

September 12, 2013

Weymouth Spence, Ed.D., R.T.  
President  
Washington Adventist University  
7600 Flower Ave.  
Takoma Park, MD 20912

**Re: Letter of Intent / Washington Adventist Hospital/Takoma Park**

Dear Dr. Spence:

This letter is to confirm our understanding relating to proposed agreement by and between Adventist HealthCare, Inc., d/b/a Washington Adventist Hospital/Takoma Park (the “Landlord”), and Washington Adventist University (the “Tenant”), pertinent to the future reuse of a portion of the existing Washington Adventist Hospital (“WAH”) campus in Takoma Park, Maryland through the preparation of a lease (the “Lease”) between the parties for the use of specific space on the current WAH Campus. Based upon our discussions, we are now pleased to set forth herein the general terms and conditions upon which we are willing to proceed.

I. **BACKGROUND:** The parties recognize that Landlord has submitted a Certificate of Need (“CON”) to the Maryland Health Care Commission to relocate WAH to a new location in the White Oak area of Montgomery County, Maryland. Upon successful completion of the CON process, Landlord will move forward with the construction of the new hospital campus. Upon completion of the relocation, Landlord will commence the implementation of its plan for the reuse of the WAH campus. The planning, design, and construction for the reuse of the existing WAH campus will be a critical part of the new hospital project.

II. **LEASE TERMS & CONDITIONS:**

1. **LANDLORD:** Adventist HealthCare, Inc., its successors or assigns.
2. **TENANT:** Washington Adventist University
3. **BUILDING:** The Building shall be the reconfigured WAH Building located at 7600 Carroll Avenue, Takoma Park, Maryland 20912.

4. **PREMISES:** The Premises shall consist of approximately 55,020 rentable square feet, anticipated to be on the first floor of the Building, and shall be measured in accordance with the Building and Office Manager Association (“BOMA”) standards.

5. **TERM:** The Lease term shall be for a period of Ten (10) year.

6. **OPTIONS:** The Tenant shall have the option to extend the Lease for two (2) five (5) year options at the then current fair market rent.

7. **LEASE COMMENCEMENT:** The Lease shall commence upon substantial completion of the Demised Premises. It is anticipated that Maryland regulatory approvals, design, permitting, and construction will be completed on or about July, 2013. It is understood by the Parties that a more precise date will be established as the approval and development proceedings move through the State and County regulatory process.

8. **BASE RENT:** Upon Lease Commencement , the Tenant shall pay an annualized Base Rental Rate, inclusive of Base Year operating expenses and Real Estate Taxes, of \$1,494,343 Dollars (\$27.16) per rentable square foot. Depending on the specific Tenant Use, it will be determined by the Parties as to whether the Tenant’s space will be separately metered for utilities or shall be included in the Base Rent. Because of the unique nature of the Tenants in the Building, it is anticipated that the Tenants will provide their own Housekeeping Services.

9. **ANNUAL BASE RENT ESCALATION:** Commencing on the first (1<sup>st</sup>) day of the second (2<sup>nd</sup>) Lease year, and each anniversary thereafter, the Base Rental rate shall be escalated by three percent (3%) of the prior years rent.

10. **OPERATING EXPENSE AND REAL ESTATE TAX ESCALATION:** Commencing on the first (1<sup>st</sup>) day of the second (2<sup>nd</sup>) Lease year, Tenant shall be responsible for payment of the pro-rata share of any increase in operating expenses and real estate taxes (if any) in excess of those paid and/or attributed to the Landlord for the prior Lease year.

11. **FIRE/LIFE SAFETY AND ADA REQUIREMENTS:** The Parties recognize that the Premises will be part of an overall Campus reuse Plan. Landlord represents that all MEP systems of the Building, all common areas, and all restrooms will be compliant with all governing authorities related to fire/life safety requirements and Title III of the American for Disabilities Act of 1990 (“ADA”).

