

LEASE

BY AND AMONG

THE BOARD OF TRUSTEES OF BAY MEDICAL CENTER,

NEWCO, INC.,

BAY COUNTY HEALTH SYSTEM, LLC,

LHP HOSPITAL GROUP, INC., AND

SACRED HEART HEALTH SYSTEM, INC.

DATED: _____, 2011

TABLE OF CONTENTS

ARTICLE I LEASED PREMISES	2
1.1 Demise of the Leased Premises	2
ARTICLE II TERM	2
2.1 Initial Term	2
2.2 Option to Extend Initial Term.....	2
2.3 Exercise of Option	3
ARTICLE III RENT AND TAXES	3
3.1 Rent	3
3.2 Taxes	3
3.3 Lessee’s Right to Contest Assessed Value	3
3.4 Taxes or Liens Payable by Lessor	4
3.5 Interest.....	4
3.6 Waiver of Lessor’s Lien.....	4
ARTICLE IV USE AND OCCUPANCY; BOARD OF TRUSTEES	4
4.1 Use	4
4.2 Accreditation and Licensing of the Hospital	4
4.3 Community Benefit/Uncompensated Care	4
4.4 Affirmative Covenants of Lessee Relating to Clinical and Strategic Operations of Hospital.....	5
ARTICLE V COMPLIANCE WITH LAWS	6
5.1 Compliance with Applicable Laws	6
5.2 Contest of Laws	7
ARTICLE VI MAINTENANCE AND REPAIR	7
6.1 Maintenance, Repair and Replacement of the Leased Premises.....	7
ARTICLE VII ALTERATIONS AND IMPROVEMENTS	7
7.1 Alterations and Improvements	7
7.2 Alterations and Improvements in Compliance with Law	7
7.3 Lessor Approval of Certain Alterations and Improvements	8
ARTICLE VIII UTILITIES	8
8.1 Utilities.....	8
ARTICLE IX INSURANCE	8
9.1 General Liability Insurance.....	8
9.2 Professional Liability Insurance	8
9.3 Fire and Extended Coverage Insurance	9
9.4 Builder’s Risk Coverage	9
9.5 Blanket Policy; Self Insurance Provisions	9
9.6 Lessor to be Named as Additional Insured.....	9
ARTICLE X LESSEE’S RIGHT TO FINANCE	9
10.1 Leasehold Mortgages	9
10.2 Lessor Mortgages.....	9
ARTICLE XI ASSIGNMENTS AND SUBLEASES	9
11.1 Lessor’s Right of First Refusal	9
11.2 Exercise of Right.....	10
11.3 Prohibited Arrangements	10

11.4	Qualified Assignee.....	10
11.5	Assignment to Lessee’s Affiliates	11
11.6	Subletting by Lessee	11
11.7	Assignment by Lessor.....	11
ARTICLE XII EXISTING LEASE AGREEMENTS		11
12.1	Tenant Leases.....	11
ARTICLE XIII LESSOR’S REPRESENTATIONS AND WARRANTIES		11
13.1	Lessor Representations and Warranties	11
ARTICLE XIV ENVIRONMENTAL.....		14
14.1	Environmental Definitions.....	14
14.2	Lessor’s Representations and Warranties	16
14.3	Covenants.....	17
14.4	Lessor’s Environmental Indemnification.....	18
14.5	Lessee’s Environmental Indemnification.	19
14.6	Survival of Indemnity Obligation	19
ARTICLE XV INDEMNIFICATION		19
15.1	Lessor Indemnification	19
15.2	Lessee Indemnification	20
15.3	Duration of Indemnification Obligations.....	20
15.4	Limitations.....	20
15.5	Notice and Control of Litigation.....	20
15.6	Funding of Lessor’s Indemnification Obligation.....	21
ARTICLE XVI DEFAULT AND REMEDIES		21
16.1	Default of Lessor.....	21
16.2	Default of Lessee	21
16.3	Mediation and Arbitration.....	22
16.4	Extraordinary Remedies of Lessor.....	22
16.5	Exclusive Remedy	23
16.6	Parties to Bear Own Costs	23
16.7	Non-Cancelable Lease	23
ARTICLE XVII OPTION TO PURCHASE.....		23
17.1	Option to Purchase.....	23
17.2	Terms of the Sale to Lessee	24
17.3	Sale of Certain Parcels by Lessor	24
ARTICLE XVIII COVENANTS.....		24
18.1	Board of Trustees.....	24
18.2	Covenant Not to Compete.....	25
18.3	Notifications from Lessee.....	25
18.4	Hospital Name	25
ARTICLE XIX DAMAGE OR DESTRUCTION		25
19.1	Lessee’s Duty to Repair	25
ARTICLE XX CONDEMNATION		26
20.1	Condemnation.....	26
ARTICLE XXI SIGNAGE AND MARKETING MATERIAL		26
21.1	Signage and Marketing Materials	26
ARTICLE XXII SURRENDER.....		26

22.1	Disposition of Leased Premises Upon Expiration of Lease.....	26
22.2	Survival of Terms	27
ARTICLE XXIII QUIET ENJOYMENT		27
23.1	Lessee’s Right to Quiet Enjoyment	27
ARTICLE XXIV CONSENT BY A PARTY.....		27
24.1	Standards of Consent	27
ARTICLE XXV ESTOPPEL CERTIFICATES.....		28
25.1	Estoppel Certificates	28
ARTICLE XXVI NOTICES		28
26.1	Notices	28
ARTICLE XXVII GUARANTY		29
27.1	Limited Guaranty	29
ARTICLE XXVIII MISCELLANEOUS PROVISIONS		29
28.1	Submission of Lease	29
28.2	Severability	29
28.3	No Oral Modification.....	29
28.4	Covenants to Bind and Benefit Respective Parties.....	30
28.5	Recordation.....	30
28.6	Captions and Table of Contents.....	30
28.7	Governing Law; Venue.....	30
28.8	Counterpart Execution	30
28.9	Zoning	30
28.10	Force Majeure	30
28.11	Title to Improvements.....	31
28.12	Broker’s Representation.....	31
28.13	No Merger.....	31
28.14	Legal Fees	31
28.15	Medicare Access	31
28.16	Exclusion from Governmental Programs.....	31
28.17	Anti-Kickback Statute.....	32
28.18	Bay County Rights and Obligations	32
28.19	Guaranty of Lessee’s Obligations by BCHS	32

LEASE

THIS LEASE (“**Lease**”) is executed this ____ day of _____, 2011 (the “**Effective Date**”), by and among **THE BOARD OF TRUSTEES OF BAY MEDICAL CENTER**, a Florida non-taxable governmental health care provider created as a Florida independent special district (“**Lessor**”), **NEWCO, INC.**, a Florida [non-profit] corporation, (“**Lessee**”). **BAY COUNTY HEALTH SYSTEM, LLC**, a Delaware limited liability company (“**BCHS**”), **LHP Hospital Group, Inc.**, a Delaware corporation (“**LHP**”), and **SACRED HEART HEALTH SYSTEM, INC.**, a Florida non-profit corporation (“**SHHS**”).

RECITALS:

A. Lessee is a Florida corporation and is a wholly-owned subsidiary of BCHS. Lessor has approved Lessee’s Articles of Incorporation.

B. BCHS is a Delaware limited liability company that owns, manages and operates hospitals and health care systems and is the sole owner of Lessee.

C. Lessor is a non-taxable governmental health care provider created as a Florida Independent Special District pursuant to Chapter 2005-343, Laws of Florida (the “**Special Act**”) that owns and operates Bay Medical Center, a 323-bed acute care hospital located in Bay County, Florida (the “**Hospital**”), related out-patient treatment and diagnostic centers, and other related health care facilities, which are more accurately described on **Exhibit A** attached hereto and incorporated herein (collectively, the “**Leased Premises**”).

D. LHP and SHHS are the direct or indirect owners of 100% of the equity interests of BCHS.

E. To continue Lessor’s mission of providing health care to the citizens of Bay County and the surrounding areas regardless of ability to pay, Lessor believes that it is in the best interests of Lessor and the citizens of Bay County and the surrounding areas that Lessor lease the Leased Premises to Lessee and, pursuant to a separate agreement (“**Asset Purchase Agreement**”), sell substantially all of Lessor’s assets, other than the Leased Premises, to BCHS, thereby enabling Lessee and BCHS to operate the Hospital and the Leased Premises.

F. In entering this Lease, Lessor specifically finds that:

(i) The Lease is in the best interest of the public and in furtherance of the purpose of the Lessor as stated in Section 10 of Special Act, which is to manage and develop quality and comprehensive health care facilities “in an increasingly competitive and rapidly changing marketplace” for the residents of Bay County;

(ii) The articles of incorporation of the Lessee have been reviewed and approved;

(iii) The Lease and Asset Purchase Agreement provide for the orderly transition of the operation and management of the Hospital and Leased Premises

to Lessee;

(iv) The Hospital and Leased Premises shall be returned to Lessor at the end of the Lease, subject to the conditions herein;

(v) The Lease reasonably assures the availability of comprehensive health care in Bay County and provides for continued treatment of indigent patients pursuant to Florida Healthcare Responsibility Act and pursuant to Chapter 87-92 of the Laws of Florida;

(vi) The Lease is for fair market value based on an independent fair market evaluation and opinion.

G. The parties specifically intend that the Lease and the Asset Purchase Agreement (i) do not involve the transfer of a governmental function from the Lessor to the Lessee, (ii) do not constitute a financial interest of the Lessor in the Lessee; and (iii) do not make the Lessee an integral part of the Lessor's decision-making process.

H. Accordingly, Lessor desires to lease to Lessee and Lessee desires to lease from Lessor the Leased Premises, and LHP and SHHS desire to guaranty certain limited obligations of Lessee, and to undertake certain other obligations, as expressly set forth below.

NOW, THEREFORE, in consideration of the foregoing recitals, the mutual covenants and promises herein contained, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Lessor and Lessee hereby agree as follows:

ARTICLE I LEASED PREMISES

1.1 Demise of the Leased Premises. In consideration of the rents to be paid and the covenants to be performed by Lessee pursuant to this Lease, Lessor hereby leases and demises to Lessee and Lessee hereby leases from Lessor the Leased Premises, upon and subject to the terms and conditions set forth herein.

ARTICLE II TERM

2.1 Initial Term. The initial term of this Lease shall commence on the Effective Date and continue for a term of forty (40) years (the "**Initial Term**").

2.2 Option to Extend Initial Term. Lessee shall have the option to extend the Initial Term of this Lease ("**First Option**") for a period of ten (10) years ("**First Extension**"). Provided that Lessee has exercised its First Option in accordance with Section 2.3, following the expiration of the First Extension, Lessee shall have the option to extend the Term of this Lease ("**Second Option**") for an additional period of ten (10) years ("**Second Extension**") following the expiration of the Second Extension. For purposes of this Lease, the Initial Term and any extensions thereof shall be referred to as the "Term."

2.3 Exercise of Option. Lessee may exercise the First Option by providing Lessor with written notice of its intent to exercise the First Option at least eighteen (18) months prior to the expiration of the Initial Term and may exercise the Second Option by providing Lessor with written notice of its intent to exercise the Second Option at least eighteen (18) months prior to the expiration of the First Extension. If any such options are exercised, the Lease term shall be extended for the First Extension and, if applicable, the Second Extension, upon the terms and conditions set forth herein, except that additional Rent shall be due from Lessee as provided in Section 3.1. If Lessee fails to give Lessor written notice of its intention to exercise the First Option or the Second Option, as applicable, as provided above, then the Lease shall expire at the end of the Initial Term or First Extension, as applicable.

