

## WHATCOM COUNTY CONTRACT INFORMATION SHEET

Whatcom County Contract No.

202204027

Originating Department:	85 Health
Division/Program: (i.e. Dept. Division and Program)	Response Systems Division
Contract or Grant Administrator:	Malora Christensen
Contractor's / Agency Name:	PeaceHealth

Is this a New Contract?	If not, is this an Amendment or Renewal to an Existing Contract?	Yes <input type="checkbox"/>	No <input type="checkbox"/>
Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	If Amendment or Renewal, (per WCC 3.08.100 (a)) Original Contract #:	

Does contract require Council Approval?	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	If No, include WCC:
Already approved? Council Approved Date:	(Exclusions see: Whatcom County Codes 3.06.010, 3.08.090 and 3.08.100)		

Is this a grant agreement?	If yes, grantor agency contract number(s):	CFDA#:	
Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>		
Is this contract grant funded?	If yes, Whatcom County grant contract number(s):		
Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>		

Is this contract the result of a RFP or Bid process?	Contract Cost Center:	124119 / 124130
Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	If yes, RFP and Bid number(s):

Is this agreement excluded from E-Verify?	No <input type="checkbox"/>	Yes <input checked="" type="checkbox"/>
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If YES, indicate exclusion(s) below:

<input type="checkbox"/> Professional services agreement for certified/licensed professional.	
<input type="checkbox"/> Contract work is for less than \$100,000.	<input type="checkbox"/> Contract for Commercial off the shelf items (COTS).
<input type="checkbox"/> Contract work is for less than 120 days.	<input type="checkbox"/> Work related subcontract less than \$25,000.
<input type="checkbox"/> Interlocal Agreement (between Governments).	<input type="checkbox"/> Public Works - Local Agency/Federally Funded FHWA.

Contract Amount:(sum of original contract amount and any prior amendments):	Council approval required for; all property leases, contracts or bid awards <b>exceeding \$40,000</b> , and professional service contract amendments that have an increase greater than \$10,000 or 10% of contract amount, whichever is greater, <b>except when</b> : 1. Exercising an option contained in a contract previously approved by the council. 2. Contract is for design, construction, r-o-w acquisition, prof. services, or other capital costs approved by council in a capital budget appropriation ordinance. 3. Bid or award is for supplies. 4. Equipment is included in Exhibit "B" of the Budget Ordinance 5. Contract is for manufacturer's technical support and hardware maintenance of electronic systems and/or technical support and software maintenance from the developer of proprietary software currently used by Whatcom County.
\$ 9,171.96/year	
This Amendment Amount:	
\$	
Total Amended Amount:	

**Summary of Scope:** This is a lease Agreement for office space owned by PeaceHealth and occupied by Whatcom County Health Department Response Systems Division staff.

Term of Contract:	Until superseded	Expiration Date:	N/A
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Contract Routing:	1. Prepared by: JT	Date:	03/25/2022
	2. Health Budget Approval: KR/JG	Date:	03/31/2022
	3. Attorney signoff: RB	Date:	03/30/2022
	4. AS Finance reviewed: M Caldwell	Date:	3/31/22
	5. IT reviewed (if IT related):	Date:	
	6. Contractor approved:	Date:	
	7. Submitted to Exec.: JT	Date:	04/13/2022
	8. Council approved (if necessary): AB2022-210	Date:	04/12/2022
	9. Executive signed: ✓	Date:	4-15-22
	10. Original to Council: ✓	Date:	6-17-22



**MEMORANDUM**

**TO:** Satpal Sidhu, County Executive  
**FROM:** Erika Lautenbach, Director  
**RE:** PeaceHealth St. Joseph Medical Center – Chestnut Building Lease Agreement  
**DATE:** April 13, 2022

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Attached is a contract between Whatcom County and PeaceHealth for your review and signature.

▪ **Background and Purpose**

This Agreement outlines the terms and conditions for Whatcom County's lease of PeaceHealth owned office space in Suites 1A and 1B of 800 East Chestnut Street in Bellingham. This space will be occupied by the Health Department's Response Systems Division staff.

▪ **Funding Amount and Source**

Base rent for this Agreement is \$1/month plus \$4/SF/year (2,290SF total, \$763.33/month). Funding for this Agreement may not exceed \$9,171.96/year and is provided by the Behavioral Health Program LEAD and GRACE funds. These funds are included in the 2022 budget. Per WCC 3.08.100, Council approval is required of all real property leases.

Please contact Malora Christensen, Response Systems Division Manager at 360-778-6131 ([MChriste@co.whatcom.wa.us](mailto:MChriste@co.whatcom.wa.us)) or Kathleen Roy, Assistant Director at 360-778-6007 ([KRoy@co.whatcom.wa.us](mailto:KRoy@co.whatcom.wa.us)), if you have any questions or concerns regarding this request.



WHATCOM COUNTY  
CONTRACT NO.  
202204027

**COMMERCIAL BUILDING LEASE**

**Between**  
**PeaceHealth St. Joseph Medical Center,**  
**an operating division of**  
**PeaceHealth, a tax-exempt nonprofit corporation**  
**And**  
**Whatcom County Health Department, a department of**  
**Whatcom County, a municipal corporation**

## **COMMERCIAL BUILDING LEASE**

This Commercial Building Lease is made and entered into by and between PeaceHealth St. Joseph Medical Center, an operating division of **PEACEHEALTH**, a tax-exempt nonprofit corporation (“Landlord”) and **WHATCOM COUNTY HEALTH DEPARTMENT**, a department of Whatcom County, a municipal corporation (“Tenant”).

### **SECTION 1 - PREMISES**

1.1 **PREMISES.** Landlord hereby leases to Tenant and Tenant hereby leases from Landlord, upon the terms and conditions set forth in this Lease, Suites 1A and 1B consisting of approximately 2,290 square feet on the first floor (the “Premises”), in the building commonly known as “The Chestnut Building”, having a street address of 800 East Chestnut Street Bellingham, Washington, 98225 (the “Building”). A diagram of the Premises floor plan, attached hereto as Exhibit A, is incorporated by reference herein.

1.2 **PUBLIC AREAS.** Landlord also grants to Tenant the rights of ingress and egress to and from the Premises to adjoining public streets and the right to use in common with all other persons entitled to use the same all public entrances, lobbies, hallways, stairways, elevators and other means of ingress and egress to and from the Premises, subject to rules and conditions contained herein.

1.3 **AS IS.** Tenant accepts Premises in “AS IS” condition. Landlord has made no representations or guarantees as to fitness for a particular use nor has agreed to undertake any alterations or improvements to the Building or Premises as may be contained in this Lease.

### **SECTION 2 - USE**

#### **2.1 TENANT USE**

2.1.1 **Permitted Use.** Tenant shall use the Premises solely for offices of the Whatcom County Health Department and its contractors and vendors, and services ancillary thereto, and for no other purpose without Landlord’s prior written consent. Tenant agrees that it has examined the Premises and determined to its satisfaction that the Premises can be used for the purpose for which they are leased and waives any right to hold Landlord liable for damages in the event the Premises cannot be used for such purposes during the term of this Lease. In the event any judgment, decree, restraining order, or injunction shall have been entered, which would prohibit Tenant from conducting the activities contemplated in this Section 2.1.1, Tenant may in its sole discretion terminate this Lease upon sixty (60) days prior written notice to Landlord.

2.1.2 **Prohibited Procedures.** The Tenant acknowledges that the Mission and core values of PeaceHealth, grounded in the moral teachings of the Catholic Church require recognition of the dignity of the human person from conception to death. Therefore, the Tenant agrees that the Tenant shall not utilize the Leased Premises for the performance of any of the following services, procedures, or activities: abortion, euthanasia, physician assisted suicide, and research involving the use of embryonic stem cells from the destruction of human embryos or the tissue of aborted fetuses.

The performance of any of the aforesaid prohibited procedures on the Premises with the knowledge and acquiescence of Tenant shall constitute a default hereunder and render this Lease null and void, and Tenant shall forthwith deliver possession of the Premises to Landlord.

