After Filing Return to:

James S. Irby, Esq.
Karr Tuttle Campbell
1201 Third Avenue, Suite 2900
Seattle, WA 98101-3028



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.

[X] 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 3/57 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").

- The parties entered into that certain Termination Termination Agreement. 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.
- 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 (the "Sublease"). Pursuant to the Sublease, IHN County as Document No. 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").
- Termination of Prime Lease. Cascade as landlord and Sublandlord as tenant 3. 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.
- 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 _____ (the "Option Agreement"). Pursuant to the Option Document No. 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.

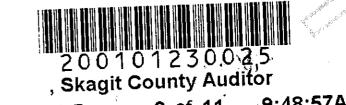


1/23/2001 Page

2 of 11

	Cascade Medical Properties, a Washington general partnership
F	Richard J. Abbott, M.D., partner
SKAGIT COUNTY WASHINGTON Real Fetate Fycial Tay	Jaul D. Johnson M.D. postage
JAN 2 3 2001	Paul D. Johnson, M.D., partner
Amount Paid \$ Skagit Co. Treasurer By Deputy	Steven H. Johnson, M.D., partner
The state of the s	Skagit County Public Hospital District No. 2, Washington municipal corporation
	Vincent C. Oliver, CEO
DISTRICT NO. 1:	Skagit County Public Hospital Distinct No. 1, Washington municipal corporation
	By:ts:
	kagit County Public Hospital Distinct No. 304, Washington municipal corporation
	sy:
	Affiliated Health Services, Washington general partnership
$\overline{ m B}$	y: Patrick R. Mahoney, CEO

MEMORANDUM OF LEASE AND OPTION
TERMINATION AGREEMENT - 2
12/06/00 - {CDI451917.DOC;4/06989.050001/}



, Skagit County Auditor 1/23/2001 Page 3 of 11 9:48:57AM

CASCADE:	Cascade Medical Properties,
	a Washington general partnership
	Richard J. Abbott, M.D., partner
	Paul D. Johnson, M.D., partner
The state of the s	Steven H. Johnson, M.D., partner
HN:	Skagit County Public Hospital District No. 2,
	a Washington municipal corporation
	rull. I tuend
	Vincent C. Oliver, CEO
DISTRICT NO. 1:	Charit County Dublic House 4 1 Disting 4 No. 1
MSTRICT NO. 1:	Skycital Milmits Pilnito Hoenital Inetinot No. 1
	Skagit County Public Hospital Distinct No. 1, a Washington municipal corporation
	a Washington municipal corporation
	a Washington municipal corporation
	a Washington municipal corporation By:
	a Washington municipal corporation
DISTRICT NO. 304:	a Washington municipal corporation By: Its:
DISTRICT NO. 304:	a Washington municipal corporation By: Its:
DISTRICT NO. 304:	By: Its: Skagit County Public Hospital Distinct No. 304
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DISTRICT NO. 304:	By:
	By:
	By: Its: Skagit County Public Hospital Distinct No. 304 a Washington municipal corporation By:
	By:
HS:	By:
HS:	By:

1/23/2001 Page

4 of 11 9:48:57AM

	This Memorandum is prepared for the purpose of
recordation and in no way modifies the Ten	mination Agreement.
CASCADE:	Cascade Medical Properties,
	a Washington general partnership
The state of the s	
	Richard J. Abbott, M.D., partner
	Paul D. Johnson, M.D., partner
The state of the s	
The first term of the second o	Steven H. Johnson, M.D., partner
The second secon	
IHN:	Skagit County Public Hospital District No. 2,
	a Washington municipal corporation
	A Company of the Comp
	Vincent C. Oliver, CEO
DISTRICT NO. 1:	Skagit County Public Hospital Distinct No. 1,
	a Washington municipal corporation
	By: Timothy J. Rachko
	Hs: President
	A CONTRACTOR OF THE PARTY OF TH
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
	tuck Whiney
	By: Patrick R. Mahoney, CEO

