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GADSDEN COUNTY, FLORIDA

and

GADSDEN HOSPITAL, INC.

and

TALLAHASSEE MEDICAL CENTER, INC. d/b/a CAPITAL REGIONAL MEDIAL CENTER

**LEASE AGREEMENT**

Relating to Gadsden Memorial Hospital

<b>TABLE OF CONTENTS</b>	<b>Page</b>
<b>ARTICLE I Definitions</b>	<b>5</b>
Section 1.1 Definitions	5
Section 1.2 Alternative Forms of Defined Terms	8
<b>ARTICLE II Demising Clause</b>	<b>8</b>
<b>ARTICLE III Commencement Date; Delivery and Acceptance of Possession; Lease Term; and Surrender of Possession</b>	<b>8</b>
Section 3.1 Effective Date	8
Section 3.2 Delivery and Acceptance of Possession	8
Section 3.3 Lease Term	9
Section 3.4 Surrender of Possession Upon Expiration or Termination; Purchase of Added Assets; Hold Over Tenancy	9
<b>ARTICLE IV Rent and Additional Consideration and Terms</b>	<b>11</b>
Section 4.1 Rents Payable	11
Section 4.2 Additional Consideration	11
Section 4.3 Governmental Approvals	12
Section 4.4 Inpatient Beds	13
Section 4.5 County Acquisition of Equipment	13
Section 4.6 County Contribution of Trust Funds	13
Section 4.7 County's Use of Sales Tax Proceeds	14
Section 4.8 County EMS Services	14
Section 4.9 Indigent Care	14
Section 4.10 No Transfer of Governmental Functions	14
Section 4.11 Conditions Precedent	15
<b>ARTICLE V Covenants of County and GHI; Covenants of Company and Operation of Hospital</b>	<b>15</b>
Section 5.1 Covenants of County and GHI	15
Section 5.2 Covenants of Company	17
Section 5.3 Operation of Hospital	18
<b>ARTICLE VI Condemnation</b>	<b>24</b>
<b>ARTICLE VII Defaults and Remedies</b>	<b>24</b>
Section 7.1 Events of Default by Company	24
Section 7.2 Remedies Upon Default by Company	25
Section 7.3 Events of and Remedies Upon Default by County and GHI	26
Section 7.4 Provisions Applicable to All Parties	26
<b>ARTICLE VIII Termination</b>	<b>27</b>
Section 8.1 Termination by Company	27

Section 8.2 Termination by County	27
Section 8.3 Reversion of Leased Premises to County	27
Section 8.4 Management After Lease Term Expiration	28
<b>ARTICLE IX Insurance and Indemnity</b>	28
Section 9.1 Insurance	28
Section 9.2 Indemnity	30
<b>ARTICLE X Subordination; Non-Disturbance; Attornment</b>	30
Section 10.1 Subordination, Non-Disturbance and Attornment	30
Section 10.2 Estoppel Certificates	30
<b>ARTICLE XI Notices</b>	31
<b>ARTICLE XII Miscellaneous Provisions</b>	32
Section 12.1 Right of First Refusal to Lease or Purchase	32
Section 12.2 Severability	33
Section 12.3 Amendments and Modifications	33
Section 12.4 Captions	33
Section 12.5 Assignments	33
Section 12.6 Entire Agreement	33
Section 12.7 Governing Law	33
Section 12.8 Relationship of the Parties	33
Section 12.9 No Third Party Beneficiaries	33
Section 12.10 Execution in Counterparts	34
Section 12.11 Time of Essence	34
Section 12.12 No Finders or Brokers	34
Section 12.13 Memorandum of Lease	34
Section 12.14 Review of Lease	34
Section 12.15 No Merger	34
Section 12.16 Attorneys' Fees	34
Section 12.17 Effectiveness	34
Section 12.18 Confidentiality of Proprietary Information	35
<b>LIST OF EXHIBITS</b>	
A Schematic Drawing of Leased Space	37
B Litigation	38

## LEASE AGREEMENT

This Lease Agreement ("Lease") is made and entered into this \_\_\_\_ day of March, 2010, by and among TALLAHASSEE MEDICAL CENTER, INC. d/b/a CAPITAL REGIONAL MEDICAL CENTER, a Florida for profit corporation (referred to as the "Company") and GADSDEN COUNTY, FLORIDA, a political subdivision of the State of Florida (referred to as the "County") and GADSDEN HOSPITAL, INC. a Florida non-profit corporation, (referred to as "GHI").

### Recitals

WHEREAS, the County is the owner of a hospital facility commonly known as Gadsden Memorial Hospital located at 23186 Blue Star Highway, Quincy, Florida 32353 (the "Hospital"), which Hospital is currently leased under the Hospital Lease Agreement, dated June 16, 2009 (the "Prior Lease"), among the County and Gadsden Hospital, Inc. ("GHI"); and,

WHEREAS, the County is the incorporator of Gadsden Hospital, Inc., and GHI is the license holder of the Hospital, a statutory rural hospital, under currently inactive Florida Agency For Health Care Administration hospital license number 4367 with an expiration date of June 21, 2010; and,

WHEREAS, the County and GHI desire to terminate the Prior Lease; and,

WHEREAS, Company is a Florida corporation, and the operator and license holder of Capital Regional Medical Center ("CRMC"), located at 2626 Capital Medical Boulevard, Tallahassee, Florida, with 198 licensed acute care beds; and,

WHEREAS, the County has the authority and desire to lease the Hospital and the "Leased Premises" as hereinafter defined, to Company, on the terms and conditions herein set forth and Company desires to lease said Leased Premises, on the terms and conditions herein set forth; and,

WHEREAS, the County and GHI have the authority and desire to provide for the orderly transition of the operation and management of the Hospital from the current license holder to Company and from the Company to County if this Lease terminates or expires; and

WHEREAS, this Lease shall replace and supersede any and all prior agreements whether written or oral between the parties with respect to the Leased Premises, including but not limited to the Prior Lease and said Prior Lease shall be terminated simultaneously with the transfer and issuance of the Hospital license to Company;

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual promises and agreements herein, the Company, County and GHI do hereby covenant and agree as follows:

## ARTICLE I Definitions

*Section 1.1 Definitions.* The following terms are defined terms under this Lease and shall have the following meanings given to them, unless the context and use clearly indicates a different intent and meaning:

*"Added Assets"* means any properties, fixed equipment, moveable equipment, Replacement Equipment, real property and improvements and renovations, Capital Expenditures, inventories and other assets developed, contributed, constructed, purchased, owned, operated or leased by Company or any other Affiliate of Company, or any interest held by Company, any other Affiliate of Company in any other entity, business, assets or property developed, purchased, contributed, owned, operated or leased, in and for the exclusive use by Company, in service of, in support of and/or in connection with the operations of the Hospital, other than the assets owned by County prior to the Commencement Date of the Lease or thereafter purchased or acquired by County and used in the operation of the Hospital, including County Equipment. However, Added Assets shall include only those assets dedicated to use solely in the operation of Hospital, and shall exclude any assets owned or acquired by Company that are shared or utilized by Company or its Affiliates in the operation of other hospitals or health care facilities; including, but not limited to, computers, software, billing, records, etc., in support of multiple business operations.

*"Affiliate"* means, with respect to any Person (the "first Person"), each other Person who is, directly or indirectly, controlled by, in control of, or under common control with such first Person. Control of a Person means the power to direct the affairs of such Person by reason of ownership of voting stock, contract, or otherwise.

*"Capital Expenditures"* means any expenditure in excess of One Thousand Dollars (\$1,000) by Company normally capitalized under generally accepted accounting principles consistently applied, and in accordance with Company's customary accounting principles and procedures, including but not limited to any fixed or moveable equipment or physical plant renovations or improvements.

*"Company"* means Tallahassee Medical Center, Inc., a Florida for profit corporation, and/or its permitted Affiliates.

*"County"* means Gadsden County, Florida, a political subdivision of the State of Florida.

*"County Equipment"* means the fixed and moveable equipment used or to be used in operation of the Hospital now owned or leased by County and located or to be located in the Leased Premises or to hereafter be acquired by County through lease or purchase and located or to be located in the Leased Premises, including as required pursuant to the terms of this Lease agreement.

*"Code"* means the federal Internal Revenue Code of 1986, as amended, or the provisions of any successor code with respect to the federal taxation of income of individuals, corporations and other organizations, as applicable.

*"Environmental Laws"* means all applicable federal, state, regional, county, municipal, and local laws, regulations, compacts, rules and policies, and the common law relating to the management, use, refinement, handling, treatment, storage, remediation, investigation, production, manufacture, transportation, disposal, emission, discharge, release or threatened release of Materials of Environmental Concern, or otherwise relating to protection of human or ecological health, or protection of the environment (including, without limitation, ambient air, surface water, groundwater, land surface, and subsurface strata), as the same may be amended or modified (and including laws enacted in the future as may pertain to the operation and maintenance of health care facility hereunder).

