

VERDANT HEALTH COMMISSION
PUBLIC HOSPITAL DISTRICT NO. 2 OF SNOHOMISH COUNTY, WASHINGTON
BOARD OF COMMISSIONERS
Regular Meeting
A G E N D A
May 22, 2013
8:00 AM to 9:30 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) April 24, 2013 Board Meeting	Action	8:01	1-4
b) April 26, 2013 Special Meeting	Action	8:02	5
C. Executive Committee Report	Information	8:03	
D. Board Finance Committee Report			
a) Review financial statement and cash activity	Action	8:05	6-14
b) Authorization for payment of vouchers and payroll	Action	8:10	15
E. Program Oversight Committee Report & Recommendations			
a) Conflicts of interest	Action	8:12	
b) Program investment recommendations	Action	8:13	16-18
c) Follow-up on Sobering/Detox Center study session	Information	8:25	19
F. Marketing Report			
a) "6 Weeks to a Healthier You" 2013	Information	8:35	
b) Website update	Information	8:40	
G. Commissioner Comments	Information	8:45	
H. Superintendent's Report	Information	8:50	
I. Public Comments (please limit to three minutes per speaker)	---	8:55	---
J. Executive Session	---	9:00	---
a) Review ongoing litigation			
b) Potential real estate acquisition			
K. Open Session	Action	9:20	---
L. Adjournment	---	9:30	---

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

BOARD OF COMMISSIONERS

Regular Meeting

VHC Board Room

April 24, 2013

Commissioners Present	Bob Knowles, President Fred Langer, Secretary (via conference phone) J. Bruce Williams, M.D., Commissioner Karianna Wilson, Commissioner Deana Knutsen, Commissioner
Others Present	Carl Zapora, Superintendent George Kosovich, Program Director Lisa King, Finance Director Jennifer Piplic, Marketing Director Karen Goto, Executive Assistant Howard Thomas, Consultant Josh Lewis, Moss Adams Tina Hjorten, State Auditor Jim Steinruck, Senior Services of Snohomish County 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 8:04 a.m. by President Knowles.
Approval of Minutes	<i>Motion was made, seconded and passed unanimously to approve</i> the minutes of the regular meeting on March 27, 2013.
Executive Committee	President Knowles reported that the Executive Committee met on April 19, 2013 to review the April 24, 2013 board meeting agenda. The Moss Adams report will be moved up in the agenda today.
Moss Adams Report of Independent Auditors	Josh Lewis presented the findings from Moss Adams' independent audit (E:22:13). The audit report was an unmodified opinion and there were no audit adjustments.

**Board Finance
Committee**

The committee met on April 22, 2013 to review the financial statements.

Ms. King reported on the financials for March 2013 (E:20:13).

**Authorization
for Payment of
Vouchers &
Payroll**

Warrant Numbers 10226 through 10252 for March 2013 for payment in the amount of \$85,427.40 were presented for approval (E:21:13). ***Motion was made, seconded and passed unanimously to approve.***

**Resolution
2013:05 Lease
of Surplus Real
Property**

Motion was made, seconded and passed unanimously to approve Resolution 2013:05.

**Program
Oversight
Committee
Update**

Commissioner Knutsen reported that the Program Oversight Committee met on April 12, 2013 and reviewed two new program funding applications (E:22:13). Neither was recommended for funding by the Program Oversight Committee at this time. Mr. Kosovich will continue to be in conversation with the City of Mountlake Terrace and the Center for Advanced Recovery Solutions on their proposals.

No conflicts of interest were reported by any of the commissioners. Dr. Williams mentioned that he is the chair of the Swedish/Edmonds hospital physicians group and they are currently working on reducing hospital re-admissions. Equipment and resources provided by Verdant in ambulances and the ER have been beneficial, he reported.

**Update from
Senior Services
on Center for
Healthy Living**

Jim Steinruck provided an update to the board on the location of the Center for Healthy Living (E:25:13).

Mr. Kosovich reported that attorney Brad Berg is currently reviewing the contract and the terms of agreement will be brought to the Program Committee and then the board at a later date.

**Marketing
Report**

Ms. Piplic reported on two items (E:24:13):

1. 6 Weeks to a Healthier You update
195 registrants to date with approximately 63%

living and/or working within the district.

2. Verdant website update

Site will be delivered in late May 2013.

Commissioners will be invited to test the site and provide input. Estimated launch date is late June 2013.

**Commissioner
Comments**

Commissioner Knutsen encouraged the board to talk with Mr. Kosovich and the Program Committee if they have any ideas for possible program funding. President Knowles acknowledged that there are current proposals that could be maximized as well.

**Superintendent's
Report**

1. State audit was positive and their findings will be presented in a full report to the board at the May 2013 regular board meeting.
2. Moss Adams had a clean audit with no exceptions. Superintendent Zapora recognized Ms. King and Ms. Erica Ash for their work.
3. The City of Monroe's hospital levy is passing so far.
4. Edmonds Chamber of Commerce luncheon is on Thursday, April 25, 2013 with Joe Piscatella speaking and Lynne Vea of PCC preparing the food.
5. Superintendent Zapora recognized Ms. Goto for Administrative Professional's Day.

**Public
Comments:**

Mr. Al Rutledge reported that the upcoming Edmonds Car Show on July 13, 2013 will have a health component. This show raises funds for the food bank and for services for the aging.

Ms. Rowena Miller thanked the board for using caution in funding a for-profit organization, and for speaking louder in the board meetings. She also acknowledged Ms. Goto for her helpfulness.

**Executive
Session**

President Knowles recessed the regular meeting at 9:10 a.m. into Executive Session to discuss ongoing litigation, the Superintendent's performance, and potential real estate acquisition matters.

President Knowles stated that no action would be taken in this Executive Session and the board would reconvene in approximately 26 minutes.

Open Session

President Knowles reconvened into open session at 9:36 a.m. ***Motion was made, seconded and passed unanimously to approve*** Resolution 2013:06 approving the term and conditions of an extension to the employment agreement with the superintendent of the district.

Motion was made, seconded and passed unanimously that, because the terms and conditions of the extension of Superintendent Zapora's employment agreement included the elimination of his right to receive incentive compensation for the remainder of 2013, Superintendent Zapora be paid incentive compensation on a pro rata basis under the terms of his existing employment agreement for the period of January 1, 2013 through April 24, 2013 in the amount of \$6,594.16 (based on the Commission's assessment of the accomplishment of his goals during that period) as an inducement for Superintendent Zapora to agree to enter into the proposed extension of his employment agreement.

Motion was made, seconded and passed unanimously to authorize Superintendent Zapora to negotiate a purchase and sale agreement for the use of the Verdant Health Commission office and wellness center.

Adjourn

There being no further business to discuss, the meeting was adjourned at 9:37 a.m.

ATTEST BY:

President

Secretary

PUBLIC HOSPITAL DISTRICT NO. 2 OF SNOHOMISH COUNTY, WASHINGTON

**SPECIAL MEETING/STUDY SESSION
April 26, 2013
Verdant Health Commission Board Room**

Commissioners Present	Fred Langer, Commissioner Deana Knutsen, Commissioner Karianna Wilson, Commissioner (8:45 AM arrival)
Commissioners Excused	Bob Knowles, President J. Bruce Williams, MD, Commissioner
Staff	Carl Zapora George Kosovich Lisa King Jennifer Piplic Karen Goto
Guests	Ken Stark, Snohomish County Human Services David Jaffe, Swedish/Edmonds Heather Gutierrez, Swedish/Edmonds ED Sonni Nilan, Consultant
Call to Order	The Special Meeting/Study Session of the Board of Commissioners was called to order by Commissioner Langer at 8:02 a.m.
Study Session	Commissioners conducted a study session with the guests examining a proposal for a South Snohomish County Sobering/Detox Center (E:26:13).
Adjourn	The meeting was adjourned at 9:00 a.m.
Attest By:	 _____ President _____ Secretary

Balance Sheet
As of April 30, 2013

	A	B	C	D
	Dec 31, 2012	Apr 30, 2013	\$ Change	Comments:
ASSETS				
Current Assets				
1 Cash Balance	1,451,628	1,131,002	(320,626)	
2 Other Current Assets	42,012,053	44,943,857	2,931,804	Includes Investments
3 Total Current Assets	43,463,681	46,074,859	2,611,178	
4 Total Long-term & Fixed Assets	32,961,232	31,551,213	(1,410,019)	Depreciation
TOTAL ASSETS	76,424,913	77,626,072	1,201,159	
LIABILITIES & EQUITY				
Liabilities				
5 Current Liabilities	1,702,010	1,927,429	225,419	Payable to S/E
6 Long-term Liabilities	6,107,870	6,107,870	-	2012 LTGO Bonds
7 Total Liabilities	7,809,880	8,035,299	225,419	
8 Total Equity	68,615,033	69,590,773	975,740	Annual Net Income
TOTAL LIABILITIES & EQUITY	76,424,913	77,626,073	1,201,159	

Profit & Loss
April 2013

	A	B	C	D	E	F
	Apr Actual	Apr Budget	Fav/(Unfav)	YTD Actual	YTD Budget	Fav/(Unfav)
INCOME						
1 Ordinary Income	836,002	835,488	514	3,338,062	3,341,953	(3,891)
EXPENSES						
2 Operating Expenses*	444,676	471,946	27,271	1,836,841	1,927,808	90,967
3 Program Expenses	176,287	525,000	348,713	791,195	2,100,000	1,308,805
4 Total Expenses	620,963	996,946	375,983	2,628,036	4,027,808	1,399,772
OTHER INCOME/(EXPENSE)						
5 Total Other Income/(Expense)	266,809	90,000	176,809	265,714	360,000	(94,286)
NET INCOME	481,849	(71,458)	553,307	975,740	(325,854)	1,301,595

* includes non-cash items such as depreciation

Monthly Highlights
April 2013

Verdant made cash transfers of \$2 million into our investment portfolio during the month of April. We received dividends of \$96,630 as well as an unrealized gain of \$167,760. We are still recovering from a weak 1st quarter with an unrealized YTD loss of \$141,154; however, we have received a total of \$373,280 in dividends for 2013 for a ending market value of \$43,360,500.

