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**Lewis County Hospital District No. 1  
dba Arbor Health  
Special Board Meeting Packet**

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**April 22, 2020– 3:00 pm  
ZOOM**

<https://myarborhealth.zoom.us/j/99664919204>

**One tap mobile: +16699006833,,99664919204# US**

**Dial: +1 253 215 8782 US**

**Meeting ID: 996 6491 9204**

**BOARD OF COMMISSIONERS**

**Board Chair – Shelly Fritz, Commissioner – Trish Frady,  
Commissioner – Tom Herrin & Commissioner – Wes McMahan**



**LEWIS COUNTY HOSPITAL DISTRICT NO. 1  
SPECIAL BOARD OF COMMISSIONERS' MEETING**

**April 22, 2020 at 3:00 p.m.**

**Zoom**

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One tap mobile: +16699006833,,99664919204# US

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**Mission Statement**

**To foster trust and nurture a healthy community.**

**Vision Statement**

**To provide accessible, quality healthcare.**

| AGENDA  | PAGE | TIME    |
|---|------|---------|
| Call to Order   |      | 3:00 pm |
| Reading of the Notice of the Special Meeting  | 3    | 3:01 pm |
| New Business <ul style="list-style-type: none"> <li>• Resolution 20-14-Authorizing Promissory Note 2020-PPP Loan (<i>Action</i>)               <ul style="list-style-type: none"> <li>○ <i>To authorize the District's participation in the SBA Paycheck Protection Program.</i></li> </ul> </li> </ul> | 4    | 3:02 pm |
| Action  |      | 3:15 pm |
| Adjournment   |      | 3:20 pm |

## Special Board Meeting Notice

The Lewis County Hospital District No. 1 Board of Commissioners will be holding a Special Board Meeting on Wednesday, April 22, 2020 at 3:00 PM. The meeting will be available via Zoom:

<https://myarborhealth.zoom.us/j/99664919204>

One tap mobile: +16699006833,,99664919204# US

Dial: +1 253 215 8782 US

Meeting ID: 996 6491 9204

The purpose of this meeting is to approve Resolution 20-14-To Authorize Promissory Note 2020-Paycheck Protection Program Loan. The Board of Commissioners may take action.



**LEWIS COUNTY HOSPITAL DISTRICT NO. 1**  
**MORTON, WASHINGTON**

RESOLUTION AUTHORIZING  
PROMISSORY NOTE 2020-PPP LOAN

RESOLUTION NO. 20-14

WHEREAS, the Lewis County Hospital District No. 1 owns and operates Arbor Health, a 25-bed Critical Access Hospital located in Morton, Washington, and;

WHEREAS, the Lewis County Hospital District No. 1 feel that this is worthy,

NOW, THEREFORE, BE IT RESOLVED by the Commissioners of Lewis County Hospital District No. 1 as follows:

**Relating to the finances of the District; authorizing the issuance of a Promissory Note payable from revenues of the District in an amount not to exceed \$2,900,000 for the purpose of providing funds to pay all or a portion of the District's payroll costs under the Paycheck Protection Program of the U.S. Small Business Administration's 7(a) Loan Program; fixing certain terms and covenants of such note; and approving the sale and providing for the delivery of such note to North Cascades Bank.**

**BE IT RESOLVED BY THE COMMISSION OF PUBLIC HOSPITAL DISTRICT NO 1, LEWIS COUNTY, WASHINGTON, as follows:**

Section 1. **Definitions.** As used in this Resolution, the following capitalized terms shall have the following meanings:

(a) ***"Application"*** means the District's application to enter into the Small Business Association Paycheck Protection Program.

(b) ***"Bond Counsel"*** means Foster Garvey P.C., its successor, or any other attorney or firm of attorneys selected by the District to serve as bond counsel.

(c) ***"Commission"*** means the Board of Commissioners of the District, acting as the legislative authority of the District, as duly and regularly constituted from time to time.

