

MINUTES OF THE MEETING OF
THE BOARD OF COMMISSIONERS
PUBLIC HOSPITAL DISTRICT NO. 1
OF KING COUNTY, WASHINGTON

Held on April 5, 2010

Attendance:

Commissioner G. Sue Bowman, President; Commissioner-at-large
Commissioner Aaron Heide, M.D., Commissioner-at-large
Commissioner Anthony R. Hemstad, Commissioner, District No. 3
Commissioner Donald O. Jacobson, Secretary; Commissioner, District No. 1
Commissioner Carolyn V. Parnell, Vice President; Commissioner, District No. 2
Richard D. Roodman, Administrator/CEO – Superintendent
Paul S. Hayes, R.N., Executive Vice President
Kathryn D. Beattie, M.D., Senior Vice President - Chief Medical Officer
Larry Smith, Senior Vice President – Chief Financial Officer
Scott Alleman, R.N., Senior Vice President – Patient Care Services
Paul Larson, Senior Vice President – Clinic Network
Barbara Mitchell, Senior Vice President – HR and Marketing
Amin Hakim, M.D., Vice President/Chief Medical Director – Clinic Network
Robert L. Thompson, M.D., Vice President – Physician Relations
David E. Smith – General Counsel
Kim Blakeley, Public Relations Manager
Sandra Sward, Assistant to CEO and Board of Commissioners

Those present for a portion of the meeting:

Duncan Brown, The PFM Group
John Bonow, The PFM Group
Dennis Box, Reporter, *Covington Reporter*
Jeannine Grinnell, Finance Vice President/Treasurer
Don Hansen, CPA, Moss Adams, LLP
Peter Hasagawa, SEIU Local 1199
Josh Lewis, CPA, Moss Adams, LLP
Wayne Lau, MD, Valley Surgical Associates/Chief of Staff
Phil Lund, MD, Valley Radiology/Vice Chief of Staff

This meeting of the Board of Commissioners of Public Hospital District No. 1 of King County was opened by President Bowman at 4:05 p.m. in the Board Room of Valley Medical Center. It was moved and seconded to approve the minutes of March 15, 2010.

Commissioner Heide requested a correction to the minutes, adding the following:

Following discussion regarding the accuracy of the minutes, the following motion was made:

MOTION Commissioner Heide moved that the meetings be tape recorded. Commissioner Hemstad seconded the motion. The motion failed, two in favor and three opposed.

The minutes of March 15, 2010 were approved as amended.

**Changed by subsequent motion. See Minutes of 4/19/10*

Commissioner Heide requested that more content related to discussions be added to the minutes to ensure there was clear continuity and explanation for the decisions being made. Commissioner Hemstad requested that the minutes reflect the vote roll call for motions that fail.

MOTION Commissioner Heide moved that the meetings be tape recorded. Commissioner Hemstad seconded the motion. The motion failed, two in favor (Commissioners Heide and Hemstad) and three opposed (Commissioners Bowman, Jacobson and Parnell).

MOTION Commissioner Heide moved that the meetings be webcast. Commissioner Hemstad seconded the motion. The motion failed, two in favor (Commissioners Heide and Hemstad) and three opposed (Commissioners Bowman, Jacobson and Parnell).

MOTION Commissioner Jacobson moved to table further motions regarding tape recording meetings. Commissioner Parnell seconded the motion. The motion carried, three in favor (Commissioners Bowman, Jacobson and Parnell) and two opposed (Commissioners Heide and Hemstad).

Commissioners Heide and Parnell discussed how the minutes are transcribed. Commissioner Heide wondered why there was no discussion on items where the Board disagreed and he questioned why certain matters were not recorded in the minutes. Commissioner Parnell said she was in agreement with the way the meeting content has been recorded in the minutes, and noted that the general business and action taken is what is important and should be documented in meeting minutes. Commissioner Heide said hypocrisy was evident on the Board and that Commissioners Bowman, Jacobson and Parnell always agree on everything. Commissioner Parnell said she felt that Commissioner Heide was on the board solely to "stir things up".