Annual program commitments total \$2,538,013 and \$2,277,314 for 2013 and 2014, respectively. Estimated board approved internal programs, including the Community Needs Assessment, total \$237,150 for 2013. \$3,524,837 remains available to spend in 2013, of which \$314,920 is earmarked as Superintendent Discretionary.

There were no unusual expenses or income during the month of April.

Balance Sheet
As of April 30, 2013

	<u>Dec 31, 2012</u>	<u>Apr 30, 2013</u>	<u>\$ Change</u>	<u>Comments:</u>
ASSETS				
Current Assets				
1 Total Cash Balance	1,451,628	1,131,002	(320,626)	
2 Total Accounts Receivable	776,302	(0)	(776,303)	Payment by S/E received
Other Current Assets				
3 Total Misc Current Assets	11,181	11,181	-	BofA Unamortized Financing Costs
4 Total Investments	40,128,375	43,360,500	3,232,125	
5 Total Other Miscellaneous Receivables	1,071,089	1,564,678	493,589	M&O Tax Levy Recv
6 Total Prepaid Expenses & Others	25,106	7,498	(17,608)	
7 Total Other Current Assets	<u>41,235,751</u>	<u>44,943,857</u>	<u>3,708,106</u>	
8 Total Current Assets	43,463,681	46,074,859	2,611,178	
9 Total Fixed Assets	26,154,403	24,754,204	(1,400,199)	
10 Total Financing & Lease Costs	407,524	401,430	(6,094)	
11 Total Other Assets	<u>6,399,306</u>	<u>6,395,579</u>	<u>(3,727)</u>	
TOTAL ASSETS	<u>76,424,913</u>	<u>77,626,073</u>	<u>1,201,159</u>	

Balance Sheet
As of April 30, 2013

		<u>Dec 31, 2012</u>	<u>Apr 30, 2013</u>	<u>\$ Change</u>	<u>Comments:</u>
LIABILITIES & EQUITY					
Liabilities					
Current Liabilities					
12	Total Accounts Payable	76,581	58,572	(18,009)	
13	Total Credit Cards	90	639	549	
Other Current Liabilities					
14	Total Accrued Salary & Benefits	34,213	42,216	8,003	
15	Interest & Orig Issue Premium	506,068	545,394	39,326	2012 LTGO Bonds
16	Total Other Payables & Accruals	365,058	560,608	195,550	P/L & W/C Settlements & S/E overpayment
17	Current Portion of L-T Debt	720,000	720,000	-	Annual Bond Payment due Dec 1
18	Total Other Current Liabilities	1,625,340	1,868,218	242,879	
19	Total Current Liabilities	1,702,010	1,927,429	225,419	
Long-term Liabilities					
20	Total Long-term Debt - Operations	5,905,000	5,905,000	-	2012 LTGO Bonds
21	Total Other Long-term Liabilities	202,870	202,870	-	P/L & W/C Reserve
22	Total Long-term Liabilities	6,107,870	6,107,870	-	
23	Total Liabilities	7,809,880	8,035,299	225,419	
24	Total Equity	68,615,033	69,590,773	975,740	Net Income
TOTAL LIABILITIES & EQUITY		76,424,913	77,626,073	1,201,159	

Profit Loss

April 2013

	Mar 2013	Apr 2013	\$ Change	Comments:
Ordinary Income/Expense				
1	Total Income	837,240	836,002	(1,238)
	Expenses			
	Operating Expenses			
2	Total Salaries & Benefits	73,971	52,555	(21,416)
3	Total Workers Comp	3,370	(5,753)	(9,124)
4	Total Depreciation	350,050	350,050	-
5	Total Insurance	901	1,226	325
6	Total Interest Expense	15,001	15,001	-
7	Total Amortization	1,249	1,249	-
8	Total Professional Services	41,738	23,663	(18,075)
9	Total Purchased Services	2,568	1,096	(1,472)
10	Rent Expense	2,900	2,900	-
11	Total Other Expenses	723	973	250
12	Total Supplies	330	281	(49)
13	Total Taxes	941	933	(9)
14	Total Utilities	546	503	(43)
15	Total Operating Expenses	494,287	444,676	(49,612)
	Program Expenses			
16	Total Program Expenses	216,897	176,287	(40,610)
17	Total Expense	711,184	620,963	(90,222)
18	Net Ordinary Income	126,056	215,040	88,984
	Other Income/Expense			
	Other Income			
19	Total General Obligation Bonds	5,881	6,341	460
20	Total Non Operating Revenue	69,811	260,468	190,657
21	Total Other Income/Expense	75,692	266,809	191,117
	Net Income	201,748	481,849	280,101

1Q13 True Up

Gain on Investment

Profit Loss Budget vs. Actual

January - April 2013

	A	B	C	D
	Jan-April 2013	Jan-April Budget	Over/(Under) Budget	% of Budget
Operating Revenues				
1 M&O Tax Levy	681,624	685,424	(3,800)	99.4%
2 Rental Income	2,640,732	2,640,960	(228)	100.0%
3 Pavilion Ground Lease Income	15,569	15,569	-	100.0%
4 Other Operating Income	137	-	137	100.0%
5 Total Operating Revenues	3,338,062	3,341,953	(3,891)	99.9%
Operating Expenses				
6 Salaries	198,643	208,493	(9,850)	95.3%
7 Benefits	20,386	29,706	(9,320)	68.6%
8 Workers Comp	8,084	22,000	(13,916)	36.7%
9 Insurance	4,253	8,603	(4,350)	49.4%
10 Interest Expense	60,300	75,584	(15,284)	79.8%
11 Amortization	4,996	11,286	(6,290)	44.3%
12 Rent Expense	11,600	11,600	-	100.0%
13 Consulting	57,750	60,000	(2,250)	96.3%
14 Legal	15,175	13,333	1,841	113.8%
15 Accounting/Auditing	31,088	31,667	(578)	98.2%
16 Other Professional Services	7,511	3,334	4,177	225.3%
17 Purchased Services	6,557	21,200	(14,643)	30.9%
18 Supplies	1,291	5,200	(3,909)	24.8%
19 License and Tax	3,717	-	3,717	100.0%
20 Utilities	2,082	2,192	(110)	95.0%
21 Miscellaneous Expenses	3,210	18,366	(15,156)	17.5%
22 Total Operating Expenses	436,642	522,564	(85,922)	83.6%
23 Community Program Investments	791,195	2,100,000	(1,308,805)	37.7%
24 Net Ordinary Income	2,110,225	719,389	1,390,835	293.3%
Other Income/(Expense)				0.0%
25 2003 GO Tax Levy	25,193	-	25,193	100.0%
26 Investment Income	373,332	360,000	13,332	103.7%
27 Unrealized G/L on Investment	(141,155)	-	(141,155)	100.0%
28 Other Income (Expense)	8,343	-	8,343	100.0%
29 Total Other Income/(Expense)	265,714	360,000	(94,286)	73.8%
30 Net Income (Before Depreciation)	2,375,939	1,079,389	1,296,550	220.1%
31 Depreciation	1,400,199	1,405,244	(5,045)	99.6%
32 Net Income (After Depreciation)	975,740	(325,854)	1,301,595	-299.4%

Public Hospital District #2 of Snohomish County
Summary of Cash Receipts and Disbursements
April 2013

	April 2013	
	Amount	
Receipts:		
Other Rental Income	26,678.67	Value Village
Swedish/Edmonds Rental Income	636,540.01	
Snohomish County Tax Levy	142,129.11	
Ground Lease Payments	4,166.67	
Misc. Reimbursements/Refunds	158.47	6WHY Registration, Reimbursement & Interest Income
Total Receipts	<u>809,672.93</u>	
Disbursements:		
Professional Services:		
Legal Fees	325.00	Litigation and Professional Liability Legal Fees
Accounting Fees	5,640.80	Ash Consulting, Moss Adams, WA State Auditors
Consulting Fees		
Professional Services	433.54	Benefit Solutions Administrator, IT support
Purchased Services	689.14	Paychex, Bank Service Fees
Payroll	29,647.58	2 pay periods Plus Benefit Solutions and Employee Charitable Contributions
Payroll Taxes	11,246.75	2 pay periods plus 1Q13 L&I State Fund Taxes
Employee Insurance	3,767.82	Regence Medical & Dental, Principal Life
Employee Retirement Contributions	3,611.48	Valic
Program Expenditures	175,111.65	Includes 6WHY & Community Needs Assessment
Workers Compensation	5,819.40	Eberle Vivian
Other Miscellaneous Expenses	16,992.83	Supplies, Rent, Canon Lease, Dues, Interest Expense, Taxes
Total Disbursements	<u>253,285.99</u>	

Public Hospital District #2**Cash Activity**

Warrant Number	Transaction Date	Payee	Amount	Purpose
Warrant Activity:				
10253	4/3/2013	Ash Consulting	3,300.00	Accounting Consulting
10254	4/3/2013	Lynnwood PFD	363.06	Janitorial
10255	4/3/2013	WA Department of Revenue	-	VOID
10256	4/3/2013	Comcast	317.31	Internet
10257	4/3/2013	WA Department of Revenue	9,107.25	1Q13 Self-Insured
10258	4/11/2013	UNITED WAY	441.00	Employee Donations
10259	4/11/2013	Ace Internet Services, Inc.	422.04	IT Support
10260	4/11/2013	Benefit Solutions Inc	11.50	FSA Administration
10261	4/11/2013	Department of Retirement Systems	25.00	Taxes
10262	4/11/2013	Institute for Fitness and Health	10,000.00	Programs - 6WHY
10263	4/11/2013	Washington Employers	382.50	Membership Dues
10264	4/17/2013	Sedgwick CMS	325.00	Professional Liability Administration
10265	4/17/2013	State Auditor's	2,340.80	Professional Services - 2011 State Audit
10266	4/17/2013	Staples	58.54	Supplies
10267	4/24/2013	Canon Financial Services	301.13	Copy Machine Lease
10268	4/24/2013	Edmonds Chamber of Commerce	160.00	Luncheon
10269	4/24/2013	Lynnwood PFD	3,045.00	Rent
10270	4/24/2013	Principal Financial Group	600.27	Life Insurance
10271	4/24/2013	Regence Blueshield	3,167.55	Medical Insurance
10272	4/24/2013	Wells Fargo	404.31	Misc.
10273	4/24/2013	Wells Fargo	1,172.01	Misc.
10274	4/24/2013	Department of Labor and Industries	639.35	1Q13 Insolvency Trust Fund Assessment
Total Warrants			<u>36,583.62</u>	

