

**MEDICAL OFFICE AND EQUIPMENT LEASE AGREEMENT**  
**Lopez Island Primary Care Clinic**  
**103 Washburn Place, Lopez Island, WA 98261**

THIS LEASE is made as of the date set forth below between the CATHERINE WASHBURN MEDICAL ASSOCIATION, a Washington non-profit corporation (“Landlord”) and UW Physicians Network, a Washington non-profit corporation (“Tenant”). Landlord and Tenant hereby agree:

**BASIC LEASE TERMS**

1. 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:

- (a) Lease Date: \_\_\_\_\_, 2017.
- (b) Tenant: UW Physicians Network, a Washington non-profit corporation.
- (c) Address of Tenant:  
UW Physicians Network  
1100 NE 45th Street  
Suite 500  
Seattle, WA 98195  
Attn: Executive Director
- (d) Landlord: Catherine Washburn Medical Association, a Washington non-profit corporation.
- (e) Address of Landlord:  
Catherine Washburn Medical Association  
P.O. Box 309  
Lopez Island, Washington 98261  
Attn: President
- (f) Building: The building located at 103 Washburn Place, City of Lopez Island, San Juan County, Washington, situated on the Land legally described in Exhibit A attached hereto.
- (g) Premises: The medical office space commonly known as Lopez Island Primary Care Clinic, located within the Building as depicted in Exhibit B.
- (h) Lease Term: Three (3) years, commencing on the date Tenant commences operations at the Premises (the “Commencement Date”) and terminating at midnight on the last day of the 36<sup>th</sup> full calendar month after the month in which the Commencement Date occurs, unless the Lease Term is extended to include an Extended Term, in which case at midnight on the last day of such Extended Term (the “Termination Date”).

- (i) Basic Rent: \$300 per month. This figure does not include the statutory leasehold excise tax (to the extent applicable).
- (j) Security Deposit: \$0.
- (k) Permitted Use: Primary care medical clinic and for no other use or purpose without Landlord's prior consent.
- (l) Party Responsible for Janitorial Services: Tenant.
- (m) Exhibits: Exhibit A - Legal Description of Land  
Exhibit B - Space Plan of Premises  
Exhibit C – List of Equipment  
Exhibit D – Clinic Support Agreement  
Exhibit E – Landord's Work

**GENERAL LEASE TERMS**

2. PREMISES AND EQUIPMENT LEASE.

(a) Premises. Landlord does hereby lease to Tenant, and Tenant does hereby lease from Landlord, upon the terms and conditions herein set forth, the Premises described in Section 1 hereof and Exhibit B attached hereto, located on the Land more particularly described on Exhibit A attached hereto. The foregoing notwithstanding, Landlord may lease or license approximately 320 square feet of clinical space, common areas for waiting and bathrooms, staff breakroom and restrooms, and parking to Lopez Island Physical Therapy ("PT"). The parties anticipate that on or before the Commencement Date, Landlord and PT will enter into a separate agreement for such use of space and related support services.

(b) Furniture, Fixtures and Equipment. Landlord further does hereby lease to Tenant, and Tenant does hereby lease from Landlord, upon the terms and conditions herein set forth, the Furniture and Fixtures located in the Premises as set forth in Exhibit C and the equipment set forth in Exhibit C attached hereto (the "Furniture, Furniture, Fixtures and Equipment"). The Furniture, Fixtures and Equipment shall at all times during the term of this Lease and after its termination remain the sole property of Landlord.

3. COMMENCEMENT AND EXPIRATION DATES.

(a) The term of this Lease shall commence on the Commencement Date set forth in Section 1 above. If for any reason Landlord cannot deliver possession of the Premises to Tenant, Landlord shall not be subject to any liability therefor, nor shall such failure affect the validity of this Lease or the obligations of Tenant hereunder or extend the Termination Date. Subject to delivery by Landlord, Tenant shall have exclusive possession of the Premises as of September 26, 2017. The Lease shall automatically expire upon the effective date of termination of the Clinic Support Agreement between San Juan County Public Hospital District #2, dba Lopez Island Hospital District and Tenant, a copy of which is attached hereto as Exhibit D. Except so stated, the Lease Term shall expire on the Termination Date set forth in Section 1 above. Notwithstanding the foregoing, Tenant shall be allowed early access to the Premises prior to the Commencement Date for the purpose of installation of support systems and devices, including IS/IT systems, electronic medical record system, cabling, etc., and set up operations for the opening of the clinic.

Tenant agrees to be responsible for any damage or destruction caused in connection with its early access to the Premises.

(b) Extended Term. Provided that the Clinic Support Agreement has not been terminated as of the Termination Date, the term of the Lease shall be automatically extended for one (1) period of three (3) years (the "Extended Term"). The Extended Term shall be on all of the terms and conditions contained in the Lease. The foregoing automatic extension of the Lease Term is only for the named Tenant herein and is not assignable or transferable. The automatic extension of the Lease Term as aforesaid shall automatically terminate and become null and void upon the earlier to occur of (1) the termination of the Clinic Support Agreement, (2) termination of Tenant's right to possession of the Premises, (3) the assignment by Tenant of the Lease, in whole or in part, or (4) Tenant's having ceased operations at the entire Premises for a period of longer than thirty (30) days except for closures due to damage, destruction, condemnation, or remodeling otherwise permitted by Landlord.

4. RENT. Tenant shall pay Landlord without notice the Basic Rent stated in Section 1 hereof without deduction or offset on the first day of each calendar month during the term at Address for Landlord provided in Section 1 above. Basic Rent and Additional Rent (together "Rent") for any partial month shall be prorated in proportion to the number of days in such month.

5. ADDITIONAL RENT.

(a) Modified Gross Lease. It is the intention of Landlord and Tenant that this Lease be a modified gross lease, so that all costs of owning, operating and maintaining the Premises and the Furniture, Fixtures and Equipment shall be borne by Landlord except as set forth herein. Notwithstanding the foregoing, Tenant shall remain responsible for, and shall pay all costs and expenses associated with telephone, fiber optic connection and usage fees, utility (water, sewer, gas, electricity) usage charges, and trash removal fees, and any damage caused by Tenant's negligence or misuse of the Premises, all of which shall be deemed "Additional Rent" hereunder. Landlord shall invoice Tenant monthly for Additional Rent due for the prior month and Tenant shall remit payment within thirty (30) days of receipt of Landlord's invoice. Landlord shall be directly responsible for all costs and expenses associated with maintenance and repair of all mechanical systems of the Building including, but not limited to, HVAC, septic systems and fuel and maintenance of the auxiliary generator.

(b) Personal Property Taxes. Tenant shall also pay, prior to delinquency, all personal property taxes payable with respect to all property of Tenant located on the Premises or Land (if any), including any improvements paid for by Tenant, and promptly, upon request of Landlord, shall provide written proof of such payment.

(c) Intentionally Deleted.

6. SERVICES AND UTILITIES. Tenant shall pay for its own electricity services at the Premises. Janitorial services to the Premises are to be provided by Tenant. Landlord shall have the right to separately meter any utilities provided to the Premises at Tenant's expense, and Tenant shall pay thereafter all such separately-metered utilities. Except to the extent caused by the negligence or intentional misconduct of Landlord or its agents, employees or contractors, failure by Landlord to any extent to furnish or cause to be furnished the utilities or services described in this Lease, or any cessation or interruption thereof, resulting from any cause, including without limitation, mechanical breakdown, overhaul or repair of equipment, strikes, riots, acts of God, shortages of labor or material, compliance by Landlord with any voluntary or similar governmental or business

guidelines, governmental laws, regulations or restrictions, or any other similar causes, shall not render the Landlord liable in any respect for damages to either person or property, for any economic loss or other consequential damages incurred by Tenant as a result thereof, be construed as an eviction of Tenant or relieve Tenant from its obligation to perform or observe any covenant or agreement contained in this Lease. Landlord shall have the right to select and change utility providers from time to time providing service to the Premises, and may elect to provide one or more such utility services itself.

7. USES. The Premises are to be used only for the Permitted Use set forth in Section 1 above and for no other business or purpose. Tenant shall not commit any act that will increase the then existing rate of insurance on the Premises and will immediately pay any such increase. Tenant shall promptly pay upon demand the amount of any increase in insurance rates caused by any act or acts of Tenant. Tenant shall not commit or allow to be committed any waste upon the Premises, or any public or private nuisance or other act which is unlawful. Tenant shall, at Tenant's expense, comply promptly with all applicable statutes, ordinances, rules, regulations, orders and requirements, including without limitation laws and regulations prohibiting discrimination on the basis of race, gender, religion, national origin, age or disability, in effect during the term hereof, including without limitation the Americans With Disabilities Act, regulating the use, occupancy or improvement of the Premises. Tenant shall observe and comply with all reasonable rules and regulations put into effect by Landlord, provided a copy thereof has been provided to Tenant.

8. IMPROVEMENTS. Upon expiration or sooner termination of this Lease, all improvements and additions to the Premises shall be deemed the property of Landlord.

9. ACCEPTANCE OF PREMISES AND FURNITURE, FIXTURES AND EQUIPMENT. Tenant hereby accepts the Premises and Furniture, Fixtures and Equipment "as-is" in their condition existing as of the date of the execution hereof, and that Landlord shall have no obligation of any kind to alter, repair, improve, or rebuild the Premises in connection with Tenant's occupancy thereof, or to make any capital expenditures for Furniture, Fixtures and Equipment or for the correction of alleged deficiencies in the Furniture, Furniture, Fixtures and Equipment, except to the extent specifically set forth elsewhere in this Lease. Tenant acknowledges that neither Landlord nor Landlord's agent has made any representation or warranty as to the suitability of the Premises or Furniture, Fixtures and Equipment for the conduct of Tenant's business, and Tenant hereby waives any rights, claims or actions against Landlord under any express or implied warranties of suitability.

10. CARE OF PREMISES AND FURNITURE, FIXTURES AND EQUIPMENT. Landlord shall maintain the Building, Premises and Furniture, Fixtures and Equipment in a manner consistent with any applicable manufacturer and safety specifications and in good working order and condition reasonably acceptable to Tenant, except for damage, other than ordinary wear and tear, occasioned by act or omission of Tenant or its contractors, agents, invitees, licensees or employees, the repair of which damage shall be paid by Tenant. Except for repair and maintenance of the Building, Premises and Furniture, Fixtures and Equipment by Landlord under the terms of this Lease, Tenant shall keep the Premises and Furniture, Fixtures and Equipment in neat and clean and in sanitary condition, in substantially the same condition as when received from Landlord, ordinary wear and tear excepted. Landlord shall be solely responsible for cost of replacement Furniture, Fixtures and Equipment at the end of the useful life of such with replacement items reasonably acceptable to both parties. Replacement of any additional equipment purchased by Tenant, shall be

at Tenant's sole expense. All structural repairs required to be made by Landlord shall be those reasonably determined by Landlord as necessary to maintain the structural integrity of the Building and the Premises.

