

VERDANT HEALTH COMMISSION
PUBLIC HOSPITAL DISTRICT NO. 2 OF SNOHOMISH COUNTY, WASHINGTON
BOARD OF COMMISSIONERS
Regular Meeting
A G E N D A
October 24, 2012
8:00 AM to 9:50 AM

	<u>ACTION</u>	<u>TIME</u>	<u>PAGE</u>
A. Call to Order			
Pledge of Allegiance	---	8:00	
B. Approval of the Minutes			
a) September 26, 2012 regular board meeting	Action	8:02	2-5
b) October 11, 2012 special board meeting	Action	8:02	6
C. Executive Committee Report	Information	8:05	
D. Swedish/Edmonds Update			
a) Charity care policy revision	Action	8:05	7
D. Board Finance Committee Report			
a) Review financial statement and cash activity	Action	8:10	8-15
b) Authorization for payment of vouchers and payroll	Action	8:17	16
c) Public hearing on 2013 budget and revenue	Hearing	8:19	17-18
d) Resolution 2012-07 adopting 2013 budget	Action	8:25	19-22
e) Resolution 2012-08 adopting 2013 property tax levy	Action	8:30	23-25
f) Public Hearing on 1999 LTGO bond refinance	Hearing	8:34	
g) Resolution 2012-09 relating to 1999 LTGO bond refinance	Action	8:35	26-43
E. Program Oversight Committee Report & Recommendations			
a) Conflicts of interest	Action	8:40	
b) Program investment recommendations	Action	8:42	44-46
c) Pertussis project update	Information	8:45	
d) Community needs assessment	Action	8:50	47
F. Marketing Report			
a) "6 Weeks to a Healthier You" follow-up	Information	8:55	48
b) Website updates	Information	9:00	48
c) Print newsletter	Information	9:03	48
G. Commissioner Comments	Information	9:05	
H. Superintendent's Report	Information	9:10	
I. Public Comments (please limit to three minutes per speaker)	---	9:15	---
J. Executive Session	---	9:20	---
K. Open Session	Action	9:50	---
L. Adjournment	---	9:50	---

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

BOARD OF COMMISSIONERS

Regular Meeting
VHC Board Room
September 26, 2012

Commissioners Present	Fred Langer, President Bob Knowles, Secretary Deana Knutsen, Commissioner J. Bruce Williams, M.D., Commissioner Karianna Wilson, Commissioner (via Telephone)
Others Present	Carl Zapora, Superintendent George Kosovich, Program Director Lisa King, Finance Director Jennifer Piplic, Marketing Director Karen Goto, Executive Assistant Members of the community
Call to Order	The Regular Meeting of the Board of Commissioners of Public Hospital District No. 2, Snohomish County, was called to order at 8:02 a.m. by President Langer.
Approval of Minutes	<i>Motion was made, seconded and passed unanimously to approve</i> the minutes of the regular meeting on August 22, 2012. <i>Motion was made, seconded and passed unanimously to approve</i> the minutes of the special meeting on September 6, 2012.
Executive Committee	President Langer reported that the committee met on September 20 to review the September 26, 2012 board meeting agenda.
Board Finance Committee	Ms. King reported on the financials for August (E:43:12).
Authorization for Payment of Vouchers & Payroll	Warrant Numbers 10045 through 10074 for August 2012 for payment in the amount of \$236,850.07 were presented for approval (E:44:12). <i>Motion was made, seconded and passed unanimously to approve.</i>

Program
Oversight
Committee
Update

Commissioner Knutsen reported that the Program Oversight Committee met on September 19, 2012 and reviewed five new proposals (E:45:12).

No conflict of interest was reported by any of the commissioners.

Motion was made, seconded and passed unanimously to approve funding of \$33,000 on a one-time basis to the American Heart Association's Go Red Connect & Better You Challenge.

Motion was made, seconded and passed unanimously to approve funding of \$50,000 per year for three years to the Prescription Drug Assistance Foundation's Prescription Assistance Program.

Motion was made, seconded and passed unanimously to approve funding of \$25,000 per year for three years to the YWCA of Seattle, King, Snohomish County's Mental Health Counseling Program.

Commissioner Knutsen reported that there were three applications for follow-up action:

Motion was made, seconded and passed unanimously to approve funding \$332,127 in total over three years to the Edmonds Community College Student Health & Wellness Program. The board requests follow-up to ensure there are clear health outcomes from the funding.

Motion was made, seconded and passed unanimously to approve funding the program expansion of the Edmonds School District Move 60! Program at an additional \$195,900 over years two and three of the proposal.

A board study session will be scheduled in late October 2012 to review the proposal from Senior Services of Snohomish County's Center for Healthy Aging.

Motion was made, seconded and passed unanimously to approve the transfer the final four months of funding at \$5,200 per month for a total of \$20,800 to the Center for Human Services from the Jeremiah Center for the operation of the youth counseling program funded by Verdant.

Two programs were not recommended for funding –

1. University of Washington Bothell Healthy Aging proposal
2. YWCA of Seattle, King, Snohomish County Health Access Program

Community Needs Assessment –
Seven proposals were received. The top proposals will be asked to submit more information. The Program Committee will present the top proposal for board action at the October 2012 board meeting.

**Marketing
Report**

Ms. Piplic reported on three items (E:46:12) –

1. Pertussis update
2. 6 Weeks to a Healthier You update
3. Verdant website RFP update

**Commissioner
Comments**

Commissioner Williams recognized Carl Zapora & George Kosovich for their community outreach efforts and the quality of program opportunities that they have presented to the board.

Commissioner Langer recognized the program presentation and caliber of the audience at the recent Pertussis Community Leader meeting.

**Superintendent's
Report**

Superintendent Zapora reported on two items:

1. Recognition of the board & staff on the Pertussis campaign
2. Healthways/Blue Zones – 13 community leaders along with 5 from Verdant will be attending the meeting with Healthways on October 8, 2012 (E:47:12). Mr. Zapora noted that the non-Verdant community leaders are traveling at their own organization's expense. A report to the board will be made after the trip. Expected program launch is mid-2013.

**Public
Comments:**

Ms. Rowena Miller from the League of Women Voters thanked the commission for being transparent. She requested a copy of the upcoming board retreat agenda (November 30 to December 1, 2012 @ Tulalip).

Ms. Jenni McCloughan & Ms. Jennie Hershey from the Edmonds School District thanked the commission for the expansion of the Move 60! Program.

Mr. Al Rutledge provided copies of newspaper articles that he thought the commission would be interested in.

**Executive
Session**

President Langer recessed the regular meeting at 8:52 a.m. into Executive Session to discuss ongoing litigation and real estate matters.

President Langer stated that no action would be taken in

this Executive Session and the board would reconvene in approximately 20 minutes.

Open Session

President Langer reconvened into open session at 9:06 a.m.

Adjourn

There being no further business to discuss, the meeting was adjourned at 9:15 a.m.

ATTEST BY:

President

Secretary

PUBLIC HOSPITAL DISTRICT NO. 2 OF SNOHOMISH COUNTY, WASHINGTON

SPECIAL MEETING

October 11, 2012

12:00 PM

Verdant Health Commission Board Room

Commissioners
Present

Bob Knowles, Commissioner
Karianna Wilson, Commissioner
Deana Knutsen, Commissioner

Commissioners Absent

Fred Langer, President
J. Bruce Williams, MD, Commissioner

Staff

Carl Zapora
Lisa King
George Kosovich
Jennifer Piplic

Call to Order

The Special Meeting of the Board of Commissioners was called to order by Commissioner Knowles at 12:05 p.m.

Open Session

Mr. Kosovich and Ms. King presented the draft 2013 budget and ten-year forecast. Discussion regarding the 2013 program budget occurred.

Adjourn

The meeting was adjourned at 12:25 p.m.

Attest By:

President

Secretary

We (Swedish/Edmonds) have taken a detailed look at the Charity Policy used at Swedish Edmonds as compared to the policy for the rest of Swedish. **It is our conclusion that the Swedish policy tends to be more generous for patients.** As such, we are hoping that the District & State will approve Swedish Edmonds adopting the policy used at the rest of Swedish.

EXAMPLE:

SWEDISH EDMONDS		SWEDISH		
Income (1 uninsured person)	Write-off	Income (1 uninsured person)	Write-off	Analysis
<22,340	100%	<22,340	100%	Policies are the same
22,341-33,510	42%	22,341-27,925	90%	Swedish is more generous
		27,926-33,510	80%	Swedish is more generous
33,511-44,680	38%	33,511-39,095	70%	Swedish is more generous
		33,096-44,680	60%	Swedish is more generous
44,681+	0%	44,681+	0%	Policies are the same

OTHER POINTS OF COMPARISON:

- Charity is approved for 12 months at Swedish Edmonds, and 6 months at Swedish (although patients can reapply for charity at Swedish after 6 months)
- Catastrophic approval is offered when the balance exceeds 30% of a patient's household income at Swedish Edmonds. It's offered when the balance exceeds 10% of household income at Swedish (Swedish policy is more generous).

Balance Sheet

As of September 30, 2012

	<u>Dec 31, 2011</u>	<u>Sept 30, 2012</u>	<u>\$ Change</u>	<u>Comments:</u>
ASSETS				
Current Assets				
1 Total Cash Balance	1,527,547	1,539,072	11,525	
2 Total Accounts Receivable	143	418,125	417,982	Projected Budget Neutrality Settlement
Other Current Assets				
3 Total Current Assets	4,167	417	(3,750)	BofA Unamortized Financing Costs
4 Total Investments	36,416,633	38,926,073	2,509,440	
5 Total Other Miscellaneous Receivables	580,358	1,000,880	420,522	M&O Tax Levy Recv
6 Total Prepaid Expenses & Others	27,033	23,255	(3,778)	
7 Total Other Current Assets	<u>37,028,190</u>	<u>39,950,625</u>	<u>2,922,435</u>	
8 Total Current Assets	38,555,880	41,907,822	3,351,942	
9 Total Fixed Assets	31,218,748	27,466,563	(3,752,185)	Depreciation Expense
10 Total Financing & Lease Costs	367,814	357,244	(10,570)	
11 Total Other Assets	<u>3,762,072</u>	<u>3,762,072</u>	<u>-</u>	
TOTAL ASSETS	<u>73,904,514</u>	<u>73,493,702</u>	<u>(410,812)</u>	

