

Medical Office and Equipment Lease Agreement

BASIC LEASE TERMS

BASIC LEASE INFORMATION AND EXHIBITS. The following terms as used herein shall have the meanings provided in this Section 1, unless otherwise specifically modified by provisions of this Lease:

- 1. Lease Date: March 30, 2021
- a) Tenant: Skagit County Public Hospital District No. 3 d/b/a Island Hospital
- b) Tenant Address: Island Hospital
1211 24th Street
Anacortes, WA 98221
Attn: Chief Executive
- c) Landlord: San Juan County Public Hospital District No. 3 d/b/a Orcas Island Health Care District
- d) Landlord Address: Orcas Island Health Care District
P.O. Box 226
Eastsound, WA 98245
- e) Building The building commonly known as Orcas Island Medical Center located at 7 Deye Lane, Eastsound, WA 98245 (the "Building") on the Land described as tax parcel # 271411009, legally described in Exhibit A attached hereto and incorporated herein.
- f) Premises: The Building and Land described in Section 1(f) above. A floor plan for the Building is depicted in Exhibit B attached hereto and incorporated herein.
- g) Lease Term: The initial term of the Lease (the "Initial Term") shall be five (5) years, commencing on the 30th day of March 2021 (the "Commencement Date"), and extending through the 31st day of December, 2025. The term of the Lease shall automatically renew for an additional five (5) year period, unless the Clinic Services Agreement between the parties of even date herewith is not renewed.
- h) Permitted Use: Medical clinic providing primary care services and for no other use or purpose without Landlord's prior written consent.

- i) Rent: Tenant shall pay rent to Landlord in the amount of Fifty and No/100 Dollars (\$50.00) per calendar year, pro rated for any partial year. Tenant shall pay Rent to Landlord, without prior demand, abatement, set-off, counterclaim or offset, on the Commencement Date of the Lease and on January 1st thereafter. All sums of money required to be paid pursuant to the terms of this Lease are defined as "Rent." Rent shall be paid to Landlord at the address noted in Section 1(e) above, or to such other place as Landlord may designate from time to time.
- j) Exhibits: Exhibit A – Legal Description
Exhibit B – Space Plan of Premises
Exhibit C – FF&E List

SECTION 1. TERM AND TERMINATION

This Lease shall commence as of the Commencement Date set forth in Section 1(h) of the "Basic Lease Terms" and continue for the term(s) described in Section 1(h) of the "Basic Lease Terms." Notwithstanding the term, this Lease shall automatically terminate effective as of the date of the expiration or termination of that certain Clinic Services Agreement between Landlord and Tenant dated October 23, 2020, as such agreement may be amended from time to time (the "Clinic Services Agreement"), for any reason.

SECTION 2. OPERATING COSTS

Landlord shall be responsible for all amounts arising out of Landlord's ownership, management, maintenance, operation, repair, replacement and administration of the Premises, including, (a) taxes assessed against the Premises and Landlord's equipment and improvements; and (b) Landlord's insurance.

Tenant shall pay the cost of all utilities supplied to the Premises and shall be responsible to pay for those items in Section 5 and elsewhere in this Lease as Tenant costs or Tenant obligations. Tenant covenants and agrees to pay promptly, when due, all personal property taxes or other taxes and assessments levied and assessed by any governmental authority upon the property of Tenant in, upon or about the Premises.

Notwithstanding anything to the contrary herein, the parties acknowledge and agree that so long as Landlord and Tenant are parties to the Clinic Services Agreement, Landlord shall pay and remit to the Washington Department of Revenue the "Leasehold Excise Tax" imposed by RCW 82.29A.030 that is due on the value of the Rent throughout the Lease Term. If the Clinic Services Agreement terminates or otherwise expires and Tenant remains in possession of the Premises under this Lease, then from the date of such termination or expiration, Tenant shall be responsible to pay to Landlord on a monthly basis an amount equal to the Leasehold Excise Tax as billed by Landlord, and Landlord shall have the obligation to remit the Leasehold Excise Tax

payments to the Washington Department of Revenue. Such amount shall be in addition to the rent owing to Landlord under this Agreement. ¹

SECTION 3. DELIVERY OF PREMISES "AS-IS."