(d) ***"District"*** means Public Hospital District No. 1, Lewis County, Washington, a municipal corporation of the State of Washington duly organized pursuant to the provisions of chapter 70.44 RCW.

(a) ***"Gross Revenue of the District"*** means the proceeds of all operating and nonoperating revenues derived by the District at any time from any source, including any proceeds on deposit in any general or special fund maintained by the District, but excluding (i) all grants, donations and trust funds, including investment income earned thereon, which have been specifically restricted to a particular purpose inconsistent with the payment of expenses or debt service on any indebtedness incurred by the District, (ii) income derived from investments irrevocably pledged to the payment of any defeased bonds payable from Gross Revenue of the District, (iii) investment income earned on money in any fund or account created or maintained solely for the purpose of complying with the arbitrage rebate provisions of the Code, and (iv) all proceeds of tax levies,



including any investment income earned thereon, all as determined in accordance with generally accepted accounting principles.

- (e) **“Issue Date”** means the date of initial delivery of the Note to the Purchaser.
- (f) **“Maturity Date”** means the maturity date of the Note as specified in the Note, which shall not be later than two years from the Issue Date.
- (b) **“Net Revenue of the District”** means the Gross Revenue of the District less Operating and Maintenance Expenses incurred by the District.
- (g) **“Note”** means the not to exceed \$2,900,000 par value Promissory Note, 2020 (Taxable), of the District issued pursuant to and for the purposes provided in this Resolution.
- (h) **“Note Fund”** means the Promissory Note Fund, 2020 of the District created for the payment of the principal of and interest on the Note.
- (i) **“Note Register”** means the books or records maintained by the Note Registrar containing the name and mailing address of the owner of the Note and the principal amount held by the owner.
- (j) **“Note Registrar”** means the Treasurer of the District or any successor note registrar selected by the District.
- (c) **“Operating and Maintenance Expenses”** means all the expenses and other proper charges incurred by the District, as applicable; in each case, as determined in accordance with generally accepted accounting principles, but excluding interest, depreciation and amortization expenses.
- (k) **“Proceeds Fund”** means the Proceeds Fund, 2020, created in the office of the Treasurer by Section 10 of this Resolution.
- (l) **“Purchaser”** means North Cascades Bank, a division of Glacier Bank, Chelan, Washington, or its corporate successor
- (m) **“Registered Owner”** means the person in whose name the Note is registered on the Note Register. The Purchaser shall be the initial Registered Owner.
- (d) **“Resolution”** means this Resolution authorizing the Note.
- (n) **“State”** means the State of Washington.
- (o) **“System of Registration”** means the system of registration for the District’s bonds and other obligations set forth in Resolution No. 90-32 of the District.
- (p) **“Treasurer”** or **“Treasurer of the District”** means the Treasurer of Lewis County, Washington, in Chehalis, Washington, as *ex officio* treasurer of the District, and any successor Treasurer of the District designated in accordance with applicable law.

Section 2. **Findings and Determinations.** The District takes note of the following facts and makes the following findings and determinations:



(a) The District, doing business as Arbor Health (formerly known as Morton General Hospital), owns and operates health care facilities in Lewis County, Washington.

(b) Section 1102 of the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”), temporarily added a new product, titled the “Paycheck Protection Program” to the U.S. Small Business Administration’s 7(a) Loan Program, and Section 1106 of the CARES Act provides for forgiveness of up to the full principal amount of qualifying loans guaranteed under the Paycheck Protection Program. Both sections are intended to provide economic relief to small businesses nationwide adversely impacted under the Coronavirus Disease 2019 (COVID-19) Emergency Declaration issued by the President of the United States on March 13, 2020.

(c) In order for the District to respond to the COVID-19 outbreak and current public health emergency, the District applied for the Paycheck Protection Program to access short-term cash flow assistance to help cover operating and payroll expenses.

(d) The District meets the following eligibility requirements to enter into the Paycheck Protection Program.

