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**FACILITIES USE AND REIMBURSEMENT AGREEMENT  
BETWEEN  
THE UNIVERSITY OF WASHINGTON  
AND  
HARBORVIEW MEDICAL CENTER BOARD OF TRUSTEES**

THIS AGREEMENT is by and between the **BOARD OF REGENTS OF THE UNIVERSITY OF WASHINGTON**, an agency of the State of Washington ("University") and the **BOARD OF TRUSTEES OF HARBORVIEW MEDICAL CENTER**, ("Board"), and is dated August 20, 2003.

**RECITALS**

A. Pursuant to an agreement entitled Management and Operations Contract between the Board and the University, dated December 19, 1995 ("Management and Operations Contract"), the University operates and manages Harborview Medical Center ("HMC"). A true and correct copy of the Management and Operations Contract is attached hereto as Exhibit A.

B. Pursuant to Section K.2 of the Management and Operations Contract, the parties are authorized to execute an agreement under which the University will provide reasonable reimbursement to the Board for the provision of facilities at HMC. The Parties wish to implement that section by entering into this Agreement.

Now, therefore, in consideration of the mutual promises herein contained, it is mutually agreed as follows:

**AGREEMENT**

A.1. **PREMISES.** The University agrees to occupy from the Board approximately 57,000 net rentable square feet ("Premises") located on the HMC campus. Specific locations will be set forth in a separate list signed by both parties which can be modified at any time without amending this Agreement.

A.2. **PURPOSE.** The University agrees to use the Premises for office, lab, research or clinic space, or such other uses as may be determined by the University to be appropriate for the Premises and consistent with the Management and Operations Contract and applicable laws, rules and regulations. The University further agrees that it shall be responsible for ensuring occupancy of the Premises and agrees to occupy the Premises with University uses or subtenants (consistent with the mission of Harborview) throughout the term of this Agreement.

A.3. **TERM.** The term of this Agreement shall begin on September 1, 2003 (the "Commencement Date") and end at midnight on June 30, 2015 and may be extended upon mutual

consent of the parties. At the expiration or termination of this Agreement the University agrees to deliver possession of the Premises in as good condition as when received from the Board excepting (i) ordinary wear and tear, and (ii) damage caused by fire, act of war, terrorism or other casualty.

A.4. REIMBURSEMENT. The Reimbursement Commencement Date of this Agreement is September 1, 2003. The University shall pay the Board as reimbursement the sum of \$2,300,000 per year beginning on the Reimbursement Commencement Date and continuing each year thereafter until this Agreement expires. Additional space and reimbursement may be negotiated in the future as demand and supply increase.

A.5. PARKING. Parking is managed by HMC Commuter Services. All requests for individual parking must be processed through that office pursuant to the priorities outlined in the parking policy.

A.6. FURNITURE AND EQUIPMENT. The University will supply all trade fixtures, furniture and equipment for its use during the Term.

A.7. ADDRESSES FOR NOTICES AND PAYMENT OF REIMBURSEMENT.

UNIVERSITY:  
University of Washington  
Real Estate Office  
400 Skinner Building  
1326 - Fifth Avenue  
Seattle, Washington 98101-2604  
Phone: (206) 616-3400 FAX: (206) 685-1547

BOARD  
Harborview Medical Center  
Board of Trustees  
325 Ninth Avenue  
Box 359717  
Seattle, WA 98104  
Phone (206) 731-3036 FAX (206) 731-8551

**B. ADDITIONAL PROVISIONS**

B.1. MISCELLANEOUS OBLIGATIONS. The parties' rights and obligations with respect to the availability, provision or performance of common areas, quiet enjoyment, building services, utilities, maintenance, alterations, improvements, indemnification and insurance shall be allocated and fulfilled in accordance with the terms of the Management and Operations Contract.

B.2. DEFAULT. Neither party shall be in default in the performance of any of its obligations contained in this Agreement unless and until that party shall have failed to perform or to commence performance of such obligation within ten (10) days, provided that if the default is of the type that cannot be cured within ten (10) days, then the party shall not be in default if it commences the cure within such ten (10) day period and diligently pursues such cure to completion.