Tenant accepts the Premises as being in good order, condition and repair, and otherwise "as-is," "where-is," with all faults. Except as may be expressly set forth in this Lease, Tenant acknowledges that neither Landlord, nor any employee, agent, or contractor of Landlord has made any representation or warranty concerning the Premises or the suitability thereof for the conduct of Tenant's business.

SECTION 4. USE OF PREMISES AND EQUIPMENT

4.1. Medical Office Use. The Premises shall continuously and at all times during the Lease Term be used and occupied by Tenant only as medical offices to provide primary care services to patients (the "Permitted Use"), and for no other purpose or use without Landlord's prior written consent.

4.2. Exclusivity. During the Lease Term, Tenant shall have exclusive use of the Building and the Premises.

4.3. Compliance with Legal Requirements. Tenant shall comply with, and this Lease shall be subject and subordinate to: (a) any restrictions or covenants of record affecting the Premises; (b) all applicable laws; (c) the Certificate of Use or Occupancy issued for the Building; and (d) all rules, orders, regulations and requirements of the local Fire District or any other organization performing a similar function. Tenant shall immediately discontinue any use of the Premises which is declared by either any governmental authority having jurisdiction or the Landlord to be a violation of any law, code, regulation or a violation of said Certificate of Use or Occupancy. Tenant shall comply with any direction of any governmental authority having jurisdiction which shall, by reason of the nature of Tenant's use or occupancy of the Premises, impose any duty upon Tenant or Landlord with respect to the Premises or with respect to the use or occupancy thereof.

4.4 Furniture, Fixtures and Equipment. Landlord owns certain furniture, fixtures and equipment ("FF&E") utilized in the medical clinic currently located in the Premises, which FF&E is listed on Exhibit C attached hereto and incorporated herein. Tenant shall be entitled to the use of such FF&E during the Lease Term. Tenant shall be solely responsible for maintenance, repair and replacement of the items listed on Exhibit C. Landlord shall promptly reimburse Tenant for such maintenance, repair and replacement costs; provided, however, that any such maintenance, repair or replacement cost in excess of Five Thousand Dollars (\$5,000.00) individually or Fifty Thousand Dollars (\$50,000.00) in the aggregate during any calendar year during the Lease Term shall require Tenant to obtain Landlord's prior written approval before Landlord is obligated to reimburse Tenant for such expense. To assist Landlord in establishing its annual operating budget, Tenant agrees that on or before August 15 of each calendar year during the Lease Term it will provide Landlord with a list of equipment that it anticipates will need to be repaired or replaced

during the following calendar year including the estimated cost of repairing or replacing each item and a rolling 5 year forecast of expected equipment maintenance, repair or replacement including the projected cost. Landlord's written approval for such repair, maintenance or replacement costs shall not be unreasonably withheld, conditioned or delayed. Tenant shall provide Landlord with reasonable supporting documentation of such costs.

SECTION 5. BUILDING SERVICES AND MAINTENANCE

5.1. Landlord's Services. (a) Landlord will provide the following utilities and services, which shall be provided in a manner that is consistent with those services provided in comparable medical office buildings of similar size and age which are located within the regional community, and Tenant shall be responsible for paying for such items consistent with Section 2 of this Lease:

(i) electricity and water for the Premises, as reasonably necessary for the uses permitted under the Lease;

(ii) if the Building is equipped with a central heating and air-conditioning system that serves the Building, heat and air-conditioning as required for Tenant's comfortable use and occupancy of the Premises during Tenant's normal hours of operation, excluding legal holidays; and

(iii) hot water at those points of supply provided for the general use of the Building.

