a project, a nonprofit health care facility pledges to repay the funds and interest over time, from the proceeds of the project or from other resources. Since the interest income to bondholders is tax-free, the interest rate charged to the borrowing facility is below what would be charged to a for-profit institution. The lower interest rate generates the “savings” described in the savings requirement.



Finally, it is important to remember that, because government does not collect taxes on the interest income generated by these bonds, the forgone tax revenue constitutes a public subsidy of a private business. To put it bluntly, when a private nonprofit health care facility saves money by borrowing through a tax-exempt bond, the rest of us – business and individuals – pick up the tab by paying higher taxes to make up for the forgone tax revenue.

WHCFA Fails to Lower Costs for Patients

Nonprofit Health Care Institutions Save Millions through WHCFA

According to their website, the Authority has issued a total of over \$6.4 billion in tax-exempt revenue bonds. WHCFA loans are getting increasingly larger. In the last few months alone, since May of 2006, including in-process loans and recent loans, WHCFA has issued almost \$1 billion in loans to health care facilities with estimated savings to health care facilities totaling over \$400 million.^{xiii} For example, this year Providence Health and Services received the largest loan award in the history of the WHCFA. Their loan award of \$377,215,000 is greater than half of the total loans issued in 2001.

WHCFA has a Legal Duty to Enforce Savings Requirements

WHCFA has never taken any enforcement action to ensure that borrowers fulfill their obligation to pass the savings on to consumers, but it could. WHCFA has the authority to enforce the savings requirements.

WHCFA includes savings covenants in its loan agreements with borrowers. The covenants say that the borrower is obligated to pass on the savings to consumers as across-the-board rate reductions. For example, a loan agreement WHCFA signed with Providence Health System in 2001 says that “Each of the Washington Corporation and Providence Everett covenants and agrees to pass on to its patients from time to time, in the form of *reductions of rates and fees and/or forgone increases of rates and fees charged for health care services*, its allocable portion of the savings realized and to be realized by” Providence because of the tax-exempt loans.^{xiv} The loan agreements also state that the borrower promises to provide a yearly statement, called a “savings certificate,” that provides all of the information needed to show that the borrower is complying with the requirement that it pass on savings to consumers.^{xv} Because these requirements are part of the loan contract,

Health Care Facility	Loan/Bond Amount	Estimated Savings
Providence Health and Services	\$377,215,000	\$192,000,000
Swedish Health Services	\$325,000,000	\$150,000,000
Group Health	\$100,000,000	\$25,000,000
Kadlec Medical Center	\$83,780,000	\$38,000,000
Grays Harbor Community Hospital	\$31,125,000	\$9,000,000
Seattle Mental Health	\$13,000,000	\$7,000,000
Sea Mar Community Health Center	\$2,500,000	\$87,000
N.A.T.I.V.E.	\$2,250,000	\$600,000
Moses Lake Community Health Center	\$1,550,000	\$251,000
Sunnyside Community Hospital	\$1,200,000	\$300,000
Planned Parenthood	\$960,000	\$196,000
Consejo Counseling and Referral Services	\$925,000	\$224,000
Total	\$939,505,000	\$422,658,000

The chart above shows a breakdown of recently issued WHCFA bonds and bonds that are still in process. Just looking at the recent and pending loans, nearly half a billion dollars that should be dedicated to reducing patient costs is at stake.

WHCFA has the ability to declare the loan agreement in default if the borrower does not pass on the savings and prove it annually.

WHCFA is fully authorized to enforce the savings requirement. Its own regulations require that a facility's application for financing must include an estimate of how much money it will save if it receives tax-exempt financing, and a description of how the facility will pass on the savings to consumers.^{xvi} WHCFA may not approve an application unless it determines that the facility will carry out the purposes and policies of the enabling statute; that the facility will pass on substantially all of the savings to patients; and that it has satisfied the requirements of the law and regulations.^{xvii} The regulations are clearly authorized by the

statute that created WHCFA.^{xviii} Thus, WHCFA has both the authority and the duty to ensure that the savings requirement is enforced.

Where Did the Savings Go?

WHCFA does not know how the facilities used the millions of dollars that should have been passed on to patients in the form of rate reductions. In fact, the WHCFA Executive Director, John Van Gorkom, admits that the agency does nothing to enforce the savings clause. In a memo to WHCFA's board members, Van Gorkom stated that he believes that WHCFA need not enforce the requirement that all of the savings from the tax-exempt bonds are passed on to consumers.^{xix}

Name of Health Care Institution	Stated they were in compliance	Claimed savings were shown in operational expenses	Estimated savings only	Claimed no rate increase	Explained how savings occurred	Years Filed		
Central Washington Health Services Association	x	x				2002-2005		
Empire Health Services	x					1997	1999-2006	
Family Resource Center	x			x	x	1998-2003		
Fred Hutchinson Cancer Research Center	x	x				1997-2001	2003	2005
Grays Harbor Community Hospital	x		x			1997-2005		
Great Lakes Mental Health Foundation	x					1997		
Group Health Cooperative	x					1997-2005		
Harrison Memorial Hospital	x					1997-2005		
Peace Health	x				x	1997-2005		
Inland Northwest Blood Center	x			x		2003-2006		
Kadlec Medical Center	x	x		x		1997-2005		
Overlake Hospital Medical Center	x			x		2004-2005		
Providence Medical Center	x		x		x	2006		
Seattle Cancer Care Alliance	x					2001-2005		
Sea Mar Community Health Center	x					2001		
Sunnyside Community Hospital	x					1997-1999		
Yakima Valley Memorial Hospital	x	x				2003	2006	
Community Health Centers of King County	x	x				1998		

The WHCFA loan agreements require borrowers to submit annual savings certificates that explain how the facilities passed the savings on to patients in the form of rate reductions. But WHCFA does not review these documents to determine whether borrowers are using the savings appropriately. WHCFA does not even make sure that borrowers submit the savings certification. In fact, WHCFA was not aware that the certificates had not been submitted until it performed a review of the compliance program.^{xx}

Washington Community Action Network obtained copies of documents that WHCFA has received from borrowers regarding the savings requirement. The vast majority of borrowers from WHCFA (including some of the larger health facilities in the state) have never reported their compliance with the savings covenant to WHCFA.^{xxi} Some facilities reported on a regular basis, while others provided the information sporadically. Although all the facilities baldly asserted that they were in compliance, most provided no further documentation to support how this compliance occurred. The table below breaks down documentation WHCFA has received from borrowers since 1997. This can be compared to the list of all borrowers (see appendix).

