WASHINGTON HIGHER EDUCATION COORDINATING BOARD

November 2009

DRAFT: Report to the Washington Legislature Health Science and Services Authority Activities Pursuant to RCW 35.104

Introduction

The Washington Legislature, by E2SHB 1705 approved in 2007 (codified as Chapter 35.104 RCW), legislation authorizing formation of a Health Sciences and Service Authority (HSSA) in Washington, authorizing the Higher Education Coordinating Board (HECB) to approve or reject applications for designation of one HSSA in Washington, giving the HECB responsibility for development and evaluation of performance measures in order to evaluate the effectiveness of an HSSA's activities; and requiring the HECB to report to the Legislature on HSSA activities on a biennial basis beginning December 1, 2009.

This constitutes the first report to the Legislature, and includes an Executive Summary, Detailed Report, and Appendices.

Executive Summary

Spokane County won approval from the Higher Education Coordinating Board in March 2008, to establish a special purpose district known as a Health Science and Services Authority. The HSSA was formed under a new state law RCW 35.104, designed to foster bioscience-based economic development and advance new therapies and procedures to combat disease and promote public health.

Following a brief but intensive organizational effort, assisted by the HECB, the Spokane County HSSA held its first board meeting in November 2008; and this year, awarded its first grants, which totaled more than $900,000 to two organizations. The Spokane HSSA also is in the final stage of developing two additional grant competitions, having collected tax distributions of $1,450,057 through September 2009.

The Institute for Systems Medicine was awarded $675,000 to increase bioscience research infrastructure capacity. Project Access was awarded $225,000 (subject to final negotiation) to increase access to health services for the underserved populations of Spokane County. Proposals will be sought soon for a health sciences research grant and collaboration challenge grant for health services. The HSSA has also contacted the Empire Health Foundation to discuss ways in which the two organizations may collaborate and leverage funding in the future for greater effect.

RCW 35.104, passed in 2007, specified that only one HSSA could be formed and that it must serve an area with a population of less than one million residents. The city, county, or town designated as an HSSA is authorized to use a small percentage of the state's share of local sales taxes (0.02) to fund the effort.

The law gave the HECB general administrative oversight for the process of approving and helping establish the HSSA. The HECB circulated a statewide Request for Proposals in fall 2007, for which Spokane County was the only respondent. The HECB and Spokane County signed a Memorandum of Agreement (MOU) in May 2008 regarding implementation of the HSSA and program guidelines.

The HSSA was then free to begin its work formally when a local Board was named to oversee the operation of the new authority. A schedule of regular Board meetings was established beginning in November 2008. A consultant was retained to serve in the role of interim director, office space was secured, an additional consultant was engaged to assist with financial reporting and budgeting, and a website was launched (http://www.hssaspokane.org).

The HECB and Spokane County HSSA have developed performance measures related to health science and service activities that flow directly from the HSSA's strategic goals and activities. It is anticipated these may evolve as the authority takes on additional activities to further its objectives. Because the activities directly related to the HSSA's mission are in their early stages, effectiveness of the HSSA program cannot be measured. Subsequent biennial reports will include information on HSSA performance.

Overview

In 2007, the Washington State Legislature passed a law codified as Chapter 35.104 RCW, designed to promote bioscience-based economic development and advance new therapies and procedures to combat disease and promote public health. The law permits a town, city, or county with a population of less than one million to establish a Health Sciences and Services Authority, similar to a local port authority or water resources board.

Only one HSSA was permitted under the legislation. The law gave the Higher Education Coordination Board general administrative oversight for the program's designation, startup, and performance assessment. It authorized the HECB to solicit and approve applications and to designate the HSSA. The HECB sent a request for proposals statewide in fall 2007. Spokane County submitted the only response, which was received December 31, 2007.

In March 2008, the HECB formally designated the Spokane County HSSA and began to work with the county to establish the administrative structure for the new authority. The HSSA is a local special purpose district (similar to a local port authority or water resources board) authorized by a local government and overseen by a local board with dedicated funding and the ability to raise additional funds and make investments in the local community to achieve its purpose and goals.

Brief chronology of initial activity establishing Spokane County HSSA	
December 11, 2007 - Spokane County Board of Commissioners adopted a resolution to establish an HSSA having the same boundaries as the County and to indicate their intent to impose a sales and use tax for the HSSA. **December 31, 2007 -** HECB received formal proposal from Spokane County in response to RFP. **February 26, 2008 -** Spokane County Board of Commissioners adopted a resolution specifying the conditions under which the county would issue bonds to support the new HSSA. **March 2008 -** The HECB formally approved a resolution designating the Spokane County HSSA. **May 2008 -** The HECB and Spokane County signed a Memorandum of Understanding to assist them in carrying out their duties relative to establishing the HSSA. **May 27, 2008 -** The Spokane County Board of Commissioners passed an ordinance formally establishing a 0.02 percent sales tax to support HSSA operations and debt financing.	**May-November 2008** Spokane County and HECB moved to imple-ment the legislation by formally establishing the HSSA, adopting related policies, imposing the sales and use tax, and appointing support staff. **November 19, 2008** The new HSSA Board held the first monthly meeting, with members appointed by the Governor, the Board of County Commissioners, and the Mayor of Spokane. **November 2008 - May 2009** The HSSA Board retained consultants to provide financial and director-level support; established a physical and internet presence; adopted by-laws and policies; developed a mission statement, goals, and strategic initiatives and is planned for competitive grants to be awarded in the areas of infrastructure capacity and health services. **September 2009** HSSA Board awarded the first two grants totaling $900,000 to include $675,000 to the Institute for Systems Medicine for the purpose of increasing bioscience research infrastructure capacity, and $225,000 (subject to final contract negotiations) to Project Access for increasing access to health services for the underserved populations of Spokane County.

Summary of Current HSSA Program Activities

RCW 35.104 requires the HECB to develop evaluation and performance measures for an HSSA's activities – criteria that enable the local government to measure the program's effectiveness. The HECB is required to report to the Legislature on a biennial basis beginning December 1, 2009, on the implementation and performance of the HSSA.

Because the activities directly related to the HSSA's mission are in their early stages, insufficient data exists to measure the effectiveness of the program. However, the Spokane County HSSA appears to be moving rapidly to meet initial goals, as evidenced by a new grant allocation process initiated in June 2009. Initial performance measures have been identified (and are included in this report, see Appendix G) and will provide a basis for future reporting from the HSSA to the HECB and for further reporting to the Legislature when due in 2011.

Grant Allocation Proposals

In May 2009, at its first board retreat, the Spokane County HSSA initiated a grant allocation process to support its strategic initiatives. The HSSA issued two requests for proposals. These included a proposal for infrastructure capacity and a proposal for the provision of health services.

1. Grant proposal for infrastructure capacity
   This grant initiative, released in June 2009, is directed specifically at building infrastructure capacity for bioscience research in Spokane County. In September 2009, following a review of proposals submitted, the HSSA selected the Institute for Systems Medicine to receive a two-year grant of $675,000 to be used to assist in funding development of two repositories: the Spokane Human Tissue Repository and the Spokane Clinical Data Repository.

   The operation of the repositories will be integrated and they will be used collaboratively by public and private researchers in the Spokane region. The development of these resources is expected to improve competitiveness in attracting bio-entrepreneurs, grow academic and corporate biomedical research, and advance local evidence-based health care.

2. Grant proposal for health services
   The HSSA released a second request for proposals in July 2009, to fund efforts to increase access to health services in Spokane County for underserved citizens. In October 2009, the HSSA selected Project Access to receive a one-year, $225,000 health services grant, subject to successful contract negotiations.

3. Additional grant initiatives
   The HSSA is developing two additional grant competitions (a health sciences research grant and a collaboration challenge grant for health services) for release, pending approval by the Board. The HSSA has also contacted the Empire Health Foundation to discuss ways in which the two organizations can collaborate and leverage funding in the future for greater effect.

Grant Proposal Protocols

In August 2009, the HSSA Board adopted grant proposal protocols. All proposals require screening by an HSSA Board designee using the following criteria:

- Proposals will be reviewed by a Grants Subcommittee and HSSA Board Chair, each reviewer individually scoring and commenting on each proposal, using an evaluation criteria form derived from the request for proposals approved by the HSSA Board.
- The reviewers will meet to develop a consensus recommendation that, along with a copy of each proposal, proposal checklist, and evaluation criteria form, will be provided to each HSSA Board member for individual evaluation.
- The full HSSA Board will convene to discuss individual evaluations and make decisions regarding the outcome of each proposal.

- Once a proposal is accepted, an HSSA Board designee will in good faith negotiate with the applicant a funding contract that is substantially consistent with a grant agreement template approved by the HSSA Board and specifies conditions of the grant award.

Performance Measures

The HECB and the HSSA have identified performance measures linked to strategies that further the HSSA's strategic goals. As HSSA programs and goals evolve over time, new or modified performance measures will be needed to accurately assess the success of the program. The HSSA's strategic goals fall under two broad categories: health sciences and health services.

The strategies for meeting each of these goals and corresponding performance measures are described in detail in Appendix G. The HSSA will require grantee reporting, including the data needed to provide accurate assessment of program success over time. Given the early stage of HSSA activities there are no outcomes to report, but it is anticipated that performance data will be available by the next biennial report in 2011.

HSSA Strategic Goals by Program Area	
Health Sciences	**Health Services**
Support improved linkages between higher education and the health sciences industry that adds to the growth of the important higher education/health sciences critical mass in Spokane County	Increase access to health care for underserved citizens in Spokane County
Promote local economic development in Spokane County through collaborative bioscience research and development	Promote initiatives that will leverage HSSA funding with funding from other sources and that result in better delivery of health care services
Fund research promoting innovation in the health sciences industry	Reduce the cost of delivering health care in Spokane County

Conclusions

- It has been two years since the Legislature approved the HSSA legislation. Since then, the HECB has established and completed the RFP process for designation of the HSSA; created HSSA Guidelines, developed a Memorandum of Understanding with Spokane County, and been available as a resource to both the County and HSSA.