5.2. Janitorial/Cleaning Services. Tenant will be responsible to arrange for and pay all janitorial and cleaning services, snow and ice removal services for the parking areas and walkways serving the Premises and window cleaning services.

5.3. Telephone/Communication Services. Tenant shall be responsible for and shall pay all reasonable charges for telephone and other communication services. Any expenditures for installation, operation and maintenance of new communication equipment and/or services is subject to prior written consent of Landlord, which consent shall not be unreasonably withheld, conditioned or delayed.

5.4. Garbage/Refuse. Tenant will be responsible to arrange for and pay for disposal of all garbage and refuse from the Building; shall not permit undue accumulations of trash within the Premises; and shall keep all trash in proper containers until disposal.

5.5. Landscaping and Parking Lot. Landlord shall be responsible for maintaining the landscaping on the Premises and the paving and marking of the parking lots.

5.6. Landlord's Repairs. Landlord shall maintain in good repair the mechanical, basic plumbing, HVAC system and electrical systems of the Premises, the walls, floors, doors, windows and all structural elements of the Premises. Landlord shall not be liable for any failure to make repairs or to perform maintenance required to be performed by Landlord unless such failure shall persist for an unreasonable time after written notice of the need of such repairs or maintenance is given to Landlord by Tenant.

5.5. Tenant's Repairs; Alterations. Tenant shall maintain the Premises in good repair and condition, normal wear and tear excepted, at Tenant's cost. Tenant shall not make any alterations, improvements, additions, or utility installations in or about the Premises (collectively, "Alterations") without first obtaining the written consent of Landlord and, where appropriate, in accordance with plans and specifications approved by Landlord and with all necessary permits. Any alterations required to be made to the Premises by any applicable building, health, safety, fire, nondiscrimination, or similar law or regulation shall be made at Landlord's sole expense. Unless Landlord requires their removal, all Alterations (other than trade fixtures and movable equipment) which may be made on the Premises shall become the property of Landlord and remain upon and be surrendered with the Premises at the expiration of the Lease Term.

SECTION 6. SUBROGATION/INSURANCE

6.1 Waiver of Subrogation. Landlord and Tenant hereby mutually waive any and all rights of recovery against one another based upon the negligence of either Landlord or Tenant or their agents or employees for real or personal property loss or damage occurring to the Premises or to the Building or any part thereof or any personal property located therein from perils which are able to be insured against in standard fire and extended coverage, vandalism and malicious mischief and sprinkler leakage insurance contracts (commonly referred to as "all risk"). If either party's insurance policies do not permit this waiver of subrogation, then such party will obtain such a waiver from its insurer at its sole expense.

6.2 Landlord Insurance. During the Lease Term, Landlord shall, at its sole cost and expense, maintain in full force property insurance covering all improvements on the property, including without limitation the Premises, the Building and the FF&E listed on Exhibit C, in an amount not less than one hundred percent (100%) of the full insurable replacement cost thereof.

6.3 Tenant Insurance. During the Lease Term, Tenant shall, at its sole cost and expense, maintain in full force (a) commercial general liability insurance in an amount not less than one million dollars / three million dollars (\$1,000,000/\$3,000,000) per occurrence/general aggregate limit, written on an occurrence basis and which lists Landlord as an additional insured; (b) professional liability insurance in the amount and form requirement under the Clinical Services Agreement; and (c) Worker's Compensation Insurance as required by applicable Washington state law.

SECTION 7. DAMAGE OR DESTRUCTION

If the Premises are damaged by fire or other casualty (collectively "Casualty"), and in Landlord's reasonable estimation, such damage can be materially restored within 180 days following the commencement of restoration, Landlord shall repair the damage, and this Lease shall continue in effect. Within 45 days from the date of the Casualty, Landlord shall notify Tenant of Landlord's reasonable estimation of the length of time within which material restoration can be made, and Landlord's determination shall be binding on Tenant. If, in Landlord's reasonable estimation, such repairs cannot be made within 180 days following commencement of restoration, either party may terminate this Lease by written notice to the other party. Until restoration is complete, Rent is to abate in proportion to the percentage of the rentable area of the Premises which is unusable by Tenant; provided, that if the Casualty was caused by the intentional or

negligent acts of Tenant, its officers, employees, agents, contractors, patients, licensees or invitees, Rent shall not be abated. Notwithstanding the foregoing, a total destruction of the Building shall automatically terminate this Lease. Tenant shall not have any interest in any insurance proceeds attributable to said Casualty.