Workers Compensation Claims Activity:

305016-305021	April 2013	Various Claimants/Vendors	<u>5,819.40</u>	Administered by Eberle Vivian
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	Date	Payee	Amount	Purpose
Wire/ACH Activity:				
	4/5/2013	Payroll	14,210.02	ACH payroll transfer
	4/5/2013	Department of Treasury	5,680.63	Payroll taxes for 3/30/13 pay period ending
	4/5/2013	Paychex	91.83	Fee for payroll processing
	4/5/2013	Valic	1,814.74	Payroll 401(a)/457 Deposit
	4/19/2013	Payroll	12,766.48	ACH payroll transfer
	4/19/2013	Department of Treasury	5,278.12	Payroll taxes for 4/13/13 pay period ending
	4/19/2013	Paychex	84.03	Fee for payroll processing
	4/19/2013	Valic	1,796.74	Payroll 401(a)/457 Deposit
	4/11/2013	Wells Fargo	54.91	Bank Service Fee
	4/11/2013	Wells Fargo	50.48	Bank Service Fee
	4/11/2013	Wells Fargo	388.08	Bank Service Fee
	4/15/2013	Bank of America - Fees	19.81	Bank Service Fee
	4/15/2013	American Diabetes Association	4,166.67	Program Payment
	4/15/2013	American Heart Association	800.00	Program Payment
	4/15/2013	Boys & Girls Club of Snohomish County	9,328.25	Program Payment
	4/15/2013	Cascade Bicycle Club Education Foundation	6,416.67	Program Payment
	4/15/2013	Center for Human Services	13,523.67	Program Payment
	4/15/2013	City of Lynnwood	6,455.67	Program Payment
	4/15/2013	Community Health Center of Snohomish Co	8,333.33	Program Payment
	4/15/2013	Domestic Violence Services Snohomish Co	1,621.08	Program Payment
	4/15/2013	Edmonds School District No. 15	28,056.82	Program Payment
	4/15/2013	Edmonds Senior Center	5,764.50	Program Payment
	4/15/2013	Little Red Schoolhouse	22,000.00	Program Payment
	4/15/2013	Medical Teams International	4,000.00	Program Payment
	4/15/2013	Parent Trust for WA Children	2,083.33	Program Payment
	4/15/2013	Program for Early Parent Support	3,333.33	Program Payment
	4/15/2013	Project Access Northwest	6,666.67	Program Payment
	4/15/2013	Providence Hospice & Home Care Foundation	12,916.67	Program Payment
	4/15/2013	Puget Sound Christian Clinic	6,250.00	Program Payment
	4/15/2013	Senior Services of Snohomish County	11,208.33	Program Payment
	4/15/2013	YWCA of Seattle, King and Snohomish Co	4,166.66	Program Payment
	4/15/2013	City of Mountlake Terrace	6,020.00	Program Payment
	4/15/2013	Edmonds Senior Center	2,000.00	Program Payment
	4/4/2013	Benefit Solutions Inc.	152.09	FSA Payments
	4/5/2013	Benefit Solutions Inc.	222.00	FSA Payments
	4/9/2013	Benefit Solutions Inc.	1,730.00	FSA Payments
	4/11/2013	Benefit Solutions Inc.	57.69	FSA Payments
	4/12/2013	Benefit Solutions Inc.	4.60	FSA Payments
	4/17/2013	Benefit Solutions Inc.	6.01	FSA Payments
	4/24/2013	Benefit Solutions Inc.	57.69	FSA Payments
	4/9/2013	Harland Clarke Check	121.63	Check stock
	4/26/2013	WA Department of Revenue	895.74	B&O tax for March 2013
	4/19/2013	Dept of Labor and Industries	288.00	1Q13 L&I State Fund
		Total Wires/ACH Transactions	210,882.97	
		Total Disbursements	\$ 253,285.99	

Date	Payer	Amount	Purpose
Deposits:			
4/1/2013	Swedish/Edmonds	636,540.01	Monthly lease
4/1/2013	Value Village	26,678.67	Monthly lease
4/10/2013	Snohomish County	142,129.11	Levy
4/20/2013	Healthcare Realty Services, Inc.	4,166.67	Monthly lease
4/24/2013	Barbara Kennedy	39.00	6WHY Registration
4/12/2013	PFD - Copies	110.25	Copies
4/30/2013	Investment Income - Op	8.78	Interest income
4/30/2013	Investment Income - Op	0.44	Interest income
Total Deposits		\$ 809,672.93	

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 10253 through 10274 have been issued for payment in the amount of \$36,583.62. These warrants are hereby approved.

Attest:

Lisa M. King

Commissioner

Commissioner

Commissioner

Commissioner

Commissioner

Warrants Processed:	4-1-13 – 4-30-13		36,583.62
Work Comp Claims Pd:	4-1-13 – 4-30-13		5,819.40
Payroll:	3-17-13 – 3-30-13	14,210.02	
	3-31-13 – 4-13-13	<u>12,766.48</u>	
			26,976.50
Electronic Payments:	Payroll Taxes	11,246.75	
	Paychex	175.86	
	Valic Retirement	3,611.48	
	Benefit Solutions	2,230.08	
	Bank Fees	513.28	
	WA State Dept Revenue	895.74	
	Harland Clarke Check Co.	121.63	
	Program Expenditures	<u>165,111.65</u>	
			<u>183,906.47</u>
	Grand Total		<u>\$253,285.99</u>

May 2013 Program Summary

Summary of Programs for Discussion

- 4 new program funding applications
- Senior Services of Snohomish County Center for Healthy Living
- Sobering Center/Detox program follow up from April Board Study Session

New Program Applications in July

Recommended for Funding

Sight Connection – a Low Vision Expo: Sight Connection (formerly Community Services for the Blind and Partially Sighted) is seeking one time funding for its annual 'Low Vision Expo' in June 2013 at the Lynnwood Convention Center. The event, which expects 300 attendees, will include speakers on fall prevention, a panel discussion on the latest in treatments including a Q&A, and an Assistive Technology Lab. **The committee is recommending fully funding the request at \$10,000 on a one-time basis.**

Not Recommended for Funding

NAACP - Juneteenth Celebration: the NAACP is seeking \$6,400 for its annual Juneteenth event, which will take place at Edmonds Community College. This year, the NAACP would like to include an education component about HIV and STDs. The NAACP expects 500 individuals to attend the event. Funding would be used for general event costs like food, music, a business directory, and event performers. **The committee is not recommending funding the proposal.** The event appears to be more focused on entertainment and business networking than on health and wellness programming. The request would pay for non-health related expenses like food, an electronic business directory, and entertainment. The committee is interested in exploring future opportunities with the NAACP on more health focused events.

For Additional Follow-Up

Wonderland Development Center – Early Intervention: Wonderland, based in Shoreline, is seeking \$135,000 in annual funding to expand its services for infants and toddlers with developmental delays. Funds would be used to hire additional staff including a speech pathologist, occupational therapist, and special educator. The committee would like additional information about how the program fits in with other available resources, including services from health providers and the school district. **The committee will invite Wonderland in for a Q&A at the next program committee meeting to address these questions.**

Alzheimer's Association of Western & Central WA Chapter – Direct Client Services: The Alzheimer's Association is seeking \$102,375 in annual funding for its direct services, including one-on-one care consultations in the home; 24/7 Helpline access; monthly support group meetings for caregivers and those diagnosed with Alzheimer's and other dementias; early stage memory loss programs; and educational trainings, community forums, and regional conferences. Although the committee saw a clear need for services for individuals experiencing Alzheimer's and their families, the proposal was not detailed enough to explain exactly how

Verdant funds would be used. For direct services, it appears that only 6% of program participants come from Verdant's district. **The committee is requesting that the Alzheimer's Association rework the proposal to include more specific direct services that will be provided in Verdant's district.**

Senior Services of Snohomish County Center for Healthy Living

In November 2012, the Verdant Board of Commissioners voted to approve the concept for Senior Service's Center for Healthy Living program. At that time, the board requested that Senior Services return when a space had been identified and more firm budget was available. At our regular April board meeting, Senior Services presented a budget based on an anticipated 7,500 sq. ft. location in Lynnwood.

We are now seeking board approval to move forward on a five year agreement at \$560,240 per year.

Verdant Health Commission Proposal Summary May 2013

	A	B	C	D	E	F	G	H	I	J
	Programs for May 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	NAACP - Juneteenth Celebration	The NAACP is seeking funding for its annual Juneteenth event at Edmonds Community College. This year, the NAACP would like to include an education component about HIV and STDs. The NAACP expects 500 individuals to attend the event. Funding would be used for general event costs like food, music, a business directory, and event performers.	\$6,400			X		X		Communities of Color
2	Wonderland Development Center - Early Intervention	Wonderland, based in Shoreline, is seeking funding to expand its services for infants and toddlers with developmental delays. Funds would be used to hire additional staff including a speech pathologist, occupational therapist, and special educator. The organization, which is one of two early intervention contractors for the Edmonds School District, would also seek to expand its play and learn groups and referral network in South Snohomish County.	\$135,000	\$135,000	\$135,000	X	X	X		Infants, toddlers and their families
3	Sight Connection (formerly Community Services for the Blind and Partially Sighted) - A Low Vision Expo	Sight Connection is seeking one time funding for its annual 'Low Vision Expo' in June 2013 at the Lynnwood Convention Center. The purpose of the event is to raise low vision individuals' awareness about resources available. The event will include speakers on fall prevention and task management, a panel discussion on the latest in treatments including a Q&A, and an Assistive Technology Lab. 300 attendees are expected.	\$10,000			X	X	X		Visually impaired
4	Alzheimer's Association Western & Central WA Chapter - Direct Client Services	The Alzheimer Association is seeking funding for its direct services, including one-on-one care consultations in the home; 24/7 Helpline access; monthly support group meetings for caregivers and those diagnosed with Alzheimer's and other dementias; early stage memory loss programs; and educational trainings, community forums, and regional conferences on a variety of topics and interests. The program would be expected to serve 550 individuals in South Snohomish County.	\$102,375	\$102,375	\$102,375	X	X	X	X	Individuals living with Alzheimer's or dementia and caregivers
Subtotal			\$253,775	\$237,375	\$237,375					

Notes from Dr. Bruce Williams

Detox Unit

Alcohol abuse: 50% of the population at some time during one's life

Lifetime risk for alcohol dependence: 10-15% for men, 5-8% for women

- Rates apply to all socioeconomic groups

- Native American rates are higher

60% of the risk of alcoholism is genetic

- Twins raised apart, one by non-alcoholic parents, still have a higher rate of dependence

Environmental triggers are key

- Heavy drinking friends

- Positive expectations regarding high doses of alcohol

- Suboptimal coping skills

20% spontaneous remission rate with problems

Treatment can induce abstinence in 1/2 to 2/3 of alcoholics for many years

Continued drinking shortens expected life spans by 10 years or more

- Heart disease, cancer, accidents, suicide

Alcohol withdrawal in dependent individuals can be severe

- Autonomic hyperactivity

- Seizures

- Delirium Tremens – mortality 20%

Treatment with Rehabilitation can have >60% success at one year

- Cognitive therapy, education, and medication use all helpful

- Multi-disciplinary effort

Snohomish County Health Report Card

- Identifies "Adult Heavy Drinking" as a major issue

- Suicide is a major issue

- Primary care access as a major issue

What is a "Detox Center" and how does it relate to the larger picture of needs and opportunities?