2.1.3 Non-Disturbance. Subject to other provisions of this Lease, Tenant, upon the payment of the rent and performance of all the terms of this Lease, shall at all times during the term and during any extensions or renewals thereof, be entitled to peaceable and undisturbed possession of the Premises free from any eviction or disturbance by Landlord.

2.1.4. Compliance with Rules and Regulations. Tenant shall observe and comply with all governmental laws, statutes, ordinances and all rules and regulations adopted by Landlord from time to time, as provided in Exhibit B, attached hereto and incorporated by reference herein. Such rules and regulations shall apply to Tenant and its employees, agents, licensees, invitees, subtenants and contractors.

2.1.5 Parking. Tenant shall have the nonexclusive right to use all parking associated with the Premises and Building, without additional charge, for Tenant's employees, agents, licensees, invitees, subtenants and contractors.

2.2 RESTRICTIONS ON USE. Tenant shall refrain from doing anything on or about the Premises that will cause an electrical, mechanical or structural overload. Without the prior written consent of the Landlord in each instance, Tenant shall not use or install any apparatus, device or equipment in the Premises, including, but not limited to, electronic data processing machines, punch card machines and machines which will require a dedicated circuit, or which will in any way increase the amount of water, electricity or HVAC normally furnished for similar space in the Building. Landlord shall not unreasonably withhold said approval and authorization. Landlord may condition its consent on, among other things, the equipment as well as meters in the Premises to measure the amount of water and electricity consumed. In the event Landlord does install such apparatus or equipment at the request of the Tenant, then Tenant shall pay to Landlord on demand the cost of: (a) purchasing, installing, maintaining and repairing such equipment and/or meters and unit; (b) all water and electricity consumed as shown by said meter, at the rates charged by the local utility company, and (c) any additional expense incurred in connection with the foregoing. If a separate meter is not installed, the cost for any excess water and electricity will be established by an estimate made by a utility company or electrical engineer selected by Landlord. Tenant shall not connect any apparatus, device or equipment except through existing electrical outlets in the Premises.

2.3 STORAGE, TRASH. Tenant shall not store anything outside the Premises except in areas and containers approved by Landlord. Trash and garbage receptacles shall be kept covered.

### **SECTION 3 - TERM**

3.1 TERM. Tenant's right to possession and obligations under the lease shall commence on the date of the last party to sign below (hereinafter the "Effective Date") and continue, unless

sooner terminated hereunder, for a term of one (1) year.

3.2 Renewal and Termination. If Tenant is not in default, this Lease shall automatically renew for additional one-year terms following expiration of each term, unless either party provides the other with at least ninety (90) days prior written notice of its intent not to renew. Unless otherwise agreed in writing, the terms of this Lease during a renewal term shall be the same as set forth in this Lease agreement. Notwithstanding the foregoing, either party may terminate this Lease, without cause, penalty or premium, upon ninety (90) days' prior written notice to the other party.

## SECTION 4 - RENT

4.1 PAYMENT. Tenant agrees to pay the rent and other amounts owed to Landlord or required to be paid by Tenant as set forth in this Lease. The rent for any partial calendar month commencing on the Effective Date of this Lease shall be paid within five (5) days after the Effective Date of this Lease; thereafter, all rent shall be computed and payable on a calendar month basis but shall be due and paid on or before the 1st day of each month preceding the month for which the rent is payable, during the full term of this Lease including any renewals or extensions hereof. All rent shall be due and payable to Landlord at such address and/or to such account as Landlord may, from time to time, direct in writing.

### 4.2 AMOUNT

4.2.1 Initial Base Rent. Definitions as provided in this paragraph shall be used for the purpose of computing Base Rent. During the term of this Lease, and any extensions or renewals thereof, base rent shall be the sum of **\$1.00 per month** (hereinafter referred to as "Base Rent"). The rent for any partial calendar month shall be a prorated portion of the base rent based on the number of days in the partial calendar month.

4.2.2 Additional Rent. Any Building expenses not specifically metered will be compensated with the Tenant's payment of Additional Rent. This sum shall be paid monthly, in accordance with Section 4.1 of this Lease. The initial amount of Additional Rent for the term of this Lease shall be **\$763.33 per month (at a rate of \$4/SF/year)**. This amount is estimated to cover the Tenant's pro-rata share of general building maintenance and prorated utilities for the Premises. In the event that the proceeds from the foregoing payments by Tenant are in excess of the amount required to pay the expenses, Landlord may, at its option, refund such excess to Tenant or may reduce the amount of the succeeding monthly payments. Upon request, Landlord shall furnish to Tenant a written accounting of all expenses incurred by Landlord for which Tenant is required to make payments pursuant to this Paragraph. Landlord shall review the Additional Expenses at least annually and shall have the right to revise the Additional Rent estimate from time to time if Landlord reasonably determines that the estimate will not be sufficient to pay the actual expenses incurred. Tenant shall be responsible for direct payment of data, telephone, janitorial and recycling services for the Premises and to serve Tenant's needs. Tenant may use Landlord's Guest WiFi service free of charge, if available in the Premises.

## **SECTION 5 - MAINTENANCE AND REPAIRS**

5.1 **REPAIRS.** Tenant shall use the Premises, fixtures and appurtenances therein with due care and shall, at no cost to Landlord, make such repairs, restorations and replacements thereto as are caused by or result from Tenant's excessive or unreasonable use or occupation of the Premises or which are caused by or result from the negligence or unreasonable conduct of Tenant, its agents, employees or invitees; provided that Tenant shall not be responsible for making repairs, restorations and replacements as are caused by or result from ordinary wear and tear. Tenant shall maintain the Premises in good order and repair. Landlord's rights and Tenant's obligations under this Paragraph are subject to the provisions of Paragraph 11.2 (Waiver of Subrogation). Tenant accepts responsibility for the maintenance and repair of all special equipment and system modifications in excess of those contained in the original plans and specifications for the Building of which the Premises is a part.

5.2 **LANDLORD OBLIGATIONS.** Landlord will be responsible for repair and maintenance of the structure (including painting exterior walls), foundation, roof, replacement of electrical and mechanical building systems including HVAC systems, if any, and elevators and for wiring and plumbing. Landlord will maintain the HVAC systems serving the Building, if any, in accordance with recommended maintenance schedules and standards. Landlord shall repair Tenant Premises interior walls, ceilings, doors, windows, floors and floor coverings when such repairs are made necessary because of failure of Landlord to keep the Building in good repair as provided in this Lease. Landlord shall not be responsible for any damage, maintenance or repairs caused by the negligence or acts unauthorized by the terms of this Lease by Tenant, Tenant's employees, agents, licensees, invitees, subtenants and contractors

5.3 **TENANT OBLIGATIONS.** Tenant will be responsible for repair and maintenance of interior walls, ceilings, doors and related hardware, light fixtures, switches, wiring and plumbing from point of entry into the Premises, and any repairs necessitated by the negligence of Tenant, its employees, agents, licensees, invitees, subtenants and contractors except as provided in Section 11.2 (Waiver of Subrogation), but including repairs that would otherwise be the responsibility of Landlord under Section 5.2 above. Tenant shall not be responsible for making repairs, restorations and replacements as are caused by or result from ordinary wear and tear. Tenant shall be responsible for maintaining and repairing any of its fixtures or equipment installed in the Premises.

5.4 **ENTRY BY LANDLORD.** If Tenant shall fail to keep and preserve the Premises in the condition and repair as required by this Lease, Landlord shall have the right to give Tenant notice requiring that the Premises be restored to the condition and state of repair as required by this Lease. If Tenant fails to so restore the Premises within a reasonable period of time after such notice, Landlord may, at Landlord's option, restore and repair the Premises to the condition and state of repair as required by this Lease and in such case Tenant shall pay to Landlord, on demand, all costs and expenses, including all attorneys' fees incurred by Landlord in so restoring and repairing the Premises, which amount shall be paid within ten (10) days after rendition of the bill therefor.