B.3. SUCCESSORS AND ASSIGNS. This Agreement shall be binding upon and inure to the benefit of the legal representatives, successors, heirs and assigns of the parties. However, no party

may assign this Agreement without the written consent of the other, such consent not to be unreasonably withheld.

B.4. HOLD OVER. If the University continues to occupy the Premises after expiration of the Term, such shall be treated similarly to all other facilities covered by the Management and Operations Contract.

B.5. NON-WAIVER. The failure of either Board or the University to insist upon strict performance of any of the covenants and agreements of this Agreement shall not be construed as a waiver thereof. Waiver of a particular breach or default shall not be deemed to be a waiver of any subsequent breach or default.

B.6. TERMINATION. This Agreement may be terminated on the same bases stated in Section N of the Management and Operations Contract. However, notwithstanding anything to the contrary in the Management and Operations Agreement, and in addition to any remedies that may be available at law or equity, if the University terminates this agreement or abandons the Premises before the expiration of the Term, the Board shall be entitled to recover the reimbursement that would be due for the remainder of the Term less the amount actually received from subsequent users during that time, so long as the Board makes an honest and reasonable attempt to utilize the property.

B.7. LEGISLATIVE APPROPRIATION. The University's obligation hereunder to make reimbursement payments is payable solely from the revenues of the University. The facilities use and the reimbursement obligations hereunder shall not constitute an obligation of the State, moral or otherwise, for which the State is obligated to levy or pledge any form of taxation. Neither the lease nor the reimbursement obligations hereunder constitute a pledge of the full faith and credit of the State of Washington within the meaning of the Constitution of the State of Washington or within the meaning of any statutory debt limitation or restriction.

B.9. GOVERNING LAW. This Agreement shall be governed by the laws of the State of Washington.

B.10. ATTORNEYS' FEES. In the event any action, suit or proceeding is commenced under or in connection with this Agreement, the losing party shall pay to the prevailing party all of its reasonable attorneys' fees and costs incurred in connection therewith.

B.11. FORCE MAJEURE. In the event either party is delayed or prevented from performing any of its respective obligations under this Agreement by reason of acts of God, governmental requirement, fire, floods, strikes or due to any other cause beyond the reasonable control of such party, then the time period for performance such obligations shall be extended for the period of such delay.

B.12. ENTIRE AGREEMENT. The provisions of this Agreement constitute the entire agreement of the parties regarding the Premises. The Parties acknowledge and agree that it expressly replaces any and all previous memoranda between the Parties regarding the University's use of space at

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HMC other than the Management Contract. Any amendment or modification of this Agreement must be in writing and signed by both parties.


B.13. AUTHORITY TO EXECUTE. By execution of this Agreement, the University and Board each represent that it has the authority to enter into this Agreement.

B.14. COUNTERPARTS. This Agreement may be executed in counterparts and each counterpart constitutes an original document.


The Board of Regents of the University of Washington,  
an agency of the State of Washington

Approved as to Form:

By:   
Jeanette L. Henderson  
Director of Real Estate

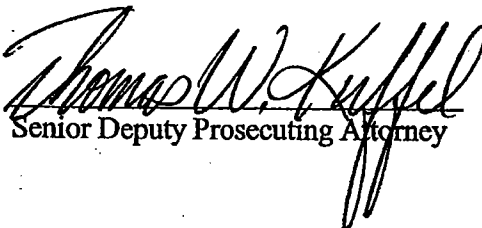
By:   
Assistant Attorney General  
State of Washington

Board of Trustees of Harborview Medical Center

  
David T. McDonald  
Title: President

Approved by HMC Board of Trustees  
Action Item dated August 13, 2003

Approved as to Form:

By:   
Senior Deputy Prosecuting Attorney

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ACKNOWLEDGMENT

STATE OF WASHINGTON )  
 ) ss.  
COUNTY OF KING )

On this 20<sup>th</sup> day of August, 2003 before me personally appeared Jeanette L. Henderson, to me known as the Director of Real Estate of the University of Washington, who on oath stated that she was authorized to execute this instrument and acknowledged it to be the free and voluntary act and deed of said University of Washington as approved by the **BOARD OF REGENTS OF THE UNIVERSITY OF WASHINGTON** for the uses and purposes mentioned in the instrument.