11. LANDLORD'S WORK. Notwithstanding anything to the contrary in this Lease, Landlord shall, at Landlord's sole expense, complete the maintenance and repair items listed on Exhibit E ("Landlord's Work") at least two weeks prior to the Commencement Date. In addition, Landlord shall complete interior painting by December 31, 2017 of those portions of the Premises agreed upon by the parties.

12. ALTERATIONS AND ADDITIONS. 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. Any alterations required to be made to the Premises by any applicable building, health, safety, fire, nondiscrimination, or similar law or regulation ("law") shall be made at Tenant's sole expense and shall be subject to the prior written consent of Landlord. Any alterations required to be made to the Building, excluding the Premises, by any applicable building, health, safety, fire, nondiscrimination, or similar law or regulation ("law") shall be made at Landlord's sole expense. Tenant shall reimburse Landlord for any reasonable sums expended for examination and approval or architectural or mechanical plans and specifications of the Alterations. Landlord may require a lien and completion bond for such construction, or require the improvements be removed at the expiration of the Term. Landlord's approval of the plans, specifications and working drawings for Tenant's alterations shall create no responsibility or liability on the part of Landlord for their completeness, design sufficiency, or compliance with all laws, rules and regulations of governmental agencies or authorities. Tenant shall pay, when due, all claims for labor or materials furnished to or for Tenant at or for use in the Premises, which claims are or may be secured by any mechanics' or materialmen's liens against the Premises or any interest therein. 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 term.

13. ACCESS. Tenant shall permit Landlord and its agents to enter the Premises at all reasonable times for the purpose of inspecting, cleaning, repairing, altering or improving the Premises and Furniture, Fixtures and Equipment. Landlord shall provide Tenant with at least forty eight (48) hours' notice of its intent to enter the Premises for the purposes stated in this Section 13. Landlord may temporarily close any portion of the Premises without liability to Tenant by reason of such closure, and such closure shall not constitute an eviction of Tenant.

14. DAMAGE OR DESTRUCTION. If all of the Building or Premises or such portions of the Premises as may be required for the reasonable use of the Premises are damaged by fire or other casualty, Landlord or Tenant may elect to terminate this Lease, effective as of the date of such casualty. In the event of casualty to of a material part, but less than all, of the Premises, where Landlord shall determine that the remaining portions of the Premises cannot be economically and effectively used by it (whether on account of physical, economic, aesthetic or other reasons) or where Landlord determines the Premises should be restored in such a way as to materially alter the Premises, Landlord shall forward a written notice to Tenant of such determination not more than thirty (30) days after the date of such damage. The term of this Lease shall expire upon such date as

Landlord shall specify in such notice but not earlier than sixty (60) days after the date of such notice. If this Lease is not terminated as aforesaid, it shall continue in full force and effect during such reconstruction, except that Tenant's obligation to pay Basic Rent shall be suspended in the same proportion as the untenable portion of the Premises bears to the whole Premises until such time as Tenant can resume full operations in the rebuilt Premises. If this Lease is terminated as aforesaid, no damages, compensation or claim shall be payable by Landlord for inconvenience, loss of business or annoyance arising from any damage or destruction to any portion of the Premises. Landlord will not carry insurance of any kind on any improvements paid for by Tenant or on Tenant's furniture, furnishings, fixtures, equipment or appurtenances of Tenant under this Lease and Landlord shall not be obligated to repair any damage thereto or replace the same.

15. INDEMNIFICATION.

(a) Indemnity. Tenant shall indemnify, defend and hold Landlord harmless from and against all loss, cost and expense, including attorneys' fees, arising from any act, omission, or negligence of Tenant or its officers, contractors, licensees, agents, servants, employees, guests, invitees, or visitors in or about the Premises or Land, or arising from any injury or damage to any person or property, occurring in or about the Premises or Land 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. Subject to Section 15(d) (waiver of subrogation), Landlord shall indemnify, defend and hold Tenant and its officers, agents, employees and contractors harmless from all losses, damages, fines, penalties, liabilities and expenses incurred (including Tenant's attorneys' fees and other costs incurred in connection with such claims, regardless of whether claims involve litigation) resulting from any actual or alleged injury to any person or from any actual or alleged loss of or damage to any property alleged to be attributable to Landlord's negligent operation of the Building or the negligent acts or omissions of Landlord, or its employees, agents, officers or directors in the Premises. Notwithstanding any of the foregoing, subject to Section 15(d) (waiver of subrogation), if losses, liabilities, damages, liens, costs and expenses so arising from the operation or occupation of the Premises 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.

(b) Notice of Claims. The respective indemnifications provided for in Section 15(a) with respect to acts or omissions during the term of this Lease shall survive termination or expiration of this Lease. Each party shall provide the other party with prompt written notice of any claim for indemnification under this Section 15(a).

(c) 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 15(a) 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, and regardless of whether the cause of such damage, loss or injury or the means of repairing the same is inaccessible to Tenant. 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 in the Premises.

(d) Waiver of Subrogation. Except for deductibles/self-insured retentions carried by Landlord, each of Landlord and Tenant hereby waive any and all rights to recover against the other, or against the officers, directors, shareholders, partners, joint ventures, employees, agents, customers, invitees or business visitors of such other party, for any loss or damage to such waiving party arising from any cause covered by any property insurance required to be carried pursuant to this Lease or any other property insurance actually carried by such party. Landlord and Tenant, from time to time, will cause their respective insurers to issue appropriate waiver of subrogation rights endorsements to all property insurance policies carried in connection with the Premises or the contents of either.

(e) Limitation on Indemnities. In compliance with RCW 4.24.115 as in effect on the date of this Lease, all provisions of this Lease pursuant to which Landlord or Tenant (the "Indemnitor") agrees to indemnify the other (the "Indemnitee") against liability for damages arising out of bodily injury to persons or damage to property relative to the construction, alteration, repair, addition to, subtraction from, improvement to, or maintenance of, any building, road, or other structure, project, development, or improvement attached to real estate, including the Premises, (i) shall *not* apply to damages caused by or resulting from the sole negligence of the Indemnitee, its agents or employees, and (ii) to the extent caused by or resulting from the concurrent negligence of (a) the Indemnitee or the Indemnitee's agents or employees, and (b) the Indemnitor or the Indemnitor's agents or employees shall apply only to the extent of the Indemnitor's negligence; provided, however, the limitations on indemnity set forth in this paragraph shall automatically and without further act by either Landlord or Tenant be deemed amended so as to remove any of the restrictions contained in this paragraph no longer required by then-applicable law.

16. HAZARDOUS SUBSTANCES. Except for normal office and cleaning supplies typically found in medical office environments and used in accordance with label instructions and applicable laws, Tenant shall not use, dispose of or otherwise allow the release or disposal of any hazardous substance, waste or materials in, on or under the Premises, the Land, or any adjacent property. Tenant represents and warrants to Landlord that, except as set forth in the preceding sentence, Tenant's intended use of the Premises does not involve the use, production, disposal or bringing any hazardous substance, waste or materials into or onto the Premises or the Land. As used herein, the term "hazardous substance, waste or materials" includes any substance, waste or material defined or designated as hazardous, toxic or dangerous (or any similar term) by any federal, state or local statute, regulation, rule or ordinance now or hereafter in effect. Tenant shall promptly comply with all applicable laws and with all orders, decrees or judgments of governmental authorities or courts having jurisdiction relating to hazardous substance, waste or materials. Tenant agrees to indemnify, defend and hold harmless Landlord against any and all loss, cost and expense (including, without limitation, consultant fees, attorneys' fees and disbursements) which may be imposed on, incurred or paid by, or asserted against Landlord or the Premises or Land by reason of, or in connection with (i) any misrepresentation, breach of warranty or other default by Tenant under this Lease, or (ii) the acts or omissions by Tenant under this Lease, or (ii) the acts or omissions of Tenant, or any sublessee or other person for whom Tenant would otherwise be liable, resulting in the release of any hazardous substance, waste or materials. If Tenant or its employees, customers, contractors, or agents discovers any existing asbestos or asbestos-containing materials on the Premises in connection with any Landlord-approved Alterations of Landlord's Work, Tenant shall immediately notify Landlord. Should Tenant discover any such asbestos or asbestos-containing materials on the Premises and Tenant so notifies Landlord, Landlord shall promptly consult with a AHERA certified asbestos abatement contractor ("CAAC"). Upon the recommendation of such CAAC, Landlord shall commence the removal, remediation, abatement, encapsulation or clean-up of such asbestos, asbestos-containing materials from the Premises. Landlord shall be solely responsible for the cost associated with the removal, remediation, abatement, encapsulation or clean-up of asbestos or asbestos-containing materials.

17. INSURANCE.

(a) Coverage Required. Tenant shall maintain in full force and effect at all times during the Term at its own expense, for the protection of Tenant and Landlord, as their interests may appear, policies of insurance issued by a responsible carrier or carriers who are qualified to do business in the State of Washington which policies shall afford the following coverages:

(i) Workers' Compensation Insurance as required by applicable Washington state law;

(ii) Commercial General Liability Insurance in an amount not less than Two MILLION DOLLARS (\$2,000,000) per occurrence/general aggregate limit (which limit may be satisfied by the combination of primary and excess liability policies), which may be written on an "occurrence" basis, and which lists Landlord as an additional insured by indorsement reasonably acceptable to Landlord; and

(iii) Professional liability insurance coverage which shall insure against any action, error, or omission of Tenant or its employees, in connection with the provision of any health care and/or dental services provided by Tenant or its employees, in the Premises. The University of Washington provides professional liability coverage for UWPN through a self-insurance program pursuant to RCW 28B.20.250 through RCW 28B.20.255. Coverage through the University of Washington self-insurance



program shall be deemed to satisfy the professional liability coverage requirements for the purpose of this Lease.

(b) Insurance Requirements. All insurance policies required to be maintained by Tenant under this Lease, other than Tenant's self-insured professional liability coverage as described above, shall be issued by insurance companies which have a Best's Rating of "A-" or better and are included within Best's Financial Size "Class VII" or larger in the most current available "Best's Insurance Reports," and which are qualified to do business in the State of Washington. Tenant's general liability policy shall list Landlord as an additional insured or loss payee, as applicable and shall entitle Landlord to recover under said policy for any loss occasioned to Landlord, its servants, agents and employees by reason of the negligence of Tenant or its employees, agents or contractors. All liability and property damage and other casualty policies of Tenant shall be written as primary policies, not contributing with, and not in excess coverage which Landlord may carry.

(c) Certificates. Tenant shall deliver to Landlord on the Commencement Date of this Lease and thereafter at least fifteen (5) days prior to expiration of any insurance required to be carried hereunder, certificates of insurance evidencing this coverage with limits not less than those specified above. All such certificates shall expressly provide that no less than thirty (30) days' prior written notice shall be given Landlord in the event of expiration or cancellation of the coverages or policies evidenced by the certificates.