*"Hazardous Material"* means:

(a) "hazardous substances" or "toxic substances" as those terms are defined by the Comprehensive Environmental Response, Compensation, and Liability Act (42 U.S.C. secs. 9601 et seq.), the Hazardous Materials Transportation Act (49 U.S.C. secs. 1801 et seq.), the Resource Conservation and Recovery Act (42 U.S.C. secs. 6901 et seq.), the Federal Water Pollution Control Act (33 U.S.C. secs. 1251 et seq.), the Clean Air Act (42 U.S.C. secs. 7401 et seq.), the Toxic Substances Control Act, as amended ( 15 U.S.C. secs. 2601 et seq.), and the Occupational Safety and Health Act (29 U.S.C. secs. 651 et seq.), as these laws have been amended and any other federal, state, or local statute, law, ordinance, code, rule, regulation, order, or decree regulating, relating to, or imposing liability or standards of conduct concerning hazardous materials, waste, or substances now or at any time hereafter in effect (collectively, "hazardous materials laws");

(b) "hazardous wastes," as that term is defined by the Resource Conservation and Recovery Act (RCRA), 42 U.S.C. sec. 6902 et seq., as amended to this date and as amended after this date;

(c) any pollutant, contaminant, or hazardous, dangerous, or toxic chemical, material, or substance within the meaning of any other applicable federal, state, or local law, regulation, ordinance, or requirement (including consent decrees and administrative orders) relating to or imposing liability or standards of conduct concerning any hazardous, toxic, or dangerous waste substance or material, all as amended to this date or as amended after this date;

(d) crude oil or any fraction of it;

(e) any radioactive material, including any source, special nuclear, or by-product material as defined at 42 U.S.C. sec. 2011 et seq., as amended to this date or as amended after this date;

(f) asbestos in any form or condition; and/or

(g) polychlorinated biphenyls (PCB's) or substances or compounds containing PCB's.

*"HIPAA"* refers to the Health Insurance Portability and Accountability Act of 1996 and as amended.

*"Hospital"* means Gadsden Memorial Hospital, located at 23186 Blue Star Highway, Quincy, Florida, and on the leased space as set forth on Exhibit A, comprised of approximately forty-four thousand (44,000) gross square feet more or less, attached hereto and made a part hereof and referred to as the "Site", plus all buildings, improvements and fixtures existing or to be constructed on the Site and any machinery, equipment and other property (i) owned or leased by the County or GHI and located on the Site at the time of delivery of the Lease Agreement, or (ii) previously owned by the County or GHI and leased under the Prior Lease or (iii) owned by the County or GHI and thereafter located on the Site.

*"Lease"* means this Lease Agreement and any future amendments and supplements hereto.

*"Lease Term" or "Term"* means the duration of the leasehold estates created in this Lease.

*"Lease Year"* means initially the time period commencing on the Commencement Date and ending on May 31, 2011, and thereafter, the period of time commencing on June 1 of each year and ending on May 31 of the next year.

*"Leased Land"* means the real estate and interests in real estate described in Exhibit A attached hereto and by reference made a part hereof, together with the buildings, additions, improvements and facilities thereon and appurtenances thereto, including, but not limited to all other rights and easements appurtenant to the land, the building, and other improvements such as parking lots and common areas. However, the Leased Land does not include that part of the Leased Premises that is not included as part of the Hospital as set forth in Exhibit A.

*"Leased Other Assets"* means all licenses, permits, certifications, equipment, and other assets owned or leased by County or GHI and necessary to the operation of the Hospital.

*"Leased Premises"* means the Hospital and Leased Land.

*"Materials of Environmental Concern"* means any toxic or hazardous substance, toxic or hazardous waste, or pollutants, including, without limitation, asbestos, radon, PCBs, petroleum products and byproducts, substances defined as "hazardous substance," "toxic substance," "extremely hazardous substance," "hazardous waste," "hazardous air pollutant," or any similarly identified substance or mixture, in or pursuant to any federal or state law.

*"Permitted Encumbrances"* means, as of any particular time (i) this Lease, (ii) easements of record as of the date hereof, and (iii) such defects, irregularities, encumbrances, easements, rights-of-way and clouds on title as may exist with respect to the Leased Premises so long as no one or more of them, alone or in combination, materially affects, impairs or interferes with Company's use of the Leased Premises for the purposes hereby contemplated.

*"Person"* means any individual, partnership, limited liability company, joint venture, corporation, trust, unincorporated organization, tribunal, court, governmental agency, governmental authority, governmental instrumentality or other entity or association.

"*Prior Lease*" means that certain Lease Agreement, dated June 16, 2009 by and among County and GHI.

"*Replacement Equipment*" means any equipment, furnishings or fixtures which is placed or installed in the Hospital by Company to replace then-existing equipment, furnishings or fixtures which was removed by Company or subject of damage or destruction during the term of this Lease.

"*Service Area*" means Gadsden County, Florida, and all counties contiguous thereto served by the Hospital.

*Section 1.2 Alternative Forms of Defined Terms.* The use of the singular form of any word herein shall also include the plural form and vice versa. The use of the neuter form of any word herein shall also include the masculine and feminine forms, and the masculine form shall include the feminine and neuter forms and vice versa.

## **ARTICLE II**

### **Demising Clause**

In consideration of and subject to the rentals and other terms and conditions herein specified, and otherwise in accordance with the provisions of this Lease, County and GHI hereby demise, rent and lease the Leased Premises to Company. Company hereby rents and leases the Leased Premises from County and GHI subject to the terms and conditions herein.

## **ARTICLE III**

### **Commencement Date; Delivery and Acceptance of Possession; Lease Term; and Surrender of Possession**

*Section 3.1 Effective Date.* This Lease shall become effective on the date first written above which shall be the date when signed by the last of the parties to execute this Lease. However, the "Commencement Date" of the Lease shall be the date subsequent to satisfaction of all conditions precedent including, without limitation, those in Section 4.11 hereof, and when Company actually initiates Hospital operations.

*Section 3.2 Delivery and Acceptance of Possession.* As of the Commencement Date, Company shall possess the Leased Premises pursuant to this Lease Agreement. The County covenants and agrees that Company shall have sole and exclusive possession of the Leased Premises subject however to County's rights and obligations to enter and make necessary repairs or improvements pursuant to the County's obligations set forth herein. Notwithstanding the foregoing, Company shall have the right to use and occupy the Leased Premises as of the date this Agreement is fully executed for the purposes of pre-opening activities, including but not limited to assisting with the installation of furniture and equipment and preparing the Hospital for licensure and operation. However, County shall remain solely responsible for the security and safe keeping of all Hospital facilities, equipment, and contents during the pre-opening period and until the Commencement Date.



*Encumbrances.* Company has had full opportunity to inspect the Leased Premises. Except as otherwise provided in this Lease, County will convey leasehold title to the Leased Premises to Company in an "as is" condition but free and clear of all liens, liabilities, encumbrances and defects in marketable title; subject however to County's obligations pursuant to Sections 4.3 and 4.5 and other provisions of this Lease with respect to equipping and licensing the Hospital by the Commencement Date. To the extent, if any, any portion of the Leased Premises is subject to the indebtedness of the County or GHI, Company shall be provided a non-disturbance agreement from the lender acceptable to Company. County shall pay the costs of documentary stamps, transfer taxes and recording fees in connection with the recording of a short form memorandum of lease.

*Liabilities.* Except as Company may otherwise elect, Company will not assume and County will remain responsible for, and indemnify Company against, any and all liabilities, indebtedness, commitments or obligations of any kind whatsoever, which relate to the assets of the Leased Premises prior to the Commencement Date of this Lease. This indemnification provision is not intended to extend any further than allowed by Section 768.28, Florida Statutes or any other applicable provision of Florida law.

*Section 3.3 Lease Term.*

- (a) Initial Term. This Lease shall have an initial term of five (5) years beginning on the Commencement Date and ending on the last day of the month, five (5) years after the Commencement Date.
- (b) Renewal Terms. The term of this Lease shall automatically be renewed for additional consecutive terms of five (5) years; unless, however, Company delivers written notice to the County that it will not renew at least 180 days prior to the first day of any renewal term by giving written notice thereof to County; or unless County delivers written notice to Company that it will not renew at least twelve (12) months prior to the first day of any renewal term.

*Section 3.4 Surrender of Possession Upon Expiration or Termination; Purchase of Added Assets; Hold Over Tenancy.*

- (a) Upon the expiration or termination of this Lease as provided herein, the Company shall promptly surrender possession of the Leased Premises to County in as good condition and state of repair as on the Commencement Date, excepting modifications, additions or changes to the Leased Premises completed in accordance with this Lease and excepting further ordinary wear, tear, depreciation, obsolescence and damages resulting from events or causes beyond the Company's reasonable control. In addition, Company will transfer to County the Added Assets, associated with Company's operation of the Leased Premises necessary for County to continue to operate the Leased Premises, upon County's payment to Company for the purchase of the Added Assets.
- (b) Upon termination or expiration of the Lease, County shall purchase from Company all of the Added Assets by payment to Company of an amount to be agreed upon

that is equal to the then current book value of the assets and improvements added by Company through Capital Expenditures pursuant to Section 5.3(i) and otherwise in connection with the operation of the Hospital, such book value to be determined in accordance with the Company's customary accounting policies and procedures using the estimated useful lives of such assets without taking into account the term of the Lease (the "Book Value"). To the extent that Company makes any Capital Expenditures or improvements with a value in excess of \$25,000 that would be subject to purchase pursuant to this paragraph, Company shall consult with County prior to making any such Capital Expenditures or improvements. In determining whether any Capital Expenditure or improvement has a value in excess of \$25,000, any Capital Expenditure or improvement commenced or purchased during any consecutive three-month period that is for a similar purpose or function within the Hospital shall be aggregated. Approval by County of the purchase of Added Assets shall not be a condition precedent to the County's obligation to purchase Added Assets upon expiration or termination of the Lease as required herein.