Balance Sheet

As of September 30, 2012

	<u>Dec 31, 2011</u>	<u>Sept 30, 2012</u>	<u>\$ Change</u>	<u>Comments:</u>
LIABILITIES & EQUITY				
Liabilities				
Current Liabilities				
12	Total Accounts Payable	93,706	55,204	(38,503)
13	Total Credit Cards	277	649	372
Other Current Liabilities				
14	Total Accrued Salary & Benefits	1,240,384	44,459	(1,195,925)
15	Total Estimated 3rd Party Settlements	1,619,754	825,229	(794,525)
16	Total Other Payables & Accruals	813,792	246,974	(566,818) P/L & W/C Settlements & Net S/E Payable
17	Current Portion of L-T Debt	2,114,247	1,000,000	(1,114,247) Paid off Banc of America Debt
18	Total Other Current Liabilities	5,788,178	2,116,662	(3,671,516)
19	Total Current Liabilities	5,882,161	2,172,514	(3,709,647)
Long-term Liabilities				
20	Total Long-term Debt - Operations	6,890,790	7,000,000	109,210
21	Total Other Long-term Liabilities	565,649	566,937	1,288
22	Total Long-term Liabilities	7,456,439	7,566,937	110,498
23	Total Liabilities	13,338,600	9,739,451	(3,599,149)
24	Total Equity	60,565,915	63,754,251	3,188,336 Net Income
TOTAL LIABILITIES & EQUITY		73,904,514	73,493,702	(410,812)

Public Hospital District #2 of Snohomish County

DRAFT

Profit Loss

September 2012

		<u>Aug 2012</u>	<u>Sept 2012</u>	<u>\$ Change</u>	<u>Comments:</u>
	Ordinary Income/Expense				
1	Total Income	817,545	835,063	17,518	Swedish Annual Increase
	Expenses				
	Operating Expenses				
2	Total Salaries & Benefits	54,004	45,558	(8,446)	
3	Total Workers Comp	26,185	3,362	(22,823)	
4	Total Depreciation	416,909	416,909	-	
5	Total Insurance	1,727	1,234	(493)	
6	Total Interest Expense	17,001	12,536	(4,465)	
7	Total Other Amortization	1,317	1,317	-	
8	Total Professional Services	17,392	19,698	2,306	
9	Total Purchased Services	3,619	11,974	8,355	Includes Marketing Budget
10	Rent Expense	2,900	2,900	-	
11	Total Other Expenses	(3,126)	2,678	5,804	
12	Total Supplies	357	828	471	
13	Total Taxes	-	-	-	
14	Total Utilities	477	477	-	
15	Total Operating Expenses	<u>538,762</u>	<u>519,471</u>	<u>(19,291)</u>	
	Program Expenses				
16	Total Program Expenses	<u>124,913</u>	<u>201,754</u>	<u>76,842</u>	
17	Total Expense	663,675	721,226	57,551	
18	Net Ordinary Income	153,870	113,837	(40,033)	
	Other Income/Expense				
	Other Income				
19	Total General Obligation Bonds	545	1,053	508	
20	Total Non Operating Revenue	<u>93,541</u>	<u>75,426</u>	<u>(18,114)</u>	Gain on Investment
22	Total Other Income/Expense	<u>94,086</u>	<u>76,480</u>	<u>(17,606)</u>	
	Net Income	<u><u>247,956</u></u>	<u><u>190,316</u></u>	<u><u>(57,639)</u></u>	

Public Hospital District #2 of Snohomish County

Profit Loss Budget vs. Actual

January - September 2012

	A	B	C	D
	Jan-Sept 2012	Jan-Sept Budget	Over/(Under) Budget	% of Budget
Operating Revenues				
1 M&O Tax Levy	1,533,082	1,526,198	6,884	100.5%
2 Rental Income	5,789,691	5,783,673	6,018	100.1%
3 Pavilion Ground Lease Income	35,030	35,030	-	100.0%
4 Other Operating Income	17,493	-	17,493	100.0%
5 Total Operating Revenues	7,375,296	7,344,901	30,395	100.4%
Operating Expenses				
6 Salaries	433,124	431,655	1,469	100.3%
7 Benefits	63,380	99,776	(36,396)	63.5%
8 Workers Comp	53,495	39,938	13,556	133.9%
9 Insurance	17,394	21,031	(3,637)	82.7%
10 Interest Expense	139,730	176,663	(36,933)	79.1%
11 Amortization	11,850	11,850	-	100.0%
12 Rent Expense	26,100	26,100	-	100.0%
13 Consulting	144,137	140,000	4,137	103.0%
14 Legal	31,155	30,000	1,155	103.9%
15 Accounting/Auditing	30,209	59,000	(28,791)	51.2%
16 Other Professional Services	2,608	3,750	(1,142)	69.6%
17 Purchased Services	27,873	50,985	(23,112)	54.7%
18 Supplies	5,306	13,500	(8,194)	39.3%
19 License and Tax	25	375	(350)	6.7%
20 Utilities	5,431	4,035	1,396	134.6%
21 Miscellaneous Expenses	19,535	27,125	(7,590)	72.0%
22 Total Operating Expenses	1,011,353	1,135,783	(124,430)	89.0%
23 Community Program Investments	1,301,528	3,075,000	(1,773,472)	42.3%
24 Net Ordinary Income	5,062,415	3,134,118	1,928,297	161.5%
Other Income/(Expense)				0.0%
25 2003 GO Tax Levy	33,926	-	33,926	100.0%
26 Investment Income	770,787	810,000	(39,213)	95.2%
27 Unrealized G/L on Investment	451,990	-	451,990	100.0%
28 Other Income (Expense)	621,404	-	621,404	100.0%
29 Total Other Income/(Expense)	1,878,106	810,000	1,068,106	231.9%
30 Net Income (Before Depreciation)	6,940,521	3,944,118	2,996,404	176.0%
31 Depreciation	3,752,185	4,339,295	(587,110)	86.5%
32 Net Income (After Depreciation)	3,188,336	(395,178)	3,583,514	-806.8%

Public Hospital District #2 of Snohomish County
Summary of Cash Receipts and Disbursements
September 2012

	Sept 2012 Amount	
Receipts:		
Other Rental Income	26,222.92	Value Village
Swedish/Edmonds Rental Income	636,540.00	
Snohomish County Tax Levy	12,816.61	
Ground Lease Payments	4,166.67	
Misc Reimbursements/Refunds	1,377.16	Reimbursement and Interest Income
Total Receipts	<u>681,123.36</u>	
Disbursements:		
Debt Payment	114,171.30	Banc of America
Professional Services:		
Legal Fees	7,250.50	Litigation and Professional Liability Legal Fees
Accounting Fees	1,800.00	Ash Consulting & Moss Adams
Consulting Fees	12,198.60	Howard Thomas September 2012
Professional Services	230.50	Benefit Solutions Administrator, IT support
Purchased Services	158.10	Paychex
Payroll	27,811.89	2 pay periods Plus Benefit Solutions
Payroll Taxes	8,727.36	2 pay periods
Employee Insurance	3,725.57	Regence Medical & Dental, Principal Life
Employee Retirement Contributions	3,591.74	Valic
Program Expenditures	194,010.00	
Workers Compensation	14,294.31	Payments Issued by BRAC
Other Miscellaneous Expenses	31,997.10	Supplies, Rent, Canon Lease, Dues, Interest Expense
Total Disbursements	<u>419,966.97</u>	

Public Hospital District #2
Cash Activity

Warrant Number	Transaction Date	Payee	Amount	Purpose
Warrant Activity:				
10075	9/6/2012	Ace Internet Services, Inc.	219.00	IT Support
10076	9/6/2012	Lynnwood PFD	160.00	Janitorial
10077	9/6/2012	Thomas & Associates	12,198.60	Sept 2012 Consulting
10078	9/6/2012	US Bank	2,875.00	Annual Administration Fee 8/1/12-7/31/13
10079	9/6/2012	Embassy Suites	3,000.00	Banquet Space for Community Leader Meetings
10080	9/6/2012	Institute for Fitness and Health	5,000.00	Joe Piscatella Reunion - Program
10081	9/6/2012	POSTMASTER	218.00	Postage
10082	9/6/2012	Evergreen Print Solutions	403.40	Letterhead
10083	9/12/2012	Ash Consulting	750.00	Accounting Consulting
10084	9/12/2012	Benefit Solutions Inc	11.50	FSA Administration Monthly Fee
10085	9/12/2012	Electronic Business Machines	556.31	Copy Machine Lease Payment
10086	9/12/2012	Swedish Medical Center Foundation	10,000.00	Sponsorship for Swedish Edmonds Gala
10087	9/12/2012	NAGARA	129.00	Conference Expense - KG
10088	9/12/2012	Foster Pepper	4,423.00	Legal
10089	9/19/2012	Eliza Corporation	20,000.00	Pertusis Calls - Program
10090	9/19/2012	Lynnwood PFD	2,900.00	Rent
10091	9/19/2012	Staples	71.57	Supplies
10092	9/19/2012	Canon Financial Services	301.13	Copy Machine Lease payment
10093	9/19/2012	Regence Blueshield	3,125.30	Employee Medical/Dental Insurance
10094	9/26/2012	Banc of America Leasing	114,171.30	Lease payment
10095	9/26/2012	Principal Financial Group	600.27	Employee Life Insurance
10096	9/26/2012	Carney Badley Spellman	2,827.50	Legal
10097	9/26/2012	Wells Fargo	161.70	Miscellaneous
10098	9/26/2012	Wells Fargo	2,448.42	Miscellaneous
10099	9/26/2012	Pacific Art Press Inc	4,744.49	Pertusis Campaign Material- Program
10100	9/26/2012	Moss Adams - Cost Report	1,050.00	Audit - Cost Report
Total Warrants			<u>192,345.49</u>	
Workers Compensation Claims Activity:				
300042-300064	Sept 2012	Various Claimants/Vendors	<u>14,294.31</u>	Administered by Berkley Risk

