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Due to multiple respiratory illnesses, Jefferson Healthcare is still highly encouraging the practice of infection protocols. You may attend this meeting virtually by accessing the information below or in person in the Sheridan Conference Room at 915 Sheridan Street. Limited seating is available.

Time:	WELCOME	Who:
2:00pm	Call to Order	Commissioner Buhler Rienstra
	FOCUS REPORT	
2:00pm	Hear and Adopt Independent Auditor's Report (pages 3-54)	Tom Dingus, DZA
2:30pm	Patient Story	Tina Toner, CNO
	PUBLIC COMMENT	
2:45pm	Public comments are welcome orally, with a 3-minute limit, or may be submitted via email at commissioners@jeffersonhealthcare.org , or written and addressed to Commissioners at 834 Sheridan Street, Port Townsend, WA 98368. Written submissions must be received by 5:00pm the day prior to the meeting.	
	ACTION REQUESTED	
2:55pm	Action Requested <ul style="list-style-type: none"> • April 23, 2025 Regular Session Minutes (pages 55-59) • Medical Staff Credentials / Appointments / Reappointments (pages 60-64) 	Board of Commissioners
	CONSENT AGENDA	
3:00pm	Required Approvals: Action Requested <ul style="list-style-type: none"> • Resolution 2025-12 Quarterly HHHPC QAPI Plan (pages 65-70) • Resolution 2025-13 Surplus Equipment (pages 71-73) • Resolution 2025-14 Canceled Warrants (pages 74-82) • April Warrants and Adjustments (pages 83-84) 	Board of Commissioners
	STANDING REPORTS	
3:05pm 3:20pm	<ul style="list-style-type: none"> • Quality Report • Financial Report <ul style="list-style-type: none"> ○ Resolution 2025-15 Refinancing Bond (pages 85-118) 	Brandie Manuel, CPSQO Tyler Freeman, CFO
3:35pm	<i>Break</i>	
	STANDING REPORTS	
3:50pm 4:05pm	<ul style="list-style-type: none"> • Construction Report • Administrative Report 	Jake Davidson, COO Mike Glenn, CEO

BOARD BUSINESS		
4:30pm	<ul style="list-style-type: none"> • Board Reports 	Board of Commissioners
4:40pm	<ul style="list-style-type: none"> • Discussion of Peninsula Health Alliance Proposal 	
5:10pm	<ul style="list-style-type: none"> • Agenda Evaluation 	Board of Commissioners
EXECUTIVE SESSION		
5:15pm	To discuss the sale or lease of real estate, as allowed by RCW 42.30.110(b). Action may be taken.	
CONCLUDE		
5:45pm	<ul style="list-style-type: none"> • Conclude 	Board of Commissioners

This Special Session will be officially recorded. The times shown on the agenda are estimates only.

Jefferson County Public Hospital District No. 2 doing business as Jefferson Healthcare

Basic Financial Statements and
Independent Auditors' Reports

December 31, 2024 and 2023

Jefferson County Public Hospital District No. 2
doing business as Jefferson Healthcare
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INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Jefferson County Public Hospital District No. 2
doing business as Jefferson Healthcare
Port Townsend, Washington

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Jefferson County Public Hospital District No. 2 doing business as Jefferson Healthcare (the District) as of and for the years ended December 31, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of December 31, 2024 and 2023, and the changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 1 to the financial statements, in 2024, the District adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Management has not presented the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by GASB, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, as well as other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 19, 2025, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

D3A PLLC

Spokane Valley, Washington
May 19, 2025

Jefferson County Public Hospital District No. 2
doing business as Jefferson Healthcare
Statements of Net Position
December 31, 2024 and 2023

ASSETS	2024	2023
<i>Current assets</i>		
Cash and cash equivalents	\$ 38,930,414	\$ 19,037,414
Receivables:		
Patient accounts, net	23,605,581	22,942,858
Estimated third-party payor settlements	1,563,390	913,769
Pharmacies	323,761	835,542
Grants	1,249,174	292,929
Other	999,502	341,331
Inventories	3,549,216	4,727,937
Prepaid expenses	2,122,449	2,062,646
Cash and cash equivalents restricted or limited as to use	-	22,917
Total current assets	72,343,487	51,177,343
<i>Noncurrent assets</i>		
Cash and cash equivalents restricted or limited as to use	75,331,992	114,821,547
Depreciable capital assets, net	33,954,509	33,801,837
Nondepreciable capital assets	57,893,199	16,095,737
Total noncurrent assets	167,179,700	164,719,121
Total assets	\$ 239,523,187	\$ 215,896,464

See accompanying notes to basic financial statements.

Jefferson County Public Hospital District No. 2
doing business as Jefferson Healthcare
Statements of Net Position (Continued)
December 31, 2024 and 2023

LIABILITIES AND NET POSITION	2024	2023
<i>Current liabilities</i>		
Accounts payable	\$ 4,675,455	\$ 3,091,383
Accrued payroll and related liabilities	6,754,761	5,550,436
Accrued paid time off	5,207,975	5,341,271
Accrued interest payable	634,688	276,994
Refunds to patient accounts	2,979,094	2,167,412
Current maturities of long-term debt	7,217,261	275,000
Current maturities of lease and subscription liabilities	1,869,089	1,623,644
Total current liabilities	29,338,323	18,326,140
<i>Noncurrent liabilities</i>		
Capital accounts payable	10,447,179	3,273,780
Long-term debt, net of current maturities	110,160,381	117,325,068
Lease and subscription liabilities, net of current maturities	4,028,899	1,067,539
Total noncurrent liabilities	124,636,459	121,666,387
Total liabilities	153,974,782	139,992,527
<i>Net position</i>		
Net investment in capital assets	11,537,996	15,990,835
Restricted under bond agreements	-	22,917
Unrestricted	74,010,409	59,890,185
Total net position	85,548,405	75,903,937
Total liabilities and net position	\$ 239,523,187	\$ 215,896,464

See accompanying notes to basic financial statements.

Jefferson County Public Hospital District No. 2
doing business as Jefferson Healthcare
Statements of Revenues, Expenses, and Changes in Net Position
Years Ended December 31, 2024 and 2023

	2024	2023
<i>Operating revenues</i>		
Net patient service revenue	\$ 181,458,364	\$ 160,919,159
Pharmacies	6,100,523	5,390,391
Grants	617,314	270,680
Other	920,303	1,411,324
Total operating revenues	189,096,504	167,991,554
<i>Operating expenses</i>		
Salaries and wages	88,859,204	78,786,190
Employee benefits	19,182,985	17,654,434
Professional fees	7,166,619	9,384,974
Purchased services	12,195,612	11,319,626
Supplies	40,586,653	36,234,026
Insurance	1,824,866	1,631,953
Leases and rentals	680,647	605,941
Depreciation and amortization	6,126,215	5,248,300
Repairs and maintenance	1,375,812	1,205,143
Utilities	1,490,517	1,390,258
Licenses and taxes	1,326,098	1,165,083
Other	3,511,079	3,296,908
Total operating expenses	184,326,307	167,922,836
<i>Operating income</i>	4,770,197	68,718
<i>Nonoperating revenues (expenses)</i>		
Taxation for maintenance and operations	529,177	531,604
Investment income	6,017,695	1,889,710
Interest expense	(7,064,650)	(1,067,360)
Contributions	59,849	66,093
Bond issuance cost	-	(1,574,900)
Total nonoperating revenues (expenses), net	(457,929)	(154,853)
Change in net position before capital contributions	4,312,268	(86,135)
<i>Capital contributions</i>	5,332,200	-
Change in net position	9,644,468	(86,135)
Net position, beginning of year	75,903,937	75,990,072
Net position, end of year	\$ 85,548,405	\$ 75,903,937

See accompanying notes to basic financial statements.

Jefferson County Public Hospital District No. 2
doing business as Jefferson Healthcare
Statements of Cash Flows
Years Ended December 31, 2024 and 2023

	2024	2023
<i>Change in Cash and Cash Equivalents</i>		
<i>Cash flows from operating activities</i>		
Cash received from and on behalf of patients	\$ 180,957,702	\$ 159,420,543
Cash received from pharmacies	6,612,304	5,415,311
Cash received from other revenue	262,132	1,040,168
Cash received from operating grants	447,285	277,701
Cash paid to and on behalf of employees	(106,971,160)	(95,731,695)
Cash paid to suppliers and contractors	(67,454,913)	(64,136,618)
Net cash from operating activities	13,853,350	6,285,410
<i>Cash flows from noncapital financing activities</i>		
Taxes received for maintenance and operations	529,177	531,604
Cash received from contributions	59,849	66,093
Net cash from noncapital financing activities	589,026	597,697
<i>Cash flows from capital and related financing activities</i>		
Purchase of capital assets	(35,594,395)	(10,605,311)
Principal payments on long-term debt, lease liabilities, and subscription liabilities	(2,324,176)	(20,221,241)
Proceeds from issuance of long-term debt	-	111,812,768
Bond issuance costs paid	-	(1,574,900)
Interest paid	(6,706,956)	(1,151,055)
Proceeds from capital grants and contributions	4,545,984	-
Net cash from capital and related financing activities	(40,079,543)	78,260,261
<i>Cash flows from investing activities, interest received</i>	6,017,695	1,889,710
Net change in cash and cash equivalents	(19,619,472)	87,033,078
Cash and cash equivalents, beginning of year	133,881,878	46,848,800
Cash and cash equivalents, end of year	\$ 114,262,406	\$ 133,881,878

See accompanying notes to basic financial statements.

Jefferson County Public Hospital District No. 2
doing business as Jefferson Healthcare
Statements of Cash Flows (Continued)
Years Ended December 31, 2024 and 2023

	2024	2023
<i>Reconciliation of Cash and Cash Equivalents to the Statements of Net Position</i>		
Cash and cash equivalents	\$ 38,930,414	\$ 19,037,414
Current cash and cash equivalents restricted or limited as to use	-	22,917
Noncurrent cash and cash equivalents restricted or limited as to use	75,331,992	114,821,547
Total cash and cash equivalents	\$ 114,262,406	\$ 133,881,878
<i>Reconciliation of Operating Income to Net Cash from Operating Activities</i>		
Operating income	\$ 4,770,197	\$ 68,718
<i>Adjustments to reconcile operating income to net cash from operating activities</i>		
Depreciation and amortization	6,126,215	5,248,300
Provision for bad debts	4,247,175	2,073,065
(Increase) decrease in assets:		
Receivables:		
Patient accounts, net	(4,909,898)	(6,640,723)
Estimated third-party payor settlements	(649,621)	2,105,305
Pharmacies	511,781	24,920
Grants	(170,029)	7,021
Other	(658,171)	(95,071)
Inventories	1,178,721	1,212,928
Prepaid expenses	(59,803)	(105,896)
Increase (decrease) in liabilities:		
Accounts payable	1,584,072	990,262
Accrued payroll and related liabilities	1,204,325	433,104
Accrued paid time off	(133,296)	275,825
Electronic health records incentive payback	-	(276,085)
Refunds of patient accounts	811,682	963,737
Net cash from operating activities	\$ 13,853,350	\$ 6,285,410

Noncash Capital and Related Financing Activities

During the years ended December 31, 2024 and 2023, the District recognized several subscription assets and liabilities totaling \$1,237,950 and \$545,441.

During the years ended December 31, 2024 and 2023, the District recognized several right-of-use assets and lease liabilities totaling \$4,070,605 and \$787,747, respectively.

See accompanying notes to basic financial statements.

Jefferson County Public Hospital District No. 2
doing business as Jefferson Healthcare
Notes to Basic Financial Statements
Years Ended December 31, 2024 and 2023

1. Reporting Entity and Summary of Significant Accounting Policies:

a. Reporting Entity

Jefferson County Public Hospital District No. 2 doing business as Jefferson Healthcare (the District) is organized as a municipal corporation pursuant to the laws of the state of Washington for municipal corporations. The primary purpose of the District is to operate Jefferson Healthcare (the Hospital), the principal provider of acute healthcare services for Port Townsend and surrounding communities. Port Townsend is located on Washington State Highway 20 at the northeast corner of the Olympic Peninsula. The District also operates six rural health clinics, one of which offers dental services. Four of these clinics are in Port Townsend, and the remaining two are located in Quilcene and Port Ludlow, Washington. The District also operates a retail pharmacy in Port Ludlow, Washington.

The Hospital is a critical access hospital with 25 set-up acute care beds. Members of the medical staff include specialists in each of the service lines provided by the District.

The District is not a component unit of Jefferson County. The District does not have any material component units.

As organized, the District is exempt from federal income tax. The Board of Commissioners is made up of five community members elected to six-year terms.

On December 21, 2022, the District Board voted to develop an accountable care organization (ACO) called Jefferson Accountable Care, LLC (JAC), a non-profit, wholly owned subsidiary. The goal of the organization is to improve the overall health of the community by providing coordinated, high-quality care to the lives covered by the organization. All District providers are participants in the ACO. As of December 31, 2024, there were approximately 8,300 lives covered by the organization. JAC was formed for purposes of participating as a Medicare Shared Savings program. The District is the sole member of the ACO.

b. Summary of Significant Accounting Policies

Use of estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Enterprise fund accounting – The District’s accounting policies conform to accounting principles generally accepted in the United States of America as applicable to proprietary funds of governments. The District uses enterprise fund accounting. Revenue and expenses are recognized on the accrual basis using the economic resources measurement focus.

Cash and cash equivalents – Cash and cash equivalents include investments in highly liquid debt instruments with an original maturity of three months or less. Cash receipts are deposited directly to the District’s depository accounts at a bank. Periodically, such cash is transferred to the operating accounts held by the Jefferson County Treasurer (County Treasurer), and warrants are issued against these accounts.

Grants receivable – Receivables arising from revenue from government agencies are stated at net realizable value. Management believes the amounts to be fully collectible.

Jefferson County Public Hospital District No. 2
doing business as Jefferson Healthcare
Notes to Basic Financial Statements (Continued)
Years Ended December 31, 2024 and 2023

1. Reporting Entity and Summary of Significant Accounting Policies (continued):

b. Summary of Significant Accounting Policies (continued)

Inventories – Inventories consist of medical supplies, drugs, and food and are stated at cost using the first-in, first-out method.

Assets restricted or limited as to use – Assets restricted or limited as to use include assets set aside by the Board of Commissioners for future capital improvements over which the Board retains control and could subsequently use for other purposes; and assets restricted by bond indenture for repayment of principal and interest on bond indebtedness and capital projects.

Compensated absences – The District’s employees earn paid time off (PTO) for vacation, holidays, and short-term illnesses based upon years of service. The related liability is accrued during the period in which it is earned. Depending on years of service, PTO accrues from .0711 to .1365 per hour worked each year. The District’s policy is to permit employees to accumulate up to a maximum of 428 hours. Upon reaching 428 hours, any excess PTO earned that would extend an employee over the stated maximum is not paid to the employee.

In November of each year, employees can elect to cash out up to 60 hours of PTO the following May and December for an annual maximum of 120 hours, as long as a minimum of 200 hours of PTO is retained. Employees can also elect to defer up to 60 hours of PTO into their 457 plan, as long as a minimum of 200 hours of PTO is retained.

The District’s employed providers receive PTO at the beginning of each year for vacation, holidays, and short-term illnesses based upon years of service. Depending on years of service, the providers receive from 260 – 420 hours per year. The District’s policy is to allow providers to rollover up to 80 hours into the following year. PTO hours in excess of the rollover amount is lost and cannot be cashed out.

Net position – Net position of the District is classified into three components. *Net investment in capital assets* consists of capital assets net of accumulated depreciation and reduced by the balances of any outstanding borrowings used to finance the purchase or construction of those assets. *Restricted net position* is noncapital net position that must be used for a particular purpose, as specified by creditors, grantors, or contributors external to the District.

Unrestricted net position is the remaining net position that does not meet the definition of *net investment in capital assets* or *restricted*.

Operating revenues and expenses – The District’s statements of revenues, expenses, and changes in net position distinguish between operating and nonoperating revenues and expenses. Operating revenues result from exchange transactions, including grants for specific operating activities associated with providing healthcare services, which is the District’s principal activity. Nonexchange revenues, including taxes and contributions received for purposes other than capital asset acquisition, are reported as nonoperating revenues. Operating expenses are all expenses incurred to provide healthcare services other than financing costs.

Restricted resources – When the District has both restricted and unrestricted resources available to finance a particular program, it is the District’s policy to use restricted resources before unrestricted resources.

**Jefferson County Public Hospital District No. 2
doing business as Jefferson Healthcare
Notes to Basic Financial Statements (Continued)
Years Ended December 31, 2024 and 2023**

1. Reporting Entity and Summary of Significant Accounting Policies (continued):

b. Summary of Significant Accounting Policies (continued)

Grants and contributions – From time to time, the District receives grants from the state of Washington and others, as well as contributions from individuals and private organizations. Revenues from grants and contributions (including contributions of capital assets) are recognized when all eligibility requirements are met. Grants and contributions may be restricted for either specific operating purposes or for capital purposes. Amounts that are restricted to specific capital acquisitions are reported after nonoperating revenues and expenses. Grants that are for specific projects or purposes related to the District’s operating activities are reported as operating revenue. Grants that are used to subsidize operating deficits are reported as nonoperating revenue. Contributions, except for capital contributions, are reported as nonoperating revenue.

Change in accounting principle – In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. The objective of this statement is to update the recognition and measurement guidance for compensated absences. The District adopted Statement No. 101 during the year ended December 31, 2024. See Note 1 for additional information on the compensated absences liability recognized by the District. This change in accounting principle resulted in additional accrued paid time off of \$900,000 being recognized at December 31, 2024, 2023, and 2022. Net position as of December 31, 2022, decreased by \$900,000. The change in accounting principle had no impact on change in net position in 2024 or 2023.

Subsequent events – The District has evaluated subsequent events through May 19, 2025, the date on which the financial statements were available to be issued.

2. Bank Deposits and Investments:

The *Revised Code of Washington* (RCW), Chapter 39, authorizes municipal governments to invest their funds in a variety of investments including federal, state, and local government certificates, notes, or bonds; the Washington State Local Government Investment Pool; savings accounts in qualified public depositories; and certain other investments. The District has elected to use the County Treasurer to be its treasurer to issue warrants and make investments. Amounts invested in the Washington State Local Government Investment Pool at December 31, 2024 and 2023, were \$108,371,660 and \$125,495,993, respectively. The Washington State Local Government Investment Pool consists of investments in federal, state, and local government certificates and savings accounts in qualified public depositories.

All cash and cash equivalents held by the County Treasurer or deposited with qualified public depositories are protected against loss by the State of Washington Public Deposit Protection Commission, as provided by RCW Chapter 39.58, subject to certain limitations. Qualified public depositories, including First Federal and Union Bank, pledge securities with this commission, which are available to insure public deposits within the state of Washington. The cash on deposit with these banks is also insured through the Federal Deposit Insurance Corporation (FDIC).

Jefferson County Public Hospital District No. 2
doing business as Jefferson Healthcare
Notes to Basic Financial Statements (Continued)
Years Ended December 31, 2024 and 2023

2. Bank Deposits and Investments (continued):

Custodial credit risk – The risk that, in the event of a failure of the counterparty, the District will not be able to recover the value of the deposits or investments that are in the possession of an outside party. All District deposits are entirely covered by the FDIC or by collateral held in a multiple-financial institution collateral pool administered by the Washington Public Deposit Protection Commission, and all investments are insured, registered, or held by the District’s agent in the District’s name at qualified public depositories. The District’s investment policy does not contain policy requirements that would limit the exposure to custodial risk for investments.

Credit risk – The risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is typically measured by the assignment of a rating by a nationally recognized statistical rating organization. The District does not have a policy specifically requiring or limiting investments of this type.

Concentration of credit risk – The inability to recover the value of deposits, investments, or collateral securities in the possession of an outside party caused by a lack of diversification (investments acquired from a single issuer). The District does not have a policy limiting the amount it may invest in any one issuer or multiple issuers.

Interest rate risk – The possibility that an interest rate change could adversely affect an investment’s fair value. The District does not have a policy specifically managing its exposure to fair value losses arising from changing interest rates.

3. Patient Accounts Receivable:

Patient accounts receivable are reduced by an allowance for uncollectible accounts. In evaluating the collectibility of accounts receivable, the District analyzes its past history and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowance for uncollectible accounts and provision for bad debts. Management regularly reviews data about these major payor sources of revenue in evaluating the sufficiency of the allowance for uncollectible accounts. For receivables associated with services provided to patients who have third-party coverage, the District analyzes contractually due amounts and provides an allowance for uncollectible accounts and a provision for bad debts, if necessary; for example, for expected uncollectible deductibles and copayments on accounts for which the third-party payor has not yet paid or for payors who are known to be having financial difficulties that make the realization of amounts due unlikely. For receivables associated with self-pay patients (which include both patients without insurance and patients with deductible and copayment balances due, for which third-party coverage exists for part of the bill), the District records a significant provision for bad debts in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible.

The difference between the standard rates (or the discounted rates, if negotiated) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for uncollectible accounts.

Jefferson County Public Hospital District No. 2
doing business as Jefferson Healthcare
Notes to Basic Financial Statements (Continued)
Years Ended December 31, 2024 and 2023

3. Patient Accounts Receivable (continued):

The District's allowance for uncollectible accounts for self-pay patients has not changed significantly from the prior year.

Patient accounts receivable reported as current assets consisted of these amounts:

	2024	2023
Patients and their insurance carriers	\$ 16,278,729	\$ 15,359,512
Medicare	11,160,018	10,669,405
Medicaid	2,471,834	2,820,941
	29,910,581	28,849,858
Less allowance for uncollectible accounts	(6,305,000)	(5,907,000)
Patient accounts receivable, net	\$ 23,605,581	\$ 22,942,858

4. Assets Restricted or Limited as to Use:

The composition of assets restricted or limited as to use was as follows:

	2024	2023
<i>Cash and cash equivalents</i>		
Restricted under 2017 limited tax general obligation bond agreement for principal and interest payment	\$ -	\$ 22,917
Total cash and cash equivalents restricted or limited as to use	\$ -	\$ 22,917
<i>Noncurrent cash and cash equivalents</i>		
Internally designated by Board for replacement of depreciable assets	\$ 21,918,895	\$ 25,163,255
Restricted by 2023 bond agreement for project fund	42,169,568	72,705,706
Restricted by 2023 bond agreement for debt reserve fund	10,141,786	9,799,123
Restricted by 2023 bond agreement for capitalized interest fund	1,101,743	7,153,463
Total noncurrent cash and cash equivalents restricted or limited as to use	\$ 75,331,992	\$ 114,821,547

5. Capital Assets:

Capital assets are assets with an individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets, other than lease assets and subscription assets, are recorded at historical cost if purchased or constructed. Donated capital assets are stated at their estimated fair value at the date of donation. Expenditures for maintenance and repairs are charged to operations as incurred; betterments and major renewals are capitalized. When such assets are disposed of, the related costs and accumulated depreciation are removed from the accounts and the resulting gain or loss is classified in nonoperating revenues or expenses. Lease assets and subscription assets are stated at the present value of the future payments under the agreement, plus any payments made at or before the start of the contract and costs to place the asset in service.

Jefferson County Public Hospital District No. 2
doing business as Jefferson Healthcare
Notes to Basic Financial Statements (Continued)
Years Ended December 31, 2024 and 2023

5. Capital Assets (continued):

All capital assets, other than land and construction in progress, are depreciated using the straight-line method over the shorter period of the lease or subscription term, or the estimated useful life of the equipment. Useful lives have been estimated as follows:

Land improvements	5 to 25 years
Buildings and improvements	5 to 40 years
Equipment	3 to 25 years
Leasehold improvements	3 to 15 years
Subscription assets	4 years
Leased assets – buildings	2 to 5 years
Leased assets – equipment	2 to 7 years

Capital asset additions, retirements, transfers, and balances were as follows:

	Balance December 31, 2023	Additions	Retirements	Transfers	Balance December 31, 2024
<i>Capital assets not being depreciated</i>					
Land	\$ 2,164,252	\$ -	\$ -	\$ -	\$ 2,164,252
Construction in progress	13,931,485	41,912,209	-	(114,747)	55,728,947
Total capital assets not being depreciated or amortized	16,095,737	41,912,209	-	(114,747)	57,893,199
<i>Capital assets being depreciated</i>					
Land improvements	4,092,123	13,452	-	-	4,105,575
Buildings and improvements	41,307,987	219,044	-	-	41,527,031
Equipment	37,335,522	737,836	-	-	38,073,358
Leasehold improvements	1,412,543	-	-	-	1,412,543
Subscription assets	545,441	1,123,203	-	114,747	1,783,391
Lease right-of-use assets					
Buildings	8,898,532	1,926,600	(2,710,029)	(5,933,658)	2,181,445
Equipment	3,313,739	2,144,005	(587,180)	5,933,658	10,804,222
Total capital assets being depreciated or amortized	96,905,887	6,164,140	(3,297,209)	114,747	99,887,565
<i>Less accumulated depreciation for</i>					
Land improvements	(2,504,476)	(229,092)	-	-	(2,733,568)
Buildings and improvements	(25,721,685)	(1,543,531)	-	-	(27,265,216)
Equipment	(23,682,715)	(2,055,407)	-	-	(25,738,122)
Leasehold improvements	(1,137,672)	(57,121)	-	-	(1,194,793)
Subscription assets	(202,011)	(346,333)	-	-	(548,344)
Lease right-of-use assets					
Buildings	(8,296,843)	(751,839)	2,710,029	6,024,168	(314,485)
Equipment	(1,558,648)	(1,142,892)	587,180	(6,024,168)	(8,138,528)
Total accumulated depreciation	(63,104,050)	(6,126,215)	3,297,209	-	(65,933,056)
Total capital assets being depreciated, net	33,801,837	37,925	-	114,747	33,954,509
Capital assets, net	\$ 49,897,574	\$ 41,950,134	\$ -	\$ -	\$ 91,847,708

Jefferson County Public Hospital District No. 2
doing business as Jefferson Healthcare
Notes to Basic Financial Statements (Continued)
Years Ended December 31, 2024 and 2023

5. Capital Assets (continued):

Construction in progress as of December 31, 2024, primarily consisted of the construction of a new main hospital building. The estimated cost to complete this project is approximately \$36,427,000 and is expected to be completed in July 2025. This project is being funded through the use of funds from the 2023 revenue bonds financing, federal and state grant appropriations, contributions from the Jefferson Healthcare Foundation, and District cash reserves.

	Balance December 31, 2022	Additions	Retirements	Transfers	Balance December 31, 2023
<i>Capital assets not being depreciated</i>					
Land	\$ 2,164,252	\$ -	\$ -	\$ -	\$ 2,164,252
Construction in progress	4,096,920	11,359,023	-	(1,524,458)	13,931,485
Total capital assets not being depreciated or amortized	6,261,172	11,359,023	-	(1,524,458)	16,095,737
<i>Capital assets being depreciated</i>					
Land improvements	4,028,158	63,965	-	-	4,092,123
Buildings and improvements	41,964,378	175,881	(832,272)	-	41,307,987
Equipment	33,928,275	2,361,643	(478,854)	1,524,458	37,335,522
Leasehold improvements	1,369,286	43,257	-	-	1,412,543
Subscription assets	-	545,441	-	-	545,441
Lease right-of-use assets					
Buildings	8,852,706	45,826	-	-	8,898,532
Equipment	2,665,847	741,921	(94,029)	-	3,313,739
Total capital assets being depreciated or amortized	92,808,650	3,977,934	(1,405,155)	1,524,458	96,905,887
<i>Less accumulated depreciation for</i>					
Land improvements	(2,259,320)	(245,156)	-	-	(2,504,476)
Buildings and improvements	(24,992,880)	(1,561,076)	832,271	-	(25,721,685)
Equipment	(22,041,450)	(2,002,349)	361,084	-	(23,682,715)
Leasehold improvements	(1,088,957)	(48,715)	-	-	(1,137,672)
Subscription assets	-	(202,011)	-	-	(202,011)
Lease right-of-use assets					
Buildings	(7,785,420)	(511,423)	-	-	(8,296,843)
Equipment	(968,200)	(677,570)	87,122	-	(1,558,648)
Total accumulated depreciation	(59,136,227)	(5,248,300)	1,280,477	-	(63,104,050)
<i>Total capital assets being depreciated, net</i>	33,672,423	(1,270,366)	(124,678)	1,524,458	33,801,837
Capital assets, net	\$ 39,933,595	\$ 10,088,657	\$ (124,678)	\$ -	\$ 49,897,574

Jefferson County Public Hospital District No. 2
doing business as Jefferson Healthcare
Notes to Basic Financial Statements (Continued)
Years Ended December 31, 2024 and 2023

6. Long-term Debt:

A schedule of changes in the District’s long-term debt is as follows:

	Balance December 31, 2023	Additions	Reductions	Balance December 31, 2024	Amounts Due Within One Year
2017 LTGO bonds	995,200	-	(47,200)	948,000	948,000
2017 Revenue bonds	4,792,100	-	(227,800)	4,564,300	4,564,300
Hospital revenue and refunding bonds, 2023A	66,740,000	-	-	66,740,000	605,000
Hospital revenue bond, 2023B	25,000,000	-	-	25,000,000	423,463
Hospital revenue bond, 2023C	21,650,000	-	-	21,650,000	676,498
Bond discount	(1,577,232)	-	52,574	(1,524,658)	-
Total long-term debt	\$ 117,600,068	\$ -	\$ (222,426)	\$ 117,377,642	\$ 7,217,261

	Balance December 31, 2022	Additions	Reductions	Balance December 31, 2023	Amounts Due Within One Year
Note payable to individuals	\$ 2,591,898	\$ -	\$ (2,591,898)	\$ -	\$ -
2013 LTGO bonds	220,000	-	(220,000)	-	-
2017 LTGO bonds	4,522,569	-	(3,527,369)	995,200	47,200
2017 Revenue bonds	17,194,178	-	(12,402,078)	4,792,100	227,800
Hospital revenue and refunding bonds, 2023A	-	66,740,000	-	66,740,000	-
Hospital revenue bond, 2023B	-	25,000,000	-	25,000,000	-
Hospital revenue bond, 2023C	-	21,650,000	-	21,650,000	-
Bond discount	-	(1,577,232)	-	(1,577,232)	-
Bond premiums	10,234	-	(10,234)	-	-
Total long-term debt	\$ 24,538,879	\$ 111,812,768	\$ (18,751,579)	\$ 117,600,068	\$ 275,000

The terms and due dates of the District’s long-term debt are as follows:

- 2017 LTGO Bonds, 2017A, dated July 26, 2017, in the original amount of \$1,250,000, for the purpose of refinancing the District’s interim financing LTGO Bond, dated May 6, 2015, for the construction of the District’s emergency and specialty services building. Interest at a rate of 2.89 percent is due semiannually on January 26 and July 26. The bond is subject to a mandatory tender for purchase by the District on July 26, 2025, for the remaining principal balance of \$948,000. The registered owner of the bond is Key Government Finance, Inc.
- 2017 Revenue Bond, 2017B, dated July 26, 2017, in the original amount of \$6,030,000, for the purpose of refinancing the District’s interim financing revenue bond anticipation note, dated May 6, 2015, for the construction of the District’s emergency and specialty services building. Interest at a rate of 2.89 percent is due semiannually on January 26 and July 26. The bond is subject to a mandatory tender for purchase by the District on July 26, 2025, for the remaining principal balance of \$4,564,300. The registered owner of the bond is Key Government Finance, Inc.
- 2023 Hospital Revenue and Refunding Bonds, 2023A, dated December 19, 2023, in the original amount of \$66,740,000, for the purpose of providing funds to pay part of the construction of the District’s main building project and to repay the District’s outstanding hospital revenue bonds and limited tax general obligation bond issued to the United States Department of Agriculture. The bond is payable annually on December 1 in the remaining principal amounts ranging from \$605,000 in 2025 to \$6,355,000 through 2053. Interest at a rate ranging from 5.750 percent to 6.875 percent is due semiannually on June 1 and December 1. The bonds were sold through a public offering.

