

Board of Commissioner's Meeting**December 2, 2020****Superintendent's Report****King County Loan Document Revision**

On Monday, Tom Langland and I participated in a conference call to discuss a modification to our current loan with King County. On the call were: Brad Berg, representing VHCD; Stacey Lewis, an outside attorney for King County; Mike Smith, King County Finance; an in-house attorney for King County and a couple of other King County employees. The impetus for the meeting was our desire to increase our borrowing limit with King County from \$1 million to \$1.5 million and to assure that the borrowing was structured consistent with public hospital district law.

Under public hospital district law our borrowing options generally include the following: Limited Tax General Obligation Bonds; Tax Anticipation Notes; Revenue Anticipation Notes; and Interest-Bearing Warrants. Brad's recommendation is that it be a single Interest-Bearing Warrant issued by the VHCD and held by King County. Because an interest-bearing warrant is the most flexible option, it can be structured similar to our current loan with King County which functions as a line of credit and should fit within King County's Interfund Loan Policy. If approved by the VHCD board and King County's Executive Finance Committee, this interest-bearing warrant would effectively increase our current borrowing limit from \$1 million to \$1.5 million, and change the repayment terms from 5 years to 7 years. The indications we are receiving from Mike Smith at this point are that King County doesn't have a concern with the amount or the term.

Under King County's policy and the expected terms of the Interest-Bearing Warrant, we would borrow only the amount we need, there would be a floating interest rate calculated monthly on the outstanding balance, and no specific repayment schedule other than an obligation to repay the outstanding balance by the end of the 7-year term.

To consider our request, King County Executive Finance will need from the VHCD the following:

- a resolution adopted by PHD #5, King County, approving the loan terms and the interest-bearing warrant document;
- a new loan application to replace the application previously approved; and
- a revised budget covering the 7-year loan term.

King County is willing to schedule a special meeting of their Executive Finance committee in late December or early January to consider our application, since their January meeting is late in the month and we would expect to exceed our current borrowing limit by February, 2021. They will

try for a meeting on Dec. 18. Given this schedule, we will need to bring forward the resolution and interest-bearing warrant for approval at our Dec. 16 regular board meeting.

Old Business

2021 Budget

Our executed versions of Resolution 2020-09 and King County Ordinance 2152 were submitted November 29, 2020 and acknowledged by King County on Nov. 30. These documents set our 2021 tax levy at \$1,945,170. Depending on the final assessed valuation for our District, the levy rate will be approximately \$.588 per thousand assessed value.

Committee Reports

Finance

Voucher and Payroll Approval – For approval of any vouchers.

New Business

Committee Structure

I went back and reviewed commissioner ideas on this topic. After giving this some additional thought I suggest the following 3 committees:

1. **Administration and Finance** – I would consider this committee focused on District business including financial management, budget, contract services, facilities and equipment. I believe that all of this can easily be handled by one committee.
2. **Clinic Relations** – this is where we could gather input and feedback on clinic services and share this with clinic management through me as superintendent, or through our quarterly board meetings when Sea Mar attends.
3. **Planning and External Relations** – As Eric Pryne described, this would include our relations and communications with other governmental entities and on legislative issues. I would add to this a strategic planning function to consider additional potential roles for the VHCD which a number of community members have suggested.

Communications/Media Professional

LeeAnn and I spoke about this as I was finalizing the 2021 budget. As a result, I budgeted \$9600 for advertising and social media in 2021. My assumption is that this would be for a contract service.

CERTIFICATION

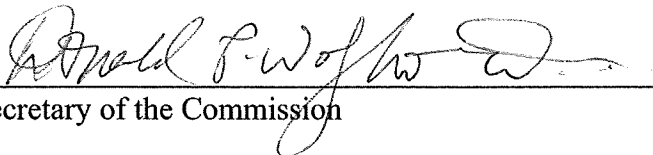
I, the undersigned, Secretary of the Commission of Public Hospital District No. 5, King County, Washington (the "District"), hereby certify as follows:

1. The attached copy of Resolution No.2020-09 (the "Resolution") is a full, true and correct copy of a resolution duly adopted at an open public meeting of the Commission of the District held on November 18, 2020, 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 18th day of November, 2020.

