

**After Filing Return to:**  
James S. Irby, Esq.  
Karr Tuttle Campbell  
1201 Third Avenue, Suite 2900  
Seattle, WA 98101-3028



200101230025  
Skagit County Auditor  
1/23/2001 Page 1 of 11 9:48:57AM

## MEMORANDUM OF LEASE AND OPTION TERMINATION AGREEMENT

**Grantor/Landlord:** Cascade Medical Properties, a Washington general partnership ("Landlord")

**Grantee/Subtenant:** Skagit County Public Hospital District No. 2, a Washington municipal corporation ("Subtenant")

**Sublandlord:** Skagit County Public Hospital District No. 1, a Washington municipal corporation ("District No. 1"), Skagit County Public Hospital District No. 304, a Washington municipal corporation ("District No. 304"), and Affiliated Health Services, a Washington general partnership ("AHS") (collectively, "Sublandlord")

**Abbreviated Legal Description:** (lot, block and plat name, or section-township-range):

That portion of Tracts 3 and 4, Short Plat No. MV-3-83, approved July 26, 1983 and recorded July 28, 1983, under Auditor's File No. 8307280011, in Volume 6 of Short Plats, page 74, records of Skagit County, Washington; being a portion of the Northeast ¼ of Section 29, Township 34 North, Range 4 East, W.M.

Additional legal description is on page 8 of the document attached hereto.

**Assessor's Property Tax Parcel Account Number:** 340429-1-001-0300

**MEMORANDUM OF LEASE  
AND OPTION TERMINATION AGREEMENT**

**THIS MEMORANDUM OF LEASE AND OPTION TERMINATION AGREEMENT** is dated this 31<sup>ST</sup> day of December 2000, by and between CASCADE MEDICAL PROPERTIES, a Washington general partnership whose partners are Richard J. Abbott, M.D., Paul D. Johnson, M.D. and Steven H. Johnson, M.D. ("Cascade"); SKAGIT COUNTY PUBLIC HOSPITAL DISTRICT NO. 2, a Washington municipal corporation, d/b/a Island Hospital and Island Health Northwest ("IHN"); SKAGIT COUNTY PUBLIC HOSPITAL DISTRICT NO. 1, a Washington municipal corporation, d/b/a Skagit Valley Hospital ("District No. 1"); SKAGIT COUNTY PUBLIC HOSPITAL DISTRICT NO. 304, a Washington municipal corporation, d/b/a United General Hospital ("District No. 304"); and AFFILIATED HEALTH SERVICES, a Washington general partnership whose partners are District No. 1 and District No. 304 ("AHS") (District No. 1, District No. 304 and AHS are collectively referred to as "Sublandlord").

1. Termination Agreement. The parties entered into that certain Termination Agreement of even date herewith (the "Termination Agreement"). The purpose of the Termination Agreement is to end the Lease Term and extinguish all extension rights under a certain sublease and lease in favor of IHN and Sublandlord as subtenant and tenant respectively, and to terminate an option agreement in favor of IHN, as more specifically described below.

2. Termination of Sublease. IHN as subtenant and Sublandlord as sub-landlord entered into that certain Sublease Agreement, dated March 18, 1999 and recorded in Skagit County as Document No. \_\_\_\_\_ (the "Sublease"). Pursuant to the Sublease, IHN leased certain real property known as 2116 E. Section Street, Mount Vernon, Washington, together with the building, parking area, sidewalks and other improvements located thereon, more particularly described on attached Exhibit A (the "Premises"). IHN and Sublandlord hereby agree that the Lease Term of the Sublease has ended effective 12:00:01 a.m. January 1, 2001 (the "Termination Date").

3. Termination of Prime Lease. Cascade as landlord and Sublandlord as tenant entered into that certain Lease Agreement, dated March 18, 1999 and recorded in Skagit County as Document No. \_\_\_\_\_ (the "Prime Lease"). Pursuant to the Prime Lease, Sublandlord leased the Premises from Cascade. Cascade and Sublandlord hereby agree that the Lease Term of the Prime Lease has ended as of the Termination Date.

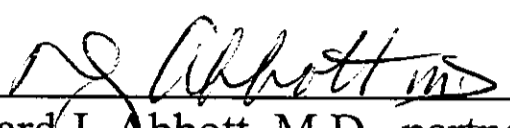
4. Termination of Option Agreement. IHN and Cascade entered into that certain Option to Purchase Real Property, dated March 18, 1999 and recorded in Skagit County as Document No. \_\_\_\_\_ (the "Option Agreement"). Pursuant to the Option Agreement, IHN had the option to purchase the Premises after the end of the third lease year under the Prime Lease. IHN and Cascade hereby agree that the Option Agreement has been terminated without exercise as of the Termination Date.