12. **INTERIOR SPACE PLANNING:** Tenant shall provide to Landlord all information necessary for the preparation of plans and finishes for the Demised Premises. Landlord, with Tenant’s assistance, shall be responsible for the preparation and completion of the architectural plans and specifications required for the construction of the Premises.

deliver the Premises within the agreed Allowance. However, any design and/or construction costs that exceed the Allowance will be the obligation of the Tenant. All construction will be competitively bid.

**14. USE:** The subject Tenancy is an integral part of the Mission of Washington Adventist Hospital/Takoma Park. Therefore, the intended and permitted uses of the premises by the Tenant will be clearly identified in the Lease.

**15. ASSIGNMENT OF THE RIGHTS UNDER THE MOU:** The Tenancy under this MOU is unique to the overall strategic plan for the reuse of the WAH Campus. Therefore, the rights and obligations under this MOU cannot be assigned to any other party without the expressed written approval of AHC.

**16. CORE TENANT SERVICES:** The Landlord will provide Property Management and Support Services to all Tenants in the Building. These services shall include, but not be limited to, the following.

- a. Landlord shall provide Security seven (7) days a week, twenty-four (24) hours a day.
- b. Landlord shall provide daily trash service on all open days.
- c. All necessary utilities will be provided to the Premises during such business hours as will be established by the Landlord. It is recognized that after hours accommodations will be necessary.
- d. Landlord will provide all common area (interior and exterior) maintenance to the Campus.
- e. Tenant will have the use of common meeting rooms at no direct cost. Set-up/breakdown fees and food service costs will be paid by the Tenant.

### III. CONTINGENCIES & MISCELLANEOUS PROVISIONS.

**1. Contingencies.** All matters discussed in this letter are contingent upon the following:

- a. Receipt of all necessary state and local regulatory (including, but not limited to CON approval) and/or zoning approvals, if necessary; and
- b. The completion of a mutually acceptable definitive agreements and such other documents, instruments, and confirmations as the parties may reasonably request to effectuate and consummate fully the transactions contemplated by this letter.

**2. Confidentiality.** The parties hereto acknowledge that they may disclose to each other certain confidential and proprietary information related to or connected with the contemplated transactions. Accordingly, each party agrees that, unless otherwise authorized by the party providing such confidential and/or proprietary information, or unless otherwise required by law or by court order,

the party receiving such information shall treat it as confidential and shall take all reasonable precautions to prevent the disclose thereof to any other person (except for such party's employees, agents or representatives who, in the reasonable discretion of such party, need to know such information). The party's obligations hereunder shall not apply to confidential or proprietary information which is (i) in the public domain; or (ii) independently acquired or developed by the party receiving such information. Further, except as required by law, without the prior written consent of both parties, neither party shall disclose to any person any of the terms, conditions, or other facts with respect to any possible transaction contemplated hereby, including the existence or status thereof.

3. **Brokers.** The parties hereto state that they have dealt with no brokers in connection with the development of the Site.

4. **Other Provisions.** This Letter of Intent is merely a guide or outline to the preparation of the definitive agreements (which shall be mutually satisfactory to the parties hereto). The above terms and conditions are not fully exhaustive and are for negotiation purposes only. Neither party hereto shall be bound or obligated to perform hereunder unless the definitive agreements are fully executed by each party. In the event the definitive agreements are executed, the terms of such definitive agreements shall supersede all prior discussions and negotiations including, by way of example, this Letter of Intent, and such definitive agreements shall constitute the entire agreement of the parties.

If the terms and conditions set forth above are acceptable to you, please so indicate by signing one (1) copy of this Letter of Intent and return it to the undersigned at your earliest convenience.

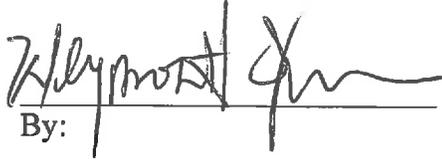
Sincerely,



William G. Robertson  
President & CEO

AGREED AND ACCEPTED:

Washington Adventist University:

By:  \_\_\_\_\_

DATE: 9-13-13