

## REAL PROPERTY PURCHASE AND SALE AGREEMENT

**THIS REAL PROPERTY PURCHASE AND SALE AGREEMENT** (the "Agreement") is by and between Orcas Medical Foundation, a Washington non-profit corporation ("Seller"), and San Juan County Public Hospital District No. 3, a Washington municipal corporation doing business as Orcas Island Health Care District ("Buyer").

### RECITALS

A. Seller owns the real property and improvements commonly known as 7 Deye Lane, Eastsound, Washington 98245, consisting of two parcels as more fully described in the legal description set forth on Exhibit A, attached hereto.

B. Seller currently leases the real property referenced above and certain items of furniture, fixtures and equipment to UW Physicians Network d/b/a UW Neighborhood Clinics ("UWNC"), and Seller has a separate agreement with UWNC for UWNC to operate a primary care medical clinic known as Orcas Medical Center ("OMC") on the real property.

C. Seller desires to sell to Buyer, and Buyer desires to purchase from Seller the real property and improvements located at 7 Deye Lane, Eastsound, Washington 98245, consisting of two parcels as more fully described in the legal description set forth on Exhibit A, attached hereto. In addition, Seller desires to gift to Buyer the furniture, fixtures and equipment owned by Seller and used in connection with the operation of OMC.

D. In connection with the closing of the sale to Buyer, Seller and UWNC will terminate the lease mentioned above, and Buyer and UWNC will enter into a new lease.

### AGREEMENT

**NOW, THEREFORE**, in consideration of the mutual covenants and conditions and promises contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Seller and Buyer agree as follows:

**1. Purchase and Sale of Real Property.** Seller hereby agrees to sell, transfer, and convey to Buyer, and Buyer agrees to purchase from Seller, subject to the terms and conditions set forth herein, those certain parcels of real property commonly known as 7 Deye Lane Eastsound, Washington 98245, as legally described in Exhibit A attached hereto and incorporated herein, together with any and all of Seller's right, title and interest in and to the improvements, buildings, structures and fixtures located thereon and the appurtenances thereto (collectively, the "Real Property").

**2. Gift of Assets.** Seller hereby agrees to gift, transfer, assign and convey to Buyer, without consideration, and with donative intent, and Buyer agrees to receive as a gift from Seller, subject to the terms and conditions set forth herein, Seller's furniture, fixtures and equipment located in the facility, including without limitation, the items listed in Exhibit B attached hereto and incorporated herein, together with any manufacturer's warranties, maintenance records, brochures, catalogues and other

documents related to such furniture, fixtures and equipment, to the extent in Seller's possession and control (collectively, the "Assets"). No debt shall be assigned to or assumed by Buyer in connection the transfer of Assets by Seller to Buyer. The parties agree that the transfer of Assets from Seller to Buyer is intended to be a gift for all purposes, including WAC 458-61A-201.

**3. Purchase Price for Real Property.** The purchase price for the Real Property shall be Three Hundred Fifty-Four Thousand Four Hundred Forty-one and No/100 Dollars (\$354,441.00) (the "Purchase Price"). Buyer shall pay the Purchase Price in cash or immediately available funds on the Closing Date (as hereinafter defined). To the extent the Purchase Price is less than the assessed value of the Real Property, the difference between the assessed value of the Real Property and the Purchase Price is intended to be a gift from Seller to Buyer for all purposes, including WAC 458-61A-201. The parties acknowledge and agree that there is no debt being assigned to or assumed by Buyer in connection with the Real Property.

**4. Closing.** The closing of the purchase and sale of the Real Property and the gift of the Assets (the "Closing") shall take place on or before the 31st day of October, 2018 (the "Closing Date"), at the offices of the Escrow Agent (defined below). The Closing Date may be extended with the written approval of Seller and Buyer. If the Closing does not occur on or before the 31<sup>st</sup> day of October, 2018, or such later date mutually agreed to in writing by Seller and Buyer (which date shall then become the "Closing Date"), Escrow Agent shall immediate terminate the escrow and return all documents and any closing funds to the party that deposited them into escrow.

**5. Escrow Agent.** Chicago Title Insurance Company of Washington, located at 1286 Mt. Baker Rd., Unit A3, Eastsound, WA 98245 ("Escrow Agent") has been designated as escrow agent hereunder by the mutual agreement of Seller and Buyer. The purchase and sale of the Real Property and Assets will be closed in escrow by Escrow Agent.

