

Muldoon ASC LLC
11284 Business Blvd.
Eagle River, AK 99577
904-654-6220

*Received 11-24-15
ant*

November 24, 2015

Alexandria Hicks, MPH
DHSS Certificate of Need Program
3601 C St., Suite 978
Anchorage, AK 99503

RE: Request for Determination of CON Exemption- Muldoon ASC LLC

Dear Ms. Hicks,

I am pleased to represent Muldoon ASC LLC in our application for Request for Determination of Exemption for a new ambulatory surgery center here in Anchorage. This project will be a single operating room facility co-located with ASC North LLC. As we discussed during our meeting on November 5, 2015, this concept is in accordance with CMS guidelines for temporally separate ASCs that share the same location and closely follows the DHSS decision of March 12, 2013 regarding Alaska Heart Institute.

Since we will be sharing the base equipment and tenant improvements of ASC North LLC, we have estimated our costs for this project based on the ratio of 2/7ths of ASC North's tenant improvements, base equipment and 2 year lease costs, and added equipment costs that are specific to Muldoon ASC and its different surgery specialties. This is based on Muldoon ASC LLC operating a maximum of two days per week and ASC North LLC operating a maximum of five days per week.

We are including exhibits that were shared with us by ASC North and are directly from their June 30, 2015 submission to DHSS.

Our total expenditures are estimated at \$532,450 and are below the threshold of \$1,500,000, the cap set for exemption in accordance with AS 18.07.031.

While we will not be doing any additional modifications to the physical plant, we are including a certified estimate in accordance with 7 AAC 07.031 (b) 2.

This project is to run in conjunction with ASC North LLC's current project and will be ready for inspection and licensure by DHSS on or about January 28, 2016.

If you have any questions please feel free to call.

Sincerely,

Harold Gear
Managing Member

BASIC LEASE INFORMATION

DEBARR MEDICAL AND PROFESSIONAL CENTER COMMERCIAL LEASE

Anticipated Commencement Date: July 1, 2015

Expiration Date: December 31, 2016

Anticipated Rent Commencement Date: January 1, 2016

Landlord's Name: MCA Property Holding Corporation
Landlord's Mailing Address: P.O. Box 90995
Anchorage, AK 99509-0995

Tenant's Name: ASC North, LLC
Tenant's Address: 6911 DeBarr Road
Anchorage, AK 99504

Address of Premises: 6911 DeBarr Road Anchorage, AK, 99504

Description of Premises: Approximately 4,277 rentable square feet of a single tenant building located at 6911 DeBarr Road, Anchorage, AK 99504.

Term: One (1) year, from Rent Commencement Date and ending on Expiration Date.

Monthly and Annual Base Rent:

<u>Yr.</u>	<u>Rate</u>	<u>Monthly</u>	<u>Annually</u>
1	\$2.20	\$9,410.00	\$112,920.00

Right of First Refusal to Lease: Tenant shall be granted a one (1) time Right of First Refusal to Lease the premises.

Tenant's share: 28.6%

Security Deposit: \$0.00 to be paid upon lease execution.

Tenant Improvement Allowance: Not applicable.

Permitted Use: Medical office use.

Exhibits: A – Legal Description and Floor Plan of Building
B – Tenant Design Build-Out
C - Rules and Regulations
D - Personal Guaranty

The foregoing Basic Lease Information is hereby incorporated into and made a part of this Lease. Each reference in this Lease to any of the above terms shall mean the respective information set forth opposite said term and shall be construed to incorporate by reference all of the terms provided under the particular Section of this Lease pertaining to said information. In the event of any conflict between the Basic Lease Information and the Lease, the latter shall control.

LANDLORD:

MCA Property Holding Corporation
an Alaska corporation

By: _____
Dale Fick
Its: Chief Operating Officer

Dated: _____

TENANT:

ASC North, LLC
an Alaskan Limited Liability Company

By: _____
Harold Gear
Its: Managing Member

Dated: _____

**DEBARR MEDICAL AND PROFESSIONAL CENTER
COMMERCIAL LEASE**

1. PARTIES. This DeBarr Medical and Professional Center Commercial Lease, dated, for reference purposes only, the 15th day of June, 2015, is made by and between MCA Property Holding Corporation (Landlord) and ASC North, LLC (Tenant).
2. PREMISIS. Landlord hereby leases to Tenant and Tenant hereby leases from Landlord, for the term, at the rental and upon all conditions set forth herein, that certain space (the "Premises") containing a floor area of approximately four thousand two hundred seventy-seven (4,277) square feet located at 6911 DeBarr Road Anchorage, AK, 99504, identified herein as Exhibit "A" of the DeBarr Medical and Professional Center.
3. TERM.

3.1 Initial Term. The initial lease term shall be one (1) year.

3.2 Lease Commencement Date. Delivery of the Premises is anticipated to begin on the 1st day of July, 2015, *which shall be contingent upon (1) Landlord receiving approval of the decommissioning of the two rooms within the Premises by the U.S. Nuclear Regulatory Commission ("Decommission") and (2) the Tenant obtaining a Determination of a Certificate of Need Exemption ("Exemption") from the State of Alaska Department of Health and Social Services. In the event that the Landlord has not received such Decommission and/or the Tenant has not received such Wavier on or before August 15th, 2015, either party may cancel the Lease by providing written notice to the other party.* The Tenant shall obtain access to the subject property prior to the Lease Term date, only at the Landlord's discretion, after executing the Lease and providing proof of insurance. Tenant shall not interfere with the Decommission of the two rooms, it shall no enter, molest or damage any part of such rooms until the Decommission has been approved and notice has been provided by the Landlord.

3.3 Right of First Refusal. Tenant shall have a Right First of Refusal, subject to the terms and procedures identified within Section 4.3.

4. RENT.

4.1 Rent Commencement Date. Rent shall begin on the completion of the Tenant's work, but in any event which such date anticipated to begin on of the 1st day of January 2016 and extend through the 31st day of December 2016.

4.2 Base Rent (Initial Term). The first month's rent shall be payable upon execution of the Lease. The monthly Base Rent (payable in advance) shall be payable as follows:

07-01-2015 to 12-31-2015 =	Waiver / Fixturing Period
01-01-2016 to 12-31-2016 =	\$ 9,410.00 per month (\$2.20/SF)

4.3 Right of First Refusal to Lease (Right of First Refusal). The Tenant shall have a one-time Right of First Refusal to Lease the Premises subject to the following terms and conditions.

- (a) Lease Notice. Landlord shall not offer the Premises on the open market unless and until Landlord has first notified Tenant in writing ("Lease Notice") that Landlord intends to offer the Premises to third parties. The Lease Notice from the Landlord shall not be provided any sooner than nine (9) months after the Tenant's Rent Commencement. The Lease Notice shall advise Tenant that Landlord intends to offer the Premises on the market; describe the amount of the Lease Rate ("Initial Lease Rate"; the amount of deposit required, the amount and terms of any tenant improvement allowance, the terms of the lease being offered, and the date on which Landlord shall place the Premises on the market for lease. Tenant shall have five (5) business days to respond to the Lease Notice, and if Tenant declines or if no response from Tenant is received after five (5) business days then Landlord shall be free to offer the Premises on the open market. Tenant shall have no further First Right of Refusal after the first Lease Notice, unless Landlord decides to offer the Premises again at a price which is lower than the Initial Lease Rate by 10% (ten percent) or more, all other conditions of the sale being equal.
- (b) Acceptance. If Tenant delivers to Landlord written notice of its desire to continue to lease the Premises within the five (5) day period, and fulfills all the terms of the commercial lease agreement, the Premises shall be offered to the Tenant on the terms and conditions of the Right of First Refusal Lease Notice.
- (c) Failure to Exercise. If Tenant declines or fails to effectively exercise the Right of First Refusal as provided herein, Landlord shall present or list the Premises for lease on the terms and conditions upon which it was offered to Tenant, but thereafter it shall be free to accept any offer or amend its offer to lease the Premises at any time and on whatever terms Landlord may decide in its sole discretion.

- 4.4 The said monthly rent for the Initial Period shall be payable in advance, on the first (1st) day of each month. Rent shall be payable, without notice or demand and without deduction, offset or abatement, to MCA Property Holding Corp, 5432 East Northern Lights Blvd #403, Anchorage, AK. 99508-4713
- 4.5 Security Deposit. In recognition of the Tenant investing in excess of Three Hundred Thousand Dollars into the physical improvements of the Premises, the Tenant shall pay Landlord a security deposit in the amount of Zero Dollars (\$0.00) to be payable upon execution of the Lease. Said sum shall be held by Landlord as security for the faithful performance by Tenant of all the terms, covenants and conditions of this Lease to be kept and performed by Tenant during the term hereof. If Tenant defaults with respect to any provision of this Lease, including but not limited to the provisions relating to the payment of rent, Landlord may (but shall not be required to) use, apply or retain all or any part of the security deposit for the payment of any rent or any other sum in default or for the payment of any amount which Landlord may spend or become obligated to spend by reason of Tenant's default. If any portion of said deposit is so used or applied, Tenant shall, within ten (10) days after written demand therefore, deposit cash with Landlord in an amount sufficient to restore the security deposit to its original amount, and Tenant's failure to do so shall be a default under this Lease. Landlord shall not be required to keep this security deposit separate from its general funds, and Tenant shall not be entitled to interest by it. The security deposit or any balance thereof shall be returned to Tenant within thirty (30) days following expiration of the Lease term. In the event of termination of Landlord's interest in this Lease, Landlord shall transfer said deposit to Landlord's successor in interest.
- 4.6 Late Charge. If any payment is not paid by the fifth (5th) day of the month, then there shall be added as additional rent an amount equal to four percent (4%) of the delinquent payment for the month or portion thereof after the date it was due, provided, however, if such sum and late charges are not paid in full on or before the tenth (10th) day of the month, such sum shall commence to bear interest at the rate of ten and one-half (10.5%) per annum until paid in full.