5.5 MANNER OF MAKING REPAIRS. All repairs and maintenance to be performed by Tenant as required by this Lease, or otherwise, shall be made in a manner and by persons or organizations approved in advance and authorized by Landlord, which approval and authorization shall not be unreasonably withheld. Tenant shall perform or cause all repairs and maintenance to be performed in a manner not to unreasonably interfere with or impair the use and enjoyment of any other portion of the Building by Landlord or by other Tenants. Landlord shall perform or cause all repairs and maintenance that are to be performed by Landlord in a manner not to unreasonably interfere with or impair the use and enjoyment of any other portion of the Building by the Tenants.

## **SECTION 6 - LEASEHOLD IMPROVEMENTS AND ALTERATIONS**

6.1 ALTERATIONS. Tenant shall make no alterations, installations, removals, additions or leasehold improvements in or to the Premises without Landlord's prior written consent, which consent shall not be unreasonably withheld. If Landlord gives such prior written consent, all such alterations, installations, removals and additions or leasehold improvements shall be made at Tenant's sole expense and in a manner and by persons or entities approved in advance in writing by Landlord, which approval shall not be unreasonably withheld or delayed. Tenant shall perform or cause to be performed all work in a manner so as to not unreasonably interfere with or impair with the use and enjoyment of any other portion of the Building by Landlord or other Tenants, and if reasonable required by Landlord, to do or cause such work to be done after business hours or on weekends and holidays. Landlord shall have the right to make leasehold improvements to the Building, including additional expansion to the Building. Landlord agrees to perform construction activity in a manner that will not unreasonably interfere with or impair the use and enjoyment of Premises.

6.2 TERMINATION. Upon termination of this Lease (or any extension thereof) by expiration of time or otherwise, all alterations, additions, installations, leasehold improvements and repairs installed by or made or performed by or for Tenant (except for Tenant's business and trade fixtures, machinery, equipment, furniture and personal property owned or used by Tenant) shall remain in and be surrendered with and as a part of the Premises, without disturbance, molestation or injury, unless the applicable Landlord consent specifically provides otherwise. Premises shall surrender the Premises in "broom clean" condition and good repair, reasonable wear and tear damage from unavoidable casualty excepted.

6.3 LIENS. Tenant shall keep the Premises and the Building of which it is a part free and clear from any liens or encumbrances arising out of any work performed by or for or materials furnished to or for, or obligations incurred by or for Tenant, or from any performance of any of the maintenance, repairs, alterations, leasehold improvements, additions or installations required to be performed or made by Tenant as required by this Lease or as may be otherwise performed by Tenant.

## **SECTION 7- ASSIGNMENT, SUBLETTING**

7.1 SUBLETTING. Tenant shall not, without the prior written consent of Landlord, which consent shall be at the sole discretion of Landlord, lease or sublease the whole or any part of the Premises nor assign this Lease or any part thereof. Upon any such assignment, leasing or



subleasing with Landlord's prior written consent as above described, Tenant shall remain liable under the terms and conditions of this Lease for the full Lease term. If Tenant is a corporation, then any transfer of this Lease by Tenant by merger, consolidation or liquidation and any change in the ownership of, or power to vote, the majority of Tenant's outstanding voting shares shall constitute an assignment for the purpose of this paragraph. In the event of any assignment so consented to, a charge may be made by Landlord or its agents for the services in transferring or assigning this Lease and shall be paid by Tenant upon demand by Landlord. If consent is once given by Landlord to the assignment of this Lease or any interest herein, or to the subletting or letting of the leased Premises, Landlord shall not be barred from afterwards refusing to consent to any further assignment or subletting. This Lease shall not be assignable by operation of law. Any transferee must comply with Section 2.1 and all other provisions of this Lease.

7.2 ASSUMPTION. Each assignee of Tenant shall assume and be deemed to have assumed this Lease and be and remain liable jointly and severally with Tenant for all payments and for the due performance of all terms, covenants and conditions on Tenant's part to be performed or adhered to. Any assignee shall be subject to all of the covenants, conditions and restrictions contained in this Lease, including, without limitation, the restrictions contained in Paragraph 2.1, and shall deliver to Landlord, upon Landlord's request, an instrument in recordable form containing a covenant of assumption by the assignee, but the failure or refusal of any such assignee to execute the same shall not release the assignee from its liability as set forth herein.

7.3 ASSIGNMENT BY LANDLORD. Tenant understands that this Lease may be assigned by Landlord in connection with a sale of the Building or as collateral security for Landlord's performance of its obligations under the terms of first lien covering the Building and Real Property of which the Premises is a part, and the surrounding real property.

## SECTION 8 - CARE OF PREMISES

8.1 WASTE. Tenant covenants and agrees to permit no waste to the Premises or the Building, and Tenant will not use or permit any acts in the Premises that will increase the rate of insurance thereon or the rate of insurance on the Building. Tenant further agrees not to maintain in the Premises any activity or instrumentality dangerous to life or limb or to permit any objectionable noise or odor to escape or be emitted from the Premises or to permit anything to be done upon the Premises that would tend to create a nuisance or to unreasonably disturb any other Tenants of the Building. Tenant will not endorse or use or permit the use of the Premises for lodging or sleeping purposes or for any immoral or illegal purposes.

8.2 SIGNS AND ADVERTISING. All exterior and public area signage shall be consistent with Building signage standards and will be provided by the Landlord. No sign, advertising device, picture, advertisement or notice shall be displayed, inscribed, painted or affixed to any of the glass, windows, or exterior of the door of the Premises or to any other portion of the Building, except as is first approved in writing by Landlord. Landlord's approval shall not unreasonably be withheld. Tenant shall not allow the name of Landlord or the name "PeaceHealth," or any combination or derivative thereof, to be used in any way in connection with the Premises nor allow the use of any deceptively similar name or any name which might lead the members of the public to associate any of said names with the Premises or the use or management

thereof, without Landlord's written consent. Any sign, device, advertisement or notice installed by or for Tenant pursuant to the terms of this Lease shall be removed by Tenant on termination of this Lease, and any damages to the premises or the Building caused by the affixation or removal thereof shall be repaired by Tenant at Tenant's sole cost and expense immediately upon termination of this Lease.

### **SECTION 9 - HOLDING OVER**

If Tenant shall occupy the Premises with the consent of Landlord after the expiration of the term of this Lease, or any extension hereof, and if the rent is accepted by Landlord, such occupancy and payment shall be construed as an extension for the term of one month only from the date of expiration, and occupation and payment thereafter shall be deemed to extend the term of this Lease for but one month at a time unless other terms are agreed to in writing, signed by the parties hereto. Such month-to-month tenancy shall be terminated by either party in a manner provided by the laws of the state of Washington. During such month-to-month tenancy, Tenant shall pay to Landlord rent as set forth herein, together with all increases in Rent as may be provided pursuant to this Lease with the payment of all other monies, costs, expenses or damages required by Tenant pursuant to the terms of this Lease.

### **SECTION 10 - ACCESS**

10.1 **ENTRY.** Landlord and Landlord's agent shall have the right, from time to time, to enter the Premises at reasonable times to examine the same and to make such repairs, maintenance, alterations, leasehold improvements, additions or cleaning in the Premises or portions of the Building accessible from the Premises as Landlord may be required to make, provided that Landlord shall have no responsibility to make such repairs, maintenance, alterations, leasehold improvements, additions, or cleaning except as specifically required by the terms of this Lease. Landlord shall be allowed to take all personnel and materials into the Premises that may be required to perform any such repairs, maintenance, alterations, leasehold improvements, additions or cleaning provided that the Landlord shall proceed reasonably in the manner and method of making such repairs, maintenance, alterations, leasehold improvements, additions or cleaning. If the repairs, maintenance, alterations, leasehold improvements, additions or cleaning substantially adversely affects the use and occupancy of the Premises by the Tenant, then the rent shall be ratably abated based on both the proportion of the Premises affected and the length of time that such proportion of the Premises is affected; provided, that there shall be no abatement of rent if Tenant in any manner other than reasonable usage of the Premises caused the necessity of such repairs, maintenance, alterations, leasehold improvements, additions or cleaning. Landlord will exercise reasonable diligence so as to minimize disturbance or interruption of Tenant's business and shall use reasonable efforts to inform Tenant in advance when exercising rights and responsibilities under this paragraph. If Tenant shall not be personally present to permit entry to the Premises at any time when, for any reason, an entry therein is necessary or authorized hereunder, Landlord or Landlord's agent may enter into and upon the Premises by use of a master key without rendering Landlord or Landlord's agents liable therefor and without in any manner affecting the obligations and covenants of this Lease.

