

SOUTH SNOHOMISH COUNTY COMMISSION FOR HEALTH  
PUBLIC HOSPITAL DISTRICT NO. 2 OF SNOHOMISH COUNTY, WASHINGTON  
BOARD OF COMMISSIONERS  
Regular Meeting  
A G E N D A  
July 27, 2011  
8:00 AM to 10:00 AM

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	<u>ACTION</u>	<u>TIME</u>	<u>PAGE</u>
A. Call to Order		8:00	1
B. Approval of the Minutes			
a) June 22, 2011 regular Board meeting	Action	8:01	2-4
C. Board Finance Committee Report			
a) 12.31.2010 Moss Adams audit update	Action	8:02	--
b) 2011 mid-year budget check-in	Information	8:17	5-6
c) Review financial statement and cash activity	Action	8:27	7-12
d) Authorization for payment of vouchers and payroll	Action	8:37	13
D. Strategic Collaboration Committee Report	Information	8:38	--
E. Branding Report – Aukema & Associates			
a) New organization name recommendation	Action	8:40	--
F. Swedish/Edmonds Presentation on Budget & Capital Plans	Information	8:55	--
G. Program Oversight Committee Report & Recommendations	Action	9:05	14-16
H. Executive Committee Report	Information	9:20	--
I. Public Comments (please limit to three minutes per speaker)	---	9:22	--
J. Executive Session	---	9:35	--
a) Real Estate development plans	---		--
b) Superintendent’s goals and objectives	---		--
c) Litigation updates	---		--
K. Open Session			
a) Action re: Real estate development	Action	9:50	--
b) Action re: Superintendent’s goals and objectives	Action	9:55	--
L. Adjournment	---	10:00	--

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

**BOARD OF COMMISSIONERS**

**Regular Meeting**

**June 22, 2011**

**Commissioners  
Present**

Fred Langer, President  
Charles Day, Secretary  
Deana Knutsen, Commissioner  
J. Bruce Williams, M.D., Commissioner  
Bob Knowles, Commissioner

**Others Present**

Carl Zapora, Superintendent  
Howard Thomas, Consultant  
Erica Ash, Treasurer  
Linda Hunt, Auditor  
Karen Goto, Executive Assistant  
George Kosovich, Program Director  
Lisa King, Finance Director  
Mike Carter, CAO of Swedish/First Hill  
David Jaffe, Interim CAO of Swedish/Edmonds  
Rod Hochman, CEO of Swedish Health Services  
Citizens from 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 Langer.

**Approval of  
Minutes**

***Motion was made, seconded and passed unanimously to approve*** the minutes of the Regular meeting on May 25, 2011.

**Introduce Swedish  
and  
Swedish/Edmonds  
Leadership**

Mike Carter, CAO of Swedish/First Hill introduced David Jaffe, Interim CAO of Swedish/Edmonds and Rod Hochman, CEO of Swedish Health Services.

**Board Finance  
Committee**

Commissioner Knutsen reported that the Finance Committee met on June 15, 2011 to review the financial statements and other ongoing issues.

Mr. Zapora presented the financial management transition plan that the Finance Committee has reviewed and approved.

***Motion was made, seconded and passed unanimously to approve*** Resolution 2011-04 appointing and designating Lisa King as Auditor of the District and removing Linda Hunt effective July 1, 2011.

***Motion was made, seconded and passed unanimously to approve*** Resolution 2011-05 appointing and designating George Kosovich as Treasurer of the District and authorizing Bank of America , N.A. to honor his facsimile signature in that capacity, specifying the terms of the necessary surety bond; providing for payment by the District of the premium on such bond; and removing the current treasurer effective August 1, 2011.

***Motion was made, seconded and passed unanimously to approve*** Resolution 2011-03 authorizing and approving the extension of the irrevocable direct pay letter of credit issued by Bank of America securing payment of principal and purchase price of and interest on the District's outstanding Limited Tax General Obligation Improvement and Refunding Variable Rate Demand Bonds, 1999.

**Profit & Loss  
Statement**

Ms. Hunt reported on the financials for May (E:15:11).

**Authorization for  
Payment of  
Vouchers &  
Payroll**

Warrant Numbers 10210 through 10237 for May for payment in the amount of \$3,596,393.72 were presented for approval (E:16:11). ***Motion was made, seconded and passed unanimously to approve.***

**Board Executive  
Committee**

President Langer reported that the Executive Committee met on June 20, 2011.

**Board Retreat  
Follow-up**

***Motion was made, seconded and passed unanimously to approve*** the Vision/Mission/Values, Commission and Superintendent Operating Agreements, and the Board of Commissioners Conflict of Interest Policy.

**Program Oversight  
Committee Report**

Commissioner Williams reported that the Program Oversight Committee met on May 16, 2011 and reviewed the program application forms, the program interest list to date and specifically Items #29 and #32 (Exhibit 17:11). The application process steps include 1) announcing the application process to the community, 2) the Program Oversight Committee reviews and evaluates the applications and runs them through the established criteria, 3) set up any Q&A sessions with the proposal writer, 4) bring the proposals to the Board for funding approval. The committee may also set up some potential Board study sessions with community experts on a given topic. The committee will also categorize the proposals for the board's evaluation.

