

PUBLIC HOSPITAL DISTRICT NO. 2 OF SNOHOMISH COUNTY, WASHINGTON  
**VERDANT HEALTH COMMISSION**

**BOARD OF COMMISSIONERS**

**Special Meeting**

**Hybrid: In-Person at Verdant Community Wellness Center and via Zoom  
January 22, 2024  
5:00 p.m.-8:00 p.m.**

**Commissioners  
Present**

Jim Distelhorst, MD, President  
Karianna Wilson, Secretary  
Deana Knutsen, Commissioner  
Carolyn Brennan, Commissioner  
Bob Knowles, Commissioner

**Staff**

Dr. Lisa Edwards, Superintendent  
Riene Simpson, Director of Finance  
Ceil Erickson, Director of Community Impact  
Kaysi Caballero, Executive Assistant/Office Manager  
Nancy Budd, Community Social Worker  
Kirk Mathis, Digital Marketing & Communications Manager

**Guests**

Margot Helphand, Facilitator  
Jan Culp, Childstrive

**Call to Order**

The special meeting of the Board of Commissioners of Public Hospital District No. 2, Snohomish County, was called to order at 5:00 p.m. by President Distelhorst. He announced there will not be a public comment section of this special meeting.

**Land and  
Enslaved People's  
Acknowledgement**

President Distelhorst read the acknowledgement.

**Setting the  
Context: What is  
on the horizon for  
Verdant over the  
next several  
years?**

Ms. Helphand began the meeting by guiding Commissioners through the agenda and the goals of tonight's meeting.

Ms. Simpson presented slides setting the context of tonight's discussion, and what lies ahead for Verdant (E:01:24). There are expenses tied to capital projects and changes to the hospital district's revenue over the next year and through 2040 that will affect our work.

Commissioner Wilson commented that Verdant is already experiencing increased operating expenses and inflation and will see a decrease in revenue from the Hospital lease starting in 2025.

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Commissioner Knutsen added that Verdant needs to track commercial real estate trends. We are actively trying to fill vacancies at the same time we are spending a significant amount of money on renovating and upgrading these properties.

Commissioner Knowles asked about the difference in the revenue from 2025 to 2026 (see E:01:24, slide 6).

- Ms. Simpson answered that the revenue flattens in the last three months of 2025. We will not see a rent increase in September 2025. In 2026 we will have fixed monthly rent payments for the full year (and for the remaining 15 years of the lease).

Ms. Simpson walked Commissioners through a breakdown of revenue trends for the District over the next five years. Commissioners discussed the timeframe of replenishing the reserve fund starting in 2024 after the \$7.9MM is expended for grantmaking. She asked Commissioners to consider all the variables when discussing the financial impact of revenue and decisions we make around grantmaking.

Commissioners discussed the decisions and changes made in fall of 2022 after the strategic planning process and the impact that further changes would have for our community partners.

Commissioners talked about how to message upcoming funding changes to the community. It will be important to have good communication with the public about the Board's decisions. They want to highlight the impact Verdant has had to date in the community and talk about their work to maintain hospital services for the residents of our community as well as funding activities.

Dr. Edwards asked Commissioners what they would be comfortable spending for grantmaking in 2024?

- Commissioners Wilson answered \$6.2 Million-\$7.2 Million.
- Commissioner Knowles asked what the budget would look like if Verdant decided not to do a Fall 2024 cycle, and then transition to a one-time annual funding cycle in 2025? If there is only one cycle, we would have a start date of January 1, on a calendar year, which aligns with the District budget period. The Fall 2024 application cycle would be for funding effective January 1, 2025.
  - Commissioner Knutsen is not opposed to a one-time cycle, but she is still wary of how to

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communicate this to the public since Verdant *just* switched to a two-per-year funding cycle.

**BREAK** 6:29-6:45 PM

**Affirming Funding Allocation for 2024 and 2025**

Ms. Erickson presented slides showing a breakdown of 2023 grantmaking allocations (see E:01:24, slides 12-14). She asked Commissioners a series of questions to consider about their funding philosophy and goals for Verdant grantmaking. Commissioners discussed having a cap on each grant award, \$250,000 for example.

Ms. Simpson shared a file with Commissioners presenting three different total budget scenarios of \$6.2 Million, \$7.2 Million, or \$8.2 Million(E:02:24) and financials for converting from two grant cycles a year to an annual grant cycle.

Commissioners determined that they would work with a \$7.2 million grantmaking budget in 2024, of which \$3,642,778 is already committed and they will have to allocate \$3,557,722 in 2024. The Spring 2024 cycle will award 9-month contracts for 4/1/24-12/31/24. Spring 2024 grantees will be invited to apply for annual grants in the 2025 grant cycle.

Commissioners discussed Fall 2023 awardees and how to address options for their transition to an annual cycle. There are 19 awardees with contracts that end 9/31/2024. There is a 3-month gap before any approved 2025 funding would begin on 1/1/2025. If Verdant provides gap funding for the 19 organizations in the Fall 2023 cycle it would cost approximately \$850,000. There will be continued discussion on how to address this issue, to secure commissioner consensus.

**Commissioner Comments**

Commissioner Knowles reminded fellow commissioners to consider the goal that was set tonight of funding \$3.5 Million as they review applications for Spring 2024. We will have to either cut the request in half or decide to fully fund some and not fund others. It will be a competitive process, and we cannot fund all the requests. He is excited about the strategy moving forward to simplify our process. There may need to be a gap funding for the 3-month transition period.

Commissioner Brennan is eager to continue scoring Spring 2024 applications based on tonight's discussions.

President Distelhorst is delighted that they could come to decisions on these items.

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Commissioner Wilson thinks the more applications Commissioners review, the better. She wants to review and score additional applications beyond the ones assigned to her. She also suggested we have additional Commissioners review applications over a certain dollar threshold, \$300,000 for example.

- Dr. Edwards asked if there would be a risk from the auditor standpoint that some applications have 2 scores, some have 4 scores, and some were funded with fewer scores or more scores.
  - Commissioners agreed this process change would be for *future* applications. There would have to be a guideline set that "applications over \$X amount will be reviewed by X number of Commissioners" and this should satisfy auditors.

Commissioner Knutsen thought tonight's discussion was helpful and appreciates hearing Commissioner Knowles' suggestions. She reflected on the pandemic and the need for Verdant to make strategic decisions to fund additional programs as needs emerge.

**Adjournment**

The meeting was adjourned at 7:59 p.m. by President Distelhorst.

**ATTEST BY:**

DocuSigned by:  
*Karianna Wilson*  
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President

DocuSigned by:  
*Carolyn Brennan*  
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Secretary