- (c) If the parties have not agreed in writing as to the Book Value of the Added Assets within thirty (30) days after the expiration or termination of this Lease, each party shall, within forty-five (45) days after the expiration or termination of this Lease, designate an independent certified public accountant ("CPA") and shall notify the other party of the CPA so selected. Within thirty (30) days thereafter, the two CPAs so selected shall determine the Book Value of the Added Assets. In the event that the two CPAs cannot agree on such determination by the end of the thirty (30)-day period, they shall select a third CPA within fifteen (15) days after the expiration of such thirty (30)-day period, who shall determine the Book Value within thirty (30) days thereafter. The Book Value shall be that determined by the two original CPAs if they agree or that determined by the third CPA if the two original CPAs do not agree. Each party shall bear the cost of the CPA selected by it, and, if necessary, share equally the costs of the third CPA. The County shall pay the costs of any title insurance and surveys and closing costs which County may, in its sole discretion, require in connection with the purchase of the Added Assets. Each party shall be responsible for the fees of its respective counsel.
- (d) In the event, however, that County shall permit the Company to hold over with respect to the Leased Premises after expiration of the Term of this Lease, such holding over shall constitute a tenancy from month to month only with respect to the Leased Premises and shall not be considered as a renewal or extension of this Lease; and, during such month to month tenancy, the Company shall pay to County the Base Rent and Additional Consideration for the Leased Premises in effect immediately prior to the expiration of such Term on the same payment schedule as provided for herein; and for the period of such tenancy, the Company and the County shall be bound by all of the provisions of this Lease insofar as, and to the extent that, the same may be pertinent.
- (e) Upon termination or expiration of the Lease, Company agrees to fully cooperate with County and shall convey, upon governmental approval, all necessary licenses,

certificates, permits and other documents necessary for County, or its designee to operate Hospital as a licensed Florida hospital. County shall have the principal obligation and responsibility for applying for and obtaining all necessary governmental approvals to authorize the conveyance from Company to County of licenses, certificates, permits and other documents necessary to license and operate the hospital. Company's cooperation shall include, but not be limited to assisting County with the preparation and submission of applications with governmental authorities and obtaining the approvals thereof for all necessary or appropriate licenses, certifications, permits and similar authorizations, including, but not limited to, change of ownership/license holder, Medicare and Medicaid certifications, and the transfer or approval of all other federal, state, and local permits and licenses. It is the intent of the parties that if Company fails to convey all such licenses, certificates, permits and other documents necessary to license and operate the hospital, then County, or its designee will be entitled to immediate and appropriate judicial relief and Company hereby consents to a court-ordered transfer of such items. County shall be responsible for the costs of such licenses, certificates, permits and other governmental approvals but Company shall be liable for County's attorney's fees and costs for any judicial action to compel such conveyances, upon any unreasonable refusal of Company to do so. It is the further intent of this paragraph to provide for the orderly return of Hospital to County upon termination or expiration of the Lease as required by Section 155.40(2)(d), Florida Statutes (2009).

#### ARTICLE IV

##### Rent and Additional Consideration and Terms

*Section 4.1 Rents Payable.* During each Lease Year of the Lease Term, Company shall pay as rent to the County the following:

Base Rent. Base Rent is One Dollar (\$1) per lease year. On or prior to the 30<sup>th</sup> day of June each year of the Lease Term, Company shall pay County, or its designee, the sum of One Dollar (\$1). Such rent shall be paid by check to the following address:

Gadsden County Clerk  
9-B East Jefferson Street  
Quincy, Florida 32351

or to such other address as directed by County.

*Section 4.2 Additional Consideration.* As additional consideration, except as otherwise provided herein, Company shall:

- (a) During the Lease Term, pay all costs and expenses of the operation and maintenance of the Leased Premises when and as the same shall be due and payable. In addition, from the date first written above until the Commencement Date, Company shall pay fifty percent (50%) of utilities including water, pest control, gas, sewer and electric

services in order to facilitate Company's efforts to prepare Hospital for licensure and operation. Telephone services will be paid in full by Company from the time they are activated.

- (b) During the Lease Term, pay, as part of the cost of operating and maintaining the Leased Premises, all taxes and assessments, if any, that may be levied against the same; provided, however, that the County shall cooperate with Company in any manner reasonably requested by Company to assist Company in its efforts to take steps that may reasonably be required at any time and from time to time for the purpose of establishing and continuing to maintain, if practicable, an exemption of the Leased Premises and any Added Assets from taxation, or reduction in taxation. However, all costs of establishing or maintaining any exemptions or reductions in taxes, including costs reasonably incurred by County, will be paid by Company.
- (c) During the Lease Term, County will not be in default under this Lease or be liable to Company or any other person or entity for direct, special, incidental, indirect or consequential damage or otherwise for any failure to supply any utilities, services or maintenance except for those maintenance obligations expressly assumed by County as set forth herein. "Failure to supply" shall include but not be limited to surges, interruptions, stoppage or any other failure in the quantity or quality of any utilities or services.

In the event the Company fails to make any of the payments required in this Section 4.2, the item or installment so in default shall continue as an obligation of the Company until the amount in default shall have been fully paid and such payment obligation shall survive the expiration of the scheduled Lease Term or the termination hereof by the County for a default by Company.

*Section 4.3 Governmental Approvals.* The parties acknowledge that GHI is currently the license holder of the Hospital, under currently inactive Florida Agency for Health Care Administration ("AHCA") hospital license number 4367 for four (4) acute care beds, with an expiration date of June 21, 2010. The parties agree to fully cooperate and use their best efforts to ensure that the Hospital's license is transferred to Company as the license holder and restored to active status by AHCA no later than June 21, 2010, and that such license transfer and status is a condition precedent to Company's obligations under this Lease. At least sixty (60) days prior to the Commencement Date of this Lease, Company shall, with the assistance and cooperation of County and GHI, submit a Hospital license change of ownership application to the Agency For Health Care Administration. The parties' cooperation shall include, but not be limited to, the preparation and submission of applications with governmental authorities and obtaining the approvals thereof for all necessary or appropriate licenses, certifications, permits and similar authorizations, including, but not limited to, change of ownership/license holder, Medicare and Medicaid certifications, and the transfer or approval of all other federal, state, and local permits and licenses. The license for the Hospital to be issued by AHCA shall be structured in a manner that assures that, upon termination of the Lease, the Hospital can be returned to Gadsden County, or its designee, as a separately licensed acute care general hospital and such structure is a condition precedent to County's obligations under this Lease. Company shall pay for the costs of the licenses, certifications, permits and similar authorizations necessary for Company to open and operate Hospital. However,

County shall be responsible at its sole cost for the approval, design, construction, and correction of any physical plant deficiencies which would impair or prohibit issuance of all necessary Hospital licenses and permits to Company, including, but not limited to, the Hospital and related ancillary service areas such as laboratory, pharmacy, x-ray, or other areas.

*Section 4.4 Inpatient Beds.* Company shall initially license and operate the Hospital as a provider based facility of Capital Regional Medical Center ("CRMC") with four (4) licensed general inpatient acute care beds, laboratory, diagnostic imaging, pharmacy and an emergency department. Company shall enter into an agreement with AHCA to suspend or place the inpatient beds in a non-operational status, and maintain the four licensed beds in such status until notice is provided to County and AHCA that the beds will be placed into licensed operation. Any decision to construct, build out, license, and operate any additional inpatient beds is solely and exclusively within the discretion of Company, although the County has the right to approve or deny any such capital project request pursuant to section 5.3 (i) herein. The Parties acknowledge that the Hospital has the capability of being expanded to between 10 and 16 beds and that there is currently space in the portions of the Hospital building that are not subject to this Lease to expand further subject to terms to be negotiated between County and Company.

*Section 4.5 County Acquisition of Equipment.* County shall, prior to the Lease Commencement Date, purchase or lease all equipment necessary to initially equip the Hospital to initiate operations on the Lease Commencement Date with an emergency department, including clinical laboratory, x-ray, and CT, and equipment for four (4) licensed acute care inpatient hospital beds, such equipment being identified by separate agreement of the Parties prior to the Commencement Date and as documented by purchase orders and similar documentation, with a minimum of \$2.2 million in equipment expenditures. Company agrees that County will be offered the opportunity to participate in the Health Trust Purchasing Group at no cost to County. If, during the term of the Lease, Company determines that additional equipment is necessary for the customary operation of the Hospital as a rural acute care hospital, it shall request County to lease or purchase such equipment. County shall either approve or deny such request within 30 days. If County denies Company's request to lease or purchase such equipment, Company may lease or purchase such equipment as it deems necessary, and shall be responsible for maintenance and repair of such equipment. During the term of the Lease, Company shall be responsible for maintenance and repair of all equipment, as more fully described elsewhere herein.

*Section 4.6 County Contribution of Trust Funds.* County shall contribute income from that certain Trust Fund established in 1952 naming as beneficiary the Board of County Commissioners of Gadsden County acting for and on behalf of Gadsden County, Florida to assist Company in funding the cost of operation of the Hospital. Unless otherwise required by law, the County shall contribute to the Hospital operation all income from the Trust during the term of this Lease on a quarterly basis. However, to the extent necessary, the Parties acknowledge that the Trust principal and income may be reduced by amounts necessary to fund the County's acquisition or lease of equipment for the Hospital, to fund the cost of future Hospital expansion, for other capital needs of the Hospital, or for the reasonable, usual and customary expenses of the Trust. Pursuant to Section 155.40(5)(b), Florida Statutes (2009), to the extent the revenue from the Trust exceeds \$100,000 annually, Company shall be accountable to County in that this Section 4.6 of this Lease shall be subject to modification upon twelve months notice to Company although it is the intent of the

parties that, consistent with the terms of the Trust, all available Trust revenues will be provided to Company for use by the Hospital. Should Section 155.40(5)(b), Florida Statutes (2009) be amended during the term of this Lease, then this Section 4.6 of the Lease shall be subject to modification in order to maintain consistency with the requirements of Florida law.