(d) Landlord Insurance. Landlord shall maintain throughout the Term and any applicable Extended Term policies of property insurance covering loss of or damage to the Building and the Premises (including Landlord-owned tenant improvements and subsequent alterations to the Premises) in the full amount of its replacement cost, with an endorsement to cover code changes, covering perils insured under special causes of loss form and broad causes of loss form. Such policies shall provide protection against all perils included within the classification of fire, extended coverage, vandalism, malicious mischief, special extended perils ("special cause of loss"), and sprinkler leakage. If any permanent improvements are made to the Premises at Tenant's expense, Landlord shall and is hereby deemed to assign to Tenant a right to insurance proceeds in the amount equal to the replacement cost of such improvements. Notwithstanding the assignment, and provided this Lease is not terminated pursuant its terms, all proceeds of Landlord's property insurance shall be applied, as required, toward the restoration or replacement of the Building and/or the Premises (including the improvements constructed at Tenant's expense), and Tenant shall reassign to Landlord its portion of insurance proceeds for such purpose. The property insurance carried by Landlord pursuant to this Section 16(d) shall be primary to and non-contributory with any property insurance carried by Tenant. Landlord shall further maintain throughout the Term and any Extended Term a policy of commercial general liability insurance with a combined single limit of not less than two million dollars (\$2,000,000.00) per occurrence and four million dollars (\$4,000,000.00) aggregate for bodily injury and property damage, insuring Landlord against liability arising out of the ownership, use, occupancy or maintenance of the Building. The foregoing dollar limits may be satisfied through "excess coverage," so long as such excess coverage affords the same protection against the same risks covered by the general liability insurance described in this Section 17(d). All required Landlord's insurance shall be issued by insurance companies authorized to do business in the State of Washington with a Best's Rating of "A VII" or better.

18. ASSIGNMENT AND SUBLETTING. Except as set forth below, neither this Lease nor any interest therein may be assigned, mortgaged, transferred or encumbered, nor shall all or any part of the Premises be sublet (each of which, a "Transfer"), without Landlord's prior consent. If

Tenant is a corporation, partnership, limited liability company, or any other entity, any transfer of a controlling ownership interest in such entity or any transfer of this Lease by merger, consolidation or liquidation shall be deemed a Transfer requiring Landlord's consent under this Section 17. Transfers include, without limitation, one or more sales or transfers, by operation of law or otherwise, or creation of new stock, by which an aggregate of more than fifty percent (50%) of Tenant's stock, or partnership or membership interests, as applicable, shall be vested in a party or parties who are nonstockholders or non-partners or non-members, as applicable, as of the date hereof (provided that the foregoing shall not apply if Tenant's stock is listed on a recognized national stock exchange or is traded over-the-counter). Notwithstanding the foregoing, Tenant may assign this Lease or any interest under this Lease to a UW Medicine affiliate of Tenant without the prior written consent of Lessor. Any assignee or subtenant (each, a "Transferee") shall assume all of Tenant's obligations under this Lease and be jointly and severally liable with Tenant hereunder. Consent to any such Transfer shall not operate as a waiver of the necessity for consent to any subsequent Transfer. Tenant shall pay to Landlord the full amount of any Transfer Premium derived by Tenant from such Transfer. "Transfer Premium" shall mean all rent and any other consideration payable by a subtenant, assignee, or other transferee in excess of the Rent payable by Tenant under this Lease (on a per square foot basis, if less than all of the Premises is Transferred—e.g., pursuant to a sublease), after deducting therefrom any brokerage commissions in connection with the Transfer actually paid by Tenant to an unaffiliated broker. If any part of the consideration for such Transfer shall be payable other than in cash, Landlord's share of such non-cash consideration shall be in such form as is reasonably satisfactory to Landlord. The Transfer Premium payable hereunder shall be due within ten (10) days after Tenant receives such payments. If Landlord consents to any proposed Transfer, Tenant may enter into same, but only upon the specific terms and conditions set forth in Tenant's Request for Consent; any such Transfer shall be subject to, and in full compliance with, all of the terms and provisions of this Lease; the consent by Landlord to any Transfer shall not relieve Tenant of any obligation under this Lease; Landlord may require the Tenant and the Transferee to execute a Landlord's consent form; and no Transfer shall be binding on Landlord unless Tenant and the transferee shall deliver to Landlord a fully-executed counterpart of the document effecting the Transfer.

19. LIENS AND INSOLVENCY. Tenant shall keep its interest in this Lease and any Property of Tenant (other than unattached personal property) and the Premises and the Land free from any liens arising out of any work performed or materials ordered or obligations incurred by or on behalf of Tenant and hereby indemnifies and holds Landlord harmless from any liability from any such lien. Tenant shall have no right or authority to cause or allow the Premises or Land to be subjected to any such lien. Tenant shall provide Landlord written notice of intended construction, alteration or repair work at least twenty (20) days before the commencement thereof to afford Landlord an opportunity to post notices of nonresponsibility.

20. DEFAULT.

(a) Default By Tenant. 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 five (5) business 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 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 30day 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; (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, in either case which is in violation of Section 17 above; or (viii) a material default under the terms of the Clinic Support Agreement. 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.

(b) Landlord's Remedies Upon Tenant Default. All rights and remedies of Landlord herein enumerated shall be cumulative, and none shall exclude any other right or remedy allowed by law or in equity, and all of the following may be exercised with or without legal process as then may be provided or permitted by the laws of the State of Washington. Upon any uncured material default under this Lease:

(i) Landlord may reenter the Premises and remove or put out Tenant or any other persons found therein. No such reentry shall be construed as an election on Landlord's part to terminate this Lease unless a written notice of such intention is given to Tenant.

(ii) Landlord may elect to re-let the Premises or any part thereof upon such terms and conditions, including rent, term and remodeling or renovation, as Landlord in its sole discretion may deem advisable. To the fullest extent permitted by law, the proceeds of any reletting shall be applied: first, to pay Landlord all costs and expenses of such reletting (including without limitation, costs and expenses incurred in retaking or repossessing the Premises, removing persons or property therefrom, securing new tenants, and, if Landlord maintains and operates the Premises, the costs thereof); second, to pay any indebtedness of Tenant to Landlord; and third, the residue, if any, shall be held by Landlord and applied in payment of other or future obligations of Tenant to Landlord as the same may become due and payable, and Tenant shall not be entitled to receive any portion of such revenue.

(iii) Landlord may also elect to terminate the Lease and all rights of Tenant by giving notice to Tenant of such election. If Landlord elects to terminate the Lease, Landlord shall have the right to reenter the Premises and remove all persons, and to take possession of and remove all equipment and furniture of Tenant in the Premises. If Landlord so elects to terminate the Lease under this Section 17(b) (iii), Landlord may also recover from Tenant any amount necessary to compensate the Landlord for all the detriment proximately caused by the Tenant's default and at Landlord's election, such other amounts in addition to or in lieu of the foregoing that may be permitted from time to time by applicable law.

(c) Nothing in this Section 19 shall be deemed to affect Landlord's right to indemnification for liability or liabilities arising prior to termination of this Lease for personal injury or property damage under the indemnification provisions or other provisions of this Lease.

21. PRIORITY. This Lease shall be subordinate to any mortgage or deed of trust now existing or hereafter placed upon the Land or the Premises, created by or at the instance of Landlord, and to any and all advances made or to be made thereunder and to interest thereon and all modifications,

renewals and replacements or extensions thereof (“Landlord’s Mortgage”), and to any master lease hereafter placed against the Land or Premises and to all modifications, extensions, and amendments thereof and thereto. Tenant shall properly execute, acknowledge and deliver documents which Landlord or the holder of any Landlord’s Mortgage may require within ten (10) business days after Tenant’s receipt of a written request for such documents to effectuate the provisions of this Section 20, provided that such documents state that Tenant’s rights this Lease will not be terminated so long as Tenant is not in default hereunder.

22. ESTOPPEL CERTIFICATES. Tenant shall, from time to time, upon written request of Landlord, execute, acknowledge and deliver to Landlord or its designee a mutually agreed upon written statement certifying facts or circumstances concerning the Lease or the Premises in substantially the same form as Exhibit F. It is intended that any such statement delivered pursuant to this Section may be relied upon by Landlord or a prospective purchaser of Landlord’s interest or holder of any mortgage upon Landlord’s interest in the Building. Tenant shall respond within fifteen (15) business days of receipt by Tenant of a written request by Landlord. If Tenant shall fail to respond within fifteen (15) days of receipt by Tenant of a written request by Landlord as herein provided, Tenant shall be deemed to have given such certificate as above provided without modification and shall be deemed to have admitted the accuracy of any information supplied by Landlord to a prospective purchaser or mortgagee and to have certified that this Lease is in full force and effect and, that there are no uncured defaults in Landlord’s performance. All Landlord requests to Tenant for an estoppel certificate shall include a copy to General Counsel, 701 Fifth Avenue, Suite 700, Seattle, WA 98104.

23. SURRENDER OF POSSESSION. Subject to the terms of Section 13 relating to damage and destruction, upon expiration of the term of this Lease, whether by lapse of time or otherwise, Tenant shall promptly and peacefully surrender the Premises to Landlord “broom-clean” and in as good condition as when received by Tenant from Landlord or as thereafter improved, reasonable use, wear and tear excepted. Tenant shall remove all of its personal property and trade fixtures from the Premises at the expiration of the term; any property not so removed shall be deemed abandoned and may be sold or otherwise disposed of as Landlord deems advisable.

24. NONWAIVER. Waiver by either party of any term, covenant or condition herein contained or any breach thereof shall not be deemed to be a waiver of such term, covenant, or condition or of any subsequent breach of the same or any other term, covenant, or condition herein contained.

25. HOLDOVER. If Tenant remains in possession of the Premises or any part thereof after the expiration of the term of this Lease with the express written consent of Landlord, such occupancy shall be a tenancy from month-to-month at a rental in an amount equal to one hundred fifty-percent of the then applicable rental rate, in Landlord’s sole discretion, and subject to all of the other terms, covenants and conditions of this Lease applicable to a month-to-month tenancy. Tenant acknowledges and agrees that this Section 24 does not grant any right to Tenant to holdover, and that Tenant may also be liable to Landlord for any and all damages or expenses which Landlord may have to incur as a result of Tenant’s holdover (including, by way of example and not by way of limitation, any rental or penalty payments that may be imposed against Landlord as the lessee under underlying leases, whether or not for additional premises greater than the Premises demised hereunder).

26. LANDLORD'S LIABILITY. Anything in this Lease to the contrary notwithstanding, covenants, undertakings and agreements herein made on the part of Landlord are made and intended not as personal covenants, undertakings and agreements for the purpose of binding Landlord personally or the assets of Landlord except Landlord's interest in the Premises, but are made and intended for the purpose of binding only the Landlord's interest in the Premises, as the same may from time to time be encumbered.