- Beginning in the first quarter of 2008 when it received the HSSA designation, the County has taken steps to implement the legislation relating to the HSSA, including formation of the HSSA, adoption of related policies, imposition of the related sales and use tax, and appointment of certain staffing support for the HSSA.

- The Governor, Board of County Commissioners, and the Mayor of Spokane each appointed members of the HSSA Board, which was in place by November 2008 and has been meeting monthly to set and review policy and oversee the work of consultants hired to provide financial and director-level support. It also has established a physical and internet presence.

- The HSSA Board has adopted by-laws and policies, and developed a mission statement, goals, and strategic initiatives. In June 2009, the HSSA Board issued its first two competitive grant proposals in the areas of infrastructure capacity and health services. In September, grants totaling $900,000 were awarded to develop a human tissue repository and clinical data repository and increase access to health among under-served citizens in Spokane County.

- Because the activities directly related to the HSSA's mission are in early stages, effectiveness of the program cannot be measured. The performance measures that have been set forth are intended to provide a basis for future reporting from the HSSA to the HECB for further reporting to the Legislature when due in 2011.

More Detailed Information on How the HSSA Was Established

HECB Designation of the HSSA

In fall 2007, the HECB circulated a statewide request for proposals to establish an HSSA. City and county governments were notified, as well as various city and county associations. The HECB received one application in response to this request – from Spokane County on December 31, 2007.

The RFP reflected the requirements of RCW 35.104, requiring that the application:

- Provide sufficient information to enable the director to determine the viability of the proposal;
- Demonstrate that an ordinance or resolution has been passed by the legislative authority of a city, town, or county delineating the boundaries of an area that may be designated an authority;

- Be submitted on behalf of the city, town or county;
- Demonstrate that public funds directed to programs or facilities in the authority will leverage private sector resources and contributions to activities to be performed;
- Provide a plan or plans for the development of the authority as an entity to advance as a cluster for health sciences education, health sciences research, biotechnology development, biotechnology product commercialization, and/or health care services; and
- Demonstrate that the state has previously provided funds to health sciences and services programs or facilities in the applicant's city, town, or county.

After review of the proposal, the HECB review team recommended approval of the County for designation as an HSSA. On February 28, 2008, the HECB's executive director wrote to the County indicating she would recommend that the Board adopt a resolution approving the designation at its March 2008 meeting. The HECB subsequently reviewed and approved this resolution.

Spokane County's Resolution Establishing an HSSA

Prior to responding to the HECB request for proposals, the Spokane County Board of Commissioners adopted Resolution No. 7-1054 on December 11, 2007, establishing an HSSA with the same boundaries as the County, and providing that the HSSA have all powers and duties as set forth in RCW 35.104.060.

The County's resolution called for creation of a Board of not more than 14 members, with three members each appointed by the governor, the County Commissioner, and the Mayor of the City of Spokane, and up to five additional members to be appointed at the option of the newly created Board. Per RCW 35.104, the County also included language providing for the dissolution of the HSSA if a finding was reached that its responsibilities had expired.

The Spokane County Treasurer was designated to serve as treasurer of the HSSA; the Spokane County Prosecuting Attorney or a duly appointed deputy was designated to provide legal services; and the State Auditor (or a firm of certified public accountants) was designated as auditor.

The resolution stated the intent of the Board of County Commissioners to impose a sales and use tax to support the HSSA as provided in RCW 82.14.480 at a rate not to exceed 0.02 percent and to incur indebtedness in conjunction with financing grants and other HSSA programs in the amount of $40 million dollars. The Board included a sunset provision for the tax effective January 1, 2033.

Fiscal Policies and Goals for HSSA

County Resolution No 8-0158 on February 26, 2008 set conditions on how the HSSA Board could spend revenue generated through limited tax general obligation bonds. It required the HSSA Board to:

- Budget and spend about 10 percent of total funding available to the HSSA on administration;
- Designate about 75 percent to the conduct of biomedical research, hiring of scientific faculty, acquiring instrumentation and laboratory cores, commercialization of biomedical technology, and other efforts to improve health and patient outcomes;
- Distribute about 15 percent to support of the underinsured and uninsured within the County; and
- Create a scientific advisory board to report to advise the HSSA Board about which investments would be most likely to lead to important breakthroughs in biology and medicine.

The resolution provided for collaboration between the Scientific Advisory Board and a second Strategic Advisory Board formed to support the Institute for Systems Medicine and its partners. A goal is to ensure that matters of fairness and conflict of interest are resolved in a transparent manner.

The Board of County Commissioners also made note of the results it expected from the HSSA and the need to follow strict ethical and legal protocols.

1. The results expected by the Board of County Commissioners:
   (a) Provide better health and health care within the County and the region;
   (b) Create hundreds of well-paying jobs within the County and the region; and
   (c) Develop an economic engine to power future growth within the County.

To achieve these goals, the HSSA Board will be required, as a condition of the County issuing limited tax general obligation bonds and lending the proceeds to the HSSA, that the HSSA Board follow sound investment principles in making and managing its grants.

2. The HSSA Board shall:
   (a) adopt the Ethics and Conflicts of Interest Policy developed for and used by the Trustees of the Life Sciences Discovery Fund and may modify such Policy to meet its particular requirements and policies;
   (b) utilize the Intellectual Property Policy adopted by the Life Sciences Discovery Fund in developing its own intellectual property policy; and
   (c) require that the grantees of HSSA money derived from the County be matched or otherwise leveraged by non-County resources; and will require that the HSSA Board undertake fund raising activities to obtain additional non-County funds to be used to achieve the goals set forth in Resolution No. 8-0158.

Memorandum of Understanding between Spokane County and HECB

In May 2008, the County and the HECB signed a Memorandum of Understanding (see Appendix F) to assist them in carrying out their respective administrative duties relative to the HSSA. The County agreed to provide the following to the HECB:

- Receipt of program guidelines for implementation, oversight, and reporting to the HSSA.
- Compliance with those guidelines.
- Acknowledgement that the HECB may amend the program guidelines from time to time, as necessary.
- Details relating to its statutory requirements as set forth under Section VI of the program guidelines no later than September 1, 2008.
- Details relating to appointment of an HSSA Board and treasurer as set forth under Section VII of the program guidelines, no later than September 30, 2008.
- Copies of any bylaws or rules adopted by the HSSA, within 30 days of such adoption.
- A copy of the ordinance or resolution adopted to impose the sales and use tax, including the date on which collection will be initiated and related information within 30 days of passage of the ordinance.
- Reports and information necessary to allow the HECB to comply with its reporting of activities and performance, as set forth in the legislation establishing the HSSA.
- Agreement to collaborate and engage with the HECB in developing evaluation and performance measures, and provide assistance measuring the effectiveness of the HSSA program. (It was understood by the County and HECB that development of performance measurements may depend on activities and decisions of the HSSA Board, and may need further development over time; therefore, the County and HECB agreed to cooperate in updating the performance measurement system as appropriate to meet the reporting requirements of the legislation.)
- Agreement to furnish a copy of any audited financial statements, including any related management letters, findings, reports, or performance audits, within 30 days of receipt by the HSSA, in any year.

The HECB agreed to assist the County in developing evaluation criteria to enable the County to measure the effectiveness of the programs and activities of the HSSA.

Initial Organizing Activities of Spokane County and HSSA Board

1. Imposition and use of sales and use tax and associated revenues

   The Spokane County Board of Commissioners established a sales and use tax effective August 1, 2008, at the rate of 0.02 percent to be netted against the Washington State portion of sales and use tax. The sales and use tax was dedicated to the powers and duties of the HSSA or to finance and repay indebtedness incurred by the County for HSSA purposes. Ordinance No. 8-0516 dated May 27, 2008 (adopting Resolution No. 8-0569).

   The State Department of Revenue distributed sales and use tax revenue for a total of $1,450,057 from October 2008 through September 2009. Of this, the HSSA Board has committed grant awards totaling $900,000, including $675,000 to the Institute for Systems Medicine to increasing bioscience research infrastructure capacity, and $225,000 (subject to final contract negotiations) to Project Access to increase access to health services for the underserved populations of Spokane County. HSSA administrative expenditures through September 2009 total $54,754 or 3.6 percent of total sales and use tax revenues collected.

   The economic downturn has reduced sales and use tax revenue below levels initially anticipated. As a result, Spokane County has not been in a position to issue bonds for the benefit of the HSSA. Taxable retail sales in Spokane County (which corresponds with the boundaries of the HSSA) are down 8.3 percent for the first half of 2009, compared to the first half of 2008. The HSSA and Spokane County are considering the possibility of executing a short-term loan from the County to the HSSA to fund HSSA priorities until economic conditions are favorable for the County to go forward and issue general obligation bonds.

2. Staffing and professional services

   In mid-March 2009, the HSSA Board retained a consultant to serve as interim director, Susan Ashe, Principal of Ashe Public Affairs, on a part-time contract basis to facilitate activities of the HSSA Board and provide key administrative leadership. The Board has begun a discussion about whether the position of executive director should be part- or full-time. The HSSA Board also has contracted with Total Business Concepts to provide financial budget and reporting assistance.

   The Spokane County Treasurer serves as treasurer for the HSSA and provides for investment of HSSA funds. The County's Prosecuting Attorney has appointed a representative to provide legal services; the representative has attended all HSSA Board meetings and provides legal guidance to the HSSA.

3. Board approval of mission, goal, and strategic initiatives

   The HSSA Board adopted the following mission in May 2009:

   - Mission Statement:

     "The HSSA promotes bioscience-based economic development and advances new therapies and procedures to combat disease and promotes public health. The HSSA invests funds to create and support a nationally competitive health care cluster in Spokane County, catalyzing connections between higher education and health care that lead to high wage jobs, long-term sustainability, and economic diversification."

   At the same time, the HSSA Board set forth its goal and strategic initiatives, as follows:

   - Goal:

     To improve the capacity of the Spokane region to contribute to advances in health sciences and services.

   - Strategic Initiatives:

     Increase local infrastructure capacity for bioscience research that sustainably supports innovative advances in medical diagnosis, treatment, and health service delivery in Spokane County.