President Bowman then referenced the meeting of March 15, 2010 and referred to Commissioner Heide's request for a conflict of interest disclosure by former Commissioner Mike Miller. She said Mr. Miller had written her and asked her to read a letter she received from him on April 5 concerning a question of conflict of interest regarding his involvement with the Covington FSED project, (copy of the letter is made a part of these minutes). She then read the letter and copies were distributed.

Commissioners Bowman and Heide had an exchange regarding the nature of the request from Mr. Miller as well as the timing of the response. Commissioner Heide indicated he felt the letter was a "well orchestrated personal attack" and questioned how things seem to happen in a staged manner on the Board. He questioned the timing of the letter and asked why it had not been provided prior to the meeting so that the Board members could have received it and been prepared. Commissioner Jacobson commented that the only reason we have such a letter from Mr. Miller is because Commissioner Heide asked Mr. Miller for clarification. He said that after listening to the letter he understood that Commissioner Heide might not like everything in Mr. Miller's letter but it was Commissioner Heide who asked for Mr. Miller to respond. President Bowman reconfirmed she had received the letter directly from Mr. Miller on April 5 and the letter provided clarification to questions posed by Commissioner Heide at the March 15 meeting. She further reminded Commissioner Heide that he said his abstention vote on the Covington FSED project was pending clarification of Mr. Miller's statement which has now been received. Commissioner Heide said he voted at the last meeting and did not see any need to recast his vote.

Commissioner Parnell then asked President Bowman if she could ask Commissioner Hemstad some questions regarding the potential of a conflict of interest, since the subject was being discussed. President Bowman agreed. Commissioner Parnell asked Commissioner Hemstad a series of questions involving potential conflict of interest surrounding his business dealings as the Executive Director of the World Trade Center Tacoma (WTC) with Multicare. She also asked about the Emergency Care for Kent Committee and Russ Hanscom, Chair of the Committee. She specifically asked Commissioner Hemstad about sitting at the Multicare table at a recent Maple Valley community fundraising benefit and asked Commissioner Hemstad to clarify if Russ Hanscom had endorsed Commissioner Hemstad's candidacy for Public Hospital Commissioner. Commissioner Hemstad explained Multicare was a member of the WTC and that WTC provided support to Multicare as it would to any other member. He said

that Multicare was very active in economic development and it was ridiculous to assume there was any conflict of interest on his part. He said he sat with three (3) elected officials at the Maple Valley community fundraiser and there was nothing discussed that would be construed as a conflict of interest and that there were ten people at the table. He said he would not be cross examined by Commissioner Parnell and that it's disappointing that elected officials can't be seen at public fundraising events in the local community without causing accusations like this.

Commissioner Parnell said her questions had to do with transparency. She asked him what knowledge he has regarding the Emergency Care for Kent Committee. Commissioner Hemstad said it would be wonderful if the Board would put this much interest into an organization that had requested to speak to the Board before a decision was made to build the FSED in Covington. He explained Russ Hanscom manages a retirement center on the East Hill of Kent and that he was an endorser of his Commissioner campaign, along with fifty (50) other elected officials and business owners.

Commissioner Hemstad said it was clear aspersions were being cast on both himself and Commissioner Heide. He urged the Board to vet decisions and topics rather than do "group think". A debate ensued between Commissioner's Hemstad and Parnell regarding her record of voting against motions and using critical thinking and leadership on the board. She assured him that her votes are predicated on her own thoughts and she has not encountered any problems when voting against a subject.

Commissioners Bowman, Jacobson and Heide returned to the discussion involving conflict of interest on the part of Mr. Miller. Commissioner Heide again indicated he would not be recasting his vote on the FSED in Covington.

Community Affairs Ms. Blakeley reported on various community outreach activities of the Public Relations and Marketing Department as follows:

Recent media coverage was reported: March 23 *Seahawks 12K Run at The Landing* aired on KING5.com, April 3 *Scarves Sought for Women with Breast Cancer* article in the Bellevue Reporter, April 5, *Project Pink Scarf: Calling All Knitters* appeared on KOMOnews.com/Renton.

Recent seminars included Common Shoulder Conditions on March 18, where 52 community residents attended; 19 of which were first-time attendees of a VMC seminar and The Birth Experience: What to Expect on March 31 where 34 individuals attended, 18 of which plan to deliver their babies at VMC.