As the table on Page 6 shows, some borrowers reported in some years and not others. Even when borrowers submitted some documentation, the documentation was generally inadequate to demonstrate specific or measurable savings being passed on to consumers.

For example, Central Washington Health Care Facilities Authority submitted a statement annually, from 2001-2004. However, the statement provided no specific information about how the savings were passed on to customers, merely asserting that “[t]he Hospital is in compliance with its covenant to reduce and/or forego increases in the rates and fees it charges in accordance with Section 9.16 of the Loan and Security Agreement.”^{xxii}

Grays Harbor Community Hospital’s annual statement, submitted in 1997, specified how much money the Hospital saved in interest, but did not explain

exactly how the Hospital reduced costs for consumers, merely stating:

I certify that the Hospital is in compliance with its covenant to reduce and/or forego increases in the rates and fees it charges in accordance with Section 9.20 of the Loan Agreement. The interest projected for 1997 is \$1,520,000. The projected interest rate for a taxable issue would be 11% making the interest savings for a tax-exempt issue \$570,000. The forgone increase in revenue which would be needed to pay this expense is estimated to be \$1,200,000.^{xxiii}

Neither of these statements explains in detail how the savings were passed on to consumers. Nor do they present any proof that WHCFA could use to enforce the savings agreements.

These two examples are not highlighted to single out particular nonprofit health care institutions. Rather, they are illustrations of a pattern of insufficient reporting and a lack of enforcement of savings requirements between bond recipients and WHCFA.

In contrast, the Family Resource Center reported its compliance with the savings covenant by calculating that it provided a 7.5 % across-the-board reduction in anticipated rate increases due to the savings from tax-exempt bond financing through the authority. Although the facility does not include any description of how it arrived at the reported rate reduction due to savings, it properly recognizes that it must return the savings to patients in the form of rate reductions.^{xxiv}

Recommendations – WHCFA Should Strengthen the Savings Requirement, Not Eliminate It.

Governor Gregoire, a WHCFA Board Member, has urged WHCFA to ensure that borrowers provide documentation showing that they are passing cost savings on to patients through reduced rates or forgone rate increases: “The Authority should assure that bond recipients provide all contractually required documents in exact compliance with the financing document’s

covenants.”^{xxv} Nothing less than complete and exact compliance with the savings obligation should be accepted.

To ensure compliance with WHCFA’s founding principles, statute, regulations and loan agreements, the following recommendations should be carried out.

Recommendation 1:

Keep the savings requirement in the WHCFA rules.

The savings covenant is directly connected to WHCFA’s original intended purpose, and the removal of it would jeopardize this purpose as well as the constitutionality of the WHCFA. Keeping the savings requirement in the rules and in the loan agreements is critical to ensuring that these tax-exempt bonds are truly going to benefit those patients who need it the most, and to maintaining nonprofit accountability in Washington State.

Recommendation 2:

Clarify the wording of the savings covenant and the reporting requirements.

The WHCFA needs to clarify the language used to describe how the savings requirement will be demonstrated and enforced so that Washington residents receive the full benefit of the millions of dollars in interest savings that nonprofit health care facilities enjoy each year. WHCFA should require complete transparency in reporting of costs and pricing among health care institutions so that savings for patients can be accurately measured.

Recommendation 3:

Consistently and effectively enforce the reporting requirement.

Bond recipients make a commitment by signing the bond agreement to pass the millions of dollars that they save on to their patients. WHCFA needs to hold these borrowers accountable to their commitment. WHCFA must enforce these standards.



Dorothy Sullivan

I am a great-grandmother. I take care of my three grandchildren, and I cherish the time I get to share with them. I was diagnosed with cancer six years ago and owed thousands of dollars in medical debt. I can't do strenuous work because I have a collapsed lung. The wall was mended, but I can not perform any lifting because it could tear the scarred wall.

I receive Social Security Disability, and it helps to pay all my bills. With paying for rent, for my car, for food, I often struggle to pay the light or electricity bill. There is no way that I could afford to pay medical bills on top of all this. My bills were piling up and I had no way to pay them. To stretch my income, I visit a food bank, make use of Section 8 housing, and conserve as much energy as possible, including drying clothes out on the line.

Getting health insurance is hard for me because I have preexisting conditions. My lungs are a big one, but even worse is the cancers of both the lung and the breast. I was not able to see a doctor before when I was working because I worked part-time at all of my jobs, and my employers did not offer health insurance to part-time workers. Now I have been able to see a doctor because I am on Medicare. One of my biggest frustrations has my inability to participate in my community due to my lack of mobility and transportation, which has been made even worse by my illness.

I was recently diagnosed again with cancer. Luckily, this time my doctor helped me enroll in a program to help with my medical bills. But even with the help of this program, I still don't have enough money saved to cover unexpected bills such as health care, my car breaking down, or other emergencies.

