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**CERTIFICATE OF NEED PROGRAM
DEPARTMENT OF HEALTH**

RANDALL L. STAMPER

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admitted in WA and ID

June 3, 2013

Janis Sigman
Program Manager
Certificate of Need Program
Department of Health
310 Israel Road SE
Tumwater, WA 98501

Re: King County Public Hospital District #4/Moreland Pacific, LLC Application for Expedited Review for Amendment to Certificate of Need to Allow Benaroya Capital Company, L.L.C., a Washington Limited Liability Company (and/or affiliated entities) to Replace and Assume all Rights and Obligations of Moreland Pacific, LLC, n/k/a Moreland Pacific Snoqualmie, LLC

Dear Janis:

In accordance with WAC 246-310-080, I hereby submit this letter of intent as agent for King County Hospital District No. 4 and Benaroya Capital Company, L.L.C., a Washington Limited Liability Company (and/or affiliated entities) ("Benaroya"), for (a) submission of an Application for Expedited Review for Amendment to Certificate of Need ("Application") for the assignment and assumption of all rights and obligations under the Development Agreement, Ground Lease and Triple Net Lease (collectively the "Hospital Contracts"); and (b) Benaroya to replace Moreland Pacific, LLC, n/k/a Moreland Pacific Snoqualmie, LLC, ("Moreland") as the co-applicant and holder of Certificate of Need #1475 dated June 14, 2012.

Moreland is being dissolved due to its inability to perform its obligations under the Certificate of Need. Moreland wishes to assign all of its rights and obligations under the Hospital Contracts to Benaroya, and subject to and contingent upon Benaroya's satisfaction with its due diligence investigation of all matters associated with the development and construction of the hospital pursuant to the Hospital Contracts, Benaroya wishes to assume all such rights and obligations. Documents approved as part of this Application process for which we are asking your approval now, are not being changed, but rather will be assigned directly from Moreland to Benaroya. Immediately following the assignment, the Moreland entity will be legally dissolved.

Moreland was established as a single purpose entity solely to develop and provide financing for this hospital project. The Application, which will be submitted following this letter of intent and Benaroya's satisfaction with its due diligence process, and which may contain some requested modifications, will ask that Benaroya replace Moreland as the developer of record and financier of the project.

As I believe you are aware, the Certificate of Need project has commenced and is underway. The project is actively being pursued. As part of the Benaroya due diligence on this transaction, Benaroya has asked that we obtain from you a letter indicating that while the Application to replace Moreland with Benaroya is in process, and during the pendency of the Application, that King County Hospital District No. 4 and Benaroya can continue to proceed with the project as described in the current Certificate of Need. It would be appreciated if we could obtain this written confirmation as soon as possible.

The Application will request that Benaroya replace Moreland pursuant to WAC 246-310-500(7)(f), a copy of which regulation is attached to this letter of intent. Upon the legal dissolution of Moreland, a new developer and financier will be required. As part of the Application, we will be submitting the assumption documents between Moreland and Benaroya, as well as other related documentation and requested modifications. As part of the Application, we will also be submitting evidence to show that Benaroya has the financial ability as the developer of record and financier of this project.

1. A description of the Application for Expedited Review for Amendment to Certificate of Need to replace a developer of record and co-applicant and financier of the project.

The Application will give the background on why Moreland was unable to finance and continue to develop this property and why that entity is being dissolved, which effectively eliminates its existence. The, as noted above, will also indicate the viability of Benaroya as a replacement developer and financier.

2. Estimated cost of the assumption and replacement of the co-applicant.

Assuming Benaroya proceeds with this transaction and assumes the Hospital Contracts, Benaroya will be paying Moreland a negotiated amount to assume its rights and obligations under the Hospital Contracts. This assumption amount is still being negotiated but will be addressed in the Application.

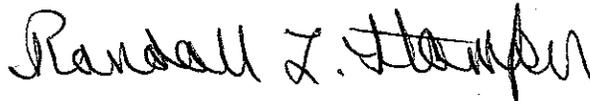
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3. Description of the service area.