Proposal for South Snohomish County Sobering/Detox Center Project

Purpose:

The need for a sobering/detox center in South Snohomish County is apparent as our community looks for effective and cost-saving ways to manage the population of substance abusers and alcoholics. By examining the high cost associated with these clients to Swedish/Edmonds' Emergency Department (ED) specifically, we have been able to gain the support of the local community (EMS, Police, and other community health officials) in backing our plan to create such a facility. This handout discusses the costs seen at Swedish/Edmonds ED, the support needed, and the next steps for moving forward with the sobering/detox center.

Evidence of Need:

According to the Emergency Nurses Association:

- Over 20,000 people every day enter the ED in the United States for alcohol-related injuries and illness.
- The third leading risk factor for mortality in the U.S., alcohol misuse contributes to 100,000 deaths annually.
- Compared to patients without an alcohol use problem, patients who are problem drinkers are considerably more likely to have repeat injuries and repeat ED visits.
- In a review that studied the economic impact of alcohol, of the total direct cost of alcohol consumption in the United States during the years of 1985, 1990, 1992, and 1998, almost half were healthcare related.
- One study showed that in 1998, the United States spent 12.7% of healthcare costs on alcohol-related disorders.

Existing Problem - Chart Audit:

We examined all patients seen at the Swedish/Edmonds' ED during 2011 with the following IDC-9 codes: 291.0 (Alcohol withdrawal delirium), 303.0 (Acute alcoholic intoxication in alcoholism, unspecified use), and 291.81 (Alcohol withdrawal). The chart audit revealed the following substantial costs associated with these patients:

Swedish/Edmonds' Figures

Bill Total from ED:	\$7,409,496.92
Sitter Expense:	\$19,293.95
Doctor Time:	\$57,029.00
Total:	\$7,485,819.87

Successful Models:

In looking for a model for the South Snohomish County Sobering/Detox Center, we reached out to other successful programs throughout the region, including:

- Dutch Shisler Sobering Center – Seattle, WA
- Sobering Center of Tacoma – Tacoma, WA
- Hooper Sobering Center – Portland, OR
- Allumbaugh House – Boise, ID
- Victoria Withdrawal Management Services & Sobering and Assessment Centre (SAC) – Victoria, BC
- Santa Barbara Sobering Center – Santa Barbara, CA
- Denver C.A.R.E.S. – Denver, CO
- The Center –San Antonio, TX

Goals & Objectives of the Sobering/Detox Center:

Goals	Corresponding Objectives
Provide safe environment	<ul style="list-style-type: none">• Open 24 hours to the needing public• Serve the chronically addicted and homeless• Offer medical screening
Supply relief for other local services (Emergency Department, EMS, Police, etc.)	<ul style="list-style-type: none">• Hospitals can discharge patients with a blood alcohol of < 300, able to walk to the sobering van and VS are stable• Transportation to and from facility• Law enforcement and EMS drop off• Medical services• Shelter
Reduce associated costs	<ul style="list-style-type: none">• Reduce EMS dispatches• Reduce law enforcement dispatch and drop off time• Reduce emergency room visits – benefits hospital and health plans
Offer resources to encourage change and long-term stability	<ul style="list-style-type: none">• Case management• Stable center for positive direction• Work on developing life-skills and moving towards independence• Engage client in treatment

Example of a Combination Sobering/Detox Center:

- 6 sobering beds
- 12-16 bed acute detox
- 23 hr. sobering plus up to 6 days detox, based on medical criteria; many discharged to treatment
- Staffing: 24 hour nursing, medical prescriber (MD, PA or ARNP), medications provided, counselors and case managers to assess and set up treatment upon discharge

- Less than 10% need referral to hospital
- Ability to detox alcohol and other drugs
- Ability to stabilize persons with co-occurring mental health issues

General Cost:

\$1.2 to 1.5 million (depending on mix of services)	Cost per year for 16 bed facility (\$275-300 per bed per day)
Proposed Revenue Sources	
Snohomish County	\$400,000
Verdant	\$400,000
Medicaid	\$300,000
Health Plans and Swedish	\$100,000-400,000 (depending on mix of services)
Total:	\$1.2 to 1.5 million

Why a Sobering/Detox Center Makes Sense for South Snohomish County:

- Based on Blood Alcohol Level:
 - 65% of patients would be appropriate for a combination of Sobering (less than .30)/Detox (less than .40)
 - 6.5% of patients would still need to be taken to the ED (over .40)
- Based on Chief Complaints, 63% of patients would fit the sobering/detox center profile
- Patients with Coverage (74%) vs. Patients with No Coverage (26%)
- 68% of patients seen remained outpatients, which could be appropriate for care at a sobering/detox center
- 71% of High Utilizers (seen at ED 3 or more times in calendar year) had coverage

Potential Stakeholders:

- Snohomish County Human Services Department
- Swedish/Edmonds
- Molina
- CHPW
- Coordinated Care
- AmeriGroup
- United Health Care
- Regence
- Premiera Blue Cross
- Group Health
- Snohomish County Sheriff Department
- EMS

Request for Funding:

As this project develops and continues to gain momentum, we want to ensure Verdant Health Commission's interest in such a community program and the potential for financial contribution. With a gap of at least \$800,000, we are asking Verdant to consider providing a commitment to this facility within the range of \$300,000-400,000 per year for a period of five years. Snohomish County Human Services is considering the same amount.

May 2013 Marketing Report

6 Weeks to a Healthier You Update

Remaining Dates

As a reminder, the sessions run from 6:30-8:00 p.m. at the Lynnwood Convention Center with four sessions remaining on the following dates:

Tuesday, May 28	Monday, June 3	Monday, June 10	Monday, June 17
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Registration

- Total registered: 323
- Repeat attendees from last year: 18
- Participated in pre biometrics: 257
- Cities represented by registrants:

City of Residence	Number
Edmonds	92
Lynnwood	44
Everett	31
Shoreline	22
Seattle	20
Bothell	19
Lake Stevens	12
Mountlake Terrace	11
Mukilteo	9
Marysville	8
Brier	7
Lake Forest Park	6
Snohomish	5
Kenmore	5
Mill Creek	4
Redmond	3
Stanwood	3
Tulalip	3
Arlington, Brier, Issaquah, Kent, Kirkland, Monroe, Woodinville	2 each
Auburn, Bainbridge Island, Bellevue, Federal Way, Granite Falls, Renton, Sammamish	1 each

More Statistics on Registrants

- 54% (n=173) live in-district.
- At least another 23% (n=76) work in-district, but do not live in-district. Not all registrants list their employer.
- At least 77% live and/or work in-district.

Upcoming Events

- June 19: Get Movin' FIT private registration event, 4-7 p.m. at Lynnwood Senior Center
- August 15: Back to School Health and Resource Fair, 6-9 p.m. at Cedar Valley Community School

PUBLIC HOSPITAL DISTRICT NO. 2
SNOHOMISH COUNTY, WASHINGTON
RESOLUTION NO. 2013-07

A resolution of the Commission of Public Hospital District No. 2, Snohomish County, Washington, approving the terms and conditions of a purchase and sale agreement for the purchase of property located at 4710 196th Street SW, Lynnwood, Washington; authorizing the doing of all things reasonable and necessary to consummate such transaction if determined to be appropriate by the Superintendent; and ratifying prior actions.

WHEREAS, Prime Pacific Bank (the "Seller") wishes to sell to Snohomish County Public Hospital District No. 2 (the "District") and the District wishes to purchase from the Seller certain real property and improvements thereon located in Lynnwood, Washington, at 4710 196th Street SW (the "Property");

WHEREAS, the terms and conditions for such transaction are set forth in the proposed Purchase and Sale Agreement presented to the Commission (the "Agreement") and on file in the office of the Superintendent;

WHEREAS, additional information is being obtained and a feasibility analysis for the transaction currently is being conducted on behalf 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 Commission deems it to be in the best interest of the District to purchase the Property on substantially the terms and conditions set forth in the Agreement and the Agreement is hereby approved and accepted.

Section 2. The Superintendent is authorized and directed to obtain all necessary information, to proceed with completing the feasibility analysis, to negotiate on behalf of the District any changes to the Agreement that he may determine to be necessary or appropriate, and thereafter at his discretion to determine whether it is in the best interest of the District to close the transaction or terminate the Agreement.

Section 3. In the event the Superintendent elects to proceed with closing, he and the proper District officials are authorized and directed to do all other things and execute all documents reasonable and necessary to consummate the transaction promptly and in accordance with the terms and conditions of the Agreement. All actions previously taken in furtherance of the purposes of this resolution are ratified and confirmed.

ADOPTED AND APPROVED by the Commission of Public Hospital District No. 2, Snohomish County, Washington, at a regular open public meeting thereof, held this 22nd day of May, 2013, the following commissioners being present and voting in favor of this resolution.

