



200710150087
Skagit County Auditor

10/15/2007 Page 1 of 8 9:09AM

After recording, return to:

Karen Olson Rasmussen
Bennett Bigelow & Leedom, P.S.
1700 Seventh Ave., Ste. 1900
Seattle, WA 98101

CHICAGO TITLE CO.

1043136

**AGREEMENT FOR
RIGHT OF FIRST OFFER**

Grantor: Skagit Valley Medical Center, Inc. P.S.

Grantee: Skagit County Public Hospital District #304
(d/b/a United General Hospital),

Abbreviated
Legal Description: Unit 2, The Pavilion Condominium,
established by Declaration recorded under Document No.
200704040079 in Skagit County, Washington

Tax Parcel Nos.: 4923-000-002-0000

**AGREEMENT FOR
RIGHT OF FIRST OFFER**

JB THIS AGREEMENT FOR RIGHT OF FIRST OFFER, dated this 11th *JB* day of October, 2007, is between SKAGIT COUNTY PUBLIC HOSPITAL DISTRICT #304 (d/b/a United General Hospital), a Washington municipal corporation ("Hospital") and SKAGIT VALLEY MEDICAL CENTER, INC., P.S., a Washington professional corporation ("SVMC").

RECITALS:

Hospital is lessor under the certain Ground Lease of the real property located in Skagit County, Washington more particularly described in the Memorandum of Ground Lease recorded with the Skagit County Auditor under File No. 200609270118 ("Property");

SVMC is the owner of Unit 2, The Pavilion Condominium, established by Declaration recorded under Document No. 200704040079 in Skagit County, Washington ("Pavilion Unit 2") located on the Property;

Hospital desires to have the opportunity to purchase Pavilion Unit 2 in the event SVMC desires to sell Pavilion Unit 2, and SVMC is willing to grant to Hospital the Right of First Offer on the terms set forth in this Agreement;

AGREEMENT:

JB Accordingly, in consideration of payment in the amount of One *JB* Dollar§
(\$ 1.00) and the mutual covenants herein, the parties agree:

1. Hospital's Right of First Opportunity.

(a) If at any time during the term of the Ground Lease, or any extension thereof, SVMC elects, in SVMC's sole and unrestricted discretion, to sell or transfer, directly or indirectly, all of its right, title, and interest in Pavilion Unit 2, SVMC shall first deliver to Hospital a written statement of the terms upon which SVMC would sell its interest in Pavilion Unit 2, or, in the alternative, a true and complete copy of any offer to purchase such interest which offer SVMC wishes to accept ("Notice of Proposed Sale"). The Notice of Proposed Sale shall state the purchase price (which must be an amount specified in dollars, but which may be paid either in a lump sum or in installments over an extended period of time) and any other provisions of the proposed sale. The Notice of Proposed Sale shall constitute an offer by SVMC which Hospital may accept, within sixty (60) calendar days of receipt of the Notice of Proposed Sale, by delivering to SVMC Hospital's unconditional acceptance of the offer stated in the Notice of Proposed Sale. During such sixty (60) calendar days, SVMC and Hospital agree to negotiate exclusively and in good faith with one another for the potential purchase and sale of the real property, but neither party shall have any obligation to accept any term or condition not acceptable or desirable to such party in its own subjective discretion. If Hospital accepts the Notice of Proposed Sale offer or SVMC accepts in writing an offer by Hospital, the purchase price shall be equal to and paid, and the other terms of sale shall be, in accordance with the terms



of the Notice of Proposed Sale or a negotiated agreement between Hospital and SVMC. If Hospital does not so timely accept the Notice of Proposed Sale offer by SVMC or offer to purchase the real property on terms acceptable to SVMC, SVMC shall have the right to sell its interest in the Property to a third party at a price and on terms agreed to by the third party and SVMC, provided that if SVMC does not sell its interest in the Property within one (1) year of the end of such sixty (60) day period, this right of first offer shall thereafter apply to any future offers SVMC may make or consider for sale of its interest in the Property .