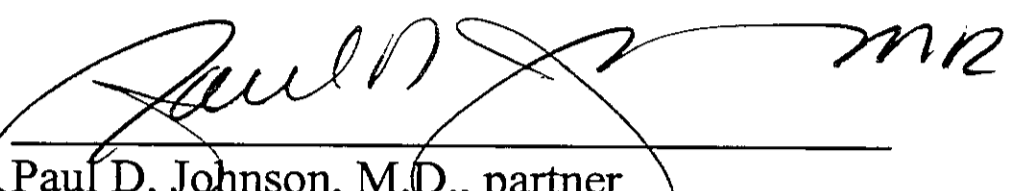


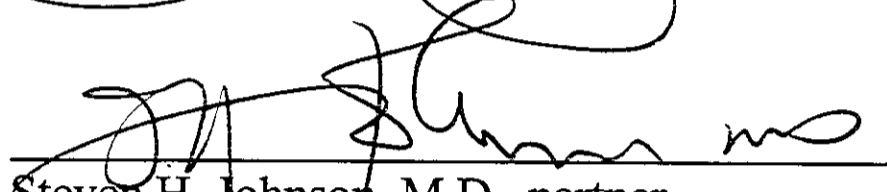
5. Purpose of Memorandum. This Memorandum is prepared for the purpose of recordation and in no way modifies the Termination Agreement.

**CASCADE:**

**Cascade Medical Properties,  
a Washington general partnership**

  
\_\_\_\_\_  
Richard J. Abbott, M.D., partner

  
\_\_\_\_\_  
Paul D. Johnson, M.D., partner

  
\_\_\_\_\_  
Steven H. Johnson, M.D., partner

**Skagit County Public Hospital District No. 2,  
a Washington municipal corporation**

\_\_\_\_\_  
Vincent C. Oliver, CEO

**IHN:**

**DISTRICT NO. 1:**

**Skagit County Public Hospital Distinct No. 1,  
a Washington municipal corporation**

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

**DISTRICT NO. 304:**

**Skagit County Public Hospital Distinct No. 304,  
a Washington municipal corporation**

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

**AHS:**

**Affiliated Health Services,  
a Washington general partnership**

\_\_\_\_\_  
By: Patrick R. Mahoney, CEO

SKAGIT COUNTY WASHINGTON  
Real Estate Excise Tax

JAN 23 2001

Amount Paid \$   
Skagit Co. Treasurer  
By  Deputy

5. Purpose of Memorandum. This Memorandum is prepared for the purpose of recordation and in no way modifies the Termination Agreement.

**CASCADE:**

**Cascade Medical Properties,  
a Washington general partnership**

\_\_\_\_\_  
Richard J. Abbott, M.D., partner

\_\_\_\_\_  
Paul D. Johnson, M.D., partner

\_\_\_\_\_  
Steven H. Johnson, M.D., partner

**IHN:**

**Skagit County Public Hospital District No. 2,  
a Washington municipal corporation**

  
\_\_\_\_\_  
Vincent C. Oliver, CEO

**DISTRICT NO. 1:**

**Skagit County Public Hospital Distinct No. 1,  
a Washington municipal corporation**

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

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

**DISTRICT NO. 304:**

**Skagit County Public Hospital Distinct No. 304,  
a Washington municipal corporation**

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

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

**AHS:**

**Affiliated Health Services,  
a Washington general partnership**

\_\_\_\_\_  
By: Patrick R. Mahoney CEO



5. Purpose of Memorandum. This Memorandum is prepared for the purpose of recordation and in no way modifies the Termination Agreement.

**CASCADE:**

**Cascade Medical Properties,  
a Washington general partnership**

\_\_\_\_\_  
Richard J. Abbott, M.D., partner

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Paul D. Johnson, M.D., partner