President and Commissioner

Commissioner

Commissioner

Commissioner

Secretary and Commissioner

I, Fred P. Langer, Secretary of the Commission of Public Hospital District No. 2, Snohomish County, Washington, certify that the attached copy of Resolution 2013-07 of the District is a true and correct copy of the original resolution adopted on May 22, 2013, as that resolution appears on the Minute Book of the District.

DATED this 22nd day of May, 2013.

Fred P. Langer
Secretary of the Commission

PURCHASE AND SALE AGREEMENT

This Purchase and Sale Agreement (the "Agreement") is made this ____ day of _____, 2013, by and between Public Hospital District No. 2, Snohomish County, Washington, doing business as Verdant Health Commission, a Washington municipal corporation, and/or permitted assigns under Section 25 below ("Buyer"), and Prime Pacific Bank, a _____ ("Seller").

1. Purchase and Sale. Upon the terms and conditions set forth herein, Buyer agrees to buy from Seller and Seller agrees to sell to Buyer the improved real property in Lynnwood, Washington, consisting of the property and building located at 4710 196th Street SW, Lynnwood, Washington (the "Property"). The Property includes:

- (i) the land legally described in Exhibit A attached hereto and all easements and rights appurtenant thereto (the "Land"),
- (ii) all buildings, fixtures and improvements on the Land (the "Improvements"),
- (iii) all personal property owned by Seller and located upon the Land or within the Improvements, including, without limitation, appliances, tenant finish materials, tools and supplies, used in connection with the operation of the Property (the "Personal Property"),
- (iv) all of Seller's right, title and interest in and to all assignable service contracts Buyer elects to assume under Section 5.5 below, equipment leases, utility agreements, and similar agreements relating to the operation of the Property, but excluding all property management agreements and brokerage agreements entered into by Seller for leasing or sale of the Property which Seller at its expense shall terminate on or prior to Closing (the "Contracts"),
- (v) all assignable permits, approvals, studies, surveys, warranties development rights, entitlements and other documents associated with the Land, Improvements, Personal Property and Contracts, and
- (vi) all assignable licenses and franchises.

2. Purchase Price. The purchase price for the Property (the "Purchase Price") shall be One Million Eight Hundred and No/100 Dollars (\$1,800,000), which shall be due and payable in good and immediately available funds at Closing.

\$_____ of the Purchase Price shall be allocated to tangible personal property for sales/use tax purposes.

3. Earnest Money. Upon mutual execution of this Agreement, Buyer shall deposit with [First American Title Insurance Company, 818 Stewart Street, Suite 800, Seattle, Washington 98101, Attention: Chantale Stiller-Anderson] (the "Escrow Agent") an earnest money note payable to Title Company in the amount of Fifty Thousand and No/100 Dollars (\$50,000) (the "Earnest Money Note"), which shall be converted to cash upon satisfaction or waiver of Buyer's Review Period set forth in Section 5.2 below (as so converted, the "Earnest Money"). The Earnest Money shall be held and disbursed as provided in this Agreement. The Earnest Money shall be deposited by Escrow Agent into an interest bearing account, with all

interest remaining in escrow as part of the Earnest Money (for purposes hereof, all references to the Earnest Money shall include all accrued interest thereon). The Earnest Money shall be refundable or nonrefundable as provided in Sections 4, 5, and 6 below and shall be credited towards the Purchase Price at Closing.

4. Title.

4.1 Title. Within ten (10) days of the date of this Agreement, Seller shall provide Buyer with a preliminary commitment for title insurance for the Property issued by [First American Title Insurance Company] (the "Title Company"), together with copies of all exceptions and encumbrances noted thereon (the "Preliminary Commitment").

4.2 Survey. Within thirty (30) days after the date of this Agreement, Seller shall provide Buyer with an ALTA/ACSM land title survey from a licensed surveyor on the Property showing the Improvements, parking, boundary lines, dimensions, setback lines, utilities, easements and encroachments (the "Survey"). The Survey shall be obtained at Seller's sole cost and expense and shall be in such form required by the Title Company to issue an extended coverage title policy.

4.3 Title and Survey Review. Buyer shall have fifteen (15) days from and after receipt of the Preliminary Commitment and the Survey to advise Seller in writing of any encumbrances, restrictions, easements or other matters contained in the Preliminary Commitment or on the Survey (the "Exceptions") to which Buyer objects. All Exceptions to which Buyer does not object in writing within the 15-day period shall be deemed accepted by Buyer.

If Buyer objects to any Exceptions within the 15-day period, Seller shall advise Buyer in writing within ten (10) days after Seller's receipt of Buyer's objections (a) which Exceptions Seller will remove at Closing, (b) which Exceptions the Title Company has agreed to insure over in the title policy to be issued at Closing (together with the proposed form of endorsement) and (c) which Exceptions will not be removed or insured over.

On or before expiration of the Review Period, and assuming Seller has not agreed to remove all exceptions to which Buyer objects, Buyer shall notify Seller in writing of Buyer's election to either (i) terminate this Agreement, in which event the Earnest Money Note shall be returned to Buyer, or (ii) waive its objections to the Exceptions Seller will not remove or cause the Title Company to insure around, in which event such Exceptions shall be deemed accepted by Buyer.

Notwithstanding the foregoing, at or prior to Closing, Seller agrees to remove all financial encumbrances and liens and if Seller fails to do so, Buyer may cause any remaining financial encumbrances and liens to be satisfied in full at Closing from the purchase funds provided by Buyer.

The term "Permitted Exceptions" as used hereunder means (a) the Exceptions accepted or deemed accepted by Buyer as provided above; and (b) the lien of real estate taxes for the current calendar year which shall be prorated to the Closing Date as provided in Section 6.3 below.

4.4 Amended Title Commitment. If Title Company issues a supplement or amendment to the Preliminary Commitment showing additional title exceptions (each, an "Amended Report"), Buyer will have five (5) days from the date of receipt of each Amended Report and a copy of each document referred to in the Amended Report in which to give notice of its acceptance of or objection to any additional title exceptions. If Buyer rejects any matters shown in the Amended Report within the five-day period, Seller shall advise Buyer in writing within three (3) days after Seller's receipt of Buyer's objections (a) which matters Seller will remove at Closing, (b) which matters the Title Company has agreed to insure over in the title policy to be issued at Closing (together with the proposed form of endorsement), and (c) which matters will not be removed or insured over. On or before three (3) days after notice is received by Buyer, and assuming Seller has not agreed to remove all matters to which Buyer objected, Buyer will notify Seller in writing of Buyer's election to either (x) terminate this Agreement, in which event the Earnest Money shall be returned to Buyer, or (y) waive its objections to the matters the Title Company has not agreed to insure over and the matters Seller will not remove, in which event such matters shall be deemed accepted by Buyer. Notwithstanding the foregoing, from and after the date of the Preliminary Commitment, Seller shall not cause any new exceptions to arise which affect title to the Property, and in the event any such new exceptions have been caused by any action of Seller and may be removed by Seller, Seller shall cause any such new exceptions to be released at Closing at Seller's sole cost and expense if Buyer objects to such exception as provided herein.

If Seller agrees to remove specified title exceptions at Closing, and Seller fails to do so, Seller's failure shall constitute a default by Seller under this Agreement.

4.5 Title Insurance. Seller shall deliver to Buyer at Closing an Owner's 2006 Form Extended Coverage policy of title insurance issued by Title Company in the face amount of the Purchase Price, dated the date of Closing, insuring Buyer's title subject to no exceptions other than the standard printed exceptions and the Exceptions deemed accepted by Buyer pursuant to Section 4.1 above. The policy of title insurance shall also include such endorsements as Buyer may reasonably request. Seller agrees to provide whatever indemnities or affidavits the Title Company may require to remove from the policy of title insurance the standard preprinted exception for parties in possession and the standard preprinted exception for mechanics liens.

5. Review of Property.

5.1 Review Materials. Within five (5) days of the date of this Agreement, Seller shall provide to Buyer at Seller's sole cost and expense the following materials (the "Review Materials"):

(a) A complete list of all Personal Property, together with copies of all warranties and service agreements applicable thereto.

(b) A complete list of all contracts, service contracts, management contracts, and repair contracts applicable to the Property, together with complete copies thereof.

(c) A complete list of all licenses, permits, certificates of occupancy and other approvals obtained by Buyer or in existence with respect to the ownership and operation of the Property, together with complete copies thereof.

(d) Any existing surveys of the Property.

(e) As-built plans and specifications for the Property, if any.

(f) A complete list and description of all litigation relating to the Property or in which Seller is a party and an insurance claims history for the last five years.

(g) A complete copy of all environmental, engineering, physical inspection, structural, and soils reports relating to the Land (or any property adjacent to the Land, if such reports are possessed by Seller) and the Improvements.

(j) Any easements related to the Property that are not in the Preliminary Commitment.

(k) Any other document or matter related to the Property and reasonably requested by Buyer.

In addition to the foregoing specific items, Seller shall also provide to Buyer or make available to Buyer at the Property all of Seller's books and records relating to the Property, insurance policies, warranties, any other inspection reports with respect to the Property, correspondence, all other documents, materials and records related to or in any way associated with the Property and the operation thereof. Seller shall also instruct its consultants and representatives to provide or make available to Buyer at no cost to Buyer the Review Materials in the possession and control of such consultants and representatives.

5.2 Review Period. Buyer shall have sixty (60) days from the date of this Agreement (the "Review Period") to conduct a due diligence and feasibility review with respect to the Property and the Review Materials and to satisfy itself in its sole discretion with respect to the condition of and other matters relating to the Property. Seller and its representatives and consultants shall cooperate with Buyer in connection with Buyer's review of the Property and the Review Materials.

In the event that on or prior to the end of the Review Period Buyer determines that the Property is acceptable (in Buyer's sole and absolute discretion), Buyer shall give written notice thereof to Seller prior to the end of the Review Period, in which event this Agreement shall continue in full force and effect in accordance with the terms hereof. If Buyer does not provide Seller with written notice that the Property is acceptable to Buyer on or prior to the end of the Review Period, then (i) this Agreement shall terminate; (ii) Buyer shall promptly return to Seller copies of all materials and documents provided by Seller to Buyer as part of Buyer's review of the Property; and (iii) the Earnest Money Note shall be returned to Buyer.

