

Board of Commissioner's Meeting

November 4, 2020

Superintendent's Report

Sea Mar Sublease

I have received the final sublease agreement back from Sea Mar's attorney and the only changes were to add names and contact information for Sea Mar's Notices and their CEOs name for signature. I will be signing this version.

Insurance

I sent information off to Enduris regarding our lease and sublease and requested them to advise me on additional coverage we may need. I also asked them to remove coverage for the office location we thought we were going to use. I have requested a copy of the insurance policy Sunrise Ridge has on the building.

X-Ray Equipment

I followed up with Neighborcare on the status of the x-ray equipment. They indicated to me that they transferred ownership of the equipment to Sunrise Ridge. The lease language does not specifically address equipment that is owned by Sunrise Ridge and remains in the clinic and in-use at the clinic. It is assumed to be part of the building lease.

Vashon Health Care District – 2021 Projected Budget, Cash and Debt

I have Included in your packet a copy of the 2021 District Budget that was posted on the District website Nov. 1. This version assumes there is no repayment of debt in 2021 and that the District will be allowed to borrow additional funds from King County to cover expenses through April 2020. Tax revenue in the budget is based on a rate of \$.526 and assessed value of \$3.326 billion. This will continue to change slightly as the County updates rates. I did include \$50,000 in donation revenue. Lease revenue is offset by an equal amount of lease expense in the budget. There is also Medicaid Transformation revenue of \$1000, which is money the district receives as an intergovernmental transfer as a public hospital district and will cover our AWPMD dues expense.

Because of the timing of tax receipts this budget shows the District with significant net revenue at 2021 year-end of \$732,376, and a cash balance at year end of about \$600,000. This cash amount is roughly the amount of expense we would expect to incur for January through April of 2022, if there is no reduction in our clinic subsidy below \$125,000 per month.

Committee Reports and Old Business

Finance

Voucher Approval – Request approval for any VHCD vouchers.

King County Relief Funds – Our attendance at the King County Executive Finance Committee was deferred. King County needed more time to consider our proposal to increase the amount we borrow and an extended repayment period. Don has reached out again this week for an update.

External Relations

Levy Update – Eric Pryne shared an updated pro-rationing worksheet. He indicated that we now can approve a levy with a rate of up to 53.112 cents before hitting the \$5.90 cap. The new assessed value for the district is about \$1 million higher than the most recent previous estimate. A levy of 53.112 cents on the new assessed value (\$3,327,584,519) would give us projected levy revenue of \$1,767,346.

New Business

Sea Mar Introductions

I will be introducing Jesus Sanchez, VP, Sea Mar and he will introduce Kerry Barnes as their new Clinic Administrator for Sea Mar Vashon Island Medical Clinic. Jesus has been my main contact with Sea Mar since the agreement was signed. He has also been in discussion with Wendy Kleppe, Executive Director of Vashon Community Care.

COMMERCIAL SUBLEASE AGREEMENT

1. Parties

This SUBLEASE is entered into and is effective as of November __, 2020, by and between Public Hospital District No. 5, King County, dba Vashon Health Care District ("Tenant") and Sea Mar Community Health Centers, a Washington not-for-profit corporation ("Subtenant"). Tenant and Sunrise Ridge Health Services, a Washington nonprofit corporation ("Landlord") entered into a lease agreement for the Premises described above which began on the 7th day of November, 2020 (herein referred to as the "Master Lease"). A copy of the Master Lease is attached to this Sublease Agreement.

2. Premises & Improvements

Tenant hereby leases to Subtenant and Subtenant hereby leases from Tenant upon the terms and conditions herein set forth that certain property (the "Premises") as shown on **Exhibit A-3** attached hereto and incorporated herein by this reference. The Premises includes an approximately 7,339 rentable square foot building located at 10030 SW 210th St., Vashon, WA 98070, and the exclusive use of the parking areas surrounding said building and shown on **Exhibit A-2** attached hereto. The Premises is known as Building #3 (the "Building") of the Sunrise Ridge Center (the "Property"). The Property consists of seven (7) buildings situated upon the real property legally described on **Exhibit A-1** and shown on **Exhibit A-2** attached hereto.

3. Lease Term and Commencement Date

This lease term shall commence on November 7, 2020 (Commencement Date) or such earlier date that Subtenant is provided possession of the Premises by Tenant, and shall end on October 31, 2021 (the "Initial Term").

4. Options to Renew

So long as Subtenant is not then in default under this Sublease, Subtenant shall have the option to extend the Initial Term of this Sublease for eight (8) additional one-year terms (collectively the "Additional Terms," or individually, the "First Additional Term" and the "Second Additional Term", etc.). To exercise its option to extend this Sublease for the Additional Terms, Subtenant must deliver to Tenant a written notice (Option Notice) exercising its renewal option at least ninety (90) days, but not more than one hundred twenty (120), days prior to the date that the immediately preceding Term will expire. All of the terms and conditions of this Sublease shall apply during the Additional Term except (i) the base annual rent shall be as set forth on **Exhibit B**; (ii) unless otherwise agreed by Tenant in writing, there shall be no further renewal options after the commencement of the Additional Terms; and (iii) Tenant shall have no Subtenant improvement obligations with respect to the Premises.

5. Rent

Subtenant agrees to pay Tenant as minimum rent, without notice or demand, the monthly sum set forth on **Exhibit B** entitled Rent Schedule, attached hereto and incorporated herein by this reference. Minimum monthly rent is payable in advance on or before the first day of each month of the lease term. Rent for any portion during the term hereof that is for less than one month shall be a prorated portion of the minimum monthly rent. All rent shall be paid to Tenant without deduction or offset in lawful money of the United States of America at such place as the Tenant may from time to time designate in writing.

Upon execution of this Sublease, Subtenant shall tender to Tenant Six Thousand Four Hundred Sixty Two and 93/100 Dollars (\$6,462.93), accounted for as follows:

Prorated Rent for November 2020 (11/7-11/30)	\$4,893.60
Prorated Taxes for November (11/7-11/30) and All of December 2020	\$1,065.33
Prorated Insurance for November (11/7-11/30)	\$ 504.00
Total Due at Lease Inception	\$6,462.93

6. Additional Rent

In addition to the minimum monthly rent, beginning on the Commencement Date or such earlier date that Subtenant is provided possession of the Premises by Tenant, Subtenant shall pay the following expenses on behalf of Tenant:

6.1 Taxes & Assessments

In addition to the rent set forth in Paragraph 5, above, Subtenant shall reimburse Tenant for sixty five percent (65%) of real property taxes, personal property taxes and surface water management or drainage assessments, if any, which are levied, assessed upon or imposed by any governmental authority or political subdivision thereof during any calendar year of the Term hereof with respect to the Premises and any improvements, fixtures, and equipment, real or personal, and used exclusively in connection with the operation of the Premises, parking facilities and adjacent landscaped areas. Said reimbursement shall be sixty five percent (65%) of said taxes and assessments with regard to tax parcel number 0622039107. By way of example only, the most recent 2020 taxes associated with tax parcel number 0622039107 were \$10,923.00 for the entire tax parcel (for SWM charges only, no other taxes were levied), so Subtenant's prorated percentage owing to Tenant would for that year would be \$7,100.00. Subtenant shall pay Tenant for its prorated share of such taxes and assessments within five (5) days after being invoiced by Tenant, which invoices will typically be sent on April 1st and October 1st of each year, prior to the semi-annual tax payment deadlines. Subtenant shall have the right to contest any proposed assessment or reclassification that may increase Subtenant's monetary obligations under this paragraph, and Tenant agrees to execute such documents as may be necessary to allow Subtenant to participate in any such proceeding.