SECTION 8. EMINENT DOMAIN

If the Building, or any portion thereof, shall be taken by any authorized entity by eminent domain or by negotiated purchase under threat thereof, this Lease shall terminate as of the earlier of the date when title or possession thereof is acquired or taken by the condemning authority, and all rights of Tenant set forth in this Lease shall immediately terminate. Nothing contained herein shall be deemed to give Landlord any interest in or require Tenant to assign to Landlord any separate award expressly made to Tenant for: (a) the taking of personal property and fixtures belonging to Tenant; (b) the interruption of or damage to Tenant's business or profession; (c) the cost of relocation expenses incurred by Tenant; and (d) Tenant's unamortized cost of leasehold improvements.

SECTION 9. INDEMNIFICATION

9.1 Indemnity. Tenant shall indemnify, defend and hold Landlord and its officers, commissioners, employees, agents and contractors harmless from and against all losses, damages, fines, penalties, liabilities and expenses incurred (including reasonable attorneys' fees and other costs incurred in connection with such claims), regardless of whether said claims involve litigation, resulting from any act, omission, or negligence of Tenant or its officers, contractors, licensees, agents, servants, employees, patients, guests, invitees, or visitors in or about the Premises or arising from any injury or damage to any person or property, occurring in or about the Premises as a result of any act, omission or negligence of Tenant, or its officers, contractors, licensees, agents, employees, guests, or visitors or arising from any breach or default under this Lease by Tenant. The foregoing provisions shall not be construed to make Tenant responsible for loss, damage, liability or expense resulting from injuries to third parties caused solely by the negligence or intentional misconduct of Landlord, or its officers, contractors, licensees, agents, employees, or invitees in the Premises.

Landlord shall indemnify, defend and hold Tenant and its officers, agents, employees and contractors harmless from and against all losses, damages, fines, penalties, liabilities and expenses incurred (including Tenant's reasonable attorneys' fees and other costs incurred in connection with such claims, regardless of whether claims involve litigation) resulting from any act, omission or negligence of Landlord or its officers, commissioners, contractors, licensees, agents, servants, employees, guests or visitors in or about the Premises, Building or Land, or arising from any injury or damage to any person or property occurring in or about the Premises, Building or Land as a result of any act, omission or negligence of Landlord, or its officers, commissioners, contractors, licensees, agents, employees, guests, or visitors or arising from any breach or default under this Lease by Landlord. The foregoing provisions shall not be construed to make Landlord responsible for loss, damage, liability or expense resulting from injuries to third parties caused solely by the negligence or intentional misconduct of Tenant, or its officers, contractors, licensees, agents, employees, patients or invitees in the Premises, Building or Land.

Notwithstanding any of the foregoing, if losses, liabilities, damages, liens, costs and expenses so arising from the operation or occupation of the Premises, Building or Land are caused by the concurrent negligence of both Landlord and Tenant or their respective employees, agents, invitees and licensees, each party (the "Indemnifying Party") shall indemnify the other party (the "Indemnified Party") only to the extent of the negligence of the Indemnifying Party or its officers, agents, employees, guests or invitees.

9.2 Exemption of Landlord from Liability. As a material part of the consideration to Landlord, Tenant hereby agrees that, notwithstanding anything to the contrary in Section 9.1 above, Landlord shall in no event be liable for injury to Tenant's business or assets or any loss of income therefrom or for damage to Tenant's employees, invitees, customers, or any other person in or about the Premises, whether such damage, loss or injury results from conditions arising upon the Premises, or from other sources or places. The foregoing exemption of Landlord from liability shall not apply to the extent that the conditions of the Premises that gave rise to the damage, loss or injury is a result of Landlord's negligence, willful or intentional conduct or that of Landlord's officers, contractors, licensees, agents, employees.