ENDNOTES

- i Kaiser Family Foundation, statehealthfacts.org.
- ii Yearly coverage of a child through SCHIP costs about \$1350. Administration's Fiscal Year 2007 Budget Is Likely Still To Leave SCHIP Coverage For Low-Income Children In Jeopardy, Matthew Broaddus, Center on Budget and Policy Priorities, March 2006. The federal government reimburse the state for SCHIP expenditures at a rate of 65%.
- iii The average cost of a private insurance plan in 2005 was \$4,024. Kaiser Family Foundation, Trends and Indicators in the Changing Health Care Marketplace, Exhibit 3.1: Average Annual Premiums for Covered Workers for Single and Family Coverage, by Plan Type, 2005.
- iv See WHCFA "Our Purpose", available at www.whcfa.wa.gov/ourpurpose.asp, accessed August 28, 2006.
- v 42 U.S.C. § 291c(e).
- vi Washington Health Care Facilities Authority, "Agency Summary," available at www.whcfa.wa.gov/ourpurpose.asp, accessed August 2, 2006.
- vii RCW 70.37.010.
- viii RCW 70.37.070.
- ix *Id.*
- x Washington State Constitution, Art. VIII, Sect. 5 and 8.
- xi See, e.g., RCW 70.37.040(1).
- xii Washington Health Care Facilities Authority Recent and In-Process Loans www.whcfa.wa.gov accessed July 24, 2006.
- xiii Washington Health Care Facilities Authority, <http://www.ofm.wa.gov/budget05/detail/599nl.htm>, accessed July 24, 2006
- xiv Section 8.03, WHCFA Revenue Bonds Series 2001A (Providence Health System) Loan and Security Agreement, dated May 15, 2001 (emphasis added).
- xv Section 7.02(a)(3), WHCFA Revenue Bonds Series 2001A (Providence Health System) Loan and Security Agreement, dated May 15, 2001.
- xvi WAC 247-16-030 (5)(e); (f).
- xvii WAC 247-16-070 (2)(d); (e); (f).
- xviii See RCW 70.37.010; .050.
- xix Memo to WHCFA board from John H. Van Gorkom, April 11, 2006.
- xx Memo to WHCFA board from John H. Van Gorkom, April 11, 2006.
- xxi Compare list of borrowers in WHCFA's Debt Service Report dated March 31, 2006 (listing over 200 loans) with table showing only 18 borrowers have complied with reporting requirements for the savings covenants. See Appendix D.
- xxii See Appendix A.
- xxiii See Appendix B.
- xxiv See Appendix C.
- xxv Letter from Governor Gregoire to John Van Gorkom dated June 19, 2006.

Appendix A

**\$19,995,000 WASHINGTON HEALTH CARE FACILITIES AUTHORITY
REVENUE BONDS, SERIES 2001
(Central Washington Health Services Association)**

2001 ANNUAL CERTIFICATE OF AUTHORIZED REPRESENTATIVE

Central Washington Health Services Association d/b/a Central Washington Hospital hereby certifies that:

- The Hospital is in compliance with its covenant to reduce and/or forego increases in the rates and fees it charges in accordance with Section 9.16 of the Loan and Security Agreement. The Hospital is considered a low-cost hospital facility based on information compiled by the Washington State Department of Health. The Hospital is a not-for-profit hospital and all income is reinvested in Hospital operations for the benefit of patients and the community of Wenatchee.
- The Hospital is not in default of any of its obligations, covenants or undertakings under this Loan Agreement.

By: Steven R. Jacobs

Date: June 28, 2002

Name: Steven R. Jacobs

Title: Chief Financial Officer

Appendix B



Community West
915 Anderson Dr.
Aberdeen, WA 98520
(360)532-8330

Community East
1006 North H St.
Aberdeen, WA 98520
(360)533-0450

Serving Our Community Since 1897

RECEIVED
MAY 28 1997

WASHINGTON HEALTH CARE
FACILITIES AUTHORITY

May 15, 1997

Asset Guaranty Insurance Company
335 Madison Avenue
New York, New York 10017

Re: \$19,000,000 WASHINGTON HEALTH CARE FACILITIES AUTHORITY REVENUE BONDS,
SERIES 1996 (Grays Harbor Community Hospital, Aberdeen)

Dear Sirs:

Enclosed please find the following:

- Copies of our audited financial statements for the year ended December 31, 1996 as required by Section 9.04(a)(1) of our Loan and Security Agreement.
- A statement from our Insurance Consultant concerning the provision of insurance required by Section 9.04(a)(3) of the Loan Agreement.
- A report from our Accountants required by Section 9.04(a)(5) of the Loan Agreement.

I certify that the Hospital is in compliance with its covenant to reduce and/or forego increases in the rates and fees it charges in accordance with Section 9.20 of the Loan Agreement. The interest projected for 1997 is \$1,520,000. The projected interest rate for a taxable issue would be 11% making the interest savings for a tax-exempt issue \$570,000. The foregone increase in revenue which would be needed to pay this expense is estimated to be \$1,200,000.

I also certify the Hospital is not in default of any of its obligations, covenants or undertakings under the Loan Agreement.

Sincerely,

A handwritten signature in cursive script that reads "John Sherrett".

John Sherrett
Authorized Representative

cc: First Bank National Association, Trustee
Washington Health Care Facilities Authority ✓

Appendix C

2005 Certificate of Compliance Family Resource Center

I, *Pamela Mauk*, hereby certify that:

1. I am duly appointed and qualified and acting Executive Director of FAMILY RESOURCE CENTER ("the Center") and am authorized to provide this certificate.
2. This Certificate is made and delivered in connection with the issuance of \$1,700,000 WASHINGTON HEALTH CARE FACILITIES AUTHORITY REVENUE BOND, SERIES 1997 (the "Bond"), pursuant to a Loan and Security Agreement with US Bank (the "Loan Agreement") dated October 23, 1997.
3. The Center is in compliance with its covenant to reduce and/or forego increases in the rates and fees it charges in accordance with Section 6.12. The benefits of the 1997 refinance were passed to tenants.
 - a. The 15% lease increases scheduled for 1998 (which were included in tenant leases written in 1996) were reduced to only a 7.5% increase for 1998, and small office tenants received no increase. With an increase of 7.5%, benefits to tenants far exceeded that received by the Center from the refinance over the life of the mortgage loan. The Center benefited by saving \$359,667 (2 payments times \$899, plus 31 payments times (\$1250 plus \$899), plus 233 payments times \$1,250). Tenants benefited by \$501,072 (\$1,898 in lease reductions times 264 payments).
 - b. There were no lease increases for the year 1999, 2000, 2001, 2002, 2003 or 2004.
 - c. The 2005 – 2007 lease rates were decreased by 15% to reflect the benefits of a capital campaign to pay down the mortgage. (Thanks to a unique amortization schedule set up with US Bank, the Center was able to share the benefits of the campaign with tenant agencies.
4. The continuing representations and warranties of the Center described in Section 2.03 are true and correct as of the date of this certificate.
5. The Center is not in default of any of its obligations, covenants or undertakings under this Loan Agreement.