\_\_\_\_\_  
Steven H. Johnson, M.D., partner

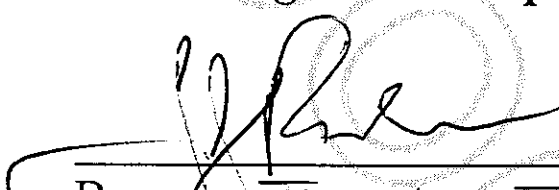
**IHN:**

**Skagit County Public Hospital District No. 2,  
a Washington municipal corporation**

\_\_\_\_\_  
Vincent C. Oliver, CEO


**DISTRICT NO. 1:**

**Skagit County Public Hospital Distinct No. 1,  
a Washington municipal corporation**

  
\_\_\_\_\_  
By: Timothy J. Raschko  
Its: President

**DISTRICT NO. 304:**

**Skagit County Public Hospital Distinct No. 304,  
a Washington municipal corporation**

  
\_\_\_\_\_  
By: Daniel H. Garcia, MD  
Its: President

**AHS:**

**Affiliated Health Services,  
a Washington general partnership**

  
\_\_\_\_\_  
By: Patrick R. Mahoney, CEO

MEMORANDUM OF LEASE AND OPTION

TERMINATION AGREEMENT - 2

12/06/00 - {CDI451917.DOC;4/06989.050001/}

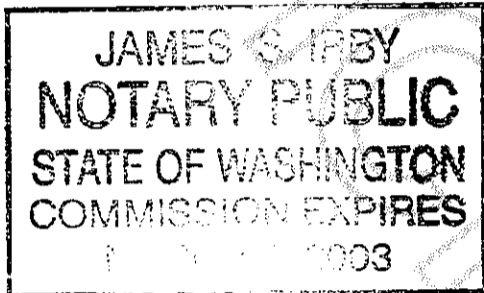


200101230025  
, Skagit County Auditor

STATE OF WASHINGTON )  
 ) ss.  
COUNTY OF Skagit )

On this 20<sup>th</sup> day of December, 2000, before me personally appeared Richard J. Abbott, M.D., to me known to be a partner of Cascade Medical Properties, the partnership that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said partnership, for the uses and purposes therein mentioned, and on oath stated that he was authorized to execute said instrument.

IN WITNESS WHEREOF I have hereunto set my hand and affixed my official seal the day and year first above written.



(Seal or stamp)

[Signature]  
(Signature)

James S. Irby  
(Name legibly printed or stamped)

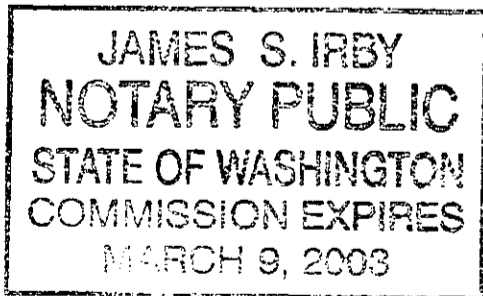
Notary Public in and for the State of Washington,  
residing at Seattle, WA.

My appointment expires March 9, 2003

STATE OF WASHINGTON )  
 ) ss.  
COUNTY OF Skagit )

On this 28<sup>th</sup> day of December, 2000, before me personally appeared Paul D. Johnson, M.D., to me known to be the partner of Cascade Medical Properties, the partnership that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said partnership, for the uses and purposes therein mentioned, and on oath stated that he was authorized to execute said instrument.

IN WITNESS WHEREOF I have hereunto set my hand and affixed my official seal the day and year first above written.



(Seal or stamp)

[Signature]  
(Signature)

James S. Irby  
(Name legibly printed or stamped)

Notary Public in and for the State of Washington,  
residing at Seattle, WA.

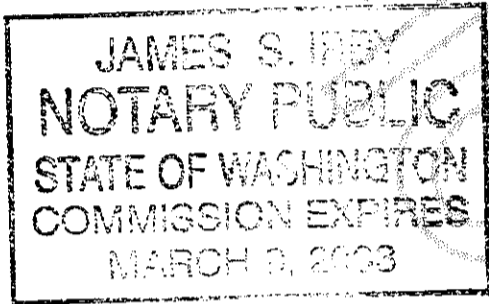
My appointment expires March 9, 2003



STATE OF WASHINGTON )  
 ) ss.  
COUNTY OF Skagit )

On this 20 day of December, 2000, before me personally appeared Steven H. Johnson, M.D., to me known to be a partner of Cascade Medical Properties, the partnership that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said partnership, for the uses and purposes therein mentioned, and on oath stated that \_\_\_\_\_ was authorized to execute said instrument.

IN WITNESS WHEREOF I have hereunto set my hand and affixed my official seal the day and year first above written.



(Seal or stamp)

[Signature]  
(Signature)

James S. Iby  
(Name legibly printed or stamped)

Notary Public in and for the State of Washington,  
residing at Seattle WA.  
My appointment expires March 9, 2003

STATE OF WASHINGTON )  
 ) ss.  
COUNTY OF \_\_\_\_\_ )

On this \_\_\_\_\_ day of \_\_\_\_\_, 2000, before me personally appeared Vincent C. Oliver, to me known to be the chief executive officer of Skagit County Public Hospital District No. 2, the corporation that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that \_\_\_\_\_ was authorized to execute said instrument.