     Increase access to health services for under-served people in Spokane County.

The HSSA Board has defined its areas of interest as health science research, health service delivery, and related health research capacity, and determined that recipients of funding must develop capacity in the County, deliver service in the County and conduct research in the State with demonstrable benefits to the County.

4. HSSA Board approval of by-laws and policies

   The HSSA Board has reviewed and approved the following key organizational documents developed by staff:

   - Corporate By-laws
   - Ethics and Conflict of Interests Policy
   - Confidentiality Policy

Appendix A

HSSA Powers, Duties, and Governance

HSSA Powers and Duties

RCW 35.104.060 provides that the HSSA has the following powers and duties:

- Enter into contracts with public and private entities for research to be conducted in this state;
- Hire staff and pay administrative costs; however, such expenses shall be paid from moneys provided by the sponsoring local government and moneys received from gifts, grants, and bequests; and the interest earned on the authority's accounts and investments.

- Use the authority's public moneys, leveraging those moneys with amounts received from other public and private sources in accordance with contribution agreements, to promote bioscience-based economic development and to advance new therapies and procedures to combat disease and promote public health;

- Solicit and receive gifts, grants, and bequests, and enter into contribution agreements with private and public entities to receive moneys in consideration of the authority's promise to leverage those moneys with the revenue generated by the tax authorized under RCW 82.14.480 and contributions from other public and private entities, in order to use those moneys to promote bioscience-based economic development and advance new therapies and procedures to combat disease and promote public health;

- Hold funds received by the authority in trust for their use pursuant to this chapter to promote bioscience-based economic development and advance new therapies and procedures to combat disease and promote public health;

- Make grants to entities pursuant to contract to promote bioscience-based economic development and advance new therapies and procedures to combat disease and promote public health. Grant agreements shall specify the deliverables to be provided by the recipient pursuant to the grant. Grants to private entities may only be provided under a contractual agreement that ensures the state will receive appropriate consideration, such as an assurance of job creation or retention, or the delivery of services that provide for the public health, safety, and welfare. The authority shall solicit requests for funding and evaluate the requests by reference to factors such as: (i) The quality of the proposed research; (ii) its potential to improve health outcomes, with particular attention to the likelihood that it will also lower health care costs, substitute for a more costly diagnostic or treatment modality, or offer a breakthrough treatment for a particular disease or condition; (iii) its potential to leverage additional funding; (iv) its potential to provide health care benefits; (v) its potential to stimulate employment; and (vi) evidence of public and private collaboration;

- Create one or more advisory boards composed of scientists, industrialists, and others familiar with health sciences and services; and
- Adopt policies and procedures to facilitate the orderly process of grant application, review, and reward.

An amendment to RCW 35.104.060 in the 2009 supplemental session provides that:

> During the 2009-2011 fiscal biennium, up to 10 percent of the amount received under RCW 82.14.480 may be used by a health services and sciences authority for the following purposes:
>
> - Employ, contract with, or engage independent counsel, financial advisors, auditors, other technical or professional assistants, and such other personnel as necessary or desirable to implement this chapter; and
> - Hire staff and pay administrative costs; however, such expenses shall be paid from moneys provided by the sponsoring local government and moneys received from gifts, grants, and bequests and the interest earned on the authority's accounts and investments.

HSSA Organization and Governance

Appointment of HSSA Board Members

Chapter 35.104 RCW and the County Resolution No. 07-1054 state that the HSSA is to be governed by a board of up to 14 members, with 3 members appointed by the Mayor of the city of Spokane, 3 members appointed by the Board of County Commissioners, and three members appointed by the Governor. The following members have been appointed to and are currently serving on the HSSA Board:

Appointments made by the Board of County Commissioners:

Alethea McCann (3-year term)
Dr. Jeff Collins (2-year term)
Roger Woodworth (1-year term)

Appointments made by the Mayor of the city of Spokane:

Earl F. “Marty” Martin (3-year term)
Dr. Kelsey Gray (2-year term)
Mari Thomas (1-year term)

Appointments made by the Governor:

Dr. Patricia Butterfield (3-year term)
Nancy Isserlis (2-year term)
Wendy Schneider (1-year term)

Three Board members whose terms expire in November 2009 (after serving an inaugural one-year term) will be replaced or reappointed. The HSSA has notified by letter the Governor, the Board of County Commissioners and the Mayor of the City of Spokane about these vacancies to ensure a smooth transition

HSSA Board Meetings and HSSA Address

The HSSA Board held meetings on November 19 and December 17 of 2008, and has held regularly scheduled meetings on the first Wednesday of each month starting January 2009. Meetings are subject to the Open Public Meetings Act and provide for public comment. Meeting agendas and approved meeting minutes are posted on the HSSA's website.

The HSSA established an office at 665 N. Riverpoint Boulevard, Suite 124, Spokane, in Sirti's Riverpoint facility, which could facilitate key linkages for the HSSA. (Sirti is a Washington State economic development organization focused on accelerating the development and growth of technology and life sciences companies in the Inland Northwest). The Spokane HSSA has also established a website at http://www.hssaspokane.org, and an e-mail address at info@hssaspokane.org.

Appendix B

Spokane County Resolution No. 7-1054 (12-11-07) Regarding Establishment of HSSA

NO. 7 1054

BEFORE THE BOARD OF COUNTY COMMISSIONERS
OF SPOKANE COUNTY, WASHINGTON

IN THE MATTER OF ESTABLISHING A HEALTH SCIENCES AND SERVICES AUTHORITY AS PROVIDED FOR IN CHAPTER 35.104 RCW AND OTHER MATTERS RELATED THERETO	)))))	**RESOLUTION**

WHEREAS, pursuant to the provisions of RCW 36.32.120(6), the Board of County Commissioners of Spokane County (hereinafter referred to sometimes as the "Board") has the care of County property and the management of County funds and business; and

WHEREAS, pursuant to the provisions of chapter 35.104 RCW, the 60th Washington Legislature adopted legislation establishing a health sciences and services program to promote bioscience-based economic development and advance new therapies and procedures to combat disease and promote public health; and

WHEREAS, pursuant to the provisions of RCW 35.104.030, a local government, defined as a city, town or county, must establish by ordinance or resolution a health sciences and services authority ("Authority"), which ordinance must at a minimum (1) specify the powers to be exercised by the authority; (2) reserve the local government's right to dissolve the authority after its contractual responsibilities have expired; (3) establish an administrative board, including: (a) the number of board members; (b) the times and terms of appointment for each board position; (c) the amount of compensation, if any, to be paid to board members; (d) the procedures for removing board members and filing vacancies; and (e) the qualifications for the appointment of individuals to the board; (4) establish the authority's boundaries, which must be contiguous tracts of land; (5) ensure that private and public funds provided to the authority will be segregated; (6) establish guidelines under which the authority may invest its funds; (7) provide the requirements for auditing the records of the authority; and (8) require the local government's legal counsel to also provide legal services to the authority.

WHEREAS, pursuant to the provision of RCW 35.104.030, the Board of County Commissioners of Spokane County desires to adopt a resolution establishing a health sciences and services authority, said resolution to address to matters set forth in RCW 35.104.030.

NOW, THEREFORE, BE IT HEREBY RESOLVED by the Board of County Commissioners of Spokane County, pursuant to the provisions RCW 35.104.030, that the Board does hereby establish a health sciences and services authority as follows:

SECTION NO. 1: PURPOSE

The purpose of this resolution is to establish a health sciences and services authority to promote bioscience-based economic development and advance new therapies and procedures to combat disease and promote public health as provided for in chapter 35.101 RCW.

SECTION NO. 2: DEFINITIONS

The definitions in this section apply throughout this resolution unless the context clearly requires otherwise.

(1) "Authority" means a health sciences and services authority created pursuant to this resolution.

(2) "Board" means the governing board of trustees of the Authority.

(3) "Board of County Commissioners" means the governing authority of Spokane County.

(4) "County" means Spokane County governed by and through its Board of County Commissioners.

(5) "Health sciences and services" means biosciences that advance new therapies and procedures to combat disease and promote public health.

SECTION NO. 3: ESTABLISHMENT OF HEALTH SCIENCES AND SERVICES AUTHORITY-BOUNDARIES

The County hereby establishes an Authority having the same boundaries as Spokane County.

SECTION NO. 4: POWERS THAT MAY BE EXERCISED BY THE AUTHORITY

The Authority shall have all powers and duties as set forth in RCW 35.104.060 as it presently exists or as it may be hereinafter amended.

SECTION NO. 5: DISSOLUTION OF THE AUTHORITY

The County may dissolve the Authority by resolution of the Board of County Commissioners upon a finding that all of the Authority's responsibilities have expired.

The Board may petition the Board of County Commissioners to dissolve the Authority upon a showing that the Authority has no reason to exist and that any assets it retains must be returned to the state treasurer.

SECTION NO. 6: ESTABLISHMENT OF BOARD, TERMS, COMPENSATION

(1) There is created a Board to oversee the Authority. The Board shall not have more than fourteen (14) members. Board members must have some experience with the purpose of the Authority set forth in SECTION NO. 1. The Board members shall be appointed as follows:

(a) The governor shall appoint three members;

(b) The Board of County Commissioners shall appoint three members;

(c) The Mayor of the largest city within the boundaries of the Authority shall appoint three members; and

(d) Up to five additional members may be appointed by the Board.

The initial terms of the Board shall be as follows: One member from 1(a), (b), (c) and (d) shall be appointed for one (1) year; one member from 1(a), (b), (c) and (d) shall be appointed for two (2) years; and one member from 1(a), (b), (c) and (d) shall be appointed for three (3) years. Any members beyond three (3) in (d) shall be appointed for four (4) years. Thereafter successors to the first members shall be appointed for four (4) year terms.

The appointing authority shall determine which of his/her/its appointees shall have initial terms of one (1), two (2), three (3) or four (4) years respectively.

(2) A simple majority of the Board members shall constitute a quorum.

(4) The Board shall annually elect a chair, secretary and any other officers it deems necessary.

(5) The Board may adopt bylaws or rules for their own governance.

