

SETTLEMENT AGREEMENT

THIS SETTLEMENT AGREEMENT (“Agreement”) is entered into and effective as of December 19th, 2017, by and between Aldrich & Associates, Inc. (“Aldrich”) and Jefferson Healthcare (“Jefferson”), The entities are collectively referred to herein as the “Parties,” or individually as a “Party.”

RECITALS

- A. This dispute arises out of a project known as the Jefferson Healthcare Emergency and Specialties Service Building located in Port Townsend, WA. (the “Project”).
- B. Jefferson retained Aldrich to act as General Contractor on the Project.
- C. Issues have arisen between the Parties with regard to payment and claims between them.

It is the intent of the Parties to resolve disputes between them concerning the Project as set forth below.

AGREEMENT

1. Board Approval. This Agreement is contingent on approval by Jefferson’s Board. However, Jefferson’s representatives that attended mediation on December 19th, 2017, all agree to recommend that the Board approve the Agreement at the board meeting to be held on December 20th, 2017 and will let Aldrich know in writing whether the Board has approved the settlement no later than December 21st, 2017. If the Board approves this Agreement it will be final and binding on the parties. If the Board does not approve this Agreement will be void and unenforceable.
2. Payment. Within thirty (30) days of the date of this Agreement, Jefferson shall pay Aldrich the sum of \$550,000.00 which does not include retention. In addition, Jefferson will pay Aldrich all applicable Washington State sales tax on the above amount at the applicable rate. In addition Jefferson will pay Aldrich \$1,072,297.00 of retention when due per the terms of the parties contract and applicable law.
3. Mutual Release. The Parties release and discharge each other from all known and unknown charges, complaints, claims, grievances, liabilities, obligations, promises, agreements, controversies, actions, causes of action, suits, rights, demands, costs, losses, debts, penalties, fees, expenses (including attorneys’ fees and costs actually incurred), and damages of any nature, known or unknown, which either Party has, or may have had, against the other Party, whether or not apparent or yet to be discovered, or which may hereafter develop, for any acts or omissions related to or arising from the Project, except for ongoing HVAC issues(with respect to which

both parties reserve their respective claims and defenses. Aldrich represents that it has no claim and will make no claim for this item for work performed to date.) and the following which are not released:

- a. Obligations contained in this Agreement;
- b. Any claims for defects in the work on the Project and/or failures of the work to comply with the contract documents that are unknown to Jefferson, or its representatives or consultants, as of the date of this Agreement. Jefferson represents that it does not presently know of any claims for defects or defects in the work other than possible claims related to the HVAC system mentioned above;
- c. Claims for contribution or indemnity. The Parties represent that they do not presently know of any such claims.
- d. Claims based on any unexpired correction period or warranty obligations, which shall neither be diminished nor enlarged by this Agreement. The Parties represent that they do not presently know of any such claims.

4. Attorneys' Fees and Costs. Except as specified below, all attorneys' fees, costs, and expenses incurred by the Parties shall be borne by the Party incurring them.

5. Complete Agreement. This Agreement contains all the promises and covenants made by the Parties. This Agreement supersedes any and all prior documents, discussions, communications, representations, understandings, negotiations, agreements, or contracts by and between the Parties. It is intended that the only obligations which remain between the Parties are expressed in this Agreement.

6. Binding Agreement. This Agreement shall bind the heirs, successors, representatives, and assigns of each Party.

7. Non-Reliance. In executing this Agreement, each Party warrants that it is relying solely on its own judgment and knowledge, and that it is not relying on any statement or representation made by any other Party or their agents.

8. Representation. The Parties acknowledge that they have been represented by counsel in the preparation of this Agreement, have been fully advised as to the legal effect of this Agreement, and have executed this Agreement freely and voluntarily. The Parties acknowledge that all have had the opportunity to participate in the drafting of this Agreement. Thus, the principle that ambiguities are to be construed against the drafter shall not be applicable in any litigation concerning this Agreement.

9. Governing Law. All questions with respect to the construction of this Agreement and the rights and liabilities incurred hereto shall be governed by the laws of the State of Washington without regard to its choice-of-law provisions.

10. Authority. The individuals executing this Agreement on behalf of the Parties represent and warrant to the other Party that they have the authority to bind the Party on whose behalf they execute this Agreement.

11. Execution and Counterparts. This Agreement may be executed in counterparts, each of which will constitute an original binding Agreement, and may be transmitted electronically.

Jefferson Healthcare

By: Mike Glenn
Printed Name: Mike Glenn
Title: CEO
Date: 12/19/17

Aldrich & Associates, Inc.

By: [Signature]
Printed Name: JAMES BEVIE
Title: PRESIDENT
Date: 12/19/17