*Section 4.7 County's Use of Sales Tax Proceeds.* The Parties acknowledge that the proceeds from the Gadsden County one-half (1/2) cent sales tax surtax for health care must be used to repay the debt associated with the cost of renovations of the Hospital, and to provide funding for indigent care. The parties acknowledge that there are other purposes for which proceeds from the surtax may be used. However, it is the intent of the Parties, and the Board of County Commissioners of Gadsden County agrees to annually allocate at least fifty percent (50%) of the proceeds from the surtax not otherwise committed to debt repayment to and for the benefit of the Hospital for indigent care that will be provided by the Hospital as well as other needs necessary for the successful operation of the Hospital. All such allocations to the hospital must be consistent with Ordinance No. 08-025 (authorizing the surtax) and any other applicable requirements of Florida law, and distributions of the tax proceeds shall be made quarterly by County to Company. Pursuant to Section 155.40(5)(b), Florida Statutes (2009), to the extent the revenue from the surtax exceeds \$100,000 annually, Company shall be accountable to County in that this Section 4.7 of this Lease shall be subject to modification upon twelve months notice to Company although it is the intent of the parties that, consistent with the requirements of the law, at least fifty percent (50%) of the surtax revenues not otherwise committed to debt repayment will be provided to Company for use by the Hospital. Should Section 155.40(5)(b), Florida Statutes (2009) be amended during the term of this Lease, then this Section 4.7 of the Lease shall be subject to modification in order that it be kept consistent with the requirements of Florida law.

*Section 4.8 County EMS Services.* County, or its Affiliate, Gadsden County EMS, shall bear the cost of transporting patients by EMS to Hospital via 911 calls or citizen requests for ambulance transport. County, or its Affiliate, Gadsden EMS, shall also bear the cost of transporting patients in need of inpatient or specialized care from the Hospital to another acute care facility. Nothing contained herein shall limit the ability of County or of Gadsden EMS to bill patients, third party payors or others, except for Company, for such transports.

*Section 4.9 Indigent Care.* County and Company shall comply with all applicable requirements of Section 155.40, Florida Statutes. During the Term of this Lease, Company shall provide for the continued treatment of indigent patients pursuant to the Florida Health Care Responsibility Act and pursuant to Chapter 87-92, Laws of Florida, in compliance with Section 155.40(2)(e), Florida Statutes (2009). In the event Company receives annually more than \$100,000 in revenues from County for Hospital operations, pursuant to Sections 4.6 and 4.7 above or otherwise, Company shall be accountable to the County with respect to the manner in which the funds are expended, in compliance with Section 155.40(5), Florida Statutes (2009). In the event this statute is amended during the term of this lease, then Section 4.9 shall be subject to modification in order to maintain consistency with the requirements of Florida Law.

*Section 4.10 No Transfer of Governmental Functions.* This Lease transaction is not, and shall not be construed as: a transfer of a governmental function from the County to Company; constituting a financial interest of the County in the Company; or as making the Company an

integral part of the County's decision making process. Further, under the terms of this Lease, the Company is not, and shall not be construed to be, "acting on behalf" of the County as that term is used in statute. This Lease agreement does not require Company to comply with the requirements of Sections 119.07 and 286.011, Florida Statutes. The County and the Company shall not commingle any of their funds in any account maintained by either of them. Except as otherwise provided by law, Company is not allowed to participate, except as a member of the public, in the decision making process of the County. The County is not entitled to receive any revenues from the Company, except for rental or any taxes or administrative fees due under the Lease, and the County is not responsible for the debts or other obligations of the Company.

*Section 4.11 Conditions Precedent.* Condition precedents to the commencement of the Lease Term include: a) the Hospital shall receive from AHCA an active status acute care hospital license effective no later than June 21, 2010, unless otherwise mutually agreed upon by Company and County, with Company as the license holder; b) the timely receipt of all other necessary or reasonably appropriate federal, state, and local governmental approvals, licenses, permits, and certifications for the operation of the Hospital; c) County's acquisition and installation of all necessary equipment to initiate Hospital operations, as identified by separate agreement of the Parties and in accord with Section 4.5 ; d) termination of all leases between County and GHI or any other party pertaining in any manner to the Hospital and Leased Land no later than the effective date of issuance of the Hospital license to Company; e) conclusion of litigation, including all appeals, other than that disclosed on Exhibit B, except to the extent expressly waived by the parties in writing and executed as an addendum to this agreement; and (f) receipt of assurances acceptable to County that, upon termination or expiration of the Lease, the Hospital can be transferred to County or its designee as a licensed acute care hospital (subject to compliance with usual licensure requirements).

## ARTICLE V

### Covenants of County and GHI; Covenants of Company and Operation of Hospital

*Section 5.1 Covenants of County and GHI.* The County and GHI represent, warrant, covenant and agree, jointly and severally, except as set forth below, that:

- (a) Organization. The County (but not GHI) hereby represents that County is a political subdivision duly organized and validly existing under the laws of the State of Florida. Further, GHI is duly organized and validly existing under Florida law. County and GHI each has the power and authority to enter into this Lease Agreement acting by and through its duly authorized officials.
- (b) Unencumbered Title. Other than Permitted Encumbrances, County (but not GHI) hereby represents that County has and at the Commencement Date will have good and marketable title to all property and assets to be leased hereunder subject to no mortgage, pledge, lien, conditional sale agreement, encumbrance or charge.
- (c) Necessary Property. County (but not GHI) represents, warrants, covenants and agrees that as of the Commencement Date all Leased Premises are in good condition and repair and suitable for their intended purposes, and in compliance with all applicable codes and laws, including, but not limited to, Environmental Laws and

ADA access requirements, except as otherwise stated in this Lease. County shall landscape the grounds of the Leased Premises in a manner appropriate for a rural hospital facility and shall provide regular maintenance of the landscaping during the term of this Lease. County shall maintain all parking areas and driveways in commercially appropriate condition during the term of this Lease. Throughout the term of this Lease, County shall also, at its sole expense, be responsible for the prompt correction of all structural defects and all defects in the Hospital's mechanical, electrical plumbing and HVAC systems. With respect to all portions of the Hospital site that are not subject to this Lease, County shall assure access to Company to the extent reasonably necessary for the appropriate operation of the Hospital; including, but not limited to, the provision of adequate parking in the amount that exists as of the Commencement Date. As set forth herein, as of the Commencement Date, County and GHI will have cancelled the Prior Lease and that as of such date, there is no Leased Land or Leased Other Assets owned or controlled by GHI that is the subject of this Lease.

- (d) No Breach of Statute or Contract. County and GHI, are not aware of any default under or in violation of, any applicable statute, law, ordinance, decree, order, rule, regulation of any governmental body, or the provisions of any franchise or license, or in default under, or in violation of, any provision of its governing statutes, any promissory note, indenture or any evidence of indebtedness or security therefore, lease, contract, purchase or other commitment or any other agreement by which it is bound which may result in a material adverse effect on the business or condition, financial or otherwise, of the Leased Premises. The consummation of this Agreement and the transactions contemplated hereby will not constitute or result in any such default, breach or violation, and no domestic governmental permits, consents or approvals are necessary to implement the lease and operational transactions contemplated hereby.
- (e) Litigation. Except as disclosed on Exhibit B, there is no suit, claim, action or proceeding now pending or, to the knowledge of County and GHI, threatened against County or GHI before any court, administrative or regulatory body, or any governmental agency or any grounds therefore which may result in any judgment, order, decree, liability or other determination which will, or could, have any adverse effect upon the business or condition, financial or otherwise, of the Leased Premises. No such judgment, order or decree has been entered which has, or will have, such effect. There is no claim, action or proceeding now pending or to the knowledge of County and GHI threatened before any court, administrative or regulatory body, or any governmental agency, which will, or could, prevent or hamper the consummation of the lease and operational transactions contemplated by this Lease.
- (f) Comments and Approvals. Other than the governmental approvals related to licensing, permitting, and certifications specifically addressed herein, no consent or approval by County is necessary to the lease and grant of use by County and GHI to Company hereunder of all the rights, contracts, properties, franchises, licenses, interests and business of the Leased Premises and upon the consummation of this



Agreement Company will have the right of use of all of the rights, properties, franchises, interests and business of the Leased Premises. County and GHI have full power and authority to enter into this Agreement and to perform any of its obligations hereunder, and no other or further consent, approval or action, statutorily or otherwise, is required to be taken or obtained by County and GHI in order to perform all its obligations hereunder and to effect the lease and right of use of assets to Company pursuant to, and in the manner contemplated by, this Agreement.

- (g) Right to Make Repairs, Etc. Except as herein otherwise expressly provided, the Company shall have the right from time to time to make repairs, restorations, replacements, additions, alterations and changes, in or to the Leased Premises. Any such repairs, restorations, replacements, additions, alterations and changes shall be made in conformance with all applicable codes, ordinances, licensure and other necessary regulatory requirements.
- (h) No Breach. The execution and delivery of this Lease will not result in a breach of any of the terms of, or constitute a default under, any indenture, mortgage, deed of trust, lease or other agreement or instrument to which either the County or GHI is a party or by which they or any of its property is bound or its bylaws or any of the constitutional or statutory rules or regulations applicable to its property.
- (i) Review of Articles of Incorporation. Pursuant to Section 155.40(2)(a), Florida Statutes (2009), Company's Articles of Incorporation have been reviewed and approved by County and GHI.
- (j) Possible Dissolution of GHI. The parties hereto acknowledge that upon completion of the transfer of the hospital license from GHI to Company, GHI's obligations under this Lease will have been completed. County may, in its sole discretion, decide to dissolve GHI. Should GHI be dissolved, all of its future obligations, liabilities and responsibilities pursuant to this Lease will be terminated and this Lease will continue as if the only parties are Company and County.

*Section 5.2 Covenants of Company.* Company represents, warrants, covenants and agrees that:

- (a) Organization. The Company is a for profit corporation organized under the laws of the State of Florida and is in good standing and authorized to transact business under the laws of the State of Florida and is empowered by its Board of Directors to enter into and be bound by this Lease.
- (b) Occupancy. The Company shall use and occupy the Leased Premises and shall exclusively administer, operate and maintain the same as a hospital without discrimination as to race, creed, color, sex, national origin or disability. Throughout the term of this Lease, Company shall operate Hospital as an acute care hospital. Company shall operate the Hospital's emergency department twenty-four hours per day/seven days per week/ three hundred and sixty five days per year.