**Superintendent's  
Report**

Superintendent Zapora reported that the commission recently engaged a branding and marketing consultant (Megan Aukema) and the consultant will present two recommendations for a new commission name and logo at the July 27, 2011 Board meeting. The Strategic Collaboration Committee will be holding its next quarterly meeting in July 2011 and the date will be announced by the end of the week. The next Board meeting in July 2011 will also include a mid-year financial report/budget review and recommendations/summary from the Superintendent.

**Public Input:**

Mr. Jerry Fireman suggested that the commission find ways to broaden the input from the general public into our funding processes for the sake of standardization and fairness.

**Executive Session**

President Langer recessed the regular meeting at 9:16 a.m. into Executive Session to discuss legal matters. President Langer stated that the Commissioners would reconvene in approximately 30 minutes and no action would be taken in this Executive Session. President Langer reconvened into open session at 9:45 a.m.

**Adjourn**

There being no further business to discuss, the meeting was adjourned at 9:45 a.m.

**ATTEST BY:**

\_\_\_\_\_  
President

\_\_\_\_\_  
Secretary

**Public Hospital District #2 of Snohomish County**  
**Financial Forecast**  
**2011 Start-Up Year vs. Regular Year Estimate**

		<b>Commission - 2011 Start-Up Year</b>				<b>Commission - Regular Year Estimate</b>		
		<b>Legacy A</b>	<b>Start-Up B</b>	<b>On-Going C</b>	<b>Total D</b>	<b>Legacy E</b>	<b>On-Going F</b>	<b>Total G</b>
<b>Operating Revenues</b>								
1	M&O Tax Levy	2,038,352	-	-	2,038,352	2,038,352	-	2,038,352
2	Rental Income	270,844	-	7,272,000	7,542,844	270,844	7,490,160	7,761,004
3	Pavilion Ground Lease Income	46,707	-	-	46,707	46,707	-	46,707
4	<b>Total Operating Revenues</b>	<b>2,355,903</b>	<b>-</b>	<b>7,272,000</b>	<b>9,627,903</b>	<b>2,355,903</b>	<b>7,490,160</b>	<b>9,846,063</b>
<b>Operating Expenses</b>								
5	Salaries	-	-	397,712	397,712	-	527,230	527,230
6	Benefits	16,948	-	67,620	84,568	16,948	121,060	138,008
7	Insurance	75,144	-	66,462	141,606	75,144	70,000	145,144
8	Interest Expense	351,530	-	-	351,530	351,530	-	351,530
9	Amortization	15,800	-	-	15,800	15,800	-	15,800
10	Rent Expense	-	-	26,100	26,100	-	34,800	34,800
11	Miscellaneous Expense	-	12,350	21,812	34,161	-	20,200	20,200
12	Professional Services	521,638	79,120	201,711	802,470	85,000	125,000	210,000
13	Purchased Services	-	31,849	8,359	40,208	-	28,000	28,000
14	Supplies	-	-	9,523	9,523	-	14,216	14,216
15	Taxes	-	-	327	327	-	327	327
16	Utilities	-	-	5,047	5,047	-	3,768	3,768
17	<b>Total Operating Expenses</b>	<b>981,060</b>	<b>123,319</b>	<b>804,674</b>	<b>1,909,053</b>	<b>544,422</b>	<b>944,601</b>	<b>1,489,023</b>
18	Community Programs	-	-	3,909,000	3,909,000	-	4,299,000	4,299,000
19	<b>Net Ordinary Income</b>	<b>1,374,843</b>	<b>(123,319)</b>	<b>2,558,326</b>	<b>3,809,850</b>	<b>1,811,481</b>	<b>2,246,559</b>	<b>4,058,040</b>
<b>Other Income/(Expense)</b>								
20	1999 GO Tax Levy	1,229,194	-	-	1,229,194	1,229,194	-	1,229,194
21	2003 GO Bonds	(34,823)	-	-	(34,823)	-	-	-
22	Investment Income	568,834	-	379,223	948,056	-	1,080,000	1,080,000
23	Unrealized G/L on Investments	-	-	-	-	-	-	-
24	Other Income	17,722	-	-	17,722	17,722	-	17,722
25	<b>Total Other Income/(Expense)</b>	<b>1,780,926</b>	<b>-</b>	<b>379,223</b>	<b>2,160,148</b>	<b>1,246,915</b>	<b>1,080,000</b>	<b>2,326,915</b>
26	<b>Earnings before Depreciation</b>	<b>3,155,769</b>	<b>(123,319)</b>	<b>2,937,549</b>	<b>5,969,999</b>	<b>3,058,397</b>	<b>3,326,559</b>	<b>6,384,956</b>
27	Depreciation	5,785,728	-	-	5,785,728	5,785,728	-	5,785,728
28	<b>Net Income - including depreciation</b>	<b>(2,629,959)</b>	<b>(123,319)</b>	<b>2,937,549</b>	<b>184,271</b>	<b>(2,727,331)</b>	<b>3,326,559</b>	<b>599,228</b>