5. TENANT IMPROVEMENTS.

- 5.1 Landlord shall provide the Premises "As-Is, Where-Is" to the Tenant, excepting for where Landlord shall at its expense; have the bollards removed within the parking lot and if needed, the upgrade of the sidewalk leading up to the Premises shall at a minimum, meet the standards of both the Municipality of Anchorage and the American with Disabilities Act of 1990.

5.2 Not applicable.

Tenant shall be responsible for the design, construction and installation of Tenant's own leasehold improvements and trade fixtures, including lights, branch wiring beyond the panel, décor, shelves, racks and counters; provided that the design and décor shall be subject to the reasonable prior written approval of Landlord. Tenant shall at its expense provide Landlord with appropriate design drawings in both paper and digital CADD file for approval prior to the construction and installation of Tenant's leasehold improvements. Landlord shall have ten (10) business days from the receipt of Tenant's plans to approve Tenant's plans and specifications for Tenant's improvements. Then Tenant's design shall be deemed to be approved. Tenant has retained Corvus Contractors to coordinate and complete the all improvements detailed in the estimate of Tenant's Design/Build Costs, identified herein as Exhibit "B", provided by _____ dated _____, shall be completed prior to occupancy. No changes to the improvements detailed in Exhibit "B" may be made without the prior written consent of the Landlord, such consent not unreasonably withheld

Tenant shall not do or directly contract for anything to be done causing the Premises to be encumbered by liens of any nature, and shall, whenever and as often as any lien is recorded against said property, purporting to be for labor or materials furnished or to be furnished to Tenant, discharge the same of record within ten (10) days of the date the lien is recorded by recording the bond contemplated is A.S. 34.35.072 or otherwise appropriately satisfy the subject lien in full. Tenant shall obtain waivers of lien rights and releases of claims from contractors, subcontractors, and suppliers in connection with Tenant's leasehold improvements and shall indemnify and hold Landlord harmless from the same.

Landlord shall not be liable for any labor or materials furnished or to be furnished to Tenant upon credit. Tenant shall have no authority, express or implied, to create or place any lien or encumbrance of any kind or nature whatsoever upon, or in any manner to bind, the interest of Landlord in the Premises or to charge the rentals payable hereunder for any claim in favor of any person dealing with Tenant, including those who may furnish materials or perform labor for any construction or repairs, and each such claim shall affect and each such lien shall attach to, if at all, only the leasehold interest granted to Tenant by this instrument. At least ten (10) days before commencing or causing to be commenced any work that is or may be subject of a lien for work done or materials furnished to the Premises, Tenant shall notify Landlord in writing thereof, to allow Landlord, if it desires, to post and record notices of non-responsibility or to take any other steps the Landlord deems appropriate to protect its interest.

Upon completion of construction the Tenant shall provide to Landlord valid lien releases and satisfactory proof of payment of all liens, claims based on notices of right to lien, and other claims against the Premises and a Certificate of Occupancy for the Premises from the Municipality of Anchorage. If the Tenant's improvements are less than Five Thousand and no/100 Dollars (\$5,000.00) Landlord shall not require a Certificate of Occupancy.

6. UTILITIES. Prior to receiving occupancy, Tenant shall arrange with the appropriate utilities and pay for *electricity, natural gas, janitorial, communications, data cabling and proration of water, sewer and minor maintenance.*

6.1 Landlord shall provide all other utilities/services including refuse, landscaping and snow removal. Notwithstanding anything to the contrary contained herein, should Tenant's consumption or use of any particular shared or provided utility or service be excessive (on a pro-rata per square foot basis) when compared to that of the other tenants in the Building, Landlord shall have the right to require that Tenant pay a percentage (that appropriately and equitably reflects such excessive consumption or use) of the charge for such utility or service.

6.2 In no event shall Landlord be liable for an interruption or failure in the supply of any utilities to the premises unless such interruption is caused by Landlord's intentional or negligent act or omission.

7. OPERATING EXPENSE INCREASE. In the event that Landlord should become obligated during any calendar year of the Lease Term (each a "Measurement Year") to pay more than it paid during the 2015 calendar year ("Base Year") for; (a) real property taxes and assessments against the Property, (b) services and utilities provided by Landlord for the Property, (c) maintenance and repairs to or for the Property, and (d) premiums for casualty and liability insurance coverage related to the Property (collectively "Operating Expenses"), then Tenant shall pay as additional Rent its proportionate share of the increase in the Operating Expenses for the Measurement Year over those for the Base Year ("Operating Expense Increase").

Notwithstanding anything contained herein to the contrary, the following are expressly excluded from Operating Costs; (e) amortization of capital expenditures, (f) charges for electricity, water or other utilities or services which are separately billed to and paid by Tenant or any other tenant of the Building, (g) late fees incurred by Landlord due to the late payment of bills, (h) any charges for which Landlord is separately reimbursed from any source, (i) principal or interest payments on any indebtedness of Landlord, (j) the cost of Building alterations and leasing commissions in connection with leasing space in the Building, (k) repairs paid by proceeds of insurance, by Tenant, or by any third parties, and alterations attributable solely to tenants of the Building other than Tenant; and (l) any other costs or expenses incurred by Landlord which are not chargeable in accordance with generally recognized industry practices to the management, operation, maintenance or repair of the Building.

7.1 Tenant's proportionate share of the Operating Expense Increase shall be a fraction, the numerator of which is the Rentable Area (measured by BOMA standards applicable as the formation of this Agreement) of the Leasehold Premises and Office Lease Agreement the denominator of which is the Rentable Area (measured by BOMA standards applicable as of the formation of this Agreement) of the Building.

7.2 Landlord and Tenant agree that:

- (a) The measurable area of the Leasehold Premises is four thousand two hundred seventy-seven feet (4,277 sq.ft.);
- (b) The Rentable Area of the DeBarr Medical and Professional Center is fourteen thousand nine hundred sixty-nine square feet (14,969 sq.ft.);
- (c) Tenant's resulting proportionate percentage of Rentable Area in the Building and share of the Operating Expense Increase is 28.6%. If the Rentable Area of the Leasehold Premises or the Building is hereafter reduced or enlarged, then Tenant's proportionate percentage of Rentable Area and share of the Operating Expense Increase shall be adjusted accordingly.

7.3 By March 1 of each year after the Base Year (the current year), Landlord shall submit to Tenant a statement of the budgeted additional charges for the current year, as reasonably established by the Landlord. Tenant shall then pay Landlord such additional charges for the months which have passed since the first day of the current year and shall continue to pay the current additional charges for the remainder of the current year, subject to the adjustment by March 1 of the following year in the manner provided above. Even though the term is expired and Tenant has vacated the Premises, when the final determination is made of Tenant's share of such additional charges for the year in which this Lease terminates, Tenant shall immediately pay the increase due over the estimated additional charges previously paid, and conversely, any overpayment made shall be immediately rebated by Landlord to Tenant. Failure of Landlord to submit statements called for herein shall not be deemed a waiver of Tenant's requirement to pay the sums as herein provided.

7.4 Tenant shall pay such billed amount to Landlord within thirty (30) days after receiving such bill. If the Operating Expense Increase is not paid by the thirtieth (30th) day, a late charge of five percent (5%) of the delinquent rental amount shall be charged and shall be due when Operating Expense Increase is paid.

7.5 Tenant may, within ninety (90) days after receiving Landlord's bill for Tenant's share of such Operating Expense Increase, give Landlord written notice ("Review Notice") that Tenant intends to review Landlord's records of the Operating Expense Increase for the Measurement Year. Within a reasonable time after receipt of the Review Notice, Landlord shall make all records available for inspection by Tenant that are reasonably necessary for Tenant to conduct its review. If any records are maintained at a location other than in the Building, Tenant may either inspect the records at such other location during ordinary business hours or pay for the reasonable cost of copying and shipping such records. Any audit by Tenant shall be conducted by an accounting or auditing firm not compensated on a contingency fee basis

or by a financial officer of Tenant. Tenant shall be solely responsible for all costs, expenses and fees incurred for the audit. Within sixty (60) days after the records are made available to Tenant, Tenant shall have the right to give Landlord written notice ("Objection Notice") stating in reasonable detail any objection to Landlord's statement of Operating Expense Increase for the Measurement Year. If Tenant fails to give Landlord an Objection Notice within the sixty (60) day period or fails to provide Landlord with a Review Notice within the ninety (90) day period described above, Tenant shall be deemed to have approved Landlord's bill for Tenant's share of such Operating Expense Increase and shall be barred from raising any claims regarding the Operating Expense Increase for such Measurement Year. If Tenant provides Landlord with a timely Objection Notice, Landlord and Tenant shall work together in good faith to resolve any issues raised in Tenant's Objection Notice. If Landlord and Tenant determine that the Operating Expenses for the Measurement Year are less than reported, Landlord shall provide Tenant with a credit against the next installment of Rent in the amount of the overpayment by Tenant. Likewise, if Landlord and Tenant determine that the Operating Expenses for the Measurement Year are greater than reported, Tenant shall pay Landlord the amount of any underpayment within thirty (30) days. The records obtained by Tenant shall be treated as confidential. In no event shall Tenant be permitted to examine Landlord's records or to dispute any bill for Tenant's share of the Operating Expense Increase unless Tenant has paid and continues to pay all Rent when due.

- 7.6 Notwithstanding the expiration or sooner termination of this Agreement, Tenant shall be obligated to pay to Landlord, and shall pay to Landlord, its proportionate share Office Lease Agreement of the Operating Expense Increase for each Measurement Year that was part of the Lease Term or Extended Lease Term. But Tenant's proportionate share of such Operating Expense Increase shall be appropriately reduced for the portion of such Measurement Year that was not part of the Lease Term or Extended Lease Term.