- (c) Compliance with Laws. The Company shall administer, operate and maintain the Leased Premises in accordance with the terms of this Lease; and, in the discharge of its obligations hereunder, shall comply in all material respects with all present and future applicable laws, ordinances, rules, regulations, requirements, and orders of all governmental authorities or agencies having jurisdiction over the Leased Premises or the operations of the Company; provided, however, that nothing herein contained shall require the Company to comply with, observe, and conform to any such law, ordinance, rule, regulation, requirement or order so long as the validity thereof or the applicability thereof shall be contested in good faith. Except as otherwise expressly provided herein, all costs of administration, operation, and maintenance of the Leased Premises shall be the exclusive obligation of the Company and shall be discharged by the Company at its sole expense.
- (d) Information. Upon termination of this Lease for any reason, Company will, within not less than ninety (90) days prior to the termination of the Lease, provide County with such information as County may reasonably request to enable County to prepare a statement of financial condition for submission of request for bids or to otherwise lease the Leased Premises to a third party.
- (e) Authority to Enter Lease. Company has the full right, power and authority to enter into and perform its obligations under this Lease. This Lease does not conflict with, nor violate any existing agreements to which Company is a party, and all consents and approvals necessary for Company to enter into this Lease have been obtained. Execution of this lease will not cause a default of any agreement to which Company is a party.
- (f) Litigation. There is no suit, claim, action or proceeding now pending or, to the knowledge of Company, threatened against Company before any court, administrative or regulatory body, or any governmental agency, nor are there any grounds which may result in any judgment, order, decree, liability or other determination which will, or could, have any adverse effect upon the business or condition, financial or otherwise, of the Leased Premises. No such judgment, order or decree has been entered which has, or will have, such effect. There is no claim, action or proceeding now pending, or to the knowledge of Company threatened, before any court, administrative or regulatory body, or any governmental agency, which will, or could, prevent or hamper the consummation of the Lease and operational transactions contemplated by this Lease.

### *Section 5.3 Operation of Hospital.*

- (a) Use of Leased Premises and Additional Operating Capital. In connection with its discharge of its responsibilities under this Lease, the Company shall have the right to use and occupy the Leased Premises for lawful purposes only and only for the purposes set forth herein. Company may, at its own expense, from time to time provide such additional operating capital as may be needed to discharge its

responsibilities and obligations hereunder. Company shall name and use the name of the Hospital in a manner that either includes the words "Gadsden Memorial Hospital" or other words that identify the Hospital with Gadsden County.

- (b) Compliance with laws, regulations and accreditations. The Company shall conduct all activities and operations of the Leased Premises in compliance in all material respects with the requirements, standards, and conditions set forth in all applicable federal, state, county and local statutes, orders, approvals, permits, registration, zoning or land use requirements and restrictions, variances, licenses, accreditations, rules and regulations, including, but not limited to, Medicare/Medicaid and other federal health care programs, and Environmental Laws. Company shall, at all times during this Lease, maintain the status of the Hospital as a Medicare and Medicaid provider.
- (c) Company's Obligations with Respect to Environmental Laws. Company and the Leased Premises will be kept in compliance with all Environmental Laws. All governmental permits relating to the use or operation of the Leased Premises required by applicable Environmental Laws will be obtained by Company and will be kept in effect during the term of the Lease, and Company will comply with them. Except as otherwise provided in this subsection, Company will not permit to occur any release, generation, manufacture, storage, treatment, transportation, or disposal of Hazardous Material on, in, under, or from the Leased Premises. Notwithstanding the foregoing, however, the parties acknowledge that Company operates a hospital, and that in the ordinary course of operation, Company, in compliance with all applicable Environmental Laws and other requirements, regularly (i) uses, stores, transports and disposes of Hazardous Materials, including radioactive materials, for medical procedures, and (ii) generates material quantities of biohazardous and radioactive wastes as the by-product of such medical procedures, and (iii) uses, stores, transports, and disposes of hazardous materials for purposes of cleaning, disinfecting, maintaining and repairing the Hospital (all of the items described in clauses (i) through (iii) being collectively referred to as the "Permissible Hazardous Material"). The parties agree that all such Permissible Hazardous Material may be used in the operation of Company's business, and those operated by Company's agents, employees, contractors, subcontractors and consultants, provided that all such Permissible Hazardous Material is used, stored, transported and disposed of in full compliance with all applicable Environmental Laws and other regulatory requirements. Company and County will immediately notify each other, in writing, if either of them has or acquires notice or knowledge that any Hazardous Material, including Permissible Hazardous Material, has been or is threatened to be released, discharged, disposed of, transported, or stored on, in, under, or from the Leased Premises in violation of Environmental Laws or other regulatory requirements; as the result of any act or omission of Company or County, as the case may be, their respective employees, contractors or invitees. If any Hazardous Material, including Permissible Hazardous Material, is found on the Leased Premises in violation of Environmental Laws or other regulatory requirements by reason of any such action or omission, then the party responsible for the release, discharge, disposal or

transportation of such Hazardous Material, at its own cost and expense, will immediately take such action as is necessary to detain the spread of and remove or contain the Hazardous Material to the reasonable satisfaction of the other party and the appropriate governmental authorities. Notwithstanding any provision of this Lease to the contrary, however, Company shall not be responsible or liable for compliance with any Environmental Laws with respect to the Premises to the extent accruing, or attributable to the period prior to the Commencement Date of this Lease.

- (d) Company to pay or discharge certain liabilities. The Company shall pay or discharge when due all liabilities and obligations incurred by the Company in operation and maintenance of the Leased Premises from and after the Commencement Date until expiration or termination of this Lease. Such obligations shall continue after the termination of this Lease as to any liabilities and obligations incurred during the term of the Lease but not discovered or matured until thereafter.
- (e) Company to perform certain contracts and commitments. The Company shall perform in all material respects all contracts and commitments made after the Commencement Date in the ordinary course of its operation of the business of the Hospital and does hereby indemnify the County against all liabilities under such contracts arising during the term of this Lease.
- (f) Company responsible for non-discriminatory employment. The Company shall have the sole responsibility for establishment and enforcement of uniform non-discriminatory employment practices regarding all employees of the Hospital, and the Company shall indemnify the County against all liabilities which may be imposed upon or claimed against the County arising, directly or indirectly, because of the Company's establishment or enforcement of such personnel practices and procedures from and after the Commencement Date.
- (g) Company to manage, administer and govern the Hospital. Except as provided in this Lease, the County reserves no power or authority with respect to the operation of the Hospital by the Company and activities incident thereto, it being the intention of the parties hereto that so long as the Company shall duly and faithfully observe and perform all of the terms, covenants, provisions and agreements of this Lease, the Company shall manage, administer and govern the Hospital in its activities and affairs on the continuing day-to-day basis, including matters relating to the medical staff and other functions customarily conducted or pursued by the independent managing and governing authority of a private hospital.
- (h) Maintenance and Repair. During the term of the Lease, Company shall be responsible for maintenance and repair of the Leased Premises, and will be responsible for maintaining the premises and equipment in the condition in which it received it, normal wear, tear, depreciation, obsolescence and damages resulting from events or causes beyond Company's reasonable control excepted. Except, however, County shall be responsible for all structural defects and all defects in the

Hospital's mechanical, electrical, plumbing and HVAC systems, except that Company shall be responsible, at its sole expense, for correction or repairs of structural defects and defects in the Hospital's mechanical, electrical and HVAC systems caused as a result of damage or modifications made by Company without the knowledge and consent of County or as a result of misuse or neglect by Company, its agents, employees, invitees, visitors or contractors. Routine maintenance and minor repairs of the Hospital building and mechanical, electrical, plumbing and HVAC systems (including routine HVAC filter cleaning and replacement) shall be performed or arranged by Company at Company's expense. Company will maintain Hospital in a clean and sanitary condition that meets or exceeds all applicable regulatory requirements. Company will also be responsible for keeping the exterior of the building in a clean, painted and attractive condition. Company will maintain in good order, condition and repair all exterior signs on the Hospital or on the land immediately adjacent thereto that advertise the location or presence of the Hospital.

- (i) Capital Projects. With respect to Capital Expenditures subject to purchase by County from Company as Added Assets at Lease termination, Company shall notify County of the need for capital improvements in excess of \$25,000.00 including, but not limited to the need to build out additional bed and program space. In determining whether any Capital Expenditure or improvement has a value in excess of \$25,000, any Capital Expenditure or improvement commenced or purchased during any consecutive three-month period that is for a similar purpose or function within the Hospital shall be aggregated. County shall either approve or deny a request to fund a capital improvement request from Company within thirty (30) days of receipt of such request. If County denies a capital improvement request, or cannot provide funding within a reasonable time frame acceptable to Company, Company may fund such capital improvements without approval of County. Company shall not expand the footprint of the current structure in which the Hospital is housed without prior express approval of County. Company shall reasonably evaluate and respond to any requests from County to add beds or services; but shall have no obligation to commit to or make any requested expansion.
- (j) Tagging, Removal and Replacement of Equipment. The parties acknowledge that the Hospital is being furnished and equipped at County's expense prior to opening. In order that County may maintain an appropriate inventory of the furniture and equipment, Company agrees to assist County by tagging, in the manner customarily used by the County, all furniture and equipment with a cost in excess of One Thousand Dollars (\$1000). As new furniture or equipment is obtained by County during the term of the Lease (and any extension) with a cost in excess of One Thousand Dollars (\$1000), Company will continue to assist County by tagging such items.

