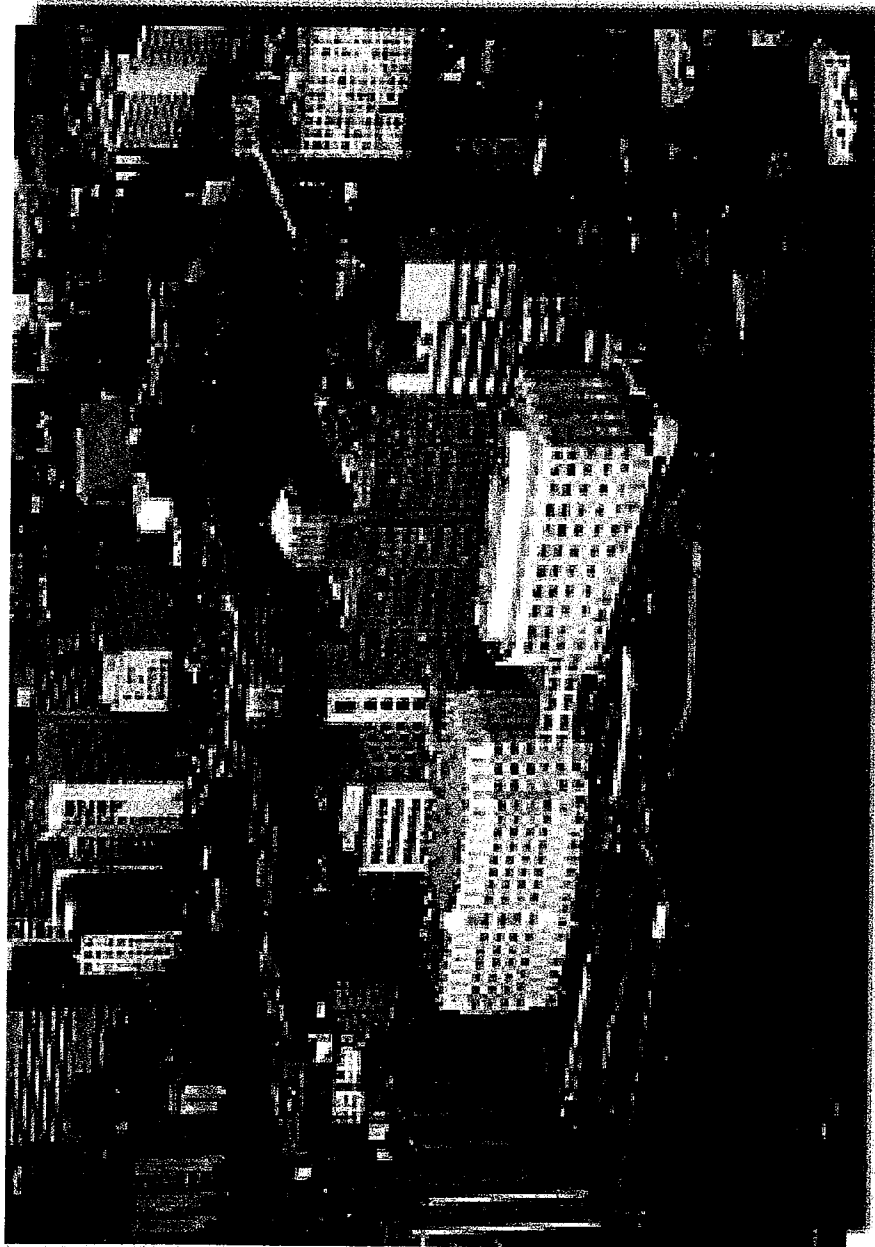
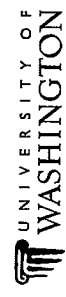


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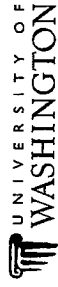
Harborview Medical Center Bond Program