**6. Title to Real Property.**

**6.1 Conveyance of Title.** On the Closing Date, Seller shall convey to Buyer fee simple title to the Real Property by a duly executed and acknowledged standard form Statutory Warranty Deed (the "Deed").

**6.2 Title Policy.** Seller shall cause Chicago Title Insurance Company of Washington (the "Title Company"), at Buyer's sole expense, to issue to Buyer at Closing an ALTA standard coverage owner's policy of title insurance insuring Buyer's title to the Real Property in the amount of the current assessed value of the Real Property (the "Title Policy"). If Buyer elects to obtain an extended coverage title policy, Buyer shall be solely responsible for the premium due for the difference between standard and extended coverage.

**7. Real Property Taxes and Utility Prorations.** The parties acknowledge that the full amount of general and special taxes payable to San Juan County for the Real Property for the calendar year 2018 (the "Real Property Taxes") have been paid in full by Seller. The parties agree that said Real Property Taxes shall not be prorated as of the Closing Date, and Buyer shall receive the benefit of any said Real Property Taxes paid for by Seller that relate to the period on and after the Closing Date. To the extent

there are any special assessments, water, sewer and utility charges and other expenses normal to the ownership, use, operation and maintenance of the Real Property, said amounts shall not be prorated and Buyer assumes responsibility for the same, whether before, on or after the Closing Date.

**8. Personal Property Prorations and Taxes.** To the extent Seller is not exempt from personal property taxes, personal property taxes and other similar property taxes with respect to the Assets will be prorated on a “per diem” basis as of the Closing Date, based upon the most recently ascertainable assessed valuation, equalization factor and tax rate applicable to the Assets and shall be paid by Seller. To the extent required by law, Seller shall secure any “advanced tax” bill from the county treasurer and shall pay any personal property taxes assessed and owing for the period through the Closing Date. Any other prorations with respect to the Assets will be adjusted based on final tax bills for the applicable periods when these bills are available, and any payments required as a result of such adjustment will be made promptly by Buyer.

**9. Conditions Precedent to Closing.**

**9.1 Buyer’s Conditions to Closing.** Buyer’s obligation to close the transactions contemplated by this Agreement is expressly conditioned on, and subject to the satisfaction of, the following conditions precedent, which are intended solely for the benefit of Buyer. If any of the foregoing conditions are not satisfied prior to or as of the Closing Date, as applicable, Buyer shall have the right, at its sole election, either to waive the condition in question and proceed with the purchase, or in the alternative, to terminate this Agreement and receive the return of any and all documents and monies deposited with the Escrow Agent.

**9.1.1 Approval by Buyer’s Board of Commissioners.** Buyer’s obligations pursuant to this Agreement are subject to approval of this Agreement by Buyer’s Board of Commissioners (the “Board”).

**9.1.2 Buyer’s and UWNC’s Agreement on Terms of New Lease.** Buyer and UWNC shall have agreed on the terms of a new lease for UWNC to occupy the Real Property and use the Assets for purposes of operating the OMC from and after the Closing Date.

**9.1.3 Title Policy.** The Title Company is irrevocably committed to issue to Buyer the Title Policy for the Real Property.

**9.1.4 Seller’s and UWNC’s Amendment to Agreement for Clinic Support.** Seller and UWNC shall have amended their Agreement for Clinic Support (“ACS”) on terms that are satisfactory to Buyer.

**9.1.5 Delivery of Seller Escrow Deposits.** Seller shall have delivered into escrow with the Escrow Agent all of the Seller Escrow Deposits.

**9.1.6 Performance by Seller.** Seller shall have timely performed all obligations required by this Agreement to be performed by it.

**9.1.7 Representations and Warranties.** All of Seller's representations and warranties contained in or made pursuant to this Agreement shall have been true and correct when made and shall be true and correct as of the Closing Date, and Seller shall have complied with all of Seller's covenants and agreement contained in or made pursuant to this Agreement.

**9.2 Seller's Conditions to Closing.** Seller's obligation to close the transactions contemplated by this Agreement is expressly conditioned on, and subject to the satisfaction of, the following conditions precedent, which are intended solely for the benefit of Seller. If any of the foregoing conditions are not satisfied prior to or as of the Closing Date, as applicable, Seller shall have the right, at its sole election, either to waive the condition in question and proceed with the purchase, or in the alternative, to terminate this Agreement and receive the return of any and all documents deposited with the Escrow Agent.

**9.2.1 Seller's and UWNC's Amendment to Agreement for Clinic Support.** Seller and UWNC shall have amended their Agreement for Clinic Support on terms that are satisfactory to Seller and Buyer.