8. USE.

- 8.1 The Premises shall be used as a surgery center. The space shall be used for no other purpose without the prior written consent of Landlord. Tenant shall not offer physical therapy, optometry services or other medical services not in agreement with church doctrine (Muldoon Community Assembly) in regards (i.e, gynecological and medical services pertaining to abortion, contraception and family planning).
- 8.2 Landlord shall provide Tenant a non-compete for surgery center at the DeBarr Medical and Professional Center.
- 8.3 Both parties hereby agree that neither shall the Landlord nor Tenant not allow the following Objectionable Uses ("Objectionable Uses") within the DeBarr

Medical and Professional Center; tattoo parlors, tobacco or marijuana smoke shops, liquor stores, gambling (i.e. bingo, rippies, etc.), shooting gallery, gun and/or ammunition store, adult book/video/novelty store, non-therapeutic or non-franchise type massage parlors and abortion/contraception related services.

- 8.4 No act shall be done in or about the Premises that is unlawful or that will increase the rate of insurance on the Building. Tenant will not commit or allow to be committed any waste upon the Premises or any public, private, or mixed nuisance or other act or thing which disturbs the quiet enjoyment of any other tenants in the building. Tenant shall comply with all laws related to its use of the Premises and shall observe such reasonable rules and regulations as may be adopted and published by Landlord for the safety, care and cleanliness of not only the Premises but also the Building and for the preservation of good order therein.

9. MAINTENANCE, REPAIRS AND ALTERATIONS.

- 9.1 Landlord's Obligations. Subject to the provisions of Article 11 and except for damage caused by the negligence or intentional act or omission of Tenant or Tenant's agents, employees or invitees, Landlord, at Landlord's expense, shall keep in good order, condition and repair the foundations and structural portions of the exterior walls and exterior roof of the Building. Landlord shall have no obligation to make repairs under this Section 10.1 until a reasonable time after the receipt of written notice of the need for such repairs. Landlord shall provide snow removal for parking lot and exterior common areas at Landlord's sole cost.
- 9.2 Tenant's Obligations. Subject to the provisions of Section 10.1 and Article 11, Tenant, at Tenant's expense, shall keep in good order, condition and repair the Premises and every part thereof, including but not limited to plumbing, any mechanical or electrical apparatus, doors, window frames, hardware, glass and nonstructural ceilings and walls. Tenant shall, at the expiration or termination of this Lease, surrender and deliver up the Premises to Landlord in as good condition as when received by Tenant from Landlord or as thereafter improved, reasonable use, wear and tear excepted. Tenant shall repair any damage to the Premises or the Building occasioned by its use thereof or by the removal of Tenant's trade fixtures, furnishings and equipment, which repair shall include the patching and filling of holes and repair of structural damage.
- 9.3 Landlords Rights. If Tenant fails to perform Tenant's obligations under this Article 10 or under Article 9, Landlord may (but shall not be required to) enter upon the Premises after ten (10) days' prior written notice to Tenant and put the same in good order, condition and repair or otherwise cure the default, and the cost of such action plus fifteen percent (15%) thereof shall

become due and payable as additional rent to Landlord together with Tenant's next rental installment.

9.4 Alterations and Additions. Tenant shall not, without Landlord's prior written consent, make any alterations, additions or improvements in the Premises. Landlord shall have twenty (20) working days from receipt of Tenant's plans and specifications to approve alterations and additions to the Premises. If Landlord does not approve Tenant's plans for alterations and additions to the Premises within twenty (20) working days of receiving Tenant's plans then Tenant's alterations and additions to the Premises shall be deemed to be approved. As a condition to giving such consent, Landlord may require that Tenant remove any such alterations, improvements, additions or utility installations at the expiration of the term and restore the Premises to their prior condition. Tenant shall not permit any mechanics or material men's liens to be filed against the Premises and shall hold Landlord harmless from any damage, loss or expense arising out of any such work. All work on the Premises shall be done in compliance with all applicable governmental codes and regulations. At Landlord's option, all alterations, improvements or additions which may be made on the Premises shall become the property of Landlord and remain upon and be surrendered with the Premises at the expiration of the term. Tenant's machinery, equipment and trade fixtures other than those which are affixed to the Premises so that they cannot be removed without material damage to the Premises shall remain the property of Tenant and may be removed by Tenant, subject to the provisions of Section 10.2.

10. INSURANCE: INDEMNITY

10.1 Liability Insurance. Tenant shall maintain in force during the term of this Lease a policy of comprehensive public liability insurance issued by a company acceptable to Landlord and insuring Tenant and Landlord against any liability, including without limitation damage to other portions of the Building, arising out of the ownership, use, occupancy or maintenance of the Premises and all areas appurtenant thereto, such insurance shall be in an amount of not less than Two Million Dollars (\$2,000,000). The limits of said insurance shall not, however, limit the liability of Tenant hereunder. Such policies shall name Landlord and Landlord's agents as additional insured's and shall provide that they may not be canceled without thirty (30) days' prior written notice to Landlord. Landlord shall be furnished with a certificate evidencing issuance of such policy of liability insurance, and such certificate shall recite that said policy may not be canceled without thirty (30) days prior written notice to Landlord. If Tenant shall fail to maintain said insurance, Landlord may, but shall not be required to, procure and maintain the same, at the expense of Tenant. Upon Tenant's written notice of election to exercise its Option Renewal Terms(s), Landlord shall review the insurance requirement in such amounts that may be reasonably required

by the Landlord, with such amounts based upon comparable, existing policies in the market

- 10.2 Property Insurance. Landlord shall maintain in force during the term of this Lease a policy of insurance issued by a company authorized to engage in the insurance business in the State of Alaska, insuring the Building against damage or destruction by fire and/or by perils covered by the standard form of extended coverage endorsements to fire insurance policies in the State of Alaska in effect at the time when the policies are obtained.
- 10.3 Waiver of Subrogation. As long as their respective insurers so permit, Landlord and Tenant hereby mutually waive their respective rights of recovery against each other for any loss insured by fire, extended coverage and other property insurance policies existing for the benefit of the respective parties. Each party shall apply to its insurers to obtain said waivers. Each party shall obtain any special endorsements, if required by its insurer, to evidence compliance with the aforementioned waiver.
- 10.4 Hold Harmless. Tenant shall indemnify, defend and hold Landlord harmless from and against any and all claims arising from Tenant's use of the Premises or from the conduct of its business or from any activity, work or thing which may be permitted or suffered by Tenant in or about the Premises and shall further indemnify, defend and hold Landlord harmless from and against any and all claims arising from any breach or default in the performance of any obligation on Tenant's part to be performed under the provisions of this Lease or arising from any negligence of Tenant or any of its agents, contractors, employees or invitees and from any and all costs, attorneys' fees, expenses and liabilities incurred in the defense of any such claim or any action or proceeding brought thereon. Tenant hereby assumes all risk of damage to property or injury to persons in or about the Premises from any cause and Tenant hereby waives all claims in respect thereof against Landlord, excepting where said damage arises solely out of the negligence of Landlord.
- 10.5 Exemption of Landlord from Liability. Landlord shall not be liable for injury to Tenant's business or any loss of income there from or for damage to the goods, wares, merchandise or other property of Tenant, Tenant's employees, invitees or customers or any other person in or about the Premises: nor, unless caused solely by its negligence, shall Landlord be liable for personal injury to Tenant or Tenant's employees, agents, contractors and invitees, whether said damage or injury results from conditions arising upon the Premises or upon other portions of the Building of which the Premises are a part or from other sources or places, and regardless of whether the cause of such damage or injury or the means of repairing the same is inaccessible to Landlord or Tenant. Landlord shall not

be liable for any damages arising from any act or neglect of any other tenant, if any, of the Building in which the Premises are located.

11. DAMAGE OR DESTRUCTION. In the event the Premises are damaged to such an extent as to render the same untenable in whole or in a substantial part thereof or are destroyed, it shall be optional with Landlord to repair or rebuild the same; and after the happening of any such event, Tenant shall give Landlord or Landlord's agent immediate written notice thereof. Landlord shall have not more than thirty (30) days after date of such notification to notify Tenant in writing of Landlord's intentions to repair or rebuild said Premises or the part so damaged as aforesaid, and if Landlord elects to repair or rebuild said Premises, Landlord shall prosecute the work of such repairing or rebuilding without unnecessary delay, and during such period the rent of said Premises shall be abated in the same ratio that that portion of the Premises rendered for the time being unfit for occupancy shall bear to the whole of the Premises. If Landlord shall fail to give the notice aforesaid, Tenant shall have the right to declare this Lease terminated by written notice served upon Landlord.

In the event the Building in which the Premises are located shall be damaged (even though the Premises hereby leased shall not be damaged thereby) to such extent that, in the opinion of Landlord, it shall not be practicable to repair or rebuild, or is destroyed, then it shall be optional with Landlord to terminate this Lease by written notice served on Tenant within thirty (30) days after such damage or destruction.