The Company shall have the right to remove from the Hospital and (on behalf of the County) sell, exchange or otherwise dispose of, without responsibility or

accountability to the County with respect thereto except as set forth below, any items of furniture, fixtures, machinery and equipment which constitute a part of the Hospital and which have become inadequate, obsolete, worn out, unsuitable, undesirable or unnecessary or which, in the sound discretion of the Company, are otherwise no longer useful to the Company in its operations conducted on or in the Hospital; provided that, Company shall promptly replace any such furniture, fixture, machinery or equipment so removed with furniture, fixture, machinery and equipment of the same or a different kind but with a value and function equal to or greater than the fair market value of the furniture, fixture, machinery or equipment so removed. All Replacement Equipment shall become and be deemed a part of the Hospital, as Added Assets. Company shall report the disposal of any tagged items to County so that County may maintain the accuracy of its inventory. Notwithstanding the foregoing, Company shall provide notice to County prior to the disposal of any furniture, fixtures, machinery or equipment that may have any salvage value or that may be put to other use and provide County with a reasonable opportunity to inspect and remove, at County's expense, any such furniture, fixtures, machinery or equipment that County desires to retain.

- (k) Encumbering, Subleasing and Assignment. The Company shall not encumber by mortgage, deed of trust, or any other instrument, its leasehold interest and estate in the Leased Premises without the prior written consent of the County. In no event shall any mortgage or security interest extend to or affect the fee, the reversionary interest, or the estate of the County in and to the Hospital without the prior written consent of the County. The Company shall not sublease the Leased Premises or any part thereof or assign this Lease without having obtained in each case the prior written consent of County, except that the prior consent of County shall not be required with respect to (i) an assignment to any other Affiliate of Company or (ii) sublease for patient or employee convenience activities such as, but not limited to, gift shops, snack shops, child care, doctors' or dentists' accommodations, flower shops, counseling services, or for other services related to the operation of the Leased Premises as a hospital; provided, however, no such transfer, assignment or sublease shall conflict with the covenants of the Company under this Lease or relieve the Company of its obligations hereunder for payment of rent or additional payment required hereunder or from any other of the conditions, obligations, agreements and covenants of this Lease or with respect to any portion of the Leased Premises so transferred, assigned or subleased; and, provided further, however, that in each case the transferee, assignee or sublessee shall have sufficient financial responsibility and technical competence to conduct in an adequate manner the functions contemplated by the sublease; and provided further, however, that Company shall require any sublessee described in (ii) above to obtain and maintain insurance reasonably adequate to insure against risks arising from such sublessee's operations on the Leased Premises and that such insurance will name County as an additional insured. Any sublease shall provide for indemnification of County in a level equal to or greater than that contained in this Lease. Consent shall not be unreasonably withheld or delayed by County.

- (l) Utility Services. The Company shall pay all charges for utility services furnished to the Leased Premises.
- (m) Access to Leased Premises by County and Designees. County, its agents, employees, and contractors may enter the Leased Premises at any time in response to an apparent emergency, and, in all other cases, at reasonable business hours to (a) inspect the Leased Premises, (b) exhibit the Leased Premises to prospective purchasers, lenders, or tenants, (c) determine whether Company is complying with its obligations in this Lease, (d) supply any other service which this Lease requires County to provide, (e) post notices of non-responsibility or similar notices, or (f) make repairs which this Lease requires County to make; however, all work will be done as promptly as reasonably possible and so as to cause as little interference to Company as reasonably possible. Company waives any claim on account of any injury or inconvenience to Company's business, interference with Company's business, loss of occupancy or quiet enjoyment of the Leased Premises, or any other loss occasioned by Company to the extent County is or is attempting to perform work required or reasonably believed by County to be required under this Lease. Every entry upon the Leased Premises by County or its authorized designate(s), excepting only entry during an apparent emergency, as hereinafter provided, shall be made in the presence of a representative of Company. Company and County shall always preserve the confidentiality of Company's protected health information as defined by HIPAA, files and other materials during the period of such entry. An "entry in the event of an apparent emergency" or similar reference in this paragraph, shall be an entry by County or its authorized designate(s) under such circumstances as may be necessary to prevent or correct an imminent danger to life or property. County or County's designees shall retain the right to have future access to all documents, computer data and other information owned or controlled by County immediately prior to the Commencement Date of this Lease that remains at the Leased Premises, including the right to inspect, copy, remove and have on-site access to all such information.
- (n) Not a "Business Associate." Nothing contained herein shall be construed to make County or GHI responsible for or to provide County or GHI access to "protected health information" or to make County or GHI "business associates" of Company as those terms are defined and used in HIPAA.
- (o) Periodic Reports. Unless otherwise mutually agreed by Company and County, Company shall periodically provide a report to County on the operations of the Hospital including, without limitation, reports on utilization, quality of care, nature of the services being provided and financial performance. Such reports shall be provided through an appearance at a meeting of the Board of County Commissioners of County (or their designee) by an authorized representative of Company. In the first twelve (12) months following the Commencement Date, such reports shall be provided at least biannually and shall be provided at least annually thereafter. The provision of such reports does not authorize either County or Company to provide any binding direction to the other beyond that otherwise stated in this Lease.

## ARTICLE VI Condemnation

Either Company or County shall have the right, in each party's independent judgment and at each party's independent expense, to contest any threatened taking of all or any portion of the Leased Premises by condemnation, eminent domain or other process. In the event of a taking of all or any portion of the Leased Premises by condemnation, eminent domain or other process, the Company shall waive any rights which it may have to any portion of the proceeds of the award for such taking, except to the extent hereinafter provided. Such proceeds shall be deposited in such lawful manner as the County shall direct and the same, at the direction of the County, shall be expended, to the extent possible, for the replacement of any portion of the Leased Premises so taken. County, upon being notified of any action or proceeding to take all or any portion of the Leased Premises, shall immediately notify the Company of the pendency of such action or proceeding. If, after such taking of any portion of the Leased Premises, the remaining portion is determined by the Company to be insufficient for further operation as a hospital, this Lease shall terminate without penalty to either party hereto as of the effective date of such taking.

If a partial taking of the Leased Premises by condemnation, eminent domain or other process shall occur and if the Lease is not terminated as provided herein, the Company shall be allowed a proportionate reduction in the rental and additional consideration herein provided to be paid to County corresponding to the time during which and the extent to which the Company shall be deprived of the use and occupancy of the Leased Premises or any portion thereof.

A sale or transfer of all or any portion of the Leased Premises by County to any authority having the power of eminent domain, either under threat of condemnation or while condemnation proceedings are pending, shall be deemed a taking under the power of eminent domain for all purposes of this Article VI.

## ARTICLE VII Defaults and Remedies

*Section 7.1 Events of Default by Company.* The following shall be "events of default" under this Lease and the terms "event of default" or "default" shall mean, whenever they are used in this Lease, any one or more of the following events:

- (a) The Company shall have admitted in writing they are insolvent or shall have filed a petition asserting they are a bankrupt or shall have made an assignment for the benefit of its creditors;
- (b) Possession of the Company's assets shall be taken by a receiver or trustee;
- (c) Except as otherwise herein permitted, including the permitted assignment or sublease of this Lease or any portion of the Leased Premises by Company to an Affiliate of Company; the Company shall sublease the Leased Premises or any part



thereof, or if the interest of the Company under this Lease shall be sold, assigned, or transferred under legal process or otherwise to any other person, firm or Company without the prior written consent of County as herein provided;

- (d) Should the County believe that Company has failed to perform or observe any other covenant required under this Lease, then County shall provide Company written notice thereof. Within ten (10) business days thereof, County and Company shall begin to negotiate in good faith to resolve any dispute regarding any such assertion by County. Following such negotiation, should County provide written notice to Company regarding any failure of Company to perform or observe any covenant of this Lease, then Company shall, within thirty (30) days of receipt, commence appropriate action in good faith to cure such failure and thereafter prosecute the same to completion with due diligence. Failure of Company to effectuate a cure to the reasonable satisfaction of County shall constitute an event of default; or
- (e) The Company shall have vacated the Leased Premises.

*Section 7.2 Remedies Upon Default by Company.* If any one or more events of default set forth in Article VII occurs, then County has the right, at its election:

- (a) Upon one hundred twenty (120) days notice to Company, to terminate this Lease, in which case Company's right to possession of the Leased Premises will cease and this Lease will be terminated, except as to Company's liability, as if the expiration of the Lease fixed in such notice were the end of the Lease;
- (b) Upon one hundred twenty (120) days notice to Company, to reenter and take possession of the Leased Premises or any part of the Leased Premises, repossess the same, expel Company and those claiming through or under Company, and remove the effects of both or either, using such force for such purposes as may be necessary, without being liable for prosecution, without being deemed guilty of any manner of trespass, and without prejudice to any remedies for arrears of any amounts payable under this Lease or as a result of any preceding breach of covenants or conditions; or
- (c) Upon thirty (30) days notice to Company, to cure any event of default and to charge Company for the cost of effecting such cure, including without limitation reasonable attorneys' fees and costs, provided that County will have no obligation to cure any such event of default of Company.
- (d) Should County elect to reenter as provided herein, or should County take possession pursuant to legal proceedings or pursuant to any notice provided by law, County may, from time to time, without terminating this Lease, relet the Leased Premises or any part of the Leased Premises on such conditions and upon such other terms as County, in its reasonable discretion, may determine. No such reentry or taking possession of the Leased Premises by County will be construed as an election on County's part to terminate this Lease unless a written notice of such intention is given to Company. No written notice from County under this section or under a

forcible or unlawful entry and detainer statute or similar law will constitute an election by County to terminate this Lease unless such notice expressly so states. County reserves the right following any such reentry or reletting to exercise its right to terminate this Lease by giving Company such written notice, in which event this Lease will terminate as specified in such notice.

- (e) Notwithstanding the foregoing, in the event Company vacates or abandons the Leased Premises, County may immediately exercise all rights and remedies available under this Lease or in law or equity and County's obligations to Company shall immediately terminate.