Ms. Blakeley provided clarification on a topic expected to be aired on KING 5 regarding a patient at Valley who required ambulance transportation to physical therapy as a medical necessity to ensure patient safety. The insurance payer denied the transportation bill, and VMC subsequently paid the charge as a patient courtesy.

Programs 2009 Financial Audit – Moss Adams, LLP

Mr. Larry Smith introduced Don Hansen, CPA and Josh Lewis, CPA with Moss Adams, LLP. Mr. Hansen distributed packets to the Board members which included the Moss Adams Independent Auditor's Report and Financial Statements for 2008 and 2009, agreed-upon procedures related to the executive payroll process and accomplishments pertaining to goals established by the Board as well as a letter of explanation regarding audit procedures. He invited Board members to contact him directly if they had any questions or concerns and reminded those present that he worked for the Board. Important Board communications include:

- No new significant accounting policies were adopted
- No issues were discussed prior to retention of auditors
- No audit adjustments were made
- No uncorrected adjustments in 2009
- No disagreements with management
- The accounting estimates are reasonable
- The internal controls are operating well and processes are good

Mr. Hansen reviewed accounting estimates, significant estimates, operating margin, national hospital trends, uncompensated care, operating results, challenges, looking forward, national outlook for healthcare and healthcare reform. Audit of the executive compensation compared to authorized salary and benefits found one individual whose vacation benefits had been under-accrued. The established Board goals contained in Resolution 895 were met and Mr. Hansen referenced a separate communication he had prepared and distributed to the Board.

Commissioner Hemstad asked if Mr. Hansen was aware of any other Chief Executive Officer who received a retirement pay-out prior to retirement, while continuing to be employed. Mr. Hansen responded that this practice is not uncommon in both private and public organizations. Mr. Hansen explained that as a general rule, any type of deferred compensation payout occurs once earnings are deemed to be taxable by the IRS.

Mr. Hansen noted Valley's operating results in 2009 were impressive, especially given the current recession. Expense control and productivity management were achieved in the midst of significant increases in Medicaid patients. The State Auditor's Report issued during 2009 identified VMC as having Best Practices and identified no cost savings. He noted financial challenges based on Valley's difficult payor mix, (64% of inpatient population was covered by Medicare, Medicaid or were uninsured) and that most other hospitals in the area have a higher percentage of insured patients. In spite of the payor challenges, he noted Valley's high staff morale, as reflected by *Modern Healthcare's* 2009 Best Places To Work award, which identified Valley as the fifth ranked hospital provider in the nation. He complimented Ms. Jeannine Grinnell and staff for clean audit findings, with no adjustments made.

Mr. Hansen complimented Valley's proactive response to making investments and accessing capital. Expanding the OB and the South Tower will bring significant depreciation and interest expense, both of which were planned before the recession. This, coupled with recession, jobless recovery and the payment changes involved with the healthcare reform bill, will pose significant challenges for Valley in 2010 and 2011. He then briefly discussed the national state of healthcare and payment guideline changes.

Mr. Roodman asked Mr. Hansen if the audit procedure uncovered anything amiss with the current practices of reporting surplus property, write-off of accounts receivable (bad debt, charity care and collections) and the bills and warrants that are processed through the Board. Mr. Hansen indicated there were no problems encountered. He said there were good control policies and procedures in place to ensure accounting transactions are managed at a detailed level and are reviewed in a manner consistent with past practices which enable the Board to then receive and review the financial information in a summary format. He stated the numerous performance and state audits conducted at Valley over the past years should clearly confirm that the financial practices are appropriate, transparent and in accordance with defined policies.

Mr. Hansen concluded with compliments to staff regarding cooperation and customer service during the audit process. Mr. Roodman pointed out that an audit of the executive payroll process was not a typical part of an audit process. He said it has been performed for the last 25 years at the specific request of Administration in order to ensure an additional level of comfort and transparency to all concerned.

Recess President Bowman called for a brief recess at 5:25 p.m.

Reconvened The meeting reconvened at 5:35 p.m.