ARTICLE III RENT AND TAXES

3.1 Rent. Lessee shall pay to Lessor rent in the amount of One Hundred Twenty-Three Million Two Hundred Thousand Dollars (\$123,200,000) (“**Rent**”) for Lessee’s use and occupancy of the Leased Premises during the Initial Term of this Lease, which shall be payable by Lessee to Lessor in a single payment on or before the Effective Date. Such payment shall satisfy all of Lessee’s Rent obligations to Lessor in connection with Lessee’s use and occupancy of the Leased Premises during the Initial Term. If Lessee exercises the First Option or the Second Option, Lessee shall pay to Lessor additional Rent (“**Lease Extension Rent**”) in the amount of One Hundred Thousand Dollars (\$100,000) annually, payable in full on the first business day of each year of the First Extension and, if the Second Option is exercised, the Second Extension.

3.2 Taxes. Lessee shall, subject to its right to contest such Taxes, pay directly to the taxing authority all Taxes when due. For purposes of this Lease, “**Taxes**” shall include all real estate taxes and assessments, whether special or general, that are levied upon and/or assessed against the Leased Premises during the Term that relate to the lease of the Leased Premises to Lessee or Lessee’s use and occupancy thereof. Lessee shall also pay all personal property taxes (if any) imposed upon the furniture, personal property, fixtures, machinery, equipment, apparatus, systems or appurtenances located on and used in connection with Lessee’s use of the Leased Premises or its operation thereof and all sales taxes associated with the Lease, the Rent or the prepayment thereof. Lessor shall promptly deliver to Lessee all invoices, bills, statements notices and other instruments related to the payment of Taxes which Lessor may receive from the tax authority. Should any Governmental Authority (as defined in Section 5.1) or political subdivision impose any taxes and/or assessments, whether or not now customary or within the contemplation of the parties hereto, either by way of substitution for taxes and assessments presently levied and assessed against the Leased Premises, or in addition thereto, other than Lessor’s personal income tax or any estate tax or inheritance tax, such taxes and/or assessments shall be deemed to constitute a tax and/or assessment upon the Leased Premises for the purpose of this Section and shall be included in Taxes. Lessee’s obligations under this Section shall survive the termination of this Lease.

3.3 Lessee’s Right to Contest Assessed Value. Lessee may seek a reduction in the assessed valuation (for tax purposes) of the Leased Premises, as well as the Taxes that are attributable to the Leased Premises, provided the same is done in good faith at Lessee’s sole cost

and expense. Lessee may defer payment of, and Lessor shall not pay, any contested Taxes, provided that Lessee's deferral is in compliance with applicable Laws (as defined in Section 5.1 below) permitting such deferral. Lessee shall be entitled to all refunds associated with Lessee's successful prosecution of any such proceeding; provided, such refunds relate to periods of time during the Term. If required by applicable Laws, Lessor shall join in any proceeding referred to in this Section, at Lessee's sole cost and expense.

3.4 Taxes or Liens Payable by Lessor. Except as set forth in Section 3.2 above, nothing contained herein shall be construed to require Lessee to pay any estate, inheritance, succession, franchise, income or transfer tax of Lessor, growing out of or in any manner connected with the execution and delivery of this Lease, all of which shall be paid by Lessor as and when due and payable. If such taxes shall become a lien upon Lessee's interest under this Lease, or any portion thereof, or any other lien arising out of the act or omission of Lessor or its agents, employees or contractors so attaches, Lessor shall cause the same to be removed within thirty (30) days of their filing or Lessee, after giving Lessor ten (10) days written notice and opportunity to cure within such ten (10) day period, may pay the same and Lessor shall reimburse Lessee the amount thereof, on demand.

3.5 Interest. Any amount due from either party hereunder to the other that is not paid when due shall bear interest at an annual rate three percent (3%) per annum in excess of the prime rate of interest announced, from time to time, by the *Wall Street Journal* from the date due until paid, compounded monthly.

3.6 Waiver of Lessor's Lien. Lessor hereby waives any and all rights it may now or hereafter have under applicable Law to impose a lien or any other charges against any property of Lessee, including, without limitation, Lessee's leasehold interest in the Leased Premises, for unpaid amounts due Lessor. Lessor shall execute any and all further documentation that may be requested by Lessee to confirm the foregoing.

ARTICLE IV USE AND OCCUPANCY; BOARD OF TRUSTEES

4.1 Use. Lessee shall have sole and exclusive use of the Leased Premises during the Term for purposes of operating the Leased Premises, and conducting such other activities, as Lessee, in its sole discretion, deems necessary or appropriate to provide health care services to the citizens of Bay County and the surrounding areas.

4.2 Accreditation and Licensing of the Hospital. Lessee shall obtain and maintain in place throughout the Term, all approvals, permits, accreditations and licenses necessary to operate the Leased Premises.

4.3 Community Benefit/Uncompensated Care. Lessee shall operate the Leased Premises in accordance with the requirements for tax exempt organizations found in Section 501(c)(3) of the Internal Revenue Code ("**Code**"), including, without limitation, the community benefit standards set forth in Revenue Ruling 69-545, and the Florida Healthcare Responsibility Act, Chapter 87-92 of the Laws of Florida (the "**Standards**"), which Standards include: (i) acceptance of all Medicare and Medicaid patients; (ii) acceptance of all emergency

patients without regard to ability to pay; (iii) maintenance of an open medical staff; (iv) provision of public health programs of educational benefit to the citizens of Bay County and surrounding areas; and (v) general promotion of public health, wellness, and welfare to the citizens of Bay County and surrounding areas through the provision of health care at a reasonable cost.

4.4 Affirmative Covenants of Lessee Relating to Clinical and Strategic Operations of Hospital.

4.4.1 Maintenance of Services. For a period of ten (10) years after the Effective Date, Lessee shall (i) operate a licensed, Medicare-certified acute care hospital at the Leased Premises, and (ii) subject to the conditions listed below, and so long as appropriate levels of clinical quality and patient safety can be maintained with respect to each of such services and programs throughout such period, continue to provide substantially the same clinical services as offered by Lessor immediately prior to the Effective Date, which services are listed on **Exhibit 4.4.1**. In deciding to maintain such services and programs within such time period or not, Lessee may take into account all known and relevant factors, including, but not limited to, clinical quality, patient safety, accrediting body standards, and governmental regulations, alignment with board-approved strategic plans, financial viability, and availability of appropriate technologies. During such period Lessee shall provide Lessor with notice of any material change in the clinical services and programs provided by Lessee that are described on Exhibit 4.4.1.

4.4.2 At the expiration of the aforementioned ten (10) year period, Lessee may use and operate the Hospital and the Leased Premises in any lawful manner it deems appropriate, provided that, except as provided below, at all times during the Term Lessee shall provide health care services at the Leased Premises. Lessee shall not be in violation of the covenants set forth in Section 4.4 if, at any time during the Term, Lessee decreases or discontinues providing health care services at the Leased Premises, including, without limitation, decreasing or discontinuing any services it is obligated to furnish under this Lease, if Lessee shall, at its expense, have constructed or placed in operation one or more additional health care facilities in Bay County that, collectively, provide the health care services Lessee is obligated to furnish under this Lease.

4.4.3 Charity Care. Lessee shall adopt at the Leased Premises the charity care policies and procedures of Lessor for the treatment of indigent patients as are in effect at the Leased Premises as of the Effective Date, but Lessee may modify such policies and procedures from time to time provided that Lessee maintains adherence to the Standards.

4.4.4 Strategic Plans. Lessee will review strategic plans recently launched or scheduled to be implemented by Lessor as of the Effective Date, but except as set forth on **Exhibit 4.4.3**, Lessee has no obligation to continue any such plans previously implemented by Lessor or to implement any such plans not yet implemented.

4.4.5 Physician Network. Lessee or an affiliate shall employ and/or contract with all physicians currently employed by Lessor as of the Closing Date and shall cause such physicians to be covered by professional liability insurance coverage for employed physicians as required by law.

4.4.6 Medical Staff Matters. Without the consent of the medical staff of the Hospital, Lessee shall not change the current staff privileges for physicians on the medical staff of the Hospital or the individuals currently serving as medical staff officers or clinical service chiefs solely as a result of the transactions contemplated hereby or by the Asset Purchase Agreement; provided, however, that the consummation of the transactions contemplated hereby will not limit the ability of the Lessee to grant, withhold, or suspend medical staff appointments or clinical privileges, or appoint medical staff officers or clinical service chiefs, in accordance with the terms and provisions of the medical staff bylaws. Lessee shall adopt the current medical staff bylaws, rules and regulations, medical staff committee structure, credentialing plan, and fair hearing plan of the Hospital as the medical staff bylaws, rules and regulations, medical staff committee structure, credentialing plan, and fair hearing plan of the Hospital following the Effective Date, but Lessee may change any of the foregoing from time to time (i) as required to comply with The Joint Commission or other accreditation standards or other legal or regulatory requirements; or (ii) as otherwise not prohibited by Law.

4.4.7 Lessor's Donor Signage. Lessee shall maintain, in location(s) deemed appropriate by Lessee from time to time but visible to the public, the signage maintained by Lessor as of the Effective Date recognizing Lessor's donors.

ARTICLE V COMPLIANCE WITH LAWS

5.1 Compliance with Applicable Laws. Lessee's use and occupancy of the Leased Premises shall comply in all material respects with all building, zoning, subdivision, traffic, parking, land use, construction, environmental, occupancy, Health Care Laws and other applicable laws, ordinances, regulations, decrees, rules or conditions of any Governmental Authority, as well as all easements, restrictions and covenants, affecting the Leased Premises ("Laws"). For purposes of this Lease, "Governmental Authority" means any (a) nation, state, county, city, town, borough, village, district or other jurisdiction, (b) federal, state, local, municipal, foreign or other government, (c) governmental or quasi-governmental authority of any nature (including any agency, branch, department, board, commission, court, tribunal or other entity exercising governmental or quasi-governmental powers), (d) multinational organization or body, (e) body exercising, or entitled or purporting to exercise, any administrative, executive, judicial, legislative, police, regulatory or taxing authority or power, or (f) official of any of the foregoing. In addition, "Health Care Laws" means, collectively, any and all federal, state or local laws, rules, regulations and administrative manuals, orders, guidelines and requirements issued under or in connection with Medicare, Medicaid, CHMPVA, TRICARE or any government payment program or any law governing the licensure of or regulating healthcare providers, professionals, facilities or payors or otherwise governing or regulating the provision of or payment for medical services or the sale of medical supplies. Without limiting the generality of the foregoing, "Health Care Laws" include, without limitation, Section 1128B(b) of the Social Security Act, as amended, the Anti-kickback Statute (as defined in Section 27.19 hereof, and the Social Security Act, as amended, and Section 1877, 42 U.S.C. Section 1395nn (Prohibition Against Certain Referrals), commonly referred to as the "Stark Law."

5.2 Contest of Laws. Lessee shall have the right to contest by appropriate legal proceedings at Lessee's sole cost and expense, the validity or application of any Laws applicable to the Leased Premises and Lessee's use and occupancy thereof. Upon Lessee's request, Lessor shall execute and deliver any appropriate documents which may be necessary or proper to permit Lessee to contest the validity or application of any such Laws. Lessee shall reimburse Lessor upon demand for any costs, including attorneys' fees, incurred in connection with such request.