27. RIGHT TO PERFORM. If Tenant shall fail to pay any sum of money required to be paid by it hereunder or shall fail to perform any other act on its part to be performed hereunder, and such failure shall continue for ten (10) days after notice thereof by Landlord, Landlord may, but shall not be obligated so to do, and without waiving or releasing Tenant from any obligations of Tenant, make such payment or perform any such other act on Tenant's part to be made or performed as provided in this Lease.

28. MEDICAL, BIOLOGICAL, AND INFECTIOUS WASTE. Tenant may use medical and/or dental supplies and materials, and may generate Medical Wastes (defined below) which are commonly found in medical and/or dental offices, laboratories and clinics. Tenant's generation, use, storage and disposal of such supplies, materials and Medical Wastes shall strictly comply with all applicable local, state and federal laws, codes, rules, regulations and guidelines. Tenant represents and warrants to Landlord that, except as set forth in the preceding sentences, Tenant's intended use of the Premises does not involve the use, production, disposal or bringing on to the Premises of any other hazardous waste or materials. As used herein, "Medical Wastes" shall be defined to include the following:

(a) medical devices or paraphernalia such as syringes, sutures, cotton swabs or pads, sponges, bandages, or wraps of any sort, or any other item which is utilized to treat any patient or other person for any medicinal, medical, diagnostic, dental, or therapeutic reason or purpose;

(b) any material of any type or nature whatsoever that are radioactive to any degree, whether as the result of their manufacture, use or application;

(c) any device or thing which is intended to come into contact with any part of the body, whether or not such item or device is so utilized prior to its disposal, including without limitation sharps;

(d) any instrument or thing which is designed for use or application in the medical office of Tenant, whether or not such device, instrument or thing is intended for any medical, dental, diagnostic, or therapeutic use; and

(e) any device, instrument or thing which has become infected, contaminated, diseased, or otherwise exposed to harmful, contagious, or communicable organisms, bacteria, or other life form.

Tenant agrees not to maintain in or around the Premises any activity or instrumentality dangerous to life or limb or to permit any objectionable noise or odor to escape or be emitted from the Premises or to permit anything to be done upon the Premises that would tend to create a nuisance or disturbance. Tenant shall not permit use of the Premises by doctors and/or dentists not affiliated with Tenant without Landlord's prior written approval. Tenant agrees to not operate an urgent care facility, ambulatory surgery center, or any other facility or enterprise within the Premises that requires a health care facility license under applicable law. Notwithstanding the foregoing, Landlord expressly consents to Tenant providing same day appointments for treatment of minor injuries. In addition, Landlord expressly consents to local emergency medical services responders ("EMS") periodic use of a portion of the premises for short

term holding of EMS patients requiring emergency medical transport from Lopez Island to the mainland. Tenant agrees that Medical Waste generated within the Premises shall be disposed of in accordance with the applicable laws and regulations of the State of Washington governing the disposal of such. Landlord shall have no obligation or liability for the removal or disposal of any Medical Wastes. The parties further agree that, in the event any harm or injury of any type or nature whatsoever, should be caused to, incurred by, inflicted upon, or suffered by any individual, including Tenant or Tenant's agents, employees, patients, visitors, invitees or licensees, or Landlord or any of its agents, employees, guests, visitors, invitees or licensees, as the result of the failure of Tenant to timely, thoroughly and completely dispose of Medical Waste, or as the result of coming into contact, whether by touching, breathing, inhaling, or in any other manner ingesting or consuming such item, or by being exposed in any manner thereto, Tenant shall be liable to such individual, and shall save and hold Landlord and its principals and other tenants, agents, employees, patients, visitors, invitees or licensees harmless against any damages, liability, claims, causes of action or judgments arising therefrom. Tenant shall be liable to and shall pay any injured party for all damages, costs or expenses, including attorney fees, arising out of any exposure, harm, injury, disease, contamination, or affliction suffered as the result of any Medical Waste stored, generated, or disposed of by Tenant or in or around the Premises.

29. MISCELLANEOUS.

(a) 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.

(b) 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.

(c) 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.

(d) 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 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.

(e) 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.

(f) 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, war or other strife.

(g) 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 Section 1 above 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 three (3) business days after the postmark affixed on the envelope by the United States Post Office. All notices to Tenant under this Lease shall include a copy to: General Counsel, UW Physicians Network, 701 Fifth Avenue, Suite 700, Seattle, WA 98104.

(h) 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.

(i) 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 King County, Washington.

(j) 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 noncurable default of Tenant hereunder.

(k) 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.

(l) Time of Essence. Time is of the essence for the performance of all of the obligations specified hereunder.

(m) 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 Furniture, Fixtures and Equipment 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.

(n) 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.

[SIGNATURES ON NEXT PAGE]

**LANDLORD:**

**CATHERINE WASHBURN MEDICAL ASSOCIATION,**  
a Washington non-profit corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Its: \_\_\_\_\_  
Date: \_\_\_\_\_

**TENANT:**

**UW PHYSICIANS NETWORK,**  
a Washington non-profit corporation

By: \_\_\_\_\_  
Name: Debra Gussin  
Its: Executive Director  
Date: \_\_\_\_\_



STATE OF WASHINGTON

COUNTY OF \_\_\_\_\_

SS.

I certify that I know or have satisfactory evidence that \_\_\_\_\_ 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 it as the \_\_\_\_\_ of CATHERINE WASHBURN MEDICAL ASSOCIATION, a Washington non-profit corporation, to be the free and voluntary act of such non-profit organization for the uses and purposes mentioned in the instrument.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2017.

\_\_\_\_\_  
(Signature of Notary)

\_\_\_\_\_  
(Legibly Print or Stamp Name of Notary)

Notary public in and for the \_\_\_\_\_ of \_\_\_\_\_,  
residing at \_\_\_\_\_

My appointment expires \_\_\_\_\_

STATE OF WASHINGTON

COUNTY OF \_\_\_\_\_

ss.

I certify that I know or have satisfactory evidence that Debra Gussin 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 it as the Executive Director of UW PHYSICIANS NETWORK, a Washington non-profit corporation, to be the free and voluntary act of such non-profit organization for the uses and purposes mentioned in the instrument.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2017.

\_\_\_\_\_  
(Signature of Notary)

\_\_\_\_\_  
(Legibly Print or Stamp Name of Notary)

Notary public in and for the \_\_\_\_\_ of \_\_\_\_\_,  
residing at \_\_\_\_\_

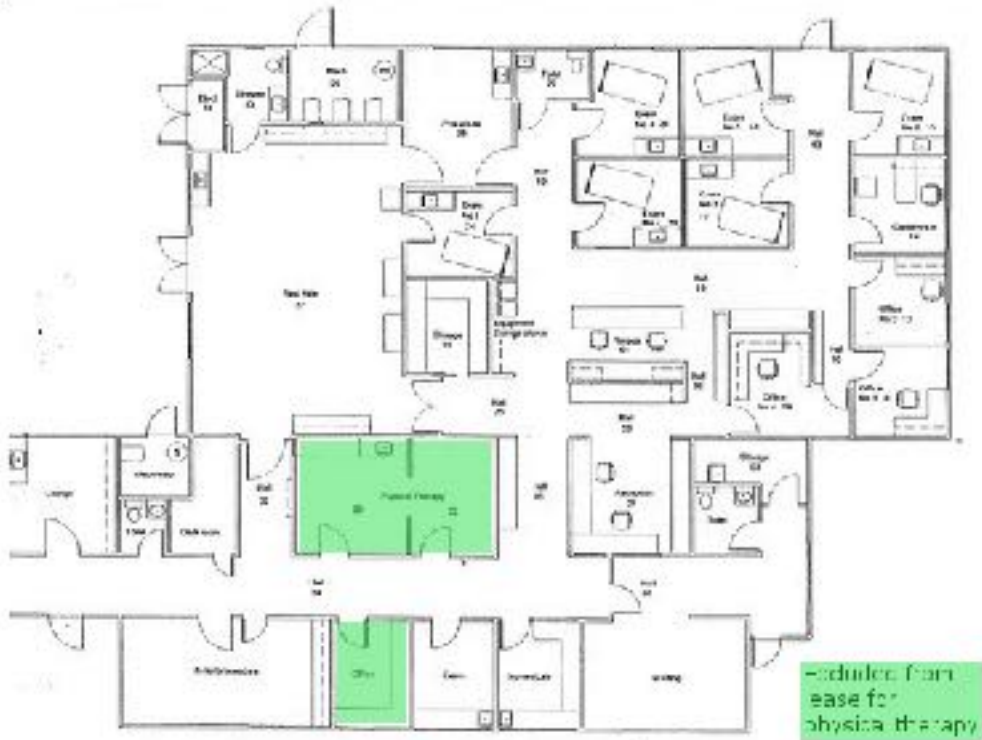
My appointment expires \_\_\_\_\_

EXHIBIT A  
LEGAL DESCRIPTION

**EXHIBIT "A"**

A portion of Government Lot 4, Section 15, Township 35 North, Range 2 West, W.M., described as follows: Commencing at a monument marking the southeast corner of said Section 15; thence along the easterly boundary of said Section 15, North  $0^{\circ}16'10''$  West 1,320.62 feet to the northeast corner of said Government Lot 4, from which corner the monument marking the easterly quarter corner of said Section 15 bears North  $0^{\circ}16'10''$  West 1,320.62 feet; thence from said northeast corner along the northerly boundary of said Government Lot 4 North  $89^{\circ}37'33''$  West 875.37 feet to a point marked by a concrete monument, from which point the point of intersection of the said northerly boundary of Government Lot 4 and the centerline of the county road as shown on the plat of Lopez Park as recorded at Volume 1 of Plats, page 41, records of San Juan County, Washington, bears North  $89^{\circ}37'33''$  West 445.29 feet, said concrete monument also being the true point of beginning of the parcel to be described; thence from said concrete monument returning along said northerly boundary of Government Lot 4 South  $89^{\circ}37'33''$  East 239.67 feet; thence leaving said northerly boundary South  $0^{\circ}22'27''$  West 80.215 feet; thence North  $80^{\circ}34'18''$  West 116.58 feet to the P.C. of a curve to the right having a central angle of  $34^{\circ}43'23''$  and a radius of 233.02 feet; thence along said curve 141.217 feet to the P.T., and the true point of beginning.