MEMORANDUM OF LEASE AND OPTION TERMINATION AGREEMENT - 2 12/06/00 - {CDI451917.DOC;4/06989.050001/}



5 of 11

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STATE OF WASHINGTON)	
\sim ,) ss.	
COUNTY OF Skeen it	
On this 26 day of Jeeul	, 2000, before me personally appeared Richard J. ner of Cascade Medical Properties, the partnership that
Abbott, M.D., to me known to be a parti	ner of Cascade Medical Properties, the partnership that
executed the within and foregoing instru	ment, and acknowledged said instrument to be the free ership, for the uses and purposes therein mentioned, and
on oath stated that he was authorized to ex	xecute said instrument
	Acoute said histramont.
IN WITNESS WHEREOF I have	hereunto set my hand and affixed my official seal the
day and year first above written.	A state and a stat
JAMES SAFBY	
NOTARY PUBLIC	(Olive) Sinh
STATE OF WASHINGTON	(Signature)
COMMISSION EXPIRES	
	James D. John
	(Name legibly printed or stamped)
(Seal or stamp)	Notary Public in and for the State of Washington,
	residing at Scoth, wy.
	My appointment expires Would ? 250
STATE OF WASHINGTON)	
) 55	
COUNTY OF Some	And the state of t
$\boldsymbol{\mathcal{U}}$	
On this 25th day of Second	→ , 2000, before me personally appeared Paul D. partner of Cascade Medical Properties, the partnership
Johnson, M.D., to me known to be the r	partner of Cascade Medical Properties, the partnership
that executed the within and foregoing in	istrument, and acknowledged said instrument to be the
free and voluntary act and deed of said pa	rtnership, for the uses and purposes therein mentioned,
and on oath stated that he was authorized	to execute said instrument.
IN WITNESS WHEDEOE I have	1
day and year first above written.	hereunto set my hand and affixed my official seal the
JAMES S. IRBY	· Remodel II
NOTARY PUBLIC	(Signature)
STATE OF WASHINGTON COMMISSION EXPIRES	
MARCH 9, 2003	James S. Ichil
Commence of the second of the	(Name legibly printed or stamped)
(Seal or stamp)	Notary Public in and for the State of Washington
	residing at Scattle 18)4.
	My appointment expires Warch 9, 2003

MEMORANDUM OF LEASE AND OPTION
TERMINATION AGREEMENT - 3
12/06/00 - {CDI451917.DOC;4/06989.050001/}

200101230025 , Skagit County Auditor 1/23/2001 Page 6 of 11 9:48:57AM

STATE OF WASHINGTON)		
) ss.		
COUNTY OF Skay, +)		
executed the within and foregoing instrume	, 2000, before me personally appeared Steven H. of Cascade Medical Properties, the partnership that ent, and acknowledged said instrument to be the free hip, for the uses and purposes therein mentioned, and execute said instrument.	
IN WITNESS WHEREOF I have he day and year first above written.	ereunto set my hand and affixed my official seal the	
NOTARY PUBLICATION STATE OF WASHINGTON COMMISSION EXPIRES MARCH 1, 2003	(Signature) (Name legibly printed or stamped)	
(Seal or stamp)	Notary Public in and for the State of Washington, residing at Seattle St. My appointment expires Wave 9. 2002	
STATE OF WASHINGTON)		
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)	
(Seal or stamp)	(Name legibly printed or stamped) Notary Public in and for the State of Washington, residing at	
	My appointment expires	