(6) Meetings of the Board shall be held in accordance with the open public meetings act, chapter 42.30 RCW, and at the call of the chair or when a majority of the Board so requests. Meetings of the Board may be held at any location and Board members may participate in a meeting of the Board by means of a conference telephone or similar communication equipment under RCW 23B.08.200.

(7) Members of the Board shall serve without compensation and/or per diem. Provided Board members may receive reasonable travel expenses as determined by the Board of County Commissioners for travel to and from their usual places of business or home to the place of a regular or special meeting of the Authority.

(8) Vacancies occurring for any reason other than expiration of the term shall be filled by appointment by the appointing authority for the unexpired portion of the term.

(9) Any Board member may be removed by his/her appointing authority for inefficiency, neglect of duty, malfeasance, or failure to attend three (3) consecutive meetings unless excused due to illness of the Board member or his/her family.

SECTION NO. 7: DESIGNATION OF TREASURER OF AUTHORITY

The Spokane County Treasurer is designated to serve as treasurer of the Authority. The Treasurer shall have the power to create and maintain funds, issue warrants, and invest funds in its possession. The Treasurer shall ensure that private and public funds provided to the Authority are segregated. The Treasurer may invest funds in its possession and not needed for immediate expenditure by the Authority in the manner consistent with applicable state statutes regarding the investment of other funds in his/her possession and not needed for immediate expenditure of the Authority.

SECTION NO. 8: AUDITING OF AUTHORITY RECORDS

The Authority shall keep proper records of accounts and shall be subject to annual audit by the office of state auditor and by an independent certified public accountant.

SECTION NO. 9: DESIGNATION OF LEGAL COUNSEL

The Spokane County Prosecuting Attorney or his/her duly appointed deputies or special deputies are designated to provide legal services to the Authority.

7 1054

SECTION NO. 10: COUNTY AUTHORIZED TO USE EXCISE TAX IN RCW 82.14.480 AND INDICTING INTENT TO INCUR INDEBTEDNESS

The County intends to impose sales and use tax in accordance with the terms of chapter 82.14 RCW. The tax is in addition to other taxes authorized by law and shall be collected from those persons who are taxable by the state under chapters 82.02 and 82.12 RCW upon the occurrence of any taxable event within Spokane County. The rate of the tax shall not exceed 0.020 percent of the selling price in the case of a sales tax or the value of the article used in the case of a use tax. The tax imposed shall be deducted from the amount of tax otherwise required to be collected or paid over to the Department of Revenue under chapter 82.02 or 82.12 RCW. The tax shall expire January 1, 2023.

The Department of Revenue shall perform the collection of the tax on behalf of the Authority at no cost to the Authority.

The amounts received under this Section may only be used in accordance with RCW 35.104.060 or to finance and retire the indebtedness incurred pursuant to RCW 35.104.070, in whole or in part.

The County intends to incur indebtedness in conjunction with financing grants and other programs of the Authority in the amount of Forty (40) Million Dollars.

BE IT FURTHER RESOLVED by the Board of County Commissioners of Spokane County, that the chairperson of the Board or a majority of the Board or the County CEO be and are hereby authorized to sign/execute, at other than an open meeting, an application to be submitted to the Washington Higher Education Coordinating Board, as provided for in RCW 35.104..040, for Spokane County's designation as a Health Science and Services Authority under chapter 35.104 RCW. A copy of any such application upon signature shall be provided to the Clerk of the Board.

PASSED AND ADOPTED this 14th day of December, 2007.

BOARD OF COUNTY COMMISSIONERS
OF SPOKANE COUNTY, WASHINGTON

MARK RICHARD, Chair

BONNIE MAGER, Vice Chair

TODD MIELKE, Commissioner

ATTEST:
CLERK OF THE BOARD

Daniela Erickson

Appendix C

Spokane Resolution 8-0156 (2-26-08) Stating Policies and Goals of HSSA

RESOLUTION NO. 8 -0156

A RESOLUTION OF THE BOARD OF COUNTY COMMISSIONERS OF SPOKANE COUNTY, WASHINGTON, STATING ITS POLICY AND GOALS WITH RESPECT TO THE HEALTH SCIENCES AND SERVICE AUTHORITY; AND PROVIDING FOR OTHER MATTERS PROPERLY RELATING THERETO

SPOKANE COUNTY, WASHINGTON

BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF SPOKANE COUNTY, WASHINGTON, as follows:

WHEREAS, Spokane County, Washington (the "County"), is a class A county duly organized and existing under and by virtue of the Constitution and the laws of the state of Washington (the "State");

WHEREAS, the population of the inland northwest region (the "Region") is over one million people and spans four states including Eastern Washington, Northern Idaho, Western Montana, and Northeastern Oregon;

WHEREAS, the region is nationally known for having a high quality of life that includes diverse outdoor and recreational activities, an affordable cost of living and an efficient transportation system;

WHEREAS, the Region includes: (1) a significant network of rural and urban hospitals (including two of the top three in the state of Washington); (2) excellent higher education facilities (including a comprehensive regional university, a research university and three private colleges); (3) a significant community college system; and (4) a multi-program federal lab and world-class digital infrastructure allowing for broadband communication;

WHEREAS, recent studies by Tripp Umbach entitled "Opportunities for Biomedical Economic Development" and the Eastern Washington University Public Policy Institute entitled "The Economic Impact of Health Care to Spokane County" verifies that an economic development strategy that includes biomedicine is both possible and essential to supporting the significant economic engine of the delivery of health care in the County;

WHEREAS, the Region is known as the center for health care delivery with the economy of the County significantly influenced by the delivery of health care and the high wage jobs that this economic sector provides;

WHEREAS, the County has been a leader in supporting economic development strategies to establish and maintain a competitive "health care cluster" through funding to entities engaged in this strategy, including: (1) Greater Spokane, Inc.; (2) the Inland Northwest Technology Education Center; (3) the Institute for Systems Medicine Planning Authority; (4) Connect Northwest; and (5) Project Access, among others;

WHEREAS, the County has invested in these entities in the expectation that there would be a significant economic return to the taxpayers of the Region;

WHEREAS, the Health Sciences and Services legislation enacted last session was signed into law in Spokane by Governor Gregoire with the prime sponsors of the legislation being Spokane legislators Senators Lisa Brown and Chris Marr and Representative Don Barlow;

WHEREAS, the Health Sciences and Services Authority (the "HSSA") will enhance the effort to create and support a nationally competitive health care cluster and catalyze connections between higher education and health care that will lead to high wage job creation, economic diversification and long term sustainability;

WHEREAS, on December 14, 2007, the County adopted its Resolution No. 7-1054 establishing the HSSA;

WHEREAS, the Board of Spokane County Commissioners (the "Board") are committed to the successful and prudent administration of the HSSA and intends to provide guidance on HSSA administrative matters;

WHEREAS, the County intends to issue limited tax general obligation bonds and lend the proceeds to the HSSA with the understanding that the HSSA will repay such loan from its sales tax revenue;

WHEREAS, the Board recognizes that the Board of Trustees on the HSSA (the "Trustees") must provide appropriate oversight and management of the HSSA funds, including effective grantee selection, negotiation of grantee contracts and measurement of grantee deliverables;

WHEREAS, the Board understands that the primary function of the HSSA is to evaluate requests and to distribute the HSSA funds to eligible grantees, as described in the HSSA legislation;

WHEREAS, the Board will require, as a condition of the County issuing limited tax general obligation bonds and lending the proceeds to the HSSA, that the Trustees to budget and spend approximately 10 percent of total funding available to the HSSA in administering the HSSA, which shall include the hiring of a director, additional staff as needed and consultants and others skilled in the activities adequate to conduct the business of the HSSA;

WHEREAS, since the Board is principally interested in the economic impact of the HSSA resulting in the creation of new high wage jobs and associated positive economic impacts, it will require, as a condition of the County issuing limited tax general obligation bonds and lending the proceeds to the HSSA, that the Trustees distribute approximately 75 percent of total funding available to the HSSA to activities which may include, but are not limited to, the conduct of biomedical research, hiring of scientific faculty, the acquisition of important instrumentation and laboratory cores, commercialization of biomedical technology and other efforts to improve health and patient outcomes;

WHEREAS, the Board recognizes the importance of charity care and will require the Trustees, as a condition of the County issuing limited tax general obligation bonds and lending

the proceeds to the HSSA, to distribute approximately 15 percent of total funding available to the HSSA in support of the underinsured and uninsured within the County.

WHEREAS, the Board, as a condition of the County issuing limited tax general obligation bonds and lending the proceeds to the HSSA, will require the Trustees to create a scientific advisory board (the "Advisory Board") to report to the Trustees to insure that HSSA investments are likely to lead to important breakthroughs in biology and medicine. The Advisory Board may coordinate with the Strategic Advisory Board ("SAB") that has been formed to advise and support the Institute for Systems Medicine and its partners. The Advisory Board must ensure that matters of fairness and conflict of interest are resolved in a transparent manner;

NOW, THEREFORE, IT IS HEREBY FOUND, DETERMINED AND ORDERED, as follows:

Section 1: Goals of County Investments

The results expected by the Board from HSSA grant investments are ambitious. They are: (1) to provide better health and health care within the County and the region; (2) to create hundreds of well paying jobs within the County and the region; and (3) to develop an economic engine to power future growth within the County. The Board anticipates that the HSSA investments will earn local economic returns while fostering new scientific knowledge focused on health care advancement. To achieve these goals the Board will require, as a condition of the County issuing limited tax general obligation bonds and lending the proceeds to the HSSA, the Trustees to follow sound investment principles in making and managing it grants.

Section 2: Ethics and Conflicts of Interest

The Board will require that the Trustees adopt the Ethics and Conflicts of Interest Policy developed for and used by the Trustees of the Life Sciences Discovery Fund and may modify such Policy to meet its particular requirements and policies.

Section 3: Intellectual Property

The Board will require that the Trustees utilize the Intellectual Property Policy adopted by the Life Science Discovery Fund in developing its intellectual property policy.