Appendix D

WASHINGTON HEALTH CARE FACILITIES AUTHORITY							
DEBT SERVICE REPORT							
AS OF 03/31/2006							
#	NAME	INITIAL RATING S&P/MOODY'S/OTHER	DATE OF ISSUE	ISSUE AMOUNT	PRINCIPAL REPAID	DEFEASED DEBT	OUTSTANDING PRINCIPAL
1	Consolidated Hospitals	A+/A1/-	07/21/80	14,215,000	14,215,000	0	0
2	Yakima Valley Mem. Hospital	A/A-1/-	10/23/80	6,690,000	6,690,000	0	0
3	Northwest Mem. Hospital	A/A/-	11/19/80	16,110,000	16,110,000	0	0
4	St. Lukes Mem. Hospital(BAN)	NR	03/09/81	7,000,000	7,000,000	0	0
5	Ballard Comm. Hospital	AAA/-/-	05/12/81	695,000	695,000	0	0
6	Northwest Mem. Hospital	AAA/-/-	05/12/81	1,600,000	1,600,000	0	0
7	Swedish Hospital	AAA/-/-	05/12/81	2,500,000	2,500,000	0	0
8	Overlake Mem. Hospital	A/A/-	05/27/81	21,080,000	21,080,000	0	0
9	General Hospital-Everett	A/A/-	06/09/81	24,600,000	24,600,000	0	0
10	Kadlec Hospital	-A/-	07/14/81	7,500,000	7,500,000	0	0
11	Northwest Mem. Hospital	A/A/-	07/31/81	3,000,000	3,000,000	0	0
12	Children's Orth. Hospital	NR	10/09/81	3,000,000	3,000,000	0	0
13	Equipment Issue	AAA/-/-	11/17/81	10,310,000	10,310,000	0	0
14	Consolidated Hospitals, Tacoma	A+/A1/-	12/30/81	40,000,000	40,000,000	0	0
15	Group Health Puget Sound	A+/A-/-	01/28/82	26,380,000	26,380,000	0	0
16	St. Lukes Mem. Hospital(BAN)	NR	02/04/82	2,500,000	2,500,000	0	0
17	Our Lady of Lourdes Hosp.(BAN)	NR	04/27/82	3,750,000	3,750,000	0	0
18	Ballard Comm. Hospital (BAN)	NR	07/30/82	5,360,000	5,360,000	0	0
19	Equipment Series	AAA/-/-	10/05/82	7,875,000	7,875,000	0	0
20	Highline Comm. Hospital	-A/-	10/13/82	17,270,000	17,270,000	0	0
21	Group Health Puget Sound	A+/A-/-	10/20/82	17,130,000	17,130,000	0	0
22	St. Joseph Hospital, Tacoma	A/A1/-	11/10/82	43,450,000	43,450,000	0	0
23	Our Lady of Lourdes Hosp.	BBB/-/-	12/08/82	13,900,000	13,900,000	0	0
24	St. Lukes Mem. Hospital	BBB+/Baa1/-	03/15/83	28,755,000	28,755,000	0	0
25	Consolidated Hospitals, Tacoma	A/A1/-	03/22/83	50,675,000	50,675,000	0	0
26	Puget Sound Blood Center	NR	03/31/83	8,500,000	8,500,000	0	0
27	Harrison Mem. Hospital	NR	04/28/83	2,000,000	2,000,000	0	0
28	Good Samaritan Hospital(BAN)	NR	06/01/83	8,000,000	8,000,000	0	0
29	Holy Family Hospital	-A/-	06/30/83	11,440,000	11,440,000	0	0
30	Sisters of Providence-WA	NR	10/04/83	4,550,000	4,550,000	0	0
31	Equipment Series	AAA/-/-	11/02/83	7,925,000	7,925,000	0	0
32	Monticello Med. Cntr	NR	12/22/83	3,460,000	3,460,000	0	0
33	Ballard Comm. Hospital	NR	06/28/84	22,400,000	22,400,000	0	0
34	Group Health Cooperative(TECP)	A-1+/P-1/-	08/30/84	20,000,000	20,000,000	0	0
35	Walla Walla Gen. Hos. A.H.S.	AA&A-1+/-/-	09/25/84	6,600,000	4,400,000	0	2,200,000
36	Swedish Hos.Med.Cntr.	NR	10/01/84	2,000,000	2,000,000	0	0
37	Good Samaritan Hospital(BAN)	NR	11/28/84	8,000,000	8,000,000	0	0
38	Tri-State Memorial Hospital	NR	11/29/84	840,000	840,000	0	0
39	Good Samaritan Hospital	A-1+/-/-	02/28/85	8,000,000	8,000,000	0	0
40	Overlake Hos. Med. Cntr	AAA/Aaa/-	03/14/85	22,665,000	22,665,000	0	0
41	Sundown M. Ranch Corp.	NR	03/26/85	3,580,000	3,580,000	0	0
42	General Hospital-Everett	AAA/Aaa/-	07/16/85	28,055,000	28,055,000	0	0
43	St. Francis Comm. Hosp.	AAA/-/-	08/13/85	29,935,000	29,935,000	0	0
44	Sisters of Providence-WA	AA/A-1/-	11/12/85	16,730,000	16,730,000	0	0
45	Sisters of Providence-WA	AA&A1+/A-1&VMIG1/-	11/13/85	89,000,000	89,000,000	0	0
46	Deaconess Medical Center	A/-/-	12/17/85	37,170,000	37,170,000	0	0
47	Northwest Mem. Hosp.	A/A/-	12/30/85	26,910,000	26,910,000	0	0
48	Grays Harbor Comm. Hosp.	AA/-/-	12/31/85	7,060,000	7,060,000	0	0
49	Capital Facilities and Equip.	AAA/Aaa/-	05/20/87	17,020,000	17,020,000	0	0
50	Highline Comm. Hospital	-Aa1/-	06/18/87	16,400,000	16,400,000	0	0
51	Virginia Mason Medical Center	AAA/Aaa/-	07/29/87	100,395,000	100,395,000	0	0
52	Central WA Health Services	-A/-	08/27/87	9,230,000	9,230,000	0	0
53	Swedish Hosp. Medical Center	A+/A-/-	11/02/87	26,415,000	26,415,000	0	0
54	Tri-State Memorial	NR	12/11/87	1,708,591	1,708,591	0	0
55	Empire Health Services	AAA/Aaa/-	12/22/87	67,325,000	67,325,000	0	0
56	Sisters of Providence-WA	AA/A-1/-	02/02/88	13,275,000	13,275,000	0	0
57	Yakima Valley Mem. Hospital	A/A/-	02/25/88	6,310,000	6,310,000	0	0
58	Multicare Medical Center	AAA/Aaa/-	04/12/88	63,660,000	63,660,000	0	0
59	Group Health Puget Sound	AAA/Aaa/-	06/30/88	44,780,000	44,780,000	0	0
60	Empire Health Services	-/Aaa&VMIG1/-	09/02/88	11,300,000	11,300,000	0	0
61	St. Joseph Hospital, Tacoma	AAA/Aaa/-	11/10/88	42,270,000	42,270,000	0	0
62	Pooled Capital Facil./Equip.	AAA/Aaa/-	04/12/89	15,660,000	15,660,000	0	0