EXHIBIT B  
FLOOR PLAN OF PREMISES



## EXHIBIT C

### FURNITURE, FURNITURE, FIXTURES AND EQUIPMENT LIST

<b>Laundry:</b>
Washer and Dryer
<b>Waiting Room:</b>
Bench 1
3 side tables
1 couch
1 tall chair
9 waiting room chairs
Computer monitor
<b>Lab:</b>
Lab chair
Office chair
Small side table
<b>Utility room:</b>
Metal hamper base
Small table
X-Ray:
2 chairs
1 stool
<b>Staff Lounge:</b>
Round table
7 chairs
Refrigerator
PT freezer
Locker
1 Microwave
1 Coffee Pot
<b>Hallway:</b>
Stool
1 chair
Small dresser/Cabinet
Ladder
<b>Triage Room:</b>

Supply shelf -3
2 hospital beds
Crash cart
1 fan
4 chairs
1 lab chair
2 Filing cabinets
<b>Front Desk:</b>
3 chairs
2 printers
<b>Nursing station:</b>
3 metal carts
2 office chairs
<b>Exam Rooms:</b>
7 trash cans
6 exam tables
7 stools
7 chairs
1 procedure chair
2 crash carts
2 metal hampers
<b>Conference Room:</b>
1 Murphy bed
1 table
3 chairs
1 filing cabinet
13 phones
<b>Provider Office:</b>
1 book shelf
Computer w monitor
Desk w chair
Office chair
<b>Manager office:</b>

2 book shelves
2 filing cabinets
Desk
Desk chair



EXHIBIT C – CONTINUED

FURNITURE, FURNITURE, FIXTURES AND EQUIPMENT LIST

Lopez Island Clinic Equipment					
<i>Tag</i>	<i>Description</i>	<i>Manufacturer</i>	<i>Model</i>	<i>Serial</i>	<i>Area</i>
<a href="#"><u>CWMA40050</u></a>	Exam Light	Moore Medical	7906	101176	LOP-EXAM 6
<a href="#"><u>CWMA40051</u></a>	Desk Charger, Otoscope / Ophthalmoscope	Welch Allyn Medical	71110	None	LOP-EXAM 6
<a href="#"><u>CWMA40052</u></a>	Power Table	Midmark	222-016	V1049980	LOP-EXAM 6
<a href="#"><u>CWMA40053</u></a>	Blood Analyzer	Abbott Labs - Diagnostic Division	i-Stat 1	348293	LOP- URGENT
<a href="#"><u>CWMA40054</u></a>	Oto/Ophthalmoscope	Welch Allyn Medical	GS777	None	LOP-EXAM 3
<a href="#"><u>CWMA40055</u></a>	Power Table	Midmark	222-016	V1049894	LOP-EXAM 3
<a href="#"><u>CWMA40057</u></a>	Aspirator	Schuco	130	54093	LOP-HALL
<a href="#"><u>CWMA40059</u></a>	Patient Warmer	Arizant	Bair Hugger 505	40949	LOP- URGENT
<a href="#"><u>CWMA40061</u></a>	Defibrillator	Medtronic	LIFEPAK 12	12388772	LOP- URGENT
<a href="#"><u>CWMA40062</u></a>	Blanket Warmer	Pedigo	P-2030-5	113883	LOP- URGENT
<a href="#"><u>CWMA40063</u></a>	Procedure Chair	Midmark	413	201697	LOP-EXAM 7
<a href="#"><u>CWMA40064</u></a>	Exam Light	Welch Allyn Medical	48200	107	LOP-EXAM 7
<a href="#"><u>CWMA40065</u></a>	Desk Charger, Otoscope / Ophthalmoscope	Welch Allyn Medical	71110	None	LOP-EXAM 7
<a href="#"><u>CWMA40066</u></a>	Exam Light	Welch Allyn Medical	48200	2152000	LOP-EXAM 5
<a href="#"><u>CWMA40067</u></a>	Desk Charger, Otoscope / Ophthalmoscope	Welch Allyn Medical	71110	None	LOP-EXAM 5
<a href="#"><u>CWMA40068</u></a>	Power Table	Midmark	104	None	LOP-EXAM 5
<a href="#"><u>CWMA40069</u></a>	Desk Charger, Otoscope / Ophthalmoscope	Welch Allyn Medical	71110	None	LOP-EXAM 1
<a href="#"><u>CWMA40070</u></a>	Sphygmomanometer	Welch Allyn Medical	NONE	None	LOP-EXAM 1
<a href="#"><u>CWMA40071</u></a>	Clinical Thermometer	Welch Allyn Medical	690	04171709	LOP- URGENT
<a href="#"><u>CWMA40072</u></a>	Power Table	Midmark	222-016	V1478920	LOP-EXAM 4
<a href="#"><u>CWMA40073</u></a>	Desk Charger, Otoscope / Ophthalmoscope	Welch Allyn Medical	71110	None	LOP-EXAM 6

<a href="#"><u>CWMA40074</u></a>	Sphygmomanometer	Welch Allyn Medical	NONE	None	LOP-EXAM 1
<a href="#"><u>CWMA40075</u></a>	Desk Charger, Otoscope / Ophthalmoscope	Welch Allyn Medical	71110	None	LOP-EXAM 2
<a href="#"><u>CWMA40076</u></a>	Electrosurgical Unit	Bovie Medical	Aaron 900	AA504	LOP-EXAM 2
<a href="#"><u>CWMA40077</u></a>	Electrocardiograph	Mortara Instrument	ELI 250	111040070818	LOP-HALL
<a href="#"><u>CWMA40078</u></a>	Microscope	Unico	G380	20061456	LOP-EXAM 4
<a href="#"><u>CWMA40079</u></a>	Nebulizer	Summit Medical	4650D	22316989	LOP-HALL
<a href="#"><u>CWMA40080</u></a>	Spirometer	NDD	EasyOne 2001	106362	LOP-HALL
<a href="#"><u>CWMA40081</u></a>	X-Ray Console	Quantum Medical Imaging	QV-QM- OCP	061-0939	LOP-XRAY
<a href="#"><u>CWMA40082</u></a>	X-Ray Table	Quantum Medical Imaging	QT-750	QT-750-06T-093 1	LOP-XRAY
<a href="#"><u>CWMA40084</u></a>	Wheelchair Scale	Detecto	6550	3P7044	LOP-HALL
<a href="#"><u>CWMA40085</u></a>	Image Reader	Carestream	CR500	K5484-8101	LOP-XRAY
<a href="#"><u>CWMA40086</u></a>	X-Ray Tube	Toshiba	E7252X	66529	LOP-XRAY
<a href="#"><u>CWMA40087</u></a>	X-Ray Tube Stand	Quantum Medical Imaging	QS-550	QS550-06T-0920	LOP-XRAY
<a href="#"><u>CWMA40088</u></a>	X-Ray Generator	Quantum Medical Imaging	QG-50-2	QG50G2-061-09 07	LOP-XRAY
<a href="#"><u>CWMA40089</u></a>	Surgery Stretcher	Hill Rom	P8040	L314AQ475	LOP- URGENT
<a href="#"><u>CWMA40090</u></a>	Surgery Stretcher	Hill Rom	P8040	L309AQ0371	LOP- URGENT
<a href="#"><u>CWMA40091</u></a>	Clinical Thermometer	Welch Allyn Medical	690	041717047	LOP- URGENT
<a href="#"><u>CWMA40092</u></a>	Clinical Thermometer	Welch Allyn Medical	679	569285	LOP-EXAM 2
<a href="#"><u>CWMA40094</u></a>	Freezer (Vaccine)	Follett	FZR	None	LOP-MED
<a href="#"><u>CWMA40096</u></a>	Collimator	Huestis Medical	150MC	CM13354	LOP-XRAY
<a href="#"><u>CWMA40097</u></a>	Refrigerator (Vaccine)	Follett	REF20LB	D88313	LOP-MED



EXHIBIT D  
CLINIC SUPPORT AGREEMENT

AGREEMENT FOR CLINIC SUPPORT

This Agreement for Clinic Support ("Agreement") is entered into this 15th day of June, 2017 ("Effective Date") by and between San Juan County Public Hospital District #2, dba Lopez Island Hospital District (PHD) and UW Physicians Network ("UWPN") (individually a "Party" and collectively the "Parties").

WHEREAS PHD was created on or about May 5, 2017, as the result of a ballot measure authorized pursuant to Chapter 70.44 RCW; and

WHEREAS, UW Medicine is comprised of Harborview Medical Center and its associated clinics ("HMC"); UW Medicine Northwest dba Northwest Hospital and Medical Center and its associated clinics ("NWHC"); Public Hospital District No 1 dba Valley Medical Center and its associated clinics ("VMC"); UW Medical Center and its associated clinics ("UWMC"); UW Physicians Network dba UW Neighborhood Clinics ("UWPN"); The Association of University Physicians dba UW Physicians ("UWP"); the University of Washington School of Medicine ("UW SoM"), and Anlid Northwest ("Anlid"); and

WHEREAS, UWPN was created by the University of Washington to support UWMC, HMC and UW SoM by establishing community based primary care clinics and expanding access for community patients, physicians and providers to the quaternary and tertiary specialty and subspecialty care available at UWMC and HMC and the clinical services provided by UW SoM faculty physicians; and

WHEREAS, UWPN is staffed by UW SoM faculty physicians and other healthcare professionals with expertise in providing clinical care to patients according to evidence based, standardized clinical workflows, maintaining a team approach to effectively manage the health of the patient together with specialty and sub-specialty clinical resources as necessary for the patient and has developed specific expertise and experience in the establishment and operation of primary care clinics; and

WHEREAS, UWPN is the faculty resource pool for UW SoM faculty who provide clinical care to patients at sites of practice approved by the CFO of UW Medicine/Dean of the UW SoM. UWPN contracts, bills and collects the revenues generated through the clinical activities of UWPN members at approved sites of practice including the UWPN clinics; and

WHEREAS, PHD and UW Medicine have the shared goals of ensuring accessible, high quality, coordinated and cost-effective patient care services through community-based healthcare delivery systems including access to complex tertiary and quaternary care when needed, and to fulfill their commitment to the "Triple Aim" of better care for individuals, better health for populations, and lower per capita costs; and

WHEREAS, PHD is authorized under Chapter 70.44 RCW to provide health care services for residents of the PHD and others and to contract with other organizations for the provision of such services; and

WHEREAS, To further the goals of the Parties in pursuit of the Triple Aim, PHD desires the UWPN to operate and manage a UW Medicine primary care clinic on Lopez Island to provide community access to certain primary care medical services; and

WHEREAS, the Parties agree that establishing a UW Medicine primary care clinic on Lopez Island, Washington (the "UW Medicine Clinic") will further their shared goals to manage the health of populations of the community and local region.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the receipt and sufficiency of which being hereby acknowledged, PHD and UWPN hereby agree as follows:

**I. Obligations of UWPN**

A. **UW Medicine Lopez Island Clinic:** UWPN shall operate and manage the UW Medicine Clinic at the corner of Washburn Place and Village Road, Lopez Island, Washington. The anticipated opening of the UW Medicine Clinic under UWPN management is October 1, 2017 (the "Commencement Date"). UWPN and PHD will cooperate with Island Hospital for a smooth transition in order the closing of the Lopez Island clinic currently operated by Island Hospital (the "Existing Clinic") and the opening of the UW Medicine Clinic, as operated and managed by UWPN.