Warrant Number	Transaction Date	Payee	Amount	Purpose
Wire/ACH Activity:				
	9/1/2012	US Bank	3,478.41	1999 LTGO bond interest (LOC)
	9/7/2012	Payroll	14,266.96	ACH payroll transfer
	9/7/2012	Department of Treasury	4,467.11	Payroll taxes for 9/1/12 pay period ending
	9/7/2012	Paychex	77.60	Fee for payroll processing
	9/7/2012	Valic	1,804.87	Payroll 401(a)/457 Deposit
	9/21/2012	Payroll	13,468.01	ACH payroll transfer
	9/21/2012	Department of Treasury	4,260.25	Payroll taxes for 9/15/12 pay period ending
	9/21/2012	Paychex	80.50	Fee for payroll processing
	9/21/2012	Valic	1,786.87	Payroll 401(a)/457 Deposit
	9/15/2012	Boys & Girls Club of Snohomish County	9,328.25	Program Payment
	9/15/2012	City of Edmonds Parks & Recreation	20,180.00	Program Payment
	9/15/2012	City of Lynnwood	6,455.67	Program Payment
	9/15/2012	Community Health Center of Snohomish Co	8,333.33	Program Payment
	9/15/2012	Domestic Violence Services Snohomish Co	1,621.08	Program Payment
	9/15/2012	Edmonds School District No. 15	25,475.00	Program Payment
	9/15/2012	Edmonds Senior Center	2,000.00	Program Payment
	9/15/2012	Little Red Schoolhouse	22,000.00	Program Payment
	9/15/2012	Medical Teams International	4,000.00	Program Payment
	9/15/2012	Parent Trust for WA Children	2,083.33	Program Payment
	9/15/2012	Project Access Northwest	6,666.67	Program Payment
	9/15/2012	Providence Hospice & Home Care Foundation	12,916.67	Program Payment
	9/15/2012	Puget Sound Christian Clinic	6,250.00	Program Payment
	9/15/2012	Senior Services of Snohomish County	11,666.67	Program Payment
	9/15/2012	YWCA of Seattle, King and Snohomish Co	2,083.33	Program Payment
	9/15/2012	City of Lynnwood	16,030.00	Program Payment
	9/15/2012	City of Mountlake Terrace	6,720.00	Program Payment
	9/15/2012	Center for Human Services	5,200.00	Program Payment
	9/20/2012	Benefit Solutions Inc.	38.46	FSA Payments
	9/28/2012	Benefit Solutions Inc.	38.46	FSA Payments
	9/13/2012	Wells Fargo	416.77	Bank Service Fee
	9/13/2012	Wells Fargo	23.80	Bank Service Fee
	9/13/2012	Wells Fargo	109.10	Bank Service Fee
		Total Wires/ACH Transactions	213,327.17	
		Total Disbursements	\$ 419,966.97	

	<u>Date</u>	<u>Payer</u>	<u>Amount</u>	<u>Purpose</u>
Deposits:				
	9/1/2012	Swedish/Edmonds	636,540.00	Monthly lease
	9/4/2012	Value Village	26,222.92	Monthly lease
	9/7/2012	WA State Hospital Assoc	125.00	Refund for duplicate billing error
	9/10/2012	Snohomish County	12,816.61	Tax levy deposit
	9/24/2012	Healthcare Realty Services, Inc.	4,166.67	Lease payment
	9/24/2012	National Jewish Medical Center	1,158.05	Refund for overpayments
	9/14/2012	PFD - Copies	81.95	Reimbursement for copies
	9/30/2012	Comerica Interest	0.44	Interest Income
	9/30/2012	Wells Fargo-interest	11.72	Interest Income
		Total Deposits	\$ 681,123.36	

VERDANT HEALTH COMMISSION
PUBLIC HOSPITAL DISTRICT #2
SNOHOMISH COUNTY, WASHINGTON

WARRANT APPROVAL

We, the undersigned Board of Commissioners of Public Hospital District #2 of Snohomish County, Washington, do hereby certify that the merchandise or services hereinafter specified have been received and that Warrant Numbers 10075 through 10100 have been issued for payment in the amount of \$192,345.49. These warrants are hereby approved.

Attest:

Lisa M. King

Commissioner

Commissioner

Commissioner

Commissioner

Commissioner

Payroll:	8-19-12 – 9-1-12	14,266.96	
	9-2-12 – 9-15-12	<u>13,468.01</u>	
			27,734.97
Warrants Processed:	9-1-12 – 9-30-12		192,345.49
Work Comp Claims Pd:	9-1-12 – 9-30-12		14,294.31
Electronic Payments:	Comerica Bank – Prof Liability	2,287.50	
	Payroll Taxes	8,727.36	
	Paychex	158.10	
	Valic Retirement	3,591.74	
	Benefit Solutions	76.92	
	Interest Payments – US Bank	3,478.41	
	Bank Fees	549.67	
	Program Expenditures	<u>169,010.00</u>	
			<u>187,879.70</u>
	Grand Total		<u><u>\$422,254.47</u></u>



Public Hospital District 2, Snohomish County 2013 Budget

Draft

		A	B	C	D	E
		2012 Budget	2012 Projection	2012 Variance	2013 Budget	12 Proj v. 13 Budget
Income						
Operating Revenues						
1	5020 · M&O Tax Levy	2,034,931	2,045,362	10,431	2,060,000	14,638
2	5791 · Rental Income	7,761,004	7,769,028	8,024	7,999,264	230,236
3	5792 · Pavilion Ground Lease Income	46,707	46,707	-	46,707	-
4	5793 · Other Operating Income	-	17,493	17,493	18,000	507
5	Total Operating Revenues	9,842,642	9,878,590	35,948	10,123,971	245,381
Expense						
Operating Expenses						
Salaries						
6	6010 · Salaries	468,450	466,558	(1,892)	484,148	17,589
7	6020 · Commissioners Wages	49,920	28,320	(21,600)	49,920	21,600
8	6011 · Payroll Tax Expense	51,500	70,875	19,375	40,856	(30,019)
9	Total Salaries	569,870	565,754	(4,116)	574,924	9,170
Benefits						
10	6111 · Accrued Vacation/Sick Leave	10,000	9,417	(583)	10,000	583
11	6155 · Health Insurance	75,570	34,026	(41,544)	36,180	2,155
12	6156 · Dental Insurance	9,372	3,754	(5,618)	4,952	1,198
13	6160 · 401(a) Retirement Expense	28,107	28,090	(17)	29,049	959
14	6130 · Workers Comp Self Insurance	23,903	46,700	22,797	42,000	(4,700)
15	6131 · Workers Comp Service Fee	27,715	15,466	(12,250)	15,000	(466)
16	6137 · Workers Comp - State fund	1,632	1,469	(163)	1,500	31
17	6190 · Other Employee Benefits	9,644	9,701	57	9,951	251
18	Total Benefits	185,943	148,622	(37,321)	148,633	11
Insurance						
19	6910 · Professional Insurance	11,503	11,597	94	10,989	(607)
20	6911 · Liability Claims Admin Fees	15,000	10,417	(4,583)	15,000	4,583
21	6915 · Other Insurance	1,538	-	(1,538)	-	-
22	Total Insurance	28,041	22,013	(6,028)	25,989	3,976
Interest Expense						
23	6952 · 99 LTGO Bond Fees	171,617	120,328	(51,289)	-	(120,328)
24	6953 · 99 LTGO Interest Exp	33,922	35,362	1,440	226,752	191,390
25	6956 · Banc of Amer CSA Int Exp	22,505	22,505	(0)	-	(22,505)
26	Total Interest Expense	228,044	178,194	(49,850)	226,752	48,558
Other Amortization						
27	6960 · Amortization - BA CSA	5,000	4,167	(833)	-	(4,167)
28	6968 · Amortization - 99 LTGO Bonds	10,800	10,800	-	33,858	23,058
29	Total Other Amortization	15,800	14,967	(833)	33,858	18,891
Other Expenses						
30	6000 - Rent Expense	34,800	34,800	-	34,800	-
31	6451 · Computer Hardware/Software Exp	5,000	3,037	(1,963)	5,000	1,963
32	6829 · Meals and Entertainment	3,600	3,813	213	3,600	(213)
33	6830 · Dues and Subscriptions	2,400	3,832	1,432	4,000	168
34	6840 · Travel and Meetings	1,200	9,800	8,600	10,000	200
35	6841 · Commissioner Education	9,000	10,311	1,311	15,000	4,689
36	6842 · Conference Expenses	7,500	6,998	(502)	7,500	502
37	6580 · Gas/Mileage	400	-	(400)	-	-
38	6990 · Miscellaneous Expense	5,000	(3,812)	(8,812)	5,000	8,812
39	Total Other Expenses	68,900	68,779	(121)	84,900	16,121
Professional Services						



Public Hospital District 2, Snohomish County 2013 Budget

Draft

	A	B	C	D	E
	2012	2012	2012	2013	12 Proj v.
	Budget	Projection	Variance	Budget	13 Budget
40 6210 • Professional Fees	5,000	14,212	9,212	10,000	(4,212)
41 6230 • Consulting	175,000	188,137	13,137	180,000	(8,137)
42 6240 • Legal	40,000	39,327	(673)	40,000	673
43 6250 • Accounting/Audit	70,000	60,209	(9,791)	65,000	4,791
44 Total Professional Services	290,000	301,885	11,885	295,000	(6,885)
Purchased Services					
45 6650 • Purchased Services	19,980	13,773	(6,207)	13,000	(773)
46 6675 • Marketing/Advertising	40,000	40,371	371	50,000	9,629
47 6697 • Network Hosting	3,000	1,660	(1,340)	600	(1,060)
48 Total Purchased Services	62,980	55,804	(7,176)	63,600	7,796
Supplies					
49 6450 • Supplies	12,000	5,516	(6,484)	9,600	4,084
50 6460 • Postage	5,000	2,878	(2,122)	5,000	2,122
51 6480 • Books and Publications	1,000	532	(468)	1,000	468
52 Total Supplies	18,000	8,926	(9,074)	15,600	6,674
Taxes					-
53 6820 • License and Tax	500	25	(475)	-	(25)
54 Total Taxes	500	25	(475)	-	(25)
Utilities					
55 6550 • Garbage	1,560	1,997	437	2,016	19
56 6570 • Telephone	2,500	3,735	1,235	3,180	(555)
57 6575 • Internet	1,320	1,363	43	1,380	17
58 Total Utilities	5,380	7,096	1,716	6,576	(520)
59 Total Operating Expense	1,473,458	1,372,065	(101,393)	1,475,832	103,767
Programs					
60 7100 • Community Programs-External (Grants)	3,895,000	1,706,500	(2,188,500)	5,300,000	3,593,500
61 7300 • Community Programs-Internal*	-	166,500	166,500	685,000	518,500
62 7200 • Superintendent Discretionary Fund	205,000	82,346	(122,654)	315,000	232,654
63 Total Program Expense	4,100,000	1,955,345	(2,144,655)	6,300,000	4,344,655
64 Net Ordinary Income	4,269,184	6,551,180	2,281,996	2,348,139	(4,203,041)
Non Operating Revenue					
65 5781 • Investment Income	1,080,000	1,040,784	(39,216)	1,080,000	39,216
66 5030 • Unrealized G/L on Investment	-	451,990	451,990		(451,990)
67 5500 • Other Income	-	583,626	583,626		(583,626)
68 Total Non Operating Revenue	1,080,000	2,076,400	996,400	1,080,000	(996,400)
69 Earnings before Depreciation	5,349,184	8,627,580	3,278,396	3,428,139	(5,199,441)
Depreciation					
70 6710 • Depr - Land Improvements	81,986	81,616	(370)	81,591	(26)
71 6720 • Depr - Building	1,508,904	1,347,089	(161,815)	1,218,561	(128,528)
72 6730 • Depr - Fixed Equipment	477,110	434,168	(42,942)	399,497	(34,671)
73 6740 • Depr - Major Equipment	3,623,033	3,092,789	(530,244)	2,492,362	(600,427)
74 6750 • Depr - Minor Equipment	94,694	47,252	(47,442)	23,720	(23,532)
75 Total Depreciation	5,785,727	5,002,913	(782,814)	4,215,730	(787,184)
76 Net Income - including depreciation	(436,543)	3,624,667	4,061,210	(787,591)	(4,412,257)

* Community-wide Initiatives

PUBLIC HOSPITAL DISTRICT NO. 2
SNOHOMISH COUNTY, WASHINGTON

RESOLUTION NO. 2012-07

A resolution of the Commission of Public Hospital District No. 2, Snohomish County, Washington (the "District"), approving and adopting the District's budget for calendar year 2013.