#	NAME	INITIAL RATING S&P/MOODY'S/OTHER	DATE OF ISSUE	ISSUE AMOUNT	PRINCIPAL REPAID	DEFEASED DEBT	OUTSTANDING PRINCIPAL
63	Ballard Comm. Hospital	NR	05/09/89	23,600,000	23,600,000	0	0
64	Southwest Wash. Hospitals	AAA/Aaa/-	06/14/89	29,650,000	29,650,000	0	0
65	Kadlec Hospital	-/Baa1/-	09/12/89	8,695,000	8,695,000	0	0
66	Sisters of Providence-WA	AA-/A-1/-	09/21/89	33,000,000	33,000,000	0	0
67	Highline Comm. Hospital	-/Aa2/-	09/28/89	14,065,000	14,065,000	0	0
68	Group Health Puget Sound	AAA/Aaa/-	11/02/89	65,000,000	65,000,000	0	0
69	Allenmore	AAA/Aaa/-	11/30/89	17,515,000	17,515,000	0	0
70	Overlake	AAA/Aaa/-	12/13/89	33,380,000	33,380,000	0	0
71	Catholic Health Corp.	A+/A1/-	04/17/90	23,700,000	23,700,000	0	0
72	Sisters of St. Joseph of Peace	AAA/Aaa/-	07/26/90	17,000,000	17,000,000	0	0
73	St. Francis Comm. Hosp.	AAA/Aaa/-	10/09/90	33,735,000	33,735,000	0	0
74	Our Lady of Lourdes Hosp.	AA+/-	11/27/90	14,980,000	14,980,000	0	0
75	Sisters of Providence-WA	AA-/A-1/-	11/28/90	39,800,000	39,800,000	0	0
76	Fred Hutchinson	-/Aaa&VMIG1/-	01/31/91	7,500,000	7,500,000	0	0
77	Fred Hutchinson	-/Aaa&VMIG1/-	01/31/91	10,400,000	10,400,000	0	0
78	Fred Hutchinson	-/Aaa&VMIG1/-	01/31/91	22,100,000	22,100,000	0	0
79	St. Clare Hospital	A+&A-1+/Aa3&VMIG1/-	02/07/91	14,400,000	14,400,000	0	0
80	Fred Hutchinson	-/Aaa/-	03/27/91	80,000,000	80,000,000	0	0
81	Group Health Puget Sound	AAA/Aaa/-	05/14/91	59,475,000	12,840,000	0	46,635,000
82	Pooled Capital Facil./Equip.	AAA/Aaa/-	05/22/91	12,300,000	12,300,000	0	0
83	Yakima Valley Mem. Hospital	A-/A/-	08/21/91	31,940,000	31,940,000	0	0
84	Franciscan Health Systems	AAA/Aaa/-	11/14/91	3,535,000	3,535,000	0	0
85	Franciscan Health Systems	AAA/Aaa/-	11/14/91	17,255,000	17,255,000	0	0
86	Sacred Heart Medical Center	AA-/A/-	03/17/92	40,610,000	40,610,000	0	0
87	St. Clare Hospital	AAA/Aaa/-	05/27/92	14,995,000	14,995,000	0	0
88	Pooled Capital Facil./Equip.	AAA/Aaa/-	06/23/92	6,945,000	6,945,000	0	0
89	Pooled Capital Facil./Equip.	AAA/Aaa/-	06/23/92	10,420,000	10,420,000	0	0
90	Pooled Equipment	-/Baa/-	06/30/92	2,845,000	2,845,000	0	0
91	Pooled Equipment	-/Baa1/-	06/30/92	5,680,000	5,680,000	0	0
92	Children's	AAA/Aaa/-	07/01/92	77,570,000	77,570,000	0	0
93	Multicare	AAA/Aaa/-	08/13/92	82,190,000	82,190,000	0	0
94	Virginia Mason Medical Center	AAA/Aaa/-	12/15/92	37,775,000	13,730,000	0	24,045,000
95	Swedish Hosp. Medical Center	AAA/Aaa/-	12/22/92	150,000,000	150,000,000	0	0
96	Sisters of Providence-WA	AA-/A-1/-	03/17/93	32,200,000	32,200,000	0	0
97	Srs of St. Joseph of Peace,HHS	AAA/Aaa/-	03/18/93	25,800,000	7,600,000	0	18,200,000
98	Empire Health Services	AAA/Aaa/-	04/28/93	110,480,000	56,715,000	7,870,000	45,895,000
99	Dominican Health Services	AAA/-	04/29/93	26,000,000	26,000,000	0	0
100	FHS/St. Joseph Hosp,Tacoma	AAA/Aaa/-	07/15/93	44,220,000	44,220,000	0	0
101	Grays Harbor Comm. Hosp.	NR	09/02/93	12,890,000	12,890,000	0	0
102	Northwest Hospital	AAA/Aaa/-	12/15/93	43,950,000	19,865,000	0	24,085,000
103	The Heart Institute of Spokane	AA-/A/-	12/16/93	11,880,000	11,880,000	0	0
104	Highline Community Hospital	AAA/-	12/21/93	33,770,000	14,950,000	0	18,820,000
105	Country Doctor Comm.Clinic	NR	01/28/94	1,350,000	1,350,000	0	0
106	Harrison Memorial Hospital	AAA/Aaa/-	02/16/94	30,000,000	7,485,000	0	22,515,000
107	Srs of St. Joseph of Peace,HHS	NR	02/24/94	13,500,000	9,990,000	0	3,510,000
108	Tri-State Memorial	NR	09/30/94	4,500,000	4,500,000	0	0
109	Sisters of Providence-WA	AAA/Aaa/-	11/17/94	33,580,000	24,570,000	0	9,010,000
110	PeaceHealth	AAA/Aaa/-	11/16/95	30,000,000	30,000,000	0	0
111	Sisters of Providence-WA	AAA/Aaa/-	12/14/95	84,040,000	55,125,000	0	28,915,000
112	Highline-West Seattle M.H.Ctr.	NR	01/10/96	3,950,000	3,950,000	0	0
113	Yakima Valley Memorial Hosp	AAA/-	03/14/96	48,555,000	12,875,000	0	35,680,000
114	Highline Community/GE-ASAP	NR	03/20/96	1,720,380	1,720,380	0	0
115	Greater Lakes Mental Health	NR	04/26/96	4,000,000	1,139,724	0	2,860,276
116	Fred Hutchinson	-/Aa1&VMIG-1/-	07/16/96	35,000,000	35,000,000	0	0
117	Grays Harbor Comm. Hosp.	AA/-	10/24/96	19,000,000	3,550,000	0	15,450,000
118	Northwest Hospital GE LEASAP	NR	11/13/96	6,100,000	6,100,000	0	0
119	Kadlec Medical Center	AAA/Aaa/-	11/21/96	15,250,000	9,475,000	0	5,775,000
120	Yakima Valley Farm Workers	-/AA3/-	01/22/97	3,900,000	900,000	0	3,000,000
121	Community Hlth Ctrs of King Cty	NR	03/25/97	2,900,000	2,900,000	0	0
122	Sunnyside Community Hospital	-/Aa3/-	04/30/97	7,000,000	2,300,000	0	4,700,000
123	Community Hlth Ctr Snohomish	NR	05/02/97	1,375,000	1,375,000	0	0
124	Virginia Mason Medical Center	AAA/Aaa/-	08/20/97	33,400,000	4,500,000	0	28,900,000
125	Virginia Mason Medical Center	AAA/Aaa/-	08/20/97	92,850,000	26,205,000	0	66,645,000
126	Family Resource Center	NR	10/23/97	1,680,840	1,680,840	0	0
127	Catholic Health Initiatives	AAA/Aaa/-	11/25/97	86,015,000	27,730,000	80,000	58,205,000
128	International Community H.S.	NR	01/16/98	862,667	862,667	0	0