ARTICLE VI MAINTENANCE AND REPAIR

6.1 Maintenance, Repair and Replacement of the Leased Premises. Lessee shall have sole and exclusive responsibility for all maintenance, repairs and replacements required in connection with its use and operation of the Leased Premises, as and when deemed appropriate and necessary by Lessee, except that Lessee shall maintain the Leased Premises in accordance with the requirements of the Joint Commission, Centers for Medicare and Medicaid Services, the Florida Agency for Health Care Administration, and similar agencies, to the extent applicable to the then-current use of the Leased Premises. Lessor shall not perform any maintenance or make any repairs or replacements to the Leased Premises. Lessor shall be responsible for all costs and expenses incurred by Lessee in connection with any maintenance, repairs and/or replacements necessitated by the intentional or negligent acts or omissions of Lessor, its agents, employees, contractors or representatives after the Effective Date. Lessee shall provide Lessor with prior notice of its intention to effect any repairs to the Leased Premises the cost of which is anticipated to exceed One Million Dollars (\$1,000,000), but except as provided in Section 7.3, Lessor shall not have any right to approve or impose conditions upon the making of such repairs.

ARTICLE VII ALTERATIONS AND IMPROVEMENTS

7.1 Alterations and Improvements. Lessee may, at its sole cost and expense, make any alterations, additions or improvements ("**Improvements**") to the Leased Premises as Lessee, in its sole discretion, deems appropriate and necessary in connection with its use and occupancy of the Leased Premises, including, but not limited to: (i) the construction of additional buildings, facilities and improvements on the Leased Premises; (ii) the demolition of any buildings, facilities, or improvements located on the Leased Premises; and (iii) the renovation of, or addition to, any building, facility or improvement located on the Leased Premises. Lessor shall not cause any Improvements to be made to the Leased Premises. All Improvements will be in substantial compliance with all applicable Laws. Lessor shall, at no cost to Lessor, join in and execute any applications required to be submitted by the fee owner under applicable Law to perform any Improvements. All Improvements, whether temporary or permanent in character, made in or to the Leased Premises by Lessee (other than personal property and trade fixtures owned by Lessee), shall become part of the Leased Premises.

7.2 Alterations and Improvements in Compliance with Law. All Improvements made to the Leased Premises by Lessee shall be in substantial compliance with all applicable Laws. Any and all materials that are scrapped or removed in connection with Lessee's Improvements shall be removed from the Leased Premises at Lessee's expense and shall be disposed of by

Lessee in accordance with all Laws. Upon completion of any Improvements, Lessee will procure any required final certificate of occupancy or its equivalent under applicable Law.

7.3 Lessor Approval of Certain Alterations and Improvements. Except as provided in this Section 7.3, Lessee shall obtain Lessor's prior written consent before making any Improvements to the Leased Premises during the last ten (10) years of the Initial Term, the last thirty (30) months of the First Extension, or the last thirty (30) months of the Second Extension (individually and collectively "**Late Term Improvements**"), if the anticipated net book value of such Improvements as of the expiration of the Initial Term, First Extension or Second Extension, as applicable, will exceed One Million Dollars (\$1,000,000). Lessor's consent shall not be required for any Late Term Improvements during the last ten (10) years of the Initial Term or the last thirty (30) months of the First Extension if, at the time such Improvements are commenced, Lessee has exercised the First Option or the Second Option, as applicable. Lessor's consent shall not be required for any Improvements to the extent such Improvements are required to comply with applicable Laws or the requirements of any applicable accreditation agency. If Lessor withholds its consent to any Late Term Improvements, Lessee may, in its discretion, effect such Improvements at its cost, provided that the portion of the net book value of such improvements or alterations in excess of One Million Dollars at the expiration of the Lease shall not be included in the amount payable by Lessor to Lessee pursuant to Section 22.1 of this Lease.

ARTICLE VIII UTILITIES

8.1 Utilities. Lessee shall pay all charges made or assessed against the Leased Premises for natural gas, water, electricity, sewage disposal, telephone and all other utilities used or consumed during the Term of this Lease in connection with Lessee's operation of the Leased Premises. The quantity of natural gas, electricity and other utilities furnished to the Leased Premises shall be separately metered at the Leased Premises and shall be in Lessee's name. In connection with Lessee's use and occupancy of the Leased Premises, Lessee may, at its sole cost and expense and in its sole discretion: (i) construct additional utility facilities necessary for Lessee's operation of the Leased Premises; (ii) alter the location of any utility serving the Leased Premises; or (iii) expand the size and capacity of any utility serving the Leased Premises.

ARTICLE IX INSURANCE

9.1 General Liability Insurance. From and after the Effective Date, Lessee shall procure and maintain during the Term a policy or policies of commercial general liability insurance insuring Lessee against any and all losses, claims, demands or actions whatsoever for injury to or death of any one or more persons occurring on the Leased Premises and for damage to property arising from Lessee's use and occupancy of the Leased Premises in an amount consistent with industry standards for similar facilities.

9.2 Professional Liability Insurance. From and after the Effective Date, Lessee shall procure and maintain during the Term, professional liability insurance providing coverage for claims arising out of professional malpractice in connection with Lessee's use and occupancy of

the Leased Premises in an amount consistent with industry standards for similar facilities, provided that such coverage amount complies with all applicable Laws.

9.3 Fire and Extended Coverage Insurance. From and after the Effective Date, Lessee shall procure and maintain during the Term, fire and extended coverage insurance (which shall include coverage for fire, wind and flood perils) in an amount not less than the full replacement value of the improvements located on the Leased Premises, including leasehold improvements existing as of the Effective Date and the property of Lessee located on the Leased Premises.

9.4 Builder's Risk Coverage. From and after the Effective Date, Lessee shall maintain builder's risk insurance during any period of re-construction, alteration, renovation or other construction activity occurring on the Leased Premises in amounts deemed reasonable by Lessee.

9.5 Blanket Policy; Self Insurance Provisions. Lessee's obligations to carry the insurance provided for herein may be satisfied through: (i) a blanket policy or policies of insurance carried and maintained by Lessee; or (ii) a program or programs of self-insurance maintained by Lessee.

9.6 Lessor to be Named as Additional Insured. When and as requested by Lessor, and to the extent available from Lessee's insurers without cost to Lessee, Lessee shall add Lessor as an additional insured with respect to the policies of insurance maintained by Lessee in connection with the Leased Premises

ARTICLE X LESSEE'S RIGHT TO FINANCE

10.1 Leasehold Mortgages. Lessee shall have the right to mortgage, pledge, encumber, hypothecate or assign as security its interests under this Lease ("**Lessee's Interest**") and to refinance any of the foregoing, without obtaining Lessor's consent. However, no mortgage, lien, security interest, deed of trust or other encumbrance secured by Lessee's Interest may extend beyond the expiration of the Term.

10.2 Lessor Mortgages. During the Term, Lessor shall not mortgage, pledge, hypothecate or assign as security its estate or interest in the Leased Premises or reversionary interest in the Leased Premises, whether by deed of trust, deed to secure debt, mortgage or other security interest of any kind or nature (including, without limitation, any conditional sale or other title retention agreement, any financing lease having substantially the same economic effect as any of the foregoing, and any financing statement under the Uniform Commercial Code or comparable law in respect of the foregoing).

ARTICLE XI ASSIGNMENTS AND SUBLEASES

11.1 Lessor's Right of First Refusal. If, at any time during the first ten (10) years after the Effective Date, (i) Lessee receives a *bona fide* offer to assign Lessee's entire interest under this Lease, or (ii) LHP or SHHS, or both of them, as applicable, receive a *bona fide* offer to acquire 100% of the equity interests in BCHS, the recipient(s) of such offer shall promptly notify

Lessor in writing, which notice (“**Notice of Offer**”) shall contain the material terms of the offer and instructions regarding the payment of the Deposit (as defined in Sec. 11.2 below). For purposes of this Sec. 11.1, a *bona fide* offer is a written offer, including any non-binding letter of intent, from a third party not affiliated with Lessee, BCHS, LHP or SHHS that, but for Lessor’s rights hereunder, would be accepted by the offeree.

11.2 Exercise of Right. Lessor shall have forty-five (45) days from the receipt of the Notice of Offer to notify Lessee, LHP or SHHS, as applicable, in writing of its election to accept the terms of the offer as presented (“Notice of Exercise”). Lessor shall submit with its Notice of Exercise a nonrefundable deposit of Two Million Five Hundred Thousand Dollars (\$2,500,000) (“Deposit”) to the payee identified in the Notice of Offer, to be held by such payee in an interest-bearing account. The Notice of Exercise shall not be effective unless accompanied by the Deposit. If Lessor delivers its Notice of Exercise, then notwithstanding any different provisions in the offer, the transaction shall close within 90 days thereafter, and the Deposit, plus any accrued interest, shall be credited against the purchase price at closing. If Lessor does not exercise its right to purchase, then the provisions of Section 11.4 shall apply. If Lessor delivers its Notice of Exercise but thereafter fails to close within the time set forth above, then the provisions of Section 11.4 shall apply, but Lessor’s rights under Section 11.1 and 11.2 shall be forever extinguished and the Deposit may be retained by the payee.

11.3 Prohibited Arrangements. If Lessor exercises its rights under Section 11.1 and 11.2, then Lessor shall not, until the date that is one (1) year after the closing of the transaction, directly or indirectly enter into or continue to participate in any Prohibited Arrangement. For purposes of this Section 11.3, a “Prohibited Arrangement” means any of the following: (i) a sale or other transfer of the Hospital or substantially all of the Leased Premises to any third party; (ii) a lease of all or substantially all of the Hospital or the Leased Premises to a third party; (iii) a management agreement pursuant to which a third party is engaged to manage and operate the Hospital or the Leased premises; (iv) any transaction as a result of which an entity other than Lessor manages or operates the Hospital and the Leased Premises; (v) any transaction by which Lessor obtains any loan from a health care provider; (vi) any transaction by which Lessor participates in any managed care program operated or controlled by a health care provider other than Lessor; or (vii) any transaction or arrangement by which Lessor uses the name, trade name, logo or trade dress of any health care provider other than Lessor.

11.4 Qualified Assignee. Subject to Lessor’s rights under Sections 11.1 and 11.2, Lessee may assign its interest under this Lease to a Qualified Assignee without Lessor’s consent. “Qualified Assignee” means an unrelated third party that, together with its parent, subsidiaries and affiliates, (i) has experience in the business of owning and managing acute-care hospitals and (ii) as of the date in question, owns and/or manages no fewer than five acute care hospitals, all of which are (a) qualified to participate in the Medicare and Medicaid programs (or any successor programs thereto that may then be in effect) and (b) fully accredited by The Joint Commission or other recognized accreditation agency. Lessee shall provide Lessor with reasonable prior notice of Lessee’s intent to make an assignment permitted under this Section 11.2 and shall provide Lessor, at its request, with such information as Lessee may possess and may lawfully disclose regarding the Qualified Assignee. Upon such assignment, Lessee shall have no further obligations hereunder. Other than assignments permitted by this Section 11.4 or

Section 11.5, any by Lessee of its interest under this Lease shall require Lessor's prior written consent, which shall not be unreasonably withheld, delayed or conditioned.