Medical Affairs

Quality Management Update

Dr. Beattie provided a quality management update, reporting inpatient falls per patient days for February were well within control limits. Left without treatment from the ED decreased consistently from February to March and was well below the 4% benchmark level both months. There were no incidents of ventilator associated pneumonia in the CCU or NICU in the first two (2) months of 2010. Central line associated blood stream infections for CCU were zero in January and February, while NICU had zero for January, but one (1) case in February.

Commissioner Heide asked about the Hospitalist program and if there was a cap on the number of patients accepted for admission. Dr. Beattie explained there are caps on the number of encounters a physician can have in order to ensure patient safety. She summarized the Hospitalist program and how patient overflow is accommodated. Commissioner Heide relayed information that was reported to him concerning one of his patients who was being transferred to Valley. He also described his past experience when trying to admit stable patients into Valley and asked if a schedule could be provided to him. Dr. Beattie encouraged Commissioner Heide to give her specifics involving the patient(s) and dates of the incident(s) so that she could look into it.

Reports

Reports from Administration

Financial Affairs

Mr. Smith introduced John Bonow and Duncan Brown, financial advisors with The Public Financial Management Group (The PFM Group). Mr. Smith described the volatility of the financial market and reiterated the necessity to pursue government backed bonds for capital expenses. He thanked Commissioner Hemstad for the article (sent earlier the week before) that underscored the current advantages of using Build America Bonds at this time.

Mr. Bonow explained The PFM Group practice on the west coast and the perspectives used by The PFM Group to evaluate and assess financial plans for accessing capital. He explained the market and financing time schedule in the coming month, along with the terms of Build America Bonds, a taxable bond with federal subsidies attached that will expire at the end of 2010. Mr. Bonow provided a memo dated April 5 to the Board that outlined three (3) perspectives on timing capital projects with bond issues in 2010. A financing plan will be provided to the Board at the April 19 Board meeting, followed by a request to approve documents for financing at the May 3 meeting. Mr. Roodman asked about Mr. Bonow's experience in the financial field. He provided an explanation of his education and experience both with hospitals as well as municipal organizations. He also referenced the experience of his firm, the PFM Group.

Commissioner Hemstad noted the fairly narrow window of opportunity to act on obtaining additional capital financing and indicated the Build America Bonds looked like a great opportunity for VMC. He indicated Valley was in good shape financially, although there is a higher debt ratio. Mr. Bonow indicated the rating agencies will require a one-on-one conference with investors who will then have a chance to hear Valley's story from management and understand, among the competing transactions, how Valley can respond to a fixed-rate bond transaction.

Mr. Roodman then addressed the urgency of acting on financial decisions for the Covington FSED project. He noted the time to take action, market-wise, was now. Commissioner Hemstad noted his personal opinion that Valley could have also continued on parallel tracks and reviewed bond financing without making a decision about the Covington FSED.

Public Comment: Public Comment

At 6:00 p.m. President Bowman called for public comment. There was none.

Financial Affairs (cont).

Bills/Vouchers

MOTION The Board, by motion, approved payments of the following bills and vouchers:

S.D. Deacon Corp. of Washington
 VMC Renton Landing Clinic – App. No. 5 \$76,712.45

| | WARRANT NUMBERS | | DATED | AMOUNT |
|------------------|-----------------|---------|-----------|--------------|
| | FROM | TO | | |
| ACCOUNTS PAYABLE | 38773 | 38789 | 3/16/2010 | 9,344.43 |
| ACCOUNTS PAYABLE | 38790 | 38856 | 3/23/2010 | 48,947.80 |
| ACCOUNTS PAYABLE | 38857 | 38878 | 3/30/2010 | 28,476.19 |
| ACCOUNTS PAYABLE | 826701 | 826701 | 3/11/2010 | 120.00 |
| ACCOUNTS PAYABLE | 826702 | 826703 | 3/16/2010 | 563.70 |
| ACCOUNTS PAYABLE | 2139434 | 2139649 | 3/11/2010 | 1,232,697.46 |
| ACCOUNTS PAYABLE | 2139650 | 2139650 | 3/12/2010 | 12,832.82 |
| ACCOUNTS PAYABLE | 2139651 | 2139765 | 3/16/2010 | 562,118.71 |
| ACCOUNTS PAYABLE | 2139766 | 2139772 | 3/16/2010 | 932.72 |
| ACCOUNTS PAYABLE | 2139773 | 2140026 | 3/18/2010 | 1,895,205.78 |
| ACCOUNTS PAYABLE | 2140027 | 2140027 | 3/22/2010 | 16,837.32 |
| ACCOUNTS PAYABLE | 2140028 | 2140173 | 3/23/2010 | 601,493.15 |
| ACCOUNTS PAYABLE | 2140174 | 2140417 | 3/25/2010 | 2,708,130.94 |
| ACCOUNTS PAYABLE | 2140418 | 2140418 | 3/25/2010 | 4,880.84 |
| ACCOUNTS PAYABLE | 2140419 | 2140609 | 3/30/2010 | 1,044,859.83 |
| TOTAL AP | | | | 8,167,441.69 |
| WIRES OR EFT | | | | 6,969,447.36 |