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129	Highline Community Hospital	AA/-/-	03/18/98	16,000,000	0	0	16,000,000
130	Highline Com. Hos. GE LEASAP	NR	04/28/98	1,846,756	1,846,756	0	0
131	Swedish Health Services	-/Aaa/-	05/14/98	258,520,000	31,485,000	0	227,035,000
132	Multicare	-/Aaa/-	08/13/98	174,430,000	40,375,000	0	134,055,000
133	Behavioral Health Resources	NR	08/31/98	147,776	61,692	0	86,084
134	Central Wash. Comp. Mental	-/Aa1/-	09/29/98	4,700,000	1,825,000	0	2,875,000
135	PeaceHealth	AAA/-/-	11/04/98	60,000,000	0	60,000,000	0
136	Harrison Memorial Hospital	AAA/Aaa/-	11/10/98	47,800,000	2,380,000	0	45,420,000
137	Children's Hosp.& Reg.Med.Cntr	-/Aaa/-	11/17/98	147,275,000	18,870,000	67,025,000	61,380,000
138	Evergreen Manor, Inc.	NR	11/20/98	550,000	550,000	0	0
139	Columbia River Mental Health	NR	12/09/98	6,500,000	605,000	0	5,895,000
140	Northwest Hospital GE LEASAP	NR	12/10/98	12,000,000	12,000,000	0	0
141	Fred Hutchinson	-/Aa1/-	01/07/99	19,600,000	19,600,000	0	0
142	Greater Lakes Mental Health	NR	02/16/99	550,000	345,704	0	204,296
143	Community Hlth Ctrs of King Cty	NR	02/24/99	2,100,000	2,100,000	0	0
144	Community Hlth Ctrs of King Cty	NR	02/24/99	2,841,408	523,148	0	2,318,260
145	Southwest Wash. Med. Center	-/Aaa/-	03/10/99	65,655,000	8,150,000	0	57,505,000
146	Kadlec Med. Cent. GE LEASAP	NR	03/17/99	2,594,691	2,594,691	0	0
147	Community Hlth Ctr Snohomish	NR	04/20/99	1,335,998	225,524	0	1,110,474
148	Sisters of Providence-WA	AAA/Aaa/-	04/29/99	33,475,000	5,385,000	18,210,000	9,880,000
149	Comm. Health Cntr La Clinica	NR	05/18/99	467,000	467,000	0	0
150	Evergreen Counseling Center	NR	06/15/99	374,500	374,500	0	0
151	Evergreen Counseling Center	NR	06/15/99	520,000	520,000	0	0
152	Providence Services	AAA/-/-	07/20/99	106,515,000	14,820,000	0	91,695,000
153	Central Seattle Recovery Center	NR	07/21/99	1,275,000	719,917	0	555,083
154	Enumclaw Comm. Hospital	NR	10/19/99	545,100	545,100	0	(0)
155	Overlake Hospital EZ Lease	NR	11/16/99	6,062,000	6,062,000	0	0
156	Highline Com. Hos. GE LEASAP	NR	11/22/99	1,200,000	1,200,000	0	0
157	Yak. Vall. Mem. Hosp. EZ Lease	NR	12/21/99	3,999,597	3,336,694	0	662,903
158	Sea-Mar Community Health Cntr	-/Aa3/-	01/20/00	4,110,000	465,000	0	3,645,000
159	Catholic Health Initiatives	AAA/Aaa/-	03/31/00	32,880,000	5,845,000	11,620,000	15,415,000
160	Columbia Basin Health Assoc.	NR	04/18/00	1,680,000	1,680,000	0	0
161	NW Kidney Center	NR	04/19/00	4,600,000	1,150,985	0	3,449,035
162	Grays Harbor Comm. Hosp.	AA/-/-	05/10/00	9,000,000	1,205,000	0	7,795,000
163	Sea. Can. Care Alliance EZ Lea.	NR	10/23/00	7,201,434	5,384,548	0	1,816,886
164	Nat.Hlcare, Res.,& Ed. Fin. Corp	-/Aa3/-	10/31/00	38,000,000	2,600,000	0	35,400,000
165	Perinatal Treatment Services	NR	11/21/00	735,000	735,000	0	0
166	Spokane Mental Health	NR	11/21/00	2,530,000	2,530,000	0	0
167	Valley Cities Counseling	NR	11/29/00	3,039,985	3,039,985	0	0
168	Fred Hutchinson	AA/-/-	11/30/00	72,000,000	6,500,000	0	65,500,000
169	Residence XII	NR	11/30/00	990,000	92,603	0	897,397
170	Provail	-/Aa3/-	12/05/00	7,700,000	7,700,000	0	0
171	Kadlec Medical Center	AA/Baa1/-	02/14/01	25,000,000	0	0	25,000,000
172	Overlake Hosp.EZ Lease	NR	02/23/01	6,750,000	4,569,284	0	2,180,716
173	Seattle Cancer Care Alliance	-/Aa3&VMIG1/-	03/06/01	22,100,000	1,305,000	0	20,795,000
174	Highline Com. Hos. EZ Lease	NR	03/22/01	2,700,000	2,700,000	0	0
175	Comm. Health Assoc. of Spok.	NR	04/02/01	1,860,000	1,860,000	0	0
176	Sea-Mar Community Health Cntr	-/Aa3/-	04/10/01	4,280,000	370,000	0	3,910,000
177	Yak. Valley Mem. EZ Lease	NR	04/17/01	4,000,000	2,430,419	0	1,569,581
178	Central Wash. Health Services	-/Aaa/-	04/19/01	19,995,000	1,990,000	0	18,005,000
179	Providence Health Systems	AAA/Aaa/-	06/21/01	51,400,000	8,500,000	0	42,900,000
180	Providence Health Systems	AAA/Aaa/-	06/21/01	105,200,000	0	0	105,200,000
181	Inland Northwest Blood Center	-/-/AA&F1+	08/16/01	8,990,000	960,000	0	8,030,000
182	Comm. Home Health Hospice	NR	10/22/01	1,283,000	216,590	0	1,066,410
183	PeaceHealth	AAA/Aaa/-	11/06/01	40,000,000	0	0	40,000,000
184	PeaceHealth	AAA/Aaa/-	11/06/01	40,000,000	0	0	40,000,000
185	Kadlec Med. Cent. GE LEASAP	NR	11/09/01	9,747,036	6,595,259	0	3,151,777
186	Family Health Centers	NR	11/13/01	825,000	112,190	0	712,810
187	Fred Hutchinson	AAA/Aaa/-	11/15/01	35,700,000	0	0	35,700,000
188	Fred Hutchinson	AAA/Aaa/-	11/15/01	103,000,000	5,300,000	0	97,700,000
189	Group Health Puget Sound	AAA/Aaa/-	11/21/01	66,215,000	0	0	66,215,000
190	Children's Hosp.& Reg.Med.Cntr	-/Aaa/-	12/05/01	80,000,000	1,440,000	66,210,000	12,350,000
191	Good Samaritan Hospital	AA/-/AA	12/12/01	50,000,000	1,765,000	0	48,235,000
192	Highline Comm. Hosp.	NR	01/07/02	4,500,000	3,475,139	0	1,024,861
193	Country Doctor	NR	01/18/02	1,244,750	159,094	0	1,085,655
194	Mt. Baker Kidney Center	NR	02/19/02	2,298,060	805,881	0	1,492,179