WHEREAS, RCW 70.44.060 requires the Superintendent of the District to prepare a proposed budget of the contemplated financial transactions of the District for the ensuing year and to file the budget in the records of the Commission on or before the first day in November; and

WHEREAS, RCW 70.44.060 further requires the District to publish public notice of the proposed budget and the date and place of a hearing on the budget, which is required to be held on or before the fifteenth day of November, for two consecutive weeks in a newspaper printed and of general circulation in Snohomish County; and

WHEREAS, in compliance with the requirements of RCW 70.44.060, the Superintendent has prepared, filed and provided notice of the District's proposed 2012 budget, which proposed budget is attached hereto as Exhibit A (the "2013 Budget"); and

WHEREAS, the Commission held a public hearing on the 2013 Budget on October 24, 2012, in compliance with the requirements of RCW 70.44.060 and RCW 84.55.120; and

WHEREAS, the Board of Commissioners of the District, in the course of considering the budget for calendar year 2013, reviewed all sources of revenues and examined all anticipated expenses and obligations; and

WHEREAS, the Board of commissioners of the District has met and considered its budget for the calendar year 2013; NOW, THEREFORE,

BE IT RESOLVED by the Commission of Public Hospital District No. 2, Snohomish County, Washington, as follows:

Section 1. The Commission hereby adopts the 2013 Budget as the budget for the District for calendar year 2013.

Section 2. The Superintendent is directed to certify to the County Assessor, no later than November 30, 2012, a copy of this Resolution showing its adoption.

ADOPTED AND APPROVED by the Commission of Public Hospital District No. 2, Snohomish County, Washington, at an open public meeting thereof, held this 24th day of October, 2012.

President and Commissioner

Commissioner

Commissioner

Commissioner

Secretary and Commissioner

I, ROBERT KNOWLES, Secretary to the Board of Commissioners of Public Hospital District No. 2, Snohomish County, Washington, certify that the attached copy of Resolution No. 2012-07 is a true and correct copy of the original resolution adopted on October 24, 2012, as that resolution appears on the Minute Book of the District.

DATED this 24th day of October, 2012.

Robert Knowles
Secretary to the Board of Commissioners

EXHIBIT A
Public Hospital District No 2
of Snohomish County, Washington

Other Operating Revenue	\$ 8,063,971
Maintenance and Operations Levy	<u>2,060,000</u>
Total Revenue	\$10,123,971
Expenses (not including depreciation)	7,775,832
Investment Income	1,080,000
Depreciation Expense	<u>4,215,730</u>
Net Income	<u><u>(\$ 787,591)</u></u>

PUBLIC HOSPITAL DISTRICT NO. 2
SNOHOMISH COUNTY, WASHINGTON

RESOLUTION NO. 2012-08

A resolution of the Commission of Public Hospital District No. 2, Snohomish County, Washington (the "District"), approving the dollar amount and percentage increase in the District's regular property tax levy for calendar year 2013.

WHEREAS, RCW 84.55.120 requires a taxing district, other than the state, that collects regular levies to hold a public hearing on revenue sources for the district's following year's current expense budget; and

WHEREAS, RCW 84.55.120 further requires the hearing to include consideration of possible increases in property tax revenues and requires that the hearing be held prior to the time the taxing district levies the taxes or makes the request to have the taxes levied; and

WHEREAS, RCW 84.55.120 authorizes the taxing district to hold a public hearing in conjunction with its annual budget hearing required by RCW 70.44.060(6); and

WHEREAS, a hearing in compliance with RCW 84.55.120 and RCW 70.44.060(6) was held on October 24, 2012; and

WHEREAS, the Board of Commissioners of the District, after hearing and duly considering all relevant evidence and testimony presented, determined that the District requires an increase in property tax revenue from the previous year, in addition to that resulting from the addition of new construction, increases in assessed value due to construction of electric generation wind turbine facilities classified as personal property, improvements to property and any increase in the value of state-assessed property, in order to discharge the expected expenses and obligations of the District; NOW, THEREFORE,

BE IT RESOLVED by the Commission of Public Hospital District No. 2, Snohomish County, Washington, as follows:

Section 1. The Board of Commissioners hereby determines that the District requires a regular levy in calendar year 2013 of \$2,037,301 which amount is exclusive of the additional tax revenue resulting from the addition of new construction, increases in assessed value due to construction of electric generation wind turbine facilities classified as personal property, improvements to property and any increase in the value of state-assessed property, and amounts authorized by law as a result of any refunds made, in order to discharge the expected expenses and obligations of the District.

Section 2. The Board of Commissioners hereby approves an increase in the District's regular property tax levy for calendar year 2013 in the amount of \$0, which is a percentage increase of 0% from calendar year 2012. This increase shall be in addition to the increase in tax revenue resulting from the addition of new construction, increases in assessed value due to construction of electric generation wind turbine facilities classified as personal property, improvements to property and any increase in the value of state-assessed property.

Section 3. The Superintendent is directed to certify to the County Assessor, no later than November 30, 2012, a copy of this Resolution showing its adoption; and to perform such other duties as are necessary or required by law to the end that the maximum levy capacity available to the District under chapter 84.55 RCW, as determined by the Washington State Supreme Court, is banked for use in future years.

ADOPTED AND APPROVED by the Board of Commissioners of Public Hospital District No. 2, Snohomish County, Washington, at an open public meeting thereof, this 24th day of October, 2012, the following commissioners being present and voting in favor of the resolution.

President and Commissioner

Commissioner

Commissioner

Commissioner

Secretary and Commissioner

I, ROBERT KNOWLES, Secretary to the Board of Commissioners of Public Hospital District No. 2, Snohomish County, Washington, certify that the attached copy of Resolution No. 2012-08 is a true and correct copy of the original resolution adopted on October 24, 2012, as that resolution appears on the Minute Book of the District.

DATED this 24th day of October, 2012.

Robert Knowles
Secretary to the Board of Commissioners

PUBLIC HOSPITAL DISTRICT NO. 2

SNOHOMISH COUNTY, WASHINGTON

RESOLUTION NO. 2012-09

A RESOLUTION of the Commission of Public Hospital District No. 2, Snohomish County, Washington, relating to contracting indebtedness; providing for the issuance of not to exceed \$7,250,000 par value of Limited Tax General Obligation Refunding Bonds, 2012, to provide the funds to refund the District's Limited Tax General Obligation Improvement and Refunding Variable Rate Demand Bonds, 1999 and to pay the administrative costs of such refunding and the costs of issuance and sale of the bonds; fixing or setting parameters with respect to certain terms and covenants of the bonds; delegating authority to the District's designated representative to set final terms of the bonds; and providing for other matters properly related thereto.

ADOPTED: October 24, 2012

This document prepared by:
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TABLE OF CONTENTS*

Section 1.	Definitions.....	2
Section 2.	Authorization and Description of the Bonds	4
Section 3.	Registration and Transfer of Bonds	4
Section 4.	Payment of the Bonds	6
Section 5.	Redemption Provisions and Open Market Purchase of Bonds	6
Section 6.	Failure to Redeem Bonds.....	7
Section 7.	Pledge of Taxes; Security	7
Section 8.	Form and Execution of the Bonds	7
Section 9.	Tax Covenants; Designation of Bonds as “Qualified Tax-Exempt Obligations.”	8
Section 10.	Refunding or Defeasance of the Bonds	9
Section 11.	Bond Fund; Payments into the Bond Fund	10
Section 12.	Refunding of the Refunded Bonds.....	10
Section 13.	Call for Redemption of the Refunded Bonds.....	10
Section 14.	District Findings with Respect to Refunding.....	11
Section 15.	Sale of Bonds	11
Section 16.	Official Statement	12
Section 17.	Undertaking to Provide Continuing Disclosure	12
Section 18.	General Authorization and Ratification	15
Section 19.	Severability	15
Section 20.	Effective Date	15

*The cover page, table of contents and section captions of this resolution are for convenience of reference only, and shall not be used to resolve any question of interpretation of this resolution.

PUBLIC HOSPITAL DISTRICT NO. 2

SNOHOMISH COUNTY, WASHINGTON

RESOLUTION NO. 2012-09

A RESOLUTION of the Commission of Public Hospital District No. 2, Snohomish County, Washington, relating to contracting indebtedness; providing for the issuance of not to exceed \$7,250,000 par value of Limited Tax General Obligation Refunding Bonds, 2012, to provide the funds to refund the District's Limited Tax General Obligation Improvement and Refunding Variable Rate Demand Bonds, 1999 and to pay the administrative costs of such refunding and the costs of issuance and sale of the bonds; fixing or setting parameters with respect to certain terms and covenants of the bonds; delegating authority to the District's designated representative to set final terms of the bonds; and providing for other matters properly related thereto.

RECITALS

(a) Public Hospital District No. 2, Snohomish County, Washington (the "District"), has been duly established covering a portion of Snohomish County, Washington, for the purpose of owning and operating hospitals and other health care facilities and supplying hospital services and other health care services for the residents of the District and other persons pursuant to the provisions of Chapter 70.44 RCW.

(b) Until September 1, 2010, the District owned and operated Stevens Hospital (the "Hospital").

(c) Through a lease and operating agreement, on September 1, 2010, Swedish Health Services, a nonprofit corporation, took over the operation of the Hospital.

(d) The District retained ownership of the Hospital but no longer manages its operations, and is a landlord to Swedish Health Services.

(e) Pursuant to Resolution No. 99-07, and the Trust Indenture dated as of July 22, 1999, as amended by Resolution No. 2006-08, and the Supplemental Trust Indenture No. 1 (collectively, the "1999 Bond Covenants"), the District heretofore issued its \$14,100,000 par value Limited Tax General Obligation Improvement and Refunding Variable Rate Demand Bonds, 1999 (the "1999 Bonds"), for the purpose of improving and equipping the Hospital and other health care facilities operated by the District and to refund a portion of the District's outstanding bonds, and by the 1999 Bond Covenants reserved the right to redeem the 1999 Bonds prior to their stated maturity.

(f) There are presently outstanding \$8,000,000 principal amount of 1999 Bonds maturing in 2018, and after the December 1, 2012 payment, will be outstanding in the principal amount of \$7,000,000 (the “Refunded Bonds”).