Operated by King County Public Hospital District No. 4, Snoqualmie Valley Hospital and its network of clinics, serves Fall City, North Bend, Carnation, Preston, Snoqualmie, Snoqualmie Pass and parts of unincorporated east King County.

Should you have any questions regarding this letter of intent, please contact me. Thank you for your consideration and I look forward to submitting the Application to replace Moreland with Benaroya as the co-applicant, developer and financier for this project. As noted above, I would appreciate a written verification from you that the Certificate of Need for this project, which has been commenced and is currently being pursued, allows construction to continue after the dissolution of Moreland and prior to the finalization of the Application. Again, I appreciate your cooperation in this matter.

Very truly yours,



RANDALL L. STAMPER

RLS/bn:6/3/2013

Enclosure

cc: Rodger McCollum
Jay Rodne
Sieve Daniel
Karen Nidermayer
Bart Egan
Anne DeVoe Lawler
Marc Nemirow

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Westlaw.

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CERTIFICATE OF NEED PROGRAM
DEPARTMENT OF HEALTH

C

Washington Administrative Code Currentness

Title 246. Health, Department of

Chapter 246-310. Certificate of Need(Refs & Amos)

→→ 246-310-500. Issuance, suspension, denial, revocation, and transfer of a certificate of need.

- (1) The secretary's designee shall issue a **certificate of need** to the applicant.
- (a) The secretary's designee shall issue a **certificate of need** for:
- (i) The proposed project, or
- (ii) A separable portion of the proposed project.
- (b) When the **certificate of need** is issued for a separable portion of the proposed project, the secretary's designee shall provide written notice to the applicant stating the reasons for the department's action.
- (c) The secretary's designee shall issue a **certificate of need** only when the department finds that the project or the separable portion of the proposed project is consistent with the applicable criteria contained in chapter 246-310 WAC.
- (d) In issuing a **certificate of need**, the secretary's designee shall:
- (i) Specify the maximum capital expenditure which may be obligated under the certificate, and
- (ii) Prescribe the cost components to be included in determining the capital expenditure which may be obligated under such certificate.
- (2) The secretary's designee may issue a conditional **certificate of need** for a proposed project or a separable portion of the proposed project.
- (a) The conditions attached to a **certificate of need** must directly relate to the project being reviewed.
- (b) The conditions must directly relate to criteria contained in chapter 246-310 WAC.

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- (3) The department shall apply the following provisions when suspending a **certificate of need**.
- (a) The secretary's designee may suspend a **certificate of need** for cause which shall include, but not be limited to:
- (i) Suspicion of fraud,
 - (ii) Misrepresentation,
 - (iii) False statements,
 - (iv) Misleading statements,
 - (v) Evasion or suppression of material fact in the application for a **certificate of need** or any of its supporting materials.
- (b) The secretary's designee shall issue an order which states the reason for any suspension of a **certificate of need** to the person to whom the **certificate of need** had been issued.
- (c) A suspension of a **certificate of need** shall not exceed one hundred twenty calendar days.
- (i) Prior to the expiration of the suspension the department shall:
 - (A) Review the facts and circumstances relevant to the suspension;
 - (B) Reinstate, amend, or revoke the **certificate of need**; and,
 - (ii) Send written notice of its decision on a suspended **certificate of need** to the person to whom the **certificate of need** had been issued.
- (4) The secretary's designee shall send written notification of denial of a **certificate of need** to the applicant submitting the **certificate of need** application stating the reasons for the denial.
- (5) When a proposed project or separable portion of the proposed project is denied a **certificate of need**, the department shall not accept another **certificate of need** application for the same project or separable portion unless the department determines:

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- (a) There is a substantial change in existing or proposed health facilities or services in the area to be served by the project; or
 - (b) There is a substantial change in the need for the facilities or services of the type proposed in the area to be served by the project; or
 - (c) One year has lapsed since the submission of the application for the **certificate of need** subject to regular review which was denied or the next scheduled concurrent review cycle permits the submission of applications.
- (6) The department shall apply the following provisions in the revocation of a **certificate of need**.
- (a) The secretary's designee may revoke a **certificate of need** for cause which shall include the following:
 - (i) Fraud,
 - (ii) Misrepresentation,
 - (iii) False statements,
 - (iv) Misleading statements, and
 - (v) Evasion or suppression of material facts in the application of a **certificate of need**, or in any of its supporting materials.
 - (b) When the secretary's designee revokes a **certificate of need**, the secretary's designee shall provide written notice of revocation to the person to whom the **certificate of need** was issued, including a statement of the reasons for such revocation.
- (7) The department shall apply the following procedures in transferring or assigning a **certificate of need**.
- (a) The department shall consider a request to transfer or assign a **certificate of need** valid only when:
 - (i) The person to whom the **certificate of need** was originally issued, or personal representative, where the holder is deceased, submits to the department a written request that the **certificate of need** be transferred to another person and gives the full name and complete address of the other person; and
 - (ii) The person to whom the current holder of the **certificate of need** wishes to transfer the certificate

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sends an application for such transfer on a form and in such a manner as prescribed and published by the department.

(b) The department shall review applications for transfer or assignment of a **certificate of need** according to the:

(i) Expedited review procedures in WAC 246-310-150; or

(ii) Regular review procedures in WAC 246-310-160.

(c) The secretary's designee shall base his or her decision to approve or deny an application to transfer or assign a **certificate of need** on:

(i) The demonstrated ability of the person wishing to acquire the **certificate of need** to undertake, complete, and operate the project in accordance with the following review criteria:

(A) WAC 246-310-220 (1) and (3), and

(B) WAC 246-310-230 (1), (3), and (5).

(ii) The continuing conformance of the project with all other applicable review criteria.

(d) When the person submitting an application to transfer or assign a **certificate of need** proposes to modify the project description or the maximum capital expenditure, the department shall inform in writing such person that a new or amended **certificate of need** is required.

(e) When the department denies an application for transfer or assignment of a **certificate of need**, the department shall inform in writing the person who submitted the application of the reasons for such denial.

(f) The department shall not transfer or assign any **certificate of need** issued after February 1, 1988, except when:

(i) Prior to completion of the project, **death** or divorce of one or more persons holding a certificate renders it impossible or impractical to complete the project in the absence of a **transfer** or assignment; or

(ii) After commencement, a substantial portion of the project has been completed by the original holder of the certificate.

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(g) The department shall not transfer or assign a **certificate of need** under subsection (7)(f)(i) and (ii) of this section when the authorized project is to be relocated.

(h) When the department transfers a **certificate of need** for a project which has not been commenced, the transferred **certificate of need** shall have a validity period of two years from the date of issue with the provision for one six-month extension if the holder can demonstrate to the satisfaction of the secretary's designee that substantial and continuing progress towards commencement has been made.

Statutory Authority: Chapter 70.38 RCW. 96-24-052, S 246-310-500, filed 11/27/96, effective 12/28/96. Statutory Authority: RCW 70.38.135. 91-05-093 (Order 143), S 246-310-500, filed 2/20/91, effective 3/23/91. Statutory Authority: RCW 43.70.040. 91-02-049 (Order 121), recodified as S 246-310-500, filed 12/27/90, effective 1/31/91. Statutory Authority: RCW 70.38.115. 89-02-040 (Order 2745), S 248-19-440, filed 12/30/88. Statutory Authority: RCW 70.38.135. 86-06-030 (Order 2344), S 248-19-440, filed 2/28/86; 81-09-012 (Order 210), S 248-19-440, filed 4/9/81, effective 5/20/81. Statutory Authority: Chapter 70.38 RCW. 79-12-079 (Order 188), S 248-19-440, filed 11/30/79.

WAC 246-310-500, WA ADC 246-310-500

Current with amendments adopted through the 13-4 Washington State Register dated, February 20, 2013.

END OF DOCUMENT

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