11.5 Assignment to Lessee's Affiliates. Lessee may, without prior notice to Lessor, assign its interest, in whole or in part, under this Lease to any Affiliate, or to any Affiliate of LHP or SHHS, or to any entity owned or controlled by LHP or SHHS or their Affiliates. An "Affiliate" of any person or entity means a person or entity that directly or indirectly owns or controls, is owned or controlled by, or is under common ownership or control with, such person or entity, and with respect to Lessee, shall include, without limitation, BCHS, LHP, SHHS, and their Affiliates and successors. Provided the assignee agrees in writing to assume Lessee's obligations under, and be bound by the terms of, this Lease, then upon such assignment, Lessee shall have no further obligations hereunder.

11.6 Subletting by Lessee. Lessee may, without Lessor's consent, sublet the entirety of the Leased Premises to an Affiliate (as defined in Section 11.5), or to a Qualified Sublessee, which for purposes of this Section 11.6 shall mean a sublessee satisfying the definition of a Qualified Assignee. Any other sublease of the entirety of the Leased Premises shall require Lessor's prior written consent, which shall not be unreasonably withheld, delayed or conditioned. Lessee may, in its sole discretion, sublet any portion (provided such portion is less than the entirety) of the Leased Premises without Lessor's consent; provided, however, that no such subletting shall relieve Lessee of any obligation set forth herein.

11.7 Assignment by Lessor. In no event shall Lessor assign or transfer its interest, or any part thereof, under this Lease without the prior written consent of Lessee, which consent may be withheld by Lessee in its sole discretion.

ARTICLE XII EXISTING LEASE AGREEMENTS

12.1 Tenant Leases. Upon the Effective Date, in accordance with the Asset Purchase Agreement (defined in Section 15.6 below) and the Assignment and Assumption of Existing Leases (as defined in the Asset Purchase Agreement), Lessor shall assign, and Lessee shall assume, those leases of tenants listed in Schedules to the Asset Purchase Agreement as leases to be assumed by Lessee ("Tenant Leases"). Upon the Effective Date, all Tenant Leases shall become subleases, with Lessee as sublessor and the tenants as sublessees, and Lessor shall have no further interest in such Tenant Leases. During the Term, Lessee may, without the prior consent of Lessor, execute new subleases with tenants, and amend, modify or accept the surrender of any existing tenancies or approve any subleases for the Leased Premises.

ARTICLE XIII LESSOR'S REPRESENTATIONS AND WARRANTIES

13.1 Lessor Representations and Warranties. The representations and warranties of Lessor contained elsewhere in this Lease and those set forth in this Section are being made as of the Effective Date to induce Lessee to enter into this Lease, and Lessee has relied upon such representations and warranties. Lessor represents and warrants to Lessee as follows:

13.1.1 Organization and Authority. Lessor is duly organized, validly existing, and in good standing in the state in which it was formed. Lessor has the full right and authority and has obtained any and all consents required to enter into this Lease and to consummate or cause to be consummated the transactions contemplated hereby. This Lease has been, and all of the documents to be delivered by Lessor hereunder have been, authorized and executed and constitute, or will constitute, as appropriate, the valid and binding obligation of Lessor, enforceable in accordance with their terms. The person executing this Lease on behalf of Lessor has been duly authorized to sign and deliver this Lease on behalf of Lessor.

13.1.2 Conflicts. The execution and delivery of this Lease, and the performance of Lessor's obligations under this Lease, will not violate or breach, or conflict with, the terms, covenants or provisions of any agreement, contract, note, mortgage, indenture or another document of any kind whatsoever to which Lessor is a party or to which the Leased Premises is subject.

13.1.3 Litigation or Administrative Proceeding. Lessor has not received any notice nor is there any litigation or administrative proceeding pending or, to Lessor's knowledge, threatened (including the expiration of any appeal period with respect thereto) that may adversely affect the Leased Premises, this Lease, or the transactions contemplated hereby.

13.1.4 Title to the Leased Premises. Lessor (i) owns fee title to the Leased Premises, subject solely to the exceptions to title set forth on **Exhibit 13.1.4** (collectively, the "**Permitted Encumbrances**"); and (ii) except for the Tenant Leases (defined above), there are no persons in possession or occupancy of the Leased Premises or any part thereof, nor are there any persons who have possessory rights in respect to the Leased Premises or any part thereof. Lessor shall take no action to cause or permit any further encumbrances to the title of the Leased Premises without Lessee's prior written consent, which consent may be withheld by Lessee in its sole discretion.

13.1.5 All Property. The real property identified on **Exhibit A** attached hereto constitute all of the real property owned by Lessor.

13.1.6 Zoning. The Leased Premises are properly zoned for their current use. There are no existing, pending, contemplated, threatened or anticipated: (i) condemnation proceedings for any part of the Leased Premises; (ii) widening, change of grade or limitation on the use of streets abutting the Leased Premises; (iii) public improvements that may result in special assessments, special taxes or assessments to be levied against the Leased Premises or otherwise materially affecting the Leased Premises; (iv) change in the zoning classification of the Leased Premises; or (v) changes in the tax assessment of the Leased Premises.

13.1.7 Compliance with Laws. The Leased Premises, and Lessor's use and occupancy thereof and operations therein or in connection therewith, prior to the Effective Date comply with all Laws.

13.1.8 Flood Plain. No part of the Leased Premises is located in a flood plain, wetland or shoreland area.

13.1.9 Condition of Improvements/Leased Property. All improvements located on the Leased Premises, including, but not limited to: (i) the plumbing, mechanical, drainage, sanitary sewer, water, fire, security, and electrical systems; (ii) the foundation, roof, exterior walls, and other structural components; and (iii) the sidewalks, docks, driveways, and parking areas are in good working condition and repair, reasonable wear and tear excepted, and perform the function for which they were intended. There are no defects or inadequacies in such improvements or the Leased Premises that would adversely affect the insurability of the same or cause the imposition of extraordinary premiums therefore or create or be likely to create a hazard, excessive maintenance cost or material operating deficiencies. There are no existing, or any pending or threatened, orders of any court or governmental agency requiring repair, alteration or correction of any condition affecting the Leased Premises.

13.1.10 Utilities. All water, sewer, gas, electric, telephone and drainage facilities and all other utilities and public or quasi-public improvements upon or adjacent to the Leased Premises required or necessary for the normal operation of the Leased Premises are installed, are connected under valid permits, are in good working order, are adequate to service the Leased Premises and are fully paid for.

13.1.11 No Mechanics Liens. Except as set forth on **Exhibit 13.1.4**, there are no outstanding accounts payable liens, mechanics' liens or rights to claim a mechanics' lien in favor of any materialman, laborer, or any other person or entity in connection with labor or material furnished to or performed on any portion of the Leased Premises that have not been fully paid for as of the Effective Date. No work has been performed or is in progress nor have materials been supplied to the Leased Premises or agreements entered into for work to be performed or materials to be supplied to the Leased Premises prior to the Effective Date, which will not have been fully paid for on or before the Effective Date. Lessor shall be responsible for any and all claims for mechanics' liens and accounts payable that have arisen or may subsequently arise due to agreements entered into for or any work performed on, or materials supplied to the Leased Premises prior to the Effective Date; and Lessor agrees to defend, indemnify and hold Lessee harmless from and against any and all such mechanics' lien claims, accounts payable or other commitments relating to the Leased Premises.

13.1.12 Impairment to Fair Market Value. Lessor has no knowledge of any fact or condition not disclosed to Lessee in writing that would materially impair the fair market value of the Leased Premises, would materially increase the cost of operating the Leased Premises as contemplated by Lessee, or would be inconsistent with the terms of this Lease.

13.1.13 Anti-Terrorism. Lessor (i) is not owned or controlled directly or indirectly by any person or entity listed on the Specifically Designated Nationals List published by the United States Treasury Department's Office of Foreign Assets Control and (ii) is not a person otherwise identified by government or legal authority as a person with whom a U.S. Person is prohibited from transacting business. As of the date hereof, a list of such designations and the text of the Executive Order are published under the internet website address www.ustreas.gov/offices/enforcement/ofac.

**ARTICLE XIV
ENVIRONMENTAL**

14.1 Environmental Definitions. For purposes of this Section, the following terms have the meanings specified below:

14.1.1 Contaminated Materials. “**Contaminated Material**” means Hazardous Material in soil, sediment, groundwater, fill or other substrate material, site improvements, construction materials, construction debris, equipment or clothing that was present on the Property on or before the Effective Date, whether or not identified before the Effective Date, and that exceeds Florida or federal maximum contaminant levels or residual contaminant levels or such other clean-up criterion as has been approved in writing by FDEP.

14.1.2 Environmental Actions. “**Environmental Actions**” means any notice of violation, complaint, claim, citation, demand, inquiry, report, action, assertion or indication of potential responsibility or liability, lien, encumbrance, or proceeding, regardless of whether or not formal, contingent, or matured, respecting:

14.1.2.1 any Environmental Law;

14.1.2.2 the environmental condition of the Property, including, but not limited to, any Contaminated Material, or actual or alleged damage or injury to humans, public health, wildlife, biota, air, surface or subsurface soil or water, or other natural resources;

14.1.2.3 the use, exposure, release, emission, discharge, generation, manufacture, sale, transport, handling, storage, treatment, reuse, presence, disposal or recycling of Contaminated Materials or Hazardous Material; or

14.1.2.4 the destruction or loss of use of Property, or the injury, illness or death of any person alleged to arise from or be caused by environmental conditions, including, but not limited to, any Contaminated Material, or the release, emission or discharge of Hazardous Materials.

14.1.3 Environmental Laws. “**Environmental Law(s)**” means:

14.1.3.1 any present or future federal statute, law, code, rule, regulation, ordinance, order, approval, standard, permit, license, guidance document or requirement (including consent decrees, judicial decisions and administrative orders) together with all related amendments, implementing regulations and reauthorizations, pertaining to the protection, preservation, conservation or regulation of the environment, including, but not limited to: the Comprehensive Environmental Response, Compensation, and Liability Act, 42 U.S.C. Section 9601 et seq. (“**CERCLA**”); the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901 et seq. (“**RCRA**”); the Toxic Substances Control Act, 15 U.S.C. Section 2601 et seq. (“**TSCA**”); the Clean Air Act, 42 U.S.C. Section 7401 et seq.; and the Clean Water Act, 33 U.S.C. Section 1251 et seq.; and any present or future state or local statute, law, code, rule, regulation,

ordinance, order, standard, permit, license or requirement (including government-approved voluntary or mandated remedial action work plans and approvals and directives related thereto, consent decrees, judicial decisions and administrative orders wherein Lessor and Lessee is a party to such decisions or orders) together with all related amendments, implementing regulations and reauthorizations, pertaining to the protection, preservation, conservation or regulation of the environment.

14.1.4 Excluded Claims. “**Excluded Claims**” means any (i) diminution in value of any property, (ii) loss of or restriction on use of any property or any other consequential damages and (iii) unmarketability of any property.