**Public Hospital District #2 of Snohomish County**  
**2011 Original Budget vs. 2011 Forecast Comparison**

	<b>Original Budget A</b>	<b>Start-Up Yr Forecast B</b>	<b>Increase/ (Decrease) C</b>	
<b>Operating Revenues</b>				
1	M&O Tax Levy	2,020,000	2,038,352	18,352
2	Rental Income	7,586,000	7,542,844	(43,156)
3	Pavilion Ground Lease Income	190,000	46,707	(143,293)
4	<b>Total Operating Revenues</b>	<b>9,796,000</b>	<b>9,627,903</b>	<b>(168,097)</b>
<b>Operating Expenses</b>				
5	Salaries	333,000	397,712	64,712
6	Benefits	73,000	84,568	11,568
7	Depreciation	5,778,448	5,785,728	7,280
8	Insurance	83,000	141,606	58,606
9	Interest Expense	507,000	351,530	(155,470)
10	Amortization	19,000	15,800	(3,200)
11	Rent Expense	49,000	26,100	(22,900)
12	Miscellaneous Expense	61,000	34,161	(26,839)
13	Professional Services	459,000	802,470	343,470
14	Purchased Services	76,000	40,208	(35,792)
15	Supplies	6,000	9,523	3,523
16	Taxes	-	327	327
17	Utilities	22,000	5,047	(16,953)
18	<b>Total Operating Expenses</b>	<b>7,466,448</b>	<b>7,694,780</b>	<b>228,333</b>
19	Community Programs	3,909,000	3,909,000	-
20	<b>Net Ordinary Income</b>	<b>(1,579,448)</b>	<b>(1,975,877)</b>	<b>(396,430)</b>
<b>Other Income/(Expense)</b>				
21	1999 GO Tax Levy	1,208,000	1,229,194	21,194
22	2003 GO Bonds	(32,000)	(34,823)	(2,823)
23	Investment Income	421,000	948,056	527,056
24	Unrealized G/L on Investments	-	-	-
25	Other Income	-	17,722	17,722
26	<b>Total Other Income/(Expense)</b>	<b>1,597,000</b>	<b>2,160,148</b>	<b>563,148</b>
27	<b>Net Income</b>	<b>17,552</b>	<b>184,271</b>	<b>166,718</b>

Public Hospital District #2 of Snohomish County  
**Balance Sheet**  
As of June 30 2011

	<u>June 30, 2011</u>	<u>May 31, 2011</u>	<u>\$ Change</u>	<u>Comments:</u>	
<b>ASSETS</b>					
<b>Current Assets</b>					
1	Total Cash Balances	1,514,700.88	1,301,681.24	213,019.64	
2	Total Accounts Receivable	62,856.90	62,856.90	-	
<b>Other Current Assets</b>					
3	Total Investments	31,460,864.30	31,618,855.51	(157,991.21)	Unrealized Loss
4	Total Limited Use Assets	2,657,193.79	2,492,369.18	164,824.61	Cash received for Levy; increase in limited use
5	Total Other Miscellaneous Receivables	961,627.58	988,066.75	(26,439.17)	
6	Total Prepaid Expenses & Other	34,718.38	62,941.55	(28,223.17)	Monthly amortization of prepaid expenses
	<b>Total Other Current Assets</b>	<u>35,114,404.05</u>	<u>35,162,232.99</u>	<u>(47,828.94)</u>	
	<b>Total Current Assets</b>	36,691,961.83	36,526,771.13	165,190.70	
7	Total Fixed Assets	34,121,570.59	34,602,564.13	(480,993.54)	Monthly depreciation
8	Total Financing & Lease Costs	381,527.21	383,118.30	(1,591.09)	
9	Total Other Assets	98,797.98	98,797.98	-	
	<b>TOTAL ASSETS</b>	<u><u>71,293,857.61</u></u>	<u><u>71,611,251.54</u></u>	<u><u>(317,393.93)</u></u>	