10.2 **SHOWING.** During the six months prior to the termination of the term hereof, or

any renewal term, Landlord upon twenty-four (24) hours' notice to Tenant may exhibit the Premises to prospective Tenants in a manner so as to not unreasonably interfere with the use of the Premises. If at any time during the last month of the term hereof or any renewal term, Tenant shall have vacated the Premises or removed substantially all of Tenant's property therefrom, Landlord may immediately enter and alter, renovate and decorate the Premises without elimination or abatement of rent and without incurring liability to Tenant and all such acts shall have no effect upon the terms or covenants of this Lease.

## **SECTION 11 - WAIVER**

11.1 **CLAIMS**. All property in the Building or in the Premises belonging to Tenant, its employees or invitees, or to any occupant of the Premises is at the risk of Tenant or such other person only and Landlord shall not be liable for the theft, misappropriation or loss or damage thereto, except through the negligence of Landlord.

11.2 **WAIVER OF SUBROGATION**. Landlord hereby waives any and all rights of recovery against Tenant for or arising out of damage to or destruction of the Building and any other property and improvements of Landlord located on the Real Property from causes then covered by a special form real property coverage insurance policy, including vandalism and malicious mischief coverage, to the extent that Landlord's insurance policies then in effect, permit such waiver provided that if such insurance policies permitting such waiver are available to Landlord, Landlord shall obtain and maintain such insurance policies. Tenant hereby waives any and all right of recovery against Landlord for or arising out of damage to or destruction of any property of Tenant within the Building or on the Real Property from causes then covered by a special form coverage insurance policy including vandalism and malicious mischief, to the extent that Tenant's insurance policies then in effect permit such waiver provided that to such extent insurance policies permitting such waiver are available to Tenant, Tenant shall obtain and maintain such policies. If such insurance policies permitting such waiver are available to either party, and if either party fails to obtain and maintain such policies, the waiver by that party shall be effective whether or not that party's insurance policy then in effect permits such waiver, and the party failing to procure such coverage shall fully indemnify and save harmless the other. Should any insurance company charge an additional premium by reason of the foregoing waiver of the right of recovery, such additional premium shall be paid by the party in favor of whom the waiver of the right of recovery is operative (or such party may release the other from the waivers set forth in this Paragraph 11.2). In the event that either party self-insures its property coverage, there shall be no charge for an additional premium for a waiver of right of recovery.

11.3 **NO WAIVER**. Neither the acceptance of rent nor the failure of Landlord to insist upon the strict performance of any of the covenants, terms or conditions of this Lease shall operate or be construed to be a waiver or relinquishment of any such covenant, agreement, term or condition, but the same shall remain in full force and effect; nor shall the same operate as a waiver of any past or future violation, breach or failure to perform, or be construed so as to bias Landlord from exercising any right or remedy it may have under any term, condition or provision of this Lease. No payment by Tenant or receipt by Landlord of a lesser sum than the monthly rent shall be deemed to be other than on account of the earliest stipulated rent and any endorsement or statement on any check or letter accompanying any check or payment as rent shall not be construed

as an accord and satisfaction and Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance of such rent or pursue any other right or remedy available at law or in equity.

## **SECTION 12 - INDEMNIFICATION**

Each of the parties hereto agrees to be liable for its own conduct, including without limitation, breach of this Lease, and to defend, indemnify and hold the other party harmless from and against any and all claims, demands, actions, proceedings, damages, losses, expenses of every kind (including but not limited to reasonable attorney fees) or liabilities therefor. In the event that loss or damage results from the conduct of more than one party, each party agrees to be responsible for its own proportionate share of the claimant's damages under the laws of the State of Washington.

## **SECTION - 13 - INSURANCE**

Tenant shall, at its sole expense during the entire term of this Lease including any extensions or renewals thereof, keep in full force and effect a policy or policies of commercial general liability and property damage insurance covering the entire Premises and the business operated by Tenant, subtenants or assignees of Tenant in the Premises. The limits of the general liability insurance shall be not less than one million dollars (\$1,000,000.00) for each occurrence, and not less than Three Million Dollars (\$3,000,000) in the aggregate. All required insurance will be provided by an insurance company rated AM Best A-7 or better. Landlord shall be named as an additional insured under the general liability policy. Before occupying the Premises pursuant to this Lease, Tenant shall provide Landlord with certificates of insurance evidencing the insurance coverage required under this section and providing for not less than thirty (30) days' notice to Landlord of the cancellation of such insurance. Tenant shall promptly notify Landlord of any cancellation, reduction or other material change in the amount or scope of any coverage required under this section. In the alternative, said policies may be satisfied by Tenant through a program of self-insurance, and Tenant will furnish Landlord with proof of insurance under the above program. Tenant will not cancel or terminate this program of self-insurance without at least thirty (30) days prior written notice to Landlord, together with a description of the insurance program to be substituted.

The insurance and indemnification provisions set forth in Sections 12 and 13 above shall survive the termination or expiration of this Lease.

## **SECTION 14 - DEFAULT**

14.1 **EVENTS OF DEFAULT**. The occurrence of any of the following shall constitute a material default and breach of this Lease by Tenant (the following shall sometimes hereinafter be referred to as a "default" or "event of default"):

(a) Tenant shall fail to pay when and as due the base rent or any additional rent payable hereunder or any other sums required to be paid by Tenant pursuant to this Lease, however incurred or arising, and such default shall continue for ten (10) days after receipt of written notice

from Landlord; or

(b) Tenant shall neglect or fail to perform or observe any of the conditions or covenants herein contained on Tenant's part to be performed or observed except payment of rent or other sums required to be paid by Tenant, and Tenant shall fail to remedy the same within twenty (20) days after Landlord shall have given Tenant written notice specifying such neglect or failure (or within such additional period, if any, as may be reasonably required to cure such default, if the default is of such a nature that it cannot reasonably be cured within said twenty (20) day period); or

(c) This Lease or the Premises or any part thereof shall be taken upon execution or by other process of law directed against Tenant or shall be taken upon or subject to any attachment at the instance of any creditor of or claimant against Tenant, and said attachment shall not be discharged or disposed of within thirty (30) days after the levy thereof; or

(d) Tenant shall be involved in any of the following difficulties or situations:

(1) Tenant admitting in writing Tenant's inability to pay Tenant's debts generally as they become due;

(2) Tenant filing a petition in bankruptcy or for reorganization or for the adoption of an arrangement under the Bankruptcy Act as it now or in the future may exist or any answer or other pleading be filed by or on behalf of Tenant admitting the material allegations of such a petition or seeking, consenting to or acquiescing in the relief provided for under such Act;

(3) Tenant making an assignment of all or a substantial part of Tenant's property for the benefit of its creditors;

(4) Tenant seeking or consenting to or acquiescing in the appointment of a receiver or trustee for all or a substantial part of Tenant's property or of the Premises or of Tenant's interest in this Lease;

(5) Tenant being adjudicated a bankrupt or insolvent;

(6) The appointment of a receiver or trustee for all or a substantial part of Tenant's property; and

(7) Tenant approving a petition filed against it for the effecting of an arrangement in bankruptcy or for a reorganization pursuant to said Bankruptcy Act, or for any judicial modification or alteration of the rights of creditors whether in a federal or state proceeding;