14.1.5 Hazardous Material. “**Hazardous Material**” means any hazardous, dangerous or toxic chemical, material, waste, pollutant, contaminant or substance (“**pollutant**”) within the meaning of any Environmental Law prohibiting, limiting or otherwise regulating the use, exposure, release, emission, discharge, generation, manufacture, sale, transport, handling, storage, treatment, reuse, presence, disposal or recycling of such pollutant. The term “**Hazardous Material**” includes, without limitation, any material or substance which is (a) petroleum, crude oil or fraction thereof, (b) asbestos-containing materials in any form or condition, (c) radioactive material, including any source, special nuclear or by-product material as defined at 42 U.S.C. Section 2011 et seq., and amendments thereto and reauthorizations thereof, (d) infectious waste, (e) designated as a “hazardous substance” pursuant to Section 311 of the Federal Water Pollution Control Act (33 U.S.C. § 1317), (f) defined as a “hazardous waste” pursuant to Section 1004 of the Federal Resource Conservation and Recovery Act, 42 U.S.C. § 6901 et seq. (42 U.S.C. § 6903), (g) defined as a “hazardous substance” pursuant to Section 101 of the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (42 U.S.C. § 9601), (h) regulated under the Toxic Substances Control Act (15 U.S.C. § 2601 et seq.) (i) defined as “medical waste” pursuant to Section 299.51, Wis. Stats., and (j) any other substance or material similarly classified by any other federal, state or local statute or ordinance or by any rule or regulation promulgated or adopted pursuant thereto, whether now existing or hereinafter enacted. Notwithstanding the foregoing, “**Hazardous Material**” does not include (i) commercial products used for the purposes and in the manner intended for such products, (ii) materials used as authorized by permit or other provision of Environmental Laws, or (iii) de minimis quantities of Hazardous Material as to which the FDEP does not require remediation.

14.1.6 Property. “**Property**” means the Leased Premises and all other improvements presently and hereafter situated on or under the Leased Premises, all construction material used in such improvements, and all surface and subsurface soil and water located at the Leased Premises.

14.1.7 Release. “**Release**” means any spilling, leaking, pumping, pouring, emptying, discharging, injecting, escaping, emitting, leaching, dumping, or disposing into the environment (including the abandonment or discarding of barrels, containers and other receptacles containing any Hazardous Material).

14.1.8 Florida Department of Environmental Protection. “**FDEP**” means the Florida Department of Environmental Protection and any section, department, bureau or subdivision thereof, and any successor agencies or authorities.

14.2 Lessor’s Representations and Warranties. Lessor hereby represents and warrants to Lessee that:

14.2.1 The Property and Lessor have been and are currently in compliance with all applicable Environmental Laws, except as would not result in any cost, liability or loss of or restriction on use for Lessee;

14.2.2 The Property is not listed on any local, state or Federal list of actually or potentially contaminated sites, including, but not limited to, the National Priorities List, CERCLIS or any state or Federal hazardous waste site or leaking underground storage tank lists;

14.2.3 There is no environmental lien on the Property affecting any part of the Property, nor is there any other encumbrance arising from environmental conditions on the Property that could materially affect the ability to use or occupancy of the Property for their intended purpose;

14.2.4 There have been no past, and there are no pending or threatened, Environmental Actions to which Lessor or any of its affiliates is a party and which relate to any part of the Property;

14.2.5 All required governmental permits and licenses required under Environmental Laws for all activities on the Property, including, but not limited to, all remedial activities, and the proper handling, treatment, transportation and disposal of any Hazardous Materials or Contaminated Materials, are in effect, and Lessor is in material compliance therewith;

14.2.6 Neither Lessor nor any affiliate has received any written notice of any Environmental Action respecting or applying to Lessor with respect to the Property or any off-site facility to which any Hazardous Material or Contaminated Material has been sent or delivered from the Property for off-site treatment, recycling, reclamation, reuse, handling, storage, sale or disposal;

14.2.7 No Hazardous Material or Contaminated Material has been or is being generated, used, stored, recycled, transported to or from, or disposed of on or from the Property except in compliance with Environmental Laws;

14.2.8 No environmental, public health or safety hazard currently exists with respect to the Property or any component or part thereof;

14.2.9 No underground storage tank (including any tank which now or at any other time contained any petroleum product or heating oil) is present on or under the Property; and

14.2.10 There has been no Release of a Hazardous Material or Contaminated Material on, into, under or from the Property.

14.3 Covenants.

14.3.1 Covenants of Lessor. Lessor hereby covenants as follows:

14.3.1.1 Lessor shall remediate any Release of Hazardous Material or Contaminated Material at the Property in compliance with Environmental Laws; provided that: (i) such remediation is required by Environmental Laws or is required to avoid liability under Environmental Laws; and (ii) such Release existed prior to the Effective Date or is caused by the Lessor, its agents, employees, affiliates, contractors or subcontractors, or a third party.

14.3.1.2 Lessor and its agents, employees, affiliates, contractors or subcontractors, shall not cause or permit any Hazardous Material to be brought upon, kept or used in or about the Property.

14.3.1.3 Lessor shall immediately notify Lessee of all Environmental Actions directed at Lessor and of any discovery by Lessor of previously unknown contamination at, from, under, adjacent to or related to the Property, and provide copies of all written notices, complaints, correspondence, consultant reports and other documents relating thereto within five (5) business days of receipt, and shall keep Lessee informed of all responses thereto.

14.3.1.4 Lessor shall promptly cure all Environmental Actions directed against Lessor respecting the Property.

14.3.2 Covenants of Lessee. Lessee hereby covenants as follows:

14.3.2.1 Lessee shall remediate any Release of Hazardous Material or Contaminated Material at the Property in compliance with Environmental Laws; provided that: (i) such remediation is required by Environmental Laws or is required to avoid liability under Environmental Laws; and (ii) such Release is caused by the Lessee, its agents, employees, affiliates, contractors or subcontractors, or a third party, provided that the Release occurred after the Effective Date and on the Property.

14.3.2.2 Lessee shall maintain the Property in compliance with all Environmental Laws and shall conduct all activities on or in relation to the Property, including, but not limited to, remedial activities, in compliance with all Environmental Laws.

14.3.2.3 Lessee will obtain, maintain, hold and comply with all governmental approvals, permits and licenses as required for its activities on or in relation to the Property, including, but not limited to, remedial activities, under any Environmental Laws.

14.3.2.4 Lessee and its agents, employees, affiliates, contractors or subcontractors, shall not cause or permit any Hazardous Material to be brought upon, kept or used in or about the Property, unless such Hazardous Material is necessary to the business of any such person or entity and such Hazardous Material is used, kept, stored and disposed of in a manner that complies with all Environmental Laws regulating any such Hazardous Material.

14.3.2.5 Lessee shall immediately notify Lessor of all Environmental Actions directed at Lessee and of any discovery by Lessee of previously unknown contamination at, from, under, adjacent to or related to the Property, and provide copies of all written notices, complaints, correspondence, consultant reports and other documents relating thereto within five (5) business days of receipt, and shall keep Lessor informed of all responses thereto.

14.3.2.6 Lessee shall promptly cure all Environmental Actions directed against Lessee respecting or including the Property and shall at all times keep the Property free of any encumbrance arising from any judgment, liability or lien imposed pursuant to any such Environmental Actions.

14.3.2.7 Notwithstanding anything to the contrary in this Section, in no event shall Lessee be responsible for or have any obligations with respect to any Hazardous Material or Contaminated Material that exists or existed on the Property on or prior to the Effective Date or with respect to any Hazardous Material or Contaminated Material which comes to exist on the Property after the Effective Date by means other than an act or omission of Lessee, its agents, employees, affiliates, contractors or subcontractors.

14.4 Lessor's Environmental Indemnification.

14.4.1 Lessor shall indemnify, defend and hold Lessee harmless from any and all claims, judgments, damages, penalties, fines, costs, liabilities or losses, (including, without limitation, reasonable attorneys' fees, consultant fees and expert fees), which arise during or after the Term as a result of: (i) any violation by Lessor of any Environmental Laws; (ii) any Hazardous Materials or Contaminated Materials which existed on or under the Property or Common Areas prior to the Effective Date; (iii) any Release of Hazardous Materials or Contaminated Materials at, on, from or to the Property caused by Lessor, its agents, employees, affiliates, contractors or subcontractors; (iv) any misrepresentation or other breach by Lessor of any provisions of Section 14.2 of this Agreement; and (v) any Environmental Action arising from (i) through (iv) or any other act or omission of Lessor.

14.4.2 Without limiting the foregoing and unless caused by Lessee, its agents, employees, affiliates, contractors or subcontractors, in the event of a Release of any Hazardous Material or Contaminated Material on, in or under the Property caused or permitted by Lessor its agents, employees, affiliates, contractors or subcontractors, that results in any contamination of the Property Lessor shall promptly take all actions at its sole expense as are necessary to comply with Environmental Law and the terms of this Lease (the "**Lessor Remedial Actions**"). If Lessor fails to take such Remedial Actions as required in the preceding sentence, then Lessee

may, thirty (30) days after prior written notice to Lessor (except in the event of emergency, in which case Lessee shall use commercially reasonable efforts, but shall not be obligated, to notify Lessor in advance), take or cause to be taken such Lessor Remedial Actions on its own behalf, and Lessor shall reimburse Lessee for the costs incurred in connection with such Lessor Remedial Actions on demand.

14.5 Lessee's Environmental Indemnification.

14.5.1 Lessee shall have no obligation to Lessor for Excluded Claims, but shall otherwise indemnify, defend and hold Lessor harmless from any and all claims, judgments, damages, penalties, fines, reasonable costs, liabilities or losses (including, without limitation, reasonable attorneys' fees, consultant fees and expert fees), which arise during or after the Term as a result of: (i) any violation by Lessee of any Environmental Laws; (ii) any Release of Hazardous Materials on the Leased Premises caused or permitted by Lessee, its agents, employees, affiliates, contractors or subcontractors; (iii) any misrepresentation or other breach by Lessee of any provision of Section 14.3.2 of this Lease; and (iv) any Environmental Action arising from (i) through (iii) or any other act or omission of Lessee.

14.5.2 Without limiting the foregoing and unless caused by Lessor, its agents, employees, affiliates, contractors or subcontractors, in the event a Release of any Hazardous Material on, in or under the Property is caused or permitted by Lessee, its agents, employees, affiliates, contractors or subcontractors, Lessee shall promptly take all actions at its sole expense as are necessary to comply with Environmental Law and this Lease (the "**Lessee Remedial Actions**").

14.5.3 Notwithstanding anything to the contrary contained in this Section, in no event shall Lessee be responsible for or have any indemnification obligations with respect to any Hazardous Material or Contaminated Material, or Environmental Actions arising therefrom, that exist or existed on the Property on or prior to the Effective Date or Contaminated Material that comes to exist on the Property after the Effective Date by means other than an act or omission of Lessee, its agents, employees, affiliates, contractors or subcontractors.

14.6 Survival of Indemnity Obligation. Subject to the provisions of Section 15.4, the environmental indemnification obligations set forth in this Section shall survive in perpetuity and regardless of the termination of the Lease.

ARTICLE XV INDEMNIFICATION

15.1 Lessor Indemnification. Lessor, regardless of any investigation made by or on behalf of Lessee, shall defend, indemnify and hold harmless Lessee and its officers, directors, employees, members, and agents from and against any and all losses, claims, damages, liabilities, costs, expenses (including, without limitation, reasonable attorneys' fees), or deficiencies (including, without limitation, fines, penalties or impositions) (collectively "Losses") incurred as a result of: (i) the inaccuracy or breach of any representation or warranty of Lessor given pursuant to this Lease; or (ii) any third-party claim arising from a liability or

obligation of Lessor, other than a liability or obligation of Lessor expressly assumed by Lessee pursuant to this Lease.

15.2 Lessee Indemnification. Lessee shall defend, indemnify and hold harmless Lessor and Lessor's officers, directors, employees and agents, from and against all Losses as a result of third-party claims arising from the use and operation of the Leased Premises by Lessee during the Term hereof, including, without limitation, any liability or obligation expressly assumed by Lessee pursuant to this Lease.