**9.2.2 Delivery of Buyer Escrow Deposits.** Buyer shall have delivered into escrow with the Escrow Agent all of the Buyer Escrow Deposits.

**9.2.3 Performance by Buyer.** Buyer shall have timely performed all obligations required by this Agreement to be performed by it.

**9.2.4 Buyer's Representations and Warranties.** All of Buyer's representations and warranties contained in or made pursuant to this Agreement shall have been true and correct when made and shall be true and correct as of the Closing Date, and Buyer shall have complied with all of Buyer's covenants and agreement contained in or made pursuant to this Agreement.

**10. Closing Costs.** At Closing, Buyer shall pay the following costs (collectively, the "Closing Costs"): (a) the premium for the Title Policy and any extended coverage or endorsements requested by Buyer; (b) the real estate excise tax applicable to the sale; and (c) the Escrow Agent's escrow fee.

**11. Escrow Deposits.**

**11.1 Seller's Escrow Deposits.** On or before the Closing Date, Seller shall deposit into escrow with the Escrow Agent the following (the "Seller Escrow Deposits"):

**11.1.1** a copy of the corporate resolution or authorization authorizing the execution and performance of this Agreement by Seller and all other actions taken by Seller in furtherance of this Agreement;

**11.1.2** the duly executed and acknowledged Deed;

**11.1.3** a completed Real Estate Excise Tax Affidavit, duly executed by Seller, including any supplemental statement thereto necessary to support an applicable exemption under WAC 45-61A-201;

**11.1.4** a completed non-foreign affidavit pursuant to Section 1445 of the Internal Revenue Code of 1986, as amended, duly executed by Seller;

**11.1.5** a certificate restating and reaffirming Seller's representations and warranties pursuant to this Agreement and confirming compliance with each of the conditions precedent and covenants herein, in the form of Exhibit C attached hereto;

**11.1.6** a duly executed termination of Lease between Seller and UWNC, effective as of the Closing Date, in substantially the form of Exhibit D attached hereto;

**11.1.7** a duly executed Bill of Sale for the Assets, in substantially the form of Exhibit F attached hereto;

**11.1.8** all other documents and instruments reasonably required to carry out the terms and intent of this Agreement.

**11.2 Buyer's Escrow Deposits.** On or before the Closing Date, Buyer shall deposit into escrow with the Escrow Agent the following (the "Buyer Escrow Deposits"):

**11.2.1** a copy of the resolution or authorization by Buyer's Board of Commissioners authorizing the execution and performance of this Agreement by Buyer and all other actions taken by Buyer in furtherance of this Agreement;

**11.2.2** the Purchase Price, and such other amounts sufficient to pay the Closing Costs, in cash or other immediately available funds;

**11.2.3** a completed Real Estate Excise Tax Affidavit, duly executed by Buyer, including any supplemental statement thereto necessary to support an applicable exemption under WAC 45-61A-201;

**11.2.4** a certificate restating and reaffirming Buyer's representations and warranties pursuant to this Agreement and confirming compliance with each of the conditions precedent and covenants herein, in the form of Exhibit E attached hereto; and

**11.2.5** all other documents and instruments reasonably required to carry out the terms and intent of this Agreement.

**12. Further Documents or Necessary Action.** Seller and Buyer, respectively, shall take actions that may be necessary or appropriate to effectuate the transactions contemplated by this Agreement. On or after the Closing Date, if any further action is necessary or desirable to carry out the purposes of this

Agreement and to vest Buyer with full title to the Real Property and Assets, Seller shall take all such necessary or appropriate action.

**13. Representations and Warranties.**

**13.1 Seller's Representations and Warranties.** Seller represents and warrants to Buyer that the following facts are true as of the date of the parties' mutual execution of this Agreement and will be true and correct as of the Closing Date as though made on such date:

**13.1.1 Organization and Standing, Power and Authority.** Seller is a non-profit corporation, duly organized, validly existing and in good standing under the laws of the state of Washington. This Agreement has been duly authorized, executed and delivered by Seller, and assuming it is executed and delivered by Buyer, this Agreement is valid and binding obligation of Seller. No other authorization or approvals, whether of governmental bodies or otherwise, will be necessary in order for Seller to enter into this Agreement. Neither the execution and delivery of this Agreement, nor the consummation of transactions contemplated hereunder, will (i) conflict with or result in the breach of any law, regulation, writ, injunction or decree of any court or governmental instrumentality applicable to Seller; or (ii) constitute a breach of any evidence of indebtedness or agreement to which Seller is a party or by which Seller is bound. Seller has the full power and authority to own the Real Property and Assets and to carry out the transactions contemplated hereby.