| | |
|---------------|------------------|
| MARCH PAYROLL | 8,650,291.74 |
| GRAND TOTAL | \$23,863,893.24* |

**A clerical mistake on the Grand Total was corrected after Motion approval. All financial components of the Bills/Vouchers remain consistent with information approved by the Board.*

Resolution No. 940 – Surplus Property

MOTION

It was moved and seconded to approve Resolution No. 940 declaring certain equipment in the District's hospital as surplus to the needs of the District and directing the Superintendent of the District's hospital or his designee to effect proper disposal of such surplus property, as provided by the statute. Motion passed unanimously

Write-off of Accounts Receivable

MOTION

It was moved and seconded to approve write-off of hospital and clinic accounts receivable in the amount of \$1,742,514, of which \$1,722,175 has been referred to Collection. The balance of \$20,338 represents bankrupt accounts and cancellations. Motion passed unanimously.

Operations Update

Mr. Hayes provided a recap of the Employee Forums held over the course of 24 hours on March 18 and 19. Over 400 employees attended one of the eight (8) sessions where he and Mr. Roodman provided updates on transitioning to the South Tower, clinic network development, reduction in patient volumes and activity, current events related to in-service with billing and purchasing, patient safety survey results and recent awards. A Pod cast is being finalized that will provide viewing for any staff who could not come to a forum in March.

Efforts continue to reduce Valley's environmental foot print. Recycling has been advanced to include bottles, cans and paper. Collaboration with Waste Management will help finalize our capacity of materials and decrease our monthly land fill expenses. The anticipated date for implementation is early summer. Waste Management has confirmed that should a labor dispute occur, our services will not be interrupted.

An expense reduction plan is being proactively developed and reviewed with each operating department to ensure operations are within current volumes and activity. The goal is to adopt a reduction plan during the next ninety (90) days while volumes stabilize. Sample expense reductions include delay in filling open positions, deferring purchases, travel and education, deferring non-critical purchase of supplies and developing specific diligence and rigor with the management of productivity, staffing and over-time and in some cases modifying hours of operations.

Commissioner Heide said he notices positive patient letters are often shared at Board meetings and asked if letters are ever received from patients involving problems or areas where improvement is suggested. Mr. Hayes and Dr. Beattie explained the types of patient letters received, along with the protocol for investigating and responding to patient complaints. Mr. Roodman said the largest category of questions and complaints concerned patient bills.

Patient Care Services

Mr. Alleman provided a map depicting the third floor of the hospital, highlighting way finding to the South Tower Emergency Department. Self-guided tours are being encouraged to ensure patients and staff are familiar with the route to the Critical Care Unit, prior to operations transition.

Clinic Network

Dr. Hakim provided Primary Care quality improvement goals for 2009 and 2010. Several of the goals relate to implementation and use of the Electronic Medical Record (EMR) in Primary Care. One of the criteria for successful implementation was completion of the EMR in Primary Care in the past quarter and implementation of web view access by specialized care physicians, to support immediate and accurate access of patient information. This has been implemented in several of the specialized areas of patient care, such as Occupational Health, in the first quarter and providers are pleased with it. Dr. Hakim described a software upgrade to the EMR that includes enhanced e-prescribing. Other areas of improvement include new and updating clinical practice guidelines and standards of care.