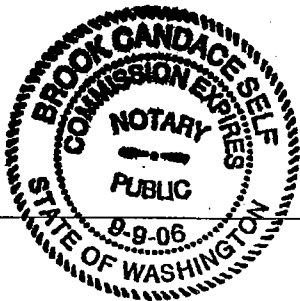


Signature: Kathleen Effert  
Printed Name: Kathleen Effert  
Notary Public in and for the State of Washington  
Residing at: Seattle  
My Commission expires on: 11/18/2003

STATE OF WASHINGTON )  
 ) ss.  
COUNTY OF KING )

I certify that I know or have satisfactory evidence that DAVID T. McDONALD is the person who appeared before me and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the PRESIDENT of HARBORVIEW BOARD OF TRUSTEES to be the free and voluntary act and deed of said party for the uses and purposes mentioned in the instrument.

Dated: 8/20/03 Signature: \_\_\_\_\_



Brook Candace Seef  
NOTARY PUBLIC in and for the  
State of Washington, residing  
at Woodinville;  
My commission expires: 9/9/06

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**EXHIBIT A**

**Management and Operations Contract**

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MANAGEMENT AND OPERATIONS CONTRACT  
between the  
HARBORVIEW MEDICAL CENTER BOARD OF TRUSTEES  
and the  
UNIVERSITY OF WASHINGTON

This CONTRACT is entered into between the BOARD OF TRUSTEES, hereinafter referred to as "Trustees," of HARBORVIEW MEDICAL CENTER of Seattle, King County, Washington, hereinafter referred to as "the Medical Center," and the BOARD OF REGENTS OF THE UNIVERSITY OF WASHINGTON, hereinafter referred to as "the University."

## WITNESSETH

WHEREAS, Chapter 36, Laws of 1967 Ex. Sess. RCW 36.62.290 authorized the Trustees and the University to enter into a management service contract "to provide hospital services, including management under the direction of a hospital administrator for the hospital, to provide for the rendering of medical services in connection with the hospital and to provide for the conduct of teaching and research activities by the University in connection with the hospital;" and

WHEREAS, Sec. 1, Chapter 282, Laws of 1969 Ex. Sess. appropriated to the University the sum of \$4,700,000 for the operation of the Medical Center as a teaching resource for the University on condition that the Trustees and the University enter into a contract for the provision of management and medical services at the Medical Center by the University; and

WHEREAS, on January 1, 1970, by contract between the parties hereto, all employees of the Medical Center who were employees of King County became employees of the University; and

WHEREAS, the State Legislature biennially appropriates funds to the University for the continuing operation of the Medical Center; and

WHEREAS, the Trustees desire to maintain the Medical Center as a means of meeting the King County government's desire to provide the community with a resource for health services, and the University desires that the Medical Center be maintained as a continuing resource for education, training and research;

NOW, THEREFORE, pursuant to the aforesaid laws, and in consideration of the mutual promises herein contained, it is mutually agreed as follows:

1 have priority over other institutions on introduction of new  
2 educational, demonstration, and research initiatives in the Medical  
3 Center. The University will obtain the concurrence of the Trustees  
4 before implementing any major new educational programs or research  
5 initiatives.

6 4. The Trustees shall maintain control over the use of all  
7 physical facilities and shall establish overall space use policies and  
8 guidelines to be utilized by the hospital administration in support of  
9 the Medical Center's programs.

10 5. The University recognizes the particular community services  
11 mission of the Medical Center and agrees to manage the Medical Center  
12 so as to retain its institutional identity in a manner which, to the  
13 extent of funds available to the Medical Center, will achieve the aims  
14 of the Trustees to meet their community obligations and provide  
15 services to address the community's needs as identified in the attached  
16 mission statement or as it is subsequently amended by the Board of  
17 Trustees, hereinafter referred to as the "Mission Statement." It is  
18 understood that the Mission Statement may be amended during the term of  
19 this contract without reopening the contract. The Trustees agree to  
20 obtain the concurrence of the University and the County before adopting  
21 amendments to the Mission Statement during the term of this contract.