Public Hospital District #2 of Snohomish County

Balance Sheet

As of June 30 2011

	June 30, 2011	May 31, 2011	\$ Change	Comments:	
<b>LIABILITIES &amp; EQUITY</b>					
<b>Liabilities</b>					
<b>Current Liabilities</b>					
10	Total Accounts Payable	191,791.49	292,964.69	(101,173.20)	
11	Total Credit Cards	2,404.06	6,730.23	(4,326.17)	
<b>Other Current Liabilities</b>					
12	Total Accrued Salary and Benefits	455,155.80	487,926.42	(32,770.62)	Reduction in workers comp reserve (\$40)
13	Total Estimated 3rd Party Settlements	332,000.00	332,000.00	-	
14	Total Interest & Orig Issue Premium	13,131.55	36,547.85	(23,416.30)	Paid Semi-Annual Payment
15	Total Other Payables and Accruals	68,486.31	65,188.26	3,298.05	More invoices received and booked to AP
16	Current Portion of L-T Debt	3,356,434.92	3,351,109.74	5,325.18	
	<b>Total Other Current Liabilities</b>	<b>4,225,208.58</b>	<b>4,272,772.27</b>	<b>(47,563.69)</b>	
	<b>Total Current Liabilities</b>	<b>4,419,404.13</b>	<b>4,572,467.19</b>	<b>(153,063.06)</b>	
<b>Long Term Liabilities</b>					
17	Total Long Term Debt - Operations	8,451,647.42	8,563,310.81	(111,663.39)	Debt payment shown in Accounts Payable Professional Liability & Deferred Comp
18	Total Other Long Term Liabilities	2,755,171.74	3,096,745.20	(341,573.46)	Payments & Claim Settlement
	<b>Total Long Term Liabilities</b>	<b>11,206,819.16</b>	<b>11,660,056.01</b>	<b>(453,236.85)</b>	
	<b>Total Liabilities</b>	<b>15,626,223.29</b>	<b>16,232,523.20</b>	<b>(606,299.91)</b>	
19	<b>Total Equity</b>	<b>55,667,634.32</b>	<b>55,378,728.34</b>	<b>288,905.98</b>	June Net Income
	<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>71,293,857.61</b>	<b>71,611,251.54</b>	<b>(317,393.93)</b>	

Open items at 12/31/10:

- Pac Lab adjustment to the 9/1/10 opening balance
- Legal reserves
- Professional liability reserves
- Lease accounting
- Additional Patient Refund Liabilities
- Adjustments to Medicare Liabilities

**Public Hospital District #2 of Snohomish County**  
**Profit & Loss**  
June 2011

		<u>June 2011</u>	<u>May 2011</u>	<u>\$ Change</u>	<u>Comments:</u>
<b>Ordinary Income/Expense</b>					
1	<b>Total Income</b>	795,591.03	796,350.66	(759.63)	
<b>Expenses</b>					
<b>Operating Expenses</b>					
2	<b>Total Workers Comp</b>	28,474.11	20,027.22	8,446.89	
3	<b>Reserve LI Self Insurance</b>	(40,000.00)	(40,000.00)	-	Release of workers comp reserve
4	<b>Total Depreciation</b>	482,155.12	482,155.12	-	
5	<b>Total Insurance</b>	11,800.54	11,800.54	-	
6	<b>Total Interest Expense</b>	26,735.12	27,062.73	(327.61)	
7	<b>Total Other Amortization</b>	1,316.67	1,316.67	-	
8	<b>Total Other Expenses</b>	4,045.53	6,842.76	(2,797.23)	
9	<b>Total Professional Services</b>	84,336.00	60,421.64	23,914.36	Legal, Accounting, Consulting
10	<b>Total Purchased Services</b>	3,263.08	5,351.86	(2,088.78)	
11	<b>Total Salaries &amp; Benefits</b>	42,894.06	30,504.52	12,389.54	4 full time staff plus benefits
12	<b>Rent Expense</b>	2,900.00	2,900.00	-	
13	<b>Total Supplies</b>	750.84	642.60	108.24	
14	<b>Total Taxes</b>	-	-	-	
15	<b>Total Utilities</b>	360.01	486.21	(126.20)	
	<b>Total Expense</b>	<u>649,031.08</u>	<u>609,511.87</u>	<u>39,519.21</u>	
16	<b>Net Ordinary Income</b>	146,559.95	186,838.79	(40,278.84)	
<b>Other Income/Expense</b>					
<b>Other Income</b>					
17	<b>Total General Obligation Bonds</b>	100,642.84	100,355.42	287.42	
18	<b>Total Non Operating Revenue</b>	41,703.19	328,226.96	(286,523.77)	Large unrealized gain in May due to transfer
	<b>Total Other Income</b>	<u>142,346.03</u>	<u>428,582.38</u>	<u>(286,236.35)</u>	
	<b>Net Income</b>	<u><u>288,905.98</u></u>	<u><u>615,421.17</u></u>	<u><u>(326,515.19)</u></u>	

**Public Hospital District #2 of Snohomish County  
 Summary of Cash Receipts and Disbursements  
 June 2011**

**June 2011  
 Amount**

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**Receipts:**

Other Rental Income	25,468.54	Value Village
Swedish/Edmonds Rental Income	600,000.00	
Snohomish County Tax Levy	310,424.49	
Ground Lease Payments	4,166.67	July Lease Payment
Fidelity	15,000.00	McCary Deferred Compensation
Other Reimbursements	862.20	Includes 1Q11 L&I Supplemental Benefit Refunds
<b>Total Receipts - June 2011</b>	<b>955,921.90</b>	