6.2 Casualty Insurance

During the Sublease term, Tenant shall maintain all-risk coverage casualty insurance for the Premises, in an amount not less than the replacement cost of the Premises, with a deductible of not more than \$5,000. The casualty insurance policy shall name Tenant as the insured, with

loss payable to Tenant, or Tenant's lender(s) as their interest may appear. Subtenant shall be responsible for sixty five percent (65%) of the cost and expense related to such insurance, and Tenant will use best efforts to provide Subtenant with an estimate of all such cost and expense, in advance, and Subtenant shall pay for said insurance to Tenant, in advance, on a monthly, pro-rated basis, said monthly payments due and owing on the first of each month pursuant to the terms set forth in Sections 5 and 26.5. Tenant shall provide Subtenant with a periodic written statement setting forth the detail supporting said insurance. If Tenant's estimate of the insurance is ultimately determined to be below the actual premiums owing, Tenant may invoice Subtenant directly for any shortfall, and Subtenant shall pay said amount, in full, within thirty (30) days thereafter.

Tenant's current estimate for annual casualty insurance is \$11,672.00 for 2020, making Subtenant's 65% share \$7,587.00 for the year. Subtenant's monthly payment under this example, pro-rated, would be \$630.00 per month. This is an estimate only, and in no way implies a cap on Subtenant's insurance obligations.

6.3 Liability Insurance

Subtenant shall, at Subtenant's sole expense, keep in force during the term of this Sublease a policy of comprehensive public liability insurance insuring Tenant and Subtenant against any liability arising out of the ownership, use, occupancy or maintenance of the Premises, Building and Land and all areas appurtenant thereto. Such insurance shall be in an amount not less than Two Million Dollars (\$2,000,000.00) Combined Single Limit with respect to injuries or death of persons, and/or destruction of or damage to property. At each renewal of such insurance, Subtenant shall furnish Tenant with a certificate evidencing the coverage required herein, together with a statement that the same shall not be reduced, canceled or modified without ten (10) days written notice to Tenant. If Subtenant shall fail to procure and maintain said insurance, Tenant may procure and maintain the same at the expense of Subtenant. Insurance required hereunder shall be placed with companies reasonably satisfactory to Tenant.

6.4 Utilities

Subtenant shall install and connect, if necessary, and pay for all water, gas, heat, light, power, septic charges, telephone services, janitorial, garbage removal, heat and all other services and utilities supplied to the Premises, together with any taxes thereon. Prior to executing this Sublease, Subtenant shall determine whether the available capacity of such utilities will meet Subtenant's needs. Subtenant shall indemnify and save Tenant harmless against any liability or damages on such accounts.

With regard to water, a separate water meter will be installed by Tenant at its expense, which will track the quantity of water used by the Premises. Once the meter is operating, Subtenant will be billed by and will pay Tenant monthly for water received from District 19 as reflected by the water meter. By way of example only, water rates are currently calculated by District 19 at \$70.00 per month, plus 5 cents per cubic foot. Subtenant shall pay Tenant within five (5) days after being invoiced by Tenant. Until said water meter is installed, Subtenant will not be obligated to pay Tenant for water, and Tenant will cover said water expenses.

With regard to sewage, Subtenant will pay to Tenant a sewage charge calculated at the same rates charged by the local King County Sewer District, which rates are currently calculated by taking the water usage as reported by District 19, and charging a base charge of \$140 per month, plus 10 cents per cubic foot (of water usage for the Premises). Subtenant shall pay Tenant within five (5) days after being invoiced by Tenant. Until said water meter is installed, Subtenant will not be obligated to pay Tenant for sewer, and Tenant will cover any sewer expenses.

7. Change in Method of Taxation

If at any time there is imposed on Tenant a material capital levy or other tax directly on the rents received or any other tax or assessment levied or assessed in lieu of or in addition to present tax assessments or charges, then Tenant shall have the option to terminate this Sublease upon giving Subtenant one hundred twenty (120) days written notice of such termination.

8. Use of Premises

Subtenant's use and occupancy of the Premises shall be for the following purposes and no other without the prior written consent of Tenant: Primary and/or Urgent Care Health Clinic. Subtenant shall not use or permit the use of the Premises in any way that is in conflict with any law or governmental rule. Subtenant represents and warrants to Tenant that it has done all due diligence necessary before signing this Sublease, and Subtenant accepts all risks expenses associated with bringing the Premises into condition where it can be lawfully used as specified.

9. Hazardous Materials

As used in this Sublease, the term "Hazardous Materials" means any flammable items, explosives, radioactive materials, hazardous or toxic substances, material or waste or related materials, including any substances defined as or included in the definition of "Hazardous Substances", "Hazardous Wastes", "Hazardous Materials" or "Toxic Substances" now or subsequently regulated under any applicable federal, state or local law or regulations, including, without limitation, petroleum based products, paints, solvents, lead, cyanide, DDT, printing inks, acids, pesticides, ammonia compounds and other chemical products, asbestos, PCBs and similar compounds and including any different products and materials that are subsequently found to have adverse effects on the environment or the health and safety of persons. In no event, however, shall Tenant be required to consent to the installation or use of any underground storage tanks on the Premises. All of Subtenant's obligations pursuant to Section 9 apply only to Hazardous Materials or environmental measures caused or arising as a result of Subtenant's use of the Premises.

Tenant has no specific knowledge of a hazardous materials assessment as of the date of execution of this Commercial Sublease Agreement, but Tenant and Subtenant jointly acknowledge that, without duty of investigation, given the age and commercial nature of the Premises, the Premises may contain Hazardous Materials, including but not limited to lead paint and asbestos, on, in, or under the Premises as of the Commencement Date.

9.1 Subtenant's Obligations

Subtenant shall:

(a) Cause all of Subtenant's operations conducted on the Premises, including, without limitation, the operations of Subtenant's agents, contractors, customers or invitees (Subtenant's Operations) to comply with all federal, state or local environmental laws or regulations (Environmental Laws) and orders of any governmental authorities having jurisdiction under any Environmental Laws.

(b) Obtain, keep in effect and comply with all governmental permits and authorizations required by Environmental Laws with respect to Subtenant's Operations.

(c) Furnish Tenant with copies of all such permits and authorizations and any amendments or renewals thereof, and notify Tenant of any expiration or revocation of such permits or authorizations.

(d) Maintain the on-Premises fire suppression system in good working order, including but not limited to any City, County, State, or Federal requirements; and service the on-Premises fire suppression system and fire extinguishers every six (6) months or as otherwise required under the applicable laws.

(e) Assume responsibility for remediation of any Hazardous Materials disturbed by or connected with Subtenant's work hereunder.

(f) Be solely responsible for disposing of all Medical Waste and such disposal shall comply with applicable laws. Subtenant's disposal of Medical Waste and removal thereof from the Premises shall be provided by Subtenant's contractors, at Subtenant's sole cost and expense. Under no condition shall Subtenant deposit any Medical Waste in trash receptacles or in the dumpster servicing the Property. For purposes of this Agreement, "Medical Waste" shall include any and all waste commonly produced by medical clinics in the provision of primary or urgent care services.

9.2 Limitation on Uses of Hazardous Material

(a) Subtenant shall not use, or allow any agents or contractors to use the Premises to generate, manufacture, refine, transport, treat, store, handle, recycle, release or dispose of any Hazardous Material, or cause or permit any Hazardous Material to be brought upon, used, kept or stored on or about the Premises by Subtenant or its agents or contractors, except in strict compliance with all Environmental Laws. All Hazardous Materials shall be used, kept and stored in a manner complying with Subsection 9.2(b).