IN WITNESS WHEREOF I have hereunto set my hand and affixed my official seal the day and year first above written.

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Name legibly printed or stamped)

(Seal or stamp)

Notary Public in and for the State of Washington,  
residing at \_\_\_\_\_.  
My appointment expires \_\_\_\_\_



200101230025  
Skagit County Auditor

STATE OF WASHINGTON )  
 ) ss.  
COUNTY OF \_\_\_\_\_ )

On this \_\_\_\_\_ day of \_\_\_\_\_, 2000, before me personally appeared Steven H. Johnson, M.D., to me known to be a partner of Cascade Medical Properties, the partnership that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said partnership, for the uses and purposes therein mentioned, and on oath stated that \_\_\_\_\_ was authorized to execute said instrument.

IN WITNESS WHEREOF I have hereunto set my hand and affixed my official seal the day and year first above written.

\_\_\_\_\_  
(Signature)

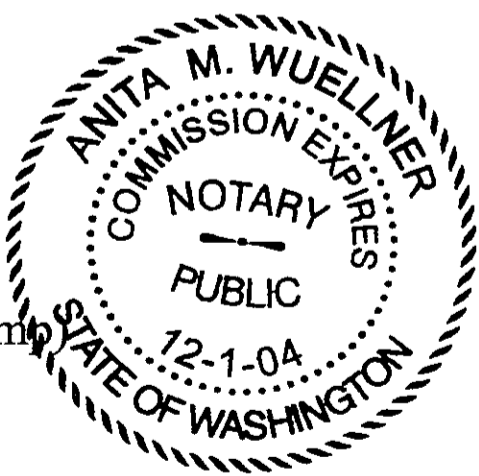
(Seal or stamp)

\_\_\_\_\_  
(Name legibly printed or stamped)  
Notary Public in and for the State of Washington,  
residing at \_\_\_\_\_  
My appointment expires \_\_\_\_\_

STATE OF WASHINGTON )  
 ) ss.  
COUNTY OF Skagit )

On this 21st day of December, 2000, before me personally appeared Vincent C. Oliver, to me known to be the chief executive officer of Skagit County Public Hospital District No. 2, the corporation that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that he was authorized to execute said instrument.

IN WITNESS WHEREOF I have hereunto set my hand and affixed my official seal the day and year first above written.



(Seal or stamp)

Anita M. Wuellner  
(Signature)

Anita M. Wuellner  
(Name legibly printed or stamped)  
Notary Public in and for the State of Washington,  
residing at Burlington  
My appointment expires 12-1-04



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Skagit County Auditor



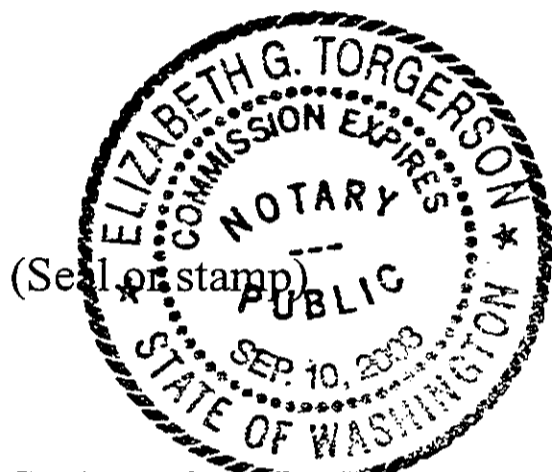
STATE OF WASHINGTON )  
 ) ss.  
COUNTY OF Skagit )

On this 15<sup>th</sup> day of December, 2000, before me personally appeared Timothy J. Baschko, to me known to be the President of Skagit County Public Hospital District No. 1, the corporation that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that he was authorized to execute said instrument.

IN WITNESS WHEREOF I have hereunto set my hand and affixed my official seal the day and year first above written.

Elizabeth H. Torgerson  
(Signature)

Elizabeth G. Torgerson  
(Name legibly printed or stamped)  
Notary Public in and for the State of Washington,  
residing at Sedro-Woolley.  
My appointment expires 09-10-03.