(b) Hospital shall have no right to acquire the real property in the event of a transfer by foreclosure of any lien granted by SVMC, dissolution or reorganization of the SVMC legal entity, contribution of the real property by SVMC to a legal entity in exchange for at least a two-thirds interest in the legal entity, operation of law, or gift.

(c) Upon a sale of the real property by SVMC to a third party following the Notice of Proposed Sale procedure provided for in this section, Hospital's rights under this section shall be forever terminated and this section shall be deemed deleted from this Lease.

(d) SVMC has no present intention to sell the real property and shall have no obligation to do so or to ever issue a Notice of Proposed Sale except in the circumstances expressly stated at the beginning of this Section. If a Notice of Proposed Sale is issued, neither Hospital nor SVMC shall have any obligation to negotiate for any change in the terms so offered although they may elect to do so in their own individual and unlimited discretion.

2. Notices. Any and all notices under this Right of First Offer Agreement shall be deemed given upon mailing such notice, postage prepared, by United States registered or certified mail to the following addresses:

(a) To Hospital:

Skagit County Public Hospital District #304
2000 Hospital Drive
Sedro-Woolley, WA 98282-4327
Attention: Chief Executive Officer

(b) To SVMC:

1400 East Kincaid Street
Mount Vernon, WA 98274

3. Miscellaneous.

(a) Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Washington.

(b) Commissions. Hospital and SVMC each warrant to the other that it will not agree to pay any real estate brokerage commissions in connection with the transaction



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contemplated by this Agreement to any person or entity; each party ("Indemnitor") shall indemnify, defend and hold harmless the other party from any claims by any reason or entity for real estate commissions or finder's fees arising by reason of any action taken by the Indemnitor.

(c) Attorneys' Fees. If any lawsuit arises in connection with this Agreement, the substantially prevailing party therein shall be entitled to recover from the losing party the prevailing party's costs and expenses, including reasonable attorneys' fees, incurred in connection therewith, in preparation therefor and on appeal therefrom, which amounts shall be included in any judgment entered therein.

(d) Complete Agreement. This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof, it supersedes all proper agreements, understandings and communications between the parties, written or oral, and may not be modified, amended or otherwise changed in any manner except by written instrument executed by both parties thereto. If any provision of this Agreement is finally adjudicated to be invalid, illegal or unenforceable, in whole or in part, it will be deemed deleted to that extent, and all other provisions of this Agreement shall remain in full force and effect.

(e) Saturdays, Sundays and Legal Holidays. If the time for performance of any of the terms, conditions or provisions of this Agreement shall fall on a Saturday, Sunday or legal holiday, that the time of such performance shall be extended to the next "business day" thereafter. For purpose of this Agreement, the term "business day" shall mean a day when banks generally are open to the general public for commercial banking purposes.

(f) Counterparts. This Agreement may be executed in counterpart, including counterparts transmitted by facsimile machines, and the executed counterparts together shall constitute one instrument.

(g) Subordination. This Agreement and all rights and interests of Hospital hereunder, including any purchase option and right of first refusal, are and at all times shall be subordinate to any mortgage, deed of trust or other hypothecation for security now or hereafter placed on Pavilion Unit 2, including any and all renewals, extensions, modifications or replacements thereof. Hospital agrees to execute such document as may be reasonably required by a lender to effectuate such subordination. However, nothing in this paragraph shall be construed as modifying or limiting Hospital's rights under paragraph 2 of that certain Consent Regarding Financing by and between Hospital, SVMC , Whidbey Island Bank ("Lender") and J & J Skagit, LLC, executed contemporaneously herewith. As set forth therein, Lender agrees to waive any pre-payment penalty provisions in connection with Lender's purchase money mortgage loans to SVMC in the event of SVMC's default and Hospital's assumption of SVMC's obligations under the loans.