(b) All Hazardous Material used, kept and stored on or about the Premises shall be used, kept and stored in compliance with Environmental Laws and in a manner that minimizes the likelihood of any releases on, in, above, under or from the Premises.

9.3 Subtenant's Obligation to Undertake Environmental Measures

Subtenant shall undertake any and all preventive, investigatory or remedial actions (including emergency response, removal, containment and other remedial actions) that are either: (a) required by any applicable Environmental Laws or Governmental authorities arising from or in connection with Subtenant's Operations and/or Work; or (b) necessary to prevent or minimize property damage (including damage to the Premises), personal injury or damage to the environment, or the threat of any such damage or injury, by releases of or exposure to Hazardous Material in connection with Subtenant's Operations and/or Subtenant's Work.

9.4 Notices

Subtenant shall immediately notify Tenant in writing if Subtenant becomes aware of any of the following:

(a) Any spill, release or disposal of any Hazardous Material, or imminent threat thereof, on, in, over, under of from the Premises or in connection with Subtenant's Operations, unless a release or disposal is necessary and reasonable for Subtenant's Operations, does not violate any Environmental Laws and poses no threat to human health or the environment;

(b) Any spill, release or disposal of any Hazardous Material or imminent threat thereof, at any adjacent properties, which spill, release or disposal could migrate to, through, over or under the Premises;

(c) Any violation of Environmental Laws regarding the Premises or Subtenant's Operations;

(d) Any administrative or judicial investigation or proceeding relating to Hazardous Material or Environmental Laws and to the Premises or Subtenant's Operations;

(e) Any order, notice of violation, fine, penalty or other similar action relating to Hazardous Material or Environmental Laws and to the Premises or Subtenant's Operations; and

(f) Any complaint or lawsuit filed or threatened to be filed by any person or other entity, including, without limitation, any governmental authority, relating to Hazardous Material or Environmental Laws and to the Premises or Subtenant's Operations.

9.5 Environmental Audits and Site Assessments

(a) If Tenant at any time reasonably believes that Subtenant is not complying with all Environmental Laws or the requirements of this Sublease, or that a material spill, release or disposal of a Hazardous Material has occurred on or about the Premises, or, at the end of the term of this Sublease, Tenant may require Subtenant to furnish Tenant with an environmental audit or site assessment satisfactory to Tenant with regard to the matters of concern to Tenant. The environmental audit or site assessment shall be performed at Subtenant's expense by a qualified consultant approved by Tenant, if such assessment exposes environmental problems caused by Subtenant. Such environmental audit or site assessment shall be performed in a manner such that it will not unreasonably interfere with the operation of Subtenant's business.

(b) Prior to Subtenant's possession of the Premises and the Building, Tenant shall provide Subtenant access to any existing environmental audits or site assessments on the Premises and Building for Subtenant's reasonable review and approval. Subtenant shall have twenty (20) days to review and approve of said audits/assessments. If Subtenant does not provide Tenant with written disapproval of said audits/assessments, Subtenant shall be deemed to have waived said disapproval. This clause is intended to provide Subtenant the ability to review and approve of any environmental cleanup previously performed on the Premises and the Building by the Tenant or any prior Subtenant in an effort to establish a baseline for the environmental condition of the Premises and the Building. If Subtenant provides Tenant with its written disapproval as above described, Subtenant's sole remedy is to immediately terminate this Sublease.

9.6 Tenant's Rights

9.6.1 Inspections

Tenant shall have the right to conduct reasonable inspections and investigations of the Premises and Subtenant's Operations at any time and from time to time, and Subtenant shall cooperate fully with Tenant during such inspections and investigations.

9.6.2 Preventive, Investigatory and Remedial Actions

In the event that Subtenant fails to perform any of its obligations under this Section 9, Tenant may (but shall not be required to) perform such obligations at Subtenant's expense. All costs and expenses incurred by Tenant under this Section 9 shall be reimbursed by Subtenant upon demand with interest at the publicly announced prime rate for commercial borrowers of Bank of America, Main Branch, Seattle, Washington (or its successor) plus three percent (3%) per annum. In performing any of Subtenant's obligations under this Section 9, Tenant shall at all times be deemed to be Subtenant's agent and shall not, by reason of such performance, be deemed to assume any responsibility or liability of Subtenant under any Environmental Laws, to any governmental agency or to any other third party. Subtenant hereby authorizes Tenant to take such acts as may be necessary or desirable to perform Subtenant's obligations under this Section 9 as Tenant deems necessary and appropriate.

9.7 Subtenant's Indemnification

Subtenant agrees to defend (with counsel approved by Tenant), fully indemnify and hold entirely free and harmless Tenant from and against all claims, judgments, damages, penalties, fines, costs, liabilities or losses including, without limitation, diminution in value of the Premises, damages for the loss or restriction on the use of rentable or usable space or of any amenity of the Premises, damages arising from any adverse impact on marketing of space, sums paid in settlement of claims, attorneys fees, consultant fees and expert fees that arise during or after the lease term and that are imposed on, paid by or asserted against Tenant by reason or on account of, in connection with or arising out of Subtenant's use, generation, manufacture, refinement, transportation, treatment, storage, handling, recycling or disposal of Hazardous Material, or any release of Hazardous Material in connection with or as a result of Subtenant's use or activities, or of Subtenant's agents or subcontractors or of any violation of any Environmental Laws by Subtenant or its agents or subcontractors. This indemnification shall not include costs resulting from Hazardous Material which flows, diffuses, migrates or percolates into, onto or under the Premises from any public street or adjacent property.

9.8 Tenant's Indemnification

Tenant agrees to fully indemnify and hold entirely free and harmless Subtenant from and against all claims, judgments, damages, penalties, fines, costs, liabilities or losses including sums paid in settlement of claims, attorney fees, consultant fees and expert fees that arise during or after the lease term and that are imposed on, paid by or asserted against Subtenant by reason or on account of, in connection with or arising out of a prior Subtenant's use, generation, manufacture, refinement, transportation, treatment, storage, handling, recycling or disposal of Hazardous Material, or any release of Hazardous Material in connection with or of any violation of any Environmental Laws by prior Subtenants or their agents or subcontractors.

9.9 Survival

The provisions of this Section 9 shall survive the expiration or earlier termination of this Sublease.

10. Alterations and Additions

10.1 Generally

Subtenant shall not make improvements or changes to any part of the Premises without the prior written consent of Tenant, which consent shall not be unreasonably withheld. In the event Tenant consents to the making of any alterations, additions or improvements to the Premises by the Subtenant ("Subtenant's Work"), the same shall be made by Subtenant at Subtenant's sole cost and expense. All improvements and changes to the Premises shall remain with the Premises upon termination or expiration of this Sublease; provided, Tenant at Tenant's sole option may require Subtenant at Subtenant's sole cost to remove any portion of such improvements or changes upon termination or expiration of this Sublease; and provided, further, that notwithstanding the provisions of this Section 10, Subtenant's trade fixtures shall remain the property of Subtenant and may be removed from the Premises so long as Subtenant repairs all damages to the Premises occasioned by such removal.