(g) After due consideration, it appears to the Commission that the Refunded Bonds may be refunded by the issuance and sale of the limited tax general obligation refunding bonds authorized herein so that the interest rate is fixed on the Refunded Bonds.

(h) To effect the refunding, the Commission ratifies the directions for redemption given to U.S. Bank National Association, as Trustee for the 1999 Bonds.

(i) The Commission deems it to be in the best interests of the District to issue, sell the Bonds to carry out the refunding of the Refunded Bonds.

(j) Piper Jaffray & Co., Seattle, Washington, has offered to purchase the Bonds under the terms and conditions hereinafter set forth in the form of a bond purchase contract (the “Bond Purchase Contract”).

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of Public Hospital District No. 2, Snohomish County, Washington, as follows:

Section 1. Definitions. As used in this resolution the following words shall have the following meanings:

“Acquired Obligations” means those United States Treasury Certificates of Indebtedness, Notes, and Bonds--State and Local Government Series and other direct, noncallable obligations of the United States of America purchased, if authorized by the Designated Representative, to accomplish the refunding of the Refunded Bonds as authorized by this resolution.

“Authorized Denomination” means \$5,000 or any integral multiple thereof within a maturity.

“Beneficial Owner” means the owner of any beneficial interests in the Bonds.

“Bond Fund” means the Limited Tax General Obligation Refunding Bond Fund, 2012, created by this resolution for the payment of the Bonds.

“Bond Register” means the books or records maintained by the Bond Registrar for the purpose of identifying ownership of the Bonds.

“Bond Registrar” means the Fiscal Agent or any successor bond registrar selected by the District.

“Bonds” means the not to exceed \$7,250,000 par value Limited Tax General Obligation Refunding Bonds, 2012 of the District authorized to be issued by this resolution.

“Code” means the United States Internal Revenue Code of 1986, as amended, and applicable rules and regulations promulgated thereunder.

“Commission” means the Board of Commissioners of the District.

“Designated Representative” means the Superintendent or Director of Finance of the District appointed in Section 15 hereof to serve as the District’s designated representative in accordance with RCW 39.46.040(2) for purposes of negotiating and executing, on behalf of the District, the Bond Purchase Contract on terms consistent with this resolution.

“District” means Public Hospital District No. 2, Snohomish County, Washington, a municipal corporation duly organized and existing under the laws of the State of Washington.

“DTC” means The Depository Trust Company, New York, New York.

“Fiscal Agent” means the fiscal agent of the State, as the same may be designated by the State from time to time.

“Letter of Representations” means the Blanket Issuer Letter of Representations between the District and DTC, dated July 22, 1999, as it may be amended from time to time.

“MSRB” means the Municipal Securities Rulemaking Board.

“Owners” means, without distinction, the Registered Owner(s) and the Beneficial Owner(s).

“Refunded Bonds” means the outstanding Limited Tax General Obligation Improvement and Refunding Variable Rate Demand Bonds, 1999, of the District maturing in 2018, issued pursuant to the 1999 Bond Covenants, the refunding of which has been provided for by this resolution.

“Refunding Plan” means the placement of sufficient proceeds of the Bonds which, with other money of the District, if necessary, will redeem the Refunded Bonds on the redemption date as set by the Designated Representative.

“Refunding Trust Agreement” means, if necessary, a Refunding Trust Agreement between the District and the Trustee.

“Registered Owner” means the person in whose name a Bond is registered on the Bond Register. For so long as the District utilizes the book-entry system for the Bonds under the Letter of Representations, Registered Owner shall mean DTC.

“Rule 15c2-12” means Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934, as amended.

“SEC” means the United States Securities and Exchange Commission.

“State” means the State of Washington.

“Term Bonds” means any Bonds identified in the Bond Purchase Contract as “term bonds” for which a portion of the principal thereof is paid by means of mandatory redemptions in the years and principal amounts listed in such Bond Purchase Contract.

“Treasurer” means the Treasurer of the District, or any successor Treasurer who hereafter may be designated in accordance with applicable law.

“Trustee” means U.S. Bank National Association of Seattle, Washington, as trustee for the Refunded Bonds.

“Undertaking” means the continuing disclosure agreement set forth in Section 17 of this resolution.

“Underwriter” means Piper Jaffray & Co. of Seattle, Washington.

Section 2. Authorization and Description of the Bonds. The Bonds shall be issued for the purpose of providing the funds required to carry out the Refunding Plan and to pay the administrative costs of such refunding and the costs of issuance and sale of the Bonds (the “costs of issuance”). The District shall issue and sell the Bonds in the aggregate principal amount of not to exceed \$7,250,000. The Bonds shall be designated Limited Tax General Obligation Refunding Bonds, 2012, of the District; shall be dated their date of initial delivery to the Underwriter; shall be in Authorized Denominations; and shall be numbered separately in the manner and with any additional designation as the Bond Registrar deems necessary for purposes of identification.

The Bonds shall bear interest at the rates per annum (computed on the basis of a 360-day year of twelve 30-day months), and be payable in the amounts and on the dates as shall be determined pursuant to Section 15.

Section 3. Registration and Transfer of Bonds.

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

(b) Bond Registrar. The Bond Registrar shall keep, or cause to be kept, at its principal corporate trust office, sufficient books for the registration and transfer of the Bonds, which shall be open to inspection by the District at all times. The Bond Register shall contain the name and mailing address of the Registered Owner of each Bond and the principal amount and number of each of the Bonds held by each Registered Owner.

The Bond Registrar is authorized, on behalf of the District, to authenticate and deliver Bonds transferred or exchanged in accordance with the provisions of the Bonds and this Resolution, to serve as the District’s paying agent for the Bonds and to carry out all of the Bond Registrar’s powers and duties under this Resolution and District Resolution No. 84-09 establishing a system of registration for the District’s bonds and obligations.

The Bond Registrar shall be responsible for its representations contained in the Bond Registrar’s Certificate of Authentication on the Bonds. The Bond Registrar may become the

Owner of Bonds with the same rights it would have if it were not the Bond Registrar and, to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as members of, or in any other capacity with respect to, any committee formed to protect the rights of Beneficial Owners.

Bonds surrendered to the Bond Registrar may be exchanged for Bonds in any Authorized Denomination of an equal aggregate principal amount and of the same interest rate and maturity. Bonds may be transferred only if endorsed in the manner provided thereon and surrendered to the Bond Registrar. Any exchange or transfer shall be without cost to the owner or transferee. The Bond Registrar shall not be obligated to exchange or transfer any Bond during the 15 days preceding any principal payment or redemption date.

(c) DTC and Book-Entry System. The Bonds initially shall be registered in the name of Cede & Co., as the nominee of DTC. The Bonds so registered shall be held in fully immobilized form by DTC as depository in accordance with the provisions of the Letter of Representations. Neither the District nor the Bond Registrar shall have any responsibility or obligation to DTC participants or the persons for whom they act as nominees with respect to the Bonds regarding accuracy of any records maintained by DTC or DTC participants of any amount in respect of principal of or interest on the Bonds, or any notice which is permitted or required to be given to Registered Owners hereunder (except such notice as is required to be given by the Bond Registrar to DTC).

For as long as any Bonds are held in fully immobilized form, DTC, its nominee or its successor depository shall be deemed to be the Registered Owner for all purposes hereunder and all references to registered owners, bondowners, bondholders or the like shall mean DTC or its nominee and, except for the purpose of the District's undertaking herein to provide continuing disclosure, shall not mean the Beneficial Owners. Registered ownership of such Bonds, or any portions thereof, may not thereafter be transferred except: (i) to any successor of DTC or its nominee, if that successor shall be qualified under any applicable laws to provide the services proposed to be provided by it; (ii) to any substitute depository appointed by the District or such substitute depository's successor; or (iii) to any person if the Bonds are no longer held in immobilized form.

Upon the resignation of DTC or its successor (or any substitute depository or its successor) from its functions as depository, or a determination by the District that it no longer wishes to continue the system of book entry transfers through DTC or its successor (or any substitute depository or its successor), the District may appoint a substitute depository. Any such substitute depository shall be qualified under any applicable laws to provide the services proposed to be provided by it.

If (i) DTC or its successor (or substitute depository or its successor) resigns from its functions as depository, and no substitute depository can be obtained, or (ii) the District determines that the Bonds are to be in certificated form, the ownership of Bonds may be transferred to any person as provided herein and the Bonds no longer shall be held in fully immobilized form.

Section 4. Payment of the Bonds. Both principal of and interest on the Bonds shall be payable in lawful money of the United States of America. Interest on the Bonds shall be paid by checks or drafts of the Bond Registrar mailed on the interest payment date to the Registered Owners at the addresses appearing on the Bond Register at the close of business on the 15th day of the month preceding the interest payment date or, if requested in writing by a Registered Owner of Bonds prior to the applicable record date, by electronic transfer on the interest payment date; provided that, the costs of such electronic transfer shall be paid by the requesting Registered Owner. Principal of the Bonds shall be payable upon presentation and surrender of the Bonds by the Registered Owners to the Bond Registrar. Notwithstanding the foregoing, for as long as the Bonds are registered in the name of Cede & Co., as nominee of DTC, payment of principal of and interest on the Bonds shall be made in accordance with the Letter of Representations.

Section 5. Redemption Provisions and Open Market Purchase of Bonds.

(a) Optional or Mandatory Redemption. The Designated Representative may designate certain maturities of the Bonds as being subject to redemption at the District's option prior to their respective maturities or may approve the designation of certain maturities of the Bonds as Term Bonds. It is not expected that any Bonds will be subject to optional redemption.

If the District redeems under any optional redemption provisions, purchases in the open market or defeases Term Bonds, the par amount of the Term Bonds so redeemed, purchased or defeased (irrespective of their actual redemption or purchase prices) shall be credited against one or more scheduled mandatory redemption amounts for those Term Bonds. The District shall determine the manner in which the credit is to be allocated and shall notify the Bond Registrar in writing of its allocation prior to the earliest mandatory redemption date for that maturity of Term Bonds for which notice of redemption has not already been given.

(b) Partial Redemptions. Portions of the principal amount of any Bond, in any Authorized Denomination, may be redeemed. If less than all of the principal amount of any Bond is redeemed, upon surrender of that Bond to the Bond Registrar, there shall be issued to the Registered Owner, without charge, a new Bond (or Bonds, at the option of the Registered Owner) of the same maturity and interest rate in any Authorized Denomination in the aggregate principal amount remaining unredeemed.

(c) Selection of Bonds for Redemption. If fewer than all of the outstanding Bonds within a maturity are to be redeemed prior to maturity, Bonds shall be selected for redemption randomly within a maturity in such manner as the Bond Registrar shall determine. Notwithstanding the foregoing, for as long as the Bonds are registered in the name of DTC or its nominee, selection of Bonds for redemption shall be in accordance with the Letter of Representations.