15.3 Duration of Indemnification Obligations. The indemnification obligations of the parties set forth in this Section 15.3 shall survive as follows:

15.3.1 obligations under Sections 15.1(ii) and 15.2 shall survive for a period of six (6) years following the expiration or earlier termination of this Lease;

15.3.2 obligations under Section 15.1(i) shall survive as follows: (i) if based upon a breach of Sections 13.1.1, 13.1.3, 13.1.4 or 13.1.5, indefinitely; (ii) if based upon a breach of Section 13.1.7, six (6) years from the Effective Date; and (iii) if based upon a breach of any other representation or warranty set forth in Section 13.1, eighteen (18) months from the Effective Date.

15.4 Limitations.

15.4.1 Threshold Amount. Neither party may assert a claim under Articles XIV or XV until the total of all indemnifiable Losses sustained by such party under this Lease or pursuant to the Asset Purchase Agreement exceeds Two Hundred Fifty Thousand Dollars (\$250,000), after which Lessor or Lessee, as applicable, shall, subject to the limits set forth in Section 15.4.2, be liable for all indemnifiable Losses beginning with the first dollar of such Losses.

15.4.2 Lessor's Liability. Lessor's aggregate liability for indemnification under this Lease or the Asset Purchase Agreement shall not exceed Fifteen Million Four Hundred Thousand Dollars (\$15,400,000).

15.4.3 Lessee's Liability. Lessee's liability for indemnification under this Lease or the Asset Purchase Agreement for claims asserted by Lessor during the Term shall be unlimited. Lessee's aggregate liability for indemnification claims asserted by Lessor after the expiration or other termination of this Lease, regardless of whether the claim arose, or the acts out of which the claim arises occurred, prior to the expiration or other termination of this Lease, shall not exceed Fifteen Million Four Hundred Thousand Dollars (\$15,400,000).

15.5 Notice and Control of Litigation. If any claim or liability is asserted in writing by a third party against a party entitled to indemnification under this Article XV (the "Indemnified Party") that would give rise to a claim under this Article XV, the Indemnified Party shall notify the other party (the "Indemnifying Party") in writing of the same within thirty (30) days of receipt of such written assertion of a claim or liability. The Indemnifying Party shall have the right to defend a claim and control the defense, settlement, and prosecution of any litigation. If the Indemnifying Party, within ten (10) days after notice of such claim, fails to defend such

claim, the Indemnified Party shall have the right to undertake the defense, compromise, or settlement of such claim on behalf of and for the account and at the risk of the Indemnifying Party. Anything in this Section 15.5 notwithstanding, (i) if there is a reasonable probability that a claim may materially and adversely affect the Indemnified Party other than as a result of money damages or other money payments, the Indemnified Party shall have the right, at its own cost and expense, to defend, compromise, and settle such claim, and (ii) the Indemnifying Party shall not, without the written consent of the Indemnified Party, settle or compromise any claim or consent to the entry of any judgment that compels the Indemnified Party to take any action (other than the payment of money) and that does not include as an unconditional term thereof the giving by the claimant to the Indemnified Party of a release from all liability in respect of such claim. The parties shall cooperate as fully as necessary in the defense of such matters. Should the Indemnified Party fail to notify the Indemnifying Party in the time required above, the indemnity with respect to the subject matter of the required notice shall be limited to the damages that would have resulted absent the Indemnified Party's failure to notify the Indemnifying Party in the time required above after taking into account such actions as could have been taken by the Indemnifying Party had it received timely notice from the Indemnified Party.

15.6 Funding of Lessor's Indemnification Obligation. The funds held in the Indemnification Escrow Account created and maintained pursuant the Asset Purchase Agreement shall be available and used to pay indemnification claims made by Lessee against Lessor in connection with this Lease, including, without limitation, claims asserted by Lessee pursuant to Articles XIV and XV hereof, in the manner provided in Sec. ___ of the Asset Purchase Agreement.

ARTICLE XVI DEFAULT AND REMEDIES

16.1 Default of Lessor. Each of the following shall be deemed a default by Lessor: (i) failure to perform any act to be performed by Lessor hereunder or to comply with any provision, condition or covenant contained herein and such failure is not cured within thirty (30) calendar days after written notice of such failure is delivered to Lessor, or in the event of a default that cannot with due diligence be cured within such thirty (30) day period, within such longer period as Lessee may reasonably permit; (ii) any material breach of any representation or warranty by Lessor.

16.2 Default of Lessee. In the event of Lessee's failure to perform any act to be performed by Lessee hereunder or to comply with any provision, condition or covenant contained herein, Lessor shall provide Lessee with written notice of such failure, which notice shall specify the failure in sufficient detail to permit Lessee to investigate the nature and extent of the default. Lessee shall have ninety (90) days from its receipt of Lessor's notice to take any of the following actions:

16.2.1.1 Cure the breach and provide written notice to Lessor of such cure; or

16.2.1.2 If the breach is not capable of being cured within such ninety (90) day period, begin diligently pursuing a cure for the breach.

16.3 Mediation and Arbitration. Subject to the right of any party to seek an injunction or other equitable relief (including specific performance but excluding damages of any kind) from a court with applicable authority, and except as otherwise provided herein, any controversy, dispute or disagreement arising out of or relating to this Lease shall be resolved as set forth by mediation or arbitration as follows:

16.3.1 If either party (the “First Party”) disagrees with the other party’s (the “Second Party”) claim of breach, the First Party shall provide the Second Party in writing an explanation of the First Party’s position that no breach has occurred. If, within sixty (60) days of the Second Party’s receipt of the First Party’s statement of position, the parties have not resolved the dispute, either party may seek mediation before a single mediator appointed by the American Health Lawyers Association (“AHLA”).

16.3.2 If the parties are unable to resolve their dispute through mediation as provided herein, the dispute shall be resolved by final and binding arbitration before a single arbitrator appointed by the AHLA pursuant to its then-current rules of arbitration. The arbitration proceeding shall not be public and the arbitrator’s sole authority shall be: (i) to decide whether there is, or has been a breach that the First Party has failed to cure; and (ii) if the arbitrator decides a breach has occurred, award such direct and actual damages that the Second Party can establish, by the preponderance of the credible evidence, were sustained by the Second Party as a direct result of the First Party’s breach. In no case is the arbitrator authorized to award indirect, consequential, or punitive damages, nor may the arbitrator rescind or otherwise terminate this Lease.

16.4 Extraordinary Remedies of Lessor. In addition to the procedures set forth in Section 16.3, Lessor shall have the following extraordinary remedies:

16.4.1 Lessor may, upon ninety (90) days’ written notice to Lessee, as its sole and exclusive remedy for all claims against Lessee, terminate this Lease and take possession of the same, including all assets of Lessee used exclusively in connection with the operation of the Leased Premises, for no consideration, and Lessee shall execute and deliver such documents as are reasonably required to effectuate the foregoing, if (i) Lessee abandons the Leased Premises, which for purposes of this Section 16.4.1(i) means that for a continuous period of ninety (90) days during the Term, Lessee does not conduct any health care operations at the Leased Premises other than as a result of Force Majeure event or as otherwise permitted in this Lease; (ii) Lessee is excluded from participation in any federal health care program, after all available hearings and judicial review have been concluded; or (iii) within the first five (5) years after the Effective Date, Lessee loses its license to operate an acute care hospital at the Leased Premises or loses its Medicare certification.

16.4.2 Should Lessee commit a substantial and material breach of the Lease and fail to cure the same in accordance with Section 16.2, then Lessor may, in lieu of (and not in addition to) the procedures set forth in Section 16.3, terminate this Lease upon 90 days’ written notice to Lessee and the payment to Lessee of the then net book value of the Leased Premises and the assets used by Lessee in the operation of the Leased Premises, provided that Lessee has not cured the breach within such time. For purposes of this Section 16.4.2, a substantial and material breach is a failure by Lessee to perform one or more obligations under the Lease, other

than an obligation to pay money, that, if uncured, deprives Lessor of benefits under the Lease that, when viewed in light of all of the benefits previously conferred and those to which Lessor shall thereafter be entitled, is substantial. By way of examples only, Lessee's failure to provide the services required in Sec. 4.4.1(ii) shall not be deemed a substantial and material breach of this Lease, and Lessor's remedies for such failure shall be as provided in Sec. 16.3. Lessee's material failure to satisfy the two percent (2%) charity care requirement as set forth in Sec. 154.304(4) of the Florida Statutes for not less than three (3) consecutive years as determined by a final and non-appealable judgment of a court of competent jurisdiction or an award of an arbitrator selected by mutual agreement of Lessee and Lessor, shall be deemed a substantial and material breach of this Lease entitling Lessor to exercise its remedies under this Section 16.4.2. Upon receipt of written notice of termination under this section, Lessee may seek injunctive relief.

16.5 Exclusive Remedy. Except for indemnification claims under Article XIV and Article XV, and Lessee's rights under Article XVII, the remedies set forth in this Article XVI constitute the sole and exclusive remedies available to the parties in the event of an uncured default by any party of its obligations hereunder. If the arbitration provisions of Section 16.3 are declared unenforceable or are for any reason not enforced, a party may seek only such actual and direct damages for an uncured breach as it can establish by a preponderance of the evidence, except that no party shall be liable to any other party for indirect, consequential, or punitive damages.

16.6 Parties to Bear Own Costs. Except as may be specifically provided in this Lease, the parties shall bear their own costs and attorneys' fees in connection with any mediation, arbitration, investigation or proceeding under or in connection with this Lease.

16.7 Non-Cancelable Lease. Except as expressly provided in this Lease, this Lease is non-terminable and non-cancelable.

ARTICLE XVII OPTION TO PURCHASE

17.1 Option to Purchase. Lessee shall have the option to purchase ("**Option to Purchase**") the Leased Premises upon: (i) the approval by Lessor of an agreement, including any letter of intent or similar written expression of intent, whether binding or non-binding, to sell or convey all or substantially all of the Leased Premises or any portion of Lessor's fee interest in the real property on which the Hospital or related improvements are located, to a third party other than Bay County; (ii) the insolvency or bankruptcy of Lessor; (iii) the termination, dissolution or liquidation of Lessor, but only if directly or indirectly initiated by Lessor and if such action is supported by the requisite vote of Lessor's board; (iv) the construction and placing in service by Lessee in Bay County of one or more hospitals or health care facilities that substantially replace the Leased Premises (and the services provided therein) ("Replacement Facilities"), provided Lessee agrees to modify this Lease solely to substitute the Replacement Facilities as the Leased Premises; and (v) any occurrence the result of which is that the Lessor is not the owner of the Leased Premises. Notwithstanding the foregoing, if as a result of the transactions contemplated by this Lease and/or the Asset Purchase Agreement, or in the event of change in law or Lessee's business purpose, and without any other action by Lessor or its board,

Lessor ceases to exist as a Special District under Florida Law, this Option to Purchase shall not be triggered and Bay County shall stand in the shoes of Lessor in accordance with Section 28.18 hereof. Lessee shall exercise the Option to Purchase by providing Lessor sixty (60) days advanced written notice of Lessee's intent to exercise the Option to Purchase. The purchase price for the Leased Premises under the Option to Purchase shall be One Hundred and 00/100 Dollars (\$100.00).