10.2 Additional Subtenant Requirements

To the extent that Subtenant is permitted to proceed with additions or alterations as provided for in this Sublease, Subtenant shall ensure that, at a minimum, the following contracting requirements are met in connection with any construction work associated with the Property or Premises:

10.2.1 Indemnification

Subtenant shall cause any contractor performing Subtenant's Work to indemnify, defend and hold harmless Tenant in the same manner and to the same extent as Subtenant is required to indemnify, defend and hold harmless Tenant and its principals, members, agents, successors and assigns under the Sublease;

10.2.2 Lien Releases

Subtenant shall cause any contractor performing Subtenant's Work to provide Tenant with unconditional waiver and lien release forms signed by such contractor and by each subcontractor and supplier who is claiming payment with regard to the Subtenant's Work, verifying payment in full. Subtenant agrees to defend, indemnify, and hold harmless Tenant and its principals, members, agents, successors and assigns, from and against any and all lien claims and/or claims for payment, including but not limited to attorneys' fees and costs, arising out of or resulting from performance of the Subtenant's Work;

10.2.3 Insurance

Before commencing Subtenant's Work in any respect, Subtenant shall cause any contractor who is to perform any of Subtenant's Work to purchase and maintain insurance as described below from an insurer admitted to do business in Washington with an A.M. Best financial strength rating of A-1 or better, that will protect it from bodily injury or property damage claims arising out of its operations in performing Subtenant's Work, whether the operations are by

contractor, contractor's consultants or subcontractors, anyone directly or indirectly employed by any of them, or by anyone for whose acts any of them may be liable:

Commercial General Liability (CGL) insurance providing bodily injury liability and property damage liability with combined single limits of not less than \$1,000,000 per occurrence, and \$2,000,000 general aggregate limits, and Products/Completed Operations aggregate limits of \$2,000,000, written on an occurrence form;

Tenant and Subtenant shall be included as an additional insureds under the CGL policy.

Prior to starting work, Subtenant shall require its contractors to provide a copy of the actual additional insured endorsement or blanket additional insured policy wording to the CGL policy that documents the Tenant and Subtenant's additional insured status.

Subtenant shall secure and maintain property insurance upon the Subtenant's Work to its full insurable value (replacement cost) including the peril of theft and, including materials delivered to the Premises or Property (whether those materials are actually incorporated into or adjacent to the Subtenant's Work), miscellaneous materials and supplies incidental to the Subtenant's Work and temporary structures. Subtenant's policy limit must be increased to contemplate the value of the existing structure and improvements to be added.

11. Maintenance and Repairs

Responsibility for maintenance and repairs shall be allocated between Tenant and Subtenant as follows: By taking possession of the Premises, Subtenant shall be deemed to have accepted the Premises as acceptable for Subtenant's use. Subtenant shall, at Subtenant's sole cost and expense: maintain the HVAC; be responsible for prompt removal of any and all graffiti on the Premises, subject to state, county and local ordinances; perform all reasonably necessary repair and maintenance to the Premises, both interior and exterior, including without limitation, interior and exterior walls, and all electrical, plumbing, gas, water, sewer, and other utilities; and Tenant shall have no responsibility therefor. Subtenant agrees that Tenant shall be under no obligation to rebuild, replace, maintain, or make any repair whatsoever to the Premises other than those specifically stated herein. Subtenant is accepting the HVAC system, generator and roof in its "AS-IS" condition at the time of move in. To be clear, Tenant will not have any obligation to perform any replacement or repairs to the HVAC system or the generator during the term of the Sublease or any Additional Terms. Subtenant shall have the right to place or install in the Premises such additions, Subtenant improvements, fixtures and equipment as it shall deem desirable for the conduct of business therein, and to select the paint colors it desires, so long as any such work is performed by licensed and bonded contractors in compliance with chapter 18.27 RCW, and so long as Subtenant first receives the written consent of the Tenant, which consent shall not be unreasonably withheld. Subtenant shall make no alterations to the structural portions of the Building on the Premises without the Tenant's written consent, which consent shall not be unreasonably withheld. Tenant shall be responsible for maintaining the roof, structural walls and foundation, provided that, in the event Subtenant's use of the Premises

creates a need for structural modifications, Subtenant upon Tenant's written consent to any such structural modifications, shall be responsible for construction and maintenance of such modifications. Further, Tenant shall not be responsible for any improvements required for Subtenant's use and/or occupancy as stated in this Sublease, specifically including but not limited to seismic retrofitting.

Subtenant agrees that it will maintain the Premises and repair all damage which may be caused to the Premises during the term of this Sublease, except for ordinary wear and tear, and to keep in good order, condition and repair, every part of the Premises not provided by the Tenant. Subtenant shall, upon termination of this Sublease, surrender the Premises to Tenant in good condition, broom clean, reasonable wear and tear excepted.

Subtenant shall not use the plumbing for any purpose other than that for which they were constructed and will not deposit any foreign substances in a manner or amount such that the plumbing may become damaged or blocked. Subtenant shall be solely responsible for the cost of any breakage, stoppage or damage resulting from the acts or omissions of Subtenant or its personnel or customers

12. Liens

Subtenant shall keep the Premises and the Land on which the Premises are situated free from any liens arising out of work performed, materials furnished or obligations incurred by Subtenant.

13. Hold Harmless

Subtenant shall indemnify and hold Tenant harmless from any claims arising from: (a) Any act, omission or conduct of Subtenant (and Subtenant's officers, employees, agents, contractors, guests, invitees and visitors) in or about the Premises or the Building, and (b) Any breach of this Sublease by Subtenant. Subtenant shall further indemnify Tenant from all costs and legal fees incurred by Tenant in defending any such claim. In any proceeding brought against Tenant by reason of such claim, Subtenant shall defend the same at Subtenant's expense by legal counsel reasonably satisfactory to Tenant. Subtenant hereby assumes all risk of whatsoever damage to property and injury to persons on or about the Premises or Building; provided, Subtenant shall not assume the risk or obligation of damage to the extent caused by Tenant or Tenant's agents', employees' or contractors' gross negligence.

14. Subrogation

Tenant and Subtenant hereby release each other and any other Subtenant, their agents or employees, from responsibility for, and waive their entire claim of recovery for any loss or damage arising from any cause covered by property insurance required to be carried or otherwise carried by each of them. Each party shall provide notice to the property insurance carrier or carriers of this mutual waiver of subrogation, and shall cause its respective property insurance carriers to waive all rights of subrogation against the other. This waiver shall not apply to the extent of the deductible amounts to any such property policies or to the extent of liabilities exceeding the limits of such policies.

15. Entry by Tenant

Tenant, upon giving Subtenant reasonable notice, shall have the right to enter the Premises to inspect or repair the Premises or for any other reasonable purpose, including without limitation soil testing.

16. Assignment

Subtenant may not assign this Sublease with Tenant's permission, which shall not be unreasonably withheld. If the Master Lease terminates, the sublease shall automatically terminate. Subtenant shall not, by any omission or act, do or permit anything to be done which would cause a default under the Master Lease. If the Master Lease terminates or is forfeited as a result of a default or breach by Subtenant under the sublease and/or the Master Lease, then the defaulting party shall be liable to the non-defaulting party for the damage suffered as a result of such termination or forfeiture.

A consent to one assignment shall not be deemed to be a consent to any subsequent assignment. Consent to any such assignment to a third-party shall in no way relieve Subtenant of any liability under this Sublease.

17. Holding Over

If Subtenant remains in possession of the Premises or any part thereof after the expiration of the term hereof with or without the express written consent of Tenant, such occupancy shall be a tenancy from month-to-month at a rental in the amount of one hundred twenty-five (125%) percent of the last monthly minimum rent, plus all other charges payable hereunder, and upon all the terms hereof applicable to a month-to-month tenancy.

18. Subtenant's Default

The occurrence of any of the following events shall constitute a default of this Sublease by Subtenant:

18.1 Abandonment

Subtenant abandons the Premises.

18.2 Failure to Pay Rent

Subtenant fails to make any payment of rent or any other payment required hereunder when due, where such failure shall continue for a period of three (3) days after written notice thereof by Tenant to Subtenant.