Jefferson County Public Hospital District No. 2
doing business as Jefferson Healthcare
Notes to Basic Financial Statements (Continued)
Years Ended December 31, 2024 and 2023

6. Long-term Debt (continued):

- 2023 Revenue Bond, 2023B, dated December 19, 2023, in the original amount of \$25,000,000, for the purpose of providing funds to pay for part of the construction of the District’s main building project. The bond is payable annually on December 1 in the remaining principal amounts ranging from \$423,463 in 2025 to \$1,519,980 through 2053. Interest at a rate of 4.670 percent is due semiannually on June 1 and December 1. The registered owner of the bond is JPMorgan Bank.
- 2023 Revenue Bond, 2023C, dated December 19, 2023, in the original amount of \$21,650,000, for the purpose of providing funds to pay part of the construction of the District’s main building project. The bond is payable annually on December 1 in the remaining principal amounts ranging from \$676,498 in 2025 to \$1,616,088 through 2044. Interest at a rate of 4.690 percent is due semiannually on June 1 and December 1. The registered owner of the bond is Siemens Bank.

Aggregate annual principal and interest payments over the terms of long-term debt are as follows:

Years Ending December 31,	Revenue Bonds			LTGO Bonds			Total Long-term Debt		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2025	\$ 6,269,261	\$ 6,792,331	\$ 13,061,592	\$ 948,000	\$ 27,397	\$ 975,397	\$ 7,217,261	\$ 6,819,728	\$ 14,036,989
2026	1,786,464	6,574,132	8,360,596	-	-	-	1,786,464	6,574,132	8,360,596
2027	1,880,379	6,483,704	8,364,083	-	-	-	1,880,379	6,483,704	8,364,083
2028	1,976,819	6,388,452	8,365,271	-	-	-	1,976,819	6,388,452	8,365,271
2029	2,075,901	6,288,257	8,364,158	-	-	-	2,075,901	6,288,257	8,364,158
2030-2034	12,052,224	29,752,354	41,804,578	-	-	-	12,052,224	29,752,354	41,804,578
2035-2039	15,594,111	26,208,555	41,802,666	-	-	-	15,594,111	26,208,555	41,802,666
2040-2044	20,352,811	21,464,592	41,817,403	-	-	-	20,352,811	21,464,592	41,817,403
2045-2049	27,211,338	14,706,916	41,918,254	-	-	-	27,211,338	14,706,916	41,918,254
2050-2053	28,754,992	4,775,673	33,530,665	-	-	-	28,754,992	4,775,673	33,530,665
	\$ 117,954,300	\$ 129,434,966	\$ 247,389,266	\$ 948,000	\$ 27,397	\$ 975,397	\$ 118,902,300	\$ 129,462,363	\$ 248,364,663

7. Lease and Subscription Liabilities:

A schedule of the changes in the District’s lease and subscription liabilities are as follows:

	Balance December 31, 2023	Additions	Reductions	Balance December 31, 2024	Amounts Due Within One Year
Lease liabilities - buildings	\$ 570,243	\$ 1,926,600	\$ (599,166)	\$ 1,897,677	\$ 425,278
Lease liabilities - equipment	1,770,597	2,144,005	(1,162,021)	2,752,581	920,392
Subscriptions	350,343	1,237,950	(340,563)	1,247,730	523,419
Total lease and subscription liabilities	\$ 2,691,183	\$ 5,308,555	\$ (2,101,750)	\$ 5,897,988	\$ 1,869,089

	Balance December 31, 2022	Additions	Reductions	Balance December 31, 2023	Amounts Due Within One Year
Lease liabilities - buildings	\$ 1,037,907	\$ 138,701	\$ (606,365)	\$ 570,243	\$ 467,100
Lease liabilities - equipment	1,799,984	649,046	(678,433)	1,770,597	953,998
Subscriptions	-	545,441	(195,098)	350,343	202,546
Total lease liabilities	\$ 2,837,891	1,333,188	(1,479,896)	2,691,183	1,623,644

Jefferson County Public Hospital District No. 2
doing business as Jefferson Healthcare
Notes to Basic Financial Statements (Continued)
Years Ended December 31, 2024 and 2023

7. Lease and Subscription Liabilities (continued):

The terms and due dates of the District’s lease and subscription liabilities are as follows:

- Lease liabilities are comprised of equipment and buildings that have varying payment amounts and interest rates from 0.05 percent to 5.85 percent. The District’s lease agreements do not contain any residual value guarantees or material restrictive covenants.
- Subscription liabilities are comprised of subscription-based information technology agreements that have varying payment amounts and interest rates from 4.90 percent to 5.00 percent. The District’s subscription agreements do not contain any residual value guarantees or material restrictive covenants.

Aggregate annual principal and interest payments over the terms of lease and subscription liabilities are as follows:

Years Ending	<hr/>		
December 31,	Principal	Interest	Total
<hr/>			
2025	\$ 1,869,089	\$ 221,435	\$ 2,090,524
2026	1,356,789	159,852	1,516,641
2027	1,203,421	100,944	1,304,365
2028	619,113	58,676	677,789
2029	441,900	30,604	472,504
2030-2031	407,676	19,819	427,495
<hr/>			
	\$ 5,897,988	\$ 591,330	\$ 6,489,318
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Jefferson County Public Hospital District No. 2
doing business as Jefferson Healthcare
Notes to Basic Financial Statements (Continued)
Years Ended December 31, 2024 and 2023

8. Net Patient Service Revenue:

The District recognizes patient service revenue associated with services provided to patients who have third-party payor coverage on the basis of contractual rates for the services rendered. For uninsured patients who do not qualify for charity care, the District recognizes revenue on the basis of its standard rates for services provided (or on the basis of discounted rates, if negotiated or provided by policy). On the basis of historical experience, a significant portion of the District’s uninsured patients will be unable or unwilling to pay for the services provided. Thus, the District records a significant provision for bad debts related to uninsured patients in the period the services are provided. The District’s provisions for bad debts and writeoffs have not changed significantly from the prior year. The District has not changed its charity care or uninsured discount policies during 2024 or 2023. Patient service revenue, net of contractual adjustments and discounts (but before the provision for bad debts), recognized in the period from these major payor sources, is as follows:

	2024	2023
Patient service revenue (net of contractual adjustments and discounts):		
Medicare	\$ 104,988,479	\$ 93,084,205
Medicaid	17,141,044	17,482,628
Other third-party payors	60,800,576	52,553,718
Patients	4,714,799	3,366,751
Safety Net Assessment Program	2,855,997	-
	190,500,895	166,487,302
Less:		
Charity care	(4,795,356)	(3,495,078)
Provision for bad debts	(4,247,175)	(2,073,065)
Net patient service revenue	\$ 181,458,364	\$ 160,919,159

The District has agreements with third-party payors that provide for payments to the District at amounts different from its established rates. A summary of the payment arrangements with major third-party payors is as follows:

- *Medicare* – The District has been designated a critical access hospital by Medicare and is reimbursed for inpatient and outpatient services and rural health clinic visits on a cost basis as defined and limited by the Medicare program. Physician services outside the rural health clinic are paid on a fee schedule. Home health and hospice services are reimbursed on a prospective rate per episode of care. The District is reimbursed for cost reimbursable items at a tentative rate, with final settlement determined after submission of annual cost reports by the District and audits thereof by the Medicare administrative contractor.
- *Medicaid* – Medicaid beneficiaries receive coverage through either the Washington State Health Care Authority (HCA) or Medicaid managed care organizations (MCOs). The District is reimbursed for MCO-covered inpatient and outpatient services on a prospectively determined rate that is based on historical revenues and expenses of the District. The District is reimbursed by the HCA for inpatient and outpatient services under a cost reimbursement methodology. The District is reimbursed at a tentative rate, with final settlement determined after submission of annual cost reports by the District and review by HCA. Rural health clinic services are paid on a prospectively set rate per visit.

**Jefferson County Public Hospital District No. 2
doing business as Jefferson Healthcare
Notes to Basic Financial Statements (Continued)
Years Ended December 31, 2024 and 2023**

8. Net Patient Service Revenue (continued):

- *Other commercial payors* – The District also has entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment to the District under these agreements includes prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates.

Laws and regulations governing Medicare, Medicaid, and other programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. Net patient service revenue decreased by approximately \$290,000 and \$36,000 in 2024 and 2023, respectively, due to differences between original estimates and final settlements or revised estimates.

The District received approximately \$2,856,000 of Safety Net Assessment Program funds during 2024 from the state of Washington to provide services to Medicaid-eligible patients.

The District provides charity care to patients who are financially unable to pay for the healthcare services they receive. The District's policy is not to pursue collection of amounts determined to qualify as charity care. Accordingly, the District does not report these amounts in net operating revenues or in the allowance for uncollectible accounts. The District determines the costs associated with providing charity care by aggregating the applicable direct and indirect costs, including salaries and wages, benefits, supplies, and other operating expenses, based on data from its costing system. The costs of caring for charity care patients for the years ended December 31, 2024 and 2023, were approximately \$2,212,000 and \$1,623,000, respectively. The District did not receive any gifts or grants to subsidize charity services during 2024 and 2023.

9. Property Taxes:

The Jefferson County Treasurer acts as an agent to collect property taxes levied in the County for all taxing authorities. Taxes are levied annually on January 1 on property values listed as of the prior May 31. Assessed values are established by the County Assessor at 100 percent of fair market value. A revaluation of all property is required every four years.

Taxes are due in two equal installments on April 30 and October 31. Collections are distributed monthly to the District by the County Treasurer.

The District is permitted by law to levy up to \$0.75 per \$1,000 of assessed valuation for general District purposes. Washington State Constitution and Washington State Law, RCW 84.55.010, limit the rate. The District may also levy taxes at a lower rate. Further amounts of tax must be authorized by the vote of the people.

The District's portion of the regular tax levy available for maintenance and operations was \$0.05776 and \$0.03405 per \$1,000 on a total assessed valuation of \$9,148,358,079 and \$8,571,359,123, for a total regular levy of \$528,451 and \$291,830 in 2024 and 2023, respectively.

The District's portion of the regular levy pledged for the LTGO bond repayment was \$0.02590 per \$1,000 on a total assessed valuation of \$8,571,359,123, for a total pledged portion of the regular levy of \$222,000 in 2023.

Property taxes are recorded as receivables when levied. Since state law allows for sale of property for failure to pay taxes, no estimate of uncollectible taxes is made.

**Jefferson County Public Hospital District No. 2
doing business as Jefferson Healthcare
Notes to Basic Financial Statements (Continued)
Years Ended December 31, 2024 and 2023**

10. Deferred Compensation Plan and Pension Plan:

The District has a deferred compensation plan created in accordance with Internal Revenue Code §457. The name of the plan is Jefferson Healthcare §457 Deferred Compensation Plan (the Compensation Plan). The Compensation Plan is available to eligible employees and permits them to defer a portion of their salary until withdrawn in future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

Employee contributions to the Compensation Plan totaled approximately \$4,305,000 and \$3,814,000 for the years ended December 31, 2024 and 2023, respectively.

The District provides a 401(a) profit-sharing pension plan for all employees with at least two years of service. The name of the plan is Jefferson Healthcare Employee's Retirement Plan (the Profit-Sharing Plan). The District makes non-elective contributions to the Profit-Sharing Plan of 7 percent for certain members of the medical staff's salaries annually and 5 percent for all other eligible employees' salaries. The District funds all retirement contributions, and employees are not allowed to contribute to the Profit-Sharing Plan. Contributions to the Profit-Sharing Plan totaled approximately \$3,302,000 and \$3,101,000 for the years ended December 31, 2024 and 2023, respectively.

The plans are administered by the District. The District has the authority to amend the plans.

11. Risk Management and Contingencies:

Medical malpractice claims – The District has professional liability insurance coverage with MedChoice Risk Retention Group, Inc. The policy provides protection on a “claims-made” basis whereby claims filed in the current year are covered by the current policy. If there are occurrences in the current year, these will only be covered in the year the claim is filed if claims-made coverage is obtained in that year or if the District purchases insurance to cover prior acts. The current professional liability insurance provides \$1,000,000 per claim of primary coverage with an annual aggregate limit of \$5,000,000. The policy has a deductible of \$250,000 per claim with an annual aggregate limit of \$750,000.

The District also has excess professional liability insurance with MedChoice Risk Retention Group, Inc. on a “claims-made” basis. The excess malpractice insurance provides \$9,000,000 per claim of primary coverage with an aggregate limit of \$9,000,000. The policy has no deductible.

Risk management – The District is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health, dental, and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

Self-insurance risk pools – The District has a self-insured workers' compensation plan and a self-insured unemployment plan for its employees. The District participates in the Public Hospital District Workers' Compensation Trust and the Public Hospital District Unemployment Trust, which are self-insurance risk pools administered by the Washington State Hospital Association. The District pays its share of actual workers' compensation claims, unemployment claims, maintenance of reserves, and administrative expenses.

Jefferson County Public Hospital District No. 2
doing business as Jefferson Healthcare
Notes to Basic Financial Statements (Continued)
Years Ended December 31, 2024 and 2023

11. Risk Management and Contingencies (continued):

Industry regulations – The healthcare industry is subject to numerous laws and regulations of federal, state, and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditations, and government healthcare program participation requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse. Government activity continues with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by healthcare providers. Violations of these laws and regulations could result in expulsion from government healthcare programs, together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. Management believes that the District is in compliance with fraud and abuse statutes, as well as other applicable government laws and regulations.

While no regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation, as well as regulatory actions unknown or unasserted at this time.

12. Concentration of Risk:

Patient accounts receivable – The District grants credit without collateral to its patients, most of whom are local residents, and are insured under third-party payor agreements. The majority of these patients are geographically concentrated in and around eastern Jefferson County.

The mix of receivables from patients was as follows:

	2024	2023
Medicare	49 %	49 %
Medicaid	10	13
Other third-party payors	29	26
Patients	12	12
	100 %	100 %

Physicians – The District is dependent on local physicians practicing in its service area to provide admissions and utilize hospital services on an outpatient basis. A decrease in the number of physicians providing these services or a change in their utilization patterns may have an adverse effect on hospital operations.

Collective bargaining unit – The District has two collective bargaining agreements with the United Food and Commercial Workers Local 21:

- Effective February 13, 2025, the District renewed its contract with the labor union for its clinic, professional, technical, service and maintenance, business office, and medical records employees. The contract is effective through October 31, 2027.
- Effective January 12, 2025, the District renewed its contract with the labor union for its nursing employees. The contract is effective through October 31, 2027.

As of December 31, 2024 and 2023, approximately 73 percent and 67 percent, respectively, of the District’s employees were represented by the union under these collective bargaining agreements.

**Jefferson County Public Hospital District No. 2
doing business as Jefferson Healthcare
Notes to Basic Financial Statements (Continued)
Years Ended December 31, 2024 and 2023**

13. Subsequent Events:

The District purchased two buildings in February 2025. The buildings were purchased using cash for \$825,000 and \$750,000.

SINGLE AUDIT

AUDITORS' SECTION



INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER
MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Commissioners
Jefferson County Public Hospital District No. 2
doing business as Jefferson Healthcare
Port Townsend, Washington

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Jefferson County Public Hospital District No. 2 doing business as Jefferson Healthcare (the District) as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents, and have issued our report thereon dated May 19, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

D3APLLC

Spokane Valley, Washington
May 19, 2025



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Commissioners
Jefferson County Public Hospital District No. 2
doing business as Jefferson Healthcare
Port Townsend, Washington

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Jefferson County Public Hospital District No. 2 doing business as Jefferson Healthcare's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the District's major federal program for the year ended December 31, 2024. The District's major federal program is identified in the summary of auditors' results section of the accompanying schedule of audit findings and questioned costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2024.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

D3A PLLC

Spokane Valley, Washington
May 19, 2025

**Jefferson County Public Hospital District No. 2
 doing business as Jefferson Healthcare
 Schedule of Audit Findings and Questioned Costs
 Year Ended December 31, 2024**

Section I – Summary of Auditors’ Results

Financial Statements:

Type of auditors’ report issued:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?
- Significant deficiency(ies) identified?

_____ yes X no
 _____ yes X none reported

Noncompliance material to financial statements noted?

_____ yes X no

Federal Awards:

Internal control over major federal programs:

- Material weakness(es) identified?
- Significant deficiency(ies) identified?

_____ yes X no
 _____ yes X none reported

Type of auditors’ report issued on compliance for major federal program:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

_____ yes X no

Identification of major program:

Federal Assistance Listing Number

Name of Federal Program or Cluster

93.493

Congressional Directives

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee?

_____ yes X no

Jefferson County Public Hospital District No. 2
doing business as Jefferson Healthcare
Schedule of Audit Findings and Questioned Costs (Continued)
Year Ended December 31, 2024

Section II — Financial Statement Findings

No matters were reported. Therefore, no corrective action plan is necessary, nor has one been prepared.

Section III – Federal Award Findings and Questioned Costs

No matters were reported. Therefore, no corrective action plan is necessary, nor has one been prepared.

AUDITEE'S SECTION

**Jefferson County Public Hospital District No. 2
doing business as Jefferson Healthcare
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2024**

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identification Number	Total Federal Expenditures
U.S. Department of Health and Human Services:			
Congressional Directives	93.493		\$ 1,200,000
U.S. Department of Health and Human Services Pass-through Grants:			
Washington State Department of Health Grants to States to Support Oral Health Workforce Activities	93.236	HSP29112	182,200
Total expenditures of federal awards			\$ 1,382,200

See accompanying independent auditors' report and notes to the schedule of expenditures of federal awards.

Notes to the Schedule of Expenditures of Federal Awards:

1. Basis of Presentation:

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Jefferson County Public Hospital District No. 2 doing business as Jefferson Healthcare (the District) under programs of the federal government for the year ended December 31, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the District.

2. Summary of Significant Accounting Policies:

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The District has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**Jefferson County Public Hospital District No. 2
doing business as Jefferson Healthcare
Summary Schedule of Prior Audit Findings
Year Ended December 31, 2024**

The audit for the year ended December 31, 2023, reported no audit findings, nor were there any unresolved findings from periods prior to 2023. Therefore, there are no matters to report in this schedule for the year ended December 31, 2024.

Jefferson County Public Hospital District No. 2 doing business as Jefferson Healthcare

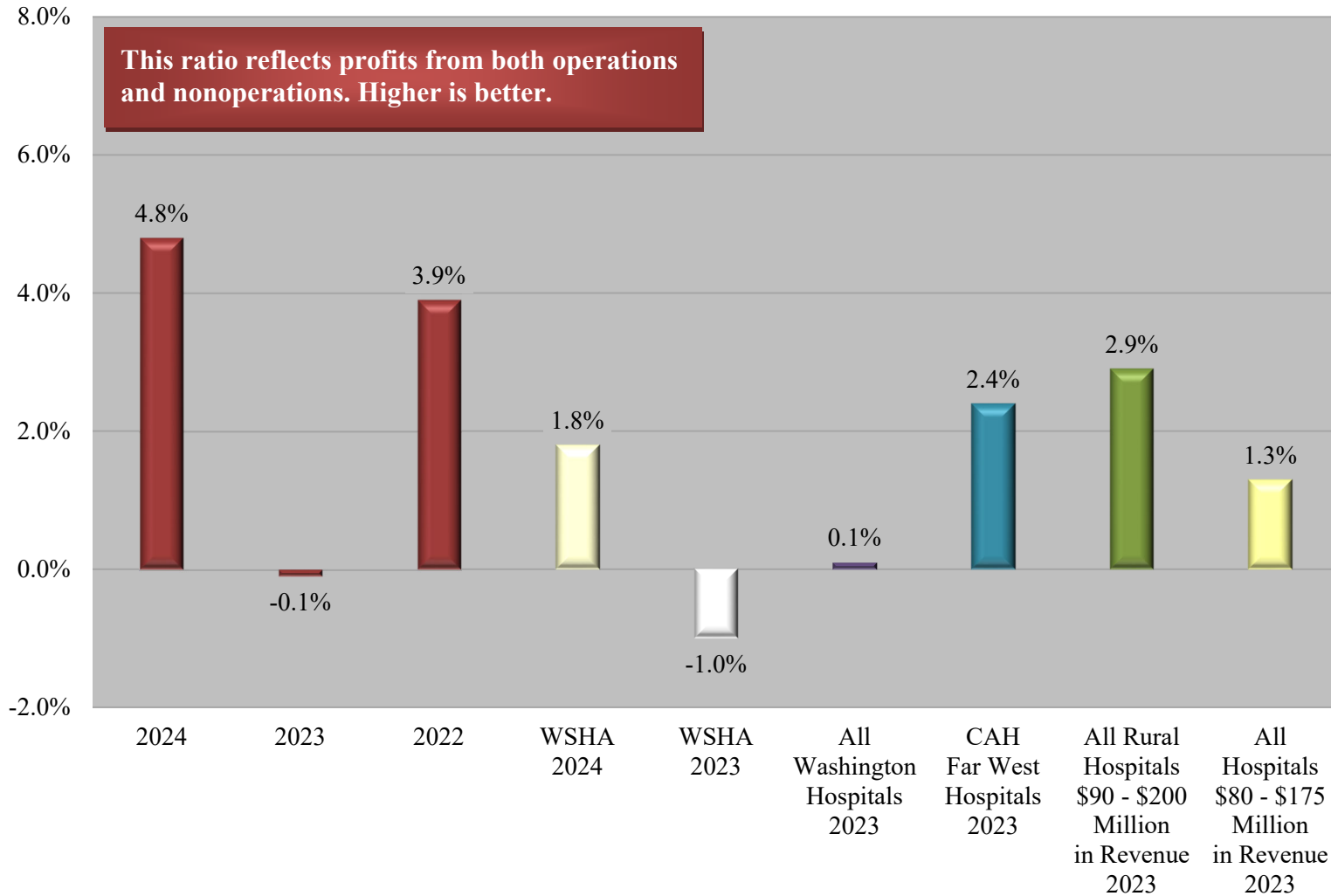
Financial Indicators

December 31, 2024

Jefferson County Public Hospital District No. 2
 doing business as
 Jefferson Healthcare

Total Margin

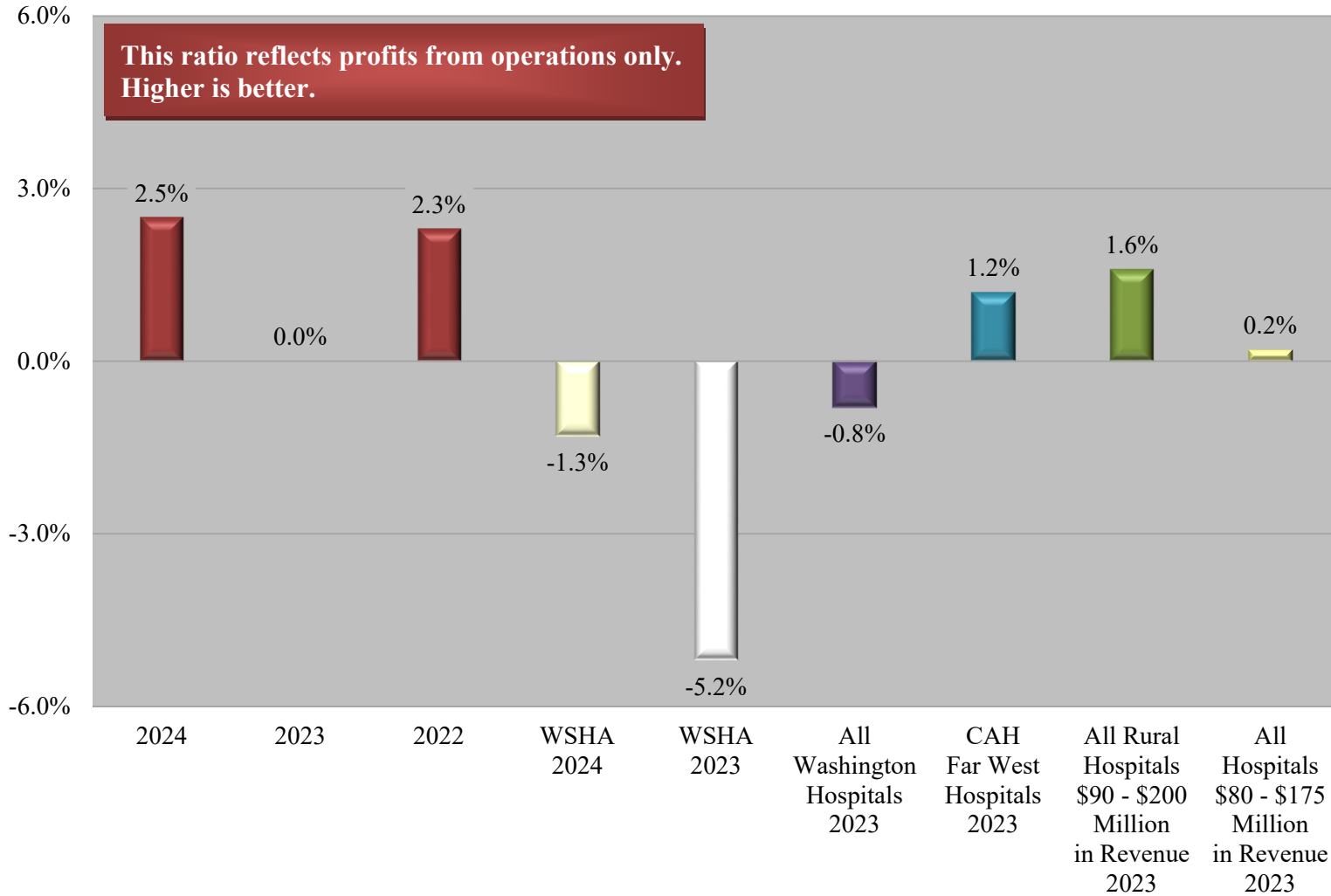
$\frac{\text{Change in Net Position}}{\text{Total Revenues}}$



Jefferson County Public Hospital District No. 2
 doing business as
 Jefferson Healthcare

Operating Margin

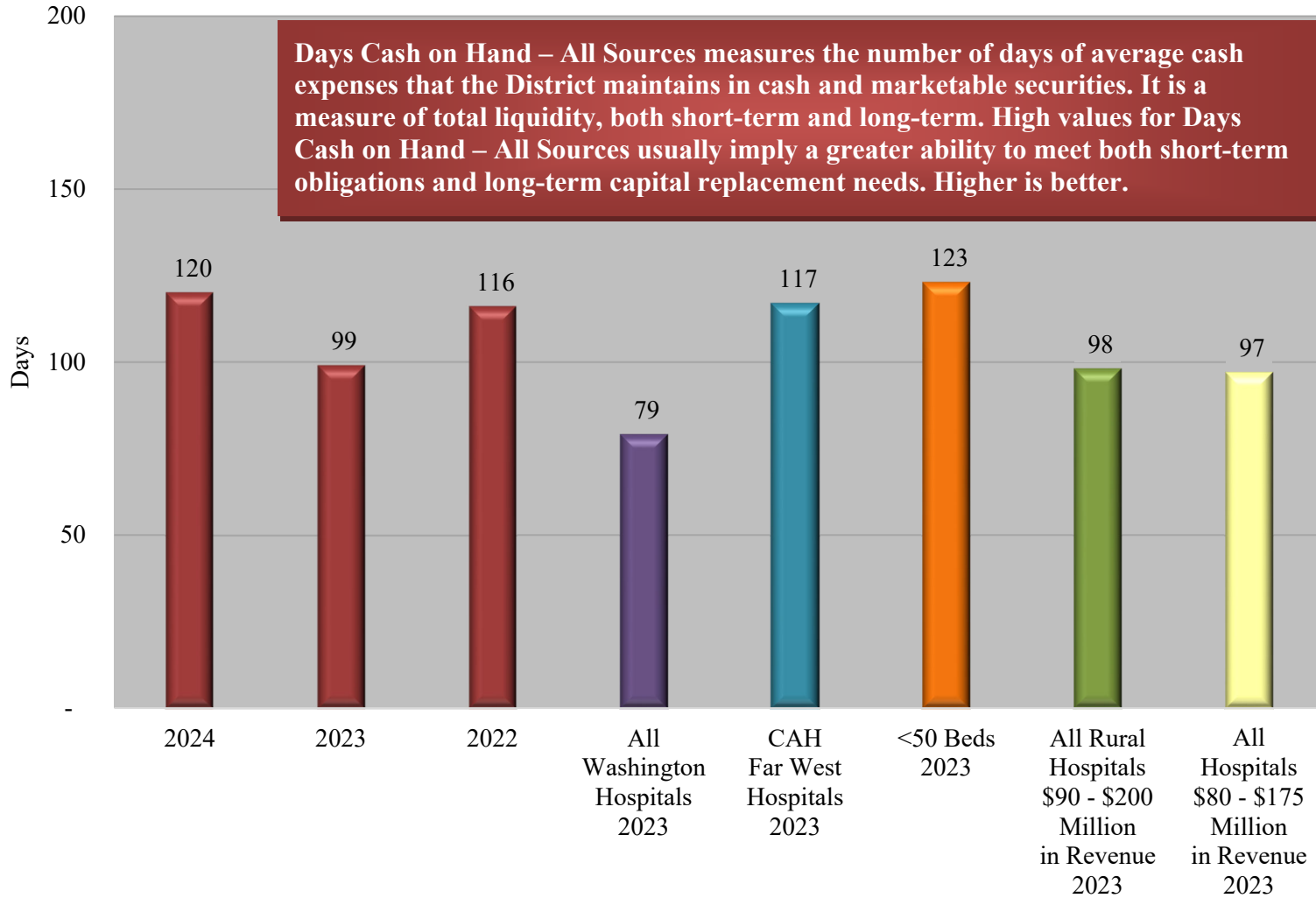
$$\frac{\text{Operating Income (Loss)}}{\text{Total Operating Revenues}}$$