**13.1.2 Title to Real Property.** Seller has good, marketable and indefeasible title to the Real Property.

**13.1.3 Title to Assets.** Seller has good and marketable title to the Assets, free and clear of all debts, security interests, liens, encumbrances and restrictions on transfer.

**13.1.4 No Litigation.** There are no judgments, liens, actions, suits, proceedings, investigations, claims or litigation pending, or, to the best of Seller's knowledges, threatened against Seller, which would impair Seller's ability to consummate this transaction.

**13.1.5 No Defaults.** Neither the execution of this Agreement, the consummation of the transactions contemplated hereby, nor the fulfillment of the terms hereof, will conflict with or result in a breach of any of the terms, conditions or provisions of, or constitute a default under, any agreement or instrument which affects the Property, or to which the Property or Seller is subject or any applicable laws or regulations of any governmental body having jurisdiction over the Property.

**13.1.6 Environmental Compliance.** To Seller's knowledge, neither Seller nor any of Seller's occupants, tenants or users of the Real Property, has generated, stored, released or disposed of any substance or material on the Real Property, the generation, storage or disposal of which is regulated under the Comprehensive Response, Compensation and Liability Act, 42 U.S.C. Section 9601 et seq., the Model Toxics Control Act (Chapter 70.105D RCW), or any comparable law, regulation, ordinance or order of any governmental body, except in compliance with such laws, regulations, ordinance or orders. To

Seller's knowledge, Seller has obtained (and is in compliance with) all permits, licenses and other authorizations that are required under all federal, state and local environmental requirements customarily known to and followed by owners and operators of land similar to the Real Property and located in the area in which the Real Property is located, including any such laws, regulations or ordinances relating to emissions, discharges, releases or threatened releases of materials into the environment or otherwise relating to the use, treatment, storage, disposal, transport or handling of such materials. To Seller's knowledge, neither Seller nor any prior owner, occupant or user of the Real Property has received any notice or other communications concerning any alleged violation of any environmental requirements. To Seller's knowledge, there is not constructed, placed, deposited, stored, disposed of or located on the Real Property (i) any PCBs or transformers, capacitors, ballasts or other equipment which contains dielectric fluid containing PCBs; or (ii) any underground storage tanks.

**13.1.7 Medical Waste.** To the best of Seller's knowledge, Seller and any of Seller's occupants on the Real Property have properly disposed of all medical waste on the Real Property.

**13.1.8 Taxes.** Seller has filed all tax returns of every kind, nature or description that are required to be filed, and has paid or remitted to the proper authority all taxes and assessments which are required to be paid or remitted by Seller in connection with the Real Property and Assets.

**13.1.9 Licenses and Permits.** Seller possesses and is in compliance in all material respects with all licenses and permits required from all governmental authorities having jurisdiction over the Real Property and Assets necessary for the use and ownership of the Property.

**13.1.10 Insurance.** Seller represents and warrants that it has in place, and covenants and agrees to maintain in place through the Closing, the insurance policies from the insurers, of the types and at the coverage levels listed on Exhibit G attached hereto and incorporated herein insuring the Real Property and the Assets.

**13.1.11 Accuracy of Statements.** No representation or warranty made by Seller in this Agreement and no statement contained in any document or instrument delivered or to be delivered to Buyer by Seller pursuant to this Agreement contains, or will contain at Closing, any untrue statement of a material fact or omits to state a material fact necessary to make the statements contained herein or therein not misleading.

**13.2 Buyer's Representations and Warranties.** Buyer represents and warrants to Seller that the following facts are true as of the date of the parties' mutual execution of this Agreement and will be true and correct as of the Closing Date as though made on such date:

**13.2.1 Organization and Standing, Power and Authority.** Buyer is a municipal corporation duly organized and validly existing under the laws of the state of Washington. Except for the approval of Buyer's Board authorizing Buyer's purchase of the Real Property and Assets, no authorizations or approvals, whether of governmental bodies or otherwise, will be necessary in order for Buyer to enter into this Agreement and to perform its obligations as set forth herein. Neither the execution and delivery of this Agreement, nor the consummation of the transactions contemplated hereunder, will conflict with

or result in the breach of any law, regulation, writ, injunction or decree of any court or governmental instrumentality applicable to Buyer.