5.3 Access. During the term of this Agreement, Buyer shall be entitled to access to the Property to conduct such investigations, tests, surveys and other analyses as Buyer determines is necessary, provided (i) Buyer conducts such tests or investigations so as not to unreasonably interfere with current activities on the Property, (ii) Buyer restores the Property to its original condition following any such tests and investigations, and (iii) Buyer indemnifies, defends and holds Seller harmless from and against all claims, costs, expenses and liabilities arising out of Buyer's entry upon the Property and/or the performance of the tests and investigations conducted by Buyer on the Property (and provided that Buyer shall not be liable in any respect for the mere discovery of pre-existing conditions).

5.4 Approval of Contracts. Prior to expiration of the Review Period, Buyer shall also advise Seller in writing of the Contracts Buyer desires to assume and continue in effect following Closing. Seller at its sole cost and expense shall cause all Contracts not to be assumed by Buyer at Closing to be terminated at or prior to Closing.

5.5 Termination of Leases. Seller agrees prior to Closing to terminate all leases and cause all tenants under such terminated leases to vacate the Property. Seller shall also terminate (without the necessity of any objection from Buyer) all property management, brokerage or listing agreements with respect to the Property.

6. Reserved.

7. Closing.

7.1 Time and Place of Closing. Closing shall occur in the office of Escrow Agent thirty (30) days following the expiration or earlier satisfaction of the Review Period contingency. Buyer and Seller shall deposit in escrow with Escrow Agent all instruments and documents necessary to complete the transaction in accordance with this Agreement. As used herein, "Closing" or "date of Closing" means the date on which all appropriate documents are recorded and the proceeds of sale are available for disbursement to Seller.

7.2 Closing Costs; Fees.

(a) Seller's Closing Costs. At Closing, Seller shall pay (i) the premium for the standard coverage policy of title insurance and the endorsements required to insure over the Exceptions the Title Company agreed to insure over in accordance with Section 4.3 above, (ii) real estate transfer taxes, (iii) the cost of the Survey, and (iv) one-half of Escrow Agent's escrow fees and charges, if any.

(b) Buyer's Closing Costs. At Closing Buyer shall pay (i) the costs of recording the Deed, (ii) the cost of the increased title premium for extended coverage (if Buyer elects to obtain extended coverage), (iii) the costs of any title insurance endorsements required by Buyer (other than the costs of the title insurance endorsements to be provided by Seller pursuant to Section 7.2(a)), (iv) one-half of Escrow Agent's escrow fees and charges, if any, and (v) all sales/use taxes on tangible personal property.

(c) Fees. Each party shall be responsible for its own legal, accounting and consultant fees.

7.3 Prorations. All real property taxes, installment and other payments on LIDs and other assessments, and other income and expenses in connection with the operation of the Property shall be apportioned as of 12:01 a.m. on the date of Closing, as if Buyer were vested with title to the Property during the entire date of Closing, such that Buyer shall have the benefit of the income and the burden of expenses for the date of Closing.

Any revenue or expense amount which cannot be ascertained with certainty as of Closing shall be prorated based upon the parties' reasonable estimation, and shall be reconciled within thirty (30) days of Closing or as soon thereafter as the precise amounts can be ascertained. Either party owing the other party money based upon the final reconciliation shall promptly pay it to the other party, which amount shall bear interest at the rate of 12% per annum from the date 10 days after written demand for such payment is made by the party entitled to such payment.

7.4 Buyer's Conditions to Closing. Buyer's obligations under this Agreement are expressly conditioned on, and subject to satisfaction of, the following conditions precedent:

(a) Performance by Seller. Seller shall have performed all material obligations required by this Agreement to be performed by it.

(b) Title Policy. Title Company shall be ready, willing and able to issue the Title Policy provided Buyer has fulfilled its obligations with respect thereto.

(c) Representations and Warranties. The representations and warranties of Seller contained herein shall be true and correct in all material respects.

(d) No Material Adverse Change. At no time prior to the Closing Date shall there be any material adverse change in the physical conditions of the Property (except that Section 10 shall apply in the case of damage or destruction).

The conditions set forth in this Section 7.4 are intended for the benefit of Buyer. If any of the foregoing conditions are not satisfied as of the Closing Date, Buyer shall have the right at its sole election either to waive the condition in question and proceed with the purchase or, in the alternative, to terminate this Agreement (in which event the Earnest Money shall be returned by Buyer) and, if there has been a Seller Default, exercise its remedies set forth in Section 19 below.

7.5 Seller's Conditions to Closing. Seller's obligations under this Agreement are expressly conditioned on, and subject to satisfaction of, the following conditions precedent:

(a) Performance by Buyer. Buyer shall have performed all material obligations required by this Agreement to be performed by it.

(b) Representations and Warranties. The representations and warranties of Buyer contained herein shall be true and correct in all material respects.

The conditions set forth in this Section 7.5 are intended for the benefit of Seller. If any of the foregoing conditions are not satisfied as of the Closing Date, Seller shall have the right at its sole election either to waive the condition in question and proceed with the sale or, in the alternative, to terminate this Agreement and exercise its remedies set forth in Section 19 below.

8. Deliveries at Closing.

8.1 Seller's Delivery. At Closing, Seller shall deliver the following:

(a) Statutory Warranty Deed, in form attached hereto as Exhibit B, conveying title to the Land and Improvements to Buyer, subject to no encumbrances, claims and defects other than the Permitted Exceptions (the "Deed").

(b) Real Estate Excise Tax Affidavit.

(c) Bill of Sale, in form attached hereto as Exhibit C, conveying title to the Personal Property to Buyer.

(d) Assignment and Assumption of Contracts, in form attached hereto as Exhibit D transferring the Contracts Buyer has agreed to assume pursuant to Section 5.4 to Buyer.

(e) FIRPTA Affidavit.

(f) All books, records and documents relating to the maintenance and/or management of the Property.

(g) A final closing statement, prepared by Escrow Agent (the "Closing Statement").

(h) Such other documents or certificates reasonably required by the Escrow Holder.

8.2 Buyer's Delivery. At Closing, Buyer shall deliver the following:

(a) Cash in the amount of the Purchase Price (subject to adjustments and prorations as set forth herein and with a credit for the Earnest Money).

(b) A counterpart of the Real Estate Excise Tax Affidavit.

(c) A counterpart of the Assignment and Assumption of Contracts.

(d) A counterpart of the Closing Statement.

(e) Such other documents or certificates reasonably required by the Escrow Holder.

9. Operations Pending Closing. Seller agrees to manage and operate the Property in a prudent manner consistent with existing practices and the current standards of other office buildings of similar age in the geographic area where the Property is located and to keep the Property in good working order and repair (including all equipment, such as HVAC equipment, elevators, and similar equipment). Seller further agrees: (i) to maintain the Property in its current condition and repair; (ii) to maintain the existing property and casualty insurance on the Property, (iii) to perform all of its obligations under any existing licenses, permits, and Contracts, (iv) to not lease, rent or otherwise permit any person or persons to occupy any portion of the Property, (v) to not construct additional improvements on the Property without the approval of Buyer; and (vi) to not enter into any new Contracts without the approval of Buyer.

10. Risk of Loss. Seller shall deliver the Property to Buyer at Closing in substantially the same condition existing as of the date hereof. Risk of loss of or damage to the Property shall be borne by Seller until the date of Closing. In the event of loss or damage to the Property or any portion thereof prior to Closing, Buyer may terminate this Agreement and the Earnest Money shall be refunded to Buyer. Notwithstanding the foregoing, Buyer may elect to purchase the Property in the condition existing on the date of Closing, and Seller shall assign or transfer to Buyer all insurance proceeds or insurance claims applicable to any loss or damage occurring prior to Closing and provide Buyer with a credit for the amount of any deductible thereunder.

11. Condemnation. If the Property or any part thereof is or becomes the subject of a condemnation proceeding prior to Closing, Buyer may, at its option, terminate this Agreement by giving notice of such termination to Seller, and upon such termination the Earnest Money shall be refunded to Buyer; provided, however, that Buyer may elect to purchase the Property (or such portions thereof as have not been taken in the condemnation proceeding), in which case the total Purchase Price shall be reduced by the total of any condemnation award received by Seller at or prior to Closing. On Closing, Seller shall assign to Buyer all Seller's rights in and to any future condemnation awards or other proceeds payable or to become payable by reason of any taking. Seller agrees to notify Buyer of eminent domain proceedings immediately after Seller learns thereof.

12. Contingencies. In addition to the other provisions set forth elsewhere in this Agreement, the obligations of Buyer hereunder are conditioned upon the following:

(a) Buyer shall have obtained the approval of the Board of Commissioners of Public Hospital District No. 2, Snohomish County.

13. Seller's Representations and Warranties. Seller represents and warrants to Buyer that:

13.1 Title. As of the date of Closing, Seller shall have good, marketable, indefeasible title to the Property (including, without limitation, the Land and Personal Property)

free and clear of all liens, claims and encumbrances except for the Exceptions accepted by Buyer pursuant to Section 4.1 above.

13.2 Tenant Leases. There are no oral or written leases, rental agreements or other occupancy agreements allowing any person to occupy any portion of the Property.

13.3 Use of Property. To the best of Seller's knowledge, the present use and operation of the Property are authorized by and in material compliance with all laws, rules, regulations, permits, agreements, and licenses with respect thereto and all covenants and restrictions disclosed in the Preliminary Commitment. In addition, to the best of Seller's knowledge, the present use and operation of the Property are in material compliance with all applicable zoning and land use laws and regulations.

13.4 Personal Property. There is no material Personal Property which has not been identified in the list of Personal Property provided to Seller as part of the Review Materials. Any such Personal Property discovered by Buyer or Seller prior to or after the Closing shall be transferred by Seller to Buyer at no additional cost, free and clear of all liens, claims and other encumbrances.

13.5 Contracts. Seller will make available as part of the Review Materials full, true and complete copies of all Contracts. All Contracts have been executed and are in full force and effect (other than Contracts required to be terminated by Seller prior to Closing). No default or breach by Seller exists under any Contract, and no act or omission has occurred which, with the passage of time or the giving of notice or both would constitute a default by Seller under such Contract. In addition, to the best of Seller's knowledge, the parties other than Seller to any Contract are not in default thereunder.