Section 4: Leveraging of County Money and Fund Raising

The County will mandate the Trustees to require that the grantees of HSSA money derived from the County be matched or otherwise leveraged by non County resources. In addition, the County will require that the Trustees undertake, or cause to be undertaken, fund raising activities to obtain additional and non County funds to be used to achieve the goals set forth in Section 1 of this Resolution.

Section 5: Grant Administration

The Board will strongly recommend to the Trustees that the HSSA explore contracting with the Inland Northwest Foundation, or a similar foundation, for grant administration and contract negotiation.

Section 6: No Personal Recourse

No recourse shall be had for any claim based on this Resolution against any Board member, officer or employee, past, present or future, of the County or of any successor body as such, either directly or through the County or any such successor body, under any constitutional provision, statute or rule of law or by the enforcement of any assessment or penalty or otherwise.

Section 7: Ratification

All actions not inconsistent with the provisions of this Resolution heretofore taken by the Board and the County's employees with respect to the adoption of this Resolution are hereby in all respects ratified, approved and confirmed.

Section 8: Repealer

All resolutions or parts thereof in conflict herewith are, to the extent of such conflict, hereby repealed, and shall have no further force or effect.

Section 9: Effective Date

This Resolution shall be in full force and effect from and after its adoption.

ADOPTED AND APPROVED by the Board of County Commissioners of Spokane County, Washington, at a regular meeting thereof, held on February 26, 2008.

SPOKANE COUNTY, WASHINGTON

Bonnie Mager, Chair

Todd Mielke, Vice-Chair

Mark Richard, Commissioner

ATTEST:

Daniela Erickson, Clerk of the Board
of County Commissioners

(SEAL)

BOARD OF COMMISSIONERS SPOKANE COUNTY SEAL SPOKANE COUNTY, WA

* * * * * * * * * * * * * * * *

CERTIFICATE

I, Daniela Erickson, Clerk of the Board of County Commissioners of Spokane County, Washington, hereby certify that the foregoing resolution is a full, true and correct copy of a resolution duly passed and adopted at a regular meeting of the Board of County Commissioners, duly held at the regular meeting place thereof on February 26, 2008, of which meeting all members of such Board had due notice and at which a majority thereof was present; and that at such meeting such resolution was adopted by the following vote:

AYES, and in favor thereof: Mager, Mielke & Richard

NAYS:

ABSENT:

ABSTAIN:

I further certify that I have carefully compared the same with the original resolution on file and of record in my office; that such resolution is a full, true and correct copy of the original resolution adopted at such meeting; and that such resolution has not been amended, modified or rescinded since the date of its adoption, and is now in full force and effect.

IN WITNESS WHEREOF, I have hereunto set my hand and the seal of the County on February 26, 2008.

SPOKANE COUNTY, WASHINGTON

Daniela Erickson

Daniela Erickson, Clerk of the
Board of County Commissioners

(SEAL)

Appendix D

Spokane Ordinance 8-0516 (6-10-08) Establishing 0.02 Percent Sales and Use Tax

ATTACHMENT "A"

NO. 8 0516

BEFORE THE BOARD OF COUNTY COMMISSIONERS
OF SPOKANE COUNTY, WASHINGTON

IN THE MATTER OF ADOPTING AN ORDINANCE IMPOSING A SALES AND USE TAX AS AUTHORIZED UNDER RCW 82.14.480, THE PROCEEDS TO BE USED IN ACCORDANCE WITH RCW 35.104.060 OR TO FINANCE AND RETIRE THE INDEBTEDNESS INCURRED PURSUANT TO RCW 35.104.070, IN WHOLE OR IN PART. PROVIDED, THE TAX IMPOSED SHALL BE DEDUCTED FROM THE AMOUNT OF TAX OTHERWISE REQUIRED TO BE COLLECTED OR PAID OVER TO THE WASHINGTON STATE DEPARTMENT OF REVENUE UNDER CHAPTER 82.02 OR 82.12 RCW. THE ORDINANCE WILL NOT INCREASE THE OVERALL SALES AND USE TAX RATE.	**NOTICE OF PUBLIC HEARING**

NOTICE IS HEREBY GIVEN by the Board of County Commissioners of Spokane County (the "Board"), pursuant to the provisions of RCW 82.14.480, that a public hearing will be held on:

TUESDAY, JUNE 10, 2008, AT 5:30 P.M.
(or as soon as possible thereafter)
COMMISSIONERS' ASSEMBLY ROOM
SPOKANE COUNTY PUBLIC WORKS BUILDING
1026 W. BROADWAY AVE
SPOKANE, WA 99260

BACKGROUND

In 2007, the legislature approved E2SHB 1705, now codified as chapter 35.104 RCW. That law provides an opportunity for Counties to designate a Health Sciences and Services Authority ("HSSA"). An HSSA is a special purpose district having a *mission* of promoting bioscience–based economic development and advanced new therapies and procedures to combat disease and promote public health. An HSSA is governed by a Board of not more than fourteen (14) members. Three (3) of the Board members are appointed by the Governor, three (3) are appointed by the legislative authority in which the HSSA resides, and three (3) are appointed by the Mayor of the largest city within the HSSA. The number of possible members and their appointment is determined by the initial nine (9) appointees.

8 0516

Consistent with the HSSA legislation, the Board of County Commissioners established a Spokane County HSSA under Resolution Nos. 07-1054 and 08-0156. The Washington State Higher Education Coordinating Board approved the County's application to establish the HSSA.

The HSSA is funded from various sources including among others gifts, grants, bequests, and contribution agreements with private entities and public entitles. Additionally, the legislature provided that once a HSSA was created and approved, HSSA activities could be funded by the enactment an Ordinance wherein the County could receive a sales a use tax at a rate of up to 0.020 percent (.0002) which would be deducted from the sales and use tax the State of Washington presently collects in Spokane County for state purposes.

PURPOSE OF PUBLIC HEARING

The purpose of the above scheduled public hearing is for the Board of County Commissioners to consider public testimony and take action on a proposed Ordinance which would impose a sales and use tax as authorized under RCW 82.14.480, from those person who are taxable by the state of Washington under chapters 82.08 and 82.12 RCW upon the occurrence of any taxable event within Spokane County in the amount of 0.020 percent (.0002) of the selling price in the case of a sales tax or the value of the article used in the case of a use tax, the proceeds to be used to in accordance with 35.104.060 or to finance and retire the indebtedness incurred pursuant to RCW 35.104.070, in whole or in part. **PROVIDED**, the tax imposed shall be deducted from the amount of tax otherwise required to be collected or paid over to the Washington State Department of Revenue under chapter 82.02 or 82.12 RCW. The Ordinance **will not** increase the overall sales and use tax. It would only allow Spokane County to receive a portion of the sales and use tax being collected in Spokane County and being paid to the state of Washington.

The full text of the proposed Spokane County Ordinance is as follows:

ORDINANCE NO. _____

AN ORDINANCE OF THE BOARD OF COUNTY COMMISSIONERS OF SPOKANE COUNTY, WASHINGTON, IMPOSING A SALES AND USE TAX AS AUTHORIZED BY RCW 82.14.480, PROVIDING FOR THE COLLECTION OF SUCH TAX, ESTABLISHING PENALTIES IN CONJUNCTION THEREWITH, AND PROVIDING FOR OTHER MATTERS PROPERLY RELATING THERETO.

BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF SPOKANE COUNTY, WASHINGTON, as follows:

SECTION NO. 1: IMPOSITION

There is hereby imposed, as authorized by RCW 82.14.480, a sales or use tax, as the case may be, in addition to any other taxes authorized by law. The tax shall be collected from those persons who

8 0516

are taxable by the state of Washington under chapters 82.08 and 82.12 RCW upon the occurrence of any taxable event with Spokane County. The tax imposed herein shall be deducted from the amount of tax otherwise required to be collected or paid over to the Washington State Department of Revenue under chapter 82.08 or 82.12 RCW.

SECTION NO. 2: RATE

The rate of tax imposed by Section No. 1 shall be 0.020 percent (.0002) of the selling price in the case of a sales tax, or value of the article used, in the case of a use tax.

SECTION NO. 3: ADMINISTRATION/COLLECTION

The Washington State Department of Revenue shall perform the collection of the tax on behalf of Spokane County at no cost to Spokane County.

SECTION NO. 4: INSPECTION

Spokane County consents to the inspection of such records as are deemed necessary to qualify it for inspection of records pursuant to RCW 82.32.330.

SECTION NO. 5: CONTRACT WITH STATE FOR ADMINISTRATION

The Chairman of the Board of County Commissioners of Spokane County, or a majority of the Board, is authorized to enter into contract(s) with the Washington State Department of Revenue for the administration of the tax imposed pursuant to this Ordinance.

SECTION NO. 6: VIOLATION/PENALTIES

Any person who fails or refuses to collect the tax as required under the terms of this Ordinance with the intent to violate the provisions of this Ordinance or to gain some advantage or benefit, either directly, and any buyer who refuses to pay any tax due under this Ordinance, shall be guilty of a misdemeanor, and upon conviction thereof, shall be punished by imprisonment in the County jail for a maximum term fixed by the court of not more than ninety (90) days, or by a fine in the amount fixed by the court of not more than $1,000.00 or by both such imprisonment and fine. Provided, however, the penalty provided for under the terms of this Section shall be in addition to any other provisions provided for in chapters 82.08 and 82.14 RCW.

SECTION NO. 7: EFFECTIVE DATE

This Ordinance shall take effect at as provided by applicable law and shall automatically terminate on January 1, 2023.

8 0516

SECTION NO. 8: USE OF MONEYS COLLECTED

Moneys received from the tax imposed under this Ordinance shall be used in accordance with RCW 35.104.060 or to finance and retire the indebtedness incurred pursuant to RCW 35.104.070, in whole or in part.

SECTION NO. 9: SEVERABILITY

If any part or provision of this Ordinance, or its application to any person or circumstance is held invalid, it is the intent of the Board of County Commissioners of Spokane County that the remainder of this Ordinance or its application of the provisions to other persons or circumstances is not affected.