*Section 7.3 Events of and Remedies Upon Default by County and GHI.* In the event County and GHI shall neglect or fail to perform or observe any warranties, covenants, representations, provisions, or conditions made by or required to be performed by County and GHI under the terms of this Lease and County and GHI shall, within thirty (30) days after written notice thereof by Company, fail to commence appropriate action in good faith to cure such failure and thereafter prosecute the same to completion with due diligence, County and GHI shall be responsible to Company for any and all costs incurred by Company as a result of the efforts of Company to cure the default of County and GHI. Company shall have the right, in addition to all other remedies provided in this Lease or by law, to injunctive relief; provided, further, Company shall have the right to cure any such default at the expense of County and GHI, and County and GHI shall pay promptly to the Company the amount of such expenditure by Company to cure such default by County and GHI.

*Section 7.4 Provisions Applicable to All Parties.*

- (a) Remedies Cumulative. No remedy conferred upon or reserved to either party by this Lease is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Lease or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. Each party shall give the other party notice and a reasonable opportunity to cure prior to exercising any remedy reserved to such party in this Lease.
- (b) Attorney's Fees and Litigation Expenses. In the event either party should employ attorneys or incur other expenses for the enforcement of performance or observance of any obligation or agreement contained in this Lease, each party shall be responsible for its respective attorney's fees, litigation costs and expenses incurred by or on behalf of such party, except as otherwise provided herein.
- (c) Waiver and Breach. In the event any agreement contained in this Lease should be breached by either party and thereafter waived by the other party, such waiver shall

be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

## ARTICLE VIII Termination

*Section 8.1 Termination by Company.* In addition to the other provisions in this Lease,

- (a) Company may terminate the Lease upon not less than 180 days notice to County, if, at any time after operating the Hospital for thirty (30) months, Company determines that operating losses, including Trust and surtax revenues provided by County during the twelve (12) month period preceding the notice are in excess of Three Hundred Thousand Dollars (\$300,000) and further that Company, in its sole discretion, determines that continued operation of the Hospital is not in its best interest. If, after operating the Hospital for twenty-four (24) months, Company determines that the operating losses are such that Company may choose to exercise this Section 8.1(a) option to terminate, then Company will immediately notify County in order that County may consider, in its discretion, whether it will attempt to take steps to try to assist Company in a manner that may avoid termination. Failure to so notify the County shall in no way impact the Company's termination right as set forth in this section.
- (b) Company may, by notice to the County of its decision to do so, terminate this Lease immediately if the Leased Premises are destroyed or materially damaged and not repaired, reconstructed or replaced or if title to or the use of the Leased Premises or any material part thereof is taken under exercise of the power of condemnation, eminent domain or other process and not replaced or restored to the satisfaction of the Company in its sole discretion.

*Section 8.2 Termination by County.*

- (a) Other than as set forth herein, the Lease shall not be terminable by County prior to the expiration of the entire term (including any renewals) unless there is an uncured material breach by Company.
- (b) The County may terminate this Lease upon the occurrence and continuation of an event of default under Section 7.1 and Section 7.2 above.

*Section 8.3 Reversion of Leased Premises to County.* Upon termination of this Lease for any reason by either the County or the Company, the Leased Premises, including all replacement and additional furnishings and equipment installed or placed in or on the Leased Premises before termination, including, without limitation, the Leasehold Capital Improvements and Added Assets, shall revert to County, subject only to County's purchase of the Added Assets as set forth in this Lease and further subject to Company's obligations to cooperate in the return of the Hospital and Leased Premises as set forth herein.

*Section 8.4 Management After Lease Term Expiration.* At the end of the original term of the Lease, (if not renewed), or at the termination of any renewal hereunder, or if terminated earlier by mutual consent, by operation of law or otherwise, Company agrees that it will enter good faith negotiations to continue under a management arrangement, or similar arrangement for up to twelve months at County's option, in order to allow an orderly continuation of operations by County. The management agreement will be upon such terms as are customary within the industry at the time of the negotiation and execution of the management agreement. Company agrees to use its reasonable best efforts to negotiate a commercially reasonable management agreement as provided herein. However, if, after a 30 day period of negotiations, the parties are unable to reach agreement on the terms of a management agreement acceptable to Company at its sole reasonable discretion, this provision shall have no further force or effect. Irrespective of whether or not the Parties enter such a management agreement, immediately upon expiration or termination of the Lease the County shall bear all costs and responsibilities for staffing, operating, and maintaining the Hospital; and, to the fullest extent practicable, those Company Hospital employees necessary to the operation of the Hospital by County, other than executive management Company employees, shall, at County's option, become employees of County or its designee; and Company and County will cooperate to endeavor to ensure a smooth transition of employment for such employees. As set forth elsewhere in this Lease, Company and County agree to cooperate in the transfer of all necessary or appropriate licenses and permits from Company to County upon notice of Lease termination or non-renewal, so that the transfers are effective on the Lease termination date or as soon thereafter as practicable.

## ARTICLE IX Insurance and Indemnity

*Section 9.1 Insurance.* The County and Company shall maintain, except as otherwise provided herein, the following insurance at its respective sole cost and expense:

- (a) Casualty. County shall, at its sole expense and at all times, keep the Leased Premises insured against loss or damage by fire, windstorm, flood, hurricane, tornado, or any other casualty by a policy or policies of full extended coverage insurance in a company or companies of good standing and qualified to write such insurance in the State of Florida or a suitable program of self-insurance. Such insurance or self-insurance programs shall be for an amount not less than the full insurable value of each of the Leased Premises, including completed improvements and additions thereto, or any separable portion thereof. Each such policy shall provide that the loss, if any, with respect to the Leased Premises shall be payable to the County, or the Company as its interests may appear. If, at any time during the Lease Term, the Leased Premises are destroyed or damaged, County shall use its reasonable best efforts, exercised promptly and diligently, to repair such damage and reconstruct and restore the Leased Premises as soon as reasonably possible and as near to its former condition as practicable at County's expense, using the proceeds of such insurance or self-insurance program exclusively for such purposes. If it is reasonably practicable to do so, Company may continue the operation of the Hospital on the Leased Premises during the period the damage, destruction, repair, reconstruction, or restoration continues; provided, however, if, during such period, it is not reasonably

practicable to operate the Hospital on the Leased Premises, the Company may cease operations of the Hospital, until the repairs are made and the reconstruction and restoration completed. However, the provisions of this paragraph shall not supersede Company's right to immediately terminate the Lease under Section 8.1(b).

- (b) Public Liability. Company shall maintain comprehensive general public liability insurance including blanket contractual liability and personal injury liability protecting Company against liability for injuries to persons and property with limits and in amounts as maintained by Company for comparable hospital facilities operated by it or its Affiliates. Such annual aggregate and umbrella may be applicable to other Affiliates of the Company.
- (c) Automobile. Company shall maintain automobile insurance including owned, non-owned and hired automobiles protecting the Company against liability as required by state law.
- (d) Business Interruption. Company shall maintain use and occupancy (or business interruption) insurance, covering interruption of the Company's operations in whole or in part by reason of the total or partial suspension of, or interruption in, the operation of the Hospital, including its rental of buildings, caused by the damage to or destruction of any part of the Hospital, with such exceptions as are customarily imposed by insurers, in an amount to be determined solely by Company. Regardless of the amount of such insurance, County shall not be liable to Company for damages caused by business interruption by reason of the total or partial suspension of, or interruption in, the operation of the Hospital caused by the damage to or destruction of any part of the Hospital
- (e) Professional Liability. Company shall, at its expense and at all times, procure and maintain a policy or policies of professional liability insurance in a company or companies of good standing qualified to write such insurance in the State of Florida or a suitable program of self-insurance in an amount not less than that maintained for comparable hospital facilities operated by it or its Affiliates.
- (f) Worker's Compensation. Company shall further, at its expense and at all times, maintain insurance or one or more suitable self-insurance programs to cover worker's compensation and in such amounts as are required by the laws of the State of Florida.

With respect to all of the above-described types of insurance to be maintained by Company, Company shall have the right to modify or adjust coverages, limits, and deductibles, and from time to time, consistent with then existing policies of Company and its Affiliates. Each policy with respect to the Leased Premises provided for in subsection (a) of this Section 9.1 shall name or carry an endorsement including Company as an additional insured and shall be cancelable only upon at least ten (10) days' written notice to Company but only if replaced by County with comparable insurance. Each policy with respect to the Leased Premises provided for in subsection (b) of this Section 9.1 shall name or carry an endorsement including County as an additional insured and shall

be cancelable only upon at least ten (10) days' written notice to County but only if replaced by Company with comparable insurance. A duplicate original of each such policy or a certificate or certificates in evidence thereof shall be delivered to and held by County.

*Section 9.2 Indemnity.* Company and County shall each indemnify and hold the other harmless from and against any damages resulting from a breach of their respective obligations under this Lease. County shall remain responsible for, and indemnify Company against, any and all liabilities, indebtedness, commitments or obligations of any kind whatsoever, which relate to the assets of the Leased Premises prior to the Commencement Date of this Lease. County's indemnification obligation is not intended to extend any further than allowed by Section 768.28, Florida Statutes or any other applicable provision of Florida law.