(d) Notice of Redemption. While the Bonds are held by DTC in book-entry only form, any notice of redemption shall be given at the time, to the entity and in the manner required by DTC in accordance with the Letter of Representations, and the Bond Registrar shall not be required to give any other notice of redemption. If the Bonds cease to be in book-entry only form unless waived by any Registered Owner of the Bonds to be redeemed, the District

shall cause notice of any intended redemption of Bonds to be given by the Bond Registrar not less than 20 nor more than 60 days prior to the date fixed for redemption by first-class mail, postage prepaid, to the Registered Owner of any Bond to be redeemed at the address appearing on the Bond Register at the time the Bond Registrar prepares the notice, and the requirements of this sentence shall be deemed to have been fulfilled when notice has been mailed as so provided, whether or not it is actually received by the Registered or Beneficial Owner of any Bond.

In the case of an optional redemption, the notice may state that the District retains the right to rescind the redemption notice and the related optional redemption of Bonds by giving a notice of rescission to the affected Registered Owners at any time prior to the scheduled optional redemption date. Any notice of optional redemption that is so rescinded shall be of no effect, and the Bonds for which the notice of optional redemption has been rescinded shall remain outstanding.

In addition, the redemption notice shall be mailed or sent electronically within the same period to the MSRB, consistent with the Undertaking, to any nationally recognized rating agency which at the time maintains a rating on the Bonds at the request of the District, and to such other persons and with such additional information as the Director of Finance shall determine, but these additional mailings shall not be a condition precedent to the redemption of Bonds.

(e) Effect of Redemption. Interest on Bonds called for redemption shall cease to accrue on the date fixed for redemption, unless the notice of redemption is rescinded as set forth above.

(f) Open Market Purchase. The District further reserves the right and option to purchase any or all of the Bonds in the open market at any time at any price acceptable to the District plus accrued interest to the date of purchase.

(g) Cancellation of Bonds. All Bonds purchased or redeemed under this section shall be canceled.

Section 6. Failure to Redeem Bonds. If any Bond is not redeemed when properly presented at its maturity or call date, the District shall be obligated to pay interest on that Bond at the same rate provided in the Bond from and after its maturity or call date until that Bond, both principal and interest, is paid in full or until sufficient money for its payment in full is on deposit in the Bond Fund.

Section 7. Pledge of Taxes; Security. For as long as any of the Bonds are outstanding, the District irrevocably pledges to include in its budget and levy taxes annually, within the constitutional and statutory tax limitations provided by law without a vote of the electors of the District, on all of the taxable property within the District in an amount sufficient, together with other money legally available and to be used therefor, to pay when due the principal of and interest on the Bonds. The full faith, credit and resources of the District are pledged irrevocably for the annual levy and collection of those taxes and the prompt payment of that principal and interest.

Section 8. Form and Execution of the Bonds. The Bonds shall be prepared in a form consistent with the provisions of this resolution and State law, and shall be signed in the

corporate name of the District by the President of the Commission (the “President”) and the Secretary of the Commission (the “Secretary”), either or both of whose signatures may be manual or in facsimile. The Bonds shall be printed at District expense and shall be delivered to the Underwriter in accordance with the Bond Purchase Contract, together with the approving legal opinion of Foster Pepper PLLC, municipal bond counsel of Seattle, Washington, regarding the Bonds.

Only Bonds bearing a Certificate of Authentication in the following form, manually signed by the Bond Registrar, shall be valid or obligatory for any purpose or entitled to the benefits of this resolution:

CERTIFICATE OF AUTHENTICATION

This Bond is one of the fully registered Public Hospital District No. 2, Snohomish County, Washington, Limited Tax General Obligation Refunding Bonds, 2012, described in the Bond Resolution.

WASHINGTON STATE FISCAL AGENT
Bond Registrar

By specimen
Authorized Signer

The authorized signing of a Certificate of Authentication shall be conclusive evidence that the Bond so authenticated has been duly executed, authenticated and delivered and is entitled to the benefits of this resolution.

If any officer whose facsimile signature appears on the Bonds ceases to be an officer of the District authorized to sign bonds before the Bonds bearing his or her facsimile signature are authenticated or delivered by the Bond Registrar or issued by the District, those Bonds 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. Any Bond also may be signed on behalf of the District by any person who, on the actual date of signing of the Bond, is an officer of the District authorized to sign bonds, although he or she did not hold the required office on the date of issuance of the Bonds.

Section 9. Tax Covenants; Designation of Bonds as “Qualified Tax-Exempt Obligations.”

(a) Preservation of Tax Exemption for Interest on Bonds. The District covenants that it will take all actions necessary to prevent interest on the Bonds from being included in gross income for federal income tax purposes, and it will neither take any action nor make or permit any use of proceeds of the Bonds or other funds of the District treated as proceeds of the Bonds at any time during the term of the Bonds which will cause interest on the Bonds to be included in gross income for federal income tax purposes. The District also covenants that it will, to the extent the arbitrage rebate requirements of Section 148 of the Code

are applicable to the Bonds, take all actions necessary to comply (or to be treated as having complied) with those requirements in connection with the Bonds, including the calculation and payment of any penalties that the District has elected to pay as an alternative to calculating rebatable arbitrage, and the payment of any other penalties if required under Section 148 of the Code to prevent interest on the Bonds from being included in gross income for federal income tax purposes. The Director of Finance is authorized and directed to adopt and implement on behalf of the District procedures to facilitate compliance by the District with the covenants in this Section 9 and the applicable requirements of the Code that must be satisfied after the issue date to maintain the tax exemption for interest on the Bonds after the issue date.

(b) Designation of Bonds as “Qualified Tax-Exempt Obligations.” The Bonds shall be designated as “qualified tax-exempt obligations” for the purposes of Section 265(b)(3) of the Code, if the following conditions are met: (1) the Director of Finance is able to determine and certify that the Bonds are not “private activity bonds” within the meaning of Section 141 of the Code; (2) the reasonably anticipated amount of tax-exempt obligations (other than private activity bonds and other obligations not required to be included in such calculation) which the District and any entity subordinate to the District (including any entity that the District controls, that derives its authority to issue tax-exempt obligations from the District, or that issues tax-exempt obligations on behalf of the District) will issue during the calendar year in which the Bonds are issued will not exceed \$10,000,000; and (3) the amount of tax-exempt obligations, including the Bonds, so designated by the District as “qualified tax-exempt obligations” for the purposes of Section 265(b)(3) of the Code during the calendar year in which the Bonds are issued does not exceed \$10,000,000.

Section 10. Refunding or Defeasance of the Bonds. The District may issue refunding bonds pursuant to the laws of the State or use money available from any other lawful source to pay when due the principal of and interest on the Bonds, or any portion thereof included in a refunding or defeasance plan, and to redeem and retire, refund or defease all such then-outstanding Bonds (hereinafter collectively called the “defeased Bonds”) and to pay the costs of the refunding or defeasance. If money and/or “Government Obligations” (as defined in chapter 39.53 RCW, as now in effect or hereafter amended) maturing at a time or times and bearing interest in amounts (together with money, if necessary) sufficient to redeem and retire, refund or defease the defeased Bonds in accordance with their terms are set aside in a special trust fund or escrow account irrevocably pledged to that redemption, retirement or defeasance of defeased Bonds (hereinafter called the “trust account”), then all right and interest of the Owners of the defeased Bonds in the covenants of this resolution and in the funds and accounts obligated to the payment of the defeased Bonds shall cease and become void. The Owners of defeased Bonds shall have the right to receive payment of the principal of and interest on the defeased Bonds from the trust account. The District shall include in the refunding or defeasance plan such provisions as the District deems necessary for the random selection of any defeased Bonds that constitute less than all of a particular maturity of the Bonds, for notice of the defeasance to be given to the Owners of the defeased Bonds and to such other persons as the District shall determine, and for any required replacement of Bond certificates for defeased Bonds. The defeased Bonds 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 Bonds to any lawful purposes as it shall determine.

If the Bonds are registered in the name of DTC or its nominee, notice of any defeasance of Bonds shall be given to DTC in the manner prescribed in the Letter of Representations for notices of redemption of Bonds.

Section 11. Bond Fund; Payments into the Bond Fund. The Bond Fund shall be created and established in the office of the Treasurer as a special fund designated the “Limited Tax General Obligation Refunding Bond Fund, 2012.” All taxes now or hereafter levied and allocated for the payment of the principal of and interest on the Bonds, together with other money of the District available for such purpose and allocated to that purpose, shall be deposited in the Bond Fund. The principal of and interest on the Bonds shall be paid out of the Bond Fund, and, pending expenditure, money therein may be invested and the earnings used for the purpose of that fund.

Section 12. Refunding of the Refunded Bonds.

(a) Use of Bond Proceeds; Acquisition of Acquired Obligations. A sufficient amount of the proceeds of the sale of the Bonds shall be deposited immediately upon the receipt thereof with the Trustee and used to discharge the obligations of the District relating to the Refunded Bonds under the 1999 Bond Covenants by providing for the payment of the amounts required to be paid by the Refunding Plan. If necessary, and to the extent practicable, such obligations may be discharged fully by the Trustee’s simultaneous purchase of the Acquired Obligations, bearing such interest and maturing as to principal and interest in such amounts and at such times so as to provide, together with a beginning cash balance, if necessary, for the payment of the amount required to be paid by the Refunding Plan. Any Bond proceeds or other money deposited with the Trustee not needed to purchase the Acquired Obligations, if requested, and provide a beginning cash balance, if any, shall be returned to the District at the time of delivery of the Bonds to the initial purchaser thereof and deposited in the Bond Fund to pay interest on the Bonds on the first interest payment date. The remaining proceeds of the sale of the Bonds will be used to pay costs of issuance of the Bonds.

(b) Administration of Refunding Plan. The Trustee is authorized and directed to purchase the Acquired Obligations, if so directed by the District’s Designated Representative, and to make the payments required to be made by the Refunding Plan from the Acquired Obligations and money deposited with the Trustee pursuant to this resolution. If necessary, the District’s Designated Representative is authorized to enter into a Refunding Trust Agreement with the Trustee for the purchase of the Acquired Obligations. All Acquired Obligations and the money deposited with the Trustee and any income therefrom shall be held irrevocably, invested and applied in accordance with the provisions of the 1999 Bond Covenants, this resolution, chapter 39.53 RCW and other applicable statutes of the State of Washington and the Refunding Trust Agreement. All necessary and proper fees, compensation, and expenses of the Trustee for the Bonds and all other costs incidental to the setting up of the escrow to accomplish the refunding of the Refunded Bonds and costs related to the issuance and delivery of the Bonds, including bond printing, verification fees, bond counsel’s fees, and other related expenses, shall be paid out of the proceeds of the Bonds.