* * * * *

Any person may appear at the date, time and place set forth hereinabove, and present testimony in support of or opposition to the Ordinance. The adoption of the proposed Ordinance is exempt from the State Environmental Policy Act pursuant to WAC 197-11-800(15).

Additional information may be obtained by contacting Marshall Farnell, CEO, at (509) 477-2600.

All meetings and hearings will be conducted in facilities which are accessible to disabled individuals. For more particular information with respect tot he accessibility of the Public Works Building, Commissioners' Assembly Room, please contact Daniela Erickson, Clerk of the Board, at (509) ~~456-2265~~ 477-2265. (de)

DATED this 27th day of May 2008.

BOARD OF COUNTY COMMISSIONERS
OF SPOKANE COUNTY, WASHINGTON

BONNIE MAGER, Chair

TODD MIELKE, Vice Chair

MARK RICHARD, Commissioner

ATTEST:

Daniela Erickson
Clerk of the Board

PUBLISH: 5/30/08 The Spokesman Review

Appendix E

Letter from HECB to Spokane County, Regarding Designation as HSSA

Bill Grinstein
Chair

Ann Daley
Executive Director

STATE OF WASHINGTON

HIGHER EDUCATION COORDINATING BOARD

917 Lakeridge Way • PO Box 43430 • Olympia, WA 98504-3430 • (360) 753-7800 • FAX (360) 753-7808 • www.hecb.wa.gov

February 27, 2008

Mr. Marshall Farnell
Spokane County Chief Executive Officer
Spokane County Courthouse
1116 West Broadway Avenue
Spokane, WA 99260

Dear Mr. Farnell:

The Higher Education Coordinating Board (HECB) proposal review team has completed its review of Spokane County's proposal for designation of a Health Sciences and Services Authority (HSSA), pursuant to RCW 35.104, and we are pleased to inform you that they have made a positive recommendation for designation. Based on their recommendation, I am recommending to the Higher Education Coordinating Board designation of the HSSA in Spokane County, pending passage of a resolution to that effect by the Higher Education Coordinating Board at their next meeting, on March 19. A copy of the draft resolution is attached for your information. Designation is not official until the Board takes action.

In the mean time, I ask that you work with John Lederer on my staff. He is currently drafting a Memorandum of Agreement between, the HECB and the County that outlines the legislative requirements of the HSSA and the reporting requirements to this agency. Please let him know whom he should be working with on your staff to get the Memorandum reviewed, signed and implemented. You may contact John Lederer at the HECB at johnle@hecb.wa.gov or (360) 753-7822.

Sincerely,

Ann Daley
Executive Director

DRAFT RESOLUTION NO. 08-08

WHEREAS, In 2007, the Washington Legislature passed E2SHB 1705 establishing a Health Sciences and Services Authority Special Purpose District in Washington State; and

WHEREAS, The Higher Education Coordinating Board (HECB) has been tasked by the Legislature to solicit, review, and approve applications submitted by local governments for a single area's designation as a Health Sciences and Services Authority; and

WHEREAS, The purpose of a Health Sciences and Services Authority is "to promote bioscience-based economic development and advance new therapies and procedures to combat disease and promote public health"; and

WHEREAS, The Higher Education Coordinating Board issued a request for applications, in accordance with established state procedures, on November 9, 2007 to solicit applications for designation of a Health Sciences and Services Authority; and

WHEREAS, On or before December 31, 2007, the Higher Education Coordinating Board received one application for designation from Spokane County that met the minimum requirements for review established in the request for applications; and

WHEREAS, A review team that included a member of the Higher Education Coordinating Board, HECB staff and outside experts thoroughly reviewed the application submitted by the applicant against the criteria established in the law and determined the application to be sound and viable; and

THEREFORE, BE IT RESOLVED, That the Higher Education Coordinating Board approves the designation of a Health Sciences and Services Authority in Spokane County, in accordance with the written materials submitted to the Board in their application for designation; and

BE IT FURTHER RESOLVED That the Higher Education Coordinating Board instructs and authorizes the Executive Director, on behalf of the Board, to implement this designation and carry out all subsequent duties and responsibilities necessary for the proper administration and oversight of the Health Sciences and Services Authority, in accordance with legislative and regulatory requirements.

Adopted:

March 19, 2008

Attest:

_____

Bill Grinstein, Chair

_____

Roberta Greene, Secretary

Appendix F

Memorandum of Understanding between the HECB and Spokane County, including HSSA Program Guidelines

MEMORANDUM OF UNDERSTANDING BETWEEN HIGHER EDUCATION COORDINATING BOARD AND SPOKANE COUNTY, WASHINGTON

THIS MEMORANDUM OF UNDERSTANDING ("MOU") is made and entered into by and between the Higher Education Coordinating Board, hereinafter referred to as "Board," and Spokane County, Washington, referred to as the "County."

IT IS THE PURPOSE OF THIS MOU to provide for designation of a Health Sciences and Services Authority ("HSSA") in Spokane County and implementation of state law (Ch. 251, Laws of 2007), codified as Chapter 35.104 Revised Code of Washington, so the Board may carry out its administrative responsibilities under RCW 35.104.040.

THEREFORE, IT IS MUTUALLY AGREED THAT:

- The County has received guidelines for implementation, oversight and reporting relative to the HSSA designated by the Board (Exhibit A of this agreement), and will comply with those guidelines.
- The Board may amend the guidelines from time to time, and will provide notice to the County of any changes within 30 days of the effective date of any changes. Provided, however no amendment to the guidelines will be applicable to or affect any outstanding bonds which the County has issued under RCW 35.104.070.
- The County will provide to the Board details relating to its statutory requirements, as set forth under Section VI of the guidelines no later than September 1, 2008.
- The County will provide to the Board details relating to appointment of an HSSA board and treasurer as set forth under Section VII of the guidelines no later than September 30, 2008.
- The County will provide or cause to be provided to the Board copies of any bylaws or rules adopted by the HSSA, within 30 days of such adoption. The development and adoption of HSSA Board bylaws is strongly recommended by the Board.
- The County will provide to the Board a copy of the ordinance or resolution adopted to impose the sales and use tax, including the date on which collection will be initiated, the estimated amount of tax revenue to be received each year, and the historic data supporting the estimate within 30 days of passage of the ordinance.
- The County will require the HSSA to provide a copy of any audited financial statements, including any related management letters, findings, reports or performance audits, within 30 days of receipt by the HSSA, in any year.
- The County will provide to the Board reports and information necessary to allow the Board to comply with its reporting of activities and performance, as set forth in the legislation establishing HSSAs. Specifically, the County will provide (a) by January 30, 2009, a report of activities and performance through December 31, 2008; (b) by August 15, 2009, activity and performance from January 1 through June 30, 2009 (in order to support delivery of the first report to the legislature by December 1, 2009); and (c) by August 15 every year thereafter for HSSA activity that occurred in the previous fiscal year (July 1-June 30).
- The Board will assist the County in developing evaluation criteria to enable the County to measure the effectiveness of the programs and activities of the HSSA.

- The County will collaborate and engage with the Board in the development of evaluation and performance measures, and will provide assistance in measuring the effectiveness of the HSSA program. The parties intend to proceed with development of such measures with a target completion date of December 1, 2008. It is understood by the parties that development of performance measurements may depend on activities and decisions of the HSSA board, and may need further development over time, therefore the parties agree to cooperate in updating the performance measurement system as appropriate to meet the reporting requirements of the legislation. The County agrees to assist the Board in developing and presenting information on HSSA performance to external stakeholders, including the Governor's staff, the Office of Financial Management, Department of Revenue, and Washington State Legislature.

PERIOD OF PERFORMANCE

Subject to its other provisions, the period of performance of this Agreement shall commence on the date of execution of this agreement, and be completed on January 1, 2023, unless terminated sooner as provided herein.

PAYMENT

No payment is due from either party to the other.

INDEPENDENT CAPACITY

The employees or agents of each party engaged in the performance of this MOU shall continue to be employees or agents of that party and shall not be considered for any purpose to be employees or agents of the other party.

AGREEMENT ALTERATIONS AND AMENDMENTS

This MOU may be amended by mutual agreement of the parties, and such amendments shall not be binding unless they are in writing and signed by personnel authorized to bind each of the parties.

COOPERATION

Each party understands that the intent of this agreement is to allow the County and the Board to comply with the conditions and requirements of Ch. 251, Laws of 2007, and agrees to cooperate as needed to assist in such compliance.

GOVERNANCE

This MOU is entered into pursuant to and under the authority granted by the laws of the state of Washington and any applicable federal laws. The provisions of this MOU shall be construed to conform to those laws.

In the event of an inconsistency in the terms of this MOU, or between its terms and any applicable statute or rule, the inconsistency shall be resolved by giving precedence in the following order:

a. Applicable state and federal statutes and rules;
b. Any other provisions of the agreement, including materials incorporated by reference;
c. Guidelines developed by the Board, as may be amended from time to time.

WAIVER

A failure by any party to exercise its rights under this MOU shall not preclude that party from subsequent exercise of such rights and shall not constitute a waiver of any other rights under this MOU unless stated to be such in a writing signed by an authorized representative of the party and attached to the original MOU.

SEVERABILITY

If any provision of this MOU or any provision of any document incorporated by reference shall be held invalid, such invalidity shall not affect the other provisions of this MOU which can be given effect without the invalid provision, if such remainder conforms to the requirements of applicable law and the fundamental purpose of this agreement, and to this end the provisions of this MOU are declared to be severable.

ALL WRITINGS CONTAINED HEREIN

This MOU contains all the terms and conditions agreed upon by the parties. No other understandings, oral or otherwise, regarding the subject matter of this MOU shall be deemed to exist or to bind any of the parties hereto.

CONTRACT MANAGEMENT

The program managers for the Board and the County shall be responsible for and shall be the contact person for all communications regarding this MOU.

The Program Manager for the Board is: John Lederer HECB, PO Box 43430, Olympia, WA 98504-3430, (360) 753-7822*, johnl@hecb.wa.gov.*

The Program Manager for the County is: Marshall Farnell, County CEO, West 1116 Broadway Avenue, Spokane, Washington 99260 *mfarnell@spokanecounty.org*.