Recruitment Update

Dr. Thompson reported that we were able to assist Valley Women's Clinic in recruiting a physician, who will start next week. Final negotiations are underway for a general surgeon with expertise in advanced microscopic surgery. Two (2) contracts will be initiated this week for family care physicians for the Covington and Kent clinics. Recruitment for Urologists continue and a new ENT physician should start in May.

HR & Marketing

Ms. Mitchell provided the Board with a report titled 2009 Annual Human Resources Report to the Board of Commissioners and provided a general overview of the report, which synthesizes hiring activity in 2009. Ms. Mitchell indicated HR policies are carefully followed to ensure all staff are oriented and annually assessed for performance evaluation and competency. Turnover rates for 2009 were 9.7% compared to 17.6% reported by other hospitals in the region; RN turnover was 6.6% compared to 18.3% in Puget Sound hospitals.

Commissioner Comment:

Commissioner Parnell asked Commissioner Hemstad about a March meeting he had with SEIU, Local 1199. She asked if Administration was informed about this meeting. Commissioner Hemstad indicated the meeting was a "get to know each other" meeting and was not something that needed to be reported. She reminded him that he had a previous meeting in October 2009 with SEIU and that he had not provided follow-up information to Administration on the content of that meeting, as he stated he would do. Commissioner Hemstad disagreed, saying that at the November Board Retreat he asked if the Board would like SEIU staff to help settle disputes between Valley Administration and the Board of Commissioners, namely himself. He said the request was declined by the Board. He was reminded of the Board Bylaws directing Commissioners to inform the Superintendent when meetings or conversations occur with others concerning the medical center. Commissioner Hemstad explained he is an elected official and will be meeting with people on a routine basis. He stated that the Board does not report to the Superintendent. Rather, the Superintendent is overseen by the Board. He stressed the

importance that the Board see itself as an oversight body with an obligation to the 460,000 people who elected them.

Mr. David Smith, General Counsel, reaffirmed that the Board Bylaws direct Commissioners to promptly notify the Superintendent when they are approached by Valley employees, Medical Staff or community residents regarding medical center operations. He encouraged the Board to reread the Bylaws and follow them.

President Bowman indicated her appreciation for the Administrative reports and the recording of meeting content in the Board minutes. She said that her 23-year tenure in hospital administration has given her insight into the hard work involved with the operations of a medical center. She noted the patient safety priority of Valley's management team and hopes the Board can work to further Administrations' efforts for the benefit of patients.

Commissioner Jacobson noted his appreciation for SEIU staff representation at the Board meeting. He commented that SEIU was very important to Valley and hoped they would attend more meetings.

Commissioner Hemstad questioned meetings that were documented on the Board meeting stipend form for March, 2010. He questioned if three (3) Commissioners had attended the same meeting on March 26. Commissioners Jacobson, Parnell and Bowman each said they were confused because they had not attended any meetings where all three (3) were together. President Bowman asked the Board assistant to review the details of various meetings and clarify this confusion to the Board as a whole.

Commissioner Hemstad congratulated Administration for their use of pod casts to communicate with the estimated 2600 individuals employed by Valley Medical Center. He stressed the need to equally communicate with the 460,000 tax payers who have invested the responsibility of oversight of the hospital to the Board. He encouraged the web cast recording of Board meetings and noted his disappointment that the motion to tape record Board meetings has been voted down so many times. He indicated the importance of the public's awareness that both he and Commissioner Heide are repeatedly voting for the taping of the minutes and the other three (3) Commissioners are voting against it.

Commissioner Jacobson indicated taping meetings would not provide the public with a clear understanding of presentations and handout information that is visually reviewed at the meetings. He explained his observation that the public is always welcome to come to the Board meetings but in the past, has typically had little interest. Commissioners Jacobson and Hemstad had an exchange after Commissioner Jacobson said inaccurate information had been prematurely leaked to the media about the State Performance Audit.

Mr. Roodman reminded the Board that Board Bylaws are in place and that the Board could make changes to the Bylaws if that was their desire, but asked them to follow their Bylaws. He indicated effective business relationships, such as Barbara Mitchell's relationship with SEIU, have been developed and that sustaining these relations is crucial to the smooth operation of the medical center. He then asked the Board to respect the Bylaws provision which directs them to notify him or someone on the Administrative team when meeting with individuals who have business associations with the medical center in order to enhance effective communications.