Section 13. Call for Redemption of the Refunded Bonds. The District authorizes the Designated Representative to set the date for redemption of the Refunded Bonds. The Refunded

Bonds will be called on such date at the price of par plus accrued interest. Such call for redemption shall be irrevocable after the delivery of the Bonds to the initial purchaser thereof.

The proper District officials are authorized and directed to give or cause to be given such notices as required, at the times and in the manner required, or enter into agreements as necessary, pursuant to the 1999 Bond Covenants in order to effect the redemption prior to their maturity of the Refunded Bonds.

Section 14. District Findings with Respect to Refunding. The Commission authorizes the Designated Representative to issue the Bonds if it is in the best interest of the District and its taxpayers and in the public interest. In making such finding and determination, the Designated Representative will give consideration to the fixed maturities of the Bonds and the Refunded Bonds, the costs of issuance of the Bonds and the known earned income from the investment of the proceeds of the issuance and sale of the Bonds pending payment and redemption of the Refunded Bonds.

The Designated Representative may purchase Acquired Obligations to be deposited with the Trustee, together with the income therefrom, and with any necessary beginning cash balance, which will be sufficient to redeem the Refunded Bonds and will discharge and satisfy the obligations of the District under the 1999 Bond Covenants with respect to the Refunded Bonds, and the pledges, charges, trusts, covenants, and agreements of the District therein made or provided for as to the Refunded Bonds, and that the Refunded Bonds shall no longer be deemed to be outstanding under such 1999 Bond Covenants immediately upon the deposit of such money with the Trustee.

Section 15. Sale of Bonds. The Board has determined that it is in the best interest of the District to delegate to the Designated Representative the authority to approve the final principal amounts, dates, denominations, interest rates, payment dates, maturity dates, and redemption provisions of the Bonds, and the Refunding Plan, in the manner provided herein, provided that:

- (a) The aggregate principal amount of the Bonds does not exceed \$7,250,000;
- (b) One or more rates of interest may be fixed for the Bonds, and no rate of interest for any maturity of the Bonds may exceed 5.00%;
- (c) The true interest cost to the District for the Bonds does not exceed 3.25%;
- (d) The aggregate purchase price for the Bonds may not be less than 98% of the par amount of the Bonds;
- (e) The Bonds shall be issued subject to optional and mandatory redemption provisions, including designation of Term Bonds, if any;
- (f) The Bonds shall be dated as of the date of their delivery, which date and time for the issuance and delivery of the Bonds is not later than December 1, 2014; and

(g) Interest shall be payable at fixed rates semiannually on each June 1 and December 1, principal shall be payable annually on each December 1 and the final maturity shall not be later than December 31, 2020.

In determining the final principal amounts, dates, denominations, interest rates, payment dates, maturity dates, and redemption provisions of the Bonds, and the Refunding Plan, the Designated Representative, in consultation with other District officials and staff and advisors, shall take into account those factors that, in his or her judgment, will result in the lowest true interest cost on the Bonds to their maturity, including, but not limited to current financial market conditions and current interest rates for obligations comparable to the Bonds.

The Bonds shall be sold by negotiated sale to Piper Jaffray & Co. (the “Purchaser”). Subject to the terms and conditions set forth in this Section 15, the Designated Representative is hereby authorized to execute a purchase contract to be presented by the Purchaser (the “Bond Purchase Contract”) on behalf of the District upon his determination that the conditions of this Section 15 have been met.

The Bonds will be printed at District expense and will be delivered to the Purchaser in accordance with the Bond Purchase Contract, with the approving legal opinion of Foster Pepper PLLC, municipal bond counsel of Seattle, Washington, regarding the Bonds.

Section 16. Official Statement. For the sole purpose of the Purchaser’s compliance with paragraph (b)(1) of Rule 15c2-12, the District authorizes the Designated Representative to “deem final” a preliminary official statement as of its date, except for the omission of information permitted to be omitted by Rule 15c2-12 and ratifies the distribution by the Purchaser of that preliminary official statement to potential purchasers of the Bonds.

In addition, the District authorizes and approves the preparation, execution by the Designated Representative, and delivery to the Purchaser of a final official statement for the Bonds, in the form of the preliminary official statement, with such modifications and amendments thereto as shall be deemed necessary or desirable by the District. The District authorizes the Designated Representative, to approve the distribution by the Purchaser of that final official statement to potential purchasers and purchasers of the Bonds.

Section 17. Undertaking to Provide Continuing Disclosure. To meet the requirements of paragraph (b)(5) of Rule 15c2-12, as applicable to a participating underwriter for the Bonds, the District makes the following written Undertaking for the benefit of holders of the Bonds:

(a) Undertaking to Provide Annual Financial Information and Notice of Listed Events. The District undertakes to provide or cause to be provided, either directly or through a designated agent, to the MSRB, in an electronic format as prescribed by the MSRB, accompanied by identifying information as prescribed by the MSRB:

(1) Annual financial information and operating data of the type included in the final official statement for the Bonds and described in subsection (b) of this section (“annual financial information”);

(2) Timely notice (not in excess of 10 business days after the occurrence of the event) of the occurrence of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notice of Proposed Issue (IRS Form 5701 – TEB) or other material notices or determinations with respect to the tax status of the Bonds; (7) modifications to rights of holders of the Bonds, if material; (8) bond calls (other than scheduled mandatory redemptions of Term Bonds), if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the District, as such “Bankruptcy Events” are defined in Rule 15c2-12; (13) the consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and (14) appointment of a successor or additional trustee or the change of name of a trustee, if material

(3) Timely notice of a failure by the District to provide required annual financial information on or before the date specified in subsection (b) of this section.

(b) Type of Annual Financial Information Undertaken to be Provided. The annual financial information that the District undertakes to provide in subsection (a) of this section:

(1) Shall consist of: (1) annual financial statements prepared (except as noted in the financial statements) in accordance with generally accepted accounting principles applicable to governmental units, as such principles may be changed from time to time and as permitted by State law, which statements shall not be audited, except, however, that if and when audited financial statements are otherwise prepared and available to the District they will be provided; (2) a statement of authorized, issued and outstanding general obligation debt of the District; (3) the assessed value of the property within the District subject to ad valorem taxation; and (4) ad valorem tax levy rates and amounts, and percentage of taxes collected;

(2) Shall be provided not later than the last day of the sixth month after the end of each fiscal year of the District (currently, a fiscal year ending December 31), as such fiscal year may be changed as required or permitted by State law, commencing with the District’s fiscal year ending December 31, 2012; and

(3) May be provided in a single or multiple documents, and may be incorporated by specific reference to documents available to the public on the Internet website of the MSRB or filed with the SEC.

(c) Amendment of Undertaking. The Undertaking is subject to amendment after the primary offering of the Bonds without the consent of any holder of any Bond, or of any

broker, dealer, municipal securities dealer, participating underwriter, rating agency or the MSRB, under the circumstances and in the manner permitted by Rule 15c2-12.

The District will give notice to the MSRB of the substance (or provide a copy) of any amendment to the Undertaking and a brief statement of the reasons for the amendment. If the amendment changes the type of annual financial information to be provided, the annual financial information containing the amended financial information will include a narrative explanation of the effect of that change on the type of information to be provided.

(d) Beneficiaries. The Undertaking evidenced by this section shall inure to the benefit of the District and any Beneficial Owner of Bonds, and shall not inure to the benefit of or create any rights in any other person.

(e) Termination of Undertaking. The District's obligations under this Undertaking shall terminate upon the legal defeasance of all of the Bonds. In addition, the District's obligations under this Undertaking shall terminate if those provisions of Rule 15c2-12 which require the District to comply with this Undertaking become legally inapplicable in respect of the Bonds for any reason, as confirmed by an opinion of nationally recognized bond counsel or other counsel familiar with federal securities laws delivered to the District, and the District provides timely notice of such termination to the MSRB.

(f) Remedy for Failure to Comply with Undertaking. As soon as practicable after the District learns of any failure to comply with the Undertaking, the District will proceed with due diligence to cause such noncompliance to be corrected. No failure by the District or other obligated person to comply with the Undertaking shall constitute a default in respect of the Bonds. The sole remedy of any Beneficial Owner of a Bond shall be to take such actions as that holder deems necessary, including seeking an order of specific performance from an appropriate court, to compel the District or other obligated person to comply with the Undertaking.

(g) Designation of Official Responsible to Administer Undertaking. The Director of Finance (or such other officer of the District who may in the future perform the duties of that office) and his designee, is authorized and directed in his discretion to take such further actions as may be necessary, appropriate or convenient to carry out the Undertaking of the District in respect of the Bonds set forth in this section and in accordance with Rule 15c2-12, including, without limitation, the following actions:

(1) Preparing and filing the annual financial information undertaken to be provided;

(2) Determining whether any event specified in subsection (a) has occurred, assessing its materiality, where necessary, with respect to the Bonds, and preparing and disseminating any required notice of its occurrence;

(3) Determining whether any person other than the District is an "obligated person" within the meaning of Rule 15c2-12 with respect to the Bonds, and obtaining from such person an undertaking to provide any annual financial information and notice of listed events for that person in accordance with Rule 15c2-12;

(4) Selecting, engaging and compensating designated agents and consultants, including but not limited to financial advisors and legal counsel, to assist and advise the District in carrying out the Undertaking; and

(5) Effecting any necessary amendment of the Undertaking.

Section 18. General Authorization and Ratification. The President and Secretary of the Commission, the District's Superintendent, Director of Finance, Treasurer and other appropriate officers of the District are authorized and directed to take any actions and to execute documents as in their judgment may be necessary or desirable to carry out the terms of, and complete the transactions contemplated by, this resolution and the Bond Purchase Contract (including everything necessary for the prompt delivery of the Bonds to the Underwriter and for the proper application, use and investment of the proceeds of the sale thereof), and all actions heretofore taken in furtherance thereof and not inconsistent with the provisions of this resolution are hereby ratified and confirmed in all respects.

Section 19. Severability. If any provision of this resolution shall be declared by any court of competent jurisdiction to be contrary to law, then such provision shall be null and void and shall be deemed separable from the remaining provisions of this resolution and shall in no way affect the validity of the other provisions of this resolution or of the Bonds or of the levy or collection of the taxes pledged to pay and retire the Bonds.

Section 20. Effective Date. This resolution shall become effective immediately upon its adoption.

ADOPTED and APPROVED by the Commission of Public Hospital District No. 2, Snohomish County, Washington, at a regular open public meeting thereof held this 24th day of October, 2012, the following Commissioners being present and voting in favor of the resolution.