**Jefferson County Public Hospital District No. 2
doing business as
Jefferson Healthcare**

Days Cash on Hand – All Sources

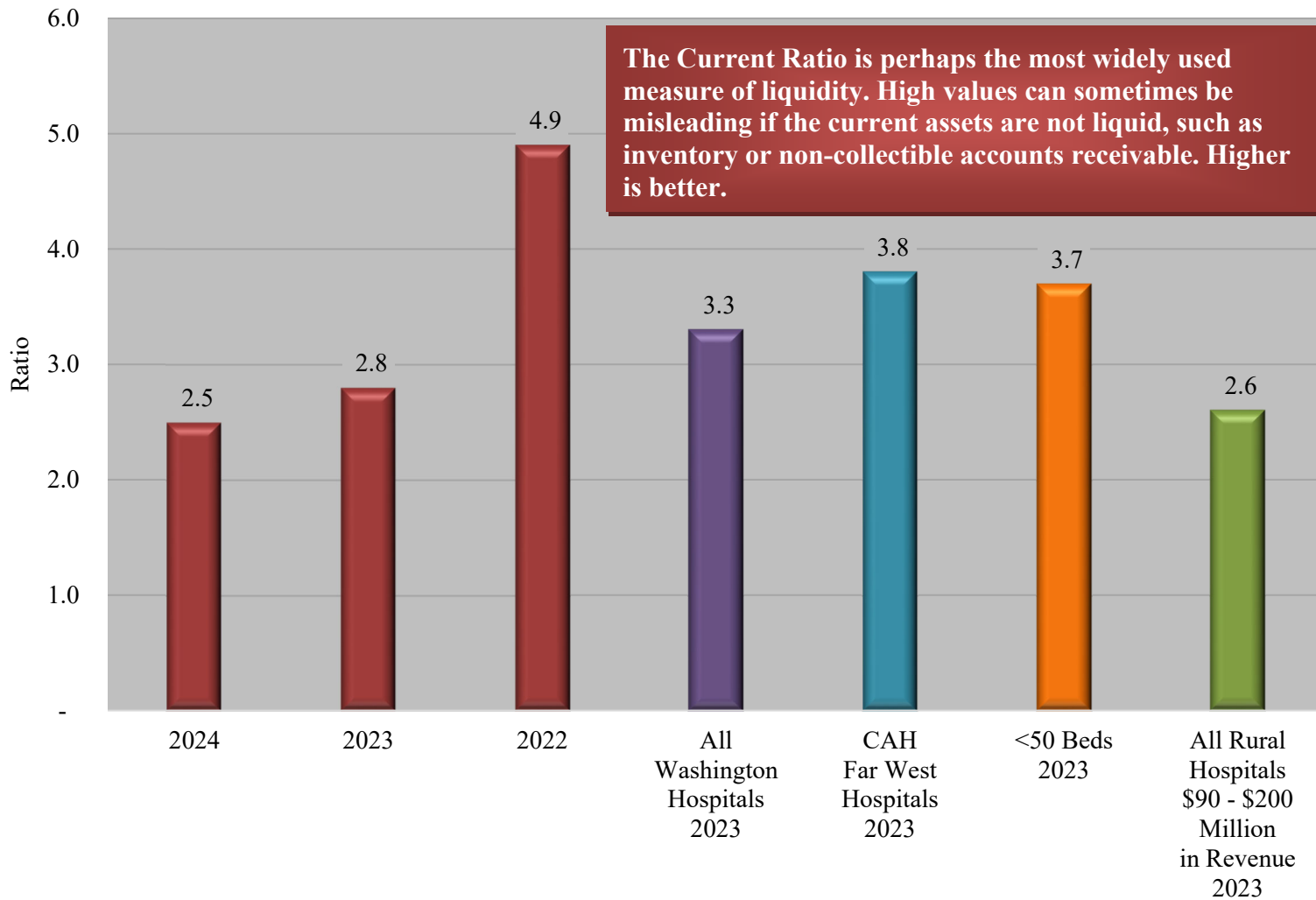
$$\frac{\text{Cash} + \text{Short-Term Investments} + \text{Unrestricted Long-Term Investments}}{(\text{Total Expenses} - \text{Depreciation}) / 365}$$



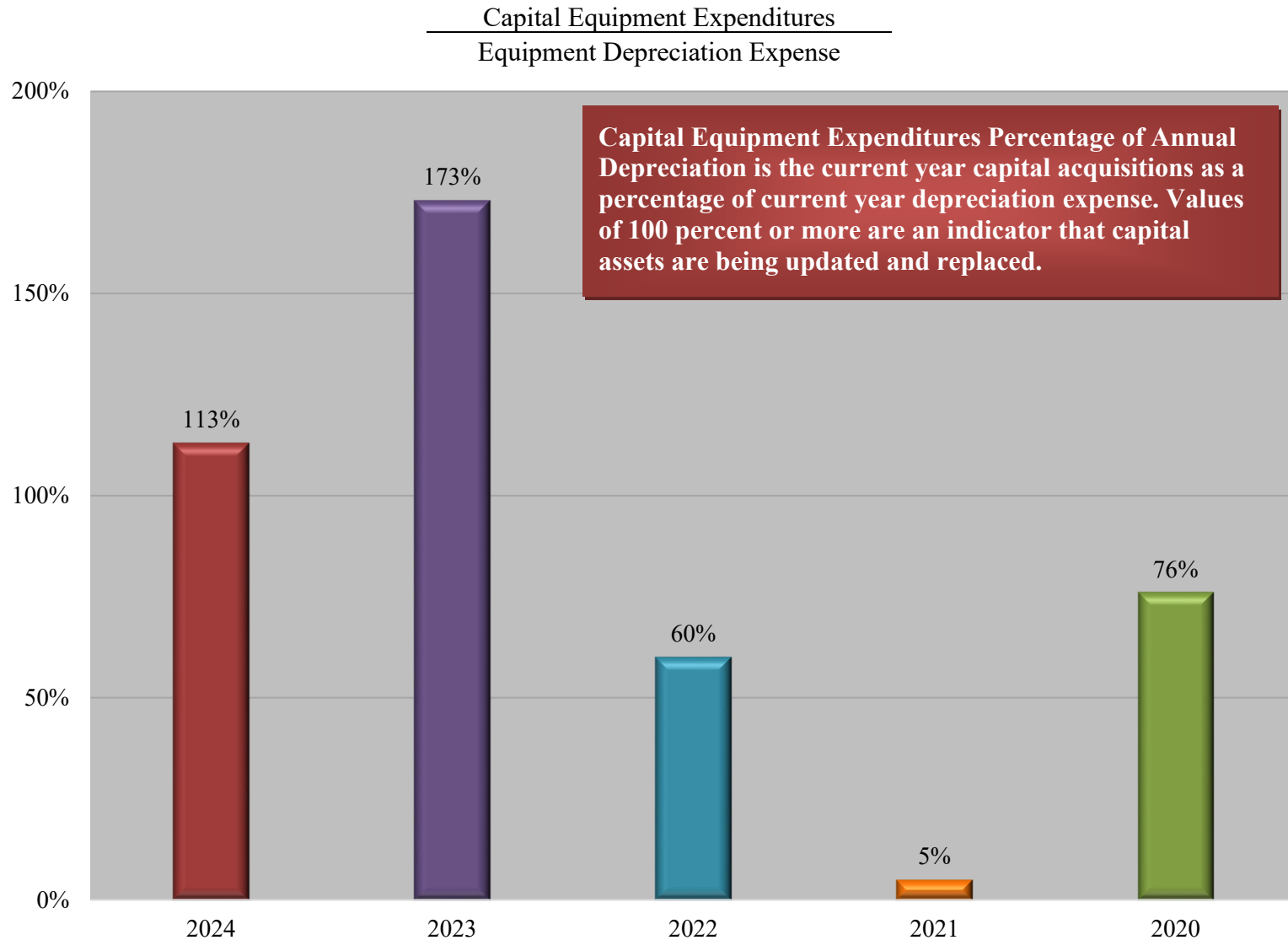
Jefferson County Public Hospital District No. 2
doing business as
Jefferson Healthcare

Current Ratio

$$\frac{\text{Current Assets}}{\text{Current Liabilities}}$$

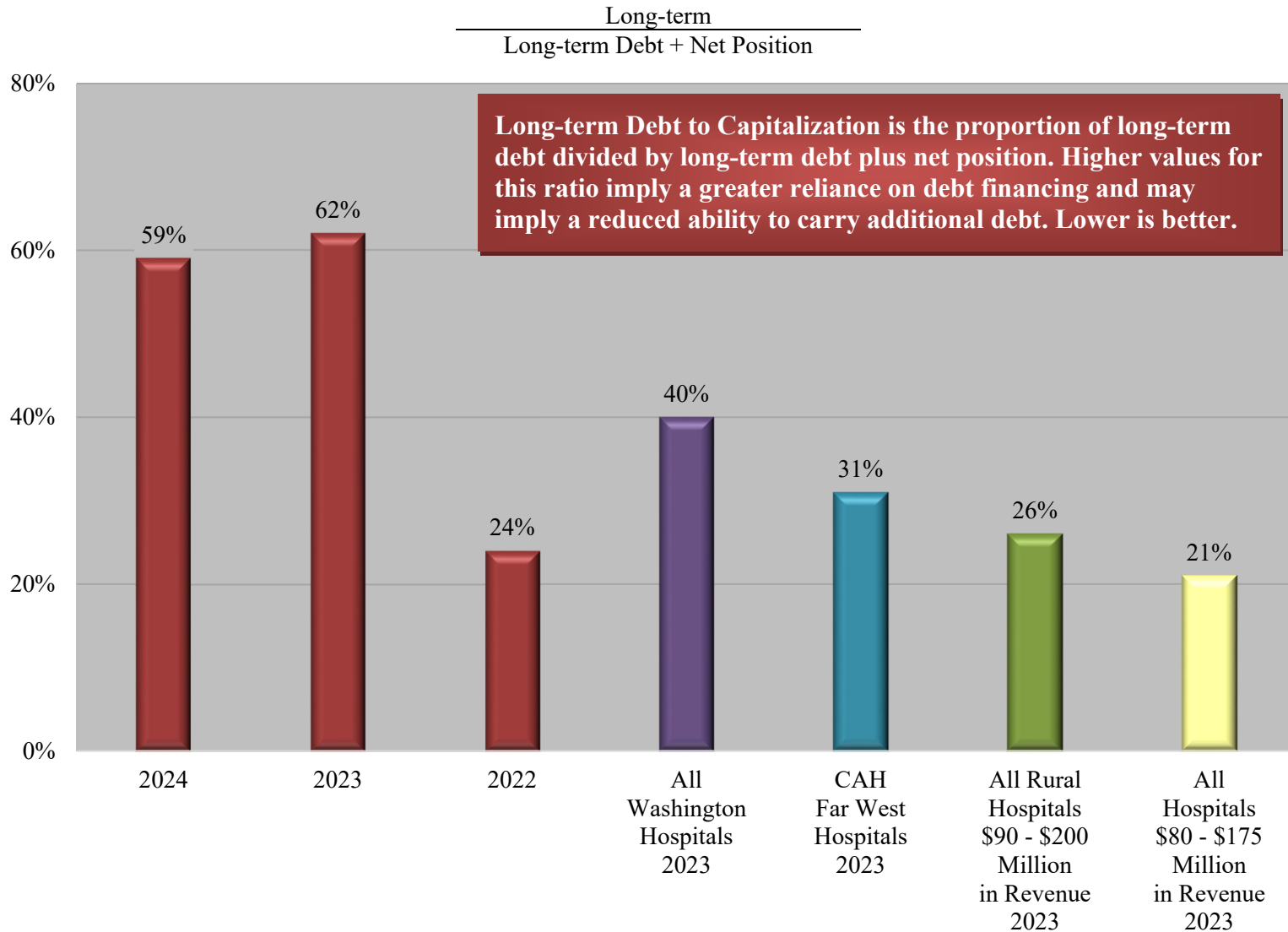


Capital Equipment Expenditures Percentage of Annual Depreciation



Jefferson County Public Hospital District No. 2
doing business as
Jefferson Healthcare

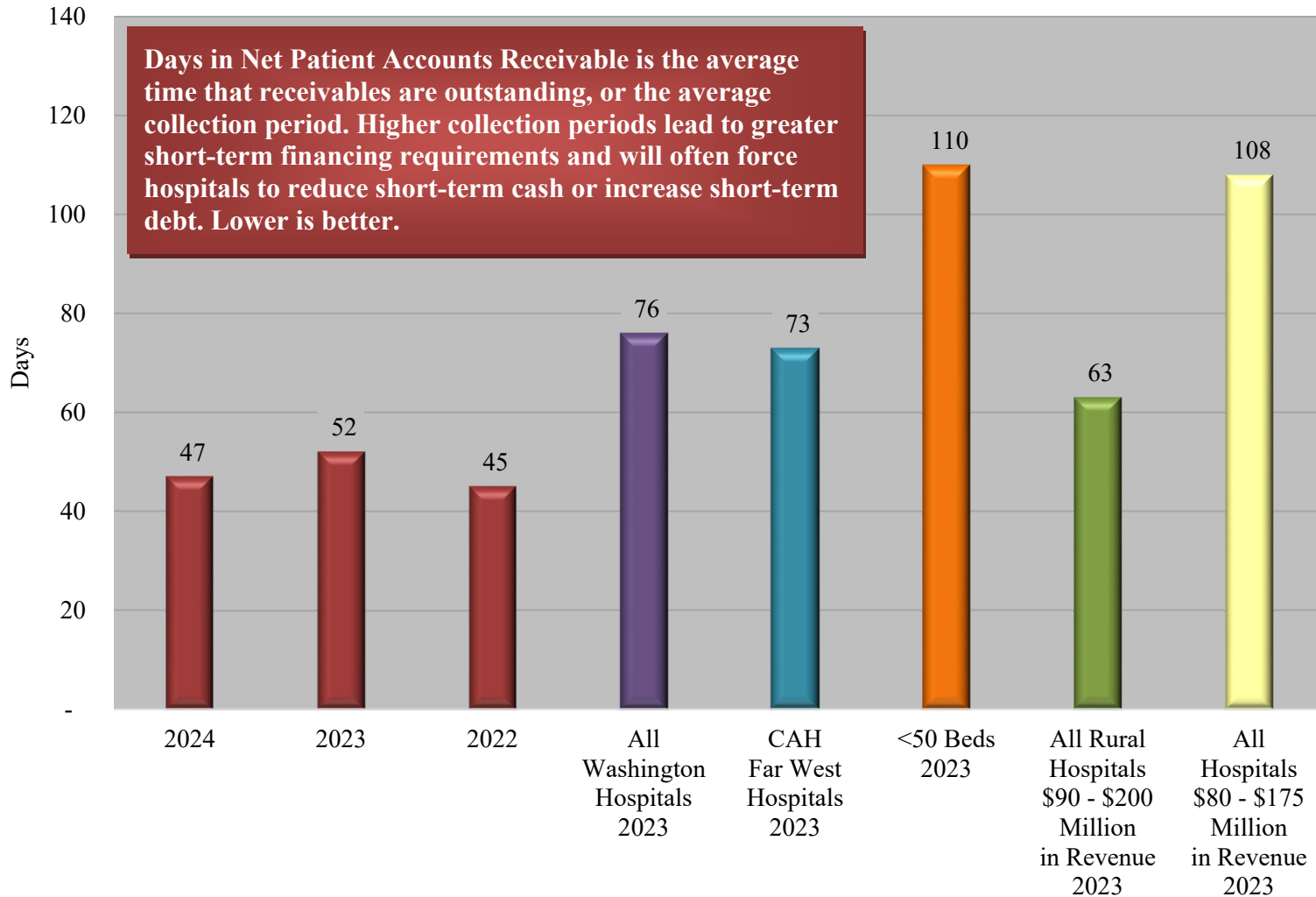
Long-term Debt to Capitalization



Jefferson County Public Hospital District No. 2
doing business as
Jefferson Healthcare

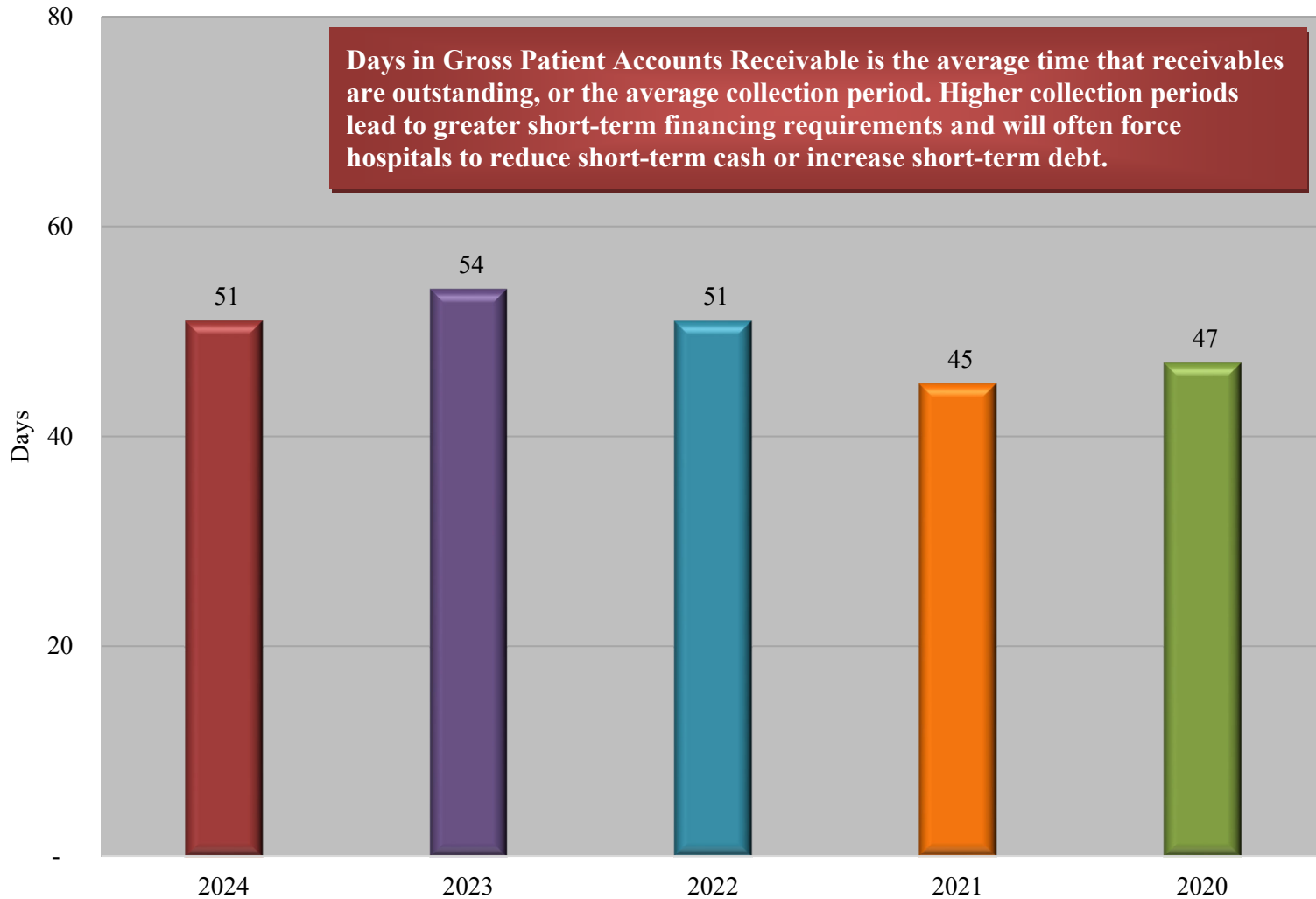
Days in Net Patient Accounts Receivable

$$\frac{\text{Net Patient Accounts Receivable}}{\text{Net Patient Service Revenue} / 365}$$



Days in Gross Patient Accounts Receivable

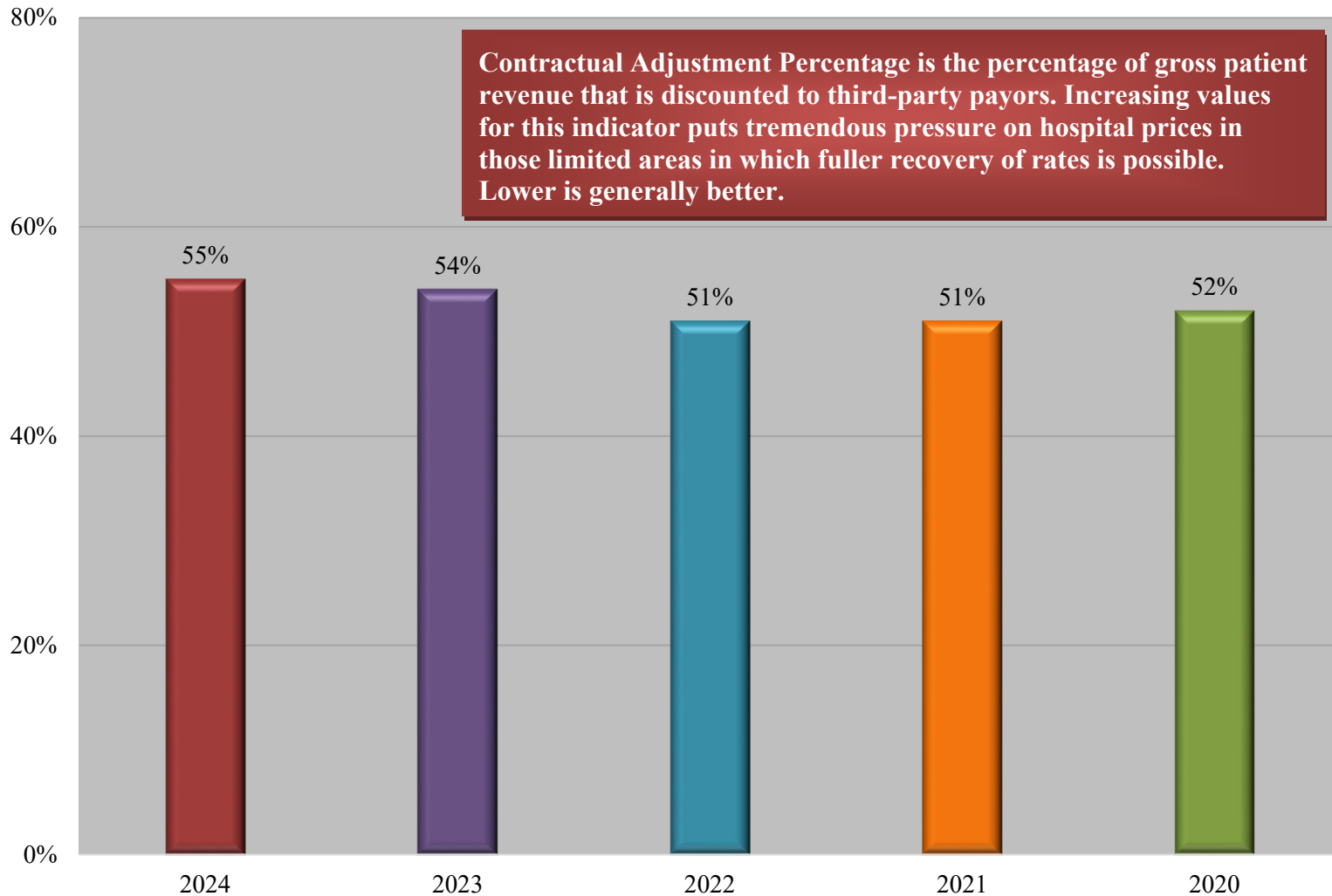
$$\frac{\text{Gross Patient Accounts Receivable}}{\text{Gross Patient Service Revenue} / 365}$$



Jefferson County Public Hospital District No. 2
doing business as
Jefferson Healthcare

Contractual Adjustment Percentage

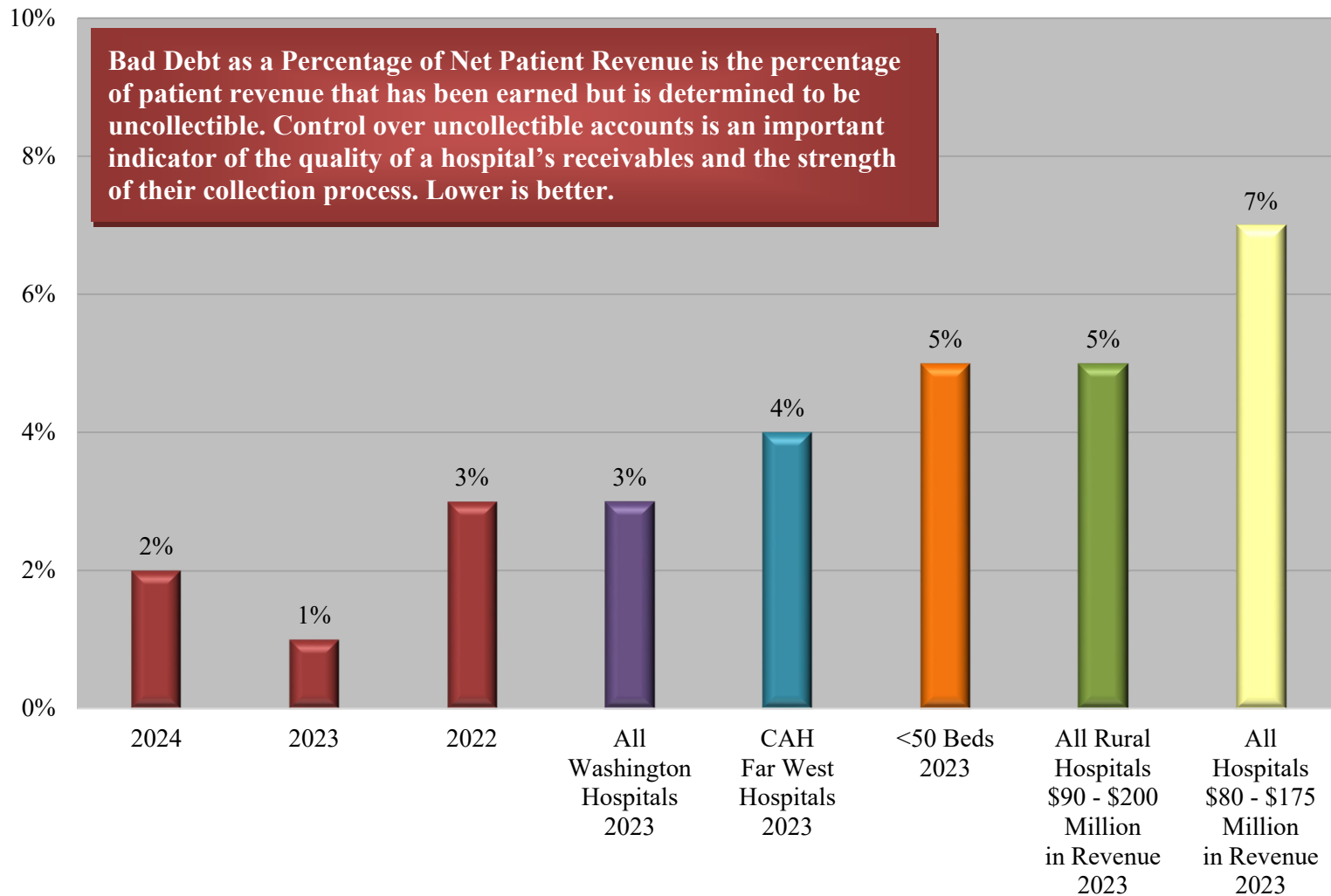
$\frac{\text{Contractual Adjustments}}{\text{Gross Patient Revenues}}$



Jefferson County Public Hospital District No. 2
doing business as
Jefferson Healthcare