SECTION 10. DEFAULTS

Except as provided below, neither party shall be deemed to be in default in the performance of any obligation required to be performed by it hereunder unless and until it has failed to perform such obligation within 30 days after written notice by the non-defaulting party specifying defaulting party's failure to perform; provided, however, that if the nature of defaulting party's obligation is such that more than 30 days are required for its performance, then the defaulting party shall not be deemed to be in default if it shall commence such performance within such 30 day period and thereafter diligently prosecute the same to completion.

Notwithstanding the foregoing, the occurrence of any one or more of the following events shall constitute a material default and breach of this Lease by Tenant: (i) the abandonment of the Premises by Tenant or the vacating of the Premises for more than thirty (30) consecutive days; (ii) the failure by Tenant to make any payment required to be made by Tenant hereunder, and such failure continues for more than ten (10) days after written notice from Landlord; (iii) the failure by Tenant to observe or perform any of the other covenants, conditions or provisions of the Lease, where such failure shall continue for a period of thirty (30) days after written notice from Landlord; provided, however, if more than thirty (30) days are reasonably required for its cure then Tenant shall not be deemed to be in default if Tenant commences such cure within said thirty (30) day period and thereafter diligently prosecutes such cure to completion; (iv) the making by Tenant of any general assignment or general arrangement for the benefit of creditors; (v) the filing by or against Tenant of a petition to have Tenant adjudged bankrupt or a petition for reorganization or arrangement under any law relating to bankruptcy (unless, in the case of a petition filed against Tenant, the same is dismissed within sixty (60) days); (vi) the appointment of a trustee or receiver to take possession of substantially all of Tenant's assets located at the Premises or of Tenant's interest in the Lease, where possession is not restored to Tenant within thirty (30) days; (vii) the attachment, execution or other judicial seizure of substantially all of Tenant's assets located at the Premises or of Tenant's interest in this Lease, where such seizure is not discharged within thirty (30) days; or (viii) the assignment or other transfer of all or any interest of Tenant in this Lease, or the subletting of all or any portion of the Premises. All notice and cure periods set forth above are

in lieu of and not in addition to any notice required pursuant to applicable unlawful detainer/eviction statutes.

SECTION 11. REMEDIES

11.1 In the event of a default by either party beyond the applicable notice and cure periods, the non-defaulting party shall have all available remedies at law or in equity. In the event of any default by Tenant under this Lease, in addition to any other remedies at law or in equity, Landlord shall have the immediate option to terminate this Lease and all rights of Tenant hereunder. If Landlord elects to so terminate this Lease, then Landlord may recover from Tenant:

- any unpaid Rent and any Rent that would be due from Tenant through the end of the current Lease Term; plus
- costs associated with any and all damages incurred by Landlord which are directly or proximately caused by Tenant's failure to perform its obligations under the Lease.

11.2 In the event of any such default by Tenant, Landlord shall also have the right, with or without terminating this Lease, to re-enter the Premises and remove all persons and any of Tenant's own property from the Premises. Such property of Tenant will be removed and stored in a public warehouse or elsewhere at the cost of and for the account of Tenant. No re-entry or taking possession of the Premises by Landlord pursuant to this Subsection 11.2 shall be construed as an election to terminate this Lease unless a written notice of such intention be given to Tenant or unless the termination thereof be decreed by a court of competent jurisdiction.