12. SIGNAGE, ADVERTISING AND WINDOWS. Tenant shall provide, at Tenant's expense, signage required by the Tenant to be installed in the sign-can which shall be provided above the Premises by the Landlord. The said sign to be in accordance with standard criteria provided by Landlord and to be subject to the approval of Landlord; maintenance of sign is the responsibility of the Tenant. Except for the forgoing, Tenant shall not inscribe any inscription or post, place or in any manner display any sign, notice, picture, placard or poster or any advertising matter whatsoever anywhere in or about the Premises or the Building at places visible (either directly or indirectly as an outline or shadow on a glass pane) from anywhere outside the Premises without first obtaining Landlord's written consent thereto. Any such consent by Landlord shall be upon the understanding and condition that Tenant will remove the same at the expiration or sooner termination of this Lease and that Tenant shall repair any damage to the Premises or the Building caused thereby. Tenant shall use window coverings that conform to standards set by Landlord. *Landlord shall grant Tenant the sole and exclusive use to the pole sign along DeBarr, directly in front of the Premises, in the event that the Municipality of Anchorage requires the removal of such pole sign in regards to permitting, Landlord at its expense shall remove the pole sign.*

13. PERSONAL PROPERTY TAXES. Tenant shall pay or cause to be paid before delinquency any and all taxes levied or assessed and which become payable during the term hereof upon all Tenants' leasehold improvements, equipment, furniture, fixtures and any other personal property located in the Premises. In the event any or all of Tenant's leasehold improvements, equipment, furniture, fixtures and other personal property shall

be assessed and taxed with the real property, Tenant shall pay to Landlord its share of such taxes within ten (10) days after delivery to Tenant by Landlord a statement in writing setting forth the amount of such taxes applicable to Tenant's property.

14. RULES AND REGULATIONS. Tenant shall faithfully observe and comply with the rules and regulations as set forth in Exhibit "C" and which Landlord shall from time to time promulgate and/or modify. The rules and regulations shall be binding upon Tenant upon delivery of a copy of them to Tenant. Landlord shall not be responsible to Tenant for the nonperformance of any of said rules and regulations by any other tenants or occupants.
15. QUIET ENJOYMENT. Landlord covenants and warrants that Landlord has the lawful right and authority to make this Lease; and that whenever Tenant is not in default hereunder, Landlord will warrant and defend Tenant's quiet and peaceable enjoyment of the premises; and that such peaceful possession shall not be disturbed or interfered with by Landlord or any person claiming by, through or under Landlord. Tenant hereby acknowledges that this building has religious organizations as other tenants in the building; and as such the typical volume of people and noise within such spaces shall increase, though these times will normally be outside of typical business hours (Monday – Friday) and (8:00 AM to 5:00 PM).
16. LIENS AND INSOLVENCY. Tenant shall keep the Premises and the Building free from any liens arising out of any work performed, materials ordered, or obligations incurred by Tenant. If Tenant becomes insolvent or voluntarily or involuntarily bankrupt or if a receiver assignee or other liquidating officer is appointed for the business of Tenant and if the receivership, assignment or other liquidating action is not terminated within thirty (30) days of any such appointment, then Landlord may terminate this Lease and Tenant's right of possession under this Lease, at Landlord's option. Tenant shall have no authority, express or implied, to create or place any lien or encumbrance of any kind or nature whatsoever upon, or in any manner to bind, the interest of Landlord in the Premises or to charge the rentals payable hereunder for any claim in favor of any person dealing with Tenant, including those who may furnish materials or perform labor for any construction or repairs, and each such claim shall affect and each such lien shall attach to, if at all, only the leasehold interest granted to Tenant by this instrument.
17. DEFAULTS. The occurrence of any one or more of the following events shall constitute a default and breach of this Lease by Tenant:
 - 17.1 Vacation of Premises. The vacating or abandonment of the Premises by Tenant;
 - 17.2 Failure to Provide Rent. The failure by Tenant to provide rent as described in Section 4.2 or any other payment required to be made by Tenant hereunder as and when due;

- 17.3 Failure to Perform Covenants. The failure by Tenant to observe or perform any of the covenants, conditions, or provisions of this Lease to be observed or performed by Tenant, other than described in Section 18.2 above, where such failure shall continue for a period of ten (10) days after written notice thereof by Landlord to Tenant, provided, however, that if the nature of Tenant's default is such that more than ten (10) days are reasonably required for its cure, then Tenant shall not be deemed to be in default if Tenant commences such cure within said ten (10) day period and thereafter diligently prosecutes such cure to completion; and
- 17.4 Renewed Default. The commission by Tenant of any default described above a second time and within two (2) months following the time when Tenant has been given notice of such a default under Section 18.2 or Section 18.3 and has cured the same within the permitted time.
18. REMEDIES IN DEFAULT. In the event of any such default or breach by Tenant, Landlord may, at any time thereafter, in its sole discretion, with or without notice or demand and without limiting Landlord in the exercise of a right or remedy which Landlord may have by reason of such default or breach:
- 18.1 Termination. Terminate Tenant's right to possession of the Premises by any lawful means, in which case this Lease shall terminate and Tenant shall immediately surrender possession of the Premises to Landlord. In such event, Landlord shall be entitled to recover from Tenant all damages incurred by Landlord by reason of Tenant's default, including but not limited to the cost of recovering possession of the Premises; expenses of reletting, including necessary renovation and alteration of the Premises; reasonable attorneys' fees; the worth at the time of award by the court having jurisdiction thereof of the amount by which the unpaid rent and other charges and Additional Charges called for herein for the balance of the term after the time of such award exceeds the amount of such loss for the same period that Tenant proves could be reasonably avoided; and that portion of any leasing commission paid by Landlord and applicable to the unexpired term of this Lease. Unpaid installments of rent or other sums shall bear interest from the date due at the maximum legal rate;
- 18.2 Enforce Rights. Maintain Tenant's right to possession, in which case this Lease shall continue in effect whether or not Tenant shall have abandoned the Premises. In such event, Landlord shall be entitled to enforce all of Landlord's rights and remedies under this Lease, including the right to recover the rent and any other charges and Additional Charges as may become due hereunder; or
- 18.3 Other Remedies. Pursue any other remedy now or hereafter available to Landlord under the laws or judicial decisions of the state in which the Premises are located.

19. PRIORITY. Tenant agrees that this Lease shall be subordinate to any mortgages or deeds of trust now or at any time hereafter constituting a lien upon the Premises or the Building containing the same, or any and all advances to be made hereunder, and to the interest thereon, and to all renewals, replacements and extensions thereof; provided that the mortgagees or the beneficiaries named in said mortgages or deeds of trust shall agree to recognize this Lease in the event of foreclosure if Tenant is not in default hereunder and if Tenant attorns to the mortgagee. Within five (5) days after written request from Landlord, Tenant shall execute any documents that may be necessary or desirable to effectuate the subordination of this Lease to any such mortgages or deeds of trust and shall execute estoppel certificates as requested by Landlord from time to time in the standard form of any such mortgagee or beneficiary.

20. CONDEMNATION. If all of the Premises or any portion of the Building as may be required for the reasonable use of the Premises shall be taken by eminent domain (or by a voluntary conveyance made in lieu of a taking by eminent domain), this Lease shall automatically terminate as of the date Tenant is required to vacate or will be deprived of the reasonable use of the Premises, and all rentals shall be paid to that date. In the case of a taking of a part of the Premises, Tenant may, at its election, terminate this Lease by notice in writing to Landlord within ten (10) days after the receipt by Tenant of written notice of the proposed taking, and with any such notice by Tenant to Landlord to be effective on a date which shall be specified by Tenant in the notice but shall be no later than thirty (30) days after the date of the giving of notice. If within said thirty (30) day period Tenant does not exercise its right to terminate this Lease because of a taking of a part of the Premises, this Lease shall continue in full force and effect, and the rental shall be equitably reduced based on the proportion by which the floor area of the Premises is reduced, such rent reduction to be effective as of the date when possession of such portion is delivered to the condemning authority. Landlord reserves all rights to damages to the Premises for any taking by eminent domain, and Tenant hereby assigns to Landlord any right Tenant may have to such damages or award, and Tenant shall make no claim against Landlord for damages for termination of the leasehold interest or for interference with Tenant's business. Tenant shall have the right, however, to claim and recover from the condemning authority compensation for any loss to which Tenant may be put for Tenant's moving expenses and for the interruption of or damage to Tenant's business; provided that such damages may be claimed only if they are awarded separately in the imminent domain proceeding and not as part of the damages recoverable by Landlord.

21. PARKING AND COMMON AREAS.

21.1 Landlord's Obligations and Rights. Landlord covenants that there shall be an area for common and parking areas for the nonexclusive use of Tenant during the full term of this Lease; provided that the condemnation or other taking by any public authority or sale in lieu of condemnation of any or all of such common and parking areas shall not constitute a violation of this covenant.

21.2 Notwithstanding anything herein contained to the contrary, Landlord shall be entitled to alter the Building services or facilities and the location of driveways, sidewalks or other common areas and to extend existing buildings or erect new buildings or extend existing buildings above the Premises or other rentable Premises or common areas; and upon any alteration of the common areas or upon commencement of construction of any additions and upon any addition of the new common areas, Landlord and Tenant shall execute such further and other documents as may be required to reflect such alterations of the common areas to exclude areas taken for construction of additional buildings or to include areas added as new common areas, as the case may be.

21.3 Tenant's Rights. Tenant, for the use and benefit of itself and its agents, employees, customers, and licensees, shall have the nonexclusive right in common with Landlord and other present and future owners and tenants and their agents, employees, customers, and licensees to use said common and parking areas during the entire term of this Lease for ingress, egress and automobile parking. *Should the available parking not be sufficient to meet the land use regulations as determined by the Municipality of Anchorage for the Tenants intended initial use as defined within Section 8.1 of this Commercial Lease and the Landlord has put forth its best effort to accommodate such issue without infringing upon the rights of other tenants of the buildings and prior to any alterations of the Premises by the Tenant, the Tenant may then be able to terminate such Commercial Lease within five (5) days of receipt of such rejection from the Municipality of Anchorage.*

21.4 Rules and Regulations. Tenant, in the use of said common and parking areas, agrees to comply with such reasonable rules and regulations for parking as Landlord may adopt from time to time for the orderly and proper operation of said common and parking areas. Such rules may include but shall not be limited to the following: (1) the restricting of employee parking to a limited, designated area or areas; and (2) the regulation of the removal, storage and disposal of Tenant's refuse and other rubbish.