Bad Debt as a Percentage of Net Patient Revenue

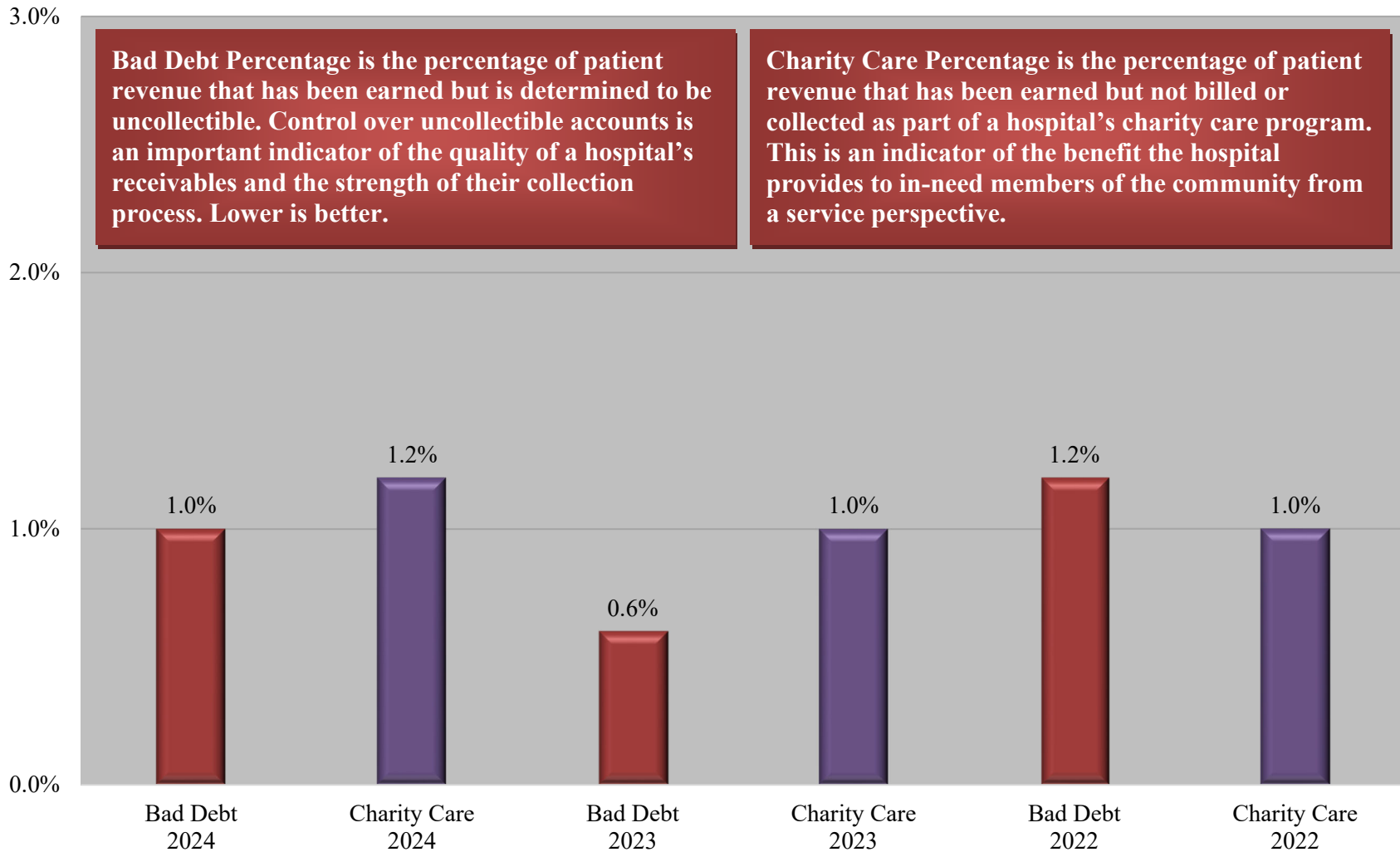
$\frac{\text{Provision for Bad Debt}}{\text{Net Patient Revenues}}$



Jefferson County Public Hospital District No. 2
doing business as
Jefferson Healthcare

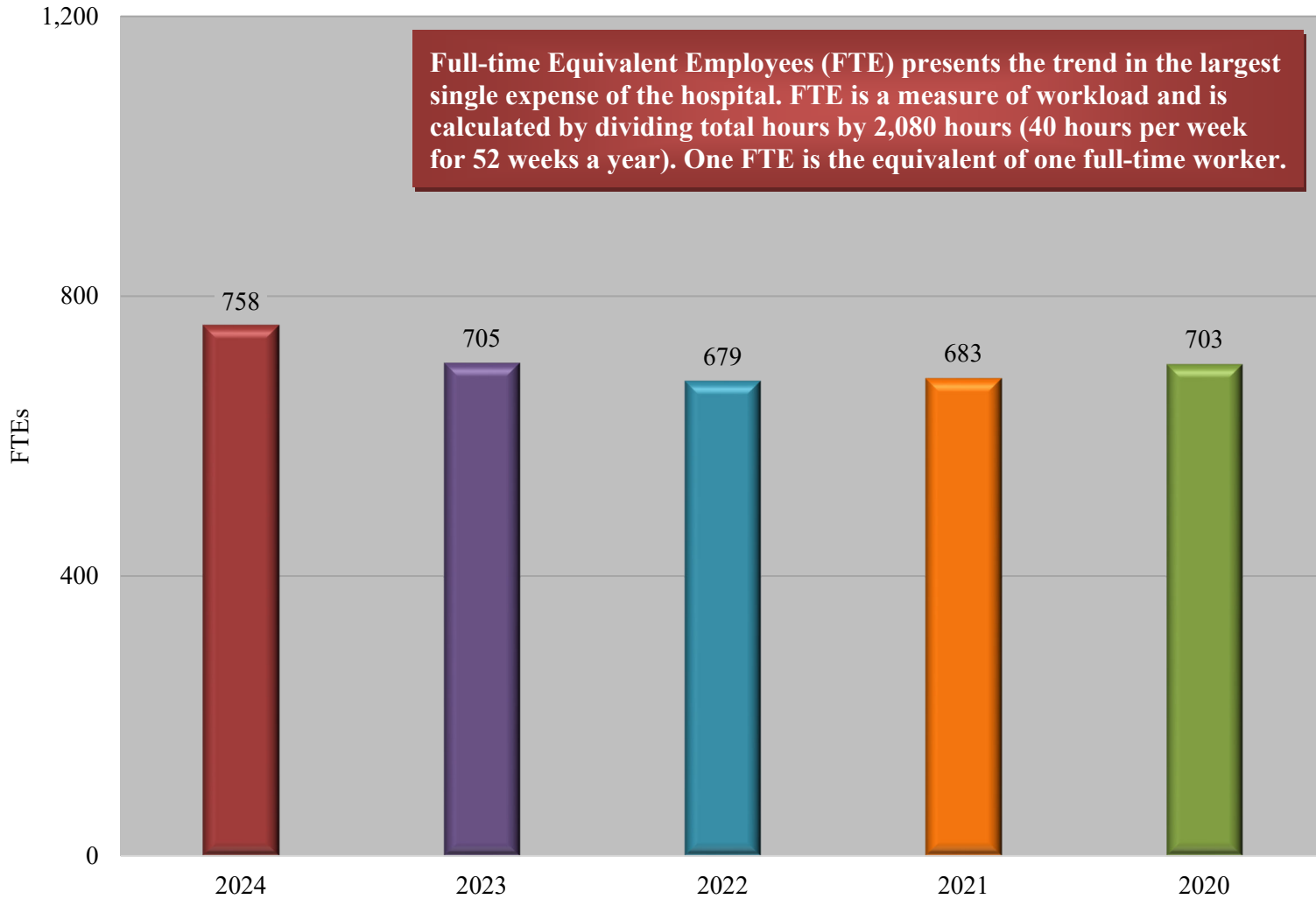
Bad Debt and Charity Care Percentage

Provision for Bad Debt or Charity Care
Gross Patient Revenues



Jefferson County Public Hospital District No. 2
doing business as
Jefferson Healthcare

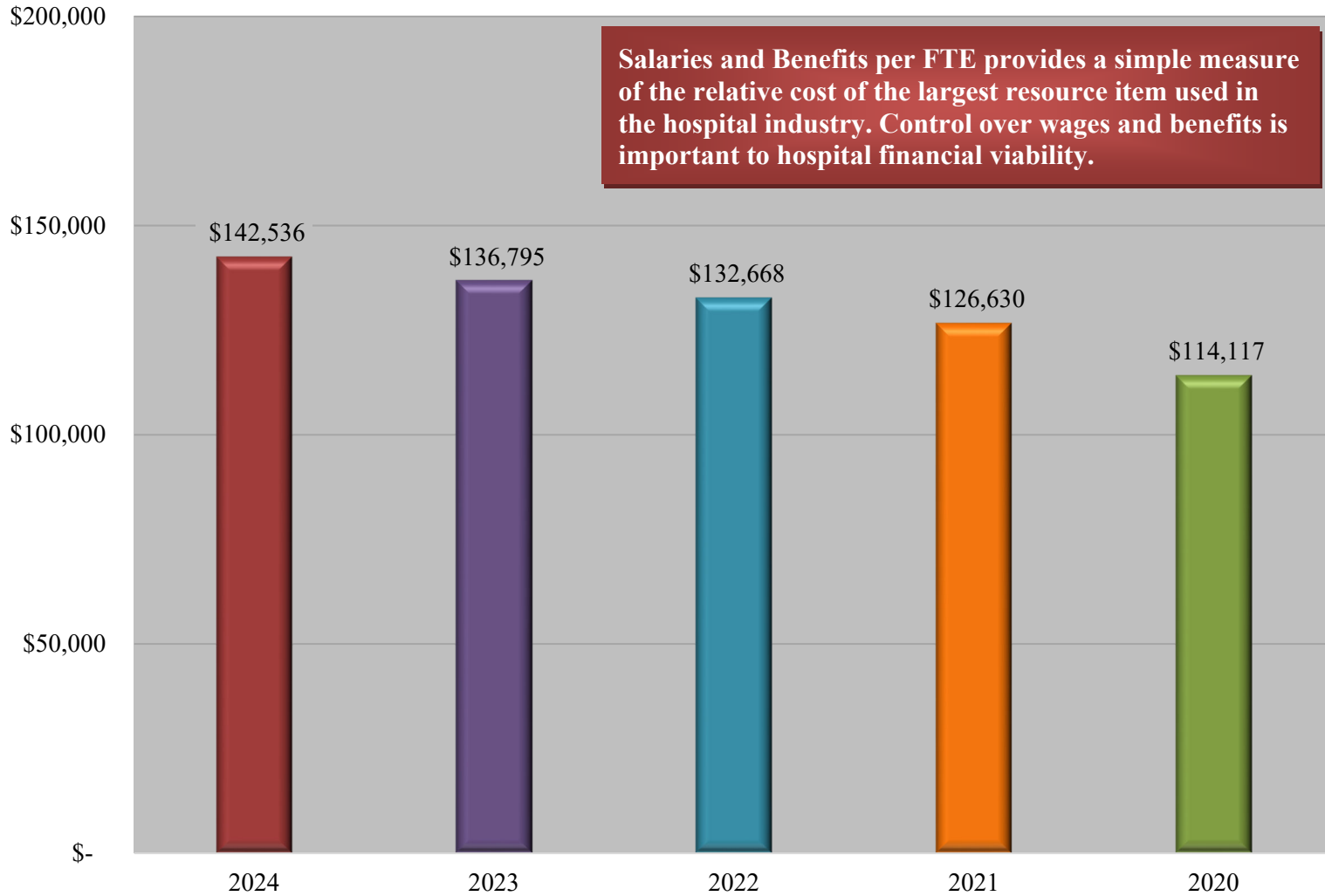
Full-time Equivalent Employees (FTE)



Jefferson County Public Hospital District No. 2
doing business as
Jefferson Healthcare

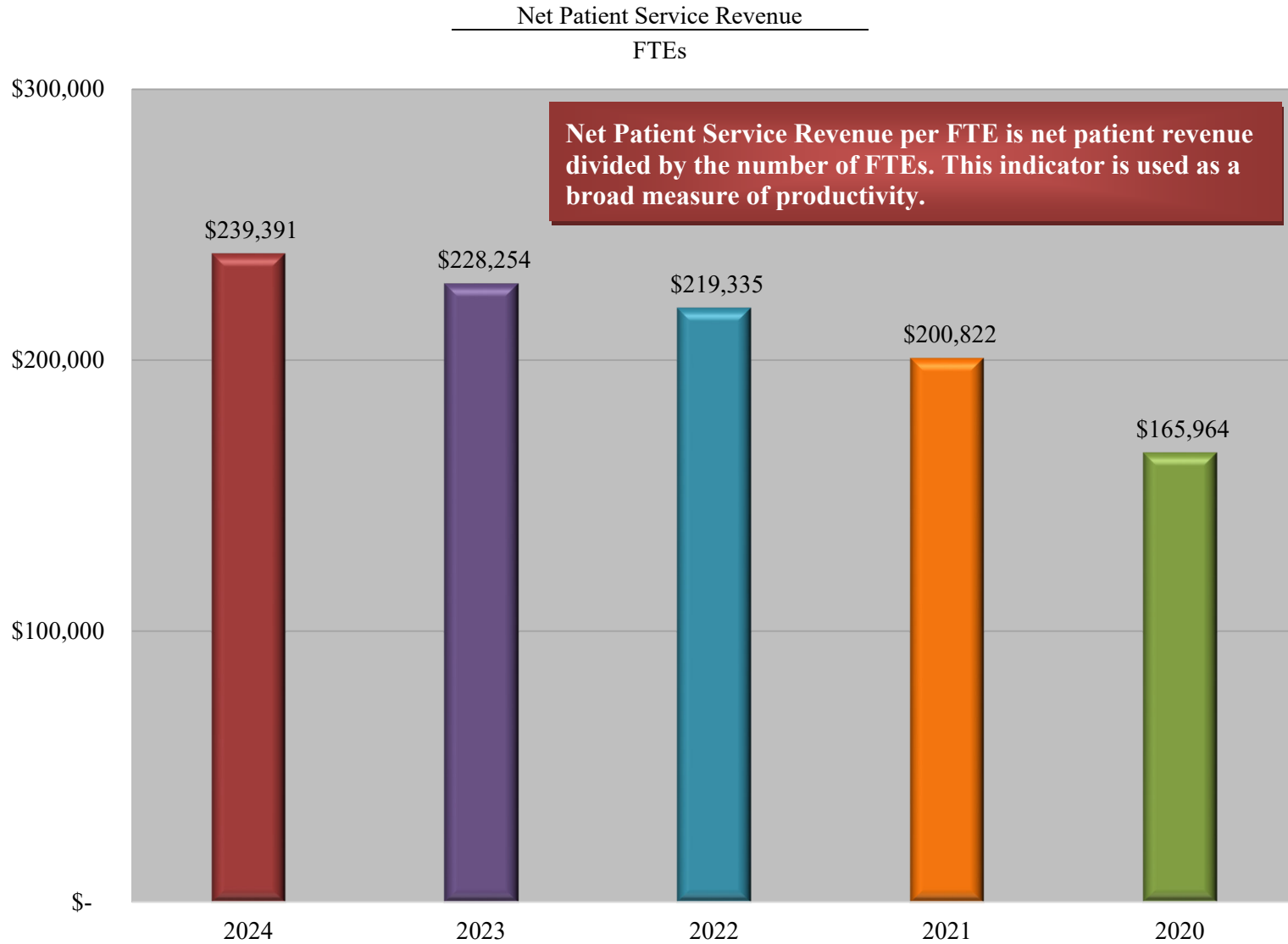
Salaries and Benefits per FTE

$$\frac{\text{Total Salaries} + \text{Total Benefits}}{\text{FTEs}}$$



Jefferson County Public Hospital District No. 2
doing business as
Jefferson Healthcare

Net Patient Service Revenue per FTE



Audio Only: dial Phone Conference Line: (509) 598-2842
When prompted, enter Conference ID number: 975 178 013#
Microsoft Teams meeting: Join on your computer or mobile app.
This option will allow you to join the meeting live.
[Click here to join the meeting](#)

Due to multiple respiratory illnesses, Jefferson Healthcare is still highly encouraging the practice of infection protocols. You may attend this meeting virtually by accessing the information below or in person in the Sheridan Conference Room at 915 Sheridan Street. Limited seating is available.

Time:	WELCOME	Who:
2:00pm	<p>Call to Order The meeting was called to order at 2:00pm by Board Chair Buhler Rienstra. Commissioners in attendance included Commissioners McComas, Kolff, Dressler and Ready. Also, in attendance were Mike Glenn, CEO; Tyler Freeman, CFO; Jake Davidson, COO; Tina Toner, CNO; Molly Propst, CHRO; Brandie Manuel, CPSQO; and Shannon Groff, Executive Assistant.</p> <p>This meeting was officially audio-recorded by Jefferson Healthcare and Commissioner Ready.</p>	Commissioner Buhler Rienstra
	<p>Approve Agenda Commissioner Kolff made a motion to approve the agenda as proposed. Commissioner Dressler seconded. Action: 4 ayes and 1 opposed</p> <p>Commissioner Ready made a motion to add Regional Alliance to the agenda. Action: Failed for a lack of a second.</p>	Board of Commissioners
	FOCUS REPORT	
2:00pm	<p>Jefferson County Early Learning Center Dr. Molly Parker, Chief Medical Officer, SANE & Population Health gave an update on the Jefferson County Early Learning Center, and Population Health, which included how early life lasts a lifetime, the lifecycle of the patients they see, the Carolina Abecedarian project, the education of the Abecedarian and the health of children under. Dr. Parker also discussed the impact of childcare centers and the population in Jefferson County. The new childcare center in Jefferson County is proposing a 42-slot learning center. The goal is to reduce retention issues at Jefferson Healthcare and surrounding employment organizations. We reviewed the images of the building, the location map and a blueprint of what the learning center will look like. Dr. Parker also reviewed the funding, which is \$6.28 million. At this moment, we are looking at community support and continuing Advocacy and looking into getting classroom furniture for the learning center. Dr. Parker gave a sneak peek on Reproductive Health, Equity,</p>	Dr. Molly Parker, Chief Medical Officer; SANE & Population Health

	Climate portfolio and the flex grant in addition to food and what we are doing with VegRx.	
2:30pm	<p>Patient Story Tina Toner, Chief Nursing Officer gave us a patient story for April, which included an update on the Hospice volunteer program, the growing program from 2022 to current, how Jefferson Healthcare has supported our volunteers over the years, what is coming next in this amazing program and a blurb/thank you to Jill Newsome, our program manager.</p>	Tina Toner, CNO
PUBLIC COMMENT		
2:45pm	<p>Public comments are welcome orally, with a 3-minute limit, or may be submitted via email at commissioners@jeffersonhealthcare.org, or written and addressed to Commissioners at 834 Sheridan Street, Port Townsend, WA 98368. Written submissions must be received by 5:00pm the day prior to the meeting.</p> <p>Angela, a member of the public, made a comment about the JH / OMC discussions.</p> <p>Tom Thiersch, a member of the public, thanked our team for their reports at the beginning of the meeting. He noted concern of us partnering with the YMCA, which stands for Young Men Christian Association.</p>	
ACTION REQUESTED		
2:55pm	<p>Action Requested</p> <ul style="list-style-type: none"> • March 26, 2025 Regular Session Minutes • Medical Staff Credentials / Appointments / Reappointments <p>Commissioner Kolff made a motion to approve the minutes and medical staff credentials, appointments and reappointments as written. Commissioner Dressler seconded. Action: Motion passed with four ayes, and one opposed.</p> <p>Commissioner Ready made a motion to amend the minutes regarding Public Comment. Action: Motion failed for lack of a second.</p> <p>Commissioner Ready made a motion to amend the minutes regarding the Administrative Report. Action: Motion failed for a lack of a second.</p> <p>Commissioner Ready made a motion to amend the minutes regarding the Board Reports. Action: Motion failed for a lack of a second.</p>	Board of Commissioners

CONSENT AGENDA		
3:00pm	<p>Required Approvals: Action Requested</p> <ul style="list-style-type: none"> Resolution 2025-10 Surplus Equipment Resolution 2025-11 Canceled Warrants March Warrants and Adjustments <p>Commissioner McComas made a motion to approve the Required Approvals. Commissioner Dressler seconded. Action: Motion passed unanimously.</p>	Board of Commissioners
STANDING REPORTS		
3:05pm	<ul style="list-style-type: none"> Quality Report <p>Brandie Manuel, Chief Patient Safety & Quality Officer gave an April quality report which included an update on Infection Prevention, the oversight of infection prevention management requirements, the 2025 program goals/initiatives, and what we are doing to achieve those. Brandie reviewed the improved outcomes for patients with sepsis work that the team has been hard at work doing, along with the Measles and Pertussis prevention for the organization.</p>	Brandie Manuel, CPSQO
3:20pm	<ul style="list-style-type: none"> Financial Report <p>Tyler Freeman, Chief Financial Officer, presented the March Financial Reports which detailed our statistics, income statement and our cash and accounts receivable. We also got a preview for April 2024. Discussion ensued.</p>	Tyler Freeman, CFO
3:35pm	<p>Break</p> <p>Commissioners recessed for break at 3:24pm Commissioners reconvened from break at 3:40pm</p>	
STANDING BUSINESS		
3:50pm	<ul style="list-style-type: none"> Construction Report <p>Jake Davidson, Chief Operating Officer, provided a project update, which included updated photos of the cafeteria, the outdoor courtyard area, and the brick on the outside of the facility. Jake also updated the Commissioners on the construction on time and on budget information and stated we are slated to get the keys in July 2025. Open house is scheduled for August 24 and will be open on September 2. A friendly reminder that the hospital road is still closed until May 7.</p>	Jake Davidson, COO
4:05pm	<ul style="list-style-type: none"> Administrative Report <p>Mike Glenn, Chief Executive Officer, welcomed Elise Wright, our Population Health and Government Advocacy Manager and she provided an update on Advocacy, both State and Federal.</p> <p>Mike Glenn, Chief Executive Officer, then gave his report, which included an update on SNAP / Direct Payment, the previously hosted events we've held/attended and a few upcoming events, which include the Jefferson County Democrat's Membership & Program</p>	Mike Glenn, CEO

4:25pm	<p>meeting, the 4th Medical Director Leadership Summit, AHA Annual Membership Meeting, Rhody Parade and Rhody Run.</p> <ul style="list-style-type: none"> • CMO Report <p>Dr. Butterfield, Chief Medical Officer talked through the Measle issues throughout the county and one thing they are doing through Primary Care is reaching out to patients of record who are not up to date on their vaccines. He also talked through the Medical Director Leadership Summit and how this event started about 4 years ago. We hold two a year – one occurs in the Spring and the second is the day before our Annual Medical Staff Symposium.</p>	Dr. Butterfield, CMO
BOARD BUSINESS		
4:30pm	<ul style="list-style-type: none"> • Board Reports <p>Board Chair, Commissioner Buhler Rienstra noted we are moving our Board Retreat that is scheduled for April 28. She sent an email with potential dates for June with a note to please respond to Shannon Groff.</p> <p>Commissioner Ready asked Mike Glenn, CEO if there was an update on the OMC proposal and Mike Glenn, CEO, noted that there is a timeline in the Peninsula Daily News.</p> <p>Commissioner McComas noted that there was a postponement for the Jefferson Healthcare Foundation Retreat due to vacations, people being out of the office. It will be postponed until May.</p> <p>Commissioner Kolff noted that they gave out Public Health Hero awards and recognized dozens of individuals and entities in the community.</p>	Board of Commissioners
4:40pm	<ul style="list-style-type: none"> • Agenda Evaluation <p>Commissioner Ready noted his frustration around the agenda setting. Commissioner Kolff noted we are handing the agenda setting/evaluation respectfully. Board Chair, Commissioner Buhler Rienstra ended agenda evaluation.</p>	Board of Commissioners
EXECUTIVE SESSION		
4:45pm	<p>Board Chair Buhler Rienstra announced that they will go into Executive Session for eleven (11) minutes to discuss the evaluation of a public employee as allowed by RCW 42.30.110(g).</p> <p>Commissioners went into Executive Session at 4:49pm.</p> <p>Board Chair Buhler Rienstra returned to Regular Session at 5:00pm to announce the Commissioners will be extending Executive Session by forty-five (45) minutes and will return to Regular Session at 5:45pm.</p>	

	Commissioners returned to Regular Session at 5:45pm. No action was taken.	
CONCLUDE		
5:15pm	<ul style="list-style-type: none"> • Meeting Evaluation <p>Commissioner Kolff made a motion to remove this from the agenda going forward. Commissioner Dressler second the motion Board Chair Buhler Rienstra suggested a friendly amendment to forgo the evaluation unless a Commissioner specifically asks for it, at which point no second would be required. Action: Motion passed with four ayes and Commissioner Ready opposes.</p>	Board of Commissioners
5:25pm	<ul style="list-style-type: none"> • Conclude <p>Commissioner Dressler made a motion to conclude the meeting. Commissioner McComas seconded. Action: Motion passed unanimously.</p> <p>Meeting concluded at 5:47pm.</p> <p>Approved by the Commission: Chair of Commission: Jill Buhler Rienstra</p> <hr/> <p>Secretary of Commission: Marie Dressler</p> <hr/>	Board of Commissioners

This Regular Session will be officially recorded. The times shown on the agenda are estimates only.

FROM: Medical Staff Services
RE: 06/17/25 Medical Executive Committee appointments/reappointments for Board approval 06/18/25

C-0241

§485.627(a) Standard: Governing Body or Responsible Individual

The CAH has a governing body or an individual that assumes full legal responsibility for determining, implementing and monitoring policies governing the CAH'S total operation and for ensuring that those policies are administered so as to provide quality health care in a safe environment.

Interpretive Guidelines §485.627(a)

It is the responsibility of the governing body (or responsible individual) to appoint, with the advice of the medical staff, the individual practitioners to the medical staff. After considering medical staff recommendations, and in accordance with established CAH medical staff criteria and State and Federal laws and regulations, the governing body (or responsible individual) decides whether or not to appoint new medical staff members or to continue current members of the medical staff.

JHC Active Initial Appointments

1. Chong, Kevin, MD - Pulmonology
2. Ellbogen, Martin, MD - Infectious Disease
3. Stucky, Nicholas, MD - Infectious Disease

May

1. Prime, Sabrina, MD - Radiation Oncology

Allied Initial Appointments

1. N/A

Courtesy Initial Appointments

1. Knott, Kemp, MD - Tele-radiology – Skagit
2. Knowles, Judi, MD – Tele-Psychiatry - Array
3. Costello, Justin, DO - Tele-radiology - Real Rads

May

1. Rafiei, Poyan, MD - Real Radiology - Teleradiology
2. Perrelli, Kara, MD - Real Radiology - Teleradiology
3. Miner, Daniel, MD - Real Radiology - Teleradiology
4. Patel, Harsh, MD - Providence - Tele-neurology
5. Lopez, Juan, MD - Real Radiology - Teleradiology
6. McCormack, Steven, MD - Real Radiology - Teleradiology
7. Wu, James, MD - Array - Telepsychiatry

Locums

1. N/A

FROM: Medical Staff Services
RE: 06/17/25 Medical Executive Committee appointments/reappointments for Board approval 06/18/25

C-0241

§485.627(a) Standard: Governing Body or Responsible Individual

The CAH has a governing body or an individual that assumes full legal responsibility for determining, implementing and monitoring policies governing the CAH'S total operation and for ensuring that those policies are administered so as to provide quality health care in a safe environment.

Interpretive Guidelines §485.627(a)

It is the responsibility of the governing body (or responsible individual) to appoint, with the advice of the medical staff, the individual practitioners to the medical staff. After considering medical staff recommendations, and in accordance with established CAH medical staff criteria and State and Federal laws and regulations, the governing body (or responsible individual) decides whether or not to appoint new medical staff members or to continue current members of the medical staff.

Recommended re-appointment to the active medical staff with privileges as requested:

1. Ramirez, Kelly, MD - Neurology/Tele-Neurology

May

1. Bickling, Rachel, MD - Family Medicine
2. Bowman, Kevin, MD - Emergency Medicine/POCUS
3. Gayne, Judith, MD - Hospital Medicine - Internal Medicine/Cardiac Priv
4. Manik, Christopher, MD - Internal Medicine
5. Tirado, Erica, DO - General Surgery

Recommended re-appointment to the courtesy medical staff with privileges as requested:

1. Romba, Meghan, MD - Neurology – PROVIDENCE

May

1. Herard, Astrid, MD - Psychiatry - ARRAY
2. Hirschman, Kyle, DO - Diagnostic Radiology - REAL RADIOLOGY
3. Kani, Kimia, MD - Diagnostic Radiology - REAL RADIOLOGY
4. Smith, Sheila, MD - Teleneurology - PROVIDENCE
5. Jani, Vishal, MD - Teleneurology - PROVIDENCE

Recommended re-appointment to the allied health staff with privileges as requested:

1. Jackson, Tamara, PA-C - Hand and Plastics

May

1. Freudmann, Talya, NP - Nurse Practitioner/ Sleep Medicine
2. Neupane, Raxita, ARNP - Family Medicine

Recommended re-appointment to the LOCUMS staff with privileges as requested:

1. N/A

Recommended Temporary Privileges:

1. N/A

Recommended POCUS Privileges:

1. N/A

Medical Student Rotation:

1. N/A

FROM: Medical Staff Services
RE: 06/17/25 Medical Executive Committee appointments/reappointments for Board approval 06/18/25

C-0241

§485.627(a) Standard: Governing Body or Responsible Individual

The CAH has a governing body or an individual that assumes full legal responsibility for determining, implementing and monitoring policies governing the CAH'S total operation and for ensuring that those policies are administered so as to provide quality health care in a safe environment.