11.3 All rights, options and remedies of Landlord contained in this Lease shall be construed and held to be cumulative, and no one of them shall be exclusive of the other, and Landlord shall have the right to pursue any one or all of such remedies or any other remedy or relief which may be provided by law, whether or not stated in this Lease. No waiver of any default of Tenant hereunder shall be implied from any acceptance by Landlord of any rent or other payments due hereunder or any omission by Landlord to take any action on account of such default if such default persists or is repeated, and no express waiver shall affect defaults other than as specified in said waiver. The consent or approval of Landlord to or of any act by Tenant requiring Landlord's consent or approval shall not be deemed to waive or render unnecessary Landlord's consent or approval to or of any subsequent similar acts by Tenant.

SECTION 12. RULES AND REGULATIONS

Tenant shall comply with Landlord's rules and regulations of the Building, as such may be communicated in writing from time to time by Landlord.

SECTION 13. RIGHT OF ACCESS

Upon no less than two (2) business days' notice to Tenant, Landlord and its employees, contractors and agents shall have access to the Premises in order to (a) inspect the Premises; (b) make repairs as required hereunder; (c) maintain and repair any pipes, ducts, conduits and the like in and through the Premises; and (d) exhibit the Premises to prospective purchasers, lenders or tenants. During any such access, Landlord shall use reasonable efforts to minimize the disruption

to Tenant's business. Landlord and its agents shall have access to the Premises at any time without prior notice in the event of an emergency.

SECTION 14. END OF LEASE TERM

At the termination or expiration of the Lease Term, Tenant shall surrender the Premises to Landlord in as good condition and repair as at the Commencement Date, reasonable wear and tear excepted, and will leave the Premises broom-clean.

SECTION 16. REGULATORY MATTERS

16.1 If any legislation, regulation or government policy is passed or adopted, the effect of which would cause either party to be in violation of such laws due to the existence of any provision of this Lease, then Landlord and Tenant agree to negotiate in good faith for a period of 30 days to modify the terms of this Lease to comply with applicable law. Should the parties hereto fail to agree upon modified terms to this Lease within this time, either Landlord or Tenant may immediately terminate this Agreement by giving written notice to the other party.²

SECTION 17. MISCELLANEOUS

17.1 Authority. Each individual executing this Lease on behalf of Tenant represents and warrants that he or she is duly authorized to execute and deliver this Lease on behalf of Tenant, and that this Lease is binding upon Tenant in accordance with its terms.

17.2 No Brokers. Tenant represents and warrants to Landlord that it has not engaged any broker, finder or other person who would be entitled to any commission or fees in respect of the negotiation, execution or delivery of this Lease and shall indemnify and hold harmless Landlord against any loss, cost, liability or expense incurred by Landlord as a result of any claim asserted by any such broker, finder or other person on the basis of any arrangements or agreements made or alleged to have been made by or on behalf of Tenant.

17.3 Landlord Consent. In any instance where the Landlord's approval or consent is required either by the terms of this Lease or otherwise, such approval or consent shall not be unreasonably withheld, conditioned or delayed.

17.4 Entire Agreement. This Lease is the final and complete expression of Landlord and Tenant relating in any manner to the leasing, use and occupancy of the Premises, FF&E, and other matters set forth in this Lease. No prior agreements or understanding pertaining to the same shall be valid or of any force or effect and the covenants and agreements of this Lease shall not be altered, modified or added to except in writing signed by both Landlord and Tenant.

17.5 Severability. Any provision of this Lease which shall prove to be invalid, void or illegal shall in no way affect, impair or invalidate any other provision hereof and the remaining provisions hereof shall nevertheless remain in full force and effect.

17.6 Force Majeure. Except for the payment of Additional Rent or other sums payable by Tenant to Landlord, time periods for Tenant's or Landlord's performance under any provisions of this Lease

shall be extended for periods of time during which Tenant's or Landlord's performance is prevented due to circumstances beyond Tenant's or Landlord's control, including without limitation, strikes, embargoes, shortages of labor or materials, governmental regulations, acts of God, pandemics, war or other strife.