**13.2.2 Buyer's Inspection of Property.** Buyer has been advised to and has investigated the physical condition, value, suitability and desirability of all aspects of the Property. Except to the extent set forth in Section 13 of this Agreement, neither Seller nor its officers, directors, employees, attorney or agents makes or has made any representations or warranties of any kind, express or implied, written or oral, regarding (a) the physical condition of the Property or (b) the uses of the Property or any limitations thereon. Buyer is relying solely upon Buyer's own analysis of the Property as it deems necessary or appropriate.

**13.2.3 Accuracy of Statements.** No representation or warranty made by Buyer in this Agreement and no statement contained in any document or instrument delivered or to be delivered to Seller by Buyer pursuant to this Agreement contains, or will contain at Closing, any untrue statement of a material fact or omits to state a material fact necessary to make the statements contained herein or therein not misleading.

**14. Form 17 Waiver.** Buyer waives the right to receive a seller disclosure statement ("Form 17-Commercial") if required by RCW 64.06. However, if Seller would otherwise be required to provide Buyer with a Form 17-Commercial, and if the answer to any of the questions in the section of the Form 17-Commercial entitled "Environmental" would be "yes," then Buyer does not waive the receipt of the "Environmental" section of the Form 17-Commercial which shall be provided by Seller.

**15. Possession.** Possession of the Real Property and Assets shall be delivered to Buyer as of the Closing.

**16. Loss by Fire or Other Casualty.** If prior to the Closing, the Real Property is destroyed or materially damaged, all proceeds of insurance payable to Seller by reason of such damage or destruction shall be paid or assigned to Buyer.

**17. Default and Remedies.**

**17.1 Seller's Default; Buyer's Remedies.** In the event the sale and purchase of the Property fails to close because of any breach or default of Seller without legal excuse, Buyer shall have the right, as Buyer's sole and exclusive remedy, to terminate this Agreement upon written notice to Seller and Escrow Agent, without liability to Seller.

**17.2 Buyer's Default; Seller's Remedies.** In the event the sale and purchase of the Property fails to close because of any breach or default of Buyer without legal excuse, Seller shall have the right, as Seller's sole and exclusive remedy, to terminate this Agreement, upon written notice to Buyer and Escrow Agent, without liability to Buyer.



**18. Miscellaneous.**

**18.1 Brokers and Finders.** Each party represents to the other that no broker has been involved in this transaction. In the event of a claim for broker's fee, finder's fee, commission or other similar compensation in connection herewith, Buyer, if such claim is based upon any agreement alleged to have been made by Buyer, hereby agrees to indemnify Seller against and hold Seller harmless from any and all damages, liabilities, costs, expenses and losses (including, without limitation, reasonable attorneys' fees and costs) which Seller may sustain or incur by reason of such claim, and Seller, if such claim is based upon any agreement alleged to have been made by Seller, hereby agrees to indemnify Buyer against and hold Buyer harmless from any and all damages, liabilities, costs, expenses and losses (including, without limitation, reasonable attorneys' fees and costs) which Buyer may sustain or incur by reason of such claim. The provisions of this Section 18 shall survive the termination of this Agreement or the Closing.

**18.2 Schedules and Exhibits.** All Schedules and Exhibits attached to this Agreement shall be deemed part of this Agreement and incorporated herein, where applicable, as if fully set forth herein.

**18.3 Survival of Representations, Warranties and Covenants.** The representations, warranties, covenants and agreements contained in this Agreement, or in writing delivered to Buyer or Seller in connection with this Agreement, shall survive the Closing and the transfer and conveyance of the Property to Buyer.

**18.4 No Third-Party Beneficiaries.** This Agreement is for the sole benefit of the parties hereto and their permitted assigns, and nothing herein express or implied shall give or be construed to give any person or entity, other than the parties hereto and such assigns, any legal or equitable rights hereunder.

**18.5 Non-Waiver.** No delay or failure by either party to exercise any right hereunder, and no partial or single exercise of any such right, shall constitute a waiver of that or any other right, unless otherwise expressly provided herein.

**18.6 Successors and Assigns.** Neither party to this Agreement may assign its rights hereunder without the prior written consent of the other party. This Agreement will bind and inure to the benefit of the respective successors and assigns of the parties to this Agreement.

**18.7 Severability.** Whenever possible, each provision of this Agreement will be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement is held to be prohibited by or invalid under applicable law, such provision will be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of this Agreement.

**18.8 Headings.** Headings in this Agreement are for convenience only and shall not be used to interpret or construe its provisions.