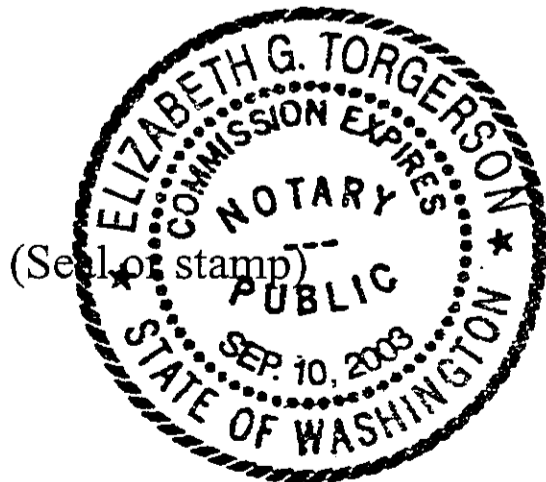
STATE OF WASHINGTON )  
 ) ss.  
COUNTY OF KING )

On this 15<sup>th</sup> day of December, 2000, before me personally appeared Daniel H. Garcia, MD to me known to be the President of Skagit County Public Hospital District No. 304, the corporation that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that he was authorized to execute said instrument.

IN WITNESS WHEREOF I have hereunto set my hand and affixed my official seal the day and year first above written.

Elizabeth H. Torgerson  
(Signature)

Elizabeth G. Torgerson  
(Name legibly printed or stamped)  
Notary Public in and for the State of Washington,  
residing at Sedro-Woolley.  
My appointment expires 09-10-03.



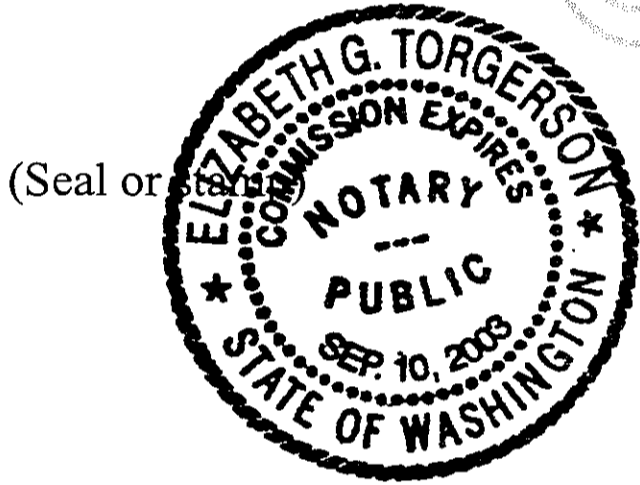
STATE OF WASHINGTON )  
 ) ss.  
COUNTY OF KING )

On this 22<sup>nd</sup> day of December 2000, before me personally appeared Patrick R. Mahoney, to me known to be the chief executive officer of Affiliated Health Services, the partnership that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said partnership, for the uses and purposes therein mentioned, and on oath stated that he was authorized to execute said instrument.

IN WITNESS WHEREOF I have hereunto set my hand and affixed my official seal the day and year first above written.

Elizabeth A. Torgerson  
Patrick R. Mahoney ET  
(Signature)

Elizabeth G. Torgerson  
(Name legibly printed or stamped)  
Notary Public in and for the State of Washington,  
residing at Sedro-Woolley  
My appointment expires 09-10-03



**EXHIBIT A**

**LEGAL DESCRIPTION**

The land is located in Skagit County, Washington, and is legally described as follows:

That portion of Tracts 3 and 4, Short Plat No. MV-3-83, approved July 26, 1983 and recorded July 28, 1983, under Auditor's File No. 8307280011, in Volume 6 of Short Plats, page 74, records of Skagit County, Washington; being a portion of the Northeast  $\frac{1}{4}$  of Section 29, Township 34 North, Range 4 East, W.M., and more particularly described as follows:

Beginning at the Southeast corner of said Tract 3;

thence North  $87^{\circ}49'50''$  West 10.00 feet to the West line of East 10 feet of said Tract 3;

thence North  $2^{\circ}32'23''$  East 483.01 feet along said West line to the true point of beginning;

thence North  $87^{\circ}46'27''$  West 65.00 feet;

thence North  $36^{\circ}22'46''$  West 195.79 feet;

thence North  $87^{\circ}46'27''$  West 120.00 feet;

thence North  $2^{\circ}21'58''$  East 330.00 feet to the North line of said Tract 3;

thence South  $87^{\circ}46'27''$  East 283.86 feet along the North line of said Tracts 3 and 4 to a point of curvature;

thence along the arc of said curve to the right having a radius of 25.00 feet, through a central angle of  $90^{\circ}18'50''$ , an arc distance of 39.41 feet to a point of tangency on the West line of the East 10 feet of said Tract 4;

thence South  $2^{\circ}32'23''$  West 457.87 feet along said West line to the true point of beginning.

Situated in the County of Skagit, State of Washington



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Skagit County Auditor

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