Recess

President Bowman acknowledged a request for a recess at 6:40 p.m. following which the Board convened in Executive Session for approximately 15 minutes for the purpose of

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discussing specific personnel issues permitted by RCW 42.30.110(g), real estate issues permitted by RCW.42.30.110(b) and (c) and potential litigation and protection of peer review issues permitted by RCW.42.30.110(1) and 70.41.200. It was noted that action would likely be taken following Executive Session.

Reconvened The meeting reconvened at 6:50 p.m.

Approval of Labor Contract

MOTION It was moved and seconded to approve the labor agreement between Valley Medical Center and United Food and Commercial Workers Union (UFCW) Local 21, Professional-Technical Unit effective April 1, 2010 through March 31, 2013 and to authorize the Superintendent or his designee to execute such documents. Motion carried unanimously.

Adjournment There being no further business, motion was made to adjourn this meeting at 6:55 p.m.

**An open letter to the Board of Commissioners of Public Hospital District No 1 of King County,
regarding Commissioner Heide's abstention.**

April 4, 2010

Dear Board of Commissioners:

I am writing this letter to you because I am outraged, and at the same time amused, that an elected official could abstain from an official vote on Commission business "pending" confirmation from a private citizen that the private citizen has no interest in a proposed project of your District. I have no obligation to report to you, to Dr. Heide, or to any other member of the Commission, information about my activities or business dealings to you before you conduct your business. I find the suggestion ludicrous and it appears to be a convenient way for an uninformed elected official to "pass the buck" on his official duties. He should be embarrassed by his conduct.

Having said this, I do wish to respond to the suggestion that I somehow have a personal or financial interest in the hospital's planned facility in Covington. I respond not because I am somehow required to, and not to give Dr. Heide some form of peace of mind that only he can find. I do so because I care about my community, the healthcare it receives, and because of my belief in Valley Medical Center and its mission.

To be absolutely clear, neither I, nor any of my family members, friends or business colleagues, to my knowledge, have any interest in the Covington project, either personal, financial, or in any other way, directly or indirectly. I was not involved in the site selection nor do I have any interest adjacent to or in any way related to this project. The suggestion is flat wrong, offensive and really is nothing more than a red herring.

Now that I have cleared the record, I would like to make a couple of observations, as a Kent resident and a former Commissioner.

First, I have supported the concept of this project since day one, which was many months ago when I was a Commissioner. This issue has been vetted, analyzed and discussed as much or more than any other significant decision made by the Hospital. Having seen the public comments of a Commissioner who was privy to these conversations that suggest the decision was rushed demonstrates selective amnesia and a political agenda not related to healthcare or fiscal responsibility. It is false and harmful to the institution.

As for the project itself, I was involved in the initial steps of the process, in terms of expressing a willingness to assist, if I could, with the communication with the City of Covington. I was willing to participate in this process because of my relationships with individuals at the City Hall and because of my longstanding presence – both personal and professional – in the Kent and Covington communities. There is and was nothing improper about this effort; I am proud of my involvement in this respect and hope it brought value to the institution. And I continue to offer this help.

I also believe in this project as it is in the best interests of the District and its residents. I am a proud member of the Kent business community, but believe the selected site is superior to any site one could find in Kent. It has the best location (close to the existing physician base), and plenty of room for

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growth. There is nothing in Kent that provides this reality; it was a very good decision that will also help Kent East Hill residents in providing more choice for healthcare.

Finally, it is ironic that a private citizen is being accused of some type of conflict of interest by an elected official, someone who actually has a legal obligation to avoid such conflicts, especially one who, in my opinion, has a very clear conflict of interest. It is Dr. Heide who is paid by a competitor; it is Dr. Heide whose financial security is provided by a competitor. This entity is not only a competitor to Valley Medical Center, but also a competitor who is threatened by the newly planned Covington facility. If there truly is a concern by the Board about conflicts of interest, it needs to look no further than its own ranks. Attacking private citizens who care about the institution is an attempt to conveniently mask the real problem.

Very Truly Yours

Mike Miller