**18.9 Counting Days.** If the day for performance of any obligation under this Agreement is a Saturday, Sunday or legal holiday, then the time for performance of any obligation under this Agreement shall be extended to 5:00 p.m. on the first (1<sup>st</sup>) day following such Saturday, Sunday or legal holiday.

**18.10 Notices.** All notices, requests, demands and other communications required under this Agreement shall be in writing and shall be deemed duly given and received (i) if personally delivered, on the date of delivery, (ii) if mailed, three (3) days after deposit in the United States Mail, registered or certified, return receipt requested, postage prepaid and addressed as provided below, (iii) if by a courier delivery service providing overnight or “next-day” delivery, on the next business day after deposit with such service, (iv) if by facsimile transmission on the date indicated on a written confirmation of successful delivery generated by the sending party’s facsimile machine or (v) if by e-mail then upon confirmation of successful deliver to electronic mail address, addressed as follows:

If to Seller:

Leslie Murdock  
Orcas Medical Foundation  
PO Box 515  
Eastsound, WA 98245  
[leslie544@aol.com](mailto:leslie544@aol.com)

Facsimile:

If to Buyer:

Anne L. Presson, Superintendent  
Orcas Island Health Care District  
PO Box 226  
Eastsound, WA 98245  
[annep@orcashealth.org](mailto:annep@orcashealth.org)

With a copy to:

Lori Nomura  
Foster Pepper, PLLC  
1111 Third Avenue, Suite 3000  
Seattle, WA 98101  
[lori.nomura@foster.com](mailto:lori.nomura@foster.com)

Facsimile: 206.749.1994

With a copy to:

Donald W. Black  
Ogden Murphy Wallace, PLLC  
901 Fifth Avenue, Suite 3500  
Seattle, WA 98164  
[dblack@omwlaw.com](mailto:dblack@omwlaw.com)

Facsimile: 206.442.0215

Any party may change its above-designated address by giving the other party written notice of such change in the manner set forth herein.

**19. Amendment.** The provisions of this Agreement may be amended only by the mutual, written agreement of Seller and Buyer.

**20. Attorneys’ Fees.** In the event either party hereto finds it necessary to bring an action at law or other proceeding against the other party to enforce any of the terms, covenants or conditions hereof or any instrument executed pursuant to this Agreement, or by reason of any breach or default hereunder or thereunder, the party prevailing in any such action or proceeding shall be paid all costs and reasonable attorneys’ fees by the other party and in the event any judgment is secured by such prevailing party, all such costs and attorneys’ fees shall be included in any such judgment. The reasonableness of such costs and attorneys’ fees shall be determined by the court and not a jury.

**21. Governing Law; Venue.** This Agreement shall be governed by the internal laws of the State of Washington as to all matters, including but not limited to matters of validity, construction, effect and performance. Venue for any suit shall be in the San Juan County Superior Court.

**22. Counterparts.** This Agreement may be executed in any number of counterparts and by different parties on separate counterparts, each of which, when executed and delivered, shall be deemed to be an original, and all of which, when taken together, shall constitute but one and the same Agreement. Delivery of an executed counterpart of this Agreement by facsimile, email with pdf files, or other digital media shall be equally as effective as delivery of an original executed counterpart of this Agreement.

**23. No Joint Venture.** It is not intended by this Agreement to, and nothing contained in this Agreement shall, create any partnership, joint venture or other arrangement between Buyer and Seller. No term or provision of this Agreement is intended to be, or shall be, for the benefit of any person, firm, organization or corporation not a party hereto, and no such other person, firm, organization or corporation shall have any right or cause of action hereunder.

**24. Entire Agreement.** This Agreement constitutes the entire agreement of the parties concerning the matters referred to in this Agreement and supersedes all prior agreements and understandings of the parties regarding the transactions contemplated by this Agreement.

**25. Survival of Representations, Warranties and Covenants.** The respective representations, warranties, covenants and remedies of Seller and Buyer made herein or in any certificate or other document delivered pursuant to this Agreement, including without limitation the obligations of indemnity hereunder, shall survive the Closing and the consummation of the transactions contemplated hereby and the delivery of the Property to Buyer, and shall not be waived or merged thereby, until any applicable statute of limitations has run, notwithstanding any examination made by or for the party to whom such representations, warranties or covenants were made.

**26. Authority.** The parties signing below represent that they have the requisite authority to bind the entities on whose behalf they are signing.