18.3 Failure to Observe Other Covenants

Subtenant fails to perform any of the covenants, conditions or provisions of this Sublease other than as described in Subsections 18.1 and 18.2, where such failure shall continue for a period of ten (10) days after written notice thereof by Tenant to Subtenant; provided, however, that if the nature of Subtenant's default is such that more than ten (10) days are reasonably required for such cure, then Subtenant shall not be deemed to be in default if Subtenant commences such cure within said ten (10) days and, thereafter, diligently prosecutes such cure to completion; and provided, further, that such cure shall be completed within sixty (60) days.

18.4 Insolvency

Subtenant makes any general assignment for the benefit of creditors or the filing by or against Subtenant of a petition relating to bankruptcy (unless, in the case of a petition filed against Subtenant, the same is dismissed within sixty (60) days), or judicial seizure of Subtenant's assets located at the Premises or of Subtenant's interest in this Sublease.

18.5 Misrepresentation

Subtenant makes any statement to Tenant in connection with this Sublease that is false or misleading in any material respect when made and which statement results in damage or harm to Tenant.

Any notice periods granted herein shall be deemed to run concurrently with and not in addition to any default notice periods required by law.

19. Remedies on Default

In the event of any default by Subtenant, Tenant may, at any time thereafter without notice, terminate this Sublease, reenter and take possession of the Premises, or pursue any remedy allowed by law. Tenant's rights and remedies under this Sublease shall be cumulative and non-exclusive.

19.1 Termination of Sublease.

Tenant may terminate Subtenant's interest under the Sublease, but no act by Tenant other than notice of termination from Tenant to Subtenant shall terminate this Sublease. The Sublease shall terminate on the date specified in the notice of termination. Upon termination of this Sublease, Subtenant will remain liable to Tenant for damages in an amount equal to Rent and other sums that would have been owing by Subtenant under this Sublease for the balance of the Term, less the net proceeds, if any, of any reletting of the Premises by Tenant subsequent to the termination, after deducting all of Tenant's Reletting Expenses (as defined below). Tenant shall be entitled to either collect damages from Subtenant monthly on the days on which rent or other amounts would have been payable under the Sublease, or alternatively, Tenant may accelerate Subtenant's obligations under the Sublease and recover from Subtenant: (i) unpaid rent which had been earned at the time of termination; (ii) the amount by which the unpaid rent which would have been earned after termination until the time of award exceeds the amount of rent loss that Subtenant proves could reasonably have been avoided; (iii) the amount by which the unpaid rent for the balance of the term of the Sublease after the time of award exceeds the amount of rent loss that Subtenant proves could reasonably be avoided (discounting such amount by the discount rate of the Federal Reserve Bank of San Francisco at the time of the award, plus 1%); and (iv) any other amount necessary to compensate Tenant for all the detriment proximately caused by Subtenant's failure to perform its obligations under the Sublease, or which in the ordinary course would be likely to result from the default, including without limitation Reletting Expenses described below.

19.2 Re-Entry and Reletting

Tenant may continue this Sublease in full force and effect, and without demand or notice, re-enter and take possession of the Premises or any part thereof, expel the Subtenant from the Premises and anyone claiming through or under the Subtenant, and remove the personal property of either. Tenant may relet the Premises, or any part of them, in Tenant's or Subtenant's name for the account of Subtenant, for such period of time and at such other terms and conditions as Tenant, in its discretion, may determine. Tenant may collect and receive the rents for the Premises. To the fullest extent permitted by law, the proceeds of any reletting shall be applied: first, to pay Tenant all Reletting Expenses (defined below); second, to pay any indebtedness of Subtenant to Tenant other than rent; third, to the rent due and unpaid hereunder; and fourth, the residue, if any, shall be held by Tenant and applied in payment of other or future obligations of Subtenant to Tenant as the same may become due and payable, and Subtenant shall not be entitled to receive any portion of such revenue. Re-entry or taking possession of the Premises by Tenant under this Section shall not be construed as an election on Tenant's part to terminate this Sublease, unless a notice of termination is given to Subtenant. Tenant reserves the right following any re-entry or reletting, or both, under this Section to exercise its right to terminate the Sublease. Subtenant will pay Tenant the Rent and other sums which would be payable under this Sublease if repossession had not occurred, less the net proceeds, if any, after reletting the Premises and after deducting Tenant's Reletting Expenses. "Reletting Expenses" are defined to include all expenses incurred by Tenant in connection with reletting the Premises, including without limitation, all repossession costs, brokerage commissions and costs of securing new Subtenants, attorneys' fees, remodeling and repair costs, costs for removing persons or property, costs for storing Subtenant's property and equipment, and costs of Subtenant improvements and rent concessions granted by Tenant to any new Subtenant, prorated over the life of the new Sublease.

19.3 Waiver of Redemption Rights

Subtenant, for itself, and on behalf of any and all persons claiming through or under Subtenant, including creditors of all kinds, hereby waives and surrenders all rights and privileges which they may have under any present or future law, to redeem the Premises or to have a continuance of this Sublease for the Term, or any extension thereof.

19.4 Nonpayment of Additional Rent

All costs which Subtenant is obligated to pay to Tenant pursuant to this Sublease shall in the event of nonpayment be treated as if they were payments of Rent, and Tenant shall have the same rights it has with respect to nonpayment of Rent.

19.5 Failure to Remove Property

If Subtenant fails to remove any of its property from the Premises at Tenant's request following an uncured default, Tenant may, at its option, remove and store the property at Subtenant's expense and risk. If Subtenant does not pay the storage cost within five (5) days of Tenant's request, Tenant may, at its option, have any or all of such property sold at public or private sale (and Tenant may become a purchaser at such sale), in such manner as Tenant deems proper, without notice to Subtenant. Tenant shall apply the proceeds of such sale: (i) to the expense of such sale, including reasonable attorneys' fees actually incurred; (ii) to the payment of the costs or charges for storing such property; (iii) to the payment of any other sums of money

which may then be or thereafter become due Tenant from Subtenant under any of the terms hereof; and (iv) the balance, if any, to Subtenant. Nothing in this Section shall limit Tenant's right to sell Subtenant's personal property as permitted by law or to foreclose Tenant's lien for unpaid rent, if any.

20. Damage, Reconstruction, and Remedial Measures

If the Premises or the portion of the Building or the Property necessary for Subtenant's occupancy are partially damaged by fire or other insured casualty but not rendered untenable, then Tenant shall diligently restore the Premises and the portion of the Property necessary for Subtenant's occupancy to the extent required below and this Sublease shall not terminate. Subtenant may, however, terminate the Sublease if Tenant is unable to restore the Premises within six (6) months of the casualty event by giving 20 days' written notice of termination.

The Premises or the portion of the Building or the Property necessary for Subtenant's occupancy shall not be deemed untenable if 25% or less of each of those areas are damaged. If insurance proceeds are not available or are not sufficient to pay the entire cost of restoring the Premises, or if Tenant's lender does not permit all or any part of the insurance proceeds to be applied toward restoration, then Tenant may elect to terminate this Sublease and keep the insurance proceeds, by notifying Subtenant within 60 days of the date of such casualty.

If the Premises, the portion of the Building or the Property necessary for Subtenant's occupancy, or 50% or more of the rentable area of the Property are entirely destroyed, or partially damaged and rendered untenable, by fire or other casualty, Tenant may, at its option: (a) terminate this Sublease as provided herein, or (b) restore the Premises and the portion of the Property necessary for Subtenant's occupancy to their previous condition to the extent required below; provided, however, if such casualty event occurs during the last six (6) months of the Term (after considering any option to extend the term timely exercised by Subtenant) then either Subtenant or Tenant may elect to terminate the Sublease. If, within 60 days after receipt by Tenant from Subtenant of written notice that Subtenant deems the Premises or the portion of the Property necessary for Subtenant's occupancy untenable, Tenant fails to notify Subtenant of its election to restore those areas, or if Tenant is unable to restore those areas within six (6) months of the date of the casualty event, then Subtenant may elect to terminate the Sublease upon 20 days' notice to Tenant unless Tenant, within such 20 day period, notifies Subtenant that it will in fact restore the Premises or actually completes such restoration work to the extent required below, as applicable.