(1) The District has fewer than 500 employees whose principal place of residence is in the United States.

(2) The District is a tax-exempt nonprofit organization described in Section 501(c)(3) of the Internal Revenue Code and exempt from taxation under Section 501(a) of the Internal Revenue Code. The District received a 501(c)(3) determination letter in November 1994, pursuant to a letter from the Internal Revenue Service dated March 15, 2017.

(3) The District was in operation on February 15, 2020 and had employees for whom the District paid salaries and payroll taxes or paid independent contractors, as reported on a Form 1099-MISC.

(4) The District does not engage in any activity that is illegal under federal, State or local law; is not a household employer; is not owned by any individual; and has not, nor has any business owned or controlled by the District, ever obtained a direct or guaranteed loan from the Small Business Administration or any other Federal agency that is currently delinquent or has defaulted with the last seven years and caused a loss to the government.

(e) There will be material adverse financial and legal consequences to the District if the Note authorized by this Resolution is not put in place as soon as possible.

(f) The adoption of this Resolution is part of the necessary and routine business of the District and necessary to respond to the COVID-19 outbreak and the current public health emergency.

Section 3. Authorization and Description of the Note. The District shall issue and sell its Public Hospital District No. 1, Lewis County, Washington Promissory Note, 2020 (the “Note”) for the purpose of entering into the Payroll Protection Program to help cover operating and payroll expenses.

The Note shall be dated as of the Issue Date; shall be issued in registered form; shall mature on the Maturity Date; and shall bear interest at a fixed rate of 1.00% per annum (pursuant to the



provisions of the Note). If the Note is not fully forgiven in compliance with the CARES Act, principal of and interest on the Note is payable monthly as provided in the Note.

The Note is subject to prepayment as provided in the Note.

Section 4. Note Registrar; Registration and Transfer of the Note.

(a) *Registration of the Note.* The Note shall be issued only in registered form as to both principal and interest and the ownership of the Note shall be recorded on the Note Register.

(b) *Note Registrar; Duties.* The Treasurer of the District is appointed to serve as Note Registrar for the Note. The Note Registrar shall keep, or cause to be kept, sufficient books for the registration and transfer of the Note, which shall be open to inspection by the District at all times. The Note Registrar shall serve as the District's authenticating agent, registrar and paying agent for the Note and shall comply fully with all applicable federal and state laws and regulations respecting the carrying out of those duties. The Note Registrar is authorized, on behalf of the District, to authenticate and deliver the Note should it be transferred or exchanged in accordance with the provisions of the Note and this Resolution and to carry out all of the Note Registrar's powers and duties under this Resolution and the System of Registration. The Note Registrar shall be responsible for its representations contained in the Note Registrar's Certificate of Authentication on the Note. When the Note has been forgiven or paid in full, both principal and interest, the Note shall be surrendered by the Registered Owner to the Note Registrar, who shall cancel the Note.

(c) *Transfer and Exchange.* The Note Register shall contain the name and mailing address of the Registered Owner and the principal amount and number of the Note. The Note may be assigned or transferred only (i) if allowed under the Paycheck Protection Program; (ii) if endorsed in a manner acceptable to and surrendered to the Note Registrar; (iii) upon the assignee or transferee acknowledging in writing to the District that such assignee or transferee has received information regarding the District and the Note sufficient to comply with the requirements of Rule 10b-5 promulgated under the Securities Exchange Act of 1934, as amended; and (iv) upon execution of a certificate of the assignee or transferee in the form approved by Bond Counsel.

Section 5. Form and Execution of the Note.

(a) *Form of the Note; Signatures.* The Note shall be prepared in a form consistent with the provisions of this Resolution and State law. The Note shall be signed by the Chief Executive Officer and Chief Financial Officer of the District, either or both of whose signatures may be manual or in facsimile. If any officer whose manual or facsimile signature appears on the Note ceases to be an officer of the District authorized to sign bonds before the Note bearing her or his manual or facsimile signature is authenticated by the Note Registrar, or issued or delivered by the District, that Note nevertheless may be authenticated, issued and delivered and, when authenticated, issued and delivered, shall be as binding on the District as though that person had continued to be an officer of the District authorized to sign bonds. The Note also may be signed on behalf of the District by any person who, on the actual date of signing of the Note, is an officer of the District authorized to sign bonds, although he or she did not hold the required office on its Issue Date.

