

PUBLIC HOSPITAL DISTRICT NO. 2  
SNOHOMISH COUNTY, WASHINGTON

RESOLUTION NO. 2009-14

A RESOLUTION of the Commission of Public Hospital District No. 2, Snohomish County, Washington, authorizing and directing senior management of the District and its strategic planning advisor to develop for consideration and approval by the Commission at a future meeting a binding definitive agreement with Swedish Health Services for a long-term affiliation.

WHEREAS, Public Hospital District No. 2, Snohomish County, Washington (the 'District'), is a public hospital district and a municipal corporation duly organized and existing under the laws of the State of Washington; and

WHEREAS, the mission of the District is to improve the health and well-being of the community through local, high-quality and compassionate health care services; and

WHEREAS, the Commission, senior management and the District's strategic planning advisor have undertaken a detailed review of the District's strategic direction and its continued ability to successfully achieve its mission; and

WHEREAS, the detailed review has included an extensive planning process involving a series of meetings with the District's stakeholders, the Commission, senior management and the strategic planning advisor and the development and approval of a strategic plan with strategic priorities identified for each of the six pillars critical to the District's success: people, service, quality and safety, finance, growth and community; and

WHEREAS, the Commission, senior management and the strategic planning advisor have determined that in order for the District to successfully implement its strategic plan and continue to achieve its mission in the future, the District will be required to make a significant capital investment in its health care facilities and equipment and will be required to enhance and expand a number of its key health care service lines including, but not limited to, oncology, women's and children's services, cardiology, primary care, ambulatory care, emergency services, surgical services, orthopedics and gastroenterology; and

WHEREAS, the Commission, senior management and the strategic planning advisor have further determined that in order for the District to successfully implement its strategic plan and continue to achieve its mission it must seek a long-term affiliation with a larger regional health care provider that has resources and capabilities beyond those currently available to the District; and

WHEREAS, the Commission has identified the following goals for an affiliation:

(a) enhance and expand the stated mission and vision of the District and its affiliation partner by improving access to the health care services available to residents of South Snohomish and Northwest King Counties;

(b) enhance and expand its affiliation partner's stated mission and vision by improving access to health care services;

(c) use the combined assets and talent of the District and its affiliation partner to ensure access for the District's residents to high quality and cost effective care;

(d) preserve and enhance the assets owned by the District and provide an opportunity for the District and its affiliation partner to collaborate on the long range plan to enhance the facilities available in the area;

(e) provide an increased level of community hospital and other health care services in and around the District's service area and improve access to, and promotion of, tertiary hospital services available from the affiliation partner to residents in and around the District's service area;

(f) improve patient volumes and financial margins at Stevens Hospital to improve long term financial viability of Stevens Hospital, and ultimately allow the District and/or its affiliation partner to access capital to improve facilities and enhance health services and health outcomes for residents of the District;

(g) implement a state-of-the-art electronic medical record system that will align Stevens Hospital and its affiliation partner in a regional network of physicians and hospitals, serving to enhance the quality, scope and value of health care services for residents of South Snohomish County and North King County;

(h) improve community perception and begin the process of redeveloping the Stevens Hospital as a "must have" health care provider;

(i) maximize the opportunities for improved quality and improved patient access for both the District and its affiliation partner;

(j) retain and recruit the highest quality medical staff and nursing and other clinical staff; and

(k) provide for enhanced access to mental health facilities and community health care clinics consistent with the mission of the District; and

WHEREAS, the Commission has directed senior management and the strategic planning advisor to investigate potential affiliation partners and structures; and

WHEREAS, after a detailed investigation of potential affiliation partners and structures and extensive discussions with potential partners, the Commission, senior management, and the strategic planning advisor have concluded that the preferred affiliation partner is Swedish Health Services and that the preferred affiliation structure is a long-term lease; and

WHEREAS, the Commission desires to authorize and direct senior management and the strategic planning advisor to develop for the Commission's future consideration a binding

definitive agreement with Swedish Health Services providing for the long-term lease and operation of Stevens Hospital and the District's other existing health care facilities and to begin the planning process for the implementation of the affiliation; NOW THEREFORE,

BE IT RESOLVED BY THE COMMISSION OF PUBLIC HOSPITAL DISTRICT NO. 2, SNOHOMISH COUNTY, WASHINGTON, that the Commission hereby authorizes and directs senior management of the District and the strategic planning advisor of the District to:

(a) retain additional legal counsel to assist with the drafting of the definitive agreement;

(b) negotiate the final and binding terms of the definitive agreement to be presented at a future meeting of the Commission for approval by the Commission, which definitive agreement shall be consistent with the goals for an affiliation set forth above and include, among other terms and conditions, (i) the long-term lease of the District's health care facilities, including Steven Hospital, to Swedish Health Services; (ii) the operation of the those facilities by Swedish Health Services under its license subject to appropriate reserved powers retained by the District and appropriate mechanisms for the District to provide ongoing input with respect to the operation of the facilities; (iii) the commitment by Swedish Health Services to make capital investments in the District's facilities including the installation of an electronic medical records and information system at Stevens Hospital; and (iv) the transfer of the District's current employees and contracts to Swedish Health Services;

(c) develop a plan for the additional presentation of an overview of the proposed affiliation to the public; and

(d) develop a plan for the implementation of the definitive agreement including the transition of employees and contractual obligations and obtaining necessary regulatory approvals, including certificate of need approval.

ADOPTED and APPROVED by the Commission of Public Hospital District No. 2, Snohomish County, Washington, at a special open public meeting thereof this 17th day of December, 2009, the following Commissioners being present and voting.

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President and Commissioner

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Commissioner

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Commissioner

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Commissioner

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Secretary and Commissioner

CERTIFICATION

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

1. The attached copy of Resolution No. 2009-14 (the "Resolution") is a full, true and correct copy of a resolution duly adopted at a special meeting of the Commission of the District held at the regular meeting place thereof on December 17, 2009, as that resolution appears on the minute book of the District; and

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

IN WITNESS WHEREOF, I have hereunto set my hand this 17th day of December, 2009.

PUBLIC HOSPITAL DISTRICT NO. 2,  
SNOHOMISH COUNTY, WASHINGTON

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Secretary of the Commission