22. ENERGY CONSERVATION LEGISLATION. In the event that any legislative enactment or decree of governmental authority shall require fundamental changes in the heating, lighting and electrical systems or the fuel or power source utilized by such systems, Landlord reserves the right, at any time and from time to time, to make changes in, additions to, subtractions from or rearrangements of the Premises and the common areas to accommodate the required changes to the said systems or conversion to a different fuel or power source; and Landlord reserves the right to install a central heating system to serve all Premises and to erect, use and maintain wiring, mains, pipes, conduits and other means of distributing heat to the Premises and in and through the Premises for the benefit of other portions of the Premises; and Landlord and all persons authorized by it shall have the right, from time to time, to enter upon the Premises for the purpose of access thereto for installation, maintenance and repair, and such entry shall not be

deemed to be an interference with Tenant's possession under this Lease. In the event Landlord is obligated to carry out such conversion, Tenant agrees to reimburse Landlord for its proportionate share of the costs of operating said central heating systems and to utilize the said central heating system in the place and stead of Landlord's existing heating system. Such repairs, alterations, additions or improvements shall be effected at such times and in such manner as to cause as little interruption to Tenant as possible. So long as Landlord shall not interfere with Tenant's business in the Premises more than is reasonably necessary in the conduct of such repairs, changes, improvements and alterations, Tenant shall not have any right to object. All of the alterations, improvements, repairs or additions mentioned in this paragraph made in compliance with and by reason of legislative enactment or decree of governmental authority shall be made without any claim for damages or indemnification against Landlord or diminution or abatement of rent.

23. CONTINUED OCCUPANCY BY TENANT.

23.1 Hours of Business. Tenant shall continuously during the entire term hereof conduct and carry on Tenant's business in the Premises and shall keep the Premises open for business and cause Tenant's business to be conducted therein during the usual business hours of each and every business day as is customary for businesses of like character in the city in which the Premises are located to be open for business; provided, however, that this provision shall not apply if the Premises should be closed and the business of Tenant temporarily discontinued therein on account of strikes, lockouts or similar causes beyond the reasonable control of Tenant.

23.2 Continued Occupancy. Tenant acknowledges that its continued occupancy of the Premises and the regular conduct of its business therein are of the utmost importance to Landlord and its other tenants in avoiding the appearance and impression generally created by vacant space in commercial buildings, in facilitating the Lease of vacant space, in the renewal of other leases and in maintaining the character and quality of the Premises and of the tenants and that Landlord and its other tenants will suffer substantial damage if the Premises are left vacant or are vacated by Tenant during the term of this Lease, even in the event Tenant continues to pay rent as required hereunder. Tenant therefore covenants that it shall occupy and utilize the entire Premises in the active conduct of its business during the whole of the Lease term hereof and shall conduct such business in a reputable, diligent and energetic manner and keep its display windows and signs illuminated during all business hours or as otherwise required by Landlord.

24. NONWAIVER. Waiver by Landlord of any breach of any term, covenant or condition herein contained shall not be deemed to be a waiver of such term, covenant or condition or of any subsequent breach of the same or any other term, covenant or condition herein contained. The subsequent acceptance of rent hereunder by Landlord shall not be

deemed to be a waiver of any preceding breach by Tenant of any term, covenant or condition of this Lease, other than the failure of Tenant to pay the particular rental so accepted, regardless of Landlord's knowledge of such preceding breach at the time of acceptance of such rent.

25. SURRENDER OF POSSESSION. Upon expiration of the term of this Lease, whether by lapse of time or otherwise, Tenant shall promptly and peacefully surrender the Premises to Landlord.

26. HOLDING OVER. If Tenant shall, with or without the written consent of Landlord, occupy the Premises after the expiration or termination of this Lease, Tenant shall be a tenant at sufferance for an indefinite period of time, provided, that if Tenant remains on the property with Landlord's consent for more than thirty (30) days after such expiration or termination of this Lease, then Tenant shall be a month-to-month tenant. During any such tenancy at sufferance or month-to-month tenancy, Tenant agrees to pay Landlord rent at the rate of One Hundred Twenty-Five percent (125%) of the rental as set forth in this Lease unless a different rate shall be agreed upon, and to be bound by all of the terms, covenants and conditions in this Lease, so far as applicable, including without limitation the terms of this section; provided, however, that any and all options to extend or renew set forth in this Lease shall be deemed terminated and of no further force or effect. Landlord shall not be deemed to have consented to Tenant's continued occupation of the Premises unless such consent is expressly given in writing signed by Landlord, and no tenancy shall be deemed to arise following the expiration or termination of this Lease except as provided for in this section. Under no circumstances shall a year-to year tenancy or tenancy of years be deemed to exist. Without limiting the foregoing, the acceptance of rent shall not be deemed to constitute consent by Landlord to Tenant's continued occupation of the Premises, and no option to extend or renew this Lease shall be deemed to have been exercised by Tenant's continued occupancy of the Premises and/or Landlord's acceptance of rent after the expiration or termination of this Lease according to its terms.

27. ASSIGNMENT AND SUBLETTING.

27.1 Tenant. Tenant shall not assign this Lease nor sublet the whole or any part of the Premises to any person or entity without the written approval of the Landlord, which shall not be unreasonably withheld. As used herein the term "Assignment" includes without limitation transfers to a subsidiary or affiliated entity, the restructuring of a limited partnership, transfers of interest by or between individual partners if Tenant is a partnership, transfers of stock by stockholders if Tenant is a corporation, and any assignment in connection with any corporate merger or consolidation. If Tenant requests Landlord's consent to a proposed assignment or subletting, Tenant shall reimburse Landlord, whether or not consent is ultimately given, for any legal fees or other expenses Landlord incurs in connection with such request.

27.2 Landlord. Landlord may assign, at any time and for any purpose, with or without the consent of Tenant, its rights and duties under this lease at Landlord's sole discretion without approval or notice required.

28. NOTICES. All notices under this Lease shall be in writing and delivered in person or sent by registered or certified mail, return receipt requested, to Landlord at the same place rent payments are made and to Tenant at the Premises or to such other respective addresses as may hereafter be designated by either party in writing. Notices mailed as aforesaid shall be deemed given on the date of such mailing.
29. COSTS AND ATTORNEYS' FEES. If by reason or any default on the part of Tenant it becomes necessary for Landlord to employ an attorney, or in case Landlord shall bring suit to recover any rent due hereunder or for breach of any provision of this Lease or to recover possession of the Premises, or if Landlord shall bring an action for any relief against Tenant, declaratory or otherwise, arising out of this Lease, and Landlord shall prevail in such action, then and in any of such events Tenant shall pay all of Landlord's costs and attorneys' fees.
30. REMOVAL OF PROPERTY. If Tenant shall fail to remove any of its property of any nature whatsoever from the Premises at the termination of this Lease or when Landlord has the right of reentry, Landlord may, at its option, remove and store said property without liability for loss thereof or damage thereto, such storage to be for the account and at the expense of Tenant. If Tenant shall not pay the cost of storing any such property after it has been stored for a period of (10) days or more, Landlord may, at its option, sell or permit to be sold any or all of such property at public or private sale, in such manner and at such times and places as Landlord in its sole discretion may deem proper, without notice to Tenant, and shall apply the proceeds of such sales as follows: first, to the cost and expense of such sale, including reasonable attorneys' fees actually incurred; second, to the payment of the costs or charges for storing any such property; third, to the payment of any other sums of money which may then be or thereafter become due Landlord from Tenant under any of the terms hereof; and fourth, the balance, if any, to Tenant.
31. SUCCESSORS. All of the covenants, agreements, terms and conditions contained in this Lease shall apply to and be binding upon Landlord and Tenant and their respective heirs, executors, administrators, successors and assigns, except as expressly limited herein.
32. ACCEPTANCE OF PREMISES. Tenant shall accept the Premises "as is" at the commencement of the term of this Lease and in their then present condition and subject to all applicable zoning, municipal, county, borough, and state laws, ordinances and regulations governing and regulating the use of the Premises and accept this Lease subject thereto and all matters disclosed thereby and by any exhibits attached hereto. Tenant acknowledges that neither Landlord nor Landlord's agents have made any representation or warranty as to the suitability of the Premises for the conduct of Tenant's business.

33. SALE OF PREMISES BY LANDLORD. In the event of any sale of the Premises by Landlord, Landlord shall be and hereby is entirely freed and relieved of all liability under any and all of its covenants and obligations contained in or derived from this Lease arising out of any act, occurrence or omission occurring after the consummation of such sale; and the purchaser at such sale or any subsequent sale of the Premises shall be deemed, without any further agreement between the parties or their successors in interest or between the parties and any such purchaser, to have assumed and agreed to carry out any and all of the covenants and obligations of Landlord under this Lease.
34. TENANT'S STATEMENT. Tenant shall, at any time and from time to time, upon not less than five (5) days prior written notice from Landlord, execute, acknowledge and deliver to Landlord a statement in writing: (a) certifying that this Lease is unmodified and in full force and effect (or, if modified, stating the nature of such modification and certifying that this Lease as so modified is in full force and effect) and the date to which the rental and other charges are paid in advance, if any; (b) acknowledging that there are not, to Tenant's knowledge, any uncured defaults on the part of Landlord hereunder or specifying that such defaults, if any, are claimed; and (c) setting forth the date of commencement of rents and expiration of the term hereof. Any such statement may be relied upon by the prospective purchaser or encumbrance of all or any portion of the real property of which the Premises are a part.
35. ENTIRE AGREEMENT. This Lease sets forth the entire understanding and agreement of Landlord and Tenant with respect to the Premises and the Lease thereof, and all prior understandings or agreements are merged herein. This Lease may be amended or modified only in writing signed by both parties.
36. BROKERS COMMISSION AND LICENSEES RELATIONSHIP. Tenant represents and warrants that it has incurred no liabilities or claims for brokerage commissions or finder's fees in connection with the execution of this Lease, and that it has neither dealt with nor has it had any knowledge of any real estate broker, agent or sales person in connection with this Lease, except that of Robert Martin of Ravenwood Real Estate/ Jason Woodward of Madden Real Estate and J Michael James and Lottie M. Michael, CCIM of Commercial Real Estate Alaska, LLC. Tenant agrees to indemnify and hold Landlord harmless from all such liabilities or claims including, without limitation, attorney's fees and costs. Tenant acknowledges that for this real estate transaction between ASC North, LLC as Tenant and MCA Property Holding Corporation, as Landlord, the Licensee J Michael James and Lottie M. Michael, CCIM of Commercial Real Estate Alaska, LLC, shall represent the interest of the Landlord, but may provide specific assistance to the other party. Robert Martin of Ravenwood Real Estate / Jason Woodward of Madden Real Estate shall represent the interests of the Tenant, but may provide specific assistance to the other party, with all parties agreeing to this arrangement. Each party confirms that prior oral and/or written disclosure of representation was provided to them as required by Alaska Statute 08.88.600. Each party acknowledges that they have received a copy of the Alaska Real Estate Commission Consumer Pamphlet. Landlord agrees to pay the professional fees as stipulated in the listing agreement, which shall represent the entire commission owed to Licensees by the Landlord.