17.2 Terms of the Sale to Lessee. The sale of the Leased Premises to Lessee shall be by special warranty deed, free and clear of all liens and encumbrances arising by or through Lessor, except as may be approved by Lessee, and upon such other terms and conditions as are usual and customary in such transactions, provided that Lessor shall in all events be responsible for any and all real estate transfer taxes, assessments, charges or other taxes which may be assessed in connection with the sale of the Leased Premises to Lessee. The closing of the transaction shall occur upon the expiration of the sixty (60) day notice period set forth in Section 17.115.1. Upon the delivery of the deed by Lessor to Lessee, this Lease shall automatically terminate without further action by either party, and Lessor shall have no further interest in the leasehold estate created by this Lease or any fee interest in the Leased Premises.

17.3 Sale of Certain Parcels by Lessor. Notwithstanding the provisions of Section 17.1, Lessor may, from time to time upon Lessee's prior written consent, which shall not be unreasonably withheld, sell the real property listed on **Exhibit 17.3**, provided that such real estate is not then being used by Lessee, and in Lessee's reasonable judgment is not likely to be used by Lessee, for health care operations, and further provided that such sale will not, in Lessee's reasonable judgment, adversely affect Lessee's business or operations or materially diminish the value of Lessee's interest under this Lease. Upon the closing of any such sale, Lessor shall pay to Lessee one half of the net sales proceeds. For purposes of this Section 17.3, "Net Sales Proceeds" means the purchase price, as adjusted by any prorations, less any closing costs or expenses paid by Lessor.

ARTICLE XVIII COVENANTS

18.1 Board of Trustees.

18.1.1 Lessee shall appoint a Board of Trustees consisting of twelve (12) members. Up to fifty percent (50%) of the members on the Board of Trustees may be physicians from the active medical staff of the Hospital at the Leased Premises and the remaining members shall be comprised of local community leaders. Lessee shall have the authority to appoint, remove and replace the members of the Board of Trustees, and to direct the manner in which the activities of the Board of Trustees shall be undertaken. The Board of Trustees shall be advisory in nature and, notwithstanding any other provisions in this Lease, shall exercise the responsibility authorized by Lessee's Board of Directors.

18.1.2 Subject to the powers and direction of Lessee's Board of Directors, the Board of Trustees will be responsible for (i) participating in the adoption by Lessee of a Vision, Mission and Values Statement consistent with the Standards and the Ethical and Religious Directives for Catholic Health Care Services as approved by the United States Conference of

Catholic Bishops and applied by the Diocesan Bishop; (ii) participating in the development and review of operating and capital budgets and facility planning for the Leased Premises and advising Lessee with respect to the same; (iii) participating in periodic evaluations of the Leased Premises' Chief Executive Officer; (iv) monitoring the performance improvement at the Leased Premises; (v) granting medical staff privileges and, when necessary and with the advice of Lessee's counsel, taking disciplinary action consistent with the Medical Staff By-Laws; (vi) assuring medical staff compliance with Joint Commission requirements (with the advice of Lessee's counsel); (vii) supporting physician recruitment efforts; and (viii) fostering community relationships and identifying service and education opportunities for Lessee.

18.1.3 Lessee shall appoint one member of its Board of Directors from a slate of two (2) candidates proposed by Lessor. Lessor shall provide to Lessee the names and qualifications of two (2) candidates each time there is a vacancy in the Board seat allocated to the Lessor's candidate.

18.2 Covenant Not to Compete. During the first ten (10) years of the Term, Lessor will not, directly or indirectly, own any interest in, manage or operate, or participate in the operation or management of, or directly or indirectly derive any economic benefit from the operation of, any licensed hospital or other licensed healthcare facility or business, any medical office building, diagnostic or treatment center, any medical group or physician practice, or any health insurance plan. In addition, during the first ten (10) years of the Term, Lessor will not, without Lessee's prior written consent, which will not be unreasonably withheld, make any charitable contributions or donations, or otherwise, directly or indirectly, provide financial support, to any entity that owns any interest in, or manages or operates or participates in the operation or management of, any licensed hospital or other licensed healthcare facility or business, any medical office building, diagnostic or treatment center, any medical group or physician practice, any health insurance plan, or any foundation, whose primary purpose is to provide support to any of the foregoing entities.

18.3 Notifications from Lessee. Lessee will promptly notify Lessor if Lessee receives notice from any Governmental Authority threatening Lessee with loss of its license to operate as an acute care hospital or its Medicare certification, or exclusion from participation in federal healthcare programs.

18.4 Hospital Name. Following the Effective Date, Lessee shall continue to use the Bay Medical Center name and identity in connection with the operation of the Hospital. In addition to the foregoing, as long as SHHS, or an affiliate of SHHS, owns any interest in Lessee, the Sacred Heart Health System name shall also be used in connection with the operation of the Hospital.

ARTICLE XIX DAMAGE OR DESTRUCTION

19.1 Lessee's Duty to Repair. If the Leased Premises or any part thereof shall be damaged or destroyed by any casualty or cause whatsoever, Lessee may, in its sole discretion: (i) restore, repair, or rebuild the Leased Premises; (ii) demolish that portion of the Leased Premises which has been damaged or destroyed; or (iii) terminate this Lease. Notwithstanding

the foregoing, if within the first five (5) years after the Effective Date the Hospital shall be substantially destroyed by any casualty, Lessee shall reconstruct the Hospital (but only to the extent possible using only available insurance proceeds), except that Lessee may, in lieu of reconstructing the Hospital, pay the insurance proceeds to Lessor, in which case this Lease shall terminate and Lessee shall have no further obligations to Lessor. If Lessee chooses to rebuild the hospital using insurance proceeds, Lessor acknowledges that (i) the insurance proceeds may be insufficient to rebuild a hospital of the same size and capacity as the Hospital; and (ii) to the extent Lessee is not able to provide all of the services at the rebuilt hospital as had been provided at the Hospital, Lessee shall not be in violation of Section 4.4.1.

ARTICLE XX CONDEMNATION

20.1 Condemnation. Except as provided below, if by any lawful authority through condemnation or under the power of eminent domain: (i) the whole of the Leased Premises shall be permanently taken; or (ii) less than the entire Leased Premises shall be permanently taken, but the remainder of the Leased Premises, is not, in Lessee's sole discretion, fit for Lessee's business, then in any such event, Lessee may terminate this Lease, effective as of the date of such taking. All damages awarded by or amounts paid by the acquiring authority for any taking, whether for the whole or in a part of the Leased Premises shall belong to and be the sole property of Lessee. Only if such condemnation occurs during the Second Extension, then any condemnation award shall be allocated between the parties based upon the then remaining term of the Second Extension in relation to the total length of the Initial Term, the First Extension and the Second Extension. For example, if the property is condemned at year 55, the condemnation awards (if separately awarded for Lessor's and Lessee's interests, shall be distributed as follows: (i) payment to Lessee for the Net Book Value of the equipment and personal property; and (ii) of the remaining amount, 5/60 (8.33%) shall be distributed to the Lessee and the remainder to Lessor.

ARTICLE XXI SIGNAGE AND MARKETING MATERIAL

21.1 Signage and Marketing Materials. Lessee may install, display, construct and affix any signage or marketing materials in and on the Leased Premises that Lessee, in its sole discretion, deems necessary in connection with Lessee's use and operation of the Leased Premises. All such signage and marketing materials shall comply with all applicable zoning Laws.

ARTICLE XXII SURRENDER

22.1 Disposition of Leased Premises Upon Expiration of Lease. Upon the expiration of the Term of this Lease, including any then-current extension, Lessor may elect to retake possession of the Leased Premises, together with all assets used exclusively therein (the "Surrendered Assets"), for the then-current Net Book Value of the Leased Premises and the Surrendered Assets. Lessor shall provide Lessee with written notice of such election not less than six (6) months prior to the expiration of the Lease or the current extension term, if

applicable). For purposes of this provision “**Net Book Value**” means the adjusted basis of Lessee’s leasehold interest in the Leased Premises and the Surrendered Assets, less accumulated depreciation, all determined in accordance with GAAP and reflected on Lessee’s then current balance sheet. Upon the payment by Lessor to Lessee of the Net Book Value, Lessee shall deliver the Leased Premises and the Surrendered Assets to Lessor free and clear of liens other than liens arising by or through Lessor, but otherwise **AS IS-WHERE IS** and without representations or warranties of any kind, and this Lease shall terminate. If Lessor does not elect to retake the Leased Premises and Surrendered Assets as provided above, then Lessee may, by written notice given to Lessor not less than ninety (90) days prior to the expiration of the Term of this Lease, including any then-current extension, elect to acquire the Leased Premises from Lessor for One Hundred Dollars (\$100.00). Lessee may also elect to acquire the Leased Premises for such amount if Lessor elects to retake the Leased Premises and Surrendered Assets as provided above but then fails to pay the Net Book Value thereof prior to the expiration of the Lease, including any then-current extension. Upon payment by Lessee to Lessor, Lessor shall convey the Leased Premises to Lessee by special warranty deed, free and clear of all liens and encumbrances arising by or through Lessor, except as may be approved by Lessee, and this Lease shall terminate. If Lessor does not elect to retake the Leased Premises and Surrendered Assets as provided above (or so elects but fails to pay the Net Book Value thereof when due), and Lessee does not elect to purchase the Leased Property as provided above, then at the expiration of the Term of this Lease, including any then-current extension, this Lease shall expire, the Leased Premises shall revert to Lessor, and Lessee may at its cost remove from the Leased Premises all personal property used by Lessee therein. Lessee shall have a reasonable period after the expiration of this Lease to remove such personal property, and thereafter, any personal property not so removed shall be deemed abandoned by Lessee, title to which shall vest in Lessor. Nothing contained herein shall require Lessor (or any successor in interest as permitted under this Lease) to take assignment of any contracts or liabilities in connection with such acquisition or repossession of the Leased Premises including, by way of example, any obligations to assume any debt which the Lessee may have incurred in connection with the Leased Premises (or any assets used within or relating to the Leased Premises) or an assumption of the Medicare or Medicaid provider agreements or any liabilities with respect thereto.

22.2 Survival of Terms. The terms of this Article shall survive any termination of this Lease.

ARTICLE XXIII QUIET ENJOYMENT

23.1 Lessee’s Right to Quiet Enjoyment. Lessee, upon paying the Rent, shall quietly have and enjoy the Leased Premises during the Term.

ARTICLE XXIV CONSENT BY A PARTY

24.1 Standards of Consent. Where any provision of this Lease requires the consent or approval of Lessor or Lessee, Lessor and Lessee shall: (i) not unreasonably withhold, condition, or delay such consent or approval, except as otherwise expressly provided in this Lease (such as by words to the effect of “sole” and/or “complete” discretion, in which event the consent or

approval may be granted or withheld in such party's sole and absolute discretion); and (ii) in the event consent or approval is withheld, the reasons for such withholding shall be given in writing. If a party requests the other party's consent, approval or statement of satisfaction with respect to any matter hereunder, subject to any shorter periods expressly provided herein, a failure of a party to reply to such request within fifteen (15) calendar days after receipt of all relevant information shall be deemed a consent, approval or statement of satisfaction as the case may be.

ARTICLE XXV ESTOPPEL CERTIFICATES

25.1 Estoppel Certificates. Lessor and Lessee agree, at any time and from time to time, upon not less than fifteen (15) days prior written request by the other to execute and deliver to the other an estoppel certificate certifying that: (i) this Lease is unmodified and in full force and effect (or if there have been modifications that the same is in full force and effect as modified); (ii) the dates to which the Rent and other charges have been paid in advance, if any; (iii) all of the defaults of Lessor or Lessee hereunder, if any; and (iv) any other information requested by the requesting party. It is understood that any estoppel certificate delivered pursuant to this Section may be relied upon by any mortgagee or any sublessee.