## **ARTICLE X**

### **Subordination; Non-Disturbance; Attornment**

*Section 10.1 Subordination, Non-Disturbance and Attornment.* At the request from time to time by one or more institutional holders of a mortgage or deed of trust that may hereafter be placed by the County upon the Leased Premises or other parts of the building in which the Leased Premises are located, and any and all amendments, renewals, replacements, modifications, consolidations, spreaders, refinancing and extensions thereof (collectively, a "Mortgage"), Company shall subordinate this Lease and all of Company's rights and estate hereunder to each such Mortgage as though each such Mortgage has or had been executed, acknowledged, delivered and recorded prior to the Lease and any amendments, modifications, extensions, renewals or restatements thereof. Company shall further agree with each such holder of a Mortgage ("Mortgagee") that Company will attorn to and recognize such Mortgagee or the subsequent purchaser of the Mortgage from Mortgagee at any foreclosure sale or any sale under a power of sale contained in any such Mortgage, as County under this Lease for the balance of the Term then remaining, subject to all of the terms and provisions of this Lease; provided, however, that each such Mortgagee simultaneously executes and delivers a written agreement in recordable form (a) consenting to this Lease and agreeing that, notwithstanding any such other lease, mortgage, deed of trust, right, title or interest, or any default, expiration, termination, foreclosure, sale, entry or other act or omission under, pursuant to or affecting any of the foregoing, Company shall not, so long as no Event of Default by Company has occurred hereunder, be disturbed in peaceful enjoyment of the Leased Premises nor shall this Lease be terminated or canceled at any time, except in the event County shall have the right to terminate this Lease under the terms and provisions expressly set forth herein; and (b) agreeing that for any period while it is landlord hereunder, it will perform, fulfill and observe all of County's representations, warranties and agreements set forth herein.

*Section 10.2 Estoppel Certificates.* At any time and from time to time, County and Company each agree, upon request in writing from the other, to execute, acknowledge and deliver to the other or to any person designated by the other a statement in writing certifying that the Lease is unmodified and is in full force and effect, or if there have been modifications, that the same is in full force and effect as modified (stating the modifications), that the other party is not in default in the performance of its covenants hereunder, or if there have been such defaults, specifying the same, and the dates to which the rent and other charges have been paid.

**ARTICLE XI**  
**Notices**

Any notice or notification specified hereunder to be given to the Company or the County or GHI shall be deemed effective upon the earlier of actual delivery or three (3) days following the date such notice shall have been mailed by United States certified or registered mail, postage prepaid, addressed to the Company, or County, or GHI, respectively, as follows:

County:	County Administrator Gadsden County, Florida 9-B East Jefferson Street Quincy, Florida 32353-1799
with copy to:	County Attorney c/o Gadsden County Administrator 9-B East Jefferson Street Quincy, Florida 32353-1799
GHI:	Gadsden Hospital, Inc. 9-B East Jefferson Street Quincy, Florida 32353-1799
with copy to:	County Attorney c/o Gadsden County Administrator 9-B East Jefferson Street Quincy, Florida 32353-1799
Company:	Chief Executive Officer Tallahassee Medical Center, Inc. d/b/a Capital Regional Medical Center 2626 Capital Medical Boulevard Tallahassee, Florida 32308
with copy to:	Operations Counsel Legal Department P.O. Box 550 Nashville, TN 37202

The County, GHI, or the Company may, however, from time to time by notice in writing to the other party establish an addressee or an address differing from the foregoing for the purpose of giving notice or notification under this Lease.

## ARTICLE XII

### Miscellaneous Provisions

*Section 12.1 Right of First Refusal to Lease or Purchase.* If County receives and desires to accept or desires to make any bona fide offer (an "Offer") for the sale of the Leased Premises (and any other assets associated with Hospital) in whole or in part or for the sale or transfer of the Leased Premises, County shall notify Company in writing of each Offer. This notice (the "Notice of Offer") shall contain a copy of the Offer and all other terms and conditions applicable to the Offer. In the event that the Offer is for other property in addition to the Leased Premises or some part thereof, the Notice of Offer shall pro rate the Offer, stating that portion of the Offer which is related to the Leased Premises. The whole or that part of the Leased Premises to which any Offer for the sale or other conveyance of the Leased Premises applies is referred to as the "Offer Premises." Company shall have the right to purchase ("Right of First Refusal") the Offer Premises at the price and terms set forth in the Notice of Offer. Company shall exercise its Right of First Refusal, if at all, by giving written notice of exercise to County no later than the date thirty (30) days after Company's receipt of the Notice of Offer. If Company does not exercise the Right of First Refusal with regard to an Offer of which it has been given a Notice of Offer, and if within one hundred eighty (180) days after the date of the Notice of Offer, the Offer Premises is conveyed in accordance with the Offer, Company's Right of First Refusal shall terminate with respect to the Offer Premises so sold or conveyed, provided that: (i) the Right of First Refusal shall remain in effect with respect to the balance of the Leased Premises, if any, not conveyed pursuant to the Offer, (ii) once an Offer of which County has given Company Notice of Offer is accepted by County, County shall not agree to a reduction of the purchase price, more favorable terms or any change in the nature or amount of the consideration to be given in exchange for the Offer Premises without first giving Company notice of the reduction, more favorable terms or change, and upon receipt of that notice, Company shall again have the Right of First Refusal to acquire the Offer Premises at the new price and new terms; and (iii) if any Offer is not accepted by Company or if the Offer Premises are not conveyed in accordance with the accepted Offer within one hundred eighty (180) days after the date Company received the Notice of Offer, then Company's Right of First Refusal shall be applicable to the Offer Premises and to any subsequent Offer received by County with respect to the Leased Premises during the term of this Lease. Upon request of County, Company shall furnish to County or the purchaser of the Offer Premises an affidavit in recordable form stating the extent to which Company's Right of First Refusal has terminated in accordance with this Section and setting forth such other matters as Company shall deem necessary or appropriate. A sale by County of the Leased Premises to a third party will not terminate, modify, or affect in any manner this Lease. In the event that Company exercises the Right of First Refusal with respect to the Leased Premises, County shall deliver exclusive possession of the Offer Premises to Company at the closing. The closing for the payment of the purchase price and for delivery of County's deed for the Leased Premises shall be held in Gadsden County, Florida, at a time mutually agreed to by the parties within thirty (30) days after the date that Company exercises its Right of First Refusal.

In addition, County shall consult with Company regarding the lease of any portion of the Hospital building not subject to the Lease and will provide Company a right of first refusal to lease said space upon the same terms and conditions as contained in the offer from the third party, in accord with the process described in the above preceding paragraph. Should Company opt not to exercise this right of first refusal, County shall seek the consent of Company to any lease or sale of



space in the portion of the Hospital building not subject to the Lease and Company shall respond within thirty (30) days of County's request. Company's consent will not be unreasonably withheld.

*Section 12.2 Severability.* In the event any provision of this Lease shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof or such otherwise invalid provision under circumstances other than those under which it was determined to be invalid, except to the extent that such other provision is wholly dependent for its operation upon the part declared to be invalid, and to that end the provisions hereof are agreed and declared to be severable.

*Section 12.3 Amendments and Modifications.* This Lease shall not be amended or modified except by a written instrument signed by the duly authorized representatives of each of the parties hereto.

*Section 12.4 Captions.* The titles of articles, sections, subsections, or paragraphs herein are solely for the convenience of the parties and shall not be used to explain, limit, expand, modify, simplify, or aid in the interpretation of the provisions of this Lease Agreement.

*Section 12.5 Assignments.* Except as herein otherwise expressly provided, no party hereto may assign or otherwise transfer its rights or obligations hereunder without the prior written consent of the other parties hereto, which consent will not be unreasonably withheld. For purposes of this section, the sale, transfer, pledge or assignment of a membership interest or of a controlling equity ownership interest, such that the existing owner of either party fails to maintain a majority of its voting interests, shall be deemed an attempted assignment.

*Section 12.6 Entire Agreement.* This Lease constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and the transactions hereby contemplated. Any prior understandings, proposals, or representations of any kind shall not be binding upon either party except to the extent incorporated in this Lease. Without limitation, upon complete execution of this Lease, the December 7, 2009 Letter of Intent executed by the parties is hereby superseded in full.

*Section 12.7 Governing Law.* This Lease shall be governed by and construed in accordance with the Constitution, laws and regulations of the State of Florida without regard to provisions with respect to conflicts or choices of law.

*Section 12.8 Relationship of the Parties.* Nothing contained herein shall be deemed or construed by the parties hereto, nor by any third party, to create any relationship (including the relationships of principal and agent or of partnership or of joint venture) other than the relationship of landlord and tenant between the parties hereto.

*Section 12.9 No Third Party Beneficiaries.* This Lease and the terms, covenants, agreements and other provisions set forth in this Lease (collectively, the "Lease Provisions") are for the sole and exclusive benefit of County and GHI and Company. No person, firm, Company, partnership or other legal entity whatsoever (individually and collectively, a "Third Party") shall be a third party beneficiary with respect to this Lease or any of the Lease Provisions, and none of the Lease

Provisions shall inure to the benefit of any Third Party or create any rights against County and GHI or Company for the benefit of or enforceable by any Third Party.

*Section 12.10 Execution in Counterparts.* This Lease may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

*Section 12.11 Time of Essence.* The parties hereto agree that time is of the essence with respect to performance of the obligations hereunder.

*Section 12.12 No Finders or Brokers.* Neither County, GHI nor the Company nor any of its Affiliates has engaged any finder or broker in connection with the transactions contemplated hereunder.

*Section 12.13 Memorandum of Lease.* The parties hereto agree to enter into a Memorandum of Lease in a form reasonably acceptable to both parties and appropriate for recordation.

*Section 12.14 Review of Lease.* Company, County and GHI acknowledge that each of them and their counsel have had an opportunity to review this Lease.

*Section 12.15 No Merger.* The voluntary or other surrender of this Lease by Company or the cancellation of this Lease by mutual agreement of the parties or the termination of this Lease on account of Company's default will not work a merger, and will, at County's option, (a) terminate all or any subleases and subtenancies or (b) operate as an assignment to County of all or any subleases or subtenancies. County's option under this Section will be exercised by written notice to Company and all known sublessees or subtenancies in the Leased Premises or any part of the Leased Premises.

*Section 12.16 Attorneys' Fees.* Between the parties hereto and in connection with any interpretation, defense or enforcement of any matter arising out of or in any manner relating to this