PUBLIC HOSPITAL DISTRICT NO. 5
KING COUNTY, WASHINGTON


Secretary of the Commission

**PUBLIC HOSPITAL DISTRICT NO. 5
KING COUNTY, WASHINGTON
RESOLUTION NO. 2020-09**

A resolution of the Board of Commissioners (the "Board") of Public Hospital District No. 5, King County, Washington (the "District"), approving and adopting the District's budget and tax levy for calendar year 2021.

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

WHEREAS, RCW 70.44.060 further requires the District to hold a public hearing on the proposed budget on or before fifteen day of November and to publish public notice of the proposed budget and the date and place of a hearing on the budget for two consecutive weeks in a newspaper printed and of general circulation in King County; and

WHEREAS, in compliance with the requirements of RCW 70.44.060, the Superintendent has prepared, filed and provided notice of the District's proposed 2021 budget, which proposed budget is attached hereto as Exhibit A (the "2021 Legal Budget"); and

WHEREAS, the Board held a public hearing on the 2021 Legal Budget on November 11, 2020, in compliance with the requirements of RCW 70.44.060 and RCW 84.55.120; and

WHEREAS, RCW 84.55.010 and RCW 84.55.092 provide that the levy for a taxing district in any year must be set so that the regular property taxes payable in the following year do not exceed the "limit factor" multiplied by the amount of regular property taxes lawfully levied for such district in the highest of the three most recent years in which such taxes were levied for such district, or the highest amount that could have been levied in any year since 1985, plus an additional dollar amount calculated by multiplying the regular property tax levy rate of that district for the preceding year by the increase in assessed value in that district resulting from: (i) new construction; (ii) increases in assessed value due to construction of wind turbine, solar, biomass, and geothermal facilities, if such facilities generate electricity and the property is not included elsewhere; (iii) improvements to property; and (iv) any increase in the assessed value of state-assessed property; and

WHEREAS, RCW 84.55.035 provides that the limitations imposed by RCW 84.55.010 and RCW 84.55.092 do not apply to the first levy by or for a newly-formed taxing district; and

WHEREAS, the District was formed by vote of the residents of the District held on November 5, 2019, and therefore is a newly-formed taxing district; and

WHEREAS, under RCW 70.44.060(6), the District is authorized to raise revenue by the levy of an annual tax on all taxable property within the District not to exceed fifty cents per thousand dollars of assessed value and an additional annual tax on all taxable property within

such public hospital district not to exceed twenty-five cents per thousand dollars of assessed value; and

WHEREAS, the Board, in the course of considering the budget for calendar year 2021, reviewed all sources of revenues and examined all anticipated expenses and obligations; and

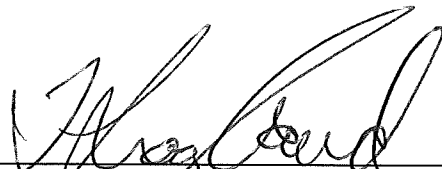
WHEREAS, the Board has met and considered all relevant evidence and testimony presented with respect to its budget for the calendar year 2021; NOW, THEREFORE,

BE IT RESOLVED by the Board of Commissioners of Public Hospital District No. 5, King County, Washington, that:

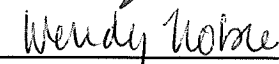
Section 1. The Commission hereby approves and adopts the 2021 Legal Budget as the budget for the District for calendar year 2021, which budget provides for the collection in calendar year 2021 of a regular property tax levy in the amount of **\$1,945,170.**

Section 2. The Superintendent is directed to certify to the King County legislative authority, no later than November 30, 2020, a copy of this Resolution showing its adoption.

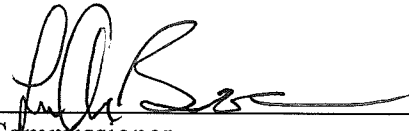
ADOPTED AND APPROVED by the Board of Commissioners of Public Hospital District No. 5, King County, Washington, at an open public meeting thereof this 18th day of November, 2020, and the following Commissioners being present and voting in favor of the adoption of the resolution.