22 6. The Trustees and the University agree that communication  
23 between them is of the utmost importance and, therefore, agree that  
24 their representatives will meet at least annually to review  
25 relationships, ongoing activities and the management services provided  
26 under the contract. At least annually, the President of the Trustees  
27 will meet with the Regents of the University to review the status of  
28 the Medical Center.

29 7. At least annually, the Vice President for Medical Affairs or  
30 successor in function and the President of the Board of Trustees will  
31 meet with the County Council and County Executive to report on the  
32 status of the Medical Center.

33 8. To further enhance communication, the Trustees agree to  
34 maintain Board Bylaws which include a committee structure which  
35 satisfies the standards of the Joint Commission on Accreditation of  
36 Hospitals.



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1 approved Mission Statement, long-range plan, operating and capital  
2 budgets, and applicable policies of the Trustees and the University.  
3 The Executive Director will provide staff support to the Trustees as  
4 requested, make arrangements for Board and committee meetings, and  
5 provide the necessary secretarial support to assure that minutes of the  
6 meetings are taken and properly recorded and distributed. The  
7 Executive Director shall report to the Trustees on all issues and  
8 changes occurring within the Medical Center as they relate to  
9 operations, fiscal and budget matters, buildings, equipment and all  
10 other matters within his or her purview.

11 4. The performance of the Executive Director shall be reviewed  
12 at least annually by the Board of Trustees and the Vice President for  
13 Medical Affairs. The University agrees to remove the Executive  
14 Director at any time if, in the Board's opinion based on this review,  
15 the performance of the Executive Director is deemed to be  
16 unsatisfactory.

17  
18 **F. DELEGATION OF AUTHORITY**

19 The Trustees hereby delegate to the University overall management  
20 of the Medical Center in accordance with the policies of the Trustees  
21 and, where applicable, the policies of the University. Management  
22 responsibilities include developing and maintaining the following:

23 1. General operating policies, procedures and quality assurance  
24 mechanisms needed for optimal patient care;

25 2. An organizational structure for all administrative,  
26 management, professional and general Medical Center employees;

27 3. Applicable personnel policies of the University and the Higher  
28 Education Personnel Board, including employee-appeal procedures, salary  
29 schedules and employee benefits, and employment, direction, training,  
30 transfer, promotion, suspension, and termination of all Medical Center  
31 employees.

32 4. Controls over patient admissions as needed to comply with the  
33 Trustee-approved budget and Trustee-approved policies as reflected in  
34 the Mission Statement;

35 5. Procedures for patient charges and billing, and reduction of  
36 patient charges;

37 6. All necessary actions to collect for services rendered  
38 including the authority to commence and prosecute all legal action  
39 necessary to accomplish such collections;

40 7. The necessary systems and procedures for budgetary controls  
41 over expenditures to adhere to Trustee-approved budgets. The University  
42 will prepare and submit annual operating and capital budgets to the  
43 Trustees for adoption, modification or rejection, will provide monthly  
44 budget status reports, and make recommendations for changes in either  
45 policy or program when necessary to avert operating deficits;

46 8. Procedures for the procurement of all supplies, equipment,  
47 special services, contractual services and all other commodities in  
48 accordance with State purchasing laws and policies.

49 9. Management of certain capital projects in accordance with  
50 policies established by the Board of Trustees, and as authorized by  
51 Section H of this contract;

52 10. Supervision over the maintenance of all property, including  
53 security;

1       2. All employees of King County at the Medical Center who  
2 transferred to employment of the University on January 1, 1970, will  
3 retain all of their previously acquired rights and benefits including  
4 compensation, accrued and unused vacation and sick leave, and  
5 retirement benefits. If this contract or any subsequent renewal or  
6 amendment thereof shall operate to terminate such employees of the  
7 Medical Center as members of the classified staff of the University,  
8 said employees shall be covered into the career service of King County  
9 subject to the provisions of Section 560 of the King County charter and  
10 subject to all the rules of the personnel system of King County,  
11 including rules concerning compulsory retirement, but excluding rules  
12 concerning initial appointment.

13       3. All collective bargaining procedures will be subject to  
14 applicable state and University policy.  
15

#### 16 H. PLANNING AND PROPERTY

17       1. Under the direction of the Trustees, the University will  
18 develop for Metropolitan King County Council review and approval a  
19 long-range capital improvement plan. The plan will include both  
20 physical plant and program impacts of the plan.