37. RECORDING. Tenant shall not record this Lease without the prior written consent of Landlord. However, upon request of either party, both parties shall execute a memorandum or "short form" of this Lease for the purposes of recordation in a form customarily used for such purposes. Said memorandum or short form of this Lease shall describe the parties, the Premises and the Lease term, and shall incorporate this Lease by reference.
38. LEASE NOT AN OFFER. The submission of this Lease to Tenant shall not be construed as an offer, nor shall Tenant have any rights with respect thereto unless and until Landlord executes a copy of this Lease and delivers the same to Tenant.
39. HAZARDOUS SUBSTANCE DISCLOSURE. Tenant shall promptly disclose to Landlord, in writing, if Tenant knows, or has reasonable cause to believe, that any toxic dangerous, or hazardous substance, as those terms are defined under federal, state, or local law, has come to be located in, on, about, over, or beneath the premises. In addition, Tenant shall execute a written statement to Landlord no later than thirty (30) days after the end of each lease year describing in detail any and all toxic, dangerous, or hazardous substances, as those terms are defined under federal, state, or local law, which Tenant knows, or has reasonable cause to believe, have come to be located in, on, about, over, or beneath their premises.
40. FORUM SELECTION. This Lease shall be construed in accordance with the laws of the State of Alaska. Should any legal proceeding be necessary under this Lease, the same shall be commenced in the Superior Court for the State of Alaska, Third Judicial District of Anchorage, Alaska. Tenants agree specifically that venue and jurisdiction in that court are proper, and further agree to submit themselves to the jurisdiction of that court. Tenants shall not claim that said forum is an inconvenient forum.
41. LEASE CANCELLATION CONTINGENCY. In regards to this Commercial Lease agreement, the Tenant shall have the right to cancel this Commercial Lease in the event that it is determined the Tenant is not approved for a Certificate of Need Exemption from the state of Alaska Department of Health and Social Services, on and up to the 15th day of August 2015.

IN WITNESS WHEREOF, the parties hereto have executed this Lease on the dates set forth below their respective signatures.

LANDLORD:
MCA PROPERTY HOLDING
CORPORATION

TENANT:
ASC NORTH, LLC

By: _____
Dale Fick
Its: Chief Operating Officer

By: _____
Harold Gear
Its: Managing Member

Executed on: _____

Executed on: _____

NOTARY BLOCKS

STATE OF ALASKA)
) as
THIRD JUDICIAL DISTRICT)

THIS IS TO CERTIFY that on this ____ day of June 2015, before me, a Notary Public in and for the State of Alaska, personally appeared Dale Fick to me known and known to me to be the Chief Operating Officer of MCA Property Holding Corporation that executed the within and foregoing instrument, and he acknowledged to me that he had, in his capacity as executed the foregoing instrument as the free and voluntary act and deed of said corporation/individual for the uses and purposes therein mentioned and on oath stated that he was authorized to execute said instrument.

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

Notary Public _____

Residing at _____

My commission expires _____

STATE OF ALASKA)
)as
THIRD JUDICIAL DISTRICT)

THIS IS TO CERTIFY that on this ____ day of June 2015, before me, a Notary Public in and for the State of Alaska, personally appeared Harold Gear to me known and known to me to be the managing member of ASC North, LLC that executed the within and foregoing instrument, and he acknowledged to me that he had, in his capacity as executed the foregoing instrument as the free and voluntary act and deed of said corporation/individual for the uses and purposes therein mentioned and on oath stated that he was authorized to execute said instrument.

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

Notary Public _____

Residing at _____

My commission expires _____

EXHIBIT A

LEGAL DESCRIPTION & FLOOR PLAN

Lots 1A, Block 1A
DeBarr Vista Subdivision, Addition #5
Anchorage Recording District
Third Judicial District
State of Alaska

Also Known As:
6911 DeBarr Road, Anchorage, Alaska 99504

EXHIBIT B

TENANT'S DESIGN BUILD COSTS

EXHIBIT C

RULES AND REGULATIONS

It is agreed between Landlord and Tenant that the following rules and regulations shall be and are hereby made a part of this Lease, and Tenant agrees that its employees and agents or any others permitted by Tenant to occupy or enter said Premises will at all times abide by said rules and regulations and that a default in the performance and observance thereof shall operate the same as any defaults herein:

- (a) The sidewalks, entries, halls, passages, corridors, stairways and elevators of the DeBarr Medical and Professional Center shall not be obstructed by Tenant or its agents or employees, or used for any purpose other than ingress and egress to and from the DeBarr Medical and Professional Center and the Premises.
- (b) No awnings or other obstructions shall be placed over the windows or doorways except by the prior written consent of Landlord.
- (c) Tenant shall place no additional lock or locks on any door in the DeBarr Medical and Professional Center unless written consent of Landlord shall first have been obtained. At the termination of this tenancy, Tenant shall promptly return to Landlord all Keys to the Premises.
- (d) Signs, notices, advertisements, or other inscriptions shall not be placed upon any part of the DeBarr Medical and Professional Center except of such size, form, and color as first specified by Landlord.
- (e) If any Tenant desires telegraphic, telephonic or other electrical connections, Landlord or its agents will direct electricians as to where and how the wires may be introduced, and without such directions, no boring or cutting for wires will be permitted. Any such installation and connection will be made at Tenant's expense. No wires for electric or other purposes may be introduced nor will neither boring nor cutting of present wires be allowed without the written consent of Landlord and then under his direction.
- (f) Tenant shall not do or permit anything to be done in said Premises, or bring or keep anything therein, which will in any way increase the rate of fire insurance on the DeBarr Medical and Professional Center or on the property kept therein, or obstruct or interfere with the rights of other tenants or in any way injure or annoy them, or conflict with the laws related to fire, or with any regulations of the fire department or with any insurance policy upon the Premises or any part thereof.
- (g) Toilets and other water fixtures shall not be used for any purpose other than that for which the same are intended, and any damages resulting to the same from misuse on the part of the Tenant, its agents or employees, shall be paid for by Tenant.

- (h) Tenant shall not install or operate any steam or gas engine or boiler, or carry on any mechanical business in the premises. The use of oil, gas or inflammable liquids for heating, lighting or any other purpose is expressly prohibited without the consent of the Landlord first having been obtained. Explosives or other articles that are deemed extra hazardous shall not be brought into the premises. Tenant is prohibited from using, storing or in any way allowing hazardous or toxic materials to be upon the premises.
- (i) Except as permitted by Landlord, Tenant shall not mark upon, paint signs upon, cut, drill into, drive nails or screws into, or in any way deface the walls, ceilings, partitions or floors of the Premises, and any defacement, damage or injury caused by Tenant, its agents or employees, shall be paid for by Tenant.
- (j) No animals other than guide dogs shall be allowed in the entries, halls, passages, corridors, stairways, and elevators.
- (k) Bicycles or other vehicles shall not be permitted in the halls, passages, corridors, stairways, nor shall any obstruction of sidewalks or entrances by such be permitted.
- (l) Landlord will not be responsible to any Tenant for any loss of property from the Premises however occurring.
- (m) The word "Premises" shall mean the area that each Tenant leases pursuant to a commercial lease. The word "DeBarr Medical and Professional Center" means the DeBarr Medical and Professional Center and the real property upon which it is located.
- (n) Landlord reserves the right to make such further reasonable rules and regulations as in its judgment may from time to time be needed and desirable for the safety, care and cleanliness of the Premises and for the preservation of good order thereon, including professional ethics and conduct of Tenants.

EXHIBIT D
PERSONAL GUARANTY

The undersigned, each for themselves and the marital communities consisting of themselves and their respective wives/husbands, if married, do jointly and severally personally guaranty payments and performance of all indebtedness and obligation of _____ (Tenant), pursuant to the Commercial Lease dated the 15th day of June 2015 and all exhibits thereto.

Landlord shall not be required to, as a condition precedent to enforcement of this personal guaranty, take any action nor exhaust any resource against Tenant.

DATED this _____ day of June, 2015

ACKNOWLEDGED BY:

By: _____

EXHIBIT D
PERSONAL GUARANTY

The undersigned, each for themselves and the marital communities consisting of themselves and their respective wives/husbands, if married, do jointly and severally personally guaranty payments and performance of all indebtedness and obligation of _____ (Tenant), pursuant to the Commercial Lease dated the 15th day of June 2015 and all exhibits thereto.

Landlord shall not be required to, as a condition precedent to enforcement of this personal guaranty, take any action nor exhaust any resource against Tenant.