B. **Information Systems Infrastructure**

i. UWPN will be responsible for the installation and ongoing maintenance of all information systems infrastructure necessary for operation of the UW Medicine Clinic including, but not limited to:

1. Epic electronic medical record (Epic EMR);
2. Patient scheduling applications and software;
3. Interfaces with third party software applications for connectivity to the Epic EMR; and
4. Billing software for physician professional services billing.

C. **Staffing**

i. UWPN will be solely responsible for recruiting and hiring all physicians, healthcare professionals and staff for the UW Medicine Clinic, including any selection of a medical director for the UW Medicine Clinic pursuant to UWPN's hiring policies and procedures. UWPN will provide administrative management and support personnel as appropriate to operate and manage the UW Medicine Clinic.

ii. UWPN will maintain the level of staffing necessary to provide high quality clinical care to the UW Medicine Clinic's patients. In general, the staffing levels will align with the staffing levels and standardized practices established by UWPN for a first clinic model.

iii. UWPN, in its sole discretion, may increase or decrease the staffing levels based on changes in the scope of services, patient care needs and patient volumes in the UW Medicine Clinic.

iv. Island Hospital employees, and any other individuals, who provide services at the Existing Clinic prior to operation of the UW Medicine Clinic by UWPN must apply for and be offered a position to continue working at the UW Medicine Clinic.

v. All hiring decisions for UW Medicine Clinic personnel will be based on UWPN's application and hiring policies and procedures.

D. **UW Medicine Clinic Operations**

i. UWPN will have sole responsibility for all aspects of operation and management of the UW Medicine Clinic including, but not limited to, hiring of personnel, scheduling of patients, contracting with vendors and suppliers and purchasing of supplies necessary for clinic operations. UWPN also shall be solely responsible for all decisions regarding the branding and marketing of the UW Medicine Clinic.

ii. UWPN shall be responsible for preparing the Annual Budget for the UW Medicine Clinic and will follow the process set forth in Section III.C. below.

- iii. UWPN, in its sole discretion, will determine appropriate scope of practice to ensure the delivery of safe and high quality care. All medical care services and operations of the UW Medicine Clinic shall be performed according to UWPN standards, professional practice guidelines, clinical protocols and practices and UWPN policies and procedures.
- iv. UWPN will bill and collect for all clinical services provided at the UW Medicine Clinic pursuant to UWPN and UWPN's standard processes.
- v. UWPN will be solely responsible for establishing the hours of operation at the UW Medicine Clinic. In determining the hours of operation for the UW Medicine Clinic, UWPN will operate the UW Medicine Clinic on a full-time basis taking into account the historic patient volumes and weekly hours of operation of the Emergency Clinic as well as the needs of Lopez Island community for adequate access to primary care medical services.
- vi. UWPN shall provide PHD with semiannual reports on clinic operations to include quality, patient satisfaction and financial data, and UWPN will also provide quarterly financial reports to PHD. Such quality reports shall include but not be limited to anonymous patient satisfaction and provider quality of care data for the UW Medicine Clinic.
- vii. Upon request from the PHD, UWPN will provide non-confidential data from the UW Medicine clinic that PHD may need to develop its community health needs assessment.

## II. Obligations of PHD

- A. Start-Up Payment. PHD shall pay UWPN \$280,950 ("Start-Up Payment") to cover start-up expenses that UWPN will incur prior to the Commencement Date. PHD shall make the Start-Up Payment upon the earlier of either (i) the fifth (5th) business day following execution of this Agreement or (ii) June 18, 2017. On or before the Commencement Date, UWPN shall provide an accounting of the actual start-up expenses incurred ("Final Start-up Expenses") and if such expenses (including credits for any grant funds received by UWPN) are less than the estimated start-up expenses (the "Estimated Start-up Expenses") as described in the Summary Term Sheet Lopez Island Primary Care Clinic dated May 19, 2017 (the "Term Sheet"), UWPN shall apply an amount equal to the amount by which the Estimated Start-up Expenses exceeded the Final Start-up Expenses as a credit toward one or more of the quarterly payments of the Budgeted Loss for the UW Medicine Clinic as described in detail in Section C, below.
- B. UW Medicine Clinic Operations. PHD will not have a role in operations, management, employment or policies of the UW Medicine Clinic. Such matters shall be solely and fully within the discretion of UWPN.
- C. Annual Budget and Operating Loss Contribution
  - 1. The Parties recognize that primary care outpatient clinics often experience operational losses. However, the Parties also recognize that strong primary care services are needed to succeed in effectively managing the health of patients and achieving the Triple Aim. Operation and management of the UW Medicine Clinic fulfills the mission of UW Medicine to improve the health of the public by delivering primary and secondary care close to the patient's home and the PHD's purpose to ensure access to high quality health care to the Lopez Island community. As such, both UW Medicine and PHD have an interest in ensuring that the UW Medicine Clinic has the necessary financial support.
  - ii. Annual Operating Losses
    - 1. For the purposes of this Agreement the term "Annual Operating Loss" is defined as the actual loss from UW Medicine Clinic's operations

calculated as its actual revenues less operating expenses for a given Fiscal Year.

2. For the purpose of this Agreement, the term "Fiscal Year" shall mean July 1<sup>st</sup> through June 30<sup>th</sup>.
3. To the extent that the UW Medicine Clinic experiences an Annual Operating Loss, PHD will pay the UW Medicine Clinic's Annual Operating Loss as set forth below:
  - a. During the Term (as defined in Section III A below), UWPN and PHD will meet prior to the start of each Fiscal Year to discuss priorities for the UW Medicine Clinic so that UWPN can determine the annual budget for the UW Medicine Clinic (the "Annual Budget"). The Annual Budget shall include such items and categories of expenses as were reflected in the Draft Pro Forma, unless otherwise mutually agreed to by the Parties. The Draft Pro Forma for the Initial Term of this Agreement is attached as Attachment A. Thereafter, UWPN will provide PHD the Annual Budget for the UW Medicine Clinic for the upcoming UWPN Fiscal Year. UWPN will provide PHD with a proposed Annual Budget for any partial Fiscal Year(s) during the Term.
  - b. If the Annual Budget forecasts an estimated annual operating loss (the "Budgeted Loss"), PHD shall provide to UWPN an amount equal to one quarter (1/4<sup>th</sup>) of the Budgeted Loss reflected in the Annual Budget on the last day of each quarter of the Fiscal Year.
  - c. At the close of the Fiscal Year, UWPN will calculate the actual performance of the UW Medicine Clinic and determine the Annual Operating Loss and compare that to the Budgeted Loss. If the Annual Operating Loss exceeded the Budgeted Loss, PHD will pay UWPN the difference but in no event will PHD be required to pay a total annual amount (which amount includes the quarterly payments described in Section II C 5b) that exceeds the Maximum Annual Funding (as defined below), which has been agreed to by the Parties in advance of the Fiscal Year. If the Annual Operating Loss is less than the Budgeted Loss, UWPN shall apply an amount equal to the amount by which the Budgeted Loss exceeded the Annual Operating Loss as a credit to the next scheduled payment by the PHD. If no further payments are scheduled, UWPN shall pay such amount to PHD within 15 calendar days of completion of said calculation.
  - d. UWPN will provide PHD access to data related to actual performance of the UW Medicine Clinic, which UWPN uses for purposes of reconciliation.
- 4) Maximum Annual Funding During Initial Term. The maximum amount of funding that PHD will provide during the Initial Term for the Annual Operating Loss ("Maximum Annual Funding") pursuant to the process outlined above will be as follows:

Commencement Date - June 30, 2018	\$536,147 <sup>1</sup>
July 1, 2018 - June 30, 2019	\$536,251

July 1, 2019 - June 30, 2020	\$547,090
July 1, 2020 - 3rd anniversary of Commencement Date	\$577,267

\*Amount will be prorated for partial Fiscal Year

The Maximum Annual Funding reflected above was based on the assumptions used to develop the Draft Pro Forma – Attachment A. The Maximum Annual Funding will be adjusted upward accordingly to account for any of the following:

- A. Mutually agreed upon new expense items;
  - B. Requests from the PHD for changes to the Draft Pro Forma or any Annual Budget resulting in an increase in operating expenses;
  - C. Any mutually agreed upon increase in an existing expense item in the Draft Pro Forma or Annual Budget that is deemed necessary for the operations of the UW Medicine Clinic but was not in the Parties or the time the Draft Pro Forma or Annual Budget was finalized, or
  - D. Any additional operating expense necessitated by a change in applicable law or regulation. The Parties, notwithstanding, any such expense in excess of \$25,000 shall require mutual consent and if such consent is not given, the Agreement may be terminated by either party upon not less than six months written notice.
17. No less than six (6) months prior to any automatic Renewal Term as defined under Section III.A below, UWPN shall provide PHD with a financial pro forma establishing the projected Annual Operating Losses for the Renewal Term. At that time, the Parties may establish new Maximum Annual Funding amounts for the Renewal Term. The Maximum Annual Funding amounts to be paid by PHD during any Renewal Term shall be prorated for any partial Fiscal Year of the Renewal Term. All Maximum Annual Funding amounts shall be established in writing in the form of an amendment to this Agreement.

### III. Term and Termination

- A. **Term.** The term of this Agreement shall commence on the Effective Date and shall continue for a period of three (3) years (the "Initial Term") from the Commencement Date. Unless otherwise terminated as set forth herein, this Agreement shall automatically renew for additional three (3) year terms ("Renewal Term(s)"). The Initial Term and any Renewal Term(s) may be collectively referred to herein as the "Term."
- B. **Termination During the Initial Term or Renewal Term(s)**
  - i. **Breach.** In the event of a material breach of this Agreement by a Party, the non-breaching Party may terminate this Agreement by giving the breaching Party thirty (30) days advance written notice of the breach and intent to terminate unless the breaching Party cures the breach within such thirty (30) day notice period. The Parties agree that such cure period shall be extended for a reasonable period of time if the allegedly breaching Party demonstrates a good faith effort and actual improvement toward curing the breach, and it appears likely that the allegedly breaching Party will not be able to cure the breach within the thirty (30) day cure period. PHD's failure to make any of the payments required under this Agreement shall be considered a material breach.
  - ii. **Bankruptcy.** Either Party may terminate this Agreement if the other Party (A) commences a voluntary action for bankruptcy (B) if a court of competent jurisdiction appoints, or the Party makes an assignment of all or substantially all of its assets to, a receiver or trustee for the Party or for all or substantially all of

its assets, or (C) if the Party fails to generally pay its debts as they become due or is otherwise unable to do so.

- C. **Termination For Convenience.** In addition to the termination provisions set forth in Section III.B. i-ii above, this Agreement may be terminated by either Party, without cause, with three hundred sixty five (365) days' advance written notice to the other Party. In the event of termination under this Section C, the Parties will work cooperatively to effect a smooth transition of operations from UWPN to the PHD or new operator of the clinic on Lopez Island.
- D. **Effect of Termination.** Termination of this Agreement by either Party shall not act as a waiver of any breach of this Agreement and shall not act as a release of either Party from any liability for breach of such Party's obligations under this Agreement. Termination of this Agreement by a Party shall be without prejudice to any other right or remedy of such Party under this Agreement or applicable law.