(b) *Authentication.* Only if the Note bears a Certificate of Authentication in substantially the following form, manually signed by the Note Registrar, shall it be valid or obligatory for any purpose or entitled to the benefits of this Resolution: "Certificate of Authentication. This Note is the fully registered Public Hospital District No. 1, Lewis County, Washington Promissory Note, 2020." The authorized signing of the Certificate of Authentication



shall be conclusive evidence that the Note so authenticated has been duly executed, authenticated and delivered and is entitled to the benefits of this Resolution.

Section 6. **Payment of the Note.** If not forgiven under Section 1106 of the CARES Act, both principal of and interest on the Note shall be payable in lawful money of the United States of America. Principal of and interest on the Note is payable by electronic transfer on each payment date, or by check or draft of the Note Registrar mailed on the payment date to the Registered Owner at the address appearing on the Note Register as provided in the Note. The Note is not subject to acceleration under any circumstances.

Section 7. **Note Fund.** The Note Fund is created as a special fund of the District for the sole purpose of paying principal of and interest on the Note. All amounts allocated to the payment of the principal of and interest on the Note shall be deposited in the Note Fund as necessary for the timely payment of amounts due with respect to the Note. The principal of and interest on the Note shall be paid out of the Note Fund. Until needed for that purpose, the District may invest money in the Note Fund temporarily in any legal investment, and the investment earnings shall be retained in the Note Fund and used for the purposes of that fund.

Section 8. **Pledge of Revenue; Lien Position; Parity Provisions.** If necessary, the District shall set aside and pay into the Note Fund an amount sufficient to pay the principal of and interest on the Note when due, as set forth herein, from the Net Revenue of the District, which Net Revenue of the District is pledged to such payment. The lien and charge of the Note on the Net Revenue of the District shall be prior and superior to any other charges. The Note shall not be a general obligation of the District.

Section 9. **Proceeds Fund and Deposit of Note Proceeds.** There shall be created and established in the office of the Treasurer of the District a special fund to be known and designated as the Proceeds Fund, 2020 (the "Proceeds Fund"). The principal proceeds of the Note shall be deposited in the Proceeds Fund and used for the purposes as authorized by this Resolution in compliance with the Paycheck Protection Program. Pending the expenditure of such principal proceeds in the Proceeds Fund, the Treasurer may temporarily invest such proceeds in any legal investment and the investment earnings may be retained in the Proceeds Fund and expended for the purposes of that fund. Any money remaining in the Proceeds Fund, after all costs are paid, shall be transferred to the Note Fund in compliance with the Paycheck Protection Program.

Section 10. **Approval of Purchaser Documents.** The Purchaser has provided documentation to purchase the Note as described in Section 3 hereof under the terms and conditions specified in the Note, Amortization Schedule, the Paycheck Protection Program Loan Disclosure, the Disbursement Request and Authorization and such other documents as may be required by the Purchaser under the Paycheck Protection Program (the "Purchaser Documents"). The Commission hereby delegates authority to the Chief Executive Officer, or her designee, to execute and deliver the Purchaser Documents to the Purchaser.

The District acknowledges and accepts the terms and conditions as provided in the Note, and the proper District officials are authorized and directed to do everything necessary for the prompt delivery of the Note to the Purchaser and for the proper application and use of the proceeds of the sale thereof, all in compliance with the Paycheck Protection Program.

Section 11. **Enforceability of Covenants.** The covenants of the District contained in this Resolution constitute a contract between the District and the Registered Owner of the Note. In the event of default of any covenant or agreement herein by the District, any such bond owner may enforce performance and obtain other appropriate relief in the proper forum as permitted by law.