PUBLIC HOSPITAL DISTRICT NO. 2
SNOHOMISH COUNTY, WASHINGTON

President and Commissioner

Commissioner

Commissioner

Commissioner

Secretary and Commissioner

CERTIFICATION

I, the undersigned, Secretary of the Commission of Public Hospital District No. 2, Snohomish County, Washington (the "District"), hereby certify as follows:

1. The foregoing Resolution No. 2012-09 (the "Resolution") is a full, true and correct copy of the Resolution duly adopted at a regular meeting of the Commission of the District (the "Commission") held at the regular meeting place thereof on October 24, 2012, as that Resolution appears on the minute book of the District; and the Resolution is now in full force and effect;

2. A quorum of the members of the Commission was present throughout the meeting and a majority of those members present voted in the proper manner for the adoption of the Resolution.

IN WITNESS WHEREOF, I have hereunto set my hand this ____ day of _____, 2012.

PUBLIC HOSPITAL DISTRICT NO. 2
SNOHOMISH COUNTY, WASHINGTON

Secretary of the Commission

Program Payout Schedule

Account	Actual 2012	Budget 2013	Budget 2014
7100 . Grants			
Committed			
Enhanced Wellness	\$ 24,075	\$ 24,300	\$ 18,225
Move 60!	\$ 313,445	\$ 382,188	\$ 315,467
3rd Grade Swim Lessons	\$ 69,685	\$ 146,000	\$ 126,000
Xfit Training Camp	\$ 69,300	\$ -	\$ -
Healthy Habits	\$ 102,601	\$ 111,939	\$ 74,626
City of Lynnwood Move 60: Teens!	\$ 77,468	\$ 77,468	\$ 77,468
City of Lynnwood Get Movin'	\$ 52,250	\$ 52,250	\$ 52,250
Care Coordination	\$ 138,625	\$ 100,875	\$ -
Nurse Family Partnership	\$ 264,000	\$ 264,000	\$ -
Counseling Services	\$ 62,400	\$ -	\$ -
Project Access Northwest	\$ 80,000	\$ 80,000	\$ 66,667
CHC-S/E Emergency Room Diversion Project	\$ 100,000	\$ 100,000	\$ 83,333
Edmonds Mobile Medical Clinic	\$ 62,500	\$ 75,000	\$ -
Parent Trust Continuum of Family Support Services	\$ 20,834	\$ 25,000	\$ 4,166
Domestic Violence Services of Snoh Co	\$ 9,726	\$ 19,453	\$ 19,453
Providence Hospice & Home Care Foundation	\$ 90,417	\$ 155,000	\$ 155,000
YWCA Children's Domestic Violence	\$ 16,667	\$ 25,000	\$ 25,000
Mobile Dental Program	\$ 20,000	\$ 48,000	\$ 48,000
Lynnwood Fire Department	\$ 66,807	\$ 15,625	\$ -
PEPS	\$ -	\$ 40,000	\$ 40,000
Perscription Assistance	\$ -	\$ 50,000	\$ 50,000
Mental Health Counseling	\$ -	\$ 25,000	\$ 25,000
Student Health & Wellness Program	\$ -	\$ 153,047	\$ 144,389
One-Time Commitments	\$ 65,700	\$ -	\$ -
Total Committed	\$ 1,706,500	\$ 1,970,145	\$ 1,325,044
Not Committed (Available to Spend)	\$ 1,901,000	\$ 3,329,855	unknown
Total Grants	\$ 3,607,500	\$ 5,300,000	\$ 1,325,044
7300 . Internal Programs			
Committed			
Whooping Cough	\$ 124,000	\$ 24,000	\$ -
Total Committed	\$ 124,000	\$ 24,000	
Potential Programs			
Community Needs Assessment	\$ 25,000	\$ 75,000	
6 Weeks to a Healthier You	\$ 14,500	\$ 80,000	unknown
Total Potential Programs	\$ 39,500	\$ 155,000	\$ -
Not Committed (Available to Spend)	\$ -	\$ 506,000	unknown
Total Internal Programs	\$ 163,500	\$ 685,000	\$ -
7200 . Discretionary			
Committed			
6 Weeks to a Healthier You	\$ 77,346	\$ -	\$ -
Whooping Cough Postcard Mailing	\$ 5,000	\$ -	\$ -
Total Committed	\$ 82,346	\$ -	\$ -
Not Committed (Available to Spend)	\$ 122,654	\$ 315,000	unknown
Total Discretionary Programs	\$ 205,000	\$ 315,000	\$ -
TOTAL	\$ 3,936,500	\$ 6,300,000	\$ 1,325,044

	A	B	C	D	E	F	G	H	I	J
	Programs for October Review		Request for funding			Priority Area				
#	Name	Description	Year 1	Year 2	Year 3	Education & Empowerment	Prevention	Access to Healthcare	Policy & Advocacy	Primary Population Served
1	Seaview Elementary PTA	Seaview Elementary is requesting funding to build a new jogging path around the perimeter of the school's playground. The path would serve as a track, be used for scooters, and for other school and community activities. The PTA is seeking matching funds for the Edmonds School District Capital program match.	\$25,000			X				Students
2	Cascade Bicycle Club - Advanced Basics of Bicycling - Edmonds School District	Funding would be used to expand the Advanced Basics of Bicycling (middle school program) to all schools within the Edmonds School District. Last year, Verdant provided a one-year grant to enable Cascade to buy the equipment/trailer to get the program going.	\$32,000	\$32,000	\$32,000	X				Students
3	Cascade Bicycle Club - Advocacy/Policy Project	A policy and advocacy project focused on making it easier and safer for people to walk and ride bikes in South Snohomish County. Funds would be used to 1.) Conduct a bike assessment in each of the district's 6 jurisdictions; 2.) train municipal staff and elected officials on bike friendly transportation planning; 3.) encourage and empower businesses to become bike friendly workplaces; and 4.) train community advocates.	\$45,000	\$25,000					X	Students
Total			\$102,000	\$57,000	\$32,000					

October 2012 Program Committee Report

Summary of October Programs Reviewed

- Three new funding applications received
- Two Education & Empowerment and one Policy and Advocacy

Not Recommended for Funding

- **Seaview Elementary PTA – Jogging Path:** Seaview Elementary is requesting \$25,000 to build a new jogging path around the perimeter of the school's playground. The path would serve as a track, be used for scooters, and for other school and community activities. The PTA is seeking matching funds for the Edmonds School District Capital program. **The proposal is not recommended for funding;** the direct health outcomes are difficult to track, and Verdant has not previously supported similar individual school infrastructure requests.

For Further Discussion by Board

- **Cascade Bicycle Club Education Foundation – Advanced Basics of Bicycling Program:** funding would be used to expand the Advanced Basics of Bicycling (middle school program) to all schools within the Edmonds School District. Last year, Verdant provided a one-time grant to enable Cascade to buy the equipment/trailer and design the curriculum for the middle school program. The last time the multi-year request came in the program committee had reservations about funding this on an ongoing basis because the connection to health was not as strong as for other youth-wellness focused programs. The program has not yet completed its annual review (due in November), but the interim report showed the program was on track to meet its goals.

The proposed program outcomes include 1.) Increased knowledge of traffic rules and bike safety, 2.) Increased knowledge of bicycle riding and traffic skills, and 3.) Increased number of times per month that students ride bicycles. Cascade is requesting \$32,000 per year for three years, most of which would support staff delivery of the program at the 6 middle schools in the Edmonds School District.

Recommendation to Table Proposal

- **Cascade Bicycle Club Education Foundation – Policy and Advocacy Project:** a project focused on making it easier and safer for people to walk and ride bikes in South Snohomish County. Funds would be used to 1.) Conduct a bike assessment in each of the district's 6 jurisdictions; 2.) train municipal staff and elected officials on bike friendly transportation planning; 3.) encourage and empower businesses to become bike friendly workplaces; and 4.) train community advocates. **The recommendation is to table this request until our involvement in a Blue Zone project is clarified** because there is significant overlap between the policy goals of this project and with the Blue Zones model.

We are seeking board approval to move forward on a community needs assessment working with Strategic Learning Resources in collaboration with the Snohomish Health District. The estimated cost of the needs assessment is \$133,150.

Description of Needs Assessment:

Strategic Learning Resources (SLR), Inc. would act as the project manager, including supporting the design of the qualitative data collection. They would work with local partners including the Snohomish Health District and Gilmore Research on parts of the assessment. The project includes:

- A comprehensive quantitative analysis of health data provided by the Snohomish Health District.
- 5-7 focus groups would be held with representative groups of constituents.
- 3 ‘community conversations’ or interactive community meetings would be held across the district to capture community member thoughts on health and wellness issues.
- Approximately ten key informant interviews with key community leaders.
- A multi-modal survey would be delivered by Gilmore Research to a representative sample of community members in English & Spanish over the phone or online.
- A formal analysis and presentation including a Gaps analysis, Strengths, Weaknesses, Opportunity and Threats (SWOT) analysis, and recommendations would be provided to Verdant’s leadership.

SLR and its partner’s proposal rated highest for the following reasons:

- Comprehensive approach including multiple qualitative and quantitative methods.
- Demonstrated a deep understanding of local data sources, presented a compelling research model, and have significant experience working in this community.

Comparison of Finalists in Selection Process (Out of Seven Initial Respondents)

	Company	Location	Proposal Score (max 45)	Estimated Cost	Proposal Includes
1	Strategic Learning Resources, Snohomish Health District, et al.	Langley and Everett, WA	38	\$133,150	Comprehensive quantitative analysis, 5-7 focus groups, key leader interviews, 3 ‘community conversations’, phone/online survey, Gaps and SWOT analysis
2	Cheryl Stone & Associates and Stamats Healthcare Marketing	Chicago, IL and Cedar Rapids, IA	34	\$115,400*	Demographic analysis, 6 focus groups, key leader interviews, phone survey, SWOT analysis
3	Applied Survey Research	Watsonville, CA	32	\$106,250*	Data analysis, including quality of life indicators, telephone survey, key informant interviews, face-to-face interviews, SWOT analysis

*Includes an estimate for travel costs

October 2012 Marketing Report

Summary

- 6 Weeks to a Healthier You update
- Website update
- Print newsletter

6 Weeks to a Healthier You Update

- Follow-up biometrics: 123 registered
- Reunion session: 128 registered
- Program overview:
 - Review of what influences biometric results
 - Key action strategies for success in nutrition, cooking, exercise and stress management
 - Question and answer panel with Joe and representatives from the YMCA and PCC

Website Update

- Aukema & Associates was selected as the development firm for this project, following a lengthy and competitive RFP process.
- Initial meeting to discuss the project took place earlier this week.
- The timeline for completion is still being discussed, while we discuss content and design elements during this initial discovery phase.

Print Newsletter

- First edition of our print newsletter, called *The Canopy*, is scheduled to be delivered to households during the week of Nov. 12.
- This edition focuses on our whooping cough outreach, Verdant background and priorities, and descriptions and photos of four programs:
 - Edmonds Mobile Medical Clinic
 - Move 60
 - Nurse-Family Partnership
 - Emergency Cardiac Care