14.2 REMEDIES. Upon the occurrence of any of the events of default described above in Paragraph 14.1, Landlord shall have the right, at Landlord's sole election, then or at any time thereafter while such event of default shall continue to either:

(a) Give Tenant written notice of Landlord's intention to terminate this Lease

after lapse of ten (10) days of service of said notice upon Tenant or at any later date specified therein, and on the date specified in such notice, Tenant's rights to the use, occupancy and possession of the Premises shall be forfeited and this Lease shall thereupon be terminated; provided that in event of a default as described above in Paragraph 14.1a the written notice of default shall be deemed sufficient written notice of Landlord's intention to terminate this Lease on the first day after the passing of the ten (10) day period described in Paragraph 14.1a and the Tenant's rights to the use, occupancy and possession of the Premises shall be forfeited on that day and this Lease shall thereupon be terminated; and in event of a default as described above in Paragraph 14.1b, the written notice of default shall be deemed sufficient written notice of Landlord's intention to terminate this Lease on the first day after the passing of the twenty (20) day period described in Paragraph 14.1b and Tenant's rights to the use, occupancy and possession of the Premises shall be forfeited on that day and this Lease shall thereupon be terminated; or

(b) With or without demand or notice to re-enter and take possession of the Premises or any part thereof and repossess the same and expel Tenant and those claiming through or under Tenant and remove the effects of both or either therefrom (forcibly if necessary) without being deemed guilty in any manner of trespass and without prejudice to any remedies for arrears of rent or any preceding breach of this Lease. Should Landlord elect to re-enter as provided in this Subparagraph b, or should Landlord take possession pursuant to legal proceedings or pursuant to any notice provided for by law, Landlord may:

(1) Terminate this Lease, or

(2) From time to time, without terminating this Lease, relet the Premises or any part thereof for Landlord's sole benefit for such term or terms and at such rental or rentals and upon such other terms and conditions as Landlord may deem advisable, with the right to make alterations and repairs to the Premises, but reserving to Landlord the right at any time to thereafter elect to terminate this Lease as in Subparagraph 14.2a provided. No such re-entry or taking possession of the Premises by Landlord shall be construed as an election on Landlord's part to terminate this Lease unless written notice of such intention is given to Tenant.

14.3 LIABILITIES OF TENANT. In the event Landlord elects to take possession of the Premises as provided in Subparagraph 14.2b, then such repossession shall not relieve Tenant of Tenant's liabilities and obligations under this Lease, all of which shall survive such repossession. In the event of such repossession, Tenant shall be liable for the base rent and all additional rent and other sums as herein provided until the end of what would have been the term of this Lease in the absence of such repossession, and whether or not the Premises shall have been relet, and shall pay to Landlord on demand or at the same time that each monthly rental payment would otherwise be due, as liquidated current damages, the sum of money equal to the base rent and additional rent and other sums and monies, costs and expenses owed to Landlord as provided in this Lease which would be payable hereunder if such repossession had not occurred, less the net proceeds, if any, of reletting the Premises, after deducting all of Landlord's expenses in connection with such reletting, including but without limitation, all repossession costs and expenses, brokerage commissions, attorney's fees, accounting costs, and expenses of preparation for remodeling and for such reletting.

If this Lease is terminated by Landlord by reason of any default by Tenant, whether such termination occurs at the time of such default or at a later date, the liability of the Tenant for the base rent and additional rent and other sums and monies, costs and expenses owed by Tenant to Landlord shall not be extinguished for the balance of the term of this Lease. Tenant shall remain liable for and shall pay to Landlord as liquidated current damages, at the same time that each monthly rental payment would otherwise be due hereunder, a sum of money equal to the base rent and additional rent and other sums, costs and expenses owed by Tenant to Landlord as herein provided which would be payable hereunder if this Lease had not been terminated, less the net proceeds, if any, of any reletting of the Premises after deducting all of Landlord's expenses in connection with such reletting, including but without limitation, all repossession costs and expenses, brokerage commissions and attorneys' fees, accounting costs and expenses of preparation for remodeling and for such reletting.

In the event Landlord elects to take possession of the Premises as provided in Subparagraph 14.2b or terminates this Lease by reason of any default of Tenant, Landlord shall use such reasonable efforts as required by any applicable law to mitigate any damages owed by Tenant to Landlord pursuant to this Paragraph 14.3.

14.4 PERSONAL PROPERTY. In the event of any re-entry or termination by Landlord, Landlord may, at Landlord's option, require Tenant to remove from the Premises any of Tenant's property located thereon. If Tenant fails to do so, Landlord shall not be responsible for the care or safekeeping thereof and ten (10) days after Landlord gives notice in a manner designated herein Landlord may remove any of the same from the Premises and place the same elsewhere in the Building or in storage in a public warehouse at the cost, expense and risk of Tenant with the authority of the warehouseman to sell the same in the event tenant shall fail to pay the costs of transportation and storage, all in accordance with the rules and regulations applicable to the operation of a public warehouse.

14.5 NONTERMINATION. Tenant expressly agrees that neither the taking of possession of the Premises nor the institution of any proceeding by way of unlawful detainer, ejectment, quiet title or otherwise to secure possession of the Premises, nor the entry of Landlord with or without institution of such proceedings, nor the re-renting or subletting of the Premises shall operate to terminate this Lease in whole or in part, nor of itself constitute an exercise of Landlord's option to do so, but only by the giving of the written notice specifying termination shall such termination be effected. In the event Landlord re-enters the Premises but does not elect to terminate this Lease, all of Tenant's rights to possession or occupancy of the Premises, or to the receipt of any monies from any subleasing or any other rights of Tenant pursuant to this Lease shall cease to exist and Tenant shall have no right to retake possession of the Premises or to interfere in any manner with any subsequent tenants of the Premises or with Landlord's receipt of any monies from any such subsequent tenants.

## **SECTION 15 - DAMAGE AND DESTRUCTION**

15.1 DAMAGE. If, during the term of this Lease or any extensions or renewals hereof, the Building or the Premises shall be totally destroyed by fire or any other casualty, or partially damaged or destroyed by fire or any other casualty so as to render the Building or the Premises

untenantable or unfit for occupancy, or so as to render the Premises or Building unfit for the purpose for which they were constructed and leased, or if the Building or the Premises are declared unsafe or unfit for occupancy by any authorized public authority for any reason, either party may elect to terminate this Lease effective as of the date of the occurrence of such fire or other casualty or such declaration by giving the other party written notice of such termination within sixty (60) days after the occurrence of such fire or other casualty or such declaration. In such event, all rights and obligations of the parties shall cease as of the date of termination, and Tenant shall be entitled to the reimbursement of any prepaid amounts paid by Tenant and attributable to the anticipated term. If neither party elects to terminate, Landlord shall proceed to restore the Premises to substantially the same form as prior to the damage or destruction.

15.2 RESTORATION OF PREMISES. In the event of any damage or destruction to Building or leasehold improvements following which this Lease is not terminated by Landlord or Tenant as herein provided, Landlord shall proceed with reasonable diligence to repair and restore the Premises, including leasehold improvements to substantially the condition in which they were immediately prior to the occurrence of such fire or other casualty or such declaration, with such changes as may be required by or under the laws, ordinance, or regulation then in effect. Work shall be commenced as soon as reasonably possible and thereafter shall proceed without interruption except for work stoppages on account of labor disputes and matters beyond Landlord's reasonable control.