Interpretive Guidelines §485.627(a)

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Disaster Privileging

1. N/A

Added Privileging

May

1. Douglas Hidlay – Teleradiology - Skagit

90-day provisional performance review completed successfully:

May

1. Whalen, Sean, MD - TeleRadiology- Skagit
2. Watts, Jamie, FNP - Express Clinic
3. Yee, Janis, MD - TeleRadiology only - Skagit
4. Yu, Fang, MD - TeleRadiology - Real Rads
5. Suchecki, Bryan, MD - TeleRadiology - Real Rads

Resignations:

1. Oppliger, Jenna, PA-C - Resigned 6/13/25
2. Abar, Farnoush, MD - Resigned 6/4/2025

May

1. Orazi, Umberto, MD - Internal Medicine - effective 5/31/25
2. Huckabee, Jennifer, MD - Tele-Radiology - REAL RADS - effective 4/2/25
3. Burritt, Daniel, MD - Vascular and Interventional Radiology REAL RADS - 5/11/25
4. Fredrickson, Abby, MD - Telepsychiatry – effective 4/18/25

Policies and Privileges

Annual Review of Policies

1. Medical Staff Orientation
2. Transgender Patient Services

May

1. Delinquent Medical Records

Revised Policies

1. N/A

FROM: Medical Staff Services
RE: 06/17/25 Medical Executive Committee appointments/reappointments for Board approval 06/18/25

C-0241

§485.627(a) Standard: Governing Body or Responsible Individual

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Annual Med Staff Policy Review

1. History and Physical
2. Reappointments and Renewal of Clinical Privileges-Draft-Changes
3. Informed Surgical/Procedure Consent

May

1. Temporary Medical Staff Privileges

New Policies

1. N/A

Med Staff Delineation of Privileges Review

1. Sleep Medicine Privileges-Draft

New Privileges

1. N/A

Bi-Annual Review of Privileges

1. ARNP Dermatology Privileges

May

2. Pulmonary Medicine Privileges - Draft

Revised Privileges

1. N/A

Annual P&T Committee Policies

June

1. Antimicrobial Stewardship
2. Hazardous Pharmaceutical Waste
3. Medications Supplied to Hospital Owned Clinics
4. SPECIALTY PHARMACY PATIENT TRANSFER AND DISCHARGE
5. SPECIALTY PHARMACY- PHARMACY COUNSELING OF PATIENTS-Draft
6. SPECIALTY PHARMACY- PHARMACY DISPENSING OF MEDICATIONS
7. SPECIALTY PHARMACY- PHARMACY MEDICATION DELIVERY

May

1. SPECIALTY PHARMACY COMMUNICATION BARRIERS, CULTURAL BACKGROUND AND RELIGIOUS BELIEFS BACKGROUND AND RELIGIOUS BELIEFS.
2. SPECIALTY PHARMACY CONTRACTED INDIVIDUALS OR ORGANIZATIONS.
3. SPECIALTY PHARMACY EMPLOYEE COMPETENCY AND EVALUATIONS

FROM: Medical Staff Services
RE: 06/17/25 Medical Executive Committee appointments/reappointments for Board approval 06/18/25

C-0241

§485.627(a) Standard: Governing Body or Responsible Individual

The CAH has a governing body or an individual that assumes full legal responsibility for determining, implementing and monitoring policies governing the CAH'S total operation and for ensuring that those policies are administered so as to provide quality health care in a safe environment.

Interpretive Guidelines §485.627(a)

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4. SPECIALTY PHARMACY EMPLOYEE PERFORMANCE EVALUATIONS
5. SPECIALTY PHARMACY ORIENTATION PROGRAM
6. SPECIALTY PHARMACY PATIENT ABUSE- NEGLECT- OR IMMEDIATE THREATS
7. SPECIALTY PHARMACY PATIENT GRIEVANCE – COMPLAINT
8. SPECIALTY PHARMACY PATIENT RECORD DOCUMENTATION
9. SPECIALTY PHARMACY PERSONNEL MANAGEMENT
10. SPECIALTY PHARMACY REFERENCE LIBRARY
11. SPECIALTY PHARMACY PATIENT RECORD MANAGEMENT
12. SPECIALTY PHARMACY - PHARMACY ASSESSMENT AND PLAN OF CARE
13. SPECIALTY PHARMACY- PHARMACY PATIENT EDUCATION (1)
14. SPECIALTY PHARMACY- PHARMACY PATIENT EDUCATION
15. SPECIALTY PHARMACY- PHARMACY SUPERVISION
16. SPECIALTY PHARMACY EMPLOYEE RECORDS
17. SPECIALTY PHARMACY EMPLOYEE REQUIREMENTS
18. SPECIALTY PHARMACY PATIENT RECORD DOCUMENTATION (1)
19. SPECIALTY PHARMACY ACCOUNTING ACTIVITIES
20. SPECIALTY PHARMACY CALL CENTER- CLINICAL CALLS- AND AFTER-HOURS CALLS DRX2-10F DRX4-9D
21. SPECIALTY PHARMACY COMMUNICATION BARRIERS- CULTURAL BACKGROUND AND RELIGIOUS BELIEFS
22. SPECIALTY PHARMACY PATIENT RECORD MANAGEMENT
23. SPECIALTY PHARMACY POLICIES AND PROCEDURES- PHARMACY REGULATIONS AND QUALIFICATIONS
24. SPECIALTY PHARMACY LEADERSHIP DRX1-2A DRX1-4A
25. SPECIALTY PHARMACY PATIENT BILL OF RIGHTS AND RESPONSIBILITIES
26. SPECIALTY PHARMACY PATIENT BILL OF RIGHTS AND RESPONSIBILITIES
27. SPECIALTY PHARMACY SERVICE DESCRIPTION AND SCOPE OF SERVICES
28. SPECIALTY PHARMACY ETHICAL ISSUES
29. SPECIALTY PHARMACY CONFLICT OF INTEREST DRX1-3A
30. SPECIALTY PHARMACY COMPLIANCE PROGRAM
31. SPECIALTY PHARMACY CONFIDENTIALITY OF PATIENT INFORMATION
32. Adverse Drug Event Reporting
33. Pharmacy Monitoring of Opioids and Benzodiazepines

JEFFERSON COUNTY PUBLIC HOSPITAL DISTRICT NO. 2

RESOLUTION 2025-12

A RESOLUTION TO DECLARE THAT ALL COMMISSIONERS HAVE RECEIVED A COPY OF THE HOME HEALTH/HOSPICE/PALLIATIVE CARE SUMMARY OF QUALITY ASSURANCE AND PERFORMANCE IMPROVEMENT PLAN AND APPROVE OF THE CURRENT PLAN AND INSTRUMENTS NECESSARY TO EXECUTE THIS PLAN.

WHEREAS all commissioners have received a copy of the Summary of Home Health/Hospice/Palliative Care Quality Assurance and Performance Improvement (QAPI) Plan, and;

WHEREAS the plan is approved as written including instruments necessary to execute this plan,

NOW, THEREFORE, BE IT RESOLVED THAT:

- 1) Commissioners have read the Quality Assurance and Performance Improvement (QAPI) Plan provided to them, and approve of the plan and instruments necessary to execute this plan:

APPROVED this 18th day of June 2025.

APPROVED BY THE COMMISSION:

Commission Chair Jill Buhler Rienstra: _____

Commission Secretary Marie Dressler: _____

Attest:

Commissioner Bruce McComas: _____

Commissioner Kees Kolff: _____

Commissioner Matt Ready: _____

Meeting: HHHPC QAPI Meeting

Date: 04/09/2025

Time: 1:30 to 2:30 PM

Location: Microsoft Teams & HH Office

Recorder: Christina Avila

X	David Hunsley, Director	X	Linda Potter, Hospice Lead Registered Nurse	X	Lisa Porter, Clinical Operations Manager	X	Gina Iery, Hospice Registered Nurse
X	Dr. Joseph Mattern, Medical Director	X	Sara Katz, P.A.- Palliative Care	X	Jill Katenbrink Newsome, Community Liaison/ Hospice Ancillary Program Manager	E	Linda Calderwood, Nurse Practitioner- Palliative Care
X	Kyra Berkovich, Office Coordinator- Palliative Care	X	Krystal Brock- Farrington, Business Operations Manager	E	Terri Neal, Home Health Physical Therapist	X	Robin Bruckschen, Home Health RN/URCM
X	Brittany Shrout, Home Health RN/URCM	X	Christina Avila, Accreditation and Quality Specialist				

Topic/Discussion
<p>Review:</p> <ul style="list-style-type: none"> -Patient Satisfaction/Grievance/Comments/Compliments -Incident Reports -Infection Control Log -Update for training HH staff for Hospice Medication <p>The meeting began at 1:30 pm. Christina reviewed the agenda and current performance improvement projects including timely initiation of care, orientation process, Home Health care plans, and dot phrases for wound care and urinary catheters.</p> <p>David reviewed the requirement for a 48-hour start of care, and the difficulties of meeting that requirement due to staffing and location. He shared that the group is working to add more FTEs for Home Health and Hospice. Dr. Mattern asked if the Jefferson county market has similar staffing capacity to surrounding counties. Discussion ensued. David confirmed that care plans are being updated to include specific focuses and standard phrases for wound care.</p> <p>Christina reviewed the Hospice and Home Health comments and stated that many of the comments were positive for both. The negative comments that were received were vague, so there was no feedback to follow up on. David confirmed that our hospice is rated as 9 out of 10 currently. David confirmed that Home Health is a 2 star, and that we are working on improving documentation to increase this score.</p> <p>Christina reviewed the incidents including falls. She highlighted that there are less falls this quarter than last quarter. David stated that falls that are witnessed go in RLDatix, but unwitnessed falls are in a different</p>

location. Krystal asked if there is a plan to follow up on satisfaction scores that are low. David explained that some scores are outliers because of the number of people who respond to the question. David confirmed that this is taken into consideration when we focus on what is the highest priority. Christina stated that she would like to create break-out groups for some of the PIP plans and will be creating a binder for tracking these projects. David said that he would like to review this during a scheduled meeting with URQNs.

Action:

-HHHPC leadership, Christina, and URQNs to review opportunities for break-out groups in scheduled quality meeting.

Christina notified the group that there were three reported infections this quarter and asked the group what information they would like to see regarding reported infections in QAPI. David asked for information on new wounds, types of infections. David stated that three infections reported seems low and inaccurate. Sara asked what the purpose of tracking infections for QAPI was. Christina stated that tracking infection control logs is to identify preventable infections. Dr. Mattern agreed that tracking preventable infections or infections that are caused by the care that we provide, i.e. catheters and central lines, is important. He stated that there might be a wound care component to this tracking process. He would like to focus on catheter care related infections also. Discussion ensued. The group agreed to identify the type of infections reported. Dr. Mattern recommended including the hospital infection control group in tracking this control log. Christina stated that Lisa wants to discuss the creation of an accurate tracking method for acquired wounds, and that this might be helpful to include in this discussion. David agreed and stated that this should be listed as an overarching goal. Brittany stated that rehospitalization for our patients would be a good focus point. Christina asked if this should also be an overarching goal. David stated that we should focus on that metric but wait to add this to our goals until a future meeting. Dr. Mattern stated that sepsis is the number one focus for the hospital currently and that we should look at definitions around infection control. David asked if we could pull some data around rehospitalizations to discuss at our next QAPI meeting. The group agreed.

Action:

-Christina to connect with hospital infection control group regarding tracking infections and acquired wounds.

-Christina to create goal setting sheet for new overarching goal "Create template for tracking infections in Home Health, Hospice, and Palliative Care".

-URQNs to assist with gathering data regarding rehospitalizations for discussion at the next QAPI meeting.

Review Overarching Goal: Create a Tracking Method for Acquired Wounds

Christina stated that Lisa requested a discussion around acquired wound tracking because the information that she has found about wounds is not accurate. Krystal stated that an hour ago an email was sent out about a change in wound reporting, so that may positively impact our ability to accurately track acquired wounds. Dr. Mattern recommended that we bring Christina from analytics into this tracking process.

Brittany agreed that there is a lot of inconsistency for wound documentation, so creating one consistent place to pull that information would help accurately track wounds through care plan standardization. David stated that this is a great sub committee meeting. The group agreed.

Action:

-Christina Avila, URQNs, Lisa, and Christina Sivesind to form subcommittee to focus on tracking acquired wounds.

Review Progress of Current Palliative Care Goal

-Set Productivity and Construct Template

Christina shared that Palliative Care team have had success with the scheduling template, although they are still working on a few changes and that this will likely be a consistently changing tool. Discussion ensued. The group agreed that this goal can be considered completed.

Suggestion for new Palliative Care PIP: Palliative Care Coordination with Cancer Center

Christina shared that several Oncology RNs signed up for Palliative Care training and that providers and MSWs may also participate in training opportunities. David shared that there is a goal to have a Palliative Care presence in Oncology including provider time by Q4 but will meet with Oncology to see what this will look like, i.e. coding and billing practice for maximum revenue. David would like to also determine if we should branch out as a specialty.

Action:

David to connect with Tricia Sinek to coordinate future Oncology/Palliative Care meetings.

Review Current Home Health Goals

-Creating a Team Approach to Care Management/Nursing Consistency of Care

David shared that we are still in implementation phase of self-scheduling, but the process is going well. This was rolled out in November. Case management territories were completed in December of 2024, which has helped shorten drive times and allow more time for patient visit capacity. David stated that we can now more accurately determine caseloads. David stated that most nurses are now providing wound care to help keep consistency with wound care. David confirmed that Camille is still assisting with wound care as needed, but tiger text has been a useful tool for wound care questions. Wound care conferences have also been helpful to clinicians. Krystal confirmed that this has helped determine overall capacity and discharge numbers. Christina asked if there is a true vetting process for the patients in the Home Health waitlist to determine appropriateness of referral. David confirmed that the RN triage role should be looking at patients and moving them through the priority levels based on this process.

-Improvement in Ambulation, Dyspnea, Management of Oral Meds, and OASIS Accuracy

-Dyspnea plan update

-Oasis walk training update

-Fall Prevention

-Are falls being reviewed in IDT meetings?

Christina presented the data for injury falls and non-clinician witnessed falls. Lisa provided a correction that there were four patients with one fall each, not one patient with four falls. David was concerned that there could be underreporting of falls. He asked if we could consider this data for part of the subcommittees.

Action:

Christina to add falls tracking to subcommittee topic list.

Christina shared ratings for improvement in ambulation and dyspnea. Brittany stated that she is interested in looking at how accurate the oasis accuracy for these topics is. David confirmed that this is a top priority, and that we would like to shift our focus now to increasing our star rating, as the clinicians are offering much higher quality but may need assistance with capturing care in documentation.

Suggestion for a new Home Health PIP: Would you recommend this agency to your family or friends if they needed home health care?

Christina shared the data for the last year for the metric “would you recommend this agency to your family or friends if they needed home health care”, and that there was a noticeable change in the last two quarters. The group agreed to monitor this data for another quarter but would like to compare this data with our time to admit patients. David shared information for new employees in physical therapy to assist with therapy needs. Dr. Mattern asked if we have a tool to compare these data sets against each other. Dr. Mattern highlighted that the longer a patient waits for care, the more likely they are to refuse care when they are offered services. The group agreed that this is a potential issue for patient safety and for loss of revenue. David recommended that we keep an eye on this data and the average wait time for patients by referral type in order to compare wait times vs. rehospitalization rates in hopes that this might identify the reason for this drop in score.

Review Progress of Current Hospice Goals

PIP Title: Visits in Final Days of Life

PIP Title: Get Care When Needed

PIP Title: Bereavement Satisfaction

PIP Title: Patient Informed About When Staff Would Arrive

-Did Your Family Get Help When Needed for Pain or Trouble Breathing?

Suggestion for new Hospice PIP: When your family member was in hospice care, how often did anyone from the hospice team give you confusing or contradictory information about your family member’s condition or care?

David stated that we have had enough positive data for Bereavement Satisfaction to list this goal as completed. David shared that we fell off on the “patient informed when staff would arrive” score, and recommended checking for yellow calendars. Linda stated that there is a consistent issue with patients receiving an automated visit reminder and then a clinician will reschedule but not update the patient of the change. Dr. Mattern asked if the notification needed to be a clinician task and asked who schedules the appointments for Hospice. He asked if there is someone who can assist clinicians with rescheduling

notifications. Christina recommended having a subcommittee for this metric in both Home Health and Hospice.

Action:

Christina to create a subcommittee with Kyra, Linda, Gina, Krystal, and David to focus on scores for informing patients when staff would arrive.

David shared that he wants night and evening shift nurses to offer visits for assistance. Dr. Mattern asked if staff use video/facetime visits for these shifts. He shared that this has been a helpful tool in primary care offices. David shared his concern that the issue is with responsiveness with the night nurses, as opposed to patient refusal. Jill shared that there is also an issue of patients not knowing when to call for certain requests. Christina asked if we could look at calls during evenings, weekends, and holidays to see if calls are appropriate for visits. Krystal and David shared that Northstar triage has a meeting with them to review calls already and that the calls are recorded. Christina asked the group if we should create a reference sheet for patients directing them of when to call for which needs. Dr. Mattern recommended a subcommittee for this issue also. Discussion ensued. Dr. Mattern stated that this issue ties in with the final slide, "how often did anyone from hospice team give you confusing/contradictory information", and that when daytime information is confusing, the after-hours care is even more difficult to navigate. Dr. Mattern suggested doing a deep dive into these scores to see if there is a correlation between after-hours calls and the information that they receive during the day. David shared that new pain medicine routes may assist with some of the confusion for services during end-of-life care.

The group highlighted pain management issues at long term care facilities where med techs are not able to titrate medication. Dr. Mattern stated that he receives more calls from family members than facilities and that can lead to lower scores for our pain management for Hospice patients. David stated that we need to have follow up conversations to encourage facilities to utilize our nurses for medication titration after hours. Sara shared that it is helpful to be able to electronically sign orders remotely in Epic for real-time changes. Lisa shared that med techs are still not able to enter those orders into their MAR without a nurse. Discussion ensued. David stated that there are changes being made to night nurse services, so we need to be careful with how we offer services until we have a more standardized after-hours plan.

The meeting concluded at 2:45 pm.

Next meeting: July 9, 2025

JEFFERSON COUNTY PUBLIC HOSPITAL DISTRICT NO. 2

RESOLUTION 2025-13

A RESOLUTION TO DECLARE CERTAIN EQUIPMENT SURPLUS TO THE NEEDS OF JEFFERSON COUNTY PUBLIC HOSPITAL DISTRICT NO. 2 AND TO AUTHORIZE THE DISPOSAL OF SAID EQUIPMENT

WHEREAS the item(s) of equipment enumerated below are obsolete and otherwise surplus to the District, and;

WHEREAS said equipment now represents an unnecessary cost to the District to retain and store it,

NOW, THEREFORE, BE IT RESOLVED THAT:

- 1) The following equipment be declared surplus to the needs of Jefferson County Public Hospital District No. 2 and will be disposed of in compliance with state law:

Description	Asset #	Serial #	Model #
Scanner, bladder	ACU0059/16-00278	MD6000 G1038	Laborie 3D
Exercise bike	PT0076	0233937	C570U

APPROVED this 18th day of June 2025.

APPROVED BY THE COMMISSION:

Commission Chair Jill Buhler Rienstra: _____

Commission Secretary Marie Dressler: _____

Attest:

Commissioner Bruce McComas: _____

Commissioner Kees Kolff: _____

Commissioner Matt Ready: _____

Jefferson County Public Hospital District #2 Surplus Equipment Form

Department: ACU, 6070 Date: 05/02/2025

Equipment to be declared surplus: SCANNER, BLADDER

Asset Number: ACU0059/16-00278 Serial Number: MD6000 G1038

Model Number: Laborie 3D

Justification for declaring surplus: (check all that apply)

- No longer supports current software
- End of life, useful life exhausted
- Not supported by original manufacturer, parts not available
- Cost of parts to repair exceeds cost of new equipment
- Technology outdated
- Removed or altered during remodeling process
- Other non-repairable Replaced by another unit

Depreciated value: _____

Department Director Signature

Materials Director Signature

Recommended Disposition:

- Send to surplus storage until _____ if not pulled for service dispose in appropriate manner.
- Use as trade-in and return to vendor _____
- Send to recycler* _____
- Placed with third party reseller _____
- Send to landfill* _____

*If another party wishes to take equipment from District at no cost the CEO shall have discretion to allow this.

Sell to _____

Approved by Commission on _____ Resolution # _____

DRAFT

Jefferson County Public Hospital District #2
Surplus Equipment Form

Department: ACU, 6070 Date: 05/02/2025

Equipment to be declared surplus: Exercise Bike

Asset Number: PT0076 Serial Number: 0233937

Model Number: C570U

Justification for declaring surplus: (check all that apply)

- No longer supports current software
- End of life, useful life exhausted
- Not supported by original manufacturer, parts not available
- Cost of parts to repair exceeds cost of new equipment
- Technology outdated
- Removed or altered during remodeling process
- Other non-repairable Will be Replaced by another unit

Depreciated value: _____

Department Director Signature

Materials Director Signature

Recommended Disposition:

- Send to surplus storage until _____ if not pulled for service dispose in appropriate manner.
- Use as trade-in and return to vendor _____
- Send to recycler* _____
- Placed with third party reseller _____
- Send to landfill* _____

*If another party wishes to take equipment from District at no cost the CEO shall have discretion to allow this.

Sell to _____

JEFFERSON COUNTY PUBLIC HOSPITAL DISTRICT NO. 2
RESOLUTION 2025-14

A RESOLUTION CANCELING CERTAIN WARRANTS IN
THE AMOUNT OF \$5,096.93

WHEREAS warrants of any municipal corporation not presented within one year of their issue, or, that have been voided or replaced, shall be canceled by the passage of a resolution of the governing body;

NOW, THEREFORE BE IT RESOLVED THAT:

In order to comply with RCW 36.22.100, the warrants indicated below in the total amount of \$5,096.93 to be canceled.

Date of Issue	Warrant #	Amount
02/01/2024	305070	\$123.62
02/01/2024	305071	\$123.49
02/01/2024	305072	\$117.00
02/01/2024	305073	\$111.45
02/01/2024	305074	\$75.00
02/01/2024	305075	\$73.62
02/01/2024	305076	\$70.23
02/01/2024	305077	\$70.04
02/01/2024	305078	\$66.83
02/01/2024	305079	\$67.60
02/01/2024	305080	\$68.67
02/01/2024	305081	\$30.00
02/01/2024	305082	\$607.00
02/01/2024	305083	\$30.39
02/01/2024	305084	\$20.00
02/01/2024	305085	\$1,973.61
02/01/2024	305090	\$243.58
03/14/2024	306161	\$554.87
03/14/2024	306175	\$139.00
03/14/2024	306206	\$48.37
03/28/2024	306392	\$92.94
04/11/2024	306679	\$197.60
04/11/2024	306681	\$152.00
04/18/2024	307024	\$40.00
Total		\$5,096.93

APPROVED this 18th day of June 2025.

APPROVED BY THE COMMISSION:

Commission Chair Jill Buhler Rienstra: _____

Commissioner Marie Dressler: _____

Attest:

Commissioner Matt Ready: _____

Commissioner Kees Kolff: _____

Commissioner Bruce McComas: _____

DRAFT

**JEFFERSON HEALTHCARE
834 SHERIDAN AVENUE
PORT TOWNSEND, WA 98368**

**TO: BOARD OF COMMISSIONERS
FROM: TYLER FREEMAN, CFO
RE: March 2025 WARRANT SUMMARY**

The following items need to be approved at the next commission meeting:

General Fund Warrants & ACH Transfers	\$20,654,794.29	(Provided under separate cover)
Allowance for Uncollectible Accounts / Charity	\$611,607.00	(Updated)
Canceled Warrants	4,707.33	(Attached)

DRAFT

**JEFFERSON HEALTHCARE
834 SHERIDAN AVENUE
PORT TOWNSEND, WA 98368**

**TO: BOARD OF COMMISSIONERS
FROM: TYLER FREEMAN, CFO
RE: March 2025 GENERAL FUND WARRANTS & ACH
FUND TRANSFERS**

Submitted for your approval are the following warrants:

GENERAL FUND:

314150 - 314778 \$4,525,546.66

ACH TRANSFERS \$16,129,247.63

\$20,654,794.29

YEAR-TO-DATE: \$79,244,536.56

Warrants are available for review if requested.

DRAFT

JEFFERSON HEALTHCARE
834 SHERIDAN AVENUE
PORT TOWNSEND, WA 98368

TO: BOARD OF COMMISSIONERS
FROM: TYLER FREEMAN, CFO
RE: March 2025 ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS, ADMINISTRATIVE, AND CHARITY CARE WRITE OFFS

Submitted for your approval are the following:

	March	March YTD	March YTD BUDGET
Allowance for Uncollectible Accounts:	(1,238.00)	961,329.00	1,630,102.00
Charity Care:	595,397.00	1,533,905.00	1,278,736.00
Other Administrative Adjustments:	17,448.00	107,885.00	163,617.00
	<hr/>		
TOTAL FOR MONTH:	611,607.00	2,603,119.00	3,072,455.00
	<hr/> <hr/>		

DRAFT

**JEFFERSON HEALTHCARE
834 SHERIDAN AVENUE
PORT TOWNSEND, WA 98368**

**TO: BOARD OF COMMISSIONERS
FROM: TYLER FREEMAN, CFO
RE: April 2025 WARRANT SUMMARY**

The following items need to be approved at the next commission meeting:

General Fund Warrants & ACH Transfers	\$24,393,771.40	(Provided under separate cover)
Allowance for Uncollectible Accounts / Charity	\$936,852.00	(Updated)
Canceled Warrants	389.60	(Attached)

DRAFT

**JEFFERSON HEALTHCARE
834 SHERIDAN AVENUE
PORT TOWNSEND, WA 98368**

**TO: BOARD OF COMMISSIONERS
FROM: TYLER FREEMAN, CFO
RE: April 2025 GENERAL FUND WARRANTS & ACH
FUND TRANSFERS**

Submitted for your approval are the following warrants:

GENERAL FUND:

314779 - 315353 \$8,063,587.07

ACH TRANSFERS \$16,330,184.33

\$24,393,771.40

YEAR-TO-DATE: \$103,638,307.96

Warrants are available for review if requested.

DRAFT

JEFFERSON HEALTHCARE
834 SHERIDAN AVENUE
PORT TOWNSEND, WA 98368

TO: BOARD OF COMMISSIONERS
FROM: TYLER FREEMAN, CFO
RE: April 2025 ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS, ADMINISTRATIVE, AND CHARITY CARE WRITE OFFS

Submitted for your approval are the following:

	April	April YTD	April YTD BUDGET
Allowance for Uncollectible Accounts:	453,943.00	1,415,272.00	2,175,264.00
Charity Care:	457,833.00	1,991,738.00	1,706,389.00
Other Administrative Adjustments:	25,076.00	132,961.00	218,337.00
	<hr/>		
TOTAL FOR MONTH:	936,852.00	3,539,971.00	4,099,990.00
	<hr/> <hr/>		

DRAFT

JEFFERSON HEALTHCARE
834 SHERIDAN AVENUE
PORT TOWNSEND, WA 98368

TO: BOARD OF COMMISSIONERS
FROM: TYLER FREEMAN, CFO
RE: April 2025 WARRANT CANCELLATIONS

State law requires you to pass a resolution canceling any warrants which are not presented to the Treasurer for payment within one year of issue.