HEADINGS

The Section headings in this MOU have been inserted solely for the purpose of convenience and ready reference. In no way do they purport to, and shall not be deemed to, define, limit or extend the scope or intent of the Sections to which they appertain.

COUNTERPARTS

This MOU may be executed in any number of counterparts, each of which, when so executed and delivered, shall be an original, but such counterparts shall together constitute but one and the same.

VENUE STIPULATION

This MOU has and shall be construed as having been made and delivered in the State of Washington and the laws of the State of Washington shall be applicable to its construction and enforcement. Any action at law, suit in equity or judicial proceeding for the enforcement of this MOU or any provision hereto shall be instituted only in courts of competent jurisdiction within Spokane County, Washington.

TERMINATION

Subsequent to execution, this MOU can only be terminated by mutual agreement of both parties.

COMPLIANCE WITH LAWS

Both Parties agree to observe all federal, state and local laws, ordinances and regulations that have any bearing upon either meeting its responsibilities under the terms of this MOU.

NOTICES

All notices or other communications given hereunder shall be deemed given on: (i) the day such notices or other communications are received when sent by personal delivery; or (ii) the third day following the day on which the same have been mailed by certified mail delivery, receipt requested and postage prepaid addressed to parities at the address set forth below, or at such other address as the parties shall from time-to-time designate by notice in writing to the other parties:

Board: Executive Director
Higher Education Coordinating Board
PO Box 43430
Olympia, WA 98504-3430

County: Board of County Commissioners
Spokane County Courthouse
1116 West Broadway Avenue
Spokane, Washington 99260

IN WITNESS WHEREOF, the parties have executed this MOU to be executed on the date opposite their respective signature block.

HIGHER EDUCATION COORDINATING BOARD

DATED: _____

_____
DON BENNETT, Deputy Director

BOARD OF COUNTY COMMISSIONERS
OF SPOKANE, COUNTY, WASHINGTON

DATED: _____

_____
BONNIE MAGER, Chair

_____
TODD MIELKE, Vice Chair

ATTEST:

_____
Daniela Erickson
Clerk of the Board

_____
MARK RICHARD, Commissioner

Higher Education Coordinating Board
Health Sciences and Services Authority

GUIDELINES

I. Background and Overview

During the 2007 legislative session, the state legislature approved E2SHB 1705, to provide an opportunity for municipalities or counties to apply for designation as a Health Sciences and Services Authority (an "HSSA"). Any city, town or county located in a county with a population of less than one million is eligible to apply through a competitive process overseen by the HECB, on or before December 31, 2007. The legislation provided for one HSSA to be designated statewide, based on proposals to be submitted to the Higher Education Coordinating Board ("HECB"). Applicants seeking designation as an HSSA must demonstrate that they meet certain criteria, as reflected in E2SHB 1705, and described herein.

An HSSA is defined in E2SHB 1705 as a special purpose district authorized by ordinance or resolution passed by a city, town, or county government. An HSSA may be created to promote bioscience-based economic development and advance new therapies and procedures to combat disease and promote public health. An HSSA has the power and authority to make and execute agreements and contracts, establish special funds, hire staff, leverage its public funds with moneys received from other public and private sources, hold funds in trust, and make grants.

In addition to other powers and duties set forth in the legislation, the sponsoring local government may impose a sales and use tax at a rate not to exceed 0.02 percent of the selling price or value of the article used, to be used only for the purposes set forth in E2SHB 1705. The sales and use tax will be deducted from the amount of tax otherwise required to be collected or paid over to the Washington Department of Revenue, and may only be used in accordance with the related legislation. The sales and use tax authority is set to expire January 1, 2023.

II. HECB Role

The HECB was charged with prescribing the form and manner for competitive applications, developing criteria to evaluate the applications, and developing evaluation and performance measures in order to evaluate the effectiveness of the programs in the HSSA funded with public resources. Additionally, the HECB is responsible for developing evaluation criteria that enables the local governments to measure the effectiveness of the program.

The director may reject or approve an application for designation as an HSSA. The decision regarding such designation as it relates to a specific local government is final; however a rejected application may be resubmitted. The director may amend the boundaries of an authority upon the request of the local government.

The HECB was provided authority to adopt any rules necessary to implement the act. After review, the HECB determined not to adopt rules, but rather to develop these guidelines relating to implementation of E2SHB 1705. The HECB may amend these guidelines at any time, based on program performance and review, and input from stakeholders. Provided, however no

amendment to the guidelines will be applicable to or affect any outstanding bonds which the County has issued under RCW 35.104.070.

It is the intention of the HECB that the information, projections and other material contained in applications for designation will be used for purposes of evaluation and performance measures required by the state legislature.

Within 90 days of providing notification to a local government applicant of HSSA designation, the HECB will require the local government to provide written acknowledgement of these HSSA Guidelines and its obligations hereunder. The local government and HECB will enter into a written agreement to cooperate in the development of evaluation and performance requirements described in Section V herein.

III. Eligibility of Applicants for Designation as HSSA

Eligible applicants are located in counties with populations less than one million. Therefore, all cities, towns and counties are eligible to apply, except those located in King County.

The HECB may approve applications submitted under E2SHB 1705, with the form, manner and information requirements to be prescribed by the HECB, provided the applications:

1) Contain sufficient information to enable the director to determine the viability of the proposal;
2) Demonstrate that an ordinance or resolution has been passed by the legislative authority of a city, town or county that delineates the boundaries of an area that may be designated an authority;
3) Be submitted on behalf of the city, town or county, or, if that office does not exist, by the legislative body of the city, town or county;
4) Demonstrate that the public funds directed to programs or facilities in the authority will leverage private sector resources and contributions to activities to be performed;
5) Provide a plan or plans for the development of the authority as an entity to advance as a cluster for health sciences education, health sciences research, biotechnology development, biotechnology product commercialization, and/or health care services; and
6) Demonstrate that the state has previously provided funds to health sciences and services programs or facilities in the applicant's city, town or county.

IV. Application Evaluation Criteria

The HECB is to develop criteria for evaluation of proposals based on fulfillment of the requirements of E2SHB 1705, including the following evaluation criteria:

1) The presence of infrastructure capable of spurring development of the area as a center of health sciences and services;
2) The presence of higher education facilities where undergraduate or graduate coursework or research is conducted; and
3) The presence of facilities in which health services are provided.

V. HSSA Evaluation and Performance Measures

The HECB is to develop evaluation and performance measures in order to evaluate the effectiveness of the programs in the authorities that are funded with public resources.

Specific evaluation and performance measures are included in Attachment A hereto, and may be amended in the future, as necessary and appropriate.

A report to the legislature is due on a biennial basis beginning December 1, 2009.

The HECB is to develop evaluation criteria to enable the local government to measure the effectiveness of the program.

It is the HECB's expectation that any local government receiving designation as an HSSA will collaborate and engage with the HECB in the development of evaluation and performance measures, and provide assistance in measuring the effectiveness of the HSSA program.

VI. Requirements of the Sponsoring Local Government

The HSSA is to be established by resolution or ordinance of the sponsoring city, town or county. In accordance with E2SHB 1705 the resolution or ordinance is to:

1) Specify the powers to be exercised by the authority;
2) Reserve the local government's right to dissolve the authority after its contractual responsibilities have expired;
3) Establish an administrative board, including (a) the number of board members; (b) the times and terms of appointment for each board position; (c) the amount of compensation, if any, to be paid to board members; (d) the procedures for removing board members and filling vacancies; and (e) the qualifications for the appointment of individuals to the Board.
4) Establish the authority's boundaries, which must be contiguous tracts of land.
5) Ensure that private and public funds provided to the authority will be segregated;
6) Establish guidelines under which the authority may invest its funds;
7) Provide the requirements for auditing the records of the authority; and
8) Require the local government's legal counsel to also provide legal services to the authority.

The HECB will require the local government to provide it with information on how it has complied with this section within six months of its designation by the HECB.

VII. The Governing Board of the HSSA

The HSSA is to be overseen by a board with not more than fourteen members, each of which must have some experience with the mission of the authority. The authority board is to select a chair of the board, and is to annually elect a secretary and any other officers it deems necessary.

E2SHB 1705 states that the board members are to be appointed as follows:

1) The governor is to appoint three members;

2) The county legislative authority in which the authority resides is to appoint three members;
3) The mayor of the city in which the authority is created or the mayor of the largest city within the authority if created by a county, shall appoint three members; and
4) Up to five additional members may be appointed by the board.

The local government is to designate an individual with financial experience to serve as treasurer, which may be a city or county treasurer or auditor, or may be a private party. If a private party is designated to serve as treasurer, a financial bond is to be required. The treasurer is to have the power to create and maintain funds, issue warrants and invest funds in its possession.

The HECB will require the local government to provide it with information demonstrating compliance with this section in regard to the appointment of an HSSA board and treasurer, within six months of HSSA designation by the HECB.

The board may adopt bylaws or rules for their own governance.

The HECB will require the local government to provide or cause to be provided to the HECB copies of any bylaws or rules adopted by the HSSA, within 30 days of such adoption. The development and adoption of HSSA Board bylaws is strongly recommended by the HECB.

VIII. HSSA Powers and Duties

A. The HSSA was provided with powers and duties, some (but not all) of which are shown here:

1) Make and execute agreements, contracts and other instruments with any public or private entity or person, in accordance with E2SHB 1705;
2) Employ, contract with or engage consultants or personnel as necessary or desirable to implement E2SHB 1705;
3) Enter into contracts with public and private entities for research to be conducted in the state;
4) Hire staff and pay administrative costs; however, such expenses are to be paid from moneys provided by the sponsoring local government and moneys received from gifts, grants and bequests and the interest earned on the authority's accounts and investments.

