



June 23, 2014

Janis R. Sigman, Manager
Certificate of Need Program
Department of Health
P.O. Box 47852
Olympia, WA 98504-7852

RECEIVED

JUN 27 2014

CERTIFICATE OF NEED PROGRAM
DEPARTMENT OF HEALTH

RE: Letter of Intent

Dear Ms. Sigman:

This letter constitutes a Letter of Intent of King County Public Hospital District No. 2 d/b/a EvergreenHealth ("EvergreenHealth") and Snohomish County Public Hospital District No. 1 d/b/a Valley General Hospital ("Valley General") with regard to a proposed Amended Interlocal Agreement ("Operating Agreement") between the two entities. We understand that based on a recent court ruling the proposed Operating Agreement may not be subject to a CON review but we are filing this Letter of Intent as a precaution while the legal process takes its course.

- A. **Description of the Services Proposed.** Pursuant to WAC 246-310-080, EvergreenHealth intends to enter into a long term Operating Agreement with Valley General to operate (but not lease) Valley General Hospital ("Hospital"). Under the terms of the Operating Agreement as envisioned, the arrangement will be governed by two elected commissioners from each entity and the EvergreenHealth CEO. EvergreenHealth will operate the Hospital, which will be treated as part of the EvergreenHealth system, but which will remain separately-licensed and accredited. Each District Board of Commissioners will retain certain reserve powers to be set forth in the Operating Agreement.
- B. **Estimated Cost of the Proposed Acquisition.** There is no anticipated capital cost, and Evergreen will not be leasing the facility.
- C. **Description of Service Area.** Valley General's boundaries closely parallel the State's East Snohomish Hospital Planning Area. Communities served include Snohomish, Monroe and the surrounding areas.

EvergreenHealth will be the primary applicant for the CON should one be necessary. Accordingly, please contact Mr. Malte if you have any questions relating to this matter.

Very truly yours,

Robert H. Malte, CEO
EvergreenHealth
(425) 899-2610

Eric Jensen, CEO
Valley General Hospital
(360) 282-4201