DATE	WARRANT	AMOUNT
04/11/2024	306679 FBO HOSPITAL DISTRICT #2	197.60
04/11/2024	306681 FBO HOSPITAL DISTRICT #2	152.00
04/18/2024	307024 FBO HOSPITAL DISTRICT #2	40.00
		389.60

Gross Revenue

Inpatient Revenue
Outpatient Revenue

Total Gross Revenue

Revenue Adjustments

Cost Adjustment Medicaid
Cost Adjustment Medicare
Charity Care
Contractual Allowances Other
Administrative Adjustments
Allowance for Uncollectible Accounts

Total Revenue Adjustments

Net Patient Service Revenue

Other Revenue

Pharmacies
Grants
Other Operating Revenue

Total Operating Revenues

Operating Expenses

Salaries And Wages
Employee Benefits
Professional Fees
Purchased Services
Supplies
Insurance
Leases And Rentals
Depreciation And Amortization
Repairs And Maintenance
Utilities
Licenses And Taxes
Other

Total Operating Expenses
Operating Income (Loss)

Non Operating Revenues (Expenses)

Taxation For Maint Operations
Investment Income
Interest Expense
Contributions

Total Non Operating Revenues (Expenses)

Change in Net Position (Loss)

	April 2025 Actual	April 2025 Budget	Variance Favorable/ (Unfavorable)	%	April 2025 YTD	April 2025 Budget YTD	Variance Favorable/ (Unfavorable)	%	April 2024 YTD
Inpatient Revenue	4,010,781	3,785,596	225,185	6%	14,365,495	15,090,333	(724,838)	-5%	14,549,077
Outpatient Revenue	34,702,708	33,695,562	1,007,145	3%	136,262,929	134,464,236	1,798,693	1%	121,676,551
Total Gross Revenue	38,713,488	37,481,158	1,232,330	3%	150,628,424	149,554,570	1,073,855	1%	136,225,628
Revenue Adjustments									
Cost Adjustment Medicaid	2,622,177	1,976,988	(645,189)	-33%	9,544,027	7,888,433	(1,655,595)	-21%	8,864,719
Cost Adjustment Medicare	15,381,526	14,479,973	(901,553)	-6%	59,303,939	57,776,928	(1,527,012)	-3%	53,558,685
Charity Care	457,833	427,653	(30,180)	-7%	1,991,738	1,706,389	(285,349)	-17%	1,535,696
Contractual Allowances Other	3,738,578	3,358,473	(380,105)	-11%	13,467,524	13,400,731	(66,793)	0%	11,961,896
Administrative Adjustments	25,076	54,719	29,643	54%	132,961	218,337	85,376	39%	209,585
Allowance for Uncollectible Accounts	453,943	545,162	91,219	17%	1,415,272	2,175,264	759,992	35%	1,242,172
Total Revenue Adjustments	22,679,133	20,842,967	(1,836,166)	-9%	85,855,461	83,166,081	(2,689,380)	-3%	77,372,753
Net Patient Service Revenue	16,034,355	16,638,191	(603,836)	-4%	64,772,963	66,388,488	(1,615,525)	-2%	58,852,875
Other Revenue									
Pharmacies	510,117	629,072	(118,955)	-19%	2,363,732	2,516,290	(152,557)	-6%	1,616,826
Grants	14,054	24,422	(10,369)	-42%	133,865	97,690	36,176	37%	1,178,308
Other Operating Revenue	54,147	72,772	(18,625)	-26%	312,281	291,090	21,192	7%	328,618
Total Operating Revenues	16,612,674	17,364,458	(751,784)	-4%	67,582,842	69,293,557	(1,710,715)	-2%	61,976,627
Operating Expenses									
Salaries And Wages	8,420,890	8,193,259	(227,631)	-3%	32,275,485	32,752,288	476,803	1%	29,727,234
Employee Benefits	1,750,388	1,832,292	81,904	4%	7,232,673	7,487,898	255,226	3%	6,597,106
Professional Fees	577,557	502,269	(75,287)	-15%	2,613,494	2,009,078	(604,416)	-30%	1,738,099
Purchased Services	977,765	1,277,449	299,684	23%	3,489,980	5,109,795	1,619,815	32%	4,418,824
Supplies	3,847,202	3,543,878	(303,324)	-9%	15,995,912	14,058,555	(1,937,356)	-14%	12,205,306
Insurance	149,387	144,466	(4,921)	-3%	595,702	577,862	(17,840)	-3%	552,619
Leases And Rentals	139,870	119,990	(19,880)	-17%	315,419	479,960	164,540	34%	301,481
Depreciation And Amortization	518,956	445,397	(73,558)	-17%	2,083,519	1,781,590	(301,930)	-17%	1,776,818
Repairs And Maintenance	109,066	112,735	3,668	3%	450,996	450,938	(58)	0%	345,978
Utilities	180,649	133,835	(46,813)	-35%	639,310	535,341	(103,969)	-19%	458,951
Licenses And Taxes	163,887	160,040	(3,846)	-2%	647,311	640,161	(7,149)	-1%	434,347
Other	61,964	340,418	278,453	82%	1,318,135	1,361,671	43,535	3%	1,011,910
Total Operating Expenses	16,897,581	16,806,028	(91,553)	-1%	67,657,936	67,245,137	(412,798)	-1%	59,568,672
Operating Income (Loss)	(284,907)	558,430	(843,337)	-151%	(75,094)	2,048,420	(2,123,514)	-104%	2,407,955
Non Operating Revenues (Expenses)									
Taxation For Maint Operations	44,810	45,833	(1,023)	-2%	179,239	183,333	(4,094)	-2%	180,032
Investment Income	320,638	291,070	29,568	10%	1,379,164	1,164,280	214,884	18%	1,680,263
Interest Expense	(594,738)	(588,257)	(6,481)	-1%	(2,384,750)	(2,353,026)	(31,724)	-1%	(2,329,189)
Contributions	946,244	513,249	432,995	84%	2,121,677	2,052,995	68,682	3%	17,151
Total Non Operating Revenues (Expenses)	768,954	261,896	507,059	194%	1,347,331	1,047,582	299,748	29%	(451,743)
Change in Net Position (Loss)	484,047	820,326	(336,279)	-41%	1,272,237	3,096,002	(1,823,765)	-59%	1,956,212

STATISTIC DESCRIPTION

	APRIL 2025						APRIL 2024			
	MO ACTUAL	MO BUDGET	% VARIANCE	YTD ACTUAL	YTD BUDGET	% VARIANCE	MO ACTUAL	% VARIANCE	YTD ACTUAL	% VARIANCE
FTEs - TOTAL (AVG)	720	773	7%	706	772	9%	675	-7%	672	-5%
FTEs - PRODUCTIVE (AVG)	653	698	6%	640	698	8%	617	-6%	608	-5%
ADJUSTED PATIENT DAYS	4,544	4,200	8%	19,072	16,798	14%	4,667	-3%	15,757	21%
ICU PATIENT DAYS (IP + OBSERVATION, MIDNIGHT CENSUS)	62	62	0%	282	247	14%	43	44%	262	8%
ACU PATIENT DAYS (IP + OBSERVATION, MIDNIGHT CENSUS)	334	353	-5%	1,343	1,414	-5%	333	0%	1,442	-7%
SWING IP PATIENT DAYS (MIDNIGHT CENSUS)	40	21	90%	121	82	48%	-	0%	70	73%
PATIENT DAYS (ACU, ICU, SWING), INCLUDES OBSERVATION	436	436	0%	1,746	1,742	0%	376	16%	1,774	-2%
BIRTHS	8	7	14%	28	26	8%	11	-27%	26	8%
SURGERY CASES (IN OR)	164	154	6%	571	570	0%	151	9%	561	2%
SURGERY MINUTES (IN OR)	16,290	14,838	10%	55,390	58,294	-5%	15,128	8%	59,813	-7%
SPECIAL PROCEDURE CASES	91	105	-13%	390	422	-8%	107	-15%	397	-2%
SURGERY MINUTES (SPECIAL PROCEDURES)	4,142	5,564	-26%	18,223	22,258	-18%	5,064	-18%	19,518	-7%
LAB BILLABLE TESTS	23,999	23,014	4%	94,486	92,055	3%	22,862	5%	91,500	3%
BLOOD BANK UNITS MATCHED	47	45	4%	165	179	-8%	41	15%	172	-4%
MRIs COMPLETED	257	249	3%	1,017	998	2%	221	16%	958	6%
CT SCANS COMPLETED	721	735	-2%	2,908	2,939	-1%	673	7%	2,754	6%
RADIOLOGY-DEXA	141	154	-8%	642	617	4%	215	-34%	558	15%
X-RAYS COMPLETED	1,831	1,759	4%	7,243	7,034	3%	1,938	-6%	7,523	-4%
ECHOs COMPLETED	206	193	7%	793	771	3%	196	5%	784	1%
ULTRASOUNDS COMPLETED	417	405	3%	1,681	1,619	4%	456	-9%	1,558	8%
MAMMOGRAPHS COMPLETED	399	279	43%	1,328	1,118	19%	303	32%	1,069	24%
NUCLEAR MEDICINE TESTS	41	34	21%	151	136	11%	42	-2%	127	19%
TOTAL DIAGNOSTIC IMAGING TESTS	4,013	3,808	5%	15,763	15,232	3%	4,044	-1%	15,331	3%
PHARMACY MEDS DISPENSED	21,180	20,369	4%	82,960	81,478	2%	20,654	3%	87,572	-5%
PHARMACY INFUSION MEDS DISPENSED	2,159	2,263	-5%	8,693	9,053	-4%	-	0%	-	0%
RETAIL PHARMACY SCRIPTS FILLED	2,279	1,974	15%	8,302	7,896	5%	-	0%	-	0%
ANTI COAG VISITS	293	279	5%	1,113	1,118	0%	323	-9%	1,259	-12%
RESPIRATORY THERAPY CHARGE UNITS	1,685	2,877	-41%	6,807	11,507	-41%	2,241	-25%	11,917	-43%
PULMONARY REHAB CHARGE UNITS	147	108	36%	510	432	18%	75	96%	332	54%
CARDIAC REHAB SESSIONS	227	196	16%	829	783	6%	190	19%	647	28%
PHYSICAL THERAPY CHARGE UNITS	7,912	7,170	10%	29,048	28,679	1%	7,335	8%	27,091	7%
OCCUPATIONAL THERAPY CHARGE UNITS	842	925	-9%	2,915	3,699	-21%	751	12%	3,807	-23%
SPEECH THERAPY CHARGE UNITS	302	247	22%	1,243	986	26%	197	53%	878	42%
REHAB/PT/OT/ST	9,430	8,645	9%	34,545	34,580	0%	8,548	10%	32,755	5%
ER CENSUS	1,295	1,332	-3%	5,150	5,326	-3%	1,206	7%	4,688	10%
EXPRESS CLINIC	1,192	1,282	-7%	4,765	5,129	-7%	1,172	2%	4,569	4%
SOCO PATIENT VISITS	240	221	9%	867	884	-2%	197	22%	711	22%
PORT LUDLOW PATIENT VISITS	612	618	-1%	2,440	2,472	-1%	492	24%	2,327	5%
SHERIDAN PATIENT VISITS	3,065	3,104	-1%	11,812	12,417	-5%	3,068	0%	11,444	3%
DENTAL CLINIC	471	613	-23%	1,877	2,453	-23%	464	2%	1,751	7%
WATERSHIP CLINIC PATIENT VISITS	1,385	1,410	-2%	5,102	5,640	-10%	1,148	21%	4,578	11%
TOWNSEND PATIENT VISITS	549	544	1%	2,031	2,176	-7%	491	12%	2,169	-6%
TOTAL RURAL HEALTH CLINIC VISITS	7,514	7,793	-4%	28,894	31,171	-7%	7,032	7%	27,549	5%
CARDIOLOGY CLINIC VISITS	453	499	-9%	1,630	1,996	-18%	485	-7%	1,896	-14%
DERMATOLOGY CLINIC VISITS	825	781	6%	2,633	3,123	-16%	686	20%	2,832	-7%
ENT CLINIC VISITS	-	-	0%	-	-	0%	-	0%	-	0%
GEN SURG VISITS	346	349	-1%	1,281	1,396	-8%	418	-17%	1,431	-10%
NEUROLOGY VISITS	163	132	23%	530	526	1%	17	859%	34	1459%
ONCOLOGY VISITS	421	518	-19%	1,490	2,071	-28%	416	1%	1,519	-2%
ORTHO VISITS	679	675	1%	2,836	2,701	5%	626	8%	2,585	10%
PULMONOLOGY CLINIC VISITS	-	-	0%	-	-	0%	-	0%	-	0%
RHEUMATOLOGY VISITS	20	12	67%	81	49	65%	8	150%	13	523%
SLEEP CLINIC VISITS	220	201	9%	888	803	11%	232	-5%	786	13%
UROLOGY VISITS	266	205	30%	891	822	8%	279	-5%	917	-3%
JH UROLOGY SERVICES VASECTOMY VISITS	-	12	-100%	25	49	-49%	-	0%	-	0%
OB/GYN CLINIC VISITS	339	359	-6%	1,067	1,437	-26%	383	-11%	1,436	-26%
WOUND CLINIC VISITS	105	181	-42%	398	726	-45%	155	-32%	516	-23%
HANDS/PLASTICS VISITS	229	219	5%	805	877	-8%	242	-5%	818	-2%
TOTAL SPECIALTY CLINIC VISITS	4,066	4,144	-2%	14,555	16,577	-12%	3,947	3%	14,783	-2%
SLEEP CENTER SLEEP STUDIES	66	56	18%	233	225	4%	47	40%	193	21%
INFUSION CENTER VISITS	682	878	-22%	2,880	3,513	-18%	823	-17%	2,981	-3%
RADIATION ONCOLOGY VISITS	-	-	0%	-	-	0%	-	0%	-	0%
SURGERY CENTER ENDOSCOPIES	77	74	4%	294	296	-1%	81	-5%	289	2%
HOME HEALTH EPISODES	50	79	-37%	231	315	-27%	80	-38%	325	-29%
HOME HEALTH VISITS	1,175	927	27%	4,404	3,706	19%	973	21%	3,702	19%
HOSPICE CENSUS/DAYS	1,096	1,041	5%	4,564	4,166	10%	1,018	8%	4,189	9%
HOSPICE VISITS	502	328	53%	1,720	1,312	31%	361	39%	1,338	29%
FOOD AND NUTRITION SERVICES MEALS SERVED	6,912	9,750	-29%	27,081	38,998	-31%	6,864	1%	26,757	1%
MAT MGMT TOTAL ORDERS PROCESSED	2,301	1,861	24%	8,195	7,444	10%	1,827	26%	7,352	11%
REGISTRATION HOSPITAL ACCOUNTS CREATED	8,234	8,426	-2%	32,284	33,706	-4%	-	0%	-	0%
PATIENT ENGAGEMENT CENTER CALLS HANDLED	20,130	17,905	12%	77,876	71,621	9%	-	0%	-	0%
PRE-POST OP RECOVERY CASES	116	107	8%	427	419	2%	114	2%	420	2%
PRE-POST OP RECOVERY MINUTES	4,949	4,443	11%	19,414	17,456	11%	4,865	2%	17,974	8%
ANESTHESIA MINUTES	19,911	20,192	-1%	71,420	79,331	-10%	19,503	2%	76,822	-7%
DIABETES EDUCATION AND NUTRITION SERVICES VISITS	39	46	-15%	162	185	-12%	57	-32%	168	-4%

PUBLIC HOSPITAL DISTRICT NO. 2
JEFFERSON COUNTY, WASHINGTON
RESOLUTION NO. 2025-15

A RESOLUTION of the Commission of Public Hospital District No. 2, Jefferson County, Washington, providing for the issuance, fixing or setting of parameters with respect to certain terms and covenants, and fixing the form of a not to exceed \$8,500,000 par value Public Hospital District No. 2, Jefferson County, Washington (Jefferson Healthcare), Hospital Revenue Bond, 2025, of the District for the purposes of providing the funds to pay part of the costs of acquiring and renovating a medical facility and storage facility and other capital projects, to pay off the District's Limited Tax General Obligation Bond, 2017A and to refinance the District's Hospital Revenue Bond, 2017B; appointing the District's designated representative pursuant to RCW 39.46.040(2); authorizing the sale and providing for the delivery of the bond to Key Government Finance, Inc.; and providing for other matters properly related thereto, all as more particularly set forth herein.

ADOPTED June 18, 2025

*Prepared by
Foster Garvey P.C.
1111 Third Avenue, Suite 3000
Seattle, Washington 98101
(206) 447 4400*

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PUBLIC HOSPITAL DISTRICT NO. 2
JEFFERSON COUNTY, WASHINGTON
RESOLUTION NO. 2025-15

A RESOLUTION of the Commission of Public Hospital District No. 2, Jefferson County, Washington, providing for the issuance, fixing or setting of parameters with respect to certain terms and covenants, and fixing the form of a not to exceed \$8,500,000 par value Public Hospital District No. 2, Jefferson County, Washington (Jefferson Healthcare), Hospital Revenue Bond, 2025, of the District for the purposes of providing the funds to pay part of the costs of acquiring and renovating a medical facility and storage facility and other capital projects, to pay off the District’s Limited Tax General Obligation Bond, 2017A and to refinance the District’s Hospital Revenue Bond, 2017B; appointing the District’s designated representative pursuant to RCW 39.46.040(2); authorizing the sale and providing for the delivery of the bond to Key Government Finance, Inc.; and providing for other matters properly related thereto, all as more particularly set forth herein.

WHEREAS, Public Hospital District No. 2, Jefferson County, Washington (the “District”) has been duly established covering a portion of Jefferson County, Washington, for the purpose of owning and operating hospitals and other health care facilities and providing hospital services and other health care services for the residents of the District and other persons pursuant to the provisions of Chapter 70.44 RCW; and

WHEREAS, the District owns and operates Jefferson Healthcare, including Jefferson Hospital and other District facilities (the “District Facilities”); and

WHEREAS, pursuant to chapters 35.41, 39.46 and 70.44 RCW, the District is authorized to issue revenue bonds (as further described herein, the “Bond”) for the purpose of accomplishing the Project Plan (as defined in Section 1 of this Resolution); and

WHEREAS, the Commission has previously adopted Resolution No. 2017-26, which authorized the issuance of the District’s Limited Tax General Obligation Bond, 2017A, to Key Government Finance, Inc., and under that resolution allows for prepayment of such bond under certain conditions; and

WHEREAS, the Commission has previously adopted Resolution No. 2017-27, which authorized the issuance of the District’s Hospital Revenue Bond, 2017B, to Key Government Finance, Inc., and under that resolution allows for prepayment of such bond under certain conditions; and

WHEREAS, the District has previously issued its Hospital Revenue and Refunding Bonds, 2023A, its Hospital Revenue Bond, 2023B and its Hospital Revenue Bond, 2023C, and under the resolutions authorizing the issuance of those bonds, have authorized the issuance of future bonds on a parity of lien with such bonds, under certain conditions; and

WHEREAS, the Commission deems it to be in the best interests of the District to authorize issuance of the Bond to be payable from the Net Revenue of District (as defined in Section 1 of this Resolution) to carry out a portion of the Project Plan as ratified and ordered to be carried out in Section 3 of this Resolution, to repay the 2017A LTGO Bond, to refinance the 2017B Revenue Bond and to pay costs associated with issuing and selling the Bond; and

WHEREAS, RCW 39.46.040(2) provides that a resolution authorizing the issuance of bonds may authorize an officer or employee of the District to serve as the District's designated representative and to accept, on behalf of the District, an offer to purchase that bond so long as the acceptance of such offer is consistent with terms established by a resolution that establishes the following terms for the bonds (or parameters with respect thereto): the amount, date, denominations, interest rates, payment dates, final maturity, redemption rights, price, and any other terms and conditions deemed appropriate by the Commission; and

WHEREAS, Key Government Finance, Inc. has offered to purchase the Bond under the terms and conditions hereinafter set forth; NOW, THEREFORE,

BE IT RESOLVED BY THE COMMISSION OF PUBLIC HOSPITAL DISTRICT NO. 2, JEFFERSON COUNTY, WASHINGTON, as follows:

Section 1. Definitions. In addition to the words and terms defined elsewhere in this Resolution, the following words and terms as used in this Resolution shall have the following meanings, unless the context or use indicates another or different meaning or intent. Unless the context indicates, words importing the singular number shall include the plural number and vice versa.

(a) “*2017A LTGO Bond*” means the Public Hospital District No. 2, Jefferson County Hospital Limited Tax General Obligation Bond, 2017A, originally issued in the aggregate principal amount of \$1,250,000, pursuant to Resolution No. 2017-26.

(b) “*2017B Revenue Bond*” means the Public Hospital District No. 2, Jefferson County Hospital Revenue Bond, 2017B, originally issued in the aggregate principal amount of \$6,030,000, pursuant to Resolution No. 2017-27.

(c) “*2023A Revenue Bonds*” means the Public Hospital District No. 2, Jefferson County, Washington (Jefferson Healthcare), Hospital Revenue and Refunding Bonds, 2023A, originally issued in the aggregate principal amount of \$66,740,000, pursuant to Resolution No. 2023-19.

(d) “*2023B Revenue Bond*” means the Public Hospital District No. 2, Jefferson County, Washington (Jefferson Healthcare), Hospital Revenue Bond, 2023C, originally issued in the aggregate principal amount of \$25,000,000, pursuant to Resolution No. 2023-20.

(e) “*2023C Revenue Bond*” means the Public Hospital District No. 2, Jefferson County, Washington (Jefferson Healthcare), Hospital Revenue Bond, 2023C, originally issued in the aggregate principal amount of \$21,650,000, pursuant to Resolution No. 2023-21.

(f) “*Annual Debt Service*” means, for any year, all amounts required to be paid in respect of interest on and principal of Parity Bonds (excluding interest payments capitalized by Parity Bonds and accrued interest paid upon the issuance of Parity Bonds), subject to the following:

(i) *Debt Service on Term Bonds.* For purposes of calculating the principal portion of debt service on Term Bonds, only the scheduled mandatory redemption amounts payable in respect of principal of Term Bonds shall be taken into account in any year prior to the Term Bond Maturity Year, and only the principal amount scheduled to remain Outstanding after payment of all prior mandatory redemption amounts shall be taken into account in the Term Bond Maturity Year;

(ii) *Interest on Parity Bonds.* For purposes of determining compliance with the Coverage Requirement and the conditions for the issuance of Future Parity Bonds,

(A) *Generally.* Except as otherwise provided by subparagraph (ii)(B) with respect to Variable Interest Rate Bonds, interest on any issue of Parity Bonds payable in a year shall be calculated based on the actual amount of accrued, accreted or otherwise accumulated interest that is payable in that year in respect of that issue taken as a whole, at the rate or rates set forth in the resolution authorizing the Parity Bonds; and

(B) *Interest on Variable Interest Rate Bonds.* The amount of interest deemed to be payable on any issue of Variable Interest Rate Bonds shall be calculated on the assumption that the interest rate on those bonds would be equal to the rate (the “assumed RBI-based rate”) that is 100% of the average Bond Buyer Revenue Bond Index or comparable index during the fiscal quarter preceding the quarter in which the calculation is made; except that, for purposes of determining actual compliance with the Coverage Requirement in any past year, the actual amount of interest paid on any issue of Variable Interest Rate Bonds shall be used.

(iii) *Balloon Indebtedness.* In computing Annual Debt Service on any Parity Bonds or any portion thereof that constitute Balloon Indebtedness, it shall be assumed that the principal of such Balloon Indebtedness, together with interest thereon at the rate applicable to such Balloon Indebtedness, shall be amortized in equal annual installments over a term of 25 years.

(iv) *Federal Payments.* The District may exclude the direct payment the District is expected to receive in respect of any Future Parity Bonds for which the federal government will provide the District with a direct payment of a portion of the interest from the interest portion of Annual Debt Service.

(v) *Reserve Account Amounts.* For purposes of determining the Annual Debt Service on the final maturity of the Bond, the District may exclude an amount equal to the amounts on deposit in the Reserve Account representing the Reserve Requirement allocable to secure the Bond.

(g) “*Annual Financial Statements*” means the financial statements of the District for the most recent Fiscal Year, prepared, except as otherwise noted therein, in accordance with generally accepted accounting principles as promulgated from time to time by the Governmental

Accounting Standards Board or its successor or such other accounting principles as may be applicable to the District in the future pursuant to the applicable accounting standards board.

(h) “*Authorized Denomination*” means any denomination designated by the Designated Representative for the Bond.

(i) “*Average Annual Debt Service*” means, as of the date of its calculation, the sum of the Annual Debt Service for the remaining years to the last scheduled maturity of the applicable issue or series of Parity Bonds divided by the number of those years.

(j) “*Balloon Indebtedness*” means any series of Parity Bonds, other than Parity Bonds that have an original maturity less than one year, 15% of more of the original principal amount of which matures during any consecutive 12-month period if such maturing principal amounts are not required to be amortized by mandatory redemption or prepayment prior to such period.

(k) “*Beneficial Owner*” means, with respect to a Bond, the owner of any beneficial interest in that Bond.

(l) “*Bond*” means the Public Hospital District No. 2, Jefferson County, Washington (Jefferson Healthcare), Hospital Revenue Bond, 2025, authorized to be issued by this Resolution.

(m) “*Bond Fund*” means the Hospital District Revenue Bond Fund created by Resolution No. 2017-27 of the Commission for the purpose of paying the principal of and interest on the Parity Bonds.

(n) “*Bond Counsel*” means a firm of lawyers nationally recognized and accepted as bond counsel and so employed by the District for any purpose under this Resolution applicable to the use of that term.

(o) “*Bond Purchase Agreement*” means an offer to purchase the Bond, setting forth certain terms and conditions of the issuance, sale and delivery of the Bond, which offer is authorized to be accepted by the Designated Representative on behalf of the District, pursuant to Section 17 of this Resolution.

(p) “*Bond Register*” means the books or records maintained by the Bond Registrar for the purpose of identifying ownership of the Bond.

(q) “*Bond Registrar*” means the Fiscal Agent, or any successor bond registrar selected by the District.

(r) “*Chair*” means the Chair of the Commission.

(s) “*Chief Executive Officer*” means the means the Chief Executive Officer of the District or such other officer of the District who may in the future perform the duties of that office, if any.

(t) “*Chief Financial Officer*” means the Chief Financial Officer of the District or such other officer of the District who may in the future perform the duties of that office, if any.

(u) “*Code*” means the United States Internal Revenue Code of 1986, as amended, and applicable rules and regulations promulgated thereunder.

(v) “*Commission*” means the legislative authority of the District, as duly and regularly constituted from time to time.

(w) “*Coverage Requirement*” means, as of any date of determination, Net Income Available for Debt Service is at least 125% of the Annual Debt Service on all Parity Bonds then Outstanding.

(x) “*Days Cash on Hand*” means as of any date of determination, (i) the quotient derived by dividing (A) the sum of the District’s unrestricted cash, cash equivalents and investments (including Board designated investments and including cash from any future operating line of credit borrowings relating to construction; but excluding cash from any line of credit borrowings available for operating purposes) available for operating purposes, by (B) the operating expenses (excluding depreciation and amortization) of the District for the previous 12 months, (ii) multiplied by 365.

(y) “*Default Rate*” has the meaning set forth in Section 22, hereof.

(z) “*Designated Representative*” means the officer of the District appointed in Section 17 of this Resolution to serve as the District’s designated representative in accordance with RCW 39.46.040(2).

(aa) “*District*” means Public Hospital District No. 2, Jefferson County, Washington, a municipal corporation of the State of Washington, duly organized pursuant to the provisions of Chapter 70.44 RCW.

(bb) “*District Facilities*” means Jefferson Healthcare located in Port Townsend, Washington, and all other health care facilities now owned or hereafter acquired by the District.

(cc) “*Event of Taxability*” means any event or occurrence or any determination, decision or decree made in regard to Section 103 of the Code by the Commissioner of the Internal Revenue Service or any officer of the Internal Revenue Service empowered to make such determinations, or by any court of competent jurisdiction, to the effect that the interest payable on the Bond is includable in the gross income of the Registered Owner of the Bond for federal income taxation purposes, as a result of the failure of the District to comply with the requirements of the Code with respect to the exemption of income on the Bond from federal taxation, or as a result of a change in law.

(dd) “*Fiscal Agent*” means the fiscal agent of the State of Washington, as the same may be designated by the State of Washington from time to time.

(ee) “*Fiscal Year*” means the fiscal year of the District, as such fiscal year may change, currently, the calendar year.

(ff) “*Future Parity Bonds*” means any and all hospital revenue obligations issued in accordance with the terms hereof after the date of issuance of the Bond, the payment of which,

both principal and interest, constitutes a lien and charge upon the Net Revenue of the District equal in rank with the lien and charge upon such revenue for the payments required to pay or secure the payment of the Bond, the 2023A Revenue Bonds, the 2023B Revenue Bond and the 2023C Revenue Bond.

(gg) “*Government Obligations*” has the meaning given in RCW 39.53.010, as now in effect or as may hereafter be amended, and which are otherwise lawful investments for the District at the time of such investment.

(hh) “*Gross Revenue of the District*” means the proceeds of all operating and nonoperating revenues derived by the District at any time from any source, including any proceeds on deposit in any general or special fund maintained by the District, but excluding (i) all grants, donations and trust funds, including investment income earned thereon, which have been specifically restricted to a particular purpose inconsistent with the payment of expenses or debt service on any indebtedness incurred by the District, (ii) income derived from investments irrevocably pledged to the payment of any defeased bonds payable from Gross Revenue of the District, (iii) investment income earned on money in any fund or account created or maintained solely for the purpose of complying with the arbitrage rebate provisions of the Code, and (iv) all proceeds of tax levies, including any investment income earned thereon, all as determined in accordance with generally accepted account principles.

(ii) “*Hospital Consultant*” means any nationally recognized hospital consultant or consultants or any nationally recognized firm of certified public accountants with experience in the preparation of feasibility studies for use in connection with the financing of hospitals or evaluation of hospital operations selected by the District.

(jj) “*Initial Interest Period*” means the period from the Issue Date to but not including the Purchase Date.

(kk) “*Interest Period*” means, initially, the Initial Interest Period, and thereafter, the period from each Purchase Date to but not including the subsequent Purchase Date or the Maturity Date, as applicable, during which period the Bond bears interest at the rate established herein.

(ll) “*Issue Date*” means, with respect to the Bond, the date of initial issuance and delivery of the Bond to the Purchaser in exchange for the purchase price of the Bond.

(mm) “*Liquidity Requirement*” means forty-five (45) Days Cash on Hand.

(nn) “*Maturity Date*” means the maturity date of the Bond, as further described in Section 17 herein.

(oo) “*Maximum Annual Debt Service*” means the maximum amount of Annual Debt Service which will mature or become due in any future year.

(pp) “*Net Income Available for Debt Service*” means:

(i) The excess of the operating and nonoperating revenue derived by the District from any source over all expenses and other proper charges incurred by the District plus:

interest expenses on all indebtedness of the District; amortization expense incurred by the District; and depreciation expense incurred by the District; and less: unrealized gains or losses on investments, grants, donations, trust funds and proceeds of tax levies, including investment income earned thereon, which have been specifically restricted to a particular purpose inconsistent with the payment of Operating and Maintenance Expenses or the principal of and interest on the Parity Bonds or other obligations of the District payable from the Net Revenue of the District; income derived from investments irrevocably pledged to the payment of any defeased bonds payable from Gross Revenue of the District; and investment income earned on money in any fund or account created or maintained solely for the purpose of complying with the arbitrage rebate provisions of the Code.

(ii) For purposes of (i) above, such calculation shall be made in accordance with generally accepted accounting principles and shall exclude: profits or losses resulting from the sale or other disposition, not in the ordinary course of business, of investments or fixed or capital assets; profits or losses resulting from the early extinguishment of debt; expenses associated with issuing debt; the net proceeds of insurance (other than business interruption insurance); and other extraordinary items.

(qq) “*Net Revenue of the District*” means the Gross Revenue of the District less Operating and Maintenance Expenses incurred by the District.

(rr) “*Operating and Maintenance Expenses*” means all the expenses and other proper charges incurred by the District, as applicable; in each case, as determined in accordance with generally accepted accounting principles, but excluding interest, depreciation and amortization expenses.

(ss) “*Outstanding*,” when used as of any particular time with reference to the Parity Bonds, means all Parity Bonds theretofore, or thereupon being, authenticated and delivered by the Bond Registrar under this Resolution except: (i) Parity Bonds theretofore cancelled by the Bond Registrar or surrendered to the Bond Registrar for cancellation; (ii) Parity Bonds with respect to which all liability of the District shall have been discharged in accordance with Section 15; and (iii) Parity Bonds for the transfer or exchange of or in lieu of or in substitution for which other Bonds shall have been authenticated and delivered by the Bond Registrar pursuant to this Resolution.

(tt) “*Owner*” means, without distinction, the Registered Owner and the Beneficial Owner.

(uu) “*Parity Bonds*” means the Bond, the 2023A Revenue Bonds, the 2023B Revenue Bond, the 2023C Revenue Bond and any Future Parity Bonds.

(vv) “*Parity Bond Authorizing Resolution*” means this Resolution and any other resolution of the District that authorizes the issuance and sale and establishes the terms of a particular issue of Parity Bonds and other matters relating thereto.

(ww) “*Permitted Investments*” means any lawful investments for public hospital districts under State law.

(xx) “*Principal and Interest Account*” means the account of that name created by Resolution No. 2017-27 of the Commission, from which money will be used to pay the principal of and interest on the Parity Bonds.

(yy) “*Project Fund*” shall mean the fund or account of the District used to pay costs of the Project Plan.

(zz) “*Project Plan*” means those costs, services and expenses relating to the project plan as specified, adopted and ordered to be carried out in Section 3 below, including the payment of capitalized interest on the Bond.

(aaa) “*Purchase Date*” means (i) initially, December 15, 2032, and (ii) any subsequent purchase date selected by the District and the Purchaser, on which date the Bond will be subject to mandatory tender at the end of the related Interest Period, as contemplated by Section 18 hereof.