In the event the Registered Owner must commence legal proceedings to enforce the District's obligations contained herein, or in any bankruptcy proceeding of the District, the Purchaser shall be entitled to recover from the District, in addition to the obligations contained herein, its costs and reasonable attorney fees.

Section 12. **Refunding or Defeasance of the Note.** In the event the District shall have irrevocably set aside for and pledged to the payment of the principal of and interest on the Note as it matures or is called for prepayment, money and/or Government Obligations (and, if deemed appropriate, provided for the substitution of other Government Obligations for such obligations and investments) sufficient in amount together with known earned income from the investments thereof, to make such payments and accomplish the refunding as scheduled (hereinafter called the "trust account"), and shall irrevocably make provision for redemption of the Note, then in that case all right and interest of the Registered Owner of the Note to be so retired or refunded in the Note (hereinafter called the "defeased Note") in the covenants of this Resolution, and in funds and accounts obligated to the payment of such Note shall thereafter cease and become void, except such Registered Owner shall have the right to receive payment of the principal of and interest on the defeased Note from the trust account. After the establishing and full funding of such trust account, the District may then apply any money in any other fund or account established for the payment or prepayment of the defeased Note to any lawful purposes as it shall determine.

The District shall include in the refunding or defeasance plan such provisions as the District deems necessary for notice of the defeasance to be given to the Registered Owner of the defeased Note and to such other persons as the District shall determine. The defeased Note shall be deemed no longer outstanding, and the District may apply any money in any other fund or account established for the payment or redemption of the defeased Note to any lawful purposes as it shall determine.

Section 13. **Supplemental and Amendatory Resolutions.** The District may supplement or amend this Resolution for any one or more of the following purposes without the consent of the Registered Owner of the Note:

(a) To add covenants and agreements that do not materially adversely affect the interests of the Registered Owner, or to surrender any right or power reserved to or conferred upon the District.

(b) To cure any ambiguities, or to cure, correct or supplement any defective provision contained in this Resolution in a manner that does not materially adversely affect the interest of the Registered Owner of the Note.

Section 14. **Electronic Signatures.** The Commission authorizes the use of one or more methods of electronic signature for specific types of agreements, transactions and general documents, including the documents necessary in connection with this Note. The Chief Executive Officer shall determine the manner, format and criteria for use by a third party, of electronic signatures to be determined on the basis of risk.

Section 15. **General Authorization and Ratification.** The Commission, Chief Executive Officer, Chief Financial Officer and other appropriate officers of the District are severally authorized to take such actions and to execute such documents as in their judgment may be necessary or desirable to carry out the transactions contemplated in connection with this Resolution, and to do everything necessary for the prompt delivery of the Note to the Purchaser thereof and for the proper application, use and investment of the proceeds of the Note as authorized under the Paycheck Protection Program. All actions taken prior to the effective date of this Resolution in



furtherance of the purposes described in this resolution and not inconsistent with the terms of this Resolution are ratified and confirmed in all respects.

Section 16. **Severability.** The provisions of this resolution are declared to be separate and severable. If a court of competent jurisdiction, all appeals having been exhausted or all appeal periods having run, finds any provision of this Resolution to be invalid or unenforceable as to any person or circumstance, such offending provision shall, if feasible, be deemed to be modified to be within the limits of enforceability or validity. However, if the offending provision cannot be so modified, it shall be null and void with respect to the particular person or circumstance, and all other provisions of this Resolution in all other respects, and the offending provision with respect to all other persons and all other circumstances, shall remain valid and enforceable.

Section 17. **Counterparts.** This Resolution may be executed in several counterparts each of which shall be regarded as an original (with the same effect as if the signatures thereto and hereto were upon the same document) and all of which shall constitute one and the same document.

Section 18. **Effective Date of Resolution.** This Resolution shall become effective immediately upon its adoption.