If Tenant restores the Premises or the Property under this Section, Tenant shall proceed with reasonable diligence to complete the work, and the Base Rent shall be abated in the same proportion as the untenable portion of the Premises bears to the whole Premises, provided that there shall be a Base Rent abatement only if the damage or destruction of the Premises or the Property did not result from, or was not contributed to directly or indirectly by the act, fault or neglect of Subtenant, or Subtenant's employees, officers, agents, servants, contractors, customers, clients, visitors, guests, or other licensees or invitees. No damages, compensation or claim shall be payable by Tenant for inconvenience, loss of business or annoyance directly, incidentally or consequentially arising from any repair or restoration of any portion of the

Premises or the Property. Tenant shall have no obligation to carry insurance of any kind for the protection of Subtenant; any Alterations or other improvements paid for by Subtenant; Signage; Subtenant's furniture; or on any fixtures, equipment, improvements or appurtenances of Subtenant under this Sublease, and Tenant's restoration obligations hereunder shall not include any obligation to repair any damage thereto or replace the same.

21. Eminent Domain

21.1 Taking

If twenty-five percent (25%) or more of the Premises, or if any part of the Building of which the Premises are a part, shall be taken or appropriated by eminent domain, either party hereto shall have the right at its option within sixty (60) days after said taking to terminate this Sublease upon thirty (30) days written notice.

21.2 Partial Taking

If less than twenty-five percent (25%) of the Premises are taken (or if twenty-five percent (25%) or more of the Premises are taken and neither party elects to terminate as herein provided), the minimum monthly rent thereafter to be paid shall be equitably reduced. If any part of the Building of which the Premises are a part may be so taken or appropriated, either party hereto shall within sixty (60) days of said taking have the right at its option to terminate this Sublease upon written notice to the other party.

21.3 Award

In the event of any taking or appropriation whatsoever, Tenant shall be entitled to any and all awards or settlements that may be given, and Subtenant shall have no claim against the condemning authority or Tenant for the value of any unexpired term of this Sublease and Subtenant hereby assigns to Tenant any and all claims to any award or settlement. Nothing contained herein shall be deemed to give Tenant any interest in or require Subtenant to assign to Tenant any award made to Subtenant for taking of personal property or fixtures belonging to Subtenant or for the interruption of or damage to Subtenant's business or for Subtenant's moving expenses.

22. Signs

Subtenant may, at Subtenant's sole expense, place external signs on the Premises; provided, such signs (a) comply with all governmental ordinances and that any required permits are obtained; and (b) have been approved in writing in advance by Tenant, which approval will not be unreasonably withheld. Subtenant shall pay the costs of removal of such signs upon termination of this Sublease and such signs shall be the property of Subtenant. Any time within six (6) months prior to the expiration of this Sublease, Tenant may place upon the Premises and Building "For Lease" signs. Landlord may place "For Sale" signs on the Premises and Building at any time during the Sublease term.

23. Subordination and Modification by Lender

Subtenant agrees that this Sublease shall be subordinate to any mortgage that may hereafter be placed upon the Premises or Building and to any advance made thereunder, and all renewals and replacements thereof; provided, the mortgagee shall agree in writing to recognize this Sublease of Subtenant in the event of foreclosure, if Subtenant is not in default. In the event mortgagee elects to have this Sublease a prior lien to its mortgage, then upon mortgagee's notifying Subtenant, this Sublease shall be deemed prior to the said mortgage. Within fifteen (15) days of presentation, Subtenant agrees to execute any documents that such mortgagee may require to effectuate the provisions of this Section 23. Subtenant further agrees that if, in connection with obtaining financing for the Land, Building or Premises, a lender shall request modification of this Sublease as a condition to such financing, Subtenant shall not withhold or delay its consent thereto, provided that such modifications do not materially increase the financial obligations of Subtenant hereunder or materially affect the leasehold interest hereby created. Mortgages shall be deemed to include deeds of trust.

24. Subtenant's Statement

Subtenant shall, from time to time, upon written request of Tenant, execute, acknowledge and deliver to Tenant or its designee a written statement specifying the following, subject to any modifications necessary to make such statements true and complete: (i) the total rentable square footage of the Premises; (ii) the date the Term commenced and the date it expires; (iii) the amount of minimum monthly Rent and the date to which such Rent has been paid; (iv) that this Sublease is in full force and effect and has not been assigned, modified, supplemented or amended in any way; (v) that this Sublease represents the entire agreement between the parties; (vi) that all obligations under this Sublease to be performed by either party have been satisfied; (vii) that there are no existing claims, defenses or offsets which the Subtenant has against the enforcement of this Sublease by Subtenant; (viii) the amount of Rent, if any, that Subtenant paid in advance; (ix) the amount of security that Subtenant deposited with Tenant; (x) if Subtenant has sublet all or a portion of the Premises or assigned its interest in the Sublease and to whom; (xi) if Subtenant has any option to extend the Term of the Sublease or option to purchase the Premises; and (xii) such other factual matters concerning the Sublease or the Premises as Tenant may reasonably request. Subtenant acknowledges and agrees that any statement delivered pursuant to this Section may be relied upon by a prospective purchaser of Tenant's interest or assignee of any mortgage or new mortgagee of Tenant's interest in the Premises. If Subtenant shall fail to respond within ten (10) days to Tenant's request for the statement required by this Section, Tenant may provide the statement and Subtenant shall be deemed to have admitted the accuracy of the information provided by Tenant.

25. Non-waiver

Tenant's waiver of any breach of any provision contained in this Sublease shall not be deemed to be a waiver of the same provision for subsequent acts of Subtenant. The acceptance by Tenant of Rent or other amounts due by Subtenant hereunder shall not be deemed to be a waiver of any previous breach by Subtenant.

26. Authority of Subtenant

If Subtenant is a corporation or partnership, each individual executing this Sublease on behalf of such entity represents and warrants that he is duly authorized to execute and deliver this Lease on behalf of such entity, and that this Sublease is binding upon such entity in accordance with its terms.

27. General Provisions

Tenant and Subtenant agree to the following general provisions:

27.1 Time

Time is of the essence of this Lease.

27.2 Successors and Assigns

The covenants and conditions herein contained, subject to the provisions as to assignment, apply to and bind the heirs, successors, executors, administrators and assigns of the parties hereto.

27.3 Quiet Enjoyment

Provided Subtenant pays Rent and performs all of its obligations in this Sublease, Subtenant's possession of the Premises will not be disturbed by Tenant or anyone claiming by, through or under Tenant.

27.4 Transfer of Landlord's Interest

In the event of a sale or conveyance by Landlord of Landlord's interest in the Premises or the Building, other than a transfer for security purposes only, Landlord shall be relieved from and after the date specified in any notice of such transfer of all obligations and liabilities accruing thereafter on the part of the Landlord; provided that any deposits or monies in the hands of Landlord at the time of transfer in which Tenant has an interest shall be delivered to the successor of Landlord. This Sublease shall not be affected by any such sale, and Tenant agrees to attorn the purchaser or assignee; provided that all Landlord's obligations hereunder are assumed in writing by this transferee.

27.5 Recordation

Neither Tenant nor Subtenant shall record this Sublease.