15.3 ABATEMENT OF RENT. During such period as the Premises are untenable and unfit for occupancy as a result of any fire or other casualty or declaration by any public authority that the Premises are unsafe or unfit for occupancy, the rent shall be ratably abated, based on both the proportion of the Premises affected and the length of time that such proportion of the Premises is affected, until the Premises shall be repaired or restored. If Tenant and Landlord fail to agree on the amount of rent to be paid, Tenant shall continue to pay the full amount of the rent owed, without abatement, until the dispute has been finally determined by agreement, arbitration or court action; provided that in the event of a finding in said final determination of any such dispute that the rent paid by Tenant during the period of the dispute exceeded the rent as finally determined to be ratably abated, then Landlord shall remit to Tenant the rent overpayment, which would be calculated as the difference between each rent payment paid to Landlord during the period of the dispute and the rent as ratably abated, together with interest on the overpayment at the rate of two percent (2%) above the prime rate then prevailing at U.S. Bank, Seattle, Washington, or its successor, per year on the increasing balance. Notwithstanding anything to the contrary herein contained, there shall be no abatement in rent if the cause of such fire or other casualty or declaration shall have been caused by or be the result of the negligence or unreasonable conduct of Tenant or its agents, employees or invitees. Further, subject to Sections 5.1 and 6.1, there shall be no abatement in rent for any time required to repair or replace any property of Tenant or to make any alterations, additions or leasehold improvements to be made by or at the expense of Tenant.

15.4 LIABILITY OF TENANT. Notwithstanding anything herein to the contrary, and except as provided in Section 11.2, any damage to the Premises caused by the negligence or unreasonable conduct of Tenant or its agents, employees or invitees shall be immediately repaired by Tenant at no expense to Landlord. Notwithstanding anything in this Section 15 to the contrary, Tenant shall in no event be entitled to compensation or damages on account of annoyance arising



out of the making of any repairs or restoration or on account of any destruction or casualty or on account of any lawful termination of this Lease.

## **SECTION 16 - EMINENT DOMAIN**

16.1 **AWARD.** If any person or corporation, municipal, public, private or otherwise shall at any time, during the term of this Lease or any extension thereof, lawfully condemn and acquire title to the Premises or any portion thereof, or to the Building or appurtenances thereto, or to any portion of the Building, in or by condemnation or eminent domain proceedings, pursuant to any law, general, special or otherwise, then Landlord shall be entitled to and shall receive any and all awards that may be made in any such proceeding and Tenant hereby assigns and transfers to Landlord any and all such awards that may be made to Tenant; however, nothing herein contained shall be construed to prevent Tenant from collecting any relocation expenses or damages for interruption of Tenant's business, which may be awarded to it by reason of such taking or payment for Tenant's interest in leasehold improvements attributable to any Tenant payment for leasehold improvements above leasehold allowance which may be awarded to Tenant by reason of such taking. This paragraph applies whether all, substantially all or only a part of the Premises is taken.

16.2 **TOTAL OR SUBSTANTIAL TAKING.** In the event of a total taking or of a substantial partial taking of the Premises or of the Building by condemnation or eminent domain proceedings, then this Lease and the term hereof shall terminate and expire on the date possession of the part so taken is denied or constructively denied to Tenant, and any rent or other sums and charges provided in this Lease to be paid by Tenant to Landlord shall be apportioned and paid to such date. For the purposes of this Paragraph 16.2, a substantial partial taking shall exist when the Premises or the portion thereof remaining or the Building cannot reasonably be used, after restoration, for the business purpose for which the Premises are leased, or shall exist when the use of the remainder of the Premises are leased, or shall exist when the use of the remainder of the Premises or Building is impracticable or substantially affects the value of the rental income to Landlord from the Building and improvements.

16.3 **LESS THAN SUBSTANTIAL PARTIAL TAKING.** In the event of less than a substantial partial taking by condemnation or eminent domain proceedings as defined above in Paragraph 16.2, then the right and obligations of the parties shall be as follows.

(a) Where the portion of the Real Property taken consists of the open areas surrounding the Building of which the Premises is a part, or any part thereof, then this Lease shall not terminate, but shall continue for the balance of its term or any extension thereof without any reduction or abatement or effect upon the terms hereof or upon the duty and liability of Tenant to pay the base rent and additional rent and other sums owed by Tenant pursuant to this Lease, together with all increases or other payments or obligations owed by Tenant hereunder.

(b) Where the portion of the Real Property taken consists of a part of the Premises or another part of the Building of which the Premises is a part, then Landlord shall have the option to cancel and terminate this Lease, or to offer Tenant reasonably alternative premises within the Building, at the same base rental rate per square foot as then charged for the Premises, and subject to the remaining terms and conditions of this Lease, as of the date of such taking by

serving Tenant written notice of such election within thirty (30) days following the date of vesting of title in the condemning authority or entity.

If Landlord does not elect to cancel and terminate this Lease pursuant to the provisions of this Paragraph 16.3, then this Lease shall continue for the balance of its term as to the part of the Premises remaining. If the taking substantially adversely affects the use and occupancy of the Premises by the Tenant, then the rent shall be ratably abated based on both the proportion of the Premises affected and the length of time that such proportion of the Premises is affected. In such event, Landlord shall, with reasonable dispatch, repair or rebuild the remaining portion of the Premises or the Building so as to restore the Building and the Premises as a Building complete in itself and to the greatest extent possible compatible with the purpose for which the Building and Premises is used, but Landlord shall not be obligated to expend thereon more than the sum allowed to Landlord in such condemnation proceeding for the taking of and damage to the Building, less all expenses incurred by Landlord in such proceeding.

### **SECTION 17 - ATTORNEY FEES**

In the event either Landlord or Tenant employs an attorney to enforce any of the covenants, agreement, terms or conditions of this Lease, or to commence, prosecute or defend any action or arbitration, including appeal and petition for review, arising out of this Lease, then in any such event the prevailing party shall be entitled to recover from the other and the losing party shall pay all of the prevailing party's reasonable costs and attorney fees therein incurred.

### **SECTION 18 – FINANCING**

18.1 Estoppel Certificate. Tenant shall, at any time and from time to time, within twenty (20) days following written request from Landlord, execute, acknowledge and deliver to Landlord, a written statement certifying that this lease is in full force and effect and is unmodified (or, if modified, stating the nature of such modification), certifying the date to which the rent reserved hereunder has been paid and certifying that there are not, to Tenant's knowledge, any uncured defaults on the part of Landlord hereunder, or specifying such defaults if any are claimed. Any such statement may be relied upon by any prospective purchaser, lessee or mortgagee of all or any part of the Building of which the Premises are a part. Tenant's failure to deliver such statement within said twenty (20) day period shall be conclusive upon Tenant that this Lease is in full force and effect and is unmodified, and that there are no uncured defaults in Landlord's performance hereunder.

18.2 Lease Amendment. If Landlord can obtain financing only upon the basis of amending this Lease as is reasonably required by the lender for its protection, Landlord and Tenant shall amend this Lease, at Landlord's expense, to such extent as is reasonably necessary to give such protection of the lender; provided that such amendment shall be restricted to the provisions relating to protection of the lender; and provided further, that such amendment shall not have a materially adverse effect on the interest of Tenant. If Tenant refuses to make such amendment within thirty (30) days after Landlord's request in writing, then Landlord, in addition to other rights or remedies in may have, shall have the right o cancel this Lease, in which event this Lease shall be null and void, and any money or security deposited hereunder shall be the sole

property of the Landlord. Landlord shall reimburse Tenant for reasonable expenses to review and approve such amendment, not to exceed \$500.00.

18.3 Financial Statements. Should a lender advancing funds to Landlord for the purpose of financing the Building require business financial statements of the Tenant, Tenant shall submit to such lender, on the condition of confidentiality, financial statements which Tenant regularly maintains. Nothing herein shall require Tenant or any individual to provide personal financial statements to such lender or to created financial statements or reports.

### **SECTION 19 - PUBLIC AREAS**

Tenant and Tenant's agents, employees, servants, patients and invitees shall have the nonexclusive right in common with other Tenants of the Building and their agents, employees, servants, patients and invitees, subject to reasonable rules and regulation promulgated by Landlord from time to time to use for purposes for which they have been provided, the public areas as designated by Landlord.

### **SECTION 20 - LIGHT AND AIR**

This Lease does not grant or purport to grant any view and/or rights of access to light or air over the property and this Lease does not warrant or protect against interference with a view, light or air in the Premises by any construction upon adjacent, abutting or nearby property.