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195	Compass Health	NR	05/21/02	1,635,519	187,853	0	1,447,666
196	Evergreen Manor, Inc.	NR	05/21/02	896,135	92,992	0	803,143
197	Seattle Mental Health Institute	NR	07/12/02	2,250,000	2,250,000	0	0
198	Providence Services	AAA/-/-	08/07/02	68,000,000	0	0	68,000,000
199	Providence Services	AAA/-/-	08/07/02	68,000,000	0	0	68,000,000
200	Walla Walla Gen. Hos. GE ASAP	NR	08/14/02	2,056,209	1,084,952	0	971,257
201	Fred Hutchinson	AAA/Aaa/-	11/01/02	83,350,000	4,550,000	0	78,800,000
202	Catholic Health Initiatives	AA (A-1+)/Aa2VMIG-1/-	11/07/02	68,400,000	68,400,000	0	0
203	Yakima Valley Mem. Hospital	A/-/-	11/13/02	20,000,000	0	0	20,000,000
204	Valley Cities Counseling	NR	12/12/02	2,997,144	241,115	0	2,756,030
205	Puget Sound Neigh Hlth Centers	NR	12/13/02	3,500,000	384,583	0	3,135,417
206	Sea-Mar Community Health Cntr	NR	12/13/02	1,200,000	126,094	0	1,073,906
207	Empire Heal. Serv. GE EZ Lease	NR	12/20/02	10,000,000	4,332,085	0	5,667,915
208	Wa Assoc Comm/Migr Hlth Cntrs	-/Aa2VMIG1/-	01/23/03	8,970,000	1,955,000	0	7,015,000
209	Cowlitz Co. Guidance Assoc.	NR	03/05/03	700,000	66,739	0	633,261
210	Comm. Health Assoc. of Spok.	NR	04/11/03	3,800,000	854,930	0	2,945,070
211	Spokane Mental Health	NR	04/29/03	2,256,260	385,343	0	1,870,917
212	Compass Health	NR	05/16/03	800,000	800,000	0	0
213	Yakima Valley Farm Workers	NR	06/10/03	3,000,000	650,000	0	2,350,000
214	Overlake Hospital Medical Cntr	AAA/-/AAA	06/19/03	21,430,000	2,665,000	0	18,765,000
215	Family Resource Center	NR	08/14/03	1,153,774	491,261	0	662,513
216	Spokane Mental Health	NR	08/15/03	960,000	57,056	0	902,944
217	Northwest Mem. Hospital	NR	09/05/03	11,250,000	331,236	0	10,918,764
218	Feminist Women's Health Ctr	NR	11/14/03	560,000	39,193	0	520,807
219	Columbia Basin Health Assoc.	NR	11/17/03	4,000,000	506,521	0	3,493,479
220	Empire Health Services	AA/-/A-1/-/-	12/22/03	34,675,000	2,000,000	0	32,675,000
221	Planned Parenthood	NR	01/12/04	525,000	55,095	0	469,905
222	Seattle Mental Health Institute	NR	02/17/04	5,920,000	289,584	0	5,630,416
223	Whatcom Counseling	NR	02/17/04	172,000	7,482	0	164,518
224	Whatcom Counseling	NR	02/17/04	226,890	9,870	0	217,020
225	Yakima Valley Farm Workers	NR	03/17/04	4,368,000	442,116	0	3,925,884
226	Peninsula Comm Mental Health	NR	04/12/04	2,000,000	97,477	0	1,902,523
227	International Community H.S.	NR	04/13/04	2,500,000	148,672	0	2,351,328
228	Northwest Hosp. (Sieman's Fin.)	NR	05/21/04	2,836,044	806,497	0	2,029,547
229	Multicare Health System	AAA/Aaa/-	06/22/04	50,000,000	0	0	50,000,000
230	Multicare Health System	AAA/Aaa/-	06/22/04	50,000,000	0	0	50,000,000
231	Multicare Health System	AAA/Aaa/-	06/22/04	50,000,000	0	0	50,000,000
232	Inland Northwest Health Services	NR	07/09/04	13,000,000	6,717,156	0	6,282,844
233	Central Wash Family Medicine	NR	09/13/04	2,350,000	265,572	0	2,084,428
234	Highline-West Seattle M.H.Ctr.	NR	10/21/04	602,000	5,056	0	596,944
235	Highline-West Seattle M.H.Ctr.	NR	10/21/04	3,198,000	101,678	0	3,096,322
236	Central Wash. Comp. Mental	NR	11/19/04	3,320,000	69,167	0	3,250,833
237	Spokane Mental Health	NR	11/22/04	383,100	42,209	0	340,891
238	Northwest Hosp. GE ASAP	NR	11/23/04	2,500,000	579,182	0	1,920,818
239	Northwest Hosp. GE ASAP	NR	11/23/04	6,500,000	1,505,874	0	4,994,126
240	Catholic Health Initiatives	AA (A-1+)/Aa2VMIG-1/-	12/01/04	68,400,000	3,500,000	0	64,900,000
241	Southwest Wash. Med. Center	-/-/AAA	12/08/04	57,500,000	0	0	57,500,000
242	Southwest Wash. Med. Center	-/-/AAA	12/08/04	57,500,000	0	0	57,500,000
243	Kadlec Medical Cntr GE LEASAP	NR	12/14/04	5,987,766	937,105	0	5,050,662
244	Airlift Northwest EZ Quip	NR	03/16/05	8,800,000	749,415	0	8,050,585
245	Columbia Valley Community Hlth	NR	03/22/05	3,645,410	118,455	0	3,526,955
246	Highline Medical Center	AA (A-1+)/-/-	05/04/05	18,000,000	0	0	18,000,000
247	Comm. Health Assoc. of Spok.	NR	05/19/05	1,000,000	81,682	0	918,318
248	Overlake Hospital Medical Cntr	A/-/-	06/08/05	60,000,000	0	0	60,000,000
249	Overlake Hospital Medical Cntr	AA/Aa3/-	06/08/05	37,500,000	0	0	37,500,000
250	Overlake Hospital Medical Cntr	AA/Aa3/-	06/08/05	37,500,000	0	0	37,500,000
251	Overlake Hospital Medical Cntr	AAA/Aa1/-	06/08/05	25,000,000	0	0	25,000,000
252	Yak Valley Mem Hosp GE LEASAP	NR	06/16/05	5,000,000	495,862	0	4,504,138
253	Seattle Cancer Care Alliance	-/A1&VMIG1/-	06/17/05	25,000,000	12,410,000	0	12,590,000
254	Seadrumar	NR	06/27/05	1,932,009	150,719	0	1,781,290
255	Sea-Mar Community Health Cntr	NR	08/01/05	3,600,000	43,906	0	3,556,094
256	Peninsula Comm Health Services	NR	08/17/05	3,000,000	34,934	0	2,965,066
257	Tri-State Memorial Hospital	NR	08/18/05	15,000,000	288,001	0	14,711,999
258	PeaceHealth	AAA/Aaa/AAA	10/19/05	42,700,000	0	0	42,700,000
259	PeaceHealth	AAA/Aaa/AAA	10/19/05	43,300,000	0	0	43,300,000
260	Columbia Valley Community Hlth	NR	12/15/05	648,250	0	0	648,250