**Disbursements:**

Debt Payment	254,330.10	June & July Banc of America & Semi-Annual 2003 LGTO Bor
Settlement of Claim	300,000.00	Shattock Hammond
Professional Services and Legal:		
Legal Fees	33,084.60	Litigation and Professional Liability Legal Fees
Accounting Fees	17,435.00	Ash Consulting May Fees
Consulting Fees	20,114.75	Howard Thomas June Invoices
Financial Statement and State Audits	7,544.25	Moss Adams 12/31/10 Audit & Cost Reports
Professional Services	137.56	Paychex
Purchased Services	7,267.79	Temporary HR Director & Retreat Facilitator
Payroll	52,169.63	Includes July 1 Payroll (due to holiday weekend)
Payroll Taxes	13,180.43	Does Not Include July 1 Payroll
Employee Insurance	3,217.05	Regence Medical
Other Miscellaneous Expenses	14,098.49	Supplies, Rent, Retreat Costs, Interest Expense, Fees
<b>Total Disbursements - June 2011</b>	<b>722,579.65</b>	

**Public Hospital District #2  
Cash Activity**

<b>Warrant Number</b>	<b>Transaction Date</b>	<b>Payee</b>	<b>Amount</b>	<b>Purpose</b>
<b>Warrant Activity:</b>				
10238	06/02/2011	Banc of America Leasing	114,171.30	Monthly Debt payment - June
10239	06/02/2011	Carney Badley Spellman	9,682.09	May Legal Council
10240	06/02/2011	Comcast	314.00	Phone and Internet
10241	06/02/2011	Foster Pepper	8,249.00	April Legal Fees
10242	06/02/2011	Fowler Portraits	229.95	Commissioner Portrait
10243	06/02/2011	Innovative Employee Solutions	913.50	HR Director fee
10244	06/02/2011	Margot Helphand	4,282.60	Facilitator for Retreat
10245	06/02/2011	Moss Adams - Audit	2,631.75	Progress Billing for 12/31/10 Audit
10246	06/18/2011	Advocate Telecom	188.14	Setup Finance Director Phone
10247	06/18/2011	Ash Consulting	17,435.00	May accounting and consulting fees
10248	06/18/2011	Department of Ecology	46.00	DOE
10249	06/18/2011	Innovative Employee Solutions	1,582.31	HR Director fee
10250	06/18/2011	Lynnwood PFD	2,900.00	Rent
10251	06/18/2011	Regence Blueshield	3,217.05	Medical Insurance
10252	06/18/2011	SCCFOA	25.00	Dues
10253	06/21/2011	Bank of America Credit Card	7,144.72	Supplies and Board Retreat Charges
10254	06/21/2011	Leadership Snohomish County	35.00	Application Fee for Leadership Snoh Co Training
10255	06/30/2011	Banc of America Leasing	114,171.30	Monthly Debt payment - July
10256	06/30/2011	Bank of New York Mellon	152.16	Fee
10257	06/30/2011	Moss Adams - Cost Report	4,912.50	Progress Billing for Cost Report
10258	06/30/2011	Schulkin Rein PLLC	1,770.00	Bond Council for Letter of Credit Renewal
10259	06/30/2011	Thomas & Associates	20,114.75	June Retainers
10260	06/30/2011	Foster Pepper	6,593.50	May Legal Fees
10261	06/30/2011	Innovative Employee Solutions	489.38	HR Director fee
10262	06/30/2011	Gordon & Rees, LLP	94.00	Legal Fees for Watupongoh Claim Settlement
		<b>Total Warrants</b>	<b>321,345.00</b>	

**Wire Activity:**

6/6/2011	Bank of America - LOC	230.00	Fee for LOC Amendment
6/1/2011	Comerica	6,696.01	Octagon Professional liability (Sedgwick)
6/1/2011	US Bank	2,666.44	1999 LTGO interest (LOC)
6/16/2011	Payroll	16,606.83	ACH payroll transfer
6/30/2011	Payroll	18,092.86	ACH payroll transfer
6/3/2011	Department of Treasury	6,701.62	Payroll taxes for 5/28/11 payroll period ending
6/17/2011	Department of Treasury	6,478.81	Payroll taxes for 6/11/11 payroll period ending
6/3/2011	Paychex	72.78	Fee for payroll processing
6/17/2011	Paychex	64.78	Fee for payroll processing
6/1/2011	Bank of New York Mellon	25,987.50	Semi-annual 2003 UTGO Bond payment and interest
6/3/2011	Payroll	17,469.94	ACH payroll transfer
6/28/2011	Charles Day	167.08	Replacement of lost payroll check 11/2010
6/13/2011	FAO Morgan Keegan & Co., Inc.	300,000.00	Settlement of Claim
	Total Wires/ACH transactions	<u>401,234.65</u>	
	Grand Total -Warrants and Electronic	<u><u>722,579.65</u></u>	

**Deposits:**

6/14/2011	Labor and Industries	810.20	Refund for 1Q11 Supplemental Benefits Paid
6/2/2011	Fidelity	15,000.00	McCary Deferred Comp Payment
6/1/2011	Value Village	25,468.54	Monthly rent
6/6/2011	Swedish	600,000.00	Monthly payment
6/11/2011	Snohomish County	310,424.49	Tax levy deposit
6/21/2011	Healthcare Realty Services	4,166.67	Ground Lease Payment- July
6/7/2011	Howard Thomas	52.00	Reimbursement for Personal Retreat Expenses
	Total Deposits	<u>955,921.90</u>	

SOUTH SNOHOMISH COUNTY COMMISSION FOR HEALTH  
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 10238 through 10262 have been issued for payment in the amount of \$321,345.00. These warrants are hereby approved.