(bbb) “*Purchaser*” means the registered owner of the Bond, initially Key Government Finance, Inc., and its successors or assigns.

(ccc) “*Registered Owner*” means, with respect to the Bond, the person in whose name the Bond is registered on the Bond Register.

(ddd) “*Reserve Account*” means a fund or account, or subfund or subaccount, securing the 2023A Revenue Bonds, the 2023B Revenue Bond, the 2023C Revenue Bond and/or any issue of Future Parity Bonds. The Bond is not secured by the Reserve Account.

(eee) “*Reserve Requirement*” for the Bond means an amount equal to zero. The District may set the Reserve Requirement for any issue of Future Parity Bonds, provided that, in accordance with the requirements of the Code, the amount may not exceed the lesser of (i) Maximum Annual Debt Service on the series of Future Parity Bonds to be secured by the Reserve Account or (ii) 125% of Average Annual Debt Service on such the of Future Parity Bonds to be secured by the Reserve Account, but not to exceed 10% of the proceeds of Parity Bonds secured by the Reserve Account.

(fff) “*Resolution*” means this resolution of the District.

(ggg) “*Secretary*” means the Secretary of the Commission.

(hhh) “*State*” means the State of Washington.

(iii) “*Subordinate Parity Bonds*” means obligations payable from Net Revenue of the District that by the terms thereof is specifically junior and subordinate to the Parity Bonds with respect to payment of principal and interest thereon and the exercise of remedies in connection with an event of default, and has contained therein or in the Subordinate Parity Bonds Issuance Document relating thereto provisions substantially the same as those in Exhibit A; the failure to contain such provisions therein or in the Subordinate Parity Bonds Issuance Documents related thereto shall negate the pledge of Net Revenue of the District thereunder to secure the payment thereof.

(jjj) “*Subordinate Parity Bond Issuance Documents*” means any resolutions, loan agreements, indentures, credit agreements, covenant agreements and all other documents, as the case may be, authorizing, governing or issuing a series of Subordinate Parity Bonds.

(kkk) “*System of Registration*” means the system of registration for the District’s bonds and other obligations set forth in Resolution No. 86-06.

(lll) “*Term Bonds*” means, for any Parity Bonds, the bonds of any single issue or series of Parity Bonds for which a schedule of mandatory sinking fund payments with a corresponding mandatory redemption schedule (calling for the redemption of such bonds in principal amounts equal to such sinking fund payments within 13 months thereof) has been provided in the Parity Bond Authorizing Resolution authorizing the issuance of such Term Bonds.

(mmm) “*Term Bond Maturity Year*” means any year in which Term Bonds are scheduled to mature (regardless of any reservation of prior redemption rights or mandatory redemption requirements).

(nnn) “*Transfer*” means a sale, lease, assignment or other transfer of property in a manner that dispossesses the owner of the property or of any interest therein (including, without limitation, any involuntary disposition of any property or forgiveness of any debt).

(ooo) “*Treasurer*” means the Treasurer of Jefferson County, Washington, as ex officio treasurer of the District, or any successor to the functions of the Treasurer.

(ppp) “*Variable Interest Rate*” means any variable interest rate or rates to be borne by any Parity Bonds. The method of computing such a variable interest rate shall be as specified in the applicable Parity Bond Authorizing Resolution, which resolution also shall specify either (i) the particular period or periods of time or manner of determining such period or periods of time for which each value of such variable interest rate shall remain in effect or (ii) the time or times upon which any change in such variable interest rate shall become effective. A Variable Interest Rate may, without limitation, be based on the interest rate on certain bonds or may be based on interest rate, currency, commodity or other indexes.

(qqq) “*Variable Interest Rate Bonds*” means, for any period of time, any Parity Bonds that bear a Variable Interest Rate during that period, except that Parity Bonds shall not be treated as Variable Interest Rate Bonds if the net economic effect of interest rates on particular Parity Bonds of an issue and interest rates on other Parity Bonds of the same issue, as set forth in the applicable Parity Bond Authorizing Resolution, or the net economic effect of a Payment Agreement with respect to particular Parity Bonds, in either case is to produce obligations that bear interest at a fixed interest rate.

Section 2. Findings as to Parity Provisions. In accordance with the provisions of Resolutions Nos. 2023-19, 2023-20 and 2023-21 of the Commission, which permit the issuance of Future Parity Bonds upon compliance with the conditions set forth therein (the “Parity Conditions”), the Commission hereby finds and determines that this Resolution contains the provisions required by Resolutions Nos. 2023-19, 2023-20 and 2023-21 to be contained herein and further finds as follows:

- (a) All payments have been made as required into the Bond Fund.
- (b) No Event of Default has occurred for any Parity Bonds.
- (c) On or before the Issue Date of the Bond, the District shall obtain a certificate showing that the calculations contained in Section 14(d) of Resolutions Nos. 2023-19, 2023-20 and 2023-21 will be satisfied.

The Parity Conditions having been complied with in connection with the issuance of the Bond, the pledge contained herein of Net Revenue of the District to pay and secure the payment of the Bond shall constitute a lien and charge upon such revenue equal in rank with the lien and charge upon the Net Revenue of the District to pay and secure the payment of the 2023A Revenue Bonds, the 2023B Revenue Bond and the 2023C Revenue Bond.

Section 3. Adoption of Project Plan. The following plan of additions to and betterments and extensions of the facilities of the District (the “Project Plan”): acquiring, constructing, remodeling and renovating and equipping a medical facility and storage facility and other capital projects approved by the Commission. The Commission of the District may modify details of the Project Plan where necessary or advisable in the judgment of the Commission and where not substantially altering the purposes herein specified.

The estimated cost of the Project Plan is declared to be, as nearly as may be, \$3,000,000, which cost shall be paid from a portion of the proceeds of the Bond hereinafter authorized to be issued, and other money of the District legally available therefor.

Section 4. Provision for Issuance and Description of the Bond. Subject to the parameters set forth in Section 17 hereof, the Bond shall be dated the Issue Date, shall be issued in Authorized Denominations, shall be numbered separately in the manner and with any additional designation as the Bond Registrar deems necessary for purposes of identification and shall bear interest, payable on the interest payment dates set pursuant to Section 17, at the rate *per annum* from the Issue Date or from the most recent interest payment date for which interest has been paid or duly provided for, whichever is later, at the rate and shall mature in the year and principal amounts, all as set forth in the Bond Purchase Agreement. The District shall issue, sell and deliver the Bond, designated as the “Public Hospital District No. 2, Jefferson County, Washington (Jefferson Healthcare), Hospital Revenue Bond, 2025” (unless otherwise designated pursuant to Section 17 hereof) for the purpose of providing money to pay or reimburse costs of carrying out the Project Plan, to repay the 2017A LTGO Bond, to refinance the 2017B Revenue Bond and to pay costs of issuance of the Bond.

Section 5 Bond Registrar; Registration and Transfer of the Bond. Pursuant to RCW 39.46.030(3)(b), the Treasurer will appoint the Fiscal Agent to act as Bond Registrar for the Bond. The Bond Registrar is authorized, on behalf of the District, to authenticate and deliver the Bond in accordance with the provisions of the Bond and this Resolution. The Bond shall be issued only in registered form as to both principal and interest and shall be recorded on books or records maintained by the Bond Registrar (the “Bond Register”). The Bond Register shall contain the name and mailing address of the owner of the Bond.

The Bond Registrar shall keep, or cause to be kept, sufficient books for the registration and transfer of the Bond, which shall be open to inspection by the District at all times. The Bond Registrar is authorized, on behalf of the District, to authenticate and deliver the Bond transferred or exchanged in accordance with the provisions of the Bond and this Resolution, to serve as the District's paying agent for the Bond and to carry out all of the Bond Registrar's powers and duties under this Resolution and the System of Registration.

The Bond Registrar shall be responsible for its representations contained in the Bond Registrar's Certificate of Authentication on the Bond.

The Bond may be assigned or transferred only: (i) in whole; (ii) to a single investor that is a "qualified institutional buyer" as defined in Rule 144A of the Securities Act of 1933, as amended (the "1933 Act") or an "accredited investor" within the meaning of Rule 501(a) of Regulation D under the 1933 Act; (iii) if endorsed in the manner provided thereon and surrendered to the Bond Registrar; and (iv) if the transferee provides the Bond Registrar with an executed transfer certificate in substantially the form to be attached to the Bond. Any such transfer shall be without cost to the Registered Owner or transferee (other than any cost incurred by the Registered Owner or transferee in preparing and delivering such transfer certificate) and shall be noted on the Bond Register. The Bond Registrar shall not be obligated to assign or transfer the Bond during the 15 days preceding any payment or prepayment date.

When the Bond has been paid in full, both principal and interest, such Bond shall be surrendered to the Bond Registrar, who shall cancel such Bond.

Section 6. Form and Execution of the Bond. The Bond shall be prepared in a form consistent with the provisions of this Resolution and State law and shall be signed by the Chair and the Secretary, either or both of whose signatures may be manual or in facsimile. The Bond shall be printed at District expense and shall be delivered to the Purchaser in accordance with the Bond Purchase Agreement, together with the approving legal opinion of Bond Counsel regarding the Bond.

The Bond shall not be valid or obligatory for any purpose, or entitled to the benefits of this Resolution, unless the Bond bears a certificate of authentication manually signed by the Bond Registrar stating: "This Bond is the fully registered Public Hospital District No. 2, Jefferson County, Washington (Jefferson Healthcare), Hospital Revenue Bond, 2025, described in the Bond Resolution." A minor deviation in the language of such certificate shall not void a certificate of authentication that otherwise is substantially in the form of the foregoing. The authorized signing of a certificate of authentication shall be conclusive evidence that the Bond so authenticated has been duly executed, authenticated and delivered and is entitled to the benefits of this Resolution.

If any officer whose manual or facsimile signature appears on the Bond ceases to be an officer of the District authorized to sign bonds before the Bond bearing his or her manual or facsimile signature are authenticated or delivered by the Bond Registrar or issued by the District, that Bond nevertheless may be authenticated, issued and delivered and, when authenticated, issued and delivered, shall be as binding on the District as though that person had continued to be an officer of the District authorized to sign bonds. The Bond also may be signed on behalf of the

District by any person who, on the actual date of signing of the Bond, is an officer of the District authorized to sign bonds, although the officer did not hold the required office on the Issue Date.

Section 7. Payment of the Bond. Both principal of and interest on the Bond shall be payable in lawful money of the United States of America and shall be paid by electronic transfer on the payment date to an account designated by the Purchaser (or by such other method as directed by the Purchaser). The Bond will be surrendered upon the final payment of principal and interest, and destroyed or cancelled in accordance with law. Interest on any principal amount of the Bond which is paid or prepaid shall cease to accrue on the date of such payment or prepayment.

Section 8. Prepayment Provisions. The Bond may be prepaid in whole, but not in part, on any Interest Payment Date upon 30 days' written notice to the Registered Owner of the Bond at the following prepayment prices (expressed as a percentage of the Outstanding principal amount of the Bond), plus accrued interest thereon to the prepayment date:

<u>Period for Months Following Issue Date</u>	<u>Prepayment Price</u>
Issue Date to 12 months thereafter	102.50%
Months 13 through 24	101.75
Months 25 through 36	101.50
Months 37 through 48	100.50
Months 49 through Maturity Date	100.00

Section 9. Failure to Pay Installments; No Acceleration. If any payment of the Bond is not paid when due, the District shall be obligated to pay interest on that installment at the Default Rate until that payment is paid in full or until sufficient money for its payment in full is on deposit in the Bond Fund and the principal represented by such installment has been called for payment by giving notice of that call to the Purchaser. The Bond is not subject to acceleration upon the occurrence of a payment default.

Section 10. Bond Fund, Payment Source and Lien Position of the Bond.

(a) Bond Fund. The Bond Fund which is divided into a Principal and Interest Account and a Reserve Account, was previously created and established in the office of the Treasurer as a special fund of the District. The Treasurer may create such additional accounts or subaccounts within the Bond Fund as the Treasurer may deem appropriate for carrying out the purposes of this Resolution. So long as any Parity Bonds are Outstanding and payable from the Bond Fund, the District shall set aside and pay into the respective accounts of the Bond Fund out of the Net Revenue of the District, fixed amounts without regard to any fixed proportion, namely, into the Principal and Interest Account on the day preceding each scheduled payment date such amounts necessary, together with other money on deposit therein, to pay interest or principal and interest next due on the outstanding Parity Bonds.

All money in the Principal and Interest Account may be kept in cash or may be invested in Permitted Investments maturing in sufficient amounts at such times as shall be necessary to pay the principal of and interest on any outstanding Parity Bonds payable out of the Bond Fund. All net earnings on money and investments in the accounts in the Bond Fund shall be deposited in the Principal and Interest Account, except any earnings which are subject to a federal tax or rebate

requirement may be withdrawn from the Bond Fund for deposit in a separate fund or account for that purpose.

If the District fails to set aside and pay into the Bond Fund the amounts above set forth, the Owner of any outstanding Parity Bonds payable out of the Bond Fund may bring an action against the District to compel the setting aside and payment of such money.

The District will establish a separate debt service reserve account for the Bond, and set the Reserve Requirement for the Bond at zero, unless changed by the Designated Representative.

(b) Payment Source and Lien Position. All Parity Bonds and the interest thereon shall be payable out of the Net Revenue of the District and shall be a first lien on future Net Revenue of the District, and may also be payable from other funds and accounts established or provided for pursuant to the Parity Bond Authorizing Resolution and pledged to the payment thereof.

All Subordinate Parity Bonds and interest thereon shall be payable out of the Net Revenue of the District on a subordinate and junior basis to the Parity Bonds and shall be a junior lien on future Net Revenue of the District, and may also be payable from other funds and accounts established or provided for pursuant to the Subordinate Parity Bond Issuance Documents and pledged to the payment thereof, all subject to the terms and conditions set forth in Exhibit A.

The Parity Bonds and Subordinate Parity Bonds shall not be general obligations of the District, Jefferson County, the State, or any political subdivision of the State, shall not be payable in any manner by taxation, and neither the District, Jefferson County, the State, nor any other political subdivision of the State, shall be in any manner liable by reason of the failure of the Net Revenue of the District to be sufficient for the payment of the Parity Bonds and Subordinate Parity Bonds.

The timely payment of principal of and interest on the Parity Bonds and any other payment obligations of the District under any document authorizing, governing or relating to the issuance of the Parity Bonds shall be secured equally and ratably on a first lien basis to the lien securing the Parity Bonds by the future Net Revenue of the District without priority by reason of number or time of sale, execution or delivery; and the future Net Revenue of the District is hereby irrevocably pledged to the holders of the Parity Bonds to secure the timely payment of the same as the same shall become due.

The timely payment of principal of and interest on the Subordinate Parity Bonds and the payment obligations of the District under any document authorizing, governing or relating to the issuance of the Subordinate Parity Bond shall be secured equally and ratably on a subordinate lien basis to the lien securing the Parity Bonds by the future Net Revenue of the District without priority by reason of number or time of sale, execution or delivery; and the future Net Revenue of the District is hereby irrevocably pledged to the Subordinate Parity Bond to secure the timely payment of the same as the same shall become due on a subordinate basis to the aforementioned pledge of Net Revenue of the District to the holders of the Parity Bonds to secure the payment of the Parity Bonds.

Section 11. Allocation of Net Revenue of the District; Revenue Fund. So long as this Resolution is in effect, the Gross Revenues of the District shall be deposited as collected in the

District's public hospital district fund previously established by the District in compliance with RCW 70.44.171 (the "Revenue Fund"). The Gross Revenues shall be applied by the District from time to time to pay Operating and Maintenance Expenses, and shall then be applied in the following order of priority:

(a) The Net Revenue of the District shall be applied by the District to pay the principal of and interest on Parity Bonds as the same are due (whether by maturing or redemption) and to make the deposits required to be made into any Parity Bond sinking funds established in accordance with the applicable Parity Bond Authorizing Resolutions. In the event that there are not sufficient amounts on deposit in the Revenue Fund to make all of such payments and deposits when due, the amount on deposit in the Revenue Fund shall be applied to make such payments and deposits on a pro rata basis in accordance with the outstanding principal amount of such Parity Bonds and as soon as additional Net Revenue of the District is available, the same shall be used by the District to make any unpaid payments on such Parity Bonds and to make up any deficiencies in the Parity Bonds sinking funds.

(b) Any balance of the Net Revenue of the District remaining in the Revenue Fund in excess of the payments hereinbefore specified in subparagraph (a) shall be used to make the deposits required to be made into any Reserve Account established in accordance with applicable Parity Bond Authorizing Resolutions either to build up the amounts therein to the required reserve deposit or to make up any deficiencies therein created by transfers or valuations. In the event that there are not sufficient amounts on deposit in the Revenue Fund to make all of such deposits when due, the amount on deposit in the Revenue Fund shall be applied to make such deposits on a pro rata basis in accordance with the outstanding principal amount of such Parity Bonds and as soon as additional Net Revenue of the District is available, the same shall be used by the District (after making the payments and deposits required to be made in subparagraph (a)) to make up any deficiencies from previous deposits to the Reserve Account.

(c) Any balance of the Net Revenue of the District remaining in the Revenue Fund in excess of the payments hereinbefore specified in subparagraphs (a) and (b) shall be used to establish in any other funds and accounts and other obligations required to be established in accordance with any Parity Bond Authorizing Resolutions and to make up any deficiencies therein. In the event that there are not sufficient amounts on deposit in the Revenue Fund to make all of such deposits and pay such other obligations when due, the amount on deposit in the Revenue Fund shall be applied to make such deposits on a pro rata basis in accordance with the outstanding principal amount of the respective Parity Bonds and as soon as additional Net Revenue of the District is available, the same shall be used by the District (after making the payments and deposits required to be made in subparagraphs (a) and (b)) to make up any deficiencies from previous deposits to such funds and accounts.

(d) Any balance of the Net Revenue of the District remaining in the Revenue Fund in excess of the payments hereinbefore specified in subparagraphs (a), (b) and (c) shall be applied to pay the principal of and interest on any Subordinate Parity Bonds the lien on which is junior to the lien on the Net Revenue of the District than that of the Parity Bonds as the same are due and to make the deposits required to be made into any funds and accounts established in accordance with the subordinate lien authorizing documents. In the event that there are not sufficient amounts on deposit in the Revenue Fund to make all of such payments and deposits when due, the amount on

deposit in the Revenue Fund shall be applied to make such payments and deposits on a pro rata basis in accordance with the outstanding principal amounts of such Subordinate Parity Bonds and as soon as additional Net Revenue of the District is available, the same shall be used by the District (after making the payments and deposits required to be made in subparagraphs (a), (b), and (c)) to make up any deficiencies from previous payments and deposits to such funds and accounts.

(e) Any balance of the Net Revenue of the District remaining in the Revenue Fund in excess of the payments hereinbefore specified in subparagraphs (a), (b), (c) and (d) may be applied to for any lawful purpose as determined by the District.

All income derived from investments of the Revenue Fund shall be regarded as revenues of the District, and shall accrue to the Revenue Fund.

Section 12. Covenants, Including Coverage Requirement and Liquidity Covenant. The District further covenants and agrees with the Owner of each Parity Bond, for so long as any Parity Bonds remain Outstanding, as follows:

(a) Operation and Maintenance. The District shall maintain, preserve and keep District Facilities in good repair, working order and condition, and to make all necessary and proper additions, betterments, renewals and repairs thereto, and improvements, replacements and extensions thereof.

(b) Rates and Fees; Coverage Requirement and Liquidity Requirement. The District covenants and agrees to set rates and charge fees for the use of the District Facilities and services in every Fiscal Year sufficient to cause the District to comply with the Coverage Requirement for each Fiscal Year of the District, which will be calculated each fiscal quarter and provided pursuant to Section 19. The District further covenants and agrees with the Registered Owners of the Parity Bonds, for so long as any Parity Bonds remain Outstanding, to maintain Days Cash on Hand equal to the Liquidity Requirement, calculated on a rolling twelve-month basis semi-annually on each June 30 and December 30 (each, a “Liquidity Testing Date”), beginning on December 30, 2025. If the Annual Financial Statements of the District for any Fiscal Year disclose that the Coverage Requirement or the Liquidity Requirement is not being met, the District shall retain a Hospital Consultant for the purpose of making recommendations with respect to rates, fees, charges and operations of the District with a view to restoring compliance with the Coverage Requirement or the Liquidity Requirement, as applicable. The District, to the extent feasible and lawful, shall follow the reasonable recommendations of such Hospital Consultant. If the District complies in all material respects with the recommendations of such Hospital Consultant during the immediately succeeding Fiscal Year, the failure of the District to comply with this covenant for the applicable Fiscal Year shall not be deemed an Event of Default under Section 21 hereof; provided, however, that if (i) the Annual Financial Statements of the District for any Fiscal Year of the District disclose that Net Income Available for Debt Service is less than 100% of the Annual Debt Service on all Parity Bonds then Outstanding in that Fiscal Year, or (ii) the Annual Financial Statements of the District for any two successive Fiscal Years of the District disclose that the Coverage Requirement or Liquidity Requirement is not being met, then the failure of the District to comply with clause (i) or (ii) of this covenant shall be an Event of Default under Section 21 hereof.

(c) Sale, Transfer or Disposition of Facilities. The District may sell, transfer or otherwise dispose of any of the District Facilities, other than Transfers made in the ordinary course of business, only consistent with one or more of the following:

(i) The District may carry out or permit a Transfer of District Facilities that have become unserviceable, inadequate, obsolete, unsuitable, undesirable, unprofitable or unnecessary to the operation of the District if such Transfer will not impair the operational integrity, unity or economic value of the District Facilities; or

(ii) The District may carry out or permit such a Transfer if the aggregate depreciated cost value of the District Facilities being Transferred under this subparagraph (ii) in any Fiscal Year comprises no more than three percent (3%) of the total assets of the District; or

(iii) The District may carry out or permit a Transfer of any of the District Facilities that are used, useful or material in the operation of the District, if provision is made for the replacement thereof or if the District receives from the purchaser or transferee property of equal or greater value; or

(iv) The District may carry out or permit such a Transfer if provision is made for the replacement thereof within 12 months or for the application of the net proceeds of such Transfer to (A) capital expenditures upon or for facilities or services which will contribute in some measure to Net Income Available for Debt Service; or (B) the retirement of outstanding Parity Bonds at the earliest possible date; or

(v) The District may carry out or permit such a Transfer of District Facilities to any person if, prior to such Transfer,

(A) The District would be able to satisfy the conditions for issuing one dollar (\$1.00) of Future Parity Bonds; and

(B) The District shall have received a report of a Hospital Consultant stating that the ratio of Net Income Available for Debt Service to Maximum Annual Debt Service on all outstanding Parity Bonds for the full Fiscal Year immediately preceding the date of such proposed Transfer, calculated as if the Transfer had occurred at the beginning of that Fiscal Year, is at least equal to the lesser of 85% of the amount of such ratio calculated as if such Transfer had not occurred, or 3.0; or

(vi) The District may carry out or permit such a Transfer of District Facilities to any person if, prior to such Transfer,

(A) The District shall have received a written statement of an independent certified public accountant selected by the District stating that the Net Income Available for Debt Service for each of the two Fiscal Years immediately preceding the date of the Transfer, as evidenced by annual audit reports (provided, however, that if during the first five months of any year the audited Annual Financial Statements of the District for the immediately preceding year is not available, then such average annual Net Income Available for Debt Service shall be calculated based upon the unaudited statement of revenues and expenses of the District for the immediately preceding year prepared by the administrative staff of the District in

accordance with generally accepted accounting principles), was equal to at least 150% of the Average Annual Debt Service with respect to all outstanding Parity Bonds (excluding the Future Parity Bonds to be issued), and

(B) The District shall have received a written statement of its Chief Financial Officer reporting as of the time immediately after the Transfer that for each of the two years immediately following that year, the Net Income Available for Debt Service is forecasted to be at least equal to 150% of the Average Annual Debt Service coming due with respect to all outstanding Parity Bonds.

With the exception of the foregoing, the District shall not Transfer all of the District Facilities unless payment is made into the Bond Fund of a sum sufficient to pay in full the principal of and interest on all of the outstanding Parity Bonds in accordance with the terms thereof.

(d) Books and Records. The District will keep proper books of accounts and records, separate and apart from other accounts and records, and will prepare Annual Financial Statements audited by the District's regular independent certified public accountants, which shall be a public accounting firm experienced in hospital accounting practices, or by the Washington State Auditor. Such audits shall be completed not more than 210 days after the close of the respective years to which they apply, and shall be distributed as provided in Section 19 of this Resolution.

(e) Insurance. The District will carry the types of insurance on the District Facilities in the amount normally in good practice carried on such properties by private hospitals to the full insurable value thereof, and will also carry adequate public liability insurance at all times, including malpractice insurance in at least the amounts of \$1,000,000 per incident and \$5,000,000 aggregate or such greater amounts as are customarily carried by similar hospitals in the State of Washington (unless such coverage is not available in the marketplace, in which case an experienced insurance consultant shall be retained by the District to recommend alternative options), or in lieu thereof it may self-insure through such risk management program as may be determined by the Commission to be in the best interests of the District after receiving the recommendations of an experienced insurance consultant.

(f) Deposits to Bond Fund. The District will pay or cause to be paid into the Bond Fund out of the Net Revenue of the District such sums and at such times as provided in Section 10 hereof.

(g) Compliance with Law. The District will operate the District Facilities subject to and in accordance with all applicable laws, ordinances, rules, regulations and orders of all government authorities or agencies having jurisdiction over the District Facilities.

(h) Corporate Existence; Merger and Consolidation. It will maintain its corporate existence as a Washington public hospital district so long as any of the Parity Bonds are Outstanding, unless such Parity Bonds have been defeased pursuant to Section 15 hereof.

Section 13. Tax Covenants.

(a) *Preservation of Tax Exemption for Interest on the Bond.* The District covenants that it will take all actions necessary to prevent interest on the Bond from being included in gross

income for federal income tax purposes, and it will neither take any action nor make or permit any use of proceeds of the Bond or other funds of the District treated as proceeds of the Bond that will cause interest on the Bond to be included in gross income for federal income tax purposes. The District also covenants that it will, to the extent the arbitrage rebate requirements of Section 148 of the Code are applicable to the Bond, take all actions necessary to comply (or to be treated as having complied) with those requirements in connection with the Bond.

(b) *Event of Taxability.* Upon an Event of Taxability, the District shall pay to the owner of the Bond (i) an amount equal to the difference between (A) the amount of interest on the Bond that would have been payable to the owner of the Bond during the period, commencing on the taxable date, in which interest on the Bond is included in the gross income of the owner of the Bond (such period is the “Taxable Period”), if the Bond had borne interest at the Taxable Rate (as defined in Section 17) during such Taxable Period, and (B) the amount of interest actually paid to such owner of the Bond during such Taxable Period, and (ii) an amount equal to all interest, penalties and charges owed by the owner of the Bond as a result of interest on the Bond becoming included in the gross income of bondholders.

(c) *Post-Issuance Compliance.* The Chief Executive Officer or Chief Financial Officer is authorized and directed to review and update the District’s written procedures to facilitate compliance by the District with the covenants in this Resolution and the applicable requirements of the Code that must be satisfied after the Issue Date to prevent interest on the Bond from being included in gross income for federal tax purposes.

Section 14. Future Parity Bonds. The District covenants and agrees that for so long as any Parity Bonds are Outstanding it will not hereafter issue any revenue obligations, or refunding revenue obligations or other debt or obligations which shall constitute a lien and charge against the Net Revenue of the District prior to the lien and charge against the same for payments required to be made into the Bond Fund for the Parity Bonds. The District reserves the right to issue Future Parity Bonds having a lien and charge on the Net Revenue of the District on a parity with the lien and charge thereon of the Parity Bonds, if the following conditions are met and complied with at the time of the issuance of such Future Parity Bonds:

(a) All payments then required by this Resolution and any Parity Bond Authorizing Resolution hereafter adopted shall have been made into the Bond Fund and maintained intact therein.

(b) No Event of Default under this Resolution shall have occurred and be continuing.

(c) The Parity Bond Authorizing Resolution authorizing the issuance of such Future Parity Bonds may establish a separate reserve account and reserve requirement for such Future Parity Bonds.

(d) In addition to the foregoing requirements, one of the following two conditions must be satisfied:

(i) A written statement of an independent certified public accountant selected by the District is furnished stating that, as of the time immediately after the delivery of such Future Parity Bonds, the average annual Net Income Available for Debt Service for the two Fiscal Years

immediately preceding the date of issuance of such Future Parity Bonds, as evidenced by annual audit reports of the District (provided, however, that if during the first five months of any year the audited Annual Financial Statements of the District for the immediately preceding Fiscal Year is not available, then such average annual Net Income Available for Debt Service shall be calculated based upon the unaudited statement of revenues and expenses of the District for the immediately preceding Fiscal Year prepared by the administrative staff of the District in accordance with generally accepted accounting principles), was an amount at least equal to 125% of the Average Annual Debt Service with respect to all Parity Bonds Outstanding immediately after the issuance of such Future Parity Bonds; or

(ii) (A) A written statement of an independent certified public accountant selected by the District is furnished stating that the Net Income Available for Debt Service for each of the two Fiscal Years immediately preceding the date of issuance of such Future Parity Bonds, as evidenced by annual audit reports (provided, however, that if during the first five months of any year the audited Annual Financial Statements of the District for the immediately preceding year is not available, then such average annual Net Income Available for Debt Service shall be calculated based upon the unaudited statement of revenues and expenses of the District for the immediately preceding year prepared by the administrative staff of the District in accordance with generally accepted accounting principles), was equal to at least 125% of the Average Annual Debt Service with respect to all Parity Bonds then outstanding (excluding the Future Parity Bonds to be issued), and (B) a written statement of the Chief Financial Officer is furnished reporting as of the time immediately after the delivery of such Future Parity Bonds that for each of the two years immediately following that year (or, if improvements are to be constructed with the proceeds of Parity Bonds, that for each of the two years following the first full year after completion), the Net Income Available for Debt Service is forecasted to be at least equal to 125% of the Average Annual Debt Service coming due with respect to all Parity Bonds then outstanding (including the Future Parity Bonds to be issued).