ARTICLE XXVI NOTICES

26.1 Notices. Except as otherwise set forth herein, any and all notices, demands, requests, submissions, approvals, consents, or other communications or documents required to be given, delivered or served or which may be given, delivered or served under or by the terms and provisions of this Lease or pursuant to law or otherwise, shall be in writing. All notices shall be either (a) sent by overnight delivery using a nationally recognized overnight courier, in which case notice shall be deemed delivered one business day after deposit with such courier, (b) sent by certified or regular U.S. mail, postage prepaid, in which case notice shall be deemed delivered two business days after deposit in such mails, or (c) sent by personal delivery, in which case notice shall be deemed delivered upon receipt or refusal of delivery. All notices shall be addressed as follows, or to such other address as the applicable party may designate in writing from time to time:

26.1.1 If to the Lessee, addressed to Lessee at:

[To be Inserted]

with a copy to: **[To be Inserted]**

26.1.2 If to Lessor, addressed to Lessor at:

[To be Inserted]

with a copy to: **[To be Inserted]**

26.1.3 If to BCHS, addressed to BHCS at:

[To Be Inserted]

with a copy to: **[To Be Inserted]**

26.1.4 If to LHP, addressed to LHP at:

[To Be Inserted]

With a copy to: **[To Be Inserted]**

26.1.5 If to SHHS, addressed to SHHS at:

[To Be Inserted]

with a copy to: **[To Be Inserted]**

ARTICLE XXVII GUARANTY

27.1 Limited Guaranty. Each of LHP and SHHS hereby absolutely, unconditionally and irrevocably guaranties to Lessor, severally and not jointly, each as a primary obligor and not merely as a surety, the full and prompt payment of the Rent (but not the Extension Rent or any other sums due under this Lease) due pursuant to Section 3.1 of this Lease, in accordance with each of LHP's and SHHS's ownership interest in BCHS. Once the Rent (but not the Extension Rent or any other sums due under this Lease) payable under Section 3.1 has been paid to Lessor, (i) the guaranty obligations of LHP and SHHS under this Lease are fully performed and discharged; (ii) except for their obligations under Section 11, LHP and SHHS shall have no further obligation under this Lease; and (iii) except for their obligations under Section 11, LHP and SHHS shall be deemed not to be parties to this Lease.

ARTICLE XXVIII MISCELLANEOUS PROVISIONS

28.1 Submission of Lease. The submission of this Lease for examination does not constitute an offer to lease and this Lease shall be effective only upon the execution hereby Lessor and Lessee.

28.2 Severability. If any term or provision of this Lease (including, without limitation, any term or provision of Section 16.3) or the application thereof to any person or circumstances shall, to any extent, be invalid or unenforceable, the remainder of this Lease, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each and every term and provision of this Lease shall be valid and be enforced to the fullest extent permitted by law.

28.3 No Oral Modification. All prior understandings and agreements between the parties are merged within this Lease, which alone fully and completely sets forth the

understanding of the parties, and this Lease may not be changed orally or in any manner other than by an agreement in writing and signed by the party against whom enforcement of the change is sought.

28.4 Covenants to Bind and Benefit Respective Parties. The covenants and agreements herein contained shall bind and inure to the benefit of Lessor, its successors and assigns, and Lessee, its successors and assigns, but this Section shall not be construed as a consent to any assignment made otherwise than as permitted by this Lease.

28.5 Recordation. This Lease shall not be recorded, although the parties acknowledge that this Lease is a public document. However, the parties hereto, on the request of either of them, shall enter into a memorandum of this Lease, in recordable form, setting forth the identities of Lessor and Lessee, the date of the expiration of the Term, and such other information as Lessor and Lessee shall agree upon. In no event shall any such memorandum disclose the economic terms of this Lease. Upon any extensions hereof, an amendment to such memorandum shall be executed and recorded reflecting such renewal and the expiration date thereof.

28.6 Captions and Table of Contents. The captions of this Lease are for convenience and reference only and in no way define, limit or describe the scope or intent of this Lease nor in any way affect this Lease. The table of contents preceding this Lease but under the same cover is for the purpose of convenience and reference only and is not to be deemed or construed in any way as part of this Lease, nor supplemental thereto or amendatory thereof.

28.7 Governing Law; Venue. This Lease shall be construed under the provisions of the laws of the State of Florida, without regard to conflicts of laws principles. Any suit, action or proceeding related to the interpretation or enforcement of this Lease shall be venued in Bay County, Florida.

28.8 Counterpart Execution. This Lease may be executed simultaneously or in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

28.9 Zoning. Lessor shall not petition for a change of the zoning for the Leased Premises, or the zoning for any part of the Leased Premises, or sell the Leased Premises or other real property, that is, together with the Leased Premises, part of the same parcel under applicable Laws such that: (i) the proposed change or sale would cause the use, operation or any other aspect of the Leased Premises (e.g., height, set back, floor area, parking and area, width or depth of the Leased Premises or the improvements located thereon) to be prohibited or non-conforming (legal or otherwise) under such Laws; or (ii) the Leased Premises would be zoned for a use other than a hospital and related ancillary uses.

28.10 Force Majeure. In the event either party shall be delayed or hindered in or prevented from the performance of any action or obligation imposed on such by reason of strike, lockouts, labor troubles, inability to procure materials, failure of power, restrictive governmental laws, regulations, orders or decrees, riots, insurrection, war, acts of God, inclement weather, or other reason of like or unlike nature or cause beyond their control, then performance of the act or

obligation shall be excused for the period of the delay and the period for the performance of the act shall be extended for a period equivalent to the period of the delay.

28.11 Title to Improvements. Notwithstanding any other provisions of this Lease, the improvements erected on the Leased Premises and all alterations, additions, equipment and fixtures built, made, or installed by Lessor or Lessee in, on, under, or to the improvements shall be owned by Lessor and deemed leased to Lessee hereunder.

28.12 Broker's Representation. Lessor and Lessee represent that neither of them have dealt with any broker or brokers in connection with the negotiation, execution and delivery of this Lease. Lessor and Lessee shall, and do hereby, agree to indemnify and hold the other harmless from and against any losses, damages, penalties, claims or demands of whatsoever nature arising from a breach of its foregoing representation including, without limitation, reasonable attorneys' fees and expenses. The representations and indemnifications set forth in this Section shall survive the cancellation or termination of this Lease.

28.13 No Merger. There shall be no merger of the leasehold estate created by this Lease with the fee estate in the Leased Premises by reason of the fact that the same party may hold or own (a) the leasehold estate created by this Lease or any interest in such leasehold estate, and (b) any interest in such fee estate; and no such merger shall occur unless and until all parties having any interest in (i) the leasehold estate created by this Lease and (ii) the fee estate in the Leased Premises shall join in and record a written instrument effecting such merger.

28.14 Legal Fees. In all instances contained herein in which a party hereto is required to pay the other party's legal attorney's fees, such obligations shall be limited to the payment of such other party's reasonable attorney's fees.

28.15 Medicare Access. Until the expiration of four (4) years after the furnishing of any services pursuant to this Lease, Lessor shall retain and make available, upon request by the Secretary of the U.S. Department of Health and Human Services, the Comptroller General or any of their duly authorized representatives, the contracts, books, documents, and records of Lessor that are necessary to certify the nature and extent of all Medicare costs with respect to such services, and if Lessor carries out any of its duties under this Lease through a subcontract with a value of or cost of Ten Thousand Dollars (\$10,000) or more over a twelve (12) month period with a related/third-party organization, such subcontract shall contain a clause to this effect. This clause shall have no effect if not required by law.

28.16 Exclusion from Governmental Programs. Each party represents and warrants that, as of the Effective Date, it has not, nor have any of its employees: (i) been excluded, debarred, suspended or been otherwise determined to be, or identified as, ineligible to participate in any federal health care program (collectively, the "**Governmental Programs**") or is about to be excluded, debarred, suspended or otherwise determined to be, or identified as, ineligible to participate in any Governmental Program; (ii) received any information or notice, or become aware, by any means or methods, that it is the subject of any investigation or review regarding its participation in any Government Programs; or (iii) been convicted of any crime relating to any Governmental Program. The parties agree to notify each other within three (3) business days of

becoming aware of any of the foregoing information, notice, actions or events during the Term of this Lease.

28.17 Anti-Kickback Statute. The sole purpose of this Lease is to enter into a commercially reasonable and fair market value arrangement. The parties in good faith believe that this Lease fully complies with the provisions of 42 U.S.C. 1320a-7b (the Medicare/Medicaid “**Anti-kickback Statute**”). Neither Lessee nor Lessor are, by virtue of this Lease or otherwise, willfully offering, paying, soliciting, or receiving remuneration in return for referring an individual to or from each other for the furnishing of any item or service reimbursed under the Medicare or state health care programs. The Rent hereunder does not take into account the volume or value of any referrals or business otherwise generated between the parties for which payment may be made in whole or in part under Medicare or a state health care program.

28.18 Bay County Rights and Obligations. Bay County, acting thru the County Commissioners or any other appropriately authorized decision body under Florida law, shall have the right to stand in the shoes of Lessor to enforce the terms and conditions of this Lease in the event that Lessor ceases to exist as Special District under Florida law (either due to a change in law or as a result of a voluntary dissolution of the Special District by the Board of Trustees of Bay Medical Center), but only if Bay County assumes, and agrees in writing to perform, all of Lessor’s obligations under this Lease.

28.19 Guaranty of Lessee’s Obligations by BCHS. BCHS absolutely, unconditionally and irrevocably guarantees to Lessor, as a primary obligor and not merely as a surety, the full and prompt payment and performance, at any time and from time to time, as and when the same becomes due or performable in accordance with the terms and conditions of this Lease, of any and all obligations of Lessee under this Lease as in effect from time to time, whether now existing or hereafter created or arising and whether direct or indirect, absolute or contingent, due or to become due, including without limitation all fees, expenses, indemnities and other amounts payable by Lessee (collectively, the “**Guarantied Obligations**”). This guaranty is a continuing guaranty of payment and not a guaranty of collection. BCHS hereby knowingly, voluntarily and expressly waives (i) any right to require Lessor, as a condition of payment or performance by BCHS hereunder, to proceed against, or to exhaust or have resort to any security or other credit in favor of, Lessee or any other person directly or indirectly liable for any Guarantied Obligations, or to pursue any other remedy or enforce any other right; and (ii) any defense based on or afforded by any applicable law that limits the liability of or exonerates guarantors or sureties.

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

The Board of Trustees of Bay Medical Center

NewCo, Inc.

By _____

By _____

Printed Name _____

Printed Name _____

Title _____

Title _____

Date _____

Date _____

LHP Hospital Group, Inc.

Sacred Heart Health System, Inc.

By _____

By _____

Printed Name _____

Printed Name _____

Title _____

Title _____

Date _____

Date _____

Bay County Health System, LLC

By _____

Printed Name _____

Title _____

Date _____

EXHIBIT A
LEASED PREMISES

EXHIBIT 4.4.1

EXISTING SERVICES

Neurosciences, surgical, cardiovascular, obstetrics, orthopedics and emergency services

EXHIBIT 4.4.3

LESSOR'S PLANS TO BE IMPLEMENTED BY LESSEE

EXHIBIT 13.1.4
PERMITTED ENCUMBRANCES

EXHIBIT 17.3
PROPERTY SUBJECT TO SALE