27.6 Overdue Rent

Rent and Additional Rent are due on the 1st day of each month, in advance, and are in arrears after 5:00 p.m. on the 5th day. If any sums payable by Subtenant to Tenant under this Lease are not received by the 5th day of each month, Subtenant shall pay Tenant in addition to the amount due, for the cost of collecting and handling such late payment, an amount equal to the greater of \$350.00 or five percent (5%) of the delinquent amount. In addition, all delinquent sums payable by Subtenant to Tenant and not paid within five days of the due date shall, at Tenant's option, bear interest at the rate of twelve percent (12%) per annum, or the highest rate of interest allowable by law, whichever is less. Interest on all delinquent amounts shall be calculated from the original due date to the date of payment. Subtenant hereby further agrees to

pay any reasonable attorney's fees and expenses incurred by Tenant by reason of Subtenant's failure to pay rent, additional rent or other charges when due hereunder.

27.7 Prior Agreements

This Sublease contains all the agreements of the parties hereto with respect to any matter covered or mentioned in this Sublease, and no prior agreements or understandings pertaining to any such matters shall be effective for any purpose. No provisions of this Sublease may be amended or added to except by agreement in writing signed by the parties hereto or their respective successors in interest. This Sublease shall not be effective or binding upon any party until fully executed by both parties hereto.

27.8 Inability to Perform

Time periods for either party's performance under any provisions of this Sublease (excluding payment of Rent) shall be extended for periods of time during which the party's performance is prevented due to circumstances beyond such party's control, including without limitation, fires, floods, earthquakes, lockouts, strikes, embargoes, pandemics, governmental regulations, acts of God, public enemy, war or other strife; provided in no event shall any of the foregoing events operate to extend the Term of this Sublease.

27.9 Partial Invalidity

If any provisions of this Sublease shall prove to be invalid, void or illegal, such invalidity, nullification or illegality shall in no way affect, impair or invalidate any other provision, and all other provisions shall remain in full force and effect.

27.10 Cumulative Remedies

No remedy or election hereunder shall be deemed exclusive but shall whenever possible be cumulative with all other remedies at law or in equity.

27.11 Liability of Tenant

Subtenant shall look solely to the Premises and the proceeds thereof for the satisfaction of any judgment or decree against Tenant based upon any default under this Sublease, and no other property or assets of the Tenant shall be subject to levy, execution or other enforcement procedures for satisfaction of any such judgment or decree.

27.12 Choice of Law/Jurisdiction/Venue/Waiver of Jury Trial

This Sublease shall be governed by the laws of the State of Washington. Jurisdiction and venue shall be in King County, Washington. **Tenant and Subtenant each agree to and they hereby do waive trial by jury in any action, proceeding or counterclaim brought by either of the parties hereto against the other on any matters whatsoever arising out of or in any way related to this Sublease or Subtenant's tenancy at the Premises.**

27.13 Attorneys' Fees

If Subtenant or Tenant engage the services of an attorney to collect monies due or to bring any action for any relief against the other, declaratory or otherwise, arising out of this Sublease, including any suit by Tenant for the recovery of Rent or other payments or possession

of the Premises, the losing party shall pay the prevailing party a reasonable sum for attorneys' fees in such action, including but not limited to attorneys' fees incurred in mediation or arbitration, at trial, on appeal, or in any bankruptcy proceeding.

27.14 Real Estate Commission

None Applicable - Subtenant represents that Subtenant has had no dealings with any broker, finder or other party concerning Subtenant's sublease of the Premises, and Subtenant agrees to indemnify and hold harmless the Tenant from all loss, cost, damage or expense (including reasonable attorney fees) incurred as a result of any claim for a commission, finder's fee, or similar compensation made by any broker, finder or any person who claims to have dealt with the Subtenant.

27.15 Execution

This Sublease may be executed in several counterparts, each of which shall be deemed an original instrument.

27.16 Notices

All notices shall be deemed to have been given in writing by depositing the same in the United States mail, postage prepaid, registered or certified, and addressed to the party at the respective mailing addresses as herein set forth:

TO TENANT AT: Eric Jensen, FACHE
 Superintendent
 Vashon Health Care District
 PO Box 213
 Vashon, WA 98070

TO SUBTENANT AT: Rogelio Riojas, CEO
 Sea Mar Community Health Centers
 1040 South Henderson Street
 Seattle, Washington 98108

WITH COPY TO: Michael Leong, Sr. V.P., Corp. & Legal Affairs
 Sea Mar Community Health Centers
 1040 South Henderson Street
 Seattle, Washington 98108

It is understood that each party may change the address to which notices may be sent by giving written notice of such change to the other party hereto in the manner herein provided.

27.17 Security Deposit

None.

27.18 Rules

Subtenant agrees to abide by such reasonable rules Landlord may adopt for the governance of all Tenants and Subtenants of the Property. Tenant agrees to review all rules on a regular basis with Subtenant. In addition, and upon thirty (30) days prior written notice, Subtenant agrees to abide by the reasonable safety practices, rules, and requirements of Landlord’s site insurance carrier.

27.19 HIPPA

For purposes of this Agreement, “protected health information” (“PHI”) shall have the meaning defined by the Standards for Privacy of Individually Identifiable Health Information, 45 C.F. R Part 160 and Subparts A and E of Part 164 and all amendments thereto (commonly known as the “Privacy Standards”), as promulgated by the U.S. Department of Health and Human Services pursuant to the Administrative Simplifications provisions of the Health Insurance Portability and Accountability Act of 1996 and all amendments thereto (“HIPPA”). In the event that in its use of the Premises, Subtenant creates, stores or maintains PHI in the Premises, the parties agree that neither Tenant nor Tenant’s employees and agents shall need access to, or the use of, any PHI of Subtenant. However, in the event that PHI is seen by or disclosed (whether inadvertently or otherwise) to Tenant or its employees or agents, the party discovering such disclosure shall promptly notify the other party and Tenant agrees to promptly take commercially reasonable efforts to prevent any subsequent disclosure or release by Tenant or Tenant’s employees or agents of such PHI to third parties. The parties agree that the provisions of this paragraph do not create, and are not intended to create, a “business associate” relationship between the parties as that terms is defined by the Privacy Standards.

28. Exhibits and Additional Terms

The following are attached to this Sublease and incorporated herein by reference:

- EXHIBIT A-1** LEGAL DESCRIPTION OF THE SUNRISE RIDGE CENTER
- EXHIBIT A-2** SITE PLAN OF THE SUNRISE RIDGE CENTER
- EXHIBIT A-3** SITE PLAN OF THE PREMISES
- EXHIBIT B** SCHEDULE OF RENTS

IN WITNESS WHEREOF the parties hereto have executed this Sublease the day and year first above written.