DATED this _____ day of June, 2015

ACKNOWLEDGED BY:

By: _____

EXHIBIT D
PERSONAL GUARANTY

The undersigned, each for themselves and the marital communities consisting of themselves and their respective wives/husbands, if married, do jointly and severally personally guaranty payments and performance of all indebtedness and obligation of _____ (Tenant), pursuant to the Commercial Lease dated the 15th day of June 2015 and all exhibits thereto.

Landlord shall not be required to, as a condition precedent to enforcement of this personal guaranty, take any action nor exhaust any resource against Tenant.

DATED this _____ day of June, 2015

ACKNOWLEDGED BY:

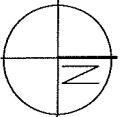
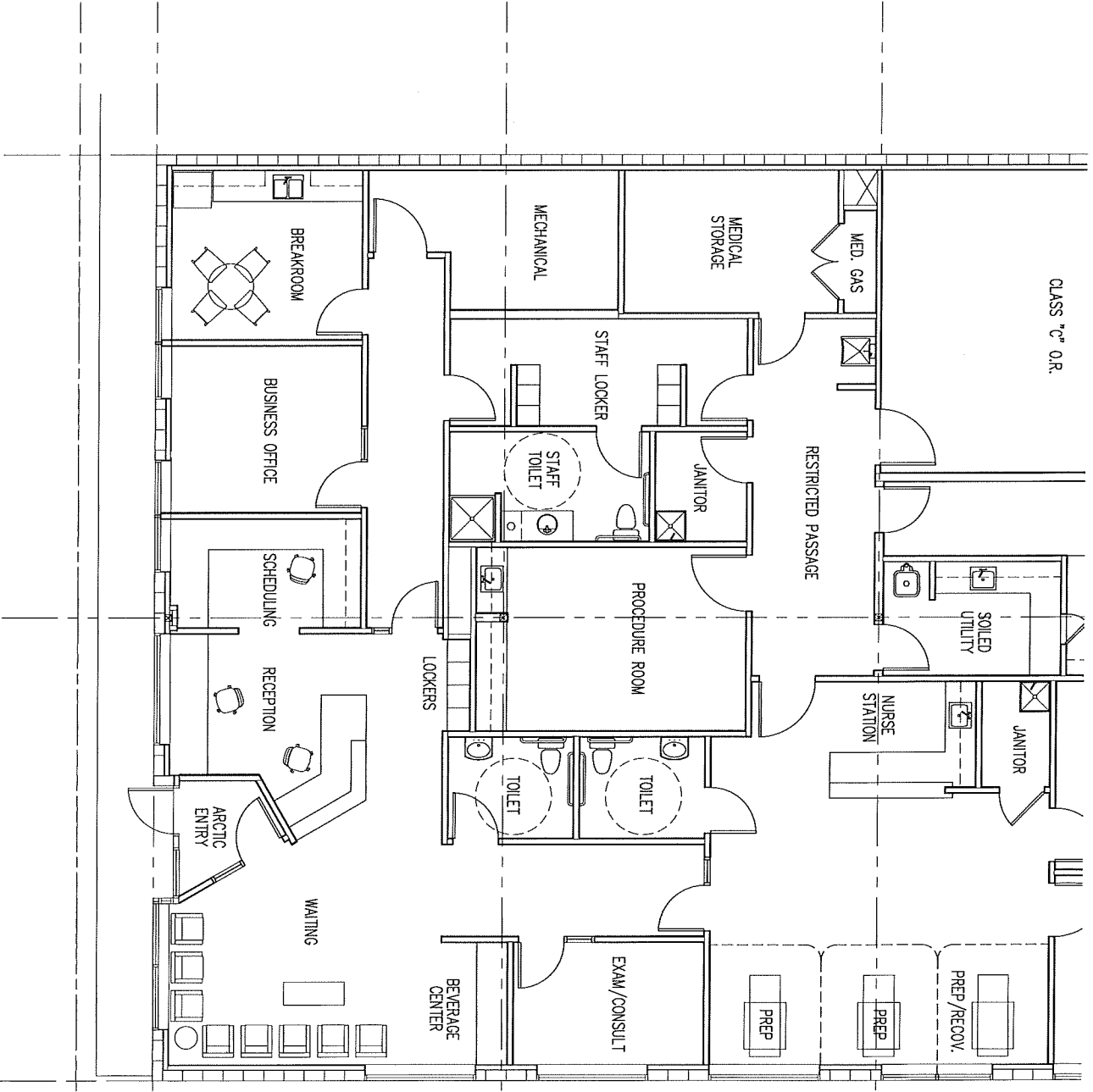
By: _____

EXHIBIT A

LEGAL DESCRIPTION & FLOOR PLAN

Lots 1A, Block 1A
DeBarr Vista Subdivision, Addition #5
Anchorage Recording District
Third Judicial District
State of Alaska

Also Known As:
6911 DeBarr Road, Anchorage, Alaska 99504



FIRST FLOOR

SCALE: 3/32" = 1'-0"

EXHIBIT B

TENANT'S DESIGN BUILD COSTS

ASC North LLC
6911 DeBarr Road
Anchorage, AK 99504

November 20, 2015

Don Weller
ASC Management LLC
11284 Business Blvd
Eagle River, AK 99577

RE: Sub-lease of Building and Assets-Letter of Intent

Dear Mr. Weller,

I have reviewed our current lease with MCA Property Holding Corp., and have confirmed with their licensed real estate broker that we can sub-lease the property to your proposed ASC project, Muldoon Ambulatory Surgery Center (MASC).

We are prepared to offer the property on the following terms, which basically mirror 2/7ths of the base lease, 2/7ths of our tenant improvement estimate and 2/7ths of the basic equipment estimates as disclosed in our Request for Determination of Exemption letter to DHSS dated 6/26/2015:

Rent:		
$\$9,410 \times 2/7 =$		\$2,689 per month

Tenant Improvements:		
$\$994,874 \times 2/7 =$	\$284,250 Amortized over 10 years	\$2,946 per month

Equipment:		
$\$197,079 \times 2/7 =$	\$56,308 Amortized over 5 years	\$1,050 per month

The sub-lease will adopt all of the terms of the underlying lease and its 10 year renewal which is currently under negotiation.

Please let me know if you have any questions.

Sincerely,

Harold Gear
Managing Member

EXHIBIT C

RULES AND REGULATIONS

It is agreed between Landlord and Tenant that the following rules and regulations shall be and are hereby made a part of this Lease, and Tenant agrees that its employees and agents or any others permitted by Tenant to occupy or enter said Premises will at all times abide by said rules and regulations and that a default in the performance and observance thereof shall operate the same as any defaults herein:

(a) The sidewalks, entries, halls, passages, corridors, stairways and elevators of the DeBarr Medical and Professional Center shall not be obstructed by Tenant or its agents or employees, or used for any purpose other than ingress and egress to and from the DeBarr Medical and Professional Center and the Premises.

(b) No awnings or other obstructions shall be placed over the windows or doorways except by the prior written consent of Landlord.

(c) Tenant shall place no additional lock or locks on any door in the DeBarr Medical and Professional Center unless written consent of Landlord shall first have been obtained. At the termination of this tenancy, Tenant shall promptly return to Landlord all Keys to the Premises.

(d) Signs, notices, advertisements, or other inscriptions shall not be placed upon any part of the DeBarr Medical and Professional Center except of such size, form, and color as first specified by Landlord.

(e) If any Tenant desires telegraphic, telephonic or other electrical connections, Landlord or its agents will direct electricians as to where and how the wires may be introduced, and without such directions, no boring or cutting for wires will be permitted. Any such installation and connection will be made at Tenant's expense. No wires for electric or other purposes may be introduced nor will neither boring nor cutting of present wires be allowed without the written consent of Landlord and then under his direction.

(f) Tenant shall not do or permit anything to be done in said Premises, or bring or keep anything therein, which will in any way increase the rate of fire insurance on the DeBarr Medical and Professional Center or on the property kept therein, or obstruct or interfere with the rights of other tenants or in any way injure or annoy them, or conflict with the laws related to fire, or with any regulations of the fire department or with any insurance policy upon the Premises or any part thereof.

(g) Toilets and other water fixtures shall not be used for any purpose other than that for which the same are intended, and any damages resulting to the same from misuse on the part of the Tenant, its agents or employees, shall be paid for by Tenant.

- (h) Tenant shall not install or operate any steam or gas engine or boiler, or carry on any mechanical business in the premises. The use of oil, gas or inflammable liquids for heating, lighting or any other purpose is expressly prohibited without the consent of the Landlord first having been obtained. Explosives or other articles that are deemed extra hazardous shall not be brought into the premises. Tenant is prohibited from using, storing or in any way allowing hazardous or toxic materials to be upon the premises.
- (i) Except as permitted by Landlord, Tenant shall not mark upon, paint signs upon, cut, drill into, drive nails or screws into, or in any way deface the walls, ceilings, partitions or floors of the Premises, and any defacement, damage or injury caused by Tenant, its agents or employees, shall be paid for by Tenant.
- (j) No animals other than guide dogs shall be allowed in the entries, halls, passages, corridors, stairways, and elevators.
- (k) Bicycles or other vehicles shall not be permitted in the halls, passages, corridors, stairways, nor shall any obstruction of sidewalks or entrances by such be permitted.
- (l) Landlord will not be responsible to any Tenant for any loss of property from the Premises however occurring.
- (m) The word "Premises" shall mean the area that each Tenant leases pursuant to a commercial lease. The word "DeBarr Medical and Professional Center" means the DeBarr Medical and Professional Center and the real property upon which it is located.
- (n) Landlord reserves the right to make such further reasonable rules and regulations as in its judgment may from time to time be needed and desirable for the safety, care and cleanliness of the Premises and for the preservation of good order thereon, including professional ethics and conduct of Tenants.