**IN WITNESS WHEREOF**, the parties have executed this Agreement, effective as of the latest date set forth beneath their signatures below.

**SELLER:**

ORCAS MEDICAL FOUNDATION

\_\_\_\_\_  
By: Leslie Murdock  
Its: President  
Date: \_\_\_\_\_

**BUYER:**

SAN JUAN COUNTY PUBLIC HOSPITAL DISTRICT NO. 3  
d/b/a Orcas Island Health Care District

\_\_\_\_\_  
By: Richard Fralick  
Its: President  
Date: \_\_\_\_\_

**EXHIBIT A**  
**LEGAL DESCRIPTION**

Lots 2A and 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 (as measured perpendicular to the East line thereof) of said Lot 3, Short Plat for Deye.

**EXHIBIT B**  
**ASSET LIST**  
**(see next page)**



**EXHIBIT C**

**SELLER'S CLOSING CERTIFICATE**

In accordance with the terms of that certain Real Property Purchase and Sale Agreement dated the \_\_\_ day of \_\_\_\_\_, 2018 (the "Agreement"), by and between Orcas Medical Foundation, a Washington non-profit corporation ("Seller"), and San Juan County Public Hospital District No. 3, a Washington municipal corporation doing business as Orcas Island Health Care District ("Buyer"), Seller hereby certifies to Buyer that the representations and warranties of Seller contained in the Agreement are true and complete in all material respects as of the Closing Date as if made on and as of that date.

Seller further certifies that it has complied with or performed in all material respects all terms, covenants and conditions to be complied with or performed by Seller under the Agreement on or prior to the Closing Date.

Capitalized terms herein not otherwise defined shall have the same meaning as in the Agreement.

This certification is made effective as of the \_\_\_ day of \_\_\_\_\_, 2018.

SELLER:

ORCAS MEDICAL FOUNDATION

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



**EXHIBIT D**  
**FORM OF TERMINATION OF LEASE**

**EARLY LEASE TERMINATION AGREEMENT**

This Early Lease Termination Agreement (this "Agreement") is made as of this \_\_\_\_ day of \_\_\_\_\_, 2018, by and between Orcas Medical Foundation, a Washington nonprofit corporation ("Landlord"), and UW Physicians Network, a Washington nonprofit corporation ("Tenant"), with reference to the following facts.

**RECITALS**

**WHEREAS**, Landlord and Tenant entered into that certain Lease Agreement dated September 8, 2017, together with all exhibits, addenda, and amendments thereto (collectively, the "Lease"), whereby Landlord leased to Tenant and Tenant leased from Landlord certain premises located in the building (the "Building") situated at 7 Deye Lane, Eastsound, Washington 98245 (the "Premises");

**WHEREAS**, pursuant to the Lease, the Lease Term is scheduled to end on \_\_\_\_\_ (the "Original Expiration Date"); and

**WHEREAS**, Landlord and Tenant now wish to terminate the Lease on \_\_\_\_\_, 2018 (the "Early Termination Date"), on the terms and conditions set forth below.

**NOW, THEREFORE**, in consideration of the mutual promises and covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

**AGREEMENT**

**1. Recitals.** Landlord and Tenant hereby agree that the recitals set forth hereinabove are true and correct and incorporated into this Agreement. Capitalized terms used herein shall have their same meanings set forth in the Lease unless otherwise set forth herein.

**2. Sale of Building and New Landlord.** The parties acknowledge that Landlord is transferring ownership of the Building and related real property to Orcas Island Health Care

District (the “District”). The parties are terminating this Lease immediately preceding the closing of the sale, upon which Tenant will commence a new lease of the Premises from the District as the new landlord.

**3. Early Termination of Lease.** The early termination of the Lease is contingent upon the closing of the sale of the Building to the District. If such sale closes, the parties hereby agree that the Lease shall terminate on the Early Termination Date, which date shall operate as if that date were the time originally fixed for the termination of the Lease and the Lease shall come to an end with the same force and effect as if the Early Termination Date were the date herein provided for the normal expiration hereof. All provisions of the Lease that are to become effective on the termination of the Lease shall become operative or effective on the Early Termination Date.

**4. Premises.** Tenant agrees that on the Early Termination Date, the Premises shall be in as good condition as when received by Tenant from Landlord, reasonable wear and tear excepted. At Landlord’s request, the parties shall conduct a walk-through inspection of the Premises prior to the Early Termination Date and Landlord shall have the right to identify work required to be performed by Tenant consistent with the foregoing.