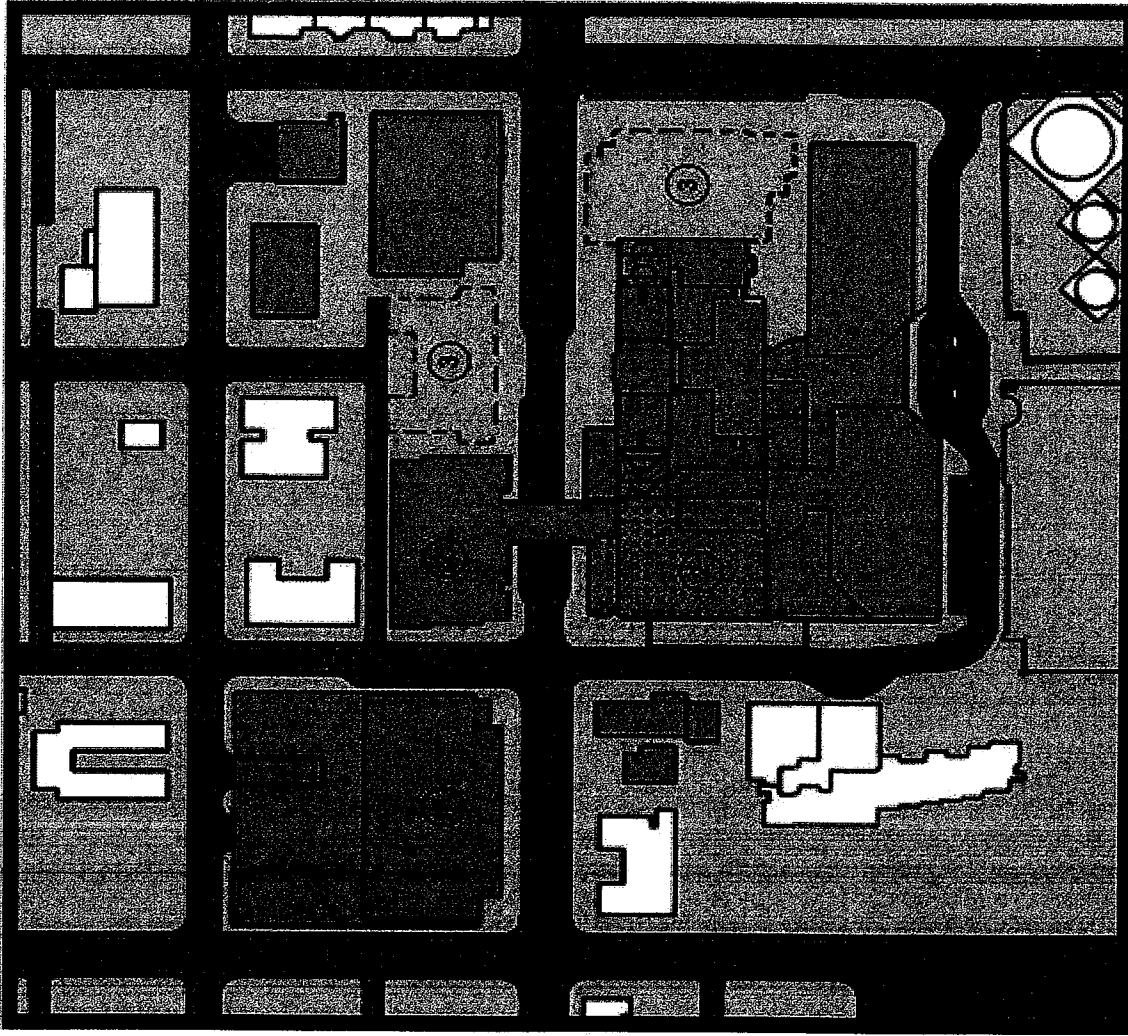


March 29, 2006

Why Are We Here?




- Follow-up to Capital Budget Committee Executive Session on 2/1/06
- Present proposed settlement on Bond Program cost overruns
- Present the plan to fund the settlement





- ① Ninth & Jefferson Building (NJB)
- ② Inpatient Expansion Building (IEB) And Seismic Upgrades
- ③ Demolitions East Clinic and Harborview Hall (After Landmarks Review)

Harborview Medical Center Bond Program Reference Plan

-  NEW CONSTRUCTION
-  HARBORVIEW OWNED BUILDINGS
-  SEISMIC UPGRADES

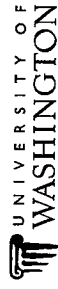


Review From 2/1/06 Briefing

- Closed session due to potential litigation
- Contractor submitted Request for Equitable Adjustment
 - Ambiguities and growth in design development of IEB
 - Exceptional escalation and market conditions
- Assessment of legal risk
- Possible strategies discussed on 2/1/06
 - Stop or delay
 - Advise Turner that overruns are their problem
 - Keep Turner moving forward while negotiating a settlement
- With concurrence from Bond Oversight Committee and the Capital Budget Committee's direction, we pursued the strategy to negotiate a settlement

The Proposed Settlement

- Endorsed by the Bond Oversight Committee to ensure the timely construction of the Inpatient Expansion Building (IEB) and to mitigate further cost exposure
- Includes seismic stabilization of existing Trauma Center (North Wing) and the existing Emergency Department
- Open Critical Care Trauma Center on time
 - Meet top-priority commitment to voters
 - Relieve current over-capacity situation
 - Meet the mission of the region's only Level 1 Trauma Center



Funding The Settlement

- Transfer \$15M from NJB to IEB
- On NJB, proceed now with garage only
 - Allows time to evaluate NJB options
 - Limits future exposure to cost overruns
- Maintains bond funds for demolitions

NJB Options

- **Maintain plan to build NJB**
 - Re-Design
 - Identify potential revenues to supplement bond funds
- **Develop a new source of funds**
 - Tax exempt financing through 63-20
 - Same mechanism as Pat Steele and Goat Hill Buildings

Next Steps

- Full Council approval in early April 2006
- Award critical subcontracts by April 7, 2006
- Repackage NJB bids to proceed with garage only while evaluating alternatives