13.6 Litigation. There is no claim, litigation, proceeding or governmental investigation pending, or, so far as known to Seller, threatened against or relating to Seller, Seller's properties or business, the Property, or the transactions contemplated by this Agreement, or any dispute arising out of any contract or commitment entered into regarding the Property, nor is there any basis known to Seller for any such action or claim.

13.7 No Defaults. Neither the execution or delivery of this Agreement, the consummation of the transactions contemplated hereby, nor the fulfillment of the terms hereof, will conflict with or result in a breach of any of the terms, conditions or provisions of, or constitute a default under, any agreement or instrument which affects the Property or to which the Property is subject or any applicable laws or regulations of any governmental body having jurisdiction over the Property.

13.8 Mechanics' Liens. To the extent any improvements, repairs or maintenance have been made or will be made to the Property prior to Closing which might form the basis of mechanics' and materialmen's liens, Seller agrees to keep the Property free from liens which might result, and to indemnify, defend, protect and hold Buyer harmless from any and all such liens and all attorneys' fees and other costs incurred by reason thereof.

13.9 Organization. Seller is a _____ duly organized, validly existing and in good standing under the laws of the state of _____ and is fully authorized to own and operate the Property in the manner in which the Property is currently operated. This Agreement has been duly authorized, executed and delivered by Seller and is a valid and binding obligation of Seller. No other authorizations or approvals, whether of governmental bodies or otherwise, will be necessary in order for Seller to enter into this Agreement. Neither the execution and delivery of this Agreement nor the consummation of the transactions contemplated hereby will: (i) be in violation of Seller's organizational documents; (ii) conflict with or result in a breach of any law, regulation, writ, injunction or decree of any court or governmental instrumentality applicable to Seller; (iii) constitute a breach of any evidence of indebtedness or agreement to which Seller is a party or by which Seller is bound.

13.10 Financial Statements. The financial statements provided to Buyer as part of the Review Materials (i) are true and complete in all material respects and (ii) fairly present the income and expenses of the Property for the periods covered by such statements.

13.11 Zoning. There is no existing or pending, and Seller has no knowledge of any contemplated, threatened or anticipated (i) change in the zoning classification of the Property; (ii) widening, change of grade or limitation on use of streets abiding the Property.

13.12 Assessments. Except as reflected in the Preliminary Commitment, there are no pending and Seller has no knowledge of any threatened or planned public improvements which will result in the imposition of a tax, assessment or other lien on the Property.

13.13 Hazardous Substances. To the best of Seller's knowledge, except as described in environmental reports provided to Buyer as part of the Review Materials, (i) the Property does not contain, no activity on the Property has produced, and the Property has not been used in any manner for the storage, discharge, deposit or dumping of hazardous or toxic wastes or substances, whether in the soil, ground water or otherwise; (ii) the Property does not contain underground tanks of any kind; (iii) the Property does not contain and does not produce polychlorinated biphenyls, urea formaldehyde, asbestos or radon gas; (iv) the Property does not contain toxic mold; and (v) there are no surface or subsurface conditions which constitute or with the passage of time may constitute a public or private nuisance. Seller has not undertaken any of the foregoing activities and has not caused or allowed any of the foregoing conditions to exist on the Property.

Seller hereby agrees to defend, protect, indemnify and hold Buyer harmless from any and all loss, damage, liability or expense, including attorneys' fees and costs, Buyer may suffer as a result of any breach of or any inaccuracy of the foregoing representations and warranties. These representations and warranties shall survive Closing for a period of 12 months, and Buyer must give Seller notice of any alleged breach of a representation or warranty within such 12 month period in order to pursue any claim for such breach.

BUYER IS PURCHASING THE PROPERTY "AS IS WHERE IS" IN ITS PRESENT CONDITION. BUYER HAS THE OPPORTUNITY TO INSPECT THE PROPERTY AND DOCUMENTATION IN SELLER'S POSSESSION AS PROVIDED HEREIN. EXCEPT AS

EXPRESSLY SET FORTH IN THIS SECTION 13 ABOVE AND IN THE CONVEYANCE DOCUMENTS, SELLER MAKES NO REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, WITH RESPECT TO: (A) THE CONDITION OF THE PROPERTY OR ANY BUILDINGS, STRUCTURE OR IMPROVEMENTS THEREON OR THE SUITABILITY OF THE PROPERTY FOR HABITATION OR FOR BUYER'S INTENDED USE; (B) ANY APPLICABLE BUILDING, ZONING OR FIRE LAWS OR REGULATIONS OR WITH RESPECT TO COMPLIANCE THEREWITH OR WITH RESPECT TO THE EXISTENCE OF OR COMPLIANCE WITH ANY REQUIRED PERMITS, IF ANY, OF ANY GOVERNMENTAL AGENCY; (C) THE AVAILABILITY OR EXISTENCE OF ANY WATER, SEWER OR UTILITIES, ANY RIGHTS THERETO, OR ANY WATER, SEWER OR UTILITY DISTRICTS; OR (D) ACCESS TO ANY PUBLIC OR PRIVATE SANITARY SEWER OR DRAINAGE SYSTEM. BUYER ACKNOWLEDGES THAT BUYER IS GIVEN THE OPPORTUNITY UNDER THIS AGREEMENT TO FULLY INSPECT THE PROPERTY AND BUYER ASSUMES THE RESPONSIBILITY AND RISKS OF ALL DEFECTS AND CONDITIONS, INCLUDING, WITHOUT LIMITATION, SUCH DEFECTS AND CONDITIONS, IF ANY, THAT CANNOT BE OBSERVED BY CASUAL INSPECTION.

14. Buyer's Representations and Warranties. Except for any approvals required from the Board of Commissioners of Public Hospital District No. 2, Snohomish County, Buyer hereby represents, warrants and covenants to Seller that this Agreement has been duly authorized, executed and delivered by Buyer and is a valid and binding obligation of Buyer. Neither the execution and delivery of this Agreement nor the consummation of the transactions contemplated hereby will: (a) conflict with or result in a breach of any law, regulation, writ, injunction or decree of any court or governmental instrumentality applicable to Buyer; or (b) constitute a breach of any agreement to which Buyer is a party or by which Buyer is bound.

15. Negotiation and Construction. This Agreement and each of the terms and provisions hereof are deemed to have been explicitly negotiated between the parties, and the language in all parts of this Agreement shall, in all cases, be construed according to its fair meaning and not strictly for or against either party.

16. Brokers and Finders. Buyer and Seller acknowledge and agree that CBRE, Inc. ("Broker") represents Buyer in this transaction. Seller agrees that it shall pay Broker at Closing a commission pursuant to a separate commission agreement between Broker and Seller (the "Broker Commission"). Except for Broker, each party represents and warrants that it has not contracted with any other broker or finder in connection with this transaction. In the event of a claim for broker's fee, finder's fee, commission or other similar compensation in connection herewith, Buyer, if such claim is based upon any agreement alleged to have been made by Buyer, hereby agrees to indemnify Seller against and hold Seller harmless from any and all damages, liabilities, costs, expenses, and losses (including, without limitation, reasonable attorneys' fees and costs) which Seller may sustain or incur by reason of such claim, and Seller, if such claim is based upon any agreement alleged to have been made by Seller, hereby agrees to indemnify Buyer against and hold Buyer harmless from any and all damages, liabilities, costs, expenses and losses (including, without limitation, reasonable attorneys' fees and costs) which Buyer may sustain or incur by reason of such claim. The provisions of this section shall survive the termination of this Agreement or the Closing.

17. Possession. Buyer shall be entitled to possession of the Property on the date of Closing, free and clear of all tenant leases or other parties in possession.

18. Governing Law, Attorneys' Fees. This Agreement shall be construed according to the laws of the state of Washington. If either Buyer or Seller should find it necessary to employ an attorney to enforce a provision of the Agreement or to recover damages for the breach hereof (including proceedings in bankruptcy), the prevailing party shall be entitled to be reimbursed for its court costs and attorneys' fees, in addition to all damages, through all levels of appeal.

19. Default. In the event Buyer fails without legal excuse to complete the purchase of the Property, the Earnest Money deposited by Buyer shall be forfeited to Seller as the sole and exclusive remedy available to Seller for such failure. If Seller shall fail to perform any covenant or agreement of Seller contained herein, Buyer may elect to pursue any and all remedies available in law or in equity, including, without limitation (a) specific performance of this Agreement; (b) damages from Seller (limited to actual damages only, and excluding consequential damages); or (c) rescission of this Agreement and recovery of the Earnest Money.

20. Notices. All notices, demands, requests, consents and approvals which may, or are required to, be given by any party to any other party hereunder shall be in writing and shall be deemed to have been duly given if (a) delivered personally, (b) sent by a nationally recognized overnight delivery service, (c) electronically transmitted with confirmation sent by another method specified in this Section 20 or (d) if mailed or deposited in the United States mail and sent by registered or certified mail, return receipt requested, postage prepaid to:

SELLER:

Attention: _____
Telephone: _____
Facsimile: _____
Email: _____

With a copy to:

Attention: _____
Telephone: _____
Facsimile: _____
Email: _____

BUYER:

Attention: _____
Telephone: _____
Facsimile: _____
Email: _____

With a copy to:

Foster Pepper PLLC
1111 Third Avenue, Suite 3400
Seattle, Washington 98101
Attention: Brad Berg
Telephone: (206) 447-8970
Email: bergb@foster.com

Either party hereto may by proper notice made by the other party designate such other address for giving of notices. All notices shall be deemed given on the day such notice is personally served or transmitted by telephone facsimile or on the third business day following the date such notice is mailed in accordance with this Section.

21. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors, heirs, administrators and assigns.

22. Entire Agreement. This Agreement contains the entire understanding between the parties and supersedes any prior agreements between them respecting the subject matter hereof.

23. Further Assurances. As and to the extent otherwise contemplated by this Agreement, each party to this Agreement agrees that it will at any time and from time to time after the date hereof, at its sole cost and expense, immediately following the reasonable request of the other party, promptly execute, acknowledge (if necessary) and deliver or cause to be properly executed, acknowledged (if necessary) and delivered, such agreements, certificates, statements, instruments and documents and promptly take, or promptly cause to be taken, such other and further steps and actions, as may be required by law or as reasonably shall be deemed necessary by the other party in order to more fully effect, evidence or carry out the intent and purposes of this Agreement.