21       2. Each year under the direction of the Trustees, the University  
22 will develop for King County Council review and approval a six-year  
23 capital improvement program budget, which shall contain all of the  
24 specific capital projects, including all construction, alteration and  
25 remodeling capital projects, necessary to meet the needs, policies and  
26 priorities identified in the King County Council approved long-range  
27 capital improvement plan.

28       3. The University shall have responsibility for the management,  
29 design, planning, development and contract oversight of Harborview  
30 Medical Center capital projects funded by Harborview Medical Center  
31 revenues which are budgeted, over the life of the project, for an  
32 amount not exceeding One Million Dollars (\$1,000,000). All other  
33 capital projects shall be subject to, planned and administered  
34 consistent with King County Code 2.42 and Title 4 of the King County  
35 Code, as they now read or are hereafter amended.

36       4. Contracts for architectural consultation and contractual  
37 services needed for any capital projects may only be executed by the  
38 County Executive.

39       5. All requests for capital construction funds from granting  
40 agencies or other sources prepared by the University will be submitted  
41 to the granting agency only upon approval of the Trustees and adoption  
42 by motion of the Metropolitan King County Council.

1 funds shall be made at least annually to the Fund. From the Medical  
2 Center Plant and Equipment Fund will be drawn payments for acquisition  
3 of equipment, building renovation and improvements upon Board of  
4 Trustees' approval. As part of the long range and annual capital  
5 planning process of the Medical Center, foreseeable replacements and  
6 improvements will be included in schedules submitted by the University  
7 to the Board of Trustees. It is recognized that historical cost  
8 depreciation may not be adequate for replacement of given items and,  
9 therefore, additional amounts as permitted by law may be assigned to  
10 this Fund by the Trustees.

11 3. The University will affix property tags to depreciable  
12 Medical Center equipment and maintain an itemized listing of such  
13 equipment. The University will annually provide the Trustees with a  
14 copy of such listing and copies of listings of additions and disposals,  
15 as of the end of each fiscal year. The University will conduct, at  
16 least every three years on a schedule to be determined by the Trustees,  
17 a physical inventory of such equipment to ensure the accuracy of the  
18 listings to be submitted to the Trustees.

19 4. In addition to the General and designated unrestricted funds,  
20 there will be Medical Center Restricted Funds maintained by the Board  
21 of Trustees for the purpose of accounting for restricted donations  
22 and/or contributions, receipts and funding for related expenditures.  
23 Donations will be deposited into a restricted fund based on the intent  
24 of the donor.

25 5. A special account will be maintained within the University's  
26 fund to receive reimbursement payments from the Medical Center General  
27 Operating Fund and to make payment for the costs of all services and  
28 expenditures provided by the University. Payments will be reconciled to  
29 expenditures annually in the audit statement. An advance will be made  
30 into this fund account from the Medical Center General Operating Fund  
31 equal to the estimated average monthly cost of services and supplies  
32 advanced to the Medical center with Trustees' approval. In addition,  
33 the Medical Center will reimburse the University for salaries and  
34 fringe benefits for Medical Center employees on official payroll dates.

## 1 M: DISPUTE RESOLUTION

2 1. In the event of a dispute or a notice of a proposed  
3 unilateral termination with respect to any matter related to this  
4 contract, except as provided in Section N.1 regarding financial  
5 exigency, the matter shall be referred to the Harborview Medical Center  
6 Joint Conference Committee established in the bylaws of the Trustees.  
7 For purposes of this section only, Trustees who would not otherwise be  
8 members of the Joint Conference Committee shall be ex-officio non-  
9 voting members of the Committee. The Joint Conference Committee shall  
10 meet within 90 days (the review period) of the referral of a dispute or  
11 notice of proposed unilateral termination to review the causes and  
12 circumstances of the dispute or proposed unilateral termination.  
13 Within that review period, the Committee shall make recommendations  
14 with regard to the asserted basis for the dispute or proposed  
15 unilateral termination and possible approaches to resolve the  
16 differences of the parties which might militate against termination.  
17 These recommendations shall be made to the President of the Board of  
18 Trustees of Harborview Medical Center and the Vice President for  
19 Medical Affairs for the University of Washington, who shall meet,  
20 review the recommendations, and attempt to reach an agreed resolution  
21 of the dispute. If they are unable to reach a mutual agreement with  
22 respect to the recommendation and resolution of the dispute, they shall  
23 advise the Board of Trustees of Harborview Medical Center and the  
24 President of the University of Washington of the dispute and the  
25 recommendations for its resolution from the Joint Conference Committee,  
26 as well as any recommendations for the resolution of the dispute they  
27 may have.