[INTENTIONALLY LEFT BLANK]

TENANT:

Public Hospital District No. 5, King County,
dba Vashon Health Care District

By: _____
Eric P. Jensen, Superintendent

STATE OF WASHINGTON)
) SS.
County of KING)

I certify that I know or have satisfactory evidence that Eric P. Jensen is the person who appeared before me, and said person acknowledged that he signed this instrument, and said person acknowledged that he was authorized to execute the instrument and acknowledged it as the Superintendent of Public Hospital District No. 5, King County, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

DATED: _____

Signature of NOTARY

Printed name of NOTARY

NOTARY PUBLIC in and for the State
of Washington, residing at _____
My commission expires:_____

SUBTENANT:

Sea Mar Community Health Centers,
a Washington nonprofit corporation

By: _____
Rogelio Riojas, CEO

STATE OF WASHINGTON)
) SS.
County of KING)

I certify that I know or have satisfactory evidence that Rogelio Riojas is the person who appeared before me, and said person acknowledged that he signed this instrument, and said person acknowledged that he was authorized to execute the instrument and acknowledged it as the Chief Executive Officer of Sea Mar Community Health Centers, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

DATED: _____

Signature of NOTARY

Printed name of NOTARY

NOTARY PUBLIC in and for the State
of Washington, residing at _____
My commission expires: _____

EXHIBIT A-1

LEGAL DESCRIPTION OF THE SUNRISE RIDGE CENTER

TAX LOT 062203-9107: A portion of the following described property, as further depicted in **Exhibit** A-3, attached:

S 230 FT OF SE 1/4 OF SE 1/4 LESS E 534.09 FT LESS W 300 FT TGW N 1/2 OF NE 1/4 OF NE 1/4 STR 07-22-03 LESS W 300 FT LESS POR NELY OF A LN BAAP 534.09 FT W OF NE COR TH S 01-13-00 E 24.95 FT TH S 44-28-00 E 527.70 FT TH S 01-13-00 E TAP 67.61 FT N OF S LN SD SUBD TH E TO W LN OF CO RD TH S TO S LN OF SUBD & TERMINUS OF SD LN; TOGETHER WITH:

EXHIBIT A-2

SITE PLAN OF THE SUNRISE RIDGE CENTER

EXHIBIT A-3

SITE PLAN OF THE PREMISES

EXHIBIT B

Base rental rate (Rent) shall be payable as follows:

Initial Term - (11/1/20-10/31/21): Six Thousand One Hundred Seventeen Dollars (\$6,117.00) per month, payable by Subtenant, plus Additional Rent outlined in Section 6.

First Additional Term, if Exercised - (11/1/21-10/31/22): Six Thousand Three Hundred and 51/100 Dollars (\$6,300.51) per month, payable by Subtenant, plus Additional Rent outlined in Section 6.

Second Additional Term, if Exercised - (11/1/22-10/31/23): Six Thousand Four Hundred Eight Nine and 53/100 Dollars (\$6,489.53) per month, payable by Subtenant, plus Additional Rent outlined in Section 6.

Third Additional Term, if Exercised - (11/1/23-10/31/24): Six Thousand Six Hundred Eighty Four and 22/100 Dollars (\$6,684.22), payable by Subtenant, plus Additional Rent outlined in Section 6

Fourth Additional Term, if Exercised - (11/1/24-10/31/25): Six Thousand Eight Hundred Eighty Four and 75/100 Dollars (\$6,884.75) per month, payable by Subtenant, plus Additional Rent outlined in Section 6.

Fifth Additional Term, if Exercised - (11/1/25-10/31/26): Base rental rate (Rent) during the Fifth Additional Term, if properly exercised by Subtenant pursuant to the terms of the Lease, shall be readjusted to the Fair Market Value (FMV) for the Premises (determined as set forth below), but in no case shall said rental rate be less than the rental rate of the Fourth Additional Term, plus a three (3) percent increase, plus Additional Rent outlined in Section 6.

The FMV shall be the rate per rentable square foot per year that a ready and willing Subtenant would pay in an arms-length transaction for the Premises or comparable space located in a similar neighborhood for a one-year term, commencing on 11/1/25. The parties shall negotiate in good faith to reach agreement on the FMV for the Premises. If Tenant and Subtenant are not able to agree on the amount of the FMV within thirty (30) days after the date Subtenant timely delivers to Tenant the Option Notice, then the parties shall submit the determination of the FMV of the Premises to binding arbitration, keeping in mind the minimum (floor) monthly rental rate set forth above. If Tenant and Subtenant are not able to agree upon a single arbitrator within thirty (30) days of their agreement to arbitrate the dispute, then during the following ten (10) day period, Tenant and Subtenant shall each designate an expert, who shall be a licensed MAI appraiser or a commercial real estate agent with at least five (5) years of experience in the commercial leasing market in which the Premises are located. The two experts so selected shall appoint an arbitrator similarly qualified, whose determination of the FMV shall be binding upon Tenant and Subtenant, which determination is subject to the minimum (floor) set forth above. Each party shall bear their own expenses of the arbitration except that the cost of the arbitrator

shall be paid by the party whose final offer of fair market rent during the thirty (30) day negotiation period is farthest from the amount determined by the arbitrator.

Sixth Additional Term, if Exercised - (11/1/26-10/31/27): The rental rate for the Sixth Additional Term shall three percent (3%) above the rental rate established for the Fifth Additional Term, plus Additional Rent as outlined in Paragraph 6.

Seventh Additional Term, if Exercised - (11/1/27-10/31/28): The rental rate for the Seventh Additional Term shall three percent (3%) above the rental rate established for the Sixth Additional Term, plus Additional Rent as outlined in Paragraph 6.

Eighth Additional Term, if Exercised - (11/1/28-10/31/29): The rental rate for the Eighth Additional Term shall three percent (3%) above the rental rate established for the Seventh Additional Term, plus Additional Rent as outlined in Paragraph 6.

Vashon Health Care District 2021 Budget DRAFT			
Budget Category	BARS CODES	Budget Amount	Assumptions
Revenue			
Property Tax Revenue	311.10.00	\$ 1,749,801.07	Tax Revenue = \$.52/1000 x \$3.326 Billion AV
Medicaid Transformation Project	332.93.20	\$ 1,000.00	Money available by virtue of AWPHD membership
Intergovernmental Loan	391.80.18	\$575,462.47	Portion of total borrowing from King County in 2021
Lease Revenue	362.00.00	\$ 88,092.00	Payments by Sea Mar as sublessor
Donations	367.00.00	\$ 50,000.00	
Total Revenue		\$ 2,464,355.54	
Expenses			
Salaries and Benefits			
Superintendent Salary	561.00.10.001	\$76,000.00	Base salary
Commissioner Compensation		\$0.00	Commissioner compensation is set by the State Legislature at \$128 per day, up to \$12,288 per year per commissioner, unless the commissioner decline compensation.
Medical Benefit Allowance	561.00.20.006	\$7,800.00	Allowance for medical insurance
Employer FICA/Medicare	561.00.20.002	\$5,814.00	Social Security and Medicare Tax
FUTA/W L&I/W ES	561.00.20.001	\$900.00	Other payroll taxes
Services			
Accounting/Bookkeeping	561.00.49.001	\$3,000.00	
Legal	561.00.49.003	\$12,000.00	
Communications/Website	561.00.49.002	\$2,400.00	
General Liability/D&O	561.00.46.001	\$3,300.00	District Insurance through Enduris
AWPHD	561.00.49.003	\$1,000.00	Association Membership
Travel	561.00.49.004	\$1,200.00	Mostly mileage and ferry fares
Office			
Rent	561.00.45.000	\$88,092.00	Payments to Sunrise Ridge for clinic building lease
Tech support	561.00.49.001	\$3,000.00	
Phone/internet	561.00.42.002	\$1,200.00	
Office	561.00.31.000	\$1,000.00	
Admin Expense - Total		\$206,706.00	
Clinic services			
Clinic Services Subsidy	561.00.41.003	\$1,500,000.00	Paid out at \$125,000 per month
Financing			
		\$0.00	
Interest Expense		\$25,273.99	
Debt Repayment		\$0.00	Assumes no debt repayment in 2021
Total Expenses		\$1,731,979.99	
Net Income		\$732,375.55	
Debt Service			
		\$0.00	
Tax Revenue @ \$.528/1000 AV AV = \$3.326 Billion		\$1,756,454.30	
Annual Cash Flow		\$24,474.35	
Year End Cash Balance		\$599,936.83	
Total Debt		-\$1,393,909.31	