ADOPTED and APPROVED by the Commissioners of Lewis County Hospital District No. 1 in an open public meeting thereof held in compliance with the requirements of the Open Public Meetings Act this 22<sup>nd</sup> day of April 2020, the following commissioners being present and voting in favor of this resolution.

\_\_\_\_\_  
Shelly Fritz, Board Chair

\_\_\_\_\_  
Wes McMahan, Commissioner

\_\_\_\_\_  
Trish Frady, Commissioner

\_\_\_\_\_  
Tom Herrin, Commissioner



## CERTIFICATION

I, the undersigned, Chair of the Board of Commissioners (the “Commission”) of Public Hospital District No. 1, Lewis County, Washington (the “District”), hereby certify as follows:

1. The attached copy of Resolution No. 20-14 (the “Resolution”) is a full, true and correct copy of a resolution duly adopted at a special meeting of the Commission held on April 22, 2020, as that resolution appears on the minute book of the District; and the Resolution is now in full force and effect.

2. That written notice specifying the time and place of the special meeting and noting the business to be transacted was given to all members of the Commission by mail, fax, electronic mail or personal delivery at least 24 hours prior to the special meeting, a true and complete copy of which notice is attached hereto as Appendix I;

3. That the written notice described above was also posted on the District’s website at least 24 hours prior to the special meeting. The notice was not displayed at the main entrance of Cascade Medical Center in compliance with Proclamation 20-28 by the Governor of the State of Washington dated March 24, 2020 (“Proclamation 20-28”);

4. That the written notice described above was given to each local radio or television station and to each newspaper of general circulation that has on file with the District a written request to be notified of special meetings and to any others to which such notices are customarily given by the District;

5. That such meeting was duly convened and held in all respects in accordance with law; that a quorum was present throughout the meeting through telephonic, electronic, internet, or other means of remote access, and a majority of the members of the Commission of the District so present at the meeting voted in the proper manner for the adoption of the Resolution;

6. That in accordance with Proclamation 20-28, (a) such meeting was not conducted in person, (b) one or more options were provided for the public to attend the such meeting remotely, including by telephone access, which mean(s) of access provided the ability for all persons attending the meeting remotely to hear each other at the same time, and (c) adoption of the Resolution is necessary and routine action of the Commission of the District; and

7. That all other requirements and proceedings incident to the proper adoption of the Resolution have been duly fulfilled, carried out and otherwise observed, and that I am authorized to execute this Certificate.

Dated: April 22, 2020.

PUBLIC HOSPITAL DISTRICT NO. 1,  
LEWIS COUNTY, WASHINGTON

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Board Chair



Direct Phone (206) 447-6278  
Direct Facsimile (206) 749-2057  
Stacie.Amasaki@foster.com

April 16, 2020

VIA EMAIL

Mr. Arny Davis  
Lewis County Treasurer  
P.O. Box 509  
Chehalis, WA 98532-0509

Re: Public Hospital District No. 1, Lewis County, Washington  
Promissory Note, 2020

Dear Mr. Davis:

As you are aware, we are acting as bond counsel to Public Hospital District No. 1, Lewis County (the "District"), with respect to the issuance of the above-referenced note (the "Note"). The District is expected to adopt the Note Resolution on April 21<sup>st</sup>, and will need to close by April 24<sup>th</sup>. We will make sure you and your office are included in distribution of documents. Due to the nature of the program in which this Note will be issued, for purposes of RCW 39.46.110(3), we would like to request a waiver of the 30-day advance notice of the intent of the District to issue the Note. In addition, pursuant to RCW 39.46.030(3)(b), the District would like to confirm that you will act as Fiscal Agent and Registrar with respect to the Note

If you concur, please either so advise us by letter or by signing a copy of this letter and email it back to me.

Please call with any questions.

Sincerely,

FOSTER GARVEY P.C.

Stacie L. Amasaki

Confirmed:

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Arny Davis  
Lewis County Treasurer