28  
29 N. TERMINATION PROCESS

30 1. In the event that the University determines that support by  
31 the State Legislature is not sufficient to maintain the Medical Center  
32 as an effective teaching resource for the University, or that payment  
33 for services by public and private agencies is not sufficient to  
34 maintain the Medical Center as an effective health care resource for  
35 King County, the University may terminate this contract by giving the  
36 Trustees no less than twelve (12) months' written final notice. In  
37 such event, the University shall advise all other parties and the Ad  
38 Hoc Termination Review Committee, which shall proceed with the review  
39 of the matter, as provided in Section N.5.

40 2. In the event the Trustees determine that King County is not  
41 being adequately served by the Medical Center, as described in Section  
42 C, paragraph 5 of this contract, the Trustees may terminate this  
43 contract by giving the University no less than 24 months' written final  
44 notice, as set forth in paragraph 4 below.

45 3. A failure of either party to fulfill an express condition of  
46 this contract shall constitute a cause for termination by the other  
47 party.

48 4. In the event either party desires to terminate this contract  
49 for reasons other than financial exigency, it shall, prior to issuing a  
50 final notice of termination, advise the other party and initiate the  
51 Dispute Resolution Process as set forth in Section M. If a party still  
52 desires to terminate the contract, after the dispute resolution process

1 to certify the nature and extent of costs incurred by the Medical  
2 Center under this contract.

3 3. If the University carries out any of the duties of this  
4 contract, with a value or cost of \$10,000 or more over a 12-month  
5 period, with a related organization, then the University agrees to  
6 incorporate in the subcontract a clause to the effect that until the  
7 expiration of four years after the furnishing of such services pursuant  
8 to such subcontract, the related organization shall make available,  
9 upon written request to the Secretary of Health and Human Services, or  
10 upon request to the Comptroller of the United States, or any of their  
11 duly authorized representatives, the subcontract, and books, documents  
12 and records of such organization that are necessary to certify the  
13 nature and extent of costs incurred by the Medical Center under this  
14 contract.

## Mission Statement

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Harborview Medical Center is owned by King County, governed by the Harborview Board of Trustees, and managed under contract by the University of Washington.

Harborview Medical Center is a comprehensive health care facility dedicated to the control of illness and the promotion and restoration of health. Its primary mission is to provide and teach exemplary patient care and to provide health care for those patients King County is obligated to serve.

The following groups of patients and programs will be given priority for care within the resources available as determined by the Board of Trustees:

- persons incarcerated in the King County Jail;
- mentally ill patients, particularly those treated involuntarily;
- persons with sexually transmitted diseases;
- substance abusers;
- indigents without third-party coverage;
- non-English speaking poor;
- trauma;
- burn treatment;
- specialized emergency care;
- victims of domestic violence; and
- victims of sexual assault.

While maintaining this priority commitment to patients and programs in the above categories, Harborview Medical Center also serves a broad spectrum of patients to maintain a balanced clinical program and fiscal viability.

Harborview's patient care mission is accomplished by assuming and maintaining a strong leadership position in the Pacific Northwest and the local community. This leadership role is nurtured through the delivery of health services of the highest quality to all of its patients and through effective use of its resources.

Harborview Medical Center plans and cooperates with other hospitals, public health providers, and the University of Washington to provide programs and services and avoid unnecessary duplication.

Harborview Medical Center fulfills its educational mission through commitment to the support of undergraduate, graduate, post-graduate and continuing education programs of the health professions of the University of Washington and other educational institutions, as well as programs relating to patient education.

Harborview Medical Center recognizes that the delivery of the highest quality of health care is enhanced by a strong commitment to teaching, community service and research.