17.7 Notices. All notices under this Lease shall be in writing and delivered in person or sent by registered or certified mail, postage prepaid, to Landlord and to Tenant at the Addresses provided in the Summary on Page 1 of this Lease and to the holder of any mortgage or deed of trust at such place as such holder shall specify to Tenant in writing; or such other addresses as may from time to time be designated by any such party in writing. If mailed, a notice shall be deemed received five (5) business days after the postmark affixed on the envelope by the United States Post Office.

17.8 Costs and Attorneys' Fees; Waiver of Jury Trial. If Tenant or Landlord shall bring any action for any relief against the other, declaratory or otherwise, arising out of this Lease, including any suit by Landlord for the recovery of additional rent or other payments hereunder or possession of the Premises each party shall, and hereby does, to the extent permitted by law, waive trial by jury and the losing party shall pay the prevailing party a reasonable sum for attorneys' fees in such suit, at trial and on appeal, and such attorneys' fees shall be deemed to have accrued on the commencement of such action.

17.9 Governing Law; Venue. This Lease shall be governed by and construed in accordance with the internal laws of the State of Washington. Venue for any action concerning this Lease or the Premises shall be in Skagit County, Washington.

17.10 Recording. Tenant shall not record this Lease or a memorandum hereof without Landlord's prior written consent and such recordation shall, at the option of Landlord, constitute a non-curable default of Tenant hereunder.

17.11 Waivers. No waiver by either party of any provision hereof shall be deemed a waiver of any other provision hereof or of any subsequent breach by the other party of the same or any other provision. Either party's consent to or approval of any act shall not be deemed to render unnecessary the obtaining of such party's consent to or approval of any subsequent act by the other party. The acceptance of any additional rent hereunder by Landlord shall not be a waiver of any preceding breach at the time of acceptance of such additional rent.

17.12 Time of Essence. Time is of the essence for the performance of all of the obligations specified hereunder.

17.13 Successors and Assigns. This Lease and all of its provisions shall be binding upon and inure to the benefit of the parties to this Lease and their respective successors and permitted assigns.

17.14 Quiet Enjoyment. Subject to the other terms of this Lease, Landlord covenants that Tenant shall, and may peacefully have, hold and enjoy the Premises and FF&E for the Lease Term free of any claims by any party claiming by, through or under Landlord, provided that Tenant performs all of Tenant's obligations, covenants and agreements herein provided.

17.15 Waiver of Worker's Compensation Immunity. The indemnification obligations contained in this Lease shall not be limited by any worker's compensation, benefit or disability laws, and each indemnitor hereby waives any immunity that said indemnitor may have under the Industrial Insurance Act, Title 51 RCW and any similar or successor worker's compensation benefit or disability laws. This waiver is for the exclusive benefit of the party to be indemnified hereunder and is not intended, and shall not be construed, to be for the benefit of any employee of any indemnitor hereunder.

17.16 Assignment and Subletting. Tenant shall not assign or transfer its interest in this Lease or sublease the Premises or any part thereof without the prior written consent of Landlord, which consent shall be at Landlord's sole discretion.

17.17 Estoppel Certificates. Within ten (10) business days following any written request that Landlord may make from time to time, Tenant shall execute and deliver to Landlord and any third party designated by Landlord, a sworn statement certifying: (a) the date of commencement of this Lease; (b) the fact that this Lease is unmodified and in full force and effect (or, if there have been modifications to this Lease, that this Lease is in full force and effect, as modified, and stating the date and nature of such modifications); (c) the date to which the rent and other sums payable under this Lease have been paid; (d) the fact that there are no current defaults under this Lease by Landlord or Tenant, except as specified in Tenant's statement; and (e) such other matters as may be requested by Landlord. Landlord and Tenant irrevocably agrees that if Tenant fails to execute and deliver such certificate within such ten (10) business day period, Landlord, or Landlord's beneficiary or agent may execute and deliver such certificate on Tenant's behalf, and that such certificate shall be fully binding on Tenant.