		INITIAL RATING	DATE OF	ISSUE	PRINCIPAL	DEFEASED	OUTSTANDING
#	NAME	S&P/MOODY'S/OTHER	ISSUE	AMOUNT	REPAID	DEBT	PRINCIPAL
261	YakValley Mem Hosp.	NR	12/15/05	50,001	0	0	50,001
262	YakValley Mem Hosp.	NR	12/15/05	1,484,000	13,740	0	1,450,260
263	Children's Hospital	-/Aaa/-	02/16/08	71,675,000	0	0	71,675,000
264	Children's Hospital	-/Aaa/-	02/16/08	75,350,000	0	0	75,350,000
265	Children's Hospital	-/Aaa/-	02/16/08	90,000,000	0	0	90,000,000
266	Lewis County Comm. Hlth Services	NR	03/16/08	470,000	0	0	470,000
	TOTAL			\$6,366,385,079	\$3,039,540,341	\$231,015,000	\$3,095,829,738

A Forgotten Authority

The Washington Health Care Facilities Authority is Failing in Its Primary Purpose: To Make Quality Health Care Affordable for Washingtonians

About the organizations releasing this report



Washington Community Action Network is a state-wide, grassroots organization. With over 50,000 members, we are the largest consumer advocacy group in the state. We work on a range of issues with the broad aim of bringing about greater economic justice in our state and the country. Our board represents a coalition of groups, including labor, senior, faith, and community organizations. Our field and telephone canvasses do education, activation, and fundraising with our members. Our strength as an organization depends on our members' involvement. 3530 Bagley Avenue North, Seattle, WA 98103, Voice: (206) 389.0050, Fax: (206) 389.0049, Web: www.washingtoncan.org



Northwest Federation of Community Organizations (NWFCO) is a regional federation of four statewide, community-based social and economic justice organizations located in the states of Idaho, Montana, Oregon, and Washington: Idaho Community Action Network (ICAN), Montana People's Action (MPA), Oregon Action (OA), and Washington Citizen Action (WCA). Collectively, these organizations engage in community organizing and coalition building in 14 rural and major metropolitan areas, included the Northwest's largest cities (Seattle and Portland) and the largest cities in Montana and Oregon. 1265 South Main Street Suite #304, Seattle, WA 98144, Voice: (206) 568-5400, Fax: (206) 568-5444, Web: <http://www.nwfc.org>