[Signatures on the following page]



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Skagit County Auditor

HOSPITAL:

SKAGIT COUNTY PUBLIC HOSPITAL
DISTRICT #304 (d/b/a United General
Hospital), a Washington municipal
corporation

By: [Signature]
Name: GREG REED
Title: Superintendent

SVMC:

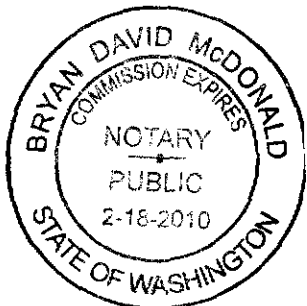
SKAGIT VALLEY MEDICAL CENTER,
INC., P.S., a Washington professional
corporation

By: _____
Name: _____
Title: _____

STATE OF WASHINGTON)
)
COUNTY OF SKAGIT)

THIS IS TO CERTIFY that on this 13th day of OCTOBER, 2007, before me, the undersigned, a notary public in and for the State of Washington, duly commissioned and sworn, personally appeared GREG REED, to me known to be the Superintendent of SKAGIT COUNTY PUBLIC HOSPITAL DISTRICT #304 (d/b/a United General Hospital), a Washington municipal corporation, the corporation that executed the within and foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that he/she is authorized to execute said instrument.

WITNESS my hand and official seal the day and year in this certificate first above written.



Bryan David McDonald
Print Name: BRYAN DAVID McDONALD
NOTARY PUBLIC in and for the State of
Washington, residing at CAMANO ISLAND
My commission expires: 2-18-2010



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Skagit County Auditor

UNOFFICIAL DOCUMENT

HOSPITAL:

SKAGIT COUNTY PUBLIC HOSPITAL
DISTRICT #304 (d/b/a United General
Hospital), a Washington municipal
corporation

By: _____
Name: _____
Title: _____

SVMC:

SKAGIT VALLEY MEDICAL CENTER,
INC., P.S., a Washington professional
corporation

By: *John Bond*
Name: John Bond
Title: President

STATE OF WASHINGTON)
)
COUNTY OF _____)

THIS IS TO CERTIFY that on this _____ day of May, 2007, before me, the undersigned, a notary public in and for the State of Washington, duly commissioned and sworn, personally appeared _____, to me known to be the _____ of SKAGIT COUNTY PUBLIC HOSPITAL DISTRICT #304 (d/b/a United General Hospital), a Washington municipal corporation, the corporation that executed the within and foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that he/she is authorized to execute said instrument.

WITNESS my hand and official seal the day and year in this certificate first above written.

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

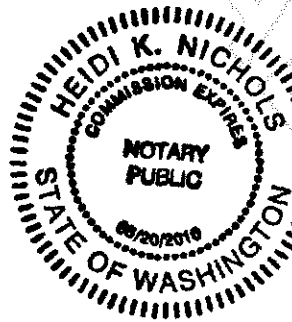


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STATE OF WASHINGTON)
COUNTY OF Skagit)

THIS IS TO CERTIFY that on this 11 day of ^{October}~~May~~, 2007, before me, the undersigned, a notary public in and for the State of Washington, duly commissioned and sworn, personally appeared John Bond, to me known to be the President of SKAGIT VALLEY MEDICAL CENTER, INC., P.S., a Washington professional corporation, the corporation that executed the within and foregoing instrument, and acknowledged the said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that he/she is authorized to execute said instrument.

WITNESS my hand and official seal the day and year in this certificate first above written.



Heidi K. Nichols
Print Name: Heidi K. Nichols
NOTARY PUBLIC in and for the State of
Washington, residing at Mount Vernon
My commission expires: May 20, 2010



EXHIBIT "A"

Unit 2, THE PAVILION CONDOMINIUM, according to the declaration thereof, recorded April 4, 2007, under Auditor's File No. 200704040079, records of Skagit County, Washington, and the Survey Map and Plans recorded April 4, 2007, under Auditor's File No. 200704040078, records of Skagit County, Washington; and being a portion of the West half of the Southeast quarter of the Northeast quarter of Section 27, Township 35 North, Range 4 East, W.M.

Situated in Skagit County, Washington

- END OF EXHIBIT "A" -



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