24. Counterparts. This Agreement may be executed in several counterparts, which shall be treated as originals for all purposes, and all counterparts so executed shall constitute one agreement, binding on all the parties hereto, notwithstanding that all the parties are not signatory to the original or to the same counterpart. Any such counterpart shall be admissible into evidence as an original hereof against the person who executed it.

25. Assignment. Buyer's rights under this Agreement are not assignable without the prior written consent of Seller, which shall not unreasonably be withheld; provided, however, Buyer may assign this Agreement without the consent of Seller to any affiliate of Buyer, which shall include any limited liability company or general or limited partnership of which Buyer, its principal shareholders, or any entity or entities controlled by Buyer or its principal shareholders, is a general partner or member or to any person or entity for whom Buyer or its affiliates acts as a financial advisor (collectively, the "Permitted Assignment"). From and after any Permitted Assignment, the assignee shall be substituted for Buyer herein and Buyer shall have no further liability hereunder (except, if such is the case, as a general partner of such assignee). Seller's rights under this Agreement are not assignable without the prior written consent of Buyer, which shall not unreasonably be withheld.

26. Tax Deferred Exchange. Either party may convey or receive a conveyance of the real property described herein as part of an IRC Section 1031 Tax Deferred Exchange. Either party may assign all contract rights and obligations hereunder to a qualified intermediary, as part of, and in furtherance of, such tax deferred exchange. In such event, the other party agrees to assist and cooperate in such exchange for the benefit of the exchanging party at no cost, expense or liability to the other party, and further agrees to execute any and all documents (subject to the reasonable approval of the other party's legal counsel) as are reasonably necessary in connection with such exchange at the exchanging party's sole expense. Nothing contained in this Section 26 shall release the exchanging party of any of its obligations or liabilities under this Agreement, whether arising before, at or after Closing.

27. Time. Time is of the essence of this Agreement and each and every provision hereof. Any extension of time granted for the performance of any duty under this Agreement shall not be considered as an extension of time for the performance of any other duty under this Agreement. In the event the time for performance of any obligation hereunder shall fall on a Saturday, Sunday or a holiday, such time for performance shall be extended to the next business day.

28. Waiver of Right to Receive Seller Disclosure Statement and Waiver of Right to Rescind. The Real Property and Improvements constitutes "commercial real estate" as defined in RCW 64.06. Buyer waives the right to receive a seller disclosure statement (a "Seller Disclosure Statement") if required by RCW 64.06. RCW 64.06 provides that Buyer may waive its right to receive the Seller Disclosure Statement; provided, however, if the answer to any of the questions in the section of the Seller Disclosure Statement entitled "Environmental" would be "yes," Buyer may not waive the receipt of the "Environmental" section of the Seller Disclosure Statement.

BUYER HEREBY WAIVES, TO THE FULLEST EXTENT PERMISSIBLE BY LAW, THE RIGHT TO RESCIND THIS AGREEMENT PURSUANT TO ANY PROVISION OF RCW 64.06. IT IS THE INTENT OF BUYER THAT ANY SELLER DISCLOSURE STATEMENT PROVIDED BY SELLER WILL NOT BE RELIED UPON BY BUYER, AND SHALL GIVE BUYER NO RIGHTS WITH RESPECT TO SELLER OR UNDER THIS AGREEMENT. THIS WAIVER OF THE RIGHT TO RESCIND APPLIES TO SELLER DISCLOSURE STATEMENT PROVIDED BEFORE, ON OR AFTER THE DATE OF THIS AGREEMENT AND APPLIES PROSPECTIVELY TO ANY UPDATED OR REVISED SELLER DISCLOSURE STATEMENTS THAT MAY BE PROVIDED BY SELLER TO BUYER.

Buyer's Initials: _____

DATED as of the day and year first above written.

SELLER: _____

By: _____
Name: _____
Its: _____

BUYER: PUBLIC HOSPITAL DISTRICT NO. 2,
SNOHOMISH COUNTY, WASHINGTON,
d/b/a VERDANT HEALTH COMMISSION,
a Washington municipal corporation

By: _____
Name: _____
Its: _____

Exhibits

Exhibit A – Legal Description

Exhibit B – Statutory Warranty Deed

Exhibit C – Bill of Sale

Exhibit D – Assignment and Assumption of Contracts

EXHIBIT A
TO PURCHASE AND SALE AGREEMENT

Legal Description

The East 105 feet of the North 270 feet of Lot 5, Block 6, ALDERWOOD MANOR, according to the plat thereof recorded in Volume 9 of Plats, page 71, records of Snohomish County, Washington;

EXCEPT that portion thereof condemned for SSH No. 1-W (SR-524) by Snohomish County Cause No. 87425;

(Also known as Lot 1 of City of Lynnwood Lot Line Adjustment recorded under Recording No. 9410270423, records of Snohomish County, Washington).

SITUATE in the County of Snohomish, State of Washington.

EXHIBIT B
TO PURCHASE AND SALE AGREEMENT

Recording Requested by:

STATUTORY WARRANTY DEED

Grantor:

Grantee:

Legal Description:

Complete legal description on Attachment 1.

Assessor's Tax Parcel ID#: 003726-006-005-04

For the consideration of Ten and no/100 Dollars, and other valuable consideration,
_____ (“Grantor”), does hereby convey and warrant to
_____ (“Grantee”) the real property situate in Snohomish County,
Washington, legally described on Attachment 1 attached hereto and incorporated herein.

SUBJECT TO: Items listed on Attachment 2 attached hereto and incorporated herein.

DATED: _____, 2013.

By: _____

Name: _____

Its: _____

[INSERT ACKNOWLEDGMENT]

Exhibit

Exhibit A: Legal Description

Exhibit B: Permitted Exceptions

EXHIBIT C
TO PURCHASE AND SALE AGREEMENT

BILL OF SALE

THIS BILL OF SALE is executed as of the _____ day of _____, 2013, by _____ (“Seller”):

FOR VALUE RECEIVED, receipt of which is hereby acknowledged, Seller does hereby grant, bargain, sell, convey, assign, transfer, and set over unto _____ (“Buyer”) all fixtures, furniture, equipment, furnishings, and other personal property owned by Seller (the “Personal Property”) located on that certain real property commonly known as the _____, located in _____, Washington, which real property has been sold by Seller to Buyer as of the date hereof and which is more particularly described on Exhibit A attached hereto.

Seller does hereby covenant that it will forever warrant and defend the Personal Property against all persons whomsoever claiming by, through or under Seller or its predecessors in interest, but not otherwise. In all other respects, the Personal Property is being transferred in its “as is, where is” condition, and without representation or warranty.

IN WITNESS WHEREOF, Seller has executed and delivered this Bill of Sale as of the day and year first above written.

SELLER:

By: _____

Name: _____

Its: _____

Exhibit

Exhibit A: Legal Description

EXHIBIT D
TO PURCHASE AND SALE AGREEMENT

**ASSIGNMENT AND ASSUMPTION OF
SERVICE CONTRACTS AND INTANGIBLES**

THIS ASSIGNMENT AND ASSUMPTION OF SERVICE CONTRACTS AND INTANGIBLES (this "Assignment") is entered into as of the ____ day of ____, 2013, by and between ____ ("Assignor"), and ____ ("Assignee"), who agree as follows:

1. Property. The "Property" means the real property located in ____ County, Washington, commonly known as the ____ and legally described in Exhibit A attached to this Assignment, together with the building, structures and other improvements located thereon.

2. Service Contracts. "Service Contracts" means those maintenance, supply and service agreements, equipment leases, utility agreements, rights under bonds, and similar agreements relating to the Property.

3. Intangibles. "Intangibles" means, to the extent assignable by Assignor, but without warranty, the name "____" and those records in Grantor's possession (if any) respecting plans, specifications, building permits, certificates of occupancy, signs, maintenance supplies, utilities, permits, approvals, studies, surveys, guaranties, warranties, and any other similar items, relating to the Property.

4. Assignment. For good and valuable consideration received by Assignor, the receipt and sufficiency of which is hereby acknowledged, Assignor hereby grants, transfers and assigns to Assignee the entire right, title and interest of Assignor in and to the Service Contracts and the Intangibles. Assignor shall continue to be responsible for and shall perform and satisfy its obligations under the Service Contracts insofar as such obligations relate to the period on or before the date of this Assignment.

5. Assumption. Assignee hereby assumes the covenants, agreements and obligations of Assignor under the Service Contracts which are applicable to the period and required to be performed from and after the date of this Assignment, but not otherwise. No person or entity other than Assignor shall be deemed a beneficiary of the provisions of this Section 5.

6. Indemnification. Assignor shall indemnify and hold harmless Assignee from and against all obligations of the Assignor under the Service Contracts to the extent such obligations were applicable to the period and required to be performed prior to the date of this Assignment. Assignee shall indemnify and hold harmless Assignor from and against all obligations assumed by the Assignee under the Service Contracts to the extent that such obligations are applicable to the period and required to be performed from and after the date of this Assignment.

7. Legal Expenses. If either party to this Assignment brings suit or otherwise becomes involved in any legal proceedings seeking to enforce the terms of this Assignment, or to recover damages for their breach, the prevailing party shall be entitled to recover its costs and expenses (including fees of attorneys, expert witnesses, accountants, court reporters and others) incurred in connection therewith including all such costs and expenses incurred: (a) in trial and appellate court proceedings, (b) in connection with any and all counterclaims asserted by one party to this Assignment against another whether or not such counterclaims arise out of or are otherwise related to this Assignment, (c) in bankruptcy or other insolvency proceedings, and (d) in post-judgment collection proceedings.

8. Successors and Assigns. This Assignment shall be binding upon and inure to the benefit of Assignor and Assignee and their respective successors and assigns.

9. Power and Authority. Each party represents and warrants to the other that it is fully empowered and authorized to execute and deliver this Assignment, and the individual signing this Assignment on behalf of such party represents and warrants to the other party that he or she is fully empowered and authorized to do so.

IN WITNESS WHEREOF, Assignor and Assignee have executed and delivered this Assignment as of the day and year first above written.

ASSIGNOR:

By: _____
Name: _____
Its: _____

ASSIGNEE:

By: _____
Name: _____
Its: _____

Exhibit A: Legal Description