The District reserves the right to issue Future Parity Bonds for the purpose of refunding by exchange or purchasing or calling and retiring at or prior to their maturity any part or all of the then outstanding Parity Bonds payable out of the Bond Fund if the issuance of such refunding Future Parity Bonds does not cause a greater amount to be paid out of the Net Revenue of the District in any year.

Nothing contained in this section shall prevent the District from issuing revenue obligations, the payment of the principal of and interest on which is a charge upon the Net Revenue of the District junior and inferior to the payments required to be made from such Net Revenue of the District into the Bond Fund. Moreover, nothing contained in this section shall prevent the District from issuing revenue obligations to refund maturing revenue obligations of the District for the payment of which money is not otherwise available so long as Maximum Annual Debt Service on the District's outstanding Parity Bonds is not increased as a result of the issuance of those refunding obligations, and nothing contained in this section shall prevent the District from issuing general obligation bonds payable from taxes levied by the District.

Section 15. Refunding or Defeasance of the Bond. In the event the District shall have irrevocably, with an escrow agent or independent trustee, set aside for and pledged to the payment of the principal of and interest on the Bond as it matures or is called for redemption, money and/or

Government Obligations (and, if deemed appropriate, provided for the substitution of other Government Obligations for such obligations and investments) sufficient in amount together with known earned income from the investments thereof, to make such payments and accomplish the refunding as scheduled (hereinafter called the “trust account”), and shall irrevocably make provision for redemption of the Bond, then in that case all right and interest of the registered owner of the Bond to be so retired or refunded in the Bond (hereinafter called the “defeased Bond”) in the covenants of this Resolution, in the Gross Revenue, and in funds and accounts obligated to the payment of such Bond shall thereafter cease and become void, except such registered owners shall have the right to receive payment of the principal of and interest on the defeased Bond from the trust account. After the establishing and full funding of such trust account, the District may then apply any money in any other fund or account established for the payment or redemption of the defeased Bond to any lawful purposes as it shall determine, subject only to the rights of the registered owners of any other bonds then Outstanding.

In the event that the refunding plan provides that the Bond being refunded or the refunding bonds to be issued be secured by cash and/or direct obligations of the United States of America or other legal investments pending the prior redemption of the Bond being refunded and if such refunding plan also provides that certain cash and/or direct obligations of the United States of America or other legal investments are irrevocably pledged for the prior redemption of the Bond, included in the refunding plan, then only the debt service on the Bond which is not a defeased Bond and the refunding bonds, the payment of which is not so secured by the refunding plan, shall be included in the computation of coverage for the issuance of Parity Bonds and the annual computation of coverage for determining compliance with the rate covenants.

The District shall include in the refunding or defeasance plan such provisions as the District deems necessary for notice of the defeasance to be given to the owner of the defeased Bond and to such other persons as the District shall determine. The defeased Bond shall be deemed no longer Outstanding, and the District may apply any money in any other fund or account established for the payment or redemption of the defeased Bond to any lawful purposes as it shall determine.

If the defeasance is to occur more than 90 days prior to the date of prepayment of the Bond, the District shall file with the escrow agent or independent trustee an opinion of nationally recognized bond counsel that the proposed defeasance will not cause the interest due under the Bond to be includable in gross income under the Code.

Section 16. Deposit of Bond Proceeds. Bond proceeds shall be deposited in the fund or account to finance the Project Plan, which is hereby authorized and directed to be created or continued by the District (the “Project Fund”). Amounts in the Project Fund shall be used to pay or reimburse costs of carrying out the Project Plan, and until needed to pay or reimburse costs of carrying out the Project Plan, the District may invest principal proceeds temporarily in any Permitted Investment, and the investment earnings may be retained in the Project Fund and be spent for the purposes of that fund except that earnings subject to a federal tax or rebate requirement may be withdrawn from the Project Fund and used for those tax or rebate purposes.

Section 17. Appointment of Designated Representative; Setting Parameters with Respect to the Terms of the Bond; Approval of Bond Purchase Agreement. It is anticipated that the Bond will be sold by private placement to the Purchaser and that the Purchaser will present the

Bond Purchase Agreement to the District offering to purchase the Bond. Pursuant to the terms of RCW 39.46.040, the Chief Executive Officer, or in the absence or disability of the Chief Executive Officer, the Chief Financial Officer, is hereby appointed as the District's Designated Representative and is authorized and directed on the District's behalf to accept the terms of, and execute, the Bond Purchase Agreement subject to the following parameters (which parameters shall be confirmed in the Bond Purchase Agreement and/or separate certificate(s) approved and executed by the Designated Representative in connection with the issuance of the Bond):

(a) *Amount of the Bond.* The Bond shall be issued in a principal amount not to exceed \$8,500,000.

(b) *Final Maturity Date.* The final maturity date of the Bond shall not exceed December 15, 2045.

(c) *Payment Dates.* Interest on the Bond shall be payable semiannually on each June 15 and December 15, commencing on December 15, 2025, or such date as agreed to by the Designated Representative and the Purchaser. Principal shall be payable annually on each December 15, commencing December 15, 2025, or such date and in such amount(s) as are agreed to by the Designated Representative and the Purchaser. If any payment of principal or interest payment on the Bond is due on a day which is not a business day, the date for payment thereof shall be extended without penalty, to the next succeeding business day and such extended time shall not be included in the computation of interest.

(d) *Prepayment.* The Bond shall be subject to prepayment as set forth in Section 8 herein.

(e) *Price.* The purchase price for the Bond shall be 100% of the principal amount of the Bond, less any Purchaser fee.

(f) *Interest Rate(s).* One or more rates of interest may be fixed for the Bond computed on a basis of a 360-day year consisting of 12 30-day months (the "Fixed Rate"); provided that the rate of interest for the Bond may not exceed 5.50%, not including any increase to such rate upon the occurrence and continuance of an Event of Default (as provided in Section 21) (the "Default Rate") or any Event of Taxability (the "Taxable Rate"). The Fixed Rate, Default Rate and Taxable Rate shall be set forth in the Bond Purchase Agreement.

(g) *Other Terms and Conditions.*

(i) The Designated Representative, in consultation with the Purchaser, may determine that it is in the District's best interest to accept, on behalf of the District, such additional terms, conditions, and covenants as may be required by the Purchaser, if consistent with the provisions of this Resolution.

(ii) If it is in the best interest of the District, the Designated Representative is authorized to establish a Reserve Account and set the Reserve Requirement to be an amount other than zero as provided in this Resolution, and take such additional action as may be necessary or convenient for the issuance of the Bond pursuant to the terms of this Resolution.

(h) *Expiration of Authority.* The Issue Date of the Bond shall be on or before one year after the date of this Resolution.

Section 18. Mandatory Tender.

(a) *Tender by Purchaser on Purchase Date.* Subject to the provisions of the following paragraph, the Bond is subject to mandatory tender and purchase by the District on each Purchase Date. The purchase price shall be 100% of the outstanding principal amount thereof plus accrued interest to the Purchase Date. The interest rate on the Bond shall be reset by the Purchaser on each Purchase Date and the Purchaser shall be entitled to receive an opinion of Bond Counsel (at the District's expense) to the effect that the establishment of such rate will not adversely affect the exclusion of interest on the Bond from gross income for federal income tax purposes.

The District may, by written notice to the Purchaser, not sooner than 180 days but no later than 120 days prior to the Purchase Date, request that the Purchaser continue holding the Bond following such Purchase Date. If the District so requests, the Purchaser will make reasonable efforts to respond to such request within 30 days after receipt of all information necessary, in the Purchaser's reasonable judgment, to permit the Purchaser to make an informed credit decision. The Purchaser may, in its sole and absolute discretion, decide to accept or reject any such request, and no consent shall become effective unless the Purchaser shall have consented thereto in writing; *provided, however,* that the failure of the Purchaser to respond to such a request to extend the Purchase Date within such 30 day period shall be deemed an election by the Purchaser not to continue holding the Bond following such Purchase Date. In its sole and absolute discretion, the Purchaser may propose the length of the new Interest Period (including the new Purchase Date) and the interest rate to be effective during such new Interest Period and any other conditions precedent to its decision to continue to hold the Bond. In the event the Purchaser determines that it will not make such proposal, the Bond shall be subject to mandatory tender pursuant to this Section. If the Purchaser does make such proposal, the District may, in its sole and absolute discretion, decide to approve, reject or renegotiate any such proposal, and no approval of the District with respect thereto shall become effective unless in writing. In the event the District rejects such proposal or fails to definitively respond to such proposal on or before 30 days prior to the related Purchase Date, the District shall be deemed to have rejected or failed to approve such proposal and the Bond shall be subject to mandatory tender pursuant to this Section.

The agreement by the Purchaser to continue to hold the Bond shall be conditioned upon the preparation, execution and delivery of documentation in form and substance satisfactory in all respects to the Purchaser.

(b) *District Obligation to Purchase.* Unless the Purchaser and the District agree in writing that the Purchaser will retain the Bond on the Purchase Date and agree to the terms thereof, the District shall purchase the Bond from the Purchaser in whole at a purchase price of 100% of the principal amount thereof plus accrued interest to the Purchase Date.

(c) *Remarketing.* It is expressly acknowledged by the parties hereto that, in the event the Bond is tendered for purchase on a Purchase Date, the District may seek to remarket such tendered Bond to one or more new Purchasers and may apply any proceeds thereof to the payment of the purchase price of such tendered Bond; *provided, however,* that the Bond may only be

remarketed if (i) the interest rate to be borne by the Bond is established in accordance with this Bond Resolution, and (ii) there is delivered to the District and each new Purchaser an opinion of Bond Counsel to the effect that the remarketing of the Bond to each new Purchaser will not adversely affect the exclusion of interest on the Bond from gross income for federal income tax purposes.

Section 19. Reporting Requirements. For so long as the Purchaser is the Registered Owner of the Bond, the District will provide (1) the District's quarterly internally prepared unaudited financial statements for the first three fiscal quarters of each year, including the consolidated income statement, cash flow statement and balance sheet, within 45 days after the end of each fiscal quarter; (2) a covenant compliance (including with the Coverage Requirement) certificate signed by an authorized officer of the District to be included with each quarterly unaudited financial statement; (3) quarterly utilization statistics for each fiscal quarter within 45 days after the end of each fiscal quarter (including the end of each Fiscal Year); (4) the District's audited Annual Financial Statements within 180 days after the end of each Fiscal Year, including the consolidated income statement, cash flow statement, balance sheet and covenant coverage calculations, including the Coverage Requirement, provided that if such items required under this clause (4) are not available within said 180 days, the District shall provide unaudited versions of such information and provide the audited version when available; (5) the District's annual budget or forecast due within 30 days after the end of each Fiscal Year; and (6) such additional information and reports as may be reasonably requested by Purchaser from time to time within such times as agreed upon by the Designated Representative.

In addition, if the District enters into any bond purchase or continuing covenant agreement with respect to Future Parity Bonds, the District shall provide such reporting requirement information required under those documents to the Purchaser.

Section 20. Supplemental Resolutions.

(a) *Without the Consent of Owners.* The Commission from time to time and at any time may adopt a resolution or resolutions supplemental to this Resolution which supplemental resolution or resolutions thereafter shall become a part of this Resolution, for any one or more or all of the following purposes:

(i) To comply with any future federal law or interpretation in order to preserve the exclusion of the interest on the Revenue Bond from gross income for the purposes of federal income taxation; and

(ii) To provide for the issuance of Future Parity Bonds in accordance with the provisions of this Resolution.

(b) *With the Consent of Owners.* With the consent of the Purchaser, the Commission may adopt a resolution or resolutions supplemental hereto for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of this Resolution or of any supplemental resolution; provided, however, that no such supplemental resolution shall be required:

(i) To add to the covenants and agreements of the District contained in this Resolution or make any other change which is not materially adverse to the interests of the Owners of any outstanding Parity Bonds, or to surrender any right or power herein reserved to or conferred upon the District;

(ii) To make such provisions for the purpose of curing any ambiguities or of curing, correcting or supplementing any defective provision or provisions contained in this Resolution or any Parity Bond Authorizing Resolution regarding matters or questions arising under such resolution as the Commission may deem necessary or desirable and not inconsistent with such resolution and which shall not adversely affect the interests of the Owners of any outstanding Parity Bonds;

(iii) Extend the fixed maturity of any outstanding Parity Bonds or the time of payment of installments of principal thereof or interest thereon from the established due date, or reduce the rate of interest thereon or the amount of the principal thereof, or reduce any premium payable on the redemption thereof, without the consent of the Owner of the Revenue Bond so affected; or

(iv) Amend this Section 20 without the consent of the Owners of all of the outstanding Parity Bonds.

Section 21. Defaults and Remedies.

(a) *Events of Default.* The following shall constitute “Events of Default” with respect to the Bond:

(i) If a default is made in the payment of the principal of or interest on the Bond when the same shall become due and payable;

(ii) If the District defaults in the observance and performance of any other of the covenants, conditions and agreements on the part of the District set forth in this Resolution or any covenants, conditions or agreements on the part of the District contained in any Parity Bond Authorizing Resolution and such default or defaults have continued for a period of six months after the District has received from the Bondowners’ Trustee (as defined below) or from the Registered Owners of not less than 25% in Outstanding principal amount of the Parity Bonds, a written notice specifying and demanding the cure of such default; provided, however, except with respect to a default in the observance and performance of Section 12(b) or Section 19 hereof, if the default in the observance and performance of any other of the covenants, conditions and agreements is one which cannot be completely remedied within the six months after written notice has been given, it shall not be an Event of Default with respect to the Bond as long as the District has taken active steps within the six months after written notice has been given to remedy the default and is diligently pursuing such remedy;

(iii) If the District files a petition in bankruptcy or is placed in receivership under any state or federal bankruptcy or insolvency law; or

(iv) A default in the observance and performance of either Section 12(b) or Section 19, hereof.

(b) *Bondowners' Trustee.* So long as such Event of Default has not been remedied, a bondowners' trustee (the "Bondowners' Trustee") may be appointed by the Registered Owners of 25% in Outstanding principal amount of the Parity Bonds, by an instrument or concurrent instruments in writing signed and acknowledged by such Registered Owners of the outstanding Parity Bonds or by their attorneys-in-fact duly authorized and delivered to such Bondowners' Trustee, notification thereof being given to the District. That appointment shall become effective immediately upon acceptance thereof by the Bondowners' Trustee. Any Bondowners' Trustee appointed under the provisions of this subsection shall be a bank or trust company organized under the laws of the State of Washington or the State of New York or a national banking association. The bank or trust company acting as Bondowners' Trustee may be removed at any time, and a successor Bondowners' Trustee may be appointed, by the Registered Owners of a majority in Outstanding principal amount of the Parity Bonds, by an instrument or concurrent instruments in writing signed and acknowledged by such Registered Owners of the Parity Bonds or by their attorneys-in-fact duly authorized. The Bondowners' Trustee may require such security and indemnity as may be reasonable against the costs, expenses and liabilities that may be incurred in the performance of its duties. The Bondowners' Trustee may be an affiliate of any Registered Owner of Parity Bonds.

In the event that any Event of Default in the joint judgment of the Purchaser and the Bondowners' Trustee is cured and the Bondowners' Trustee furnishes to the District a certificate so stating, that Event of Default shall be conclusively deemed to be cured and the District, the Bondowners' Trustee, the Purchaser and the other Registered Owners of the Parity Bonds shall be restored to the same rights and position which they would have held if no Event of Default had occurred.

The Bondowners' Trustee appointed in the manner herein provided, and each successor thereto, is declared to be a trustee for the Registered Owners of all the Parity Bonds and is empowered to exercise all the rights and powers herein conferred on the Bondowners' Trustee.

(c) *Suits at Law or in Equity.* Upon the happening of an Event of Default and during the continuance thereof, the Bondowners' Trustee may, and upon the written request of the Purchaser or the other Registered Owners of not less than 25% in principal amount of the Parity Bonds Outstanding shall, take such steps and institute such suits, actions or other proceedings, all as it may deem appropriate for the protection and enforcement of the rights of the Registered Owners of the Parity Bonds to collect any amounts due and owing to or from the District, or to obtain other appropriate relief, and may enforce the specific performance of any covenant, agreement or condition contained in this Resolution or in any of the Parity Bonds.

Nothing contained in this Section 21 shall, in any event or under any circumstance, be deemed to authorize the acceleration of maturity of principal on the Parity Bonds, and the remedy of acceleration is expressly denied to the Registered Owners of the Parity Bonds under any circumstances including, without limitation, upon the occurrence and continuance of an Event of Default.

Any action, suit or other proceedings instituted by the Bondowners' Trustee hereunder shall be brought in its name as trustee for the Owners and all such rights of action upon or under any of the Parity Bonds or the provisions of this Resolution may be enforced by the Bondowners'

Trustee without the possession of any of those Parity Bonds and without the production of the same at any trial or proceedings relative thereto except where otherwise required by law. Any such suit, action or proceeding instituted by the Bondowners' Trustee shall be brought for the ratable benefit of all of the Registered Owners of the Parity Bonds, subject to the provisions of this Resolution. The Registered Owners of the Parity Bonds by taking and holding the same, shall be conclusively deemed irrevocably to appoint the Bondowners' Trustee the true and lawful trustee of the respective Registered Owners of the Parity Bonds, with authority to institute any such action, suit or proceeding; to receive as trustee and deposit in trust any sums becoming distributable on account of those Parity Bonds; to execute any paper or documents for the receipt of money; and to do all acts with respect thereto that the Registered Owner might have done in person. Nothing herein shall be deemed to authorize or empower the Bondowners' Trustee to consent to accept or adopt, on behalf of any Owner of the Parity Bonds, any plan of reorganization or adjustment affecting the Parity Bonds or any right of any Registered Owner thereof, or to authorize or empower the Bondowners' Trustee to vote the claims of the Registered Owners thereof in any receivership, insolvency, liquidation, bankruptcy, reorganization or other proceeding to which the District is a party.

(d) *Application of Money Collected by Bondowners' Trustee.* Any money collected by the Bondowners' Trustee at any time pursuant to this Section 21 shall be applied in the following order of priority:

(i) first, to the payment of the charges, expenses, advances and compensation of the Bondowners' Trustee and the charges, expenses, counsel fees, disbursements and compensation of its agents and attorneys; and

(ii) second, to the payment to the persons entitled thereto of all installments of interest then due on the Parity Bonds in the order of maturity of such installments and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon to the persons entitled thereto, without any discrimination or preference; and

(iii) third, to the payment to the persons entitled thereto of the unpaid principal amounts of any Parity Bonds which shall have become due (other than Parity Bonds previously called for redemption for the payment of which money is held pursuant to the provisions hereto), whether at maturity or by proceedings for redemption or otherwise, in the order of their due dates and, if the amount available shall not be sufficient to pay in full the principal amounts due on the same date, then to the payment thereof ratably, according to the principal amounts due thereon to the persons entitled thereto, without any discrimination or preference.

(e) *Duties and Obligations of Bondowners' Trustee.* The Bondowners' Trustee shall not be liable except for the performance of such duties as are specifically set forth herein. During an Event of Default, the Bondowners' Trustee shall exercise such of the rights and powers vested in it hereby and shall use the same degree of care and skill in its exercise as a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs. The Bondowners' Trustee shall have no liability for any act or omission to act hereunder except for the Bondowners' Trustee's own negligent action, its own negligent failure to act or its own willful misconduct. The duties and obligations of the Bondowners' Trustee shall be determined solely by the express

provisions of this Resolution, and no implied powers, duties or obligations of the Bondowners' Trustee shall be read into this Resolution.

The Bondowners' Trustee shall not be required to expend or risk its own funds or otherwise incur individual liability in the performance of any of its duties or in the exercise of any of its rights or powers as the Bondowners' Trustee, except as may result from its own negligent action, its own negligent failure to act or its own willful misconduct.

The Bondowners' Trustee shall not be bound to recognize any person as a Registered Owner of any Parity Bond until its title thereto, if disputed, has been established to its reasonable satisfaction.

The Bondowners' Trustee may consult with counsel and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance with the opinion of such counsel. The Bondowners' Trustee shall not be answerable for any neglect or default of any person, firm or corporation employed and selected by it with reasonable care.

(f) *Suits by Individual Owners Restricted.* Neither the Owner nor the beneficial owner of any one or more Parity Bonds shall have any right to institute any action, suit or proceeding at law or in equity for the enforcement of same unless:

(i) an Event of Default has happened and is continuing; and

(ii) a Bondowners' Trustee has been appointed; and

(iii) such Owner or beneficial owner previously shall have given to the Bondowners' Trustee written notice of the Event of Default on account of which such suit, action or proceeding is to be instituted; and

(iv) the Owners of twenty-five percent (25%) in principal amount of the outstanding Parity Bonds after the occurrence of such Event of Default, have made written request of the Bondowners' Trustee and have afforded the Bondowners' Trustee a reasonable opportunity to institute such suit, action or proceeding; and

(v) there has been offered to the Bondowners' Trustee security and indemnity satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby; and

(vi) the Bondowners' Trustee has refused or neglected to comply with such request within a reasonable time.

No Owners or beneficial owners of any Parity Bond shall have any right in any manner whatever by his action to affect or impair the obligation of the District to pay from the Net Revenue of the District the principal of and interest on such Parity Bonds to the respective owners thereof when due.

(g) *Payment Solely From Net Revenue of the District and Certain Funds.* Nothing in this Section 21 shall be deemed to require payment to owners or beneficial owners from any source

other than the Net Revenue of the District and money and investments in the funds pledged in Section 10 of this Resolution.

(h) *Waiver of Jury Trial.* The District agrees to irrevocably waive all right to trial by jury in any action, proceeding or counterclaim (whether based on contract, tort or otherwise) arising out of or relating to this Resolution or its actions or the actions of the Purchaser in the negotiation, administration, performance or enforcement.

Section 22. Default Rate. If a payment related Event of Default has occurred and is continuing for longer than 60 days, or any other Event of Default has occurred, the District shall, at the option of the Purchaser, be obligated to pay interest on the Bond at the rate of 3.00% (300 basis points) above the applicable interest rate on the Bond while the Event of Default continues.

Section 23. General Authorization and Ratification. The Chair, the Secretary, the Chief Executive Officer, the Chief Financial Officer, and other appropriate officers of the District and Bond Counsel are severally authorized and directed to take any actions and to execute documents as in their judgment may be necessary or desirable to carry out the terms of, and complete the transactions contemplated by, this Resolution and the Bond Purchase Agreement (including everything necessary for the prompt delivery of the Bond to the Purchaser and for the proper application, use and investment of the proceeds of the sale thereof), and all actions heretofore taken in furtherance thereof and not inconsistent with the provisions of this Resolution are hereby ratified and confirmed in all respects.

Section 24. Severability. If any one or more of the covenants or agreements provided in this Resolution to be performed on the part of the District shall be declared by any court of competent jurisdiction to be contrary to law, then such covenant or covenants, agreement or agreements, shall be null and void and shall be separable from the remaining covenants and agreements in this Resolution and shall in no way affect the validity of the other provisions of this Resolution or of the Bond.

Section 25. Effective Date. This Resolution shall become effective immediately upon its adoption.

DRAFT

ADOPTED AND APPROVED by the Commission of Public Hospital District No. 2, Jefferson County, Washington, at an open public meeting thereof held this 18th day of June, 2025, the following Commissioners being present and voting in favor of the adoption of this Resolution.

PUBLIC HOSPITAL DISTRICT NO. 2
JEFFERSON COUNTY, WASHINGTON

Chair and Commissioner

Commissioner

Commissioner

Commissioner

Secretary and Commissioner

EXHIBIT A SUBORDINATE PARITY BOND PROVISIONS

Any issue of Subordinate Parity Bonds shall be evidenced by instruments, or issued under a resolution or other document, containing provisions for the subordination of such indebtedness substantially as follows (the term “debentures” being, for convenience, used in the provisions set forth below to designate the instruments issued to evidence Subordinate Parity Bonds and the term “this resolution” to designate the instrument, resolution, indenture or other document containing such provisions):

* * *

All debentures issued under this resolution shall be issued subject to the following provisions and each person taking or holding any such debenture whether upon original issue or upon transfer or assignment thereof accepts and agrees to be bound by such provisions.

All debentures issued hereunder and any coupons thereto appertaining shall, to the extent and in the manner hereinafter set forth, be subordinated and subject in right to the prior payment in full of Parity Bonds as defined in this Paragraph. For all purposes of this Paragraph, the term “Parity Bonds” shall mean any Parity Bonds issued pursuant to a Parity Bond Authorizing Resolution (as defined in Resolution No. 2023-19), as supplemented and modified to the date hereof, or as the same may hereafter from time to time be further supplemented and modified, any other Parity Bond Authorizing Resolution.

No payment on account of principal, premium, if any, sinking funds or interest on the debentures shall be made, nor shall any property or assets be applied to the purchase or other acquisition or retirement of the debentures, unless full payment of amounts then due and payable for principal, premium, if any, sinking funds and interest on Parity Bonds is made or duly provided for in accordance with the terms of such Parity Bonds. No payment on account of principal, premium, if any, sinking funds or interest on the debentures shall be made, nor shall any property or assets be applied to the purchase or other acquisition or retirement of the debentures, if, at the time of such payment or application or immediately after giving effect thereto, (i) there shall exist a default in the payment of principal, premium, if any, sinking funds or interest with respect to any Parity Bonds, or (ii) there shall have occurred any other event of default with respect to any Parity Bonds, as defined therein or in the instrument under which the same is outstanding, permitting the Owner of such Parity Bond thereof to accelerate the maturity thereof or take other enforcement action and such event of default is not cured or waived or shall not have ceased to exist.

Upon any acceleration of maturity of the principal amount due on the debentures or any payment or distribution of any kind or character, whether in cash, property or securities, upon any dissolution or winding up or total or partial liquidation, reorganization or arrangement of the District, whether voluntary or involuntary or in bankruptcy, insolvency, receivership or other proceedings, all principal, premium, if any, and interest and other payments due or to become due upon all Parity Bonds shall first be paid in full, or payment thereof provided for in accordance with the terms of such Parity Bonds, before any payment is made on account of the principal, premium, if any, or interest or other payments on the indebtedness evidenced by the debentures, and upon any such dissolution or winding up or liquidation, reorganization or arrangement, any payment or

distribution of any kind or character, whether in cash, property or securities, to which the Owner of any Parity Bonds or the trustee or paying agent under this resolution would be entitled, except for the provisions hereof, shall be paid by the District, or by any receiver, trustee in bankruptcy, liquidating trustee, agent or other person making such payment or distribution, to pay all Parity Bonds in full, before any payment or distribution is made to the Owner of any Parity Bonds of the indebtedness evidenced by the debentures or under the resolution authorizing its issuance.

In the event that, in violation of any of the foregoing provisions, any payment or distribution of any kind or character, whether in cash, property or securities, shall be received under this resolution or by the Owner of any Parity Bonds before all Parity Bonds is paid in full, or provision made for such payment in accordance with the terms of such Parity Bonds, such payment or distribution shall be held in trust for the benefit of, and shall be paid over or delivered as necessary for application to the payment of all Parity Bonds remaining unpaid to the extent necessary to pay all such Parity Bonds in full in accordance with its terms.

No present or future owner of any Parity Bonds shall be prejudiced in his right to enforce subordination of the indebtedness evidenced by the debentures by any act or failure to act on the part of the District or anyone in custody of its assets or property.

The foregoing subordination provisions shall be for the benefit of the Owner of any Parity Bonds and may be enforced against such owner of debentures or any trustee thereof; provided, however: (i) that the foregoing provisions are solely for the purpose of defining the relative rights of the Owner of any Parity Bonds on the one hand and such owner of the subordinate debt on the other hand, and that nothing herein shall impair, as between the District and the holder of the subordinate debt, the obligation of the District, which is unconditional and absolute, to pay to the Owner of any Parity Bonds thereof the principal thereof, premium, if any, and interest thereon in accordance with its terms, nor shall anything herein prevent the Owner of any Parity Bonds of the subordinate debt or the trustee on their behalf from exercising all remedies otherwise permitted by applicable law or hereunder upon default hereunder, subject to the rights set forth above of the Owner of any Parity Bonds to receive cash, property or securities otherwise payable or deliverable to such owner of the subordinate debt, (ii) that upon any payment or distribution of assets of the District of the character referred to in the fourth paragraph of the foregoing provisions, the trustee or paying agent under this resolution shall be entitled to rely upon any order or decree of a court of competent jurisdiction in which such dissolution, winding up, liquidation, reorganization or arrangement proceedings are pending, and upon a certificate of the receiver, trustee in bankruptcy, liquidating trustee, agent or other person making any such payment or distribution, delivered to said trustee for the purpose of ascertaining the persons entitled to participate in such distribution, the Owner of any Parity Bonds and other indebtedness of the District secured by the Net Revenue of the District, the amount thereof or payable thereon, the amount or amounts paid or distributed thereon and all other facts pertinent thereto or to the foregoing provisions, and (iii) that the trustee under this resolution and any paying agent hereunder shall not be charged with knowledge of the existence of any facts which would prohibit the making of any payment of moneys to or by such trustee or such paying agent, unless and until such trustee or such paying agent, as the case may be, shall have received written notice thereof from the District or from one or more Owner of any Parity Bonds.

CERTIFICATION

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

1. The attached copy of Resolution No. 2025-__ (the “Resolution”) is a full, true and correct copy of a resolution duly adopted at a meeting of the Commission held at the regular meeting place thereof on June 18, 2025, as that Resolution appears on the minute book of the District; and the Resolution is now in full force and effect;

2. That such meeting was duly convened, held and included an opportunity for public comment, in all respects in accordance with law; due and proper notice of such meeting was given;

3. That a quorum was present throughout the meeting, and a majority of the members of the Commission of the District so present at the meeting voted in the proper manner for the adoption of the Resolution;

4. That all other requirements and proceedings incident to the proper adoption of the Resolution have been duly fulfilled, carried out and otherwise observed, and that I am authorized to execute this Certificate.

IN WITNESS WHEREOF, I have hereunto set my hand this 18th day of June, 2025.

PUBLIC HOSPITAL DISTRICT NO. 2
JEFFERSON COUNTY, WASHINGTON

Secretary of the Commission