B. Additionally, the HSSA is empowered to:

1) Use the authority's public moneys, leveraging those moneys with amounts received from other public and private sources in accordance with contribution agreements, to promote bioscience-based economic development, and to advance new therapies and procedures to combat disease and promote public health;
2) Solicit and receive gifts, grants, and bequests, and enter into contribution agreements with private entities and public entities to receive moneys in consideration of the authority's promise to leverage those moneys with the revenue generated by the tax authorized under E2SHB 1705 and contributions from other public or private entities, in order to use those moneys to promote bioscience-based economic development, and to advance new therapies and procedures to combat disease and promote public health;

3) Hold funds received by the HSSA in trust for their use pursuant to E2SHB 1705 to promote bioscience-based economic development, and to advance new therapies and procedures to combat disease and promote public health;
4) Make grants to entities pursuant to contract to promote bioscience-based economic development, and to advance new therapies and procedures to combat disease and promote public health.
    a) Grant agreements are to specify the deliverables to be provided by the recipient pursuant to the grant.
    b) Grants to private entities may only be provided under a contractual agreement that ensures the state will receive appropriate consideration, such as an assurance of job creation or retention, or the delivery of services that provide for the public health, safety and welfare.
    c) The HSSA is to solicit requests for funding and evaluate the requests by reference to factors such as (i) the quality of the proposed research; (ii) its potential to improve health outcomes; (iii) its potential to leverage additional funding; (iv) its potential to provide health care benefits; (v) its potential to stimulate employment; and (vi) evidence of public and private collaboration;
5) Create one or more advisory boards composed of scientists, industrialists and others familiar with health sciences and services; and
6) Adopt policies and procedures to facilitate the orderly process of grant application, review and reward.

The records of the HSSA are subject to audit by the office of the state auditor.

The HECB will require the HSSA to provide a copy of its audited financial statements, including any related management letters, findings, reports or performance audits, within 30 days of receipt by the HSSA.

IX. Authority of Local Government to Impose a Sales and Use Tax

In accordance with E2SHB 1705, a new section is added to chapter 82.14 RCW to allow the legislative authority of a local jurisdiction that has created an HSSA to impose a sales and use tax, to be collected upon the occurrence of any taxable event within the local jurisdiction, in accordance with chapters 82.08 and 82.12 RCW. The sales and use tax rate may not exceed 0.02 percent.

The amounts received from the sales and use tax may only be used for the powers and duties of the HSSA or to finance and retire indebtedness incurred by the local government, in whole or in part.

The sales and use tax authority expires January 1, 2023.

The HECB will require the local government to provide a copy of the ordinance or resolution adopted to impose the sales and use tax, including the date on which collection will be initiated, the estimated amount of tax revenue to be received each year, and the historic data supporting the estimate. This information shall be provided to the HECB within 30 days of passage of the ordinance.

X. HSSA Reporting Requirements

Reporting items indicated in *italics* are to be provided to the HECB in the timeframes stated within each above. The performance criteria indicated in Attachment A are to be provided in accordance with the following reporting deadlines:

- September 30, 2008, designation of an HSSA Board and treasurer (see section VII).
- January 30, 2009, activities and performance through December 31, 2008.
- August 15, 2009, activity and performance from January 1 through June 30, 2009 (in order to support delivery of the first report to the legislature by December 1, 2009.
- August 15 every year thereafter for HSSA activity that occurred in the previous fiscal year (July 1-June 30). [note that the HSSA fiscal year end is December 31 of each year]

Reports and other documentation described in the sections above shall be submitted by mail to:

Higher Education Coordinating Board
Attn: Executive Director
P.O. Box 43430
Olympia, WA 98504-3430

Attachment A

The following information is required in order to evaluate the effectiveness of the programs in the authorities that are funded with public resources. Additional information may be requested as determined by the HECB.

1) Provide an overview of public money received and expended by the HSSA, specifically:
   a) A table of all public money received by the HSSA, by source (for example: City contributions, County contributions, public University contribution, sales, and use tax collected by the County for HSSA purposes, state grants).
   b) A table of all private funds received by the HSSA (private foundations, individual donors, corporate donations).
   c) A table showing the expenditure of public and private money by the HSSA, by activity (for example: management/administration (broken out by cost category); other direct program expenses; grants; loans).

2) Provide copies of policies and procedures, if any, relating to grant applications, review, and award. If there is none, provide information on the HSSA's intentions regarding development of policies and procedures in the future.

3) Provide information on any process for solicitation of grant applications undertaken by the HSSA, including a copy of the solicitation document, process used to evaluate and award grants, summary of applications received, awards provided (amount and term), expected deliverables, conditions, and evaluation process.

4) For any grants awarded, describe the role of the recipient in promoting bioscience-based economic development, advancing new therapies and procedures to combat disease and promote public health, and the mechanism to be used by the HSSA to measure the outcome.

5) For any grants to private entities, provide a copy of the contractual agreement that ensures the state will receive appropriate consideration, such as an assurance of job creation or retention, or the delivery of services that provide for the public health, safety, and welfare.

6) Provide information on any advisory boards created by the HSSA including members, qualifications, and how the advisory board(s) is being employed to further the goals of the HSSA.

7) Summarize the status of any solicitations for gifts, grants, and bequests. This should separately include the amount of gifts received, pledges, or bequests relating to future gifts, and in-kind gifts. Note any conditions, restrictions, or requirements relating to any gifts.

8) Provide a summary of all funds held by the HSSA, indicating public and private funds separately, and any restricted funds.

9) Report on any commitments leading to leverage of public or private money received by the HSSA, consistent with the requirements of E2SHB 1705.

10) Describe outcomes that demonstrate the effectiveness of the programs funded, leveraged or supported by the HSSA, consistent with the intent of E2SHB 1705.

Appendix G

HSSA Strategic Goals and Performance Measures

HEALTH SCIENCES		
Strategic Goal	**Strategy**	**Performance Measures**
1) Support improved linkages between higher education & the health sciences industry that adds to the growth of the important higher education/health sciences critical mass in Spokane County.	Fund research infrastructure and research proposals that engage higher education and industry R&D and conduct innovative research.	• Number/type of new infrastructure projects to create capacity that supports bioscience research • Number/type of expanded/improved infrastructure projects to create capacity for bioscience research. • Number of research projects funded that support collaboration between higher education and industry. • Amount of extramural funding leveraged by HSSA-funded infrastructure. • Amount of extramural funding leveraged by HSSA-funded research.
2) Promote local economic development in Spokane County through collaborative bioscience R&D.	Fund research infrastructure and research proposals that leverage higher wage jobs.	• Monitor the creation of higher wage jobs in Spokane County. [75th percentile across all occupations; $22.16/hr. or $46,903 (March 2008] • Direct employment attributable to HSSA investments that exceed County annual average wage of $35,540 (2007). • Indirect employment attributable to HSSA investments that exceed County annual average wage of $35,540 (2007). • Create baseline of data on total Spokane County gross sales in NAICS 5471 (Life Sciences, Engineering & Physical Science) • Monitor and compare growth in 5471 over 16-year duration of the HSSA.
3) Fund research that promotes innovations in the health sciences industry.	Commercialization of HSSA-funded research.	• Number of research articles published by proponents of HSSA-funded initiatives. • Number of innovations/inventions reported by HSSA-funded initiatives. • Number of patents awarded based on HSSA-funded initiatives (2007 patents in Spokane County per 100,000 persons are 7, Community Indicators) • Number of technology licenses/option agreements • Number of new business start-ups resulting, in part, from HSSA-funded initiatives • Number of jobs created by licensees

HEALTH SERVICES		
Strategic Goal	**Strategy**	**Performance Measures**
1) Increase access to health care for underserved in Spokane County	Fund proposals that increase access to health care for underserved in Spokane County via volunteer networks of providers such as physicians, pharmacists, allied healthcare providers and hospitals.	• Number of underserved people in Spokane County who earn less than 200% of the Federal Poverty Level who access health services via HSSA-funded proposals. • Number of discrete services provided by funding recipients (diagnostic evaluations, hospital care, professional services, medical equipment, etc.) through grant-funded activities. • Number of volunteer serving such networks in the County. • Monitor the 12.8% reported Spokane County population that is uninsured during the 16-year duration of the HSSA (Community Indicators, 2008 baseline).
2) Promote initiatives that will leverage HSSA-funding for funding from other sources and that result in better delivery of health care services.	Fund proposals that challenge existing health service delivery systems to match funding to HSSA funds that provide for more efficient delivery of services.	• Amount of extramural funding directly leveraged by HSSA funding. Increased number of clients served by grantees • Decreased cost of service provided by grantees
3) Reduce the cost of delivering health care in Spokane County.	Fund proposals that increase access to preventative care for underserved populations.	• Monitor emergency care visits for basic health care needs, a reduction of which may translate to lower health care costs. • Number of people in Spokane County who access preventative health services through HSSA-funded projects.

RESOLUTION NO. 09-27

WHEREAS, In 2007, the Washington Legislature passed E2HSB 1705 (codified as Chapter 35.104 RCW), authorizing formation of a Health Sciences and Service Authority ("HSSA") in the State; and

WHEREAS, Under that statute, the Higher Education Coordinating Board (HECB) was given the responsibility of approving a single application for designation of an HSSA to a local jurisdiction, based on a open competitive proposal process; and

WHEREAS, In March 2008, the HECB approved Resolution 08-08 authorizing the Spokane County HSSA; and

WHEREAS, A Spokane County HSSA Board was subsequently appointed and convened, staff were hired, operational bylaws and policies were drafted, and the first grant solicitations and grant awards were executed by the HSSA; and

WHEREAS, Under 35.104 RCW the HECB has the additional responsibility of developing performance measures in order to evaluate the effectiveness of an HSSA's activities, and reporting to the Legislature on HSSA activities and performance on a biennial basis beginning December 1, 2009; and

WHEREAS, The HECB staff have developed a report to the Legislature to meet this requirement, and it has been reviewed and recommended for Board approval by the HECB Education Committee; and

THEREFORE, BE IT RESOLVED, That the Higher Education Coordinating Board adopts *Report to the Washington Legislature Regarding Health Sciences and Services Authority Activities* and directs staff to transmit the report to the appropriate legislative committees and other interested parties without delay.

Adopted: November 19, 2009

Attest:

_____

Jesús Hernandez, Chair

_____

Roberta Greene, Secretary