### **SECTION 21 - WASTE DISPOSAL**

The term "environmental law" shall mean any federal, state, or local statute, regulation, or ordinance relating to the protection of health or the environment, including laws and amendments enacted after the date of this Lease. The term "hazardous waste" shall mean any waste defined or listed as hazardous by any applicable environmental law. Tenant shall comply with all applicable federal, state and local statutes, regulations and ordinances. Tenant shall comply and shall cause all activities on the Premises to comply, with all applicable environmental laws. Upon the expiration or earlier termination of this Lease, Tenant shall remove from the Premises all hazardous wastes and other wastes, materials or substances that are defined or listed as hazardous or toxic under any applicable environmental law and have been generated on or brought on the Premises by or at the request of Tenant.

### **SECTION 22 - NOTICES**

Whenever in this Lease it shall be required or permitted that notice, demand, consent, approval or communication be given or served by either party to the other, it shall be in writing and shall be given or served personally or forwarded by certified mail, return receipt requested, postage prepaid via the United States mail, properly addressed and stamped as follows:

To Landlord at:

PeaceHealth St. Joseph Medical Center  
2901 Squalicum Parkway  
Bellingham, WA 98225  
Attention: Contract Administration

Copy to:

PeaceHealth Property Management  
Attn: Tamara Miller  
123 International Way  
Springfield, OR 97477

To Tenant at:

Whatcom County Health Department  
Malora Christensen, Response Systems Manager  
509 Girard Street  
Bellingham, WA 98225

or to such other address as the parties may designate in writing from time to time, and if mailed, shall be deemed given three (3) days following the date of deposit in the United States mail.

#### **SECTION 23 - DESCRIPTIVE HEADINGS AND INTERPRETATION**

The descriptive headings of this Lease are inserted for convenience in reference only and do not in any way limit or amplify the terms and provisions of this Lease. This Lease shall be construed and interpreted in accordance with the laws of the State of Washington. Venue shall lie in Whatcom County. This Lease constitutes the entire agreement between the parties with respect to the Premises, except for such guarantees or modifications as may be executed in writing by the parties from time to time. When required by the context of this Lease, the singular shall include the plural, and the masculine shall include the feminine and/or neuter. "Party" shall mean Landlord or Tenant. If more than one person or entity constitutes Landlord or Tenant, the obligations imposed upon that party shall be joint and several.

#### **SECTION 24 - HEIRS AND SUCCESSORS**

Subject to the terms, covenants and agreements regarding assignment and subletting, the terms covenants and conditions of this Lease shall be binding upon the heirs, legal representatives, successors and assigns of the parties hereto.

#### **SECTION 25 - BREACH BY LANDLORD**

In the event any damages are awarded to Tenant against Landlord for breach of this Lease, Tenant's sole recourse shall be against Landlord's interest in the Building, and Landlord shall have

no personal liability therefore.

### **SECTION 26 – CONVEYANCES BY LANDLORD**

Landlord may elect to sell, ground lease or transfer its interest in the Building or Premises during the term of this Lease. In such event, Landlord shall be discharged from any obligations and responsibilities under this Lease from and after the effective date of such transfer, except for those already accrued or with respect to matters which occurred prior to sale or transfer.

### **SECTION 27 – EXCISE TAXES**

Tenant shall assume and pay to Landlord at the time of paying the Rent any excise, sales, gross receipts, or other taxes (other than a net income or excess profits on tax) or any surcharge that may be imposed on or measured by such Rent or the property subject to this Lease (other than Real Estate or personal property taxes) or may be imposed on or on account of the letting or the Premises and that Landlord may be required to collect under any law now in effect or hereinafter enacted.

### **SECTION 28 – MISCELLANEOUS**

28.1 **Severability.** This Lease contains all of the agreements, conditions, understandings, representations and warranties made between the parties hereto with respect to the subject matter hereof and may not be modified orally or in any manner other than by an agreement in writing signed by both parties hereto or their respective permitted successors in interest. Any provision of this Lease which shall prove to be invalid, void, or illegal shall in no way affect, impair, or invalidate any other provision hereof, and such other provisions shall remain in full force and effect.

28.2 **Declaration, Building Rules and Regulations.** Tenant shall comply with all terms of the Declaration. Tenant shall obey all rules and regulations of the Building as imposed by the Landlord. Landlord shall have the right to make reasonable changes or additions to such rules and regulations, provided such changes and additions, except those affecting the safety and operation of the Building or Premises, do not unreasonably affect the Tenant's use of the Premises. Landlord shall not be liable for any tenant's failure to obey such rules and regulations. Failure by Landlord to enforce current or subsequent rules or regulations against any tenant of the Building shall not constitute a waiver thereof. Except for health and safety rules, rules required by regulatory agencies, in the event of conflict between rules and regulations and this Lease, the provisions of this Lease shall control.

28.3 **HIPAA and Other Regulations.** The parties will be required to conform to federal and state laws relating to medical facilities, including HIPAA, medical waste regulations, the Stark Law, the Anti-Kickback Law, and any other federal and state laws prohibiting fraud and abuse. Each party hereto warrants and represents that it has not been suspended, excluded, sanctioned or debarred ("an Enforcement Action") from participation in any governmental program, (e.g., Medicare or Medicaid). Each party hereby agrees that it shall indemnify the other party against all costs (including attorneys' fees), losses, and penalties that the other party may incur arising from any breach of this

Section; such indemnification obligation shall survive the termination or expiration of this Lease.

28.4 Force Majeure. Time periods before Landlord's and Tenant's performance under this Lease, other than payment of rent and other charges, shall be extended for period of time during which performance is prevented due to circumstances beyond the control of the party required to perform, including, without limitation, strikes, embargoes, governmental action (including delays in obtaining permits or approvals from the City of Bellingham and/or Whatcom County), acts of God, emergencies, shortages, or unavailability of supplies, services, labor, or utilities, acts of third parties, war, terrorism or other strike.

28.5 Reimbursement. Each party hereto shall, in connection with this Lease, cooperate fully with the other party as applicable by, among other things, generating, maintaining and making available all necessary records, in order to assure that each party will be able to meet all requirements for participation and payment associated with public and private third-party payment programs including, but not limited to, matters covered by Section 1861(v)(1)(I) of the Social Security Act. If Tenant carries out the duties of this Lease through a sublease worth Ten Thousand Dollars (\$10,000) or more over a twelve (12) month period, the sublease shall also require the subtenant to comply with this Section. Tenant shall continue to comply with this Section following expiration or termination of this Lease. Each party shall continue to comply with this Section 35 following expiration or termination of this Lease.

28.6 Signature Authority. The individuals executing this Lease represent and warrant that they are competent and capable of entering into a binding contract, and that they are authorized to execute this Lease on behalf of the parties hereto. If either party is a corporation, each individual executing this Lease on behalf of said corporation represents and warrants that he/she is duly authorized to execute and deliver this Lease on behalf of said corporation and that this Lease is binding upon said corporation in accordance with its terms.


28.7 Representation. Each party hereby acknowledges: (i) having fully read this Lease in its entirety; (ii) having had full opportunity to study and review this Lease; (iii) having been advised that counsel for each party has acted solely on that party's behalf in connection with the negotiation, preparation, and execution hereof; (iv) having been advised that all parties have the right to consult and should consult independent counsel respecting their rights and duties under this Lease; and (v) having had access to all such information as has been requested.

28.8 Legal Status. Notwithstanding anything to the contrary herein, if performance by either of the parties hereto of any term of this Agreement shall jeopardize the licensure of a PeaceHealth hospital, or the full accreditation of a PeaceHealth hospital by the hospital's accrediting body, or the tax-exempt status of PeaceHealth or the ability of PeaceHealth to issue tax-exempt bonds or should be in violation of applicable laws or regulations, such term shall be renegotiated by parties. In the event the parties are unable to renegotiate said term within sixty (60) days following receipt of written notice of such jeopardy, either party may terminate this Agreement upon thirty (30) days prior written notice to the other party.

28.9 Counterparts. This Lease may be executed in any number of counterparts, including by fax signatures, each of which will constitute an original, but all of which will constitute one Lease.