**5. Security Deposit.** The parties acknowledge that no security deposit or advance rent has been paid under the Lease.

**6. General Provisions.**

A. The parties acknowledge that each party and/or its counsel have reviewed and revised this Agreement and that no rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall be employed in the interpretation of this Agreement or any amendments or exhibits to this Agreement or any document executed and delivered by either party in connection with this Agreement.

B. If for any reason any provision of this Agreement shall be held to be unenforceable, it shall not affect the validity or enforceability of any other provision of this Agreement.

C. This Agreement may be executed in counterparts. All executed counterparts shall constitute one agreement, and each counterpart shall be deemed an original.

D. In the event any dispute between the parties results in litigation or other proceeding, the prevailing party shall be reimbursed by the nonprevailing party for all reasonable costs and expenses, including, without limitation, reasonable attorneys' and experts' fees and costs incurred by the prevailing party in connection with such litigation or other proceeding and any appeal thereof. Such costs, expenses and fees shall be included in and made a part of the judgment recovered by the prevailing party, if any.

**IN WITNESS WHEREOF**, the parties have executed this Agreement as of the date and year first set forth above.

**LANDLORD:**

**TENANT:**

ORCAS MEDICAL FOUNDATION

UW PHYSICIANS NETWORK

By \_\_\_\_\_

By \_\_\_\_\_

Its \_\_\_\_\_

Its \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**EXHIBIT E**  
**BUYER'S CLOSING CERTIFICATE**

In accordance with the terms of that certain Real Property Purchase and Sale Agreement dated the \_\_\_ day of \_\_\_\_\_, 2018 (the "Agreement"), by and between Orcas Medical Foundation, a Washington non-profit corporation ("Seller"), and San Juan County Public Hospital District No. 3, a Washington municipal corporation doing business as Orcas Island Health Care District ("Buyer"), Buyer hereby certifies to Seller that the representations and warranties of Buyer contained in the Agreement are true and complete in all material respects as of the Closing Date as if made on and as of that date.

Buyer further certifies that it has complied with or performed in all material respects all terms, covenants and conditions to be complied with or performed by Buyer under the Agreement on or prior to the Closing Date.

Capitalized terms herein not otherwise defined shall have the same meaning as in the Agreement.

This certification is made effective as of the \_\_\_ day of \_\_\_\_\_, 2018.

BUYER:  
SAN JUAN COUNTY PUBLIC HOSPITAL DISTRICT NO. 3  
d/b/a Orcas Island Health Care District

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By: Richard Fralick  
Its: President

**EXHIBIT F**  
**FORM OF BILL OF SALE**

**THIS BILL OF SALE** is being executed and delivered by Orcas Medical Foundation, a Washington non-profit corporation ("Seller"), pursuant to that certain Real Property Purchase and Sale Agreement dated the \_\_\_ day of October, 2018 (the "REPSA"), by and between Seller and San Juan County Public Hospital District No. 3, a Washington municipal corporation doing business as Orcas Island Health Care District ("Buyer").

**NOW, THEREFORE**, for good and valuable consideration, the receipt and sufficiency of which is acknowledged, Seller does hereby convey, transfer, assign and deliver to Buyer, to have and hold forever, and Buyer does hereby acquire from Seller, Seller's right, title and interest in and to Seller's furniture, fixtures and equipment as described in the REPSA, including without limitation, those certain assets itemized in Exhibit A attached hereto and incorporated herein by this reference (the "Assets").

Seller hereby represents and warrants to Buyer and Buyer's respective successors and assigns forever, that: (a) Seller is the true and lawful owner of the Assets; (b) Seller has good and marketable title to the Assets; (c) the Assets are free and clear of all title defects and objections, claims, liens, security interests or other encumbrances; and (d) Seller has the right and all necessary power and authority to sell the Assets.

Seller agrees that on reasonable request by Buyer, and without further consideration, Seller will execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, any other further transfers, conveyances and assignments and assurances as may be reasonably required to perfect Buyer's acquisition of title to the Assets to the extent conveyed, transferred and assigned hereby.

DATED this \_\_\_ day of \_\_\_\_\_, 2018.

SELLER:

ORCAS MEDICAL FOUNDATION

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

Its: \_\_\_\_\_

EXHIBIT A TO BILL OF SALE

LIST OF ASSETS

(see next page)



**EXHIBIT G**  
**SELLER'S INSURANCE**

<u>Name of Insurer</u>	<u>Type of Policy</u>	<u>Policy #</u>	<u>Limits</u>
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