Attest:

\_\_\_\_\_  
Lisa M. King

\_\_\_\_\_  
Commissioner

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Commissioner

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Commissioner

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Commissioner

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Commissioner

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Payroll:	05-15-11 - 05-28-11	17,469.94	
	05-29-11 - 06-11-11	18,092.86	
	06-12-11 - 06-25-11	<u>16,606.83</u>	
			52,169.63
Warrants Processed:	06-01-11 - 06-30-11		321,345.00
Electronic Payments:	Payroll Taxes (May/June)	13,180.43	
	Comerica Bank –Prof Liability	6,696.01	
	Paychex	137.56	
	Claim Settlement	300,000.00	
	Bank of America Letter of Credit	230.00	
	Replacement of Lost Check	167.08	
	Bond & Interest Payments	<u>28,653.94</u>	
			<u>349,065.02</u>
	Grand Total		<u>\$722,579.65</u>

## July 2011 Program Oversight Committee Recommendations

### Summary of Applications Received

- 12 applications from 9 different organizations
- 8 applications from “Creating Community Connections” group addressing childhood obesity
- Priority areas addressed (some address more than one):
  - 2 Access to Healthcare
  - 8 Prevention
  - 10 Education & Empowerment

### Committee Recommendations

After applying the Commission’s evaluation criteria, the committee is recommending funding the following programs:

- **Edmonds Senior Center Enhanced Wellness Program**, which is a motivational intervention program designed to reduce the impact of chronic health conditions in seniors.
- **Childhood Obesity Collaboration:**
  - **Boys & Girls Club Healthy Habits Afterschool Program:** will provide intramural sports and increase nutrition knowledge and improve healthy behaviors of participants.
  - **Edmonds School Foundation Street Strut:** a 5k race that will promote health and fitness to the students and parents of the Edmonds School District.
  - **Edmonds School District Move 60:** a before and after school program, initially at 8 elementary schools, that promotes physical fitness and healthy nutrition. Funding also supports measurement for the collaborative through Fitnessgram, an evidence based evaluation tool.
  - **Cascade Bicycling Club Advanced Basics of Bicycling:** expansion of an existing in-school, bike safety and skills program to middle school students in the Edmonds School District.
  - **City of Edmonds Summer Intensive Xfit Camp:** an intensive, summer-long program for middle school students to adopt more active lifestyles, better nutritional choices, and to healthier habits.
  - **City of Lynnwood Get Movin’:** expansion of a program that encourages families to be physically active during the summer.
  - **City of Lynnwood Move 60 Teens:** expansion of an after school fitness and nutrition program targeting teens at 2 pilot Edmond School District middle schools.
  - **Cities of Lynnwood, Edmonds, and Mountlake Terrace Swim lessons:** a program that will teach water safety and swimming skills to Edmonds School District students. The goal is to eventually reach all 1,400 3<sup>rd</sup> graders.

### **Not Recommended for Funding**

The committee is not recommending the Edmonds School District’s Anti-Bullying Program or Automated External Defibrillator program for funding. Additionally, the committee is not recommending the Swedish Medical Foundation Gala application for program funding, although the Commission Board may still wish to participate in the event for a marketing/visibility purposes.

The following pages include a summary of funding amounts, populations served, and funding rationales.

Programs for July '11 Review		Request for funding			Priority Area				Primary Population Served	Funding Recommendation
#		Year 1	Year 2	Year 3	Education & Empowerment	Prevention	Access to Healthcare	Policy & Advocacy		
1	ESD Anti-Bullying Program: Rachel's Challenge	\$16,539	-	-	X	X			Children & Youth	\$0
2	2011 Swedish Edmonds Imagine Gala	\$25,000	-	-			X		Uninsured, Underinsured	\$0
3	ESD AED Health Promotion Proposal	\$41,110	-	-		X			Children & Youth	\$0
4	Edmonds Senior Center: Enhanced Wellness Program	\$38,000	\$24,300	\$24,300	X	X	X		Seniors	Fully fund
	Creating Community Connections: Childhood Obesity Group									
5	B&G Clubs Healthy Habits Afterschool program	\$111,939	\$139,149	\$173,750	X	X			Children & Youth	Fund at \$111,939 per year
6	Edmonds School Foundation Street Strut 5k	\$14,500	-	-	X	X			Children & Youth	Partially fund: \$7,500 one-time
7	Cascade Bicycle Club - Advanced Basics of Bicycling	\$53,045	\$53,045	\$53,045	X				Children & Youth	Fund one-time: \$53,045
8	ESD Move 60 program	\$305,700	\$305,700	\$305,700	X	X			Children & Youth	Fully fund
9	City of Edmonds Summer intensive Xfit Camp	\$69,300	\$63,306	\$63,306	X	X			Children & Youth	Fully fund one-year as a pilot: \$69,300
10	City of Lynnwood Move 60: Teens!	\$77,468	\$77,468	\$77,468	X				Children & Youth	Fully fund
11	City of Lynnwood, Edmonds, MLT 3rd grade swim lessons	\$168,000	\$168,000	\$168,000	X	X			Children & Youth	Fully fund
12	City of Lynnwood Get Movin'	\$104,500	\$104,500	\$104,500	X				Children & Youth	Partially fund: \$52,250 per year
	<i>Subtotal: Child Obesity Group</i>	<i>\$904,452</i>	<i>\$911,168</i>	<i>\$945,769</i>						
	<b>Totals</b>	<b>\$1,025,101</b>	<b>\$935,468</b>	<b>\$970,069</b>						
									<b>Total annual</b>	<b>\$883,202</b>