200101230025 , Skagit County Auditor 1/23/2001 Page 7 of 11 9:48:57AM

MEMORANDUM OF LEASE AND OPTION
TERMINATION AGREEMENT - 4
12/06/00 - {CDI451917.DOC;4/06989.050001/}

STATE OF WASHINGTON)	
	s.
COUNTY OF)	
On this day of	, 2000, before me personally appeared Steven H.
Johnson, M.D., to me known to be a pa	rtner of Cascade Medical Properties, the partnership that ument, and acknowledged said instrument to be the free
and voluntary act and deed of said partr	nership, for the uses and purposes therein mentioned, and
on oath stated that was authorized	to execute said instrument.
IN WITNESS WHEREOF I have	ve hereunto set my hand and affixed my official seal the
day and year first above written.	
	(Q'
	(Signature)
	(Name legibly printed or stamped)
(Seal or stamp)	Notary Public in and for the State of Washington,
(2-11-11-11-11-11-11-11-11-11-11-11-11-11	residing at .
	My appointment expires
· · · · · · · · · · · · · · · · · · ·	
STATE OF WASHINGTON)	
COUNTY OF Skagit) so	
COUNTY OF Skagii	
On this $2le + dox of A$	2000 hofore me morroughts and
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 mentior execute said instrument.	ned, and on oath stated that he was authorized to
execute said first differit.	
IN WITNESS WHEREOF I hav	e hereunto set my hand and affixed my official seal the
day and year first above written.	
- ****	
M. WUE'L	Celvita M. Wullin
SSION	(Signature)
NOTARLE	Anita M. Wuellner
m.	
(Seal or stample: PUBLIC	(Name legibly printed or stamped)
(Scar of Starring 1977) - 1-04.	Notary Public in and for the State of Washington, residing at
(Seal or stamp)	residing at <u>Burlington</u> My appointment expires 12-1-04



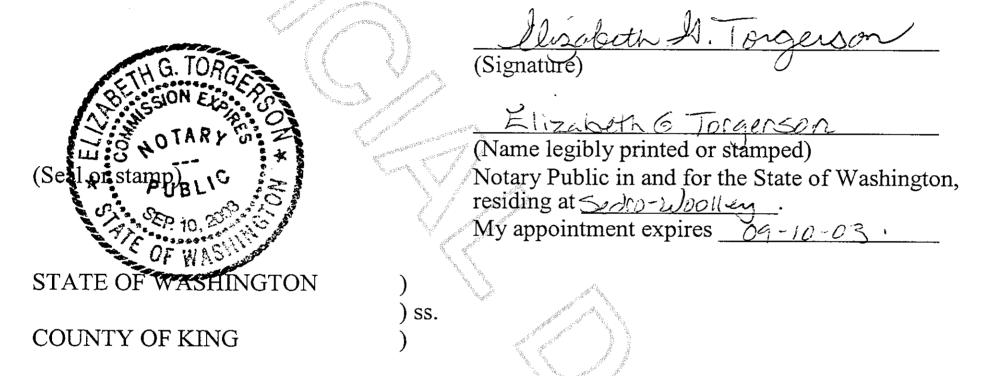
1/23/2001 Page 8 of 11 9:48:57AM

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STATE OF WASHINGTON)
) ss.
COUNTY OF SKAGK)

On this 15th day of Docember, 2000, before me personally appeared Inother Reached, 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.



On this day of <u>December</u>, 2000, before me personally appeared <u>Daniel H. Gaza, mo</u> to me known to be the <u>President</u> 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 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 I. Tongrison (Signature)

(Name legibly printed or stamped)

Notary Public in and for the State of Washington,

residing at Sedro-Woolley.

My appointment expires 09-10-03

MEMORANDUM OF LEASE AND OPTION TERMINATION AGREEMENT - 5 12/06/00 - {CDI451917.DOC;4/06989.050001/} 200101230025 , Skagit County Auditor

1/23/2001 Page 9 of 11 9:48:57AM

STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

On this 22 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.

(Signature)

(Seal or starting) OTARY (Seal or starting) OTARY (Seal or starting) OTARY (Seal or starting) OF WASHING

(Name legibly printed or stamped)

Notary Public in and for the State of Washington, residing at Sedro-Woolley

My appointment expires 0940-03

TERMINATION AGREEMENT - 6

MEMORANDUM OF LEASE AND OPTION

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 ¼ 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°49'50" West 10.00 feet to the West line of East 10 feet of said Tract 3;

thence North 2°32'23" East 483.01 feet along said West line to the true point of beginning;

thence North 87°46'27" West 65.00 feet;

thence North 36°22'46" West 195.79 feet;

thence North 87°46'27" West 120.00 feet;

thence North 2°21'58" East 330.00 feet to the North line of said Tract 3;

thence South 87°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°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°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

200101230025 , Skagit County Auditor 1/23/2001 Page 11 of 11 9:4