17.18 Liens. Tenant agrees to keep the Premises free and clear of all liens and charges whatsoever. Tenant shall not allow any mechanics' and materialmen's or other liens to be placed upon the Premises. If such a lien is placed or recorded, Tenant shall cause it to be discharged of record, at its own expense, within ten (10) days of Landlord's demand. Failure to comply with this provision shall be a default under the terms of this Lease.

17.19 Merger. The voluntary or other surrender of this Lease by Tenant, or a mutual cancellation thereof, shall not work a merger and shall, at the option of Landlord, terminate all or any existing subtenancies or may, at the option of Landlord, operate as an assignment to Landlord of any or all of such subtenancies.

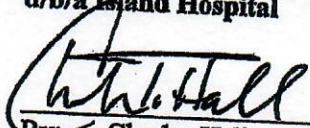
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Signatures on Following Page

Signature Page to Medical Office and Equipment Lease

IN WITNESS WHEREOF, the Parties have executed this Lease as of the date set forth below.

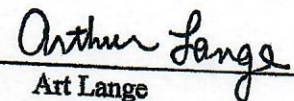
**Tenant: Skagit County Hospital District No. 2
d/b/a Island Hospital**



By: Charles Hall
Its: Superintendent and CEO

Date: 03/16/2021

**Landlord: San Juan County Public Hospital District No. 3
d/b/a Orcas Island Health Care District**



By: Art Lange
Its: President

Date: 3/26/21

LANDLORD ACKNOWLEDGMENT

STATE OF WASHINGTON

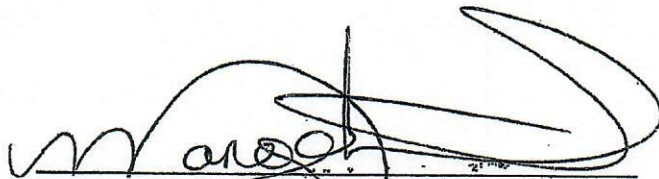
COUNTY OF SAN JUAN

SS.

I certify that I know or have satisfactory evidence that Art Lange is the person who appeared before me, and said person acknowledged that said person signed this instrument, on oath stated that said person was authorized to execute the instrument and acknowledged that as the President of the Board of Commissioners of San Juan County Public Hospital District No. 3, a Washington municipal corporation, to be the free and voluntary act of such municipal corporation for the uses and purposes mentioned in the instrument.

Dated this 26th day of March, 2021




(Signature of Notary)

Margaret Vinson

(Legibly Print or Stamp Name of Notary)

Notary public in and for the State of WA,

residing at Eastsound

My appointment expires 1.30.2023

TENANT ACKNOWLEDGMENT

STATE OF WASHINGTON
COUNTY OF Skagit

ss.

I certify that I know or have satisfactory evidence that Charles Hall is the person who appeared before me, and said person acknowledged that said person signed this instrument, on oath stated that said person was authorized to execute the instrument and acknowledged that as the Superintendent and CEO of Skagit County Public Hospital District No. 2, a Washington municipal corporation, to be the free and voluntary act of such municipal organization for the uses and purposes mentioned in the instrument.

Dated this 16 day of March, 2021.



Ely Wingard
(Signature of Notary)

Liz Wingard ⁸⁰⁰ Elizabeth Wingard
(Legibly Print or Stamp Name of Notary)

Notary public in and for the State of Washington,
residing at Anacortes, WA

My appointment expires 3-29-2024

Exhibit A
Legal Description

Lot 2B, Short Plat of the Deye Short Plat, Redivision of Lot 2, as recorded in Volume 6 of Short Plats, pages 71 and 71A, records of San Juan County, Washington;

And Also, Lot 3, Short Plat for Deye, as recorded in Volume 2 of Short Plats, pages 76, 76A, and 76B, records of San Juan County, Washington; Excepting therefrom the Easterly 200 feet (a measured perpendicular to the East line thereof) of said Lot 3, Short Plat for Deye.

C o n t i n u e d n e x t p a g e

EXHIBIT B
FLOOR PLAN OF THE PREMISES