Proposal #	Funding Requests Not Recommended for Funding	Recommendation
1	ESD Anti-Bullying Program: Rachel's Challenge	<b>Not recommended for funding.</b> Although a relatively small 'ask' and a worthy program, doesn't directly fit our priority areas for health.
2	2011 Swedish Edmonds Imagine Gala	<b>Not Recommended for funding as a program.</b> Charity Care and cancer services fit priorities but because this is part of a broad fundraising effort, it's hard to pinpoint outcomes. Will still consider participating in sponsorship of event for marketing purposes.
3	ESD AED Health Promotion Proposal	<b>Recommend soft denial.</b> Consider again if they find more diverse funding sources.
Proposal #	Funding Requests Recommended for Approval	Recommendation
4	Edmonds Senior Center: Enhanced Wellness Program	<b>Recommend Funding.</b> Fits priorities, clear budget and use of funds, strong measurements.
5	B&G Clubs Healthy Habits Afterschool program	<b>Recommend Funding.</b> Strengths include measurable results on improved fitness, strong program design, serves large number of young people in district.
6	Edmonds School Foundation Street Strut 5k	<b>Recommend partial funding.</b> Strengths: raises awareness, small request, connected to prevention.
7	Cascade Bicycle Club - Advanced Basics of Bicycling	<b>Recommended funding</b> as one-time program to enable purchase of van and additional bicycles.
8	ESD Move 60 program	<b>Recommend funding.</b> Strengths include large number of children served, inclusion of strong measurements. Need to ensure that program reaches out broadly to all students, particularly those most at-risk in a way that doesn't embarrass students.
9	City of Edmonds Summer intensive Xfit Camp	<b>Recommend funding for one-year.</b> Consider renewal if measures are successful. Request longer term outcome measures to test success 6 months after the end of the camp.
10	City of Lynnwood Move 60: Teens!	<b>Recommend funding:</b> Reaches middle school students, that are underserved with similar programs. Outcomes should be strengthened to focus on results rather than participation.
11	City of Lynnwood, Edmonds, MLT 3rd grade swim lessons	<b>Recommended for funding.</b> Open to funding swim lessons for all 1,400 3rd graders. Agreement will make payment based on actual number of lessons completed.
12	City of Lynnwood Get Movin'	<b>Recommended partial funding,</b> which is more in line with current sponsorship model of Get Movin'.

CONFIDENTIAL

**FOR EXECUTIVE SESSION REVIEW, THEN OPEN SESSION ACTION**

To: Public Hospital District No. 2 Snohomish County  
Commissioners (Board of Directors)

From: Carl Zapora, Superintendent

Date: June 22, 2011

Re: Organizational/Superintendent Goals & Objectives

Commissioners:

According to our employment agreement, "on or before June 1, 2011, the Board, after consultation with Employee, shall establish reasonable goals and objectives for the remainder of 2011. On or before December 1, 2011, and on or before December 1 of each calendar year thereafter, the Board, after consultation with Employee, shall establish reasonable goals and objectives for the following year. Such objectives shall include both institutional objectives and individual objectives."

Then, "on or before July 1 of each year beginning in 2012, the District shall pay incentive compensation to Employee in an amount up to 15% of Employee's base salary during the preceding year, depending on the extent to which the Board has reasonably determined that Employee has met the goals and objectives established."

In order to begin this process, I thought I should submit my thoughts regarding goals and objectives for the balance of the year and into next year. I suggest the Board review them between now and our July 27 Board meeting, and that Board members submit their thoughts and suggestions to President Fred Langer so that he may compile a more formal presentation of goals and objectives to the Board for review and approval at the July Board meeting.

Please let me state up front that my approach to goals and objectives is to focus on what is best for the organization overall. I endeavor to be up-front and open with thoughts and recommendations, and welcome Board feedback, changes and additions. It is important that we agree on goals and objectives for the sake of the enterprise. Additionally, I will provide communications during the year as to any changes that may be needed to the goals and objectives as a result of changing circumstances and/or external factors.