- IV. **Publicity, Marketing, Use of Names, Trademarks and Services Marks.** UWPN and UW Medicine shall be solely responsible for all plans, campaigns and decisions regarding the branding and marketing of the UW Medicine Clinic to the community, providers and patients. UWPN will retain the word "Lopez Island" in the clinic name and as part of signage, logos, public relations, advertising, marketing and other forms of internal and external communications. PHD and UWPN shall mutually agree on the content for all press releases regarding the opening of the UW Medicine Clinic. All press releases or publicity regarding the UW Medicine Clinic following its opening shall be issued solely by UWPN and UW Medicine. The foregoing notwithstanding, UWPN acknowledges that PHD, in cooperation with the Carlsrud Washburn Medical Association, may continue to publish the HealthMatters newsletter that addresses health, medical and wellness issues. If PHD intends to include information in HealthMatters regarding UW Medicine Clinic or its providers (such as a new provider spotlight), PHD will inform UWPN and obtain its written authorization before distribution. Neither Party grants any right to use any of its identifying marks, such as, but not limited to, trademarks, service marks, trade names, logos, designs, symbols, abbreviations or contractions ("Identifiers"). Neither Party shall use any Identifier of the other Party for any purpose, including but not limited to any publicity, sales, marketing, publication or advertisement without the prior written consent of the other Party's officer who has been duly designated for such purpose.

- V. **Insurance and Indemnification**

- A. **UWPN Insurance.** UWPN shall maintain adequate levels of insurance to cover all aspects of the operation and management of the UW Medicine Clinic, including professional and general liability insurance, personal property insurance for UWPN-owned property or equipment and workers compensation insurance. The University of Washington provides professional liability coverage for UWPN through a self-insurance program pursuant to RCW 28B.20.250 through RCW 28B.20.255. Coverage through the University of Washington self-insurance program shall be deemed to satisfy the professional liability coverage requirements for the purpose of this Agreement.
- B. **PHD Insurance.** During the term of this Agreement, PHD will maintain the following insurance coverage: (i) comprehensive general liability insurance with limits of at least \$1 million per occurrence and \$1 million aggregate; and (ii) directors/officers or errors/omissions insurance in amounts of not less than \$1 million per claim and \$2 million annual aggregate.
- C. **Proof of Coverage.** Limits of insurance coverage shall not limit each Party's legal liability to the other. Proof of coverage shall be provided on request. Each Party will notify the

other should its coverage be canceled or modified, or if per occurrence or aggregate limits are imposed by fifty percent (50%) or more.

**D. Indemnification.** To the extent allowed under applicable law, each Party (the "Indemnifying Party") shall be responsible for and indemnify and hold the other Party (the "Indemnified Party") harmless against any and all claims, damages, or losses incurred by the other, including reasonable attorney's fees, arising out of or in connection with any negligent act or omission by the Indemnifying Party, its employees, or agents, except to the extent any such loss is as a result of the acts or omissions of the Indemnified Party.

**E. Notice of Claims.** The Party seeking indemnification under this section shall provide written notice within thirty (30) days of the receipt any third party claim covered hereunder to the Indemnifying Party. The Indemnifying Party shall have the right to assume exclusive control of the defense of such claim, or at the option of the Indemnifying Party, to settle the same. The Indemnified Party agrees to cooperate reasonably with the Indemnifying Party in connection with the performance by the Indemnifying Party of its obligations under this section, and failure to do so shall constitute the Indemnifying Party's obligations.

**VI. Compliance with Law.** Each Party shall carry out its respective activities and obligations in this Agreement in conformance with applicable federal, state and local laws and regulations, and, where relevant, as is to preserve the respective tax-exempt status of any Party or party in LW Medicine, PFD and LWPN agree to comply with the licensure laws and pertinent provisions of the state of Washington, the accreditation standards of any applicable recognized accrediting body and any other requirements of any other regulatory entity having legal authority as to their respective operations. The Parties intend this Agreement to comply with all laws, regulations and requirements applicable to physicians, ambulatory clinics, Medicare and Medicaid participants, and healthcare professionals in general. This Agreement shall be construed in a manner consistent with compliance with such statutes and regulations. If at any time either Party has reasonable grounds to believe this Agreement may not conform to evolving requirements or interpretations relevant to such matters, the Parties shall immediately reconvene in good faith to bring it into compliance.

**VII. Access to Books and Records.** The following clause is included because of the possible application of Section 185(c)(1)(I) of the Social Security Act to this Agreement; but if that section should be found inapplicable to this Agreement, then this clause shall be deemed not to be part of this Agreement and shall be void. Until the expiration of four (4) years after the furnishing of services under this Agreement, each Party shall make available upon written request of the Secretary of Health & Human Services or the Comptroller General of the United States, or any other of their duly authorized representatives, this Agreement and such books, documents and records of the Party as are necessary to certify the nature and extent of the costs hereunder. If either Party carries out any of the duties under this Agreement through a subcontract, for the value or over of \$10,000 or more over a 12 month period, with a related organization, such contract shall contain a clause placing the same duty on the subcontractor as this contract places on the Party. This clause shall survive the termination of this Agreement according to its terms.

**VIII. Cooperation in Compliance.** To ensure compliance with all legal and regulatory investigations, audits or similar inquiries, the Parties agree to work collaboratively and in good faith to provide ready access to relevant information and documentation maintained by the other Party. Access pursuant to these inquiries shall include the right to inspect, copy and audit accounting, administrative and billing records pursuant to a Party's obligations.

**IX. Legal Jeopardy.** If either Party believes, on the basis of an opinion of legal counsel, that this Agreement or the performance by either Party under this Agreement violates any material law, regulation, or governmental guidelines, State or federal, presents a substantial risk of the loss or restriction of that Party's license, tax exemption, or right to participate in Medicare, Medicaid or any other governmental program, or presents a substantial risk of causing debt issued by that Party that was tax exempt when originally issued to become subject to State or federal income tax (such event referred to as "Legal Jeopardy"), that Party may, upon written notice, require the other Party to enter into good faith negotiations to renegotiate the terms of this Agreement, in a manner that attempts to retain as much as possible of the economic arrangements originally contemplated by the Parties without violating any applicable legal, tax, or reimbursement requirements. If the Parties are unable to reach an agreement concerning the modification of this Agreement within ninety (90) days after the date of the notice seeking renegotiation (or sooner if required by law), then either Party may immediately terminate this Agreement by written notice to the other Party. The rights of the Parties under this Section are in addition to any other termination rights the Parties may have under this Agreement.

**X. Dispute Resolution**

**A. Informal Resolution.** In the event of a dispute or disagreement between the Parties with respect to this Agreement or any aspect of UWTN's management or operation of the UW Medicine Clinic, the Parties shall meet and confer in good faith to resolve the dispute informally.

**B. Mediation.** If a dispute with respect to this Agreement cannot be resolved through informal meetings between the leadership of each Party, the Parties may initiate mediation by giving written notice thereof to the other Party. Both Parties shall attend and participate in the mediation, which shall be binding upon the Parties only if a mutually agreeable resolution is achieved. The mediation proceedings shall commence not more than thirty (30) days after the written notice initiating the mediation process is given by one Party to the other Party and shall be conducted in King County, in the State of Washington, by an independent third party mediator mutually selected by the Parties. The mediator may be given written statements of the Parties and may inspect any applicable documents or instruments. All mediation proceedings shall be attended by representatives of each Party with reasonable authority to resolve the dispute. The costs and expenses associated with the mediator and the mediation shall be paid equally by the Parties regardless of the result of the mediation proceedings unless otherwise agreed to by the Parties. Further, each Party shall bear its own attorney's fees and costs in connection with the mediation process.

**XI. Relationship of the Parties.**

**A. Independent Parties.** The Parties to this Agreement are independent Parties and nothing in this Agreement shall be construed or be deemed to create between them any relationship of principal and agent, partnership, joint venture, or any relationship other than that of independent Parties. Each Party has separate goals, operations and responsibilities and is accountable to its separate and independent governing body. Each Party will continue its respective existing ownership, governance structure and control of ongoing operations.

**B. Representations and Warranties.** Each Party represents and warrants that each has the right, power and authority to execute and deliver this Agreement and to fully perform each's obligations hereunder. Further, each Party represents and warrants that neither the execution of this Agreement nor the performance of each Party's obligations hereunder



will directly or indirectly contravene, conflict or otherwise result in a material violation of any agreement with any third party.

**XII. General Provisions**

- A. No Obligation to Refer. Nothing in this Agreement requires either Party to make referrals to the other Party.
- B. Non-discrimination. Both Parties agree to comply with all applicable non-discrimination laws and regulations.
- C. Entire Agreement, Amendments. This Agreement constitutes the full and complete expression of the rights and obligations of the Parties with respect to the subject matter and supersedes all prior understandings and agreements, whether oral or written. This Agreement or any Addenda may not be amended except upon the written agreement of the Parties.
- D. Severability. If any provision of this Agreement is held to be illegal, invalid or unenforceable under present or future laws effective during the term of the Agreement, such provision shall be fully severable from this Agreement. Therefore, the Parties agree that should any covenant herein be declared illegal, invalid or unenforceable under present or future laws as currently stated, this Agreement shall be deemed modified as necessary to be enforceable while maintaining the original intent of the Parties, as originally stated, to the fullest extent legally possible, and the Parties agree to promptly (but in any case within thirty (30) days), execute an amendment memorializing any such required amendments. If the Agreement is unable to be so amended, then it shall be construed and enforced as if such illegal, invalid or unenforceable provision never comprised a part hereof, and the remaining provisions hereof shall remain in full force and effect and shall not be affected by the illegal, invalid or unenforceable provision or by its severance from this Agreement.
- E. Governing Law. This Agreement shall be governed and construed in accordance with the laws of the State of Washington. Venue for any and all actions, claims, or proceedings arising from or related to this Agreement shall be exclusively in, and each Party hereby submits to the exclusive jurisdiction of, the federal and state courts situated in King County, Washington.
- F. Waiver. The waiver of any provision of this Agreement shall only be effective if set forth in a writing signed by the waiving Party. Any such or other waiver shall not operate as, or be deemed to be, a continuing waiver of the same or of any other provision of this Agreement.
- G. No Third-Party Rights. The Parties do not intend the benefits of this Agreement to inure to any third person not a signatory to this Agreement except as otherwise described in this Agreement. The Agreement shall not be construed as creating any right, claim, or cause of action against any Party by any person or entity not a Party to this Agreement except as otherwise described in this Agreement.
- H. Notices. When required by the terms of this Agreement, the parties will give notice by personal delivery or by Certified Mail, return receipt requested, postage prepaid, to the following addresses:

17WPN	17W Physicians Network 1100NE 45th Street Suite 600 Seattle, WA 98195
	Seattle, WA 98195 Attn: Executive Director

With Copy to: General Counsel for UWEN  
Box 359110  
701 Fifth Avenue  
Suite 700  
Seattle, WA 98101

To PHO: See Juan County Public Hospital District #3, dba Lopez Island  
Hospital District  
P.O. Box 908  
Lopez Island, WA 98216

With a Copy to: Lori Nannan  
Foster Pepper PLLC  
1111 Third Ave Suite 3000  
Seattle, WA 98101

1. **Counterparts.** This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all counterparts together shall constitute one and the same instrument. Signatures transmitted by facsimile, PDF, JPG or other digital formats shall be deemed valid execution of this Agreement and Actions and binding on the Parties.