President and Commissioner



Commissioner



Commissioner

Commissioner



Secretary and Commissioner

EXHIBIT A
Public Hospital District No. 5, King County, Washington
Final Legal Budget - FY 2021

Public Hospital District No. 5, King County 2021 Budget Final		
Budget Category	Budget Amount	Assumptions
Revenue		
Property Tax Revenue	\$ 1,945,170.44	Tax Revenue = \$.588/1000 x \$3.308 Billion AV
Medicaid Transformation Project	\$ 1,000.00	Money available by virtue of AWPHD membership
Loan	\$275,000.00	Borrowing in 2021
Lease Revenue	\$ 88,092.00	Payments by Sea Mar as sublessor
Donations	\$ 25,000.00	
Total Revenue	\$ 2,334,262.44	
Expenses		
Salaries and Benefits		
Superintendent Salary	\$76,000.00	Base salary
Admin Director	\$7,920.00	Hourly compensation
Commissioner Compensation	\$0.00	Commissioner compensation is set by the State Legislature at \$128 per day, up to \$12,288 per year per commissioner, unless the commissioner declines compensation.
Medical Benefit Allowance	\$7,800.00	Allowance for medical insurance
Employer FICA/Medicare	\$6,419.88	Social Security and Medicare Tax
FUTA/W L&I/W ES	\$1,216.84	Other payroll taxes
Services		
Accounting/Bookkeeping	\$3,000.00	Contract service
Legal	\$12,000.00	
Website	\$200.00	Website Hosting
Advertising and Social Media	\$9,600.00	Contract Social Media plus Ads plus direct mail
General Liability/D&O	\$3,300.00	District Insurance through Enduris
AWPHD	\$1,000.00	Association Membership
Travel	\$1,200.00	Mostly mileage and ferry fares
Office		
Rent	\$88,092.00	Payments to Sunrise Ridge for clinic building lease
Tech support	\$3,000.00	Contract Service
Phone/internet	\$0.00	None at this time
Office Supplies	\$1,000.00	
Admin Expense - Total	\$221,748.72	
Clinic services		
Clinic Services Subsidy	\$1,500,000.00	Assumed to be paid out at \$125,000 per month. Subsidy may decline beginning November 2021.
Financing		
Interest Expense	\$20,798.66	Interest on outstanding balance
Total Expenses	\$1,742,547.38	
Net Income	\$591,715.06	

**By Ordinance 2152 of the Metropolitan King County Council, Taxing Districts are
required annually
to submit the following information regarding their
tax levies for the ensuing year as part of a
formal resolution of the District's governing body.**

THE KING COUNTY ASSESSOR HAS NOTIFIED THE GOVERNING BODY OF
Public Hospital District No. 5, King County THAT THE ASSESSED VALUATION OF PROPERTY
LYING WITHIN THE BOUNDARIES OF SAID DISTRICT FOR THE ASSESSMENT YEAR 2020 IS:

REGULAR (STATUTORY) LEVY (AS APPLICABLE):

EXPENSE FUND	\$ 1,945,170
- TEMP. LID NAME _____	\$ _____
- TEMP. LID NAME _____	\$ _____
RESERVE FUND	\$ _____
NON-VOTED G.O. BOND (Limited)	\$ _____

REFUNDS (Noted on worksheet)

TOTAL REGULAR LEVY

EXCESS (VOTER APPROVED) LEVY:

(Please list authorized bond levies separately.)


G.O. BONDS FUND LEVY	\$ _____
G.O. BONDS FUND LEVY	\$ _____
G.O. BONDS FUND LEVY	\$ _____

SPECIAL LEVIES (INDICATE PURPOSE AND DATE OF ELECTION AT WHICH APPROVED):

_____	\$ _____
_____	\$ _____

TOTAL TAXES REQUESTED: \$ 1,945,170

THE ABOVE IS A TRUE AND COMPLETE LISTING OF LEVIES FOR SAID DISTRICT FOR TAX
YEAR 2021 AND THEY ARE WITHIN THE MAXIMUMS ESTABLISHED BY LAW.



(AUTHORIZED SIGNATURE)

11/29/2020

(DATE)