I am also submitting some of the goals I established prior to formal review with the Board which are essentially completed.

### Goals and Objectives

#### A. Office / Space Development

Establish a professional and functional office space and environment for the staff, commissioners, and community use – completed. This included a review of community office space available for purchase, the tour of eight possible locations, and (unsuccessful) negotiations with one seller. The space we have

established is reasonable (\$2,900 per month), professional, has three conference rooms and easy access to the Lynnwood Convention Center as needed (for a fee). Additionally, our two-year lease is flexible, allowing us the option to vacate with three-month's notice with only a small penalty (less than \$4,000). While not suggesting we aggressively pursue the purchase of a building, this flexible lease gives us the opportunity to do so should the right building become available or our office needs change dramatically.

Measure of Success – Commissioner opinion and evaluation of the space.

### B. Staffing

Analyze the staffing needs of the organization and hire professional and skilled staff to help launch the South Snohomish County Commission for Health program – almost completed. Our staff currently consists of three – George Kosovich, Director Programs & Community Investments, Lisa King, Finance Director, and Karen Goto, Executive Assistant, are all high-caliber professionals who have quickly taken on their responsibilities. In my opinion, George and Lisa in particular are two of the best professionals I could have hired. Both come with proven and extensive background and experience in their areas. Additionally both were hired at the mid-point for their position based on area market data, with room to grow professionally and in compensation.

Additional Staffing Needs – I plan to hire a Marketing/Communications Director soon after completion of our Branding and Marketing analysis (see Marketing/Communications section later in this memo).

Benefits – develop and gain Board approval for employee benefit program, and identify and engage benefit providers to provide same. This is a challenge given our small employee group and governmental restrictions (mostly regarding pensions). Endeavor to find benefits program options for Commissioners (this is very challenging). Finalize all in third quarter 2011.

Measure of Success – Commissioner and Superintendent opinion, Superintendent's appraisals of employee performance, and accomplishments of overall organizational goals. Benefits program established.

### Financial Oversight / Budget

Oversee the financial status, processes, investments, expenses and revenues of the District -- provide a mid-calendar-year assessment of finances and budget status to the Board in July. Differentiate and categorize all expenses as either hospital-legacy, Commission for Health (CFH) new program startup, or CFH ongoing.

Develop a revised budget for CFH which totals less than 15% of revenue excluding actual program investments and/or costs.

Transition financial management from Ash Consulting (which was costing us \$30,000 per month some months) to in-house financial management, including the appointment of an in-house auditor and treasurer. Discontinue use of financial consultants except for unusual or specialized needs by the end of the calendar year.

Oversee the financial affairs of the District so that we receive positive audits from our state auditor as well as our external independent auditor (Moss Adams).

By the end of the year, develop a five-year financial plan for the organization which includes projections on investments, program expenses, revenues and the development of a strong reserve position.

Continue to utilize hospital-legacy consultant(s) as needed and as determined by the Board. Work with the Board to determine the projected need and budget for consultant for the second half of the calendar year. Determine best contractual relationship for ongoing services.

Measure of Success – meet the financial goals outlined above.

#### Community Program Investment & Development

Launch the South Snohomish County Commission for Health program – develop the plans, procedures, forms, conflict of interest policies, staff and committee(s) needed to successfully launch the program. Work with the Board to determine appropriate mission, vision and priorities (completed). Communicate with all applicants and inquiries and with the general public in a timely manner.

Identify one larger-scale program opportunity to launch in the community (defined as our “district”). Develop plans for program in the second half of the year and program start-up in the first quarter of 2011.

Provide opportunities for interested community partners to learn about Commission investment/partner opportunities.

Measure of Success – in the short term, well defined investment priorities and quality program partnerships. Longer term, measurable improvement in the health and wellness of our community.

#### Community Outreach

As Superintendent, take the lead to reach out into the community by meeting with community leaders and organizations regarding the efforts of the Commission. This includes the following leaders – city government, county government, key nonprofit organizations, education, corporate (such as Premera Blue Cross), community and economic development organizations (like Economic Alliance Snohomish County), key medical facilities/organizations and others.

Measure of Success – numbers of key contacts, partnerships developed.

#### Corporate Governance

Learn and abide by the rules and regulations governing Public Hospital Districts – work with key people and organizations such as legal counsel Brad Berg, the Association of Washington Public Hospital Districts (AWPHD), and others. Utilize tools such as AWPHD’s listserv and contacts with fellow PHD Superintendents. I will include legal in this area – manage the affairs of the District with knowledge and respect for legal matters.

Measure of Success – numbers of contacts and relationships developed, community leader awareness of the new programs of the CFH, and avoidance of lawsuits and other challenges to the extent possible.

## Marketing/Communications

Develop a robust marketing/communications plan for the organization.

Engage a branding/marketing expert to assess the branding and marketing needs of the organization. Develop and provide options to the Commission for new name and logo. Determine the ongoing marketing needs of the organization, including staffing and overall marketing expenses. Hire Marketing Director in third quarter 2011.