**NOW THEREFORE**, this Lease is effective and executed as of the date of the last party to sign below:

**LANDLORD: PEACEHEALTH ST. JOSEPH MEDICAL CENTER**

By Steven Glenn   
Steven Glenn, EVP Chief Administrative Officer  
Date 06/14/2022 06:53 PM EDT

**TENANT: WHATCOM COUNTY HEALTH DEPARTMENT**

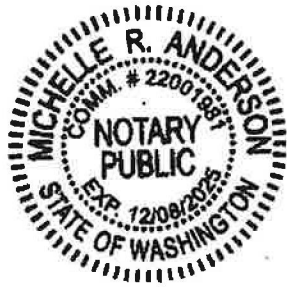
Erika Lautenbach  
By Erika Lautenbach  
Its Director  
Date 04/13/2022

STATE OF WASHINGTON )  
 ) ss.  
COUNTY OF WHATCOM )

On this 14<sup>th</sup> day of JUNE, 2022, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn personally appeared Steven Elmer, known to me to be the individual that executed the foregoing instrument, and acknowledged the said instrument to be his/her free and voluntary act and deed, for the purposes therein mentioned.

I certify that I know or have satisfactory evidence that the person appearing before me and making this acknowledgment is the person whose true signature appears on this document.

WITNESS my hand and official seal hereto affixed the day and year in the certificate above written.



Michelle R. Anderson  
Signature

Michelle R. Anderson  
Print Name

NOTARY PUBLIC in and for the State of

Washington, residing at Camas WA  
~~Bellingham,~~

My commission expires 12/08/2025.



PROGRAM APPROVAL

Approved by email MC/JT \_\_\_\_\_  
Malora Christensen, Response Systems Manager

03/25/2022 \_\_\_\_\_  
Date

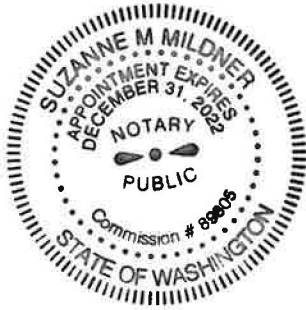
WHATCOM COUNTY

*Satpal Sidhu*

\_\_\_\_\_  
SATPAL SIDHU  
County Executive

STATE OF WASHINGTON     )  
  )  
COUNTY OF WHATCOM    )

On this 15<sup>th</sup> day of April, 2022, before me personally appeared Satpal Sidhu, to me known to be the Executive of Whatcom County and who executed the above instrument and who acknowledged to me the act of signing and sealing thereof.



*Suzanne M. Mildner*

\_\_\_\_\_  
NOTARY PUBLIC in and for the State of Washington,  
residing at Bellingham.

My Commission expires: 12-31-22

APPROVED AS TO FORM:

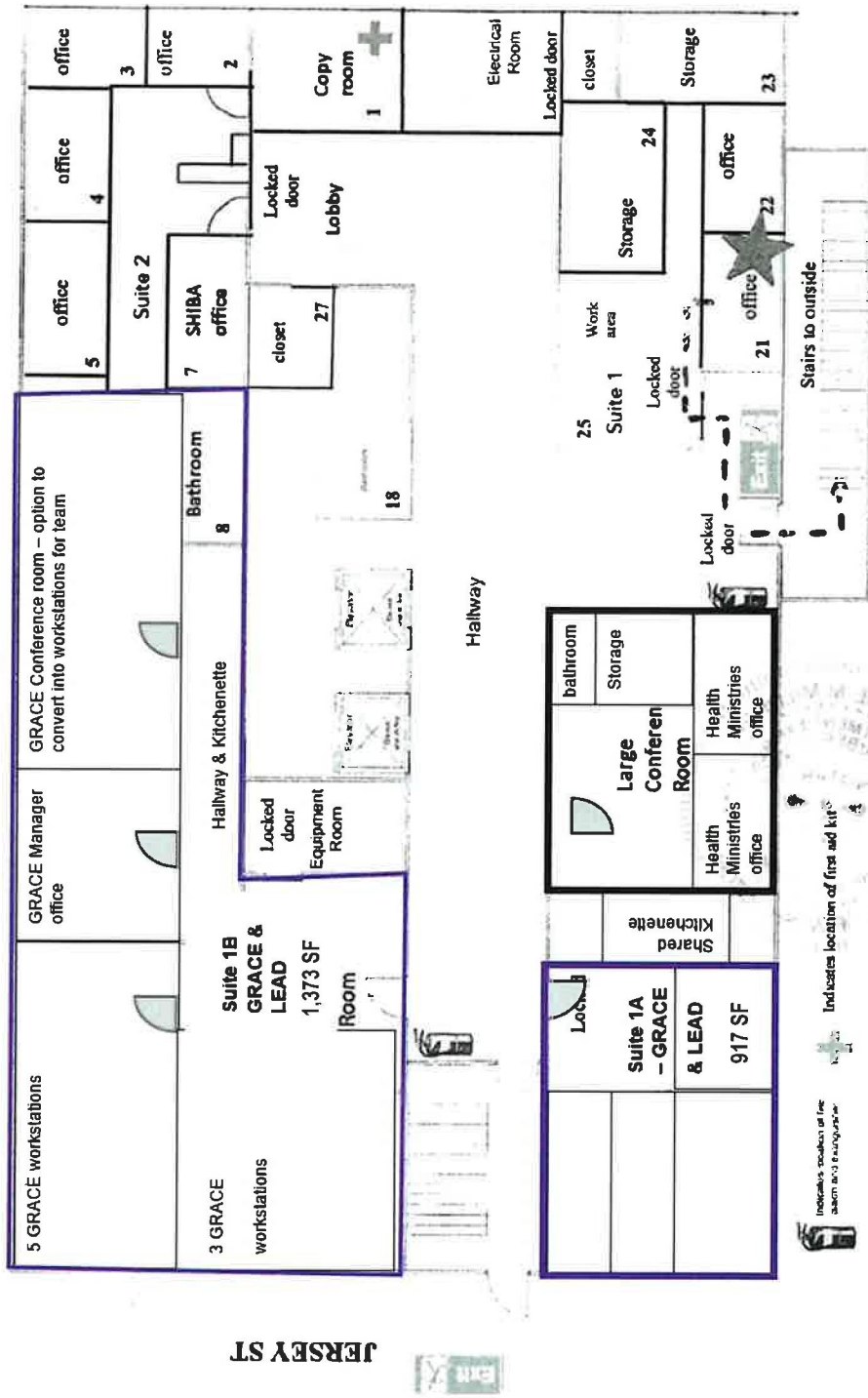
Approved by email RB/JT \_\_\_\_\_  
Royce Buckingham, Senior Civil Deputy Prosecutor

03/30/2022 \_\_\_\_\_  
Date

# EXHIBIT A PREMISES FLOOR PLAN FIRST FLOOR

## KEY ST

Chestnut Office Building 800 East Chestnut, Bellingham, WA



JERSEY ST

**EXHIBIT B**  
**BUILDING POLICIES**

Tenant and Tenant's agents, employees, invitees, licensees, subtenants, customers and patients shall abide by the following rules and regulations:

a. The Public areas of the Building shall not be obstructed by Tenant or used by Tenant for any purpose other than ingress or egress or for which the public area or common area is intended.

b. Tenant shall comply with such rules and regulations regarding security of the Building as may be promulgated by Landlord from time to time.

c. At the completion of business, Tenant shall not leave Premises without locking doors, stopping all office machines and extinguishing all lights.

d. Tenant shall not install any shades, blinds or awnings without consent of Landlord.

e. Tenant shall not use any electric heating or cooling device not installed by Landlord without permission of Landlord.

f. Tenant shall not secure duplicate keys for rooms or toilets except from Landlord or change the locks of any doors to or in the Premises.

h. Tenant shall employ all reasonable fire prevention measures. In this connection, all warming appliances or units, including without limitation coffee pots and hot plates, shall have automatic shut-off devices to prevent overheating.