June 24, 2015

Harold Gear
ASC North, LLC
11284 Business Blvd.
Eagle River, Alaska 99577

Project: Ambulatory Surgical Center North, LLC

Dear Mr. Gear,

We would like to thank you for the opportunity to propose on the tenant improvement for your new Ambulatory Surgical Center located in Anchorage, Alaska. This proposal is based on Sketch SK-1 dated June 16, 2015 as prepared by Corvus Contractors LLC. Our bid for this tenant improvement is \$994,874 and is based on the following breakdown and basic understanding:

Design & Permitting (Arch, Structural & Mech.)	\$ 17,500
General Conditions	\$ 63,600
Temporary Construction	\$ 21,784
Interior Demolition	\$ 26,393
Place Concrete Slab and Pads	\$ 3,710
Surgical Light Structure	\$ 1,000
Casework Complete	\$ 58,620
Doors and Hardware	\$ 52,230
Frame & Acoustic Insulation	\$ 33,658
Gypsum Board	\$ 15,425
Tape & Paint	\$ 29,422
Acoustical Ceilings	\$ 14,315
Flooring Complete	\$ 28,523
Window Coverings	\$ 8,800
Specialties	\$ 11,375
Equipment	\$ 4,390
Mechanical Systems	\$ 139,914
Plumbing	\$ 117,300
Fire Alarm	\$ 12,540
Electrical	\$ 163,645
30 KW Emergency Generator	\$ 62,400
Data & Communications	\$ 7,949
Sub Total	\$ 904,431
Overhead & Profit @ 10%	\$ 90,443
Total	\$ 994,874

- Coordinate Architectural, Structural, Mechanical, Plumbing, and Electrical design and permitting.
- Complete interior finishes demolition to include flooring, walls, acoustical ceilings, electrical, mechanical and plumbing. We will be removing both the MRI RF shielding and PER/CT lead shielding.
- Layout, saw cut and remove concrete slab as required for Mechanical, Plumbing and Electrical rough-in.
- Remove (3) exterior aluminum storefront windows and (1) entrance door and replace with new aluminum storefront windows.
- Layout and construct new acoustically insulated wall partition, soffits and ceilings.
- Rough-in Mechanical, Plumbing and Electrical in walls and ceiling plenum.
- Install hollow metal door frames with solid core doors and associated hardware.
- Hang 5/8" gypsum board, tape and paint partition walls.
- Install acoustical ceiling grid, lighting and mechanical grills and tile.
- Install data cabling throughout Suite. Install Nurse Call System.
- Install carpeting in Waiting Area, Business Office and Hallway. Install welded sheet vinyl with 4" rubber wall base throughout remainder of Suite. The Operating Room, Clean and Soiled Utility Rooms, and all toilets will have welded sheet vinyl with 6" integral coved base. The Mechanical Room will receive a painted floor finish over the concrete.
- Install new roller shade window coverings in exterior window of Suite and install translucent film in the Exam/Consult and Prep/Recovery Rooms.
- Fabricate and install new custom casework, please note that all countertops have a plastic laminate finish.
- Trim-out all Mechanical, Plumbing and Electrical as required.
- Install new 400 Amp - 277/480V MDP, step-down transformer and 120/208V electrical panels for both normal and emergency power.
- Install new 30KVA – 277/480V Emergency Generator with associated electrical gear.

We appreciate your consideration of this proposal; please contact us with any questions or requests regarding this proposal.

Sincerely,

David L. McConnell, Architect
Corvus Contractors LLC

Stryker Endoscopy
5900 Optical Court, San Jose, CA 95138
t: 800 624 4422 f: 800 729 2917

CUSTOMER'S COPY



CHARLES JOLIN
BILL.JOLIN@STRYKER.COM
Cell:

1-47BSC9
1-47BSC9

PROPOSAL
11/06/15

PROPOSAL SUBMITTED TO:
Muldoon Surgery Center

We are pleased to submit our
quotation on the following
Stryker Endoscopy products.

EQUIPMENT

Line No.	Part No.	Description	U/M	Qty	List Price	Sell Price	Total
1	0240-099-011K	STANDARD VIDEO CART KIT	Each	1	\$7,173.76	\$2,941.24	\$2,941.24
2	1488-210-122	1488 HD 3-CHIP CAMERA HEAD AND 18MM COUPLER KIT	Each	3	\$28,935.14	\$13,020.81	\$39,062.43
2.1	1488-210-105	PKG, 1488 HD 3-CHIP CAMERA HEAD, C-MOUNT	Each	1			
2.2	1488-020-122	PKG, 1488 HD 18MM COUPLER, C-MOUNT	Each	1			
3	1488-010-000	PKG, 1488 HD 3 CHIP CAMERA CONTROL UNIT (CCU)	Each	1	\$28,935.14	\$13,020.81	\$13,020.81
4	0220-210-000	PKG L9000 LIGHT SOURCE	Each	1	\$15,604.50	\$7,022.03	\$7,022.03
5	0240-060-917	SDC3 BASE W/ SDP1000 PRINTER KIT	Each	1	\$45,288.96	\$20,380.03	\$20,380.03
5.1	0240-060-100	SDC3 BASE SYSTEM	Each	1			
5.2	0240-080-230	SDP1000	Each	1			
6	0240-031-020	PKG, VISIONPRO 26" LED DISPLAY	Each	1	\$13,382.50	\$6,022.13	\$6,022.13
7	0240-031-002	PKG, VISIONPRO 26" DISPLAY COVER	Each	1	\$530.25	\$238.61	\$238.61
8	0233-050-199	KIT, SAFELIGHT FIBER OPTIC CABLE CLEAR, 5MM X 10FT	Each	3	\$1,300.00	\$585.00	\$1,755.00
8.1	0233-050-100	PKG., SAFELIGHT FIBER OPTIC CABLE CLEAR, 5MM X	Each	1			
8.2	0233-050-087	PKG, SAFELIGHT HENKE/DYONICS/STORZ SCOPE ADAPTOR	Each	1			
9	0502-123-010	HD 2.3MM X 0A° ARTHROSCOPE J-LOCK A/C	Each	3	\$6,761.95	\$3,042.88	\$9,128.64
10	0502-123-030	HD 2.3MM X 30A° ARTHROSCOPE J-LOCK A/C	Each	3	\$6,761.95	\$3,042.88	\$9,128.64
11	0502-123-070	HD 2.3MM X 70A° ARTHROSCOPE J-LOCK A/C	Each	3	\$6,761.95	\$3,042.88	\$9,128.64
12	0502-713-560	3.2MM CANNULA WITH 2 ROTATING STOPCOCKS	Each	3	\$1,078.23	\$485.20	\$1,455.60
13	0502-713-500	PENCIL TIP OBTURATOR FOR 3.2MM CANNULA	Each	3	\$256.62	\$115.48	\$346.44
14	0502-713-510	BLUNT TIP OBTURATOR FOR 3.2 CANNULA	Each	3	\$256.62	\$115.48	\$346.44
15	0233-032-116	ARTHROSCOPE AND HARDWARE SET TRAY	Each	3	\$445.84	\$182.79	\$548.37
16	0233-032-107	ENDOSCOPIC TRAY, PACKAGE ASSY.	Each	3	\$1,318.93	\$593.52	\$1,780.56
17	6000-001-020	PKG, 2.0M 1394B FIREWIRE CABLE	Each	1	\$111.46	\$50.16	\$50.16
Total:							\$122,355.77

Pricing does not include applicable taxes and shipping.

F.O.B.: Shipping Point

Prices: In effect for 60 days

Terms: Net 30 Days

Ask your Stryker Sales Rep about our flexible financing options.

Comments

This pricing is based on distinctive Customer attributes, including but not limited to Customer's size, proximate geographic location, historic purchasing volume, product purchasing mix and length of commitment.

MEDICAL VIDEO * POWERED ARTHROSCOPY INSTRUMENTS * OPTICS & INSTRUMENTS FOR ARTHROSCOPY AND LAPAROSCOPY

THIS SALES PROPOSAL IS THE ENTIRE AGREEMENT BETWEEN THE PARTIES AND IS SUBJECT TO STRYKER'S TERMS OF SALE (FOUND AT www.stryker.com/en-us/StrykerEndoSalesTerms/index.htm), WHICH RELATE TO THE SALE AND PURCHASE OF THE PRODUCTS AND SERVICES OF STRYKER ENDOSCOPY, STRYKER COMMUNICATIONS, STRYKER SPORTS MEDICINE, AND STRYKER PROCARE, AND ANY DIFFERENT OR ADDITIONAL TERMS ARTICULATED BY STRYKER HEREIN. NONE OF STRYKER'S TERMS MAY BE REJECTED OR REVOKED BY BUYER WITHOUT THE CONSENT OF STRYKER ENDOSCOPY'S LEGAL TEAM. ADDITIONALLY, ANY DIFFERENT OR ADDITIONAL TERMS ON ANY PURCHASE ORDER OR OTHER DOCUMENT SUBSEQUENTLY SUBMITTED BY BUYER ARE NULL AND VOID UNLESS EXPLICITLY APPROVED BY STRYKER ENDOSCOPY'S LEGAL TEAM. ACCORDINGLY, ACCEPTANCE OF BUYER'S PURCHASE ORDER AND SHIPPING OF STRYKER PRODUCT TO BUYER DOES NOT SERVE AS ACCEPTANCE OF ANY SUCH DIFFERENT OR ADDITIONAL TERMS. IF YOU HAVE ISSUE WITH ANY OF STRYKER'S TERMS OF SALE, PLEASE CONTACT YOUR STRYKER SALES REPRESENTATIVE. BY ACCEPTING THE PRODUCT/S AND/OR SERVICES, YOU ACKNOWLEDGE AND AGREE TO THE FOREGOING.