*Remainder of page intentionally left blank  
Signatures on following page*

*Signature Page to Clinic Support Agreement*

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

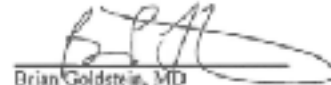
UW Physicians Network



Debra Gussin  
Executive Director

Date: 6/15/17

UW Medicine



Brian Goldstein, MD  
Chief Health System Officer, UW Medicine  
Vice President for Medical Affairs, UW School  
of Medicine

Date: 6/15/2017

San Juan County Public Hospital District # 2,  
Iba Lopez Island Hospital District

Christa Campbell  
President, Board of Commissioners

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

*Signature Page to Clinic Support Agreement*

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

**UW Physicians Network**

**San Juan County Public Hospital District # 2,  
d/b/a Lopez Island Hospital District**

\_\_\_\_\_  
Debra Gussin  
Executive Director

  
Christa Campbell  
President, Board of Commissioners

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

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

**UW Medicine**

\_\_\_\_\_  
Brian Goldstein, MD  
Chief Health Systems Officer, UW Medicine  
Vice President for Medical Affairs, UW School  
of Medicine

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

**ATTACHMENT A  
DRAFT PRO FORMA – INITIAL TERM**

- Reflects an estimate of expenses and revenues based on information available as of April 7, 2017.
- Assumes UW Medicine Lopez Island Clinic is not eligible for Rural Healthcare Clinic (RHC) designation.

	FY17, 000		FY18, 000		FY19, 000		FY20, 000		FY21, 000	
	2017-01	2017-02	2017-03	2017-04	2017-05	2017-06	2017-07	2017-08	2017-09	2017-10
<b>Interest on prior periods</b>										
<b>Interest receivable</b>										
<b>Payor Mix</b>			PROVIDER AS OF 01/27/2017							
Medicare			57%	57%	57%	57%	57%	57%	57%	57%
Medicaid			14%	14%	14%	14%	14%	14%	14%	14%
Commercial (include RHC, Managed Care)			27%	27%	27%	27%	27%	27%	27%	27%
Self-pay			2%	2%	2%	2%	2%	2%	2%	2%
Annual visits	4,000		4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Interest Revenue	1,371,173		667,160	667,160	667,160	667,160	667,160	667,160	667,160	667,160
Other	-		-	-	-	-	-	-	-	-
<b>Total Revenue</b>	<b>\$ 1,371,173</b>		<b>\$ 667,160</b>	<b>\$ 667,160</b>	<b>\$ 667,160</b>	<b>\$ 667,160</b>	<b>\$ 667,160</b>	<b>\$ 667,160</b>	<b>\$ 667,160</b>	<b>\$ 667,160</b>
Net Revenue	\$ 1,301,175		\$ 667,160	\$ 667,160	\$ 667,160	\$ 667,160	\$ 667,160	\$ 667,160	\$ 667,160	\$ 667,160
Direct expense	\$ 3,317,083		\$ 975,074	\$ 975,074	\$ 975,074	\$ 975,074	\$ 975,074	\$ 975,074	\$ 975,074	\$ 975,074
<b>Contribution Margin</b>	<b>(\$1,915,908)</b>		<b>(\$307,914)</b>	<b>(\$307,914)</b>	<b>(\$307,914)</b>	<b>(\$307,914)</b>	<b>(\$307,914)</b>	<b>(\$307,914)</b>	<b>(\$307,914)</b>	<b>(\$307,914)</b>
SGA Revenue Per Visit	\$ 193		\$ 171	\$ 171	\$ 171	\$ 171	\$ 171	\$ 171	\$ 171	\$ 171
Overhead Expense Per Visit	\$ 126		\$ 162	\$ 162	\$ 162	\$ 162	\$ 162	\$ 162	\$ 162	\$ 162
<b>ITM</b>										
Physicians	-		1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Unaffiliated non-physicians	-		-	-	-	-	-	-	-	-
CRNAs	-		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Staffing	-		9.25	9.25	9.25	9.25	9.25	9.25	9.25	9.25
<b>Total</b>	<b>-</b>		<b>10.25</b>	<b>10.25</b>	<b>10.25</b>	<b>10.25</b>	<b>10.25</b>	<b>10.25</b>	<b>10.25</b>	<b>10.25</b>
<b>NET THROUGHPUT</b>	<b>119,000</b>		<b>147</b>	<b>147</b>	<b>147</b>	<b>147</b>	<b>147</b>	<b>147</b>	<b>147</b>	<b>147</b>
<b>Salary &amp; Benefits</b>										
Physicians	\$ 1,717,573		\$ 375,000	\$ 375,000	\$ 375,000	\$ 375,000	\$ 375,000	\$ 375,000	\$ 375,000	\$ 375,000
CRNAs	\$ -		\$ 224,000	\$ 224,000	\$ 224,000	\$ 224,000	\$ 224,000	\$ 224,000	\$ 224,000	\$ 224,000
Call Coverage	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Support Staff	\$ -		\$ 400,000	\$ 400,000	\$ 400,000	\$ 400,000	\$ 400,000	\$ 400,000	\$ 400,000	\$ 400,000
Other Direct Costs	\$ 308,480		\$ 104,250	\$ 104,250	\$ 104,250	\$ 104,250	\$ 104,250	\$ 104,250	\$ 104,250	\$ 104,250
<b>Total</b>	<b>\$ 2,127,053</b>		<b>\$ 903,750</b>	<b>\$ 903,750</b>	<b>\$ 903,750</b>	<b>\$ 903,750</b>	<b>\$ 903,750</b>	<b>\$ 903,750</b>	<b>\$ 903,750</b>	<b>\$ 903,750</b>
<b>Remaining Operating Expenses</b>										
<b>Medical Costs</b>										
Equipment	\$ 50,000									
ASIC equipment	\$ 20,000									
Software	\$ 30,000									
Inventory	\$ 30,000									
Respirator Manager	\$ 34,000									
Travel	\$ 20,000									
ITX for ITXip	\$ 170,000									
Medical Claims Connection	\$ 40,000									
<b>Overhead Expenses</b>										
Administrative Time (cost)	\$ 460,171	4,600	\$ 50,171	\$ 50,171	\$ 50,171	\$ 50,171	\$ 50,171	\$ 50,171	\$ 50,171	\$ 50,171
Billing Cycle	\$ 24,044		\$ 24,044	\$ 24,044	\$ 24,044	\$ 24,044	\$ 24,044	\$ 24,044	\$ 24,044	\$ 24,044
Annual maintenance, allocations	\$ 211,223		\$ 211,223	\$ 211,223	\$ 211,223	\$ 211,223	\$ 211,223	\$ 211,223	\$ 211,223	\$ 211,223
<b>Operating Margin (loss)</b>	<b>(\$296,181)</b>	<b>(\$411,492)</b>	<b>(\$515,499)</b>	<b>(\$515,499)</b>	<b>(\$515,499)</b>	<b>(\$515,499)</b>	<b>(\$515,499)</b>	<b>(\$515,499)</b>	<b>(\$515,499)</b>	<b>(\$515,499)</b>

EXHIBIT E  
LANDLORD'S WORK

1. Replace check valve on main water supply
2. Repair or replace front entry door bar
3. Replace flashing on west end cricket (over break room)
4. Install privacy glass in lab and nursing station
5. Install chart holder at room #5
6. Lubricate waiting room door
7. Reset / repair heat pump on small water heater
8. Remove chart racks when empty

**Exhibit F**

**FORM OF TENANT'S ESTOPPEL CERTIFICATE**

TO:

1. RE: \_\_\_\_\_ (the "Premises")

The undersigned (the "Tenant") hereby certifies to \_\_\_\_\_ (the "Landlord"), the following information with respect to that certain lease agreement, dated \_\_\_\_\_ (the "Lease," including any amendments to or modifications of the same) and Tenant agrees that Landlord, Buyer and Buyer's lender may rely upon the same:

2. The Lease is in full force and effect and has not been modified or amended except as follows:  
\_\_\_\_\_.

3. To Tenant's actual knowledge without duty of investigation, Tenant has no claim of default or offset or defense against the payment of rent or other charges payable by Tenant and asserts no claim against Landlord under the Lease in regard to the premises occupied by Tenant. To Tenant's actual knowledge without duty of investigation, there is no default by Landlord under the Lease.

4. All fixed base rental has been paid to the end of the current calendar month, which is \_\_\_\_\_, and no rent under the Lease had been paid more than one month in advance of its due date. Current monthly fixed based rental for the Premises is \$\_\_\_\_\_.

5. The Lease provides for an automatic extension for a period of three years provided that the Clinic Support Agreement between San Juan County Public Hospital District #2, dba Lopez Island Hospital District and Tenant remains in effect at the time of the automatic extension. To Tenant's actual knowledge without duty of investigation, no event has occurred to terminate the automatic right of extension in the Lease.

6. To Tenant's actual knowledge, there are no unfinished tenant improvements required to be completed by Landlord as of the date hereof.

7. To Tenant's actual knowledge and without duty of inquiry, Tenant is not in default under the Lease as of the date of Tenant's signature below.

8. Tenant currently pays to Landlord as Additional Rent \$\_\_\_\_\_ per month for telephone, fiber optic connection and usage fees, utility (water, sewer, gas, electricity) usage charges, and trash removal fees. All Additional Rent has been paid within thirty (30) days of receipt of Landlord's invoice.

9. Tenant has not entered into any sublease, assignment or any other agreement transferring any of its interest in the Lease or the Premises leased by Tenant under the Lease except  
\_\_\_\_\_.

10. Tenant recognizes and acknowledges it is executing this Tenant Estoppel Certificate with the intent that Landlord, the Buyer, and Buyer's lenders may (and shall be permitted to) rely hereon.

*Signature on Following Page*

*Signature Page to Estoppel Certificate*

**Dated:** \_\_\_\_\_, 201\_

**UW PHYSICIANS NETWORK d/b/a UW  
Neighborhood Clinics, a Washington Corporation**

By: \_\_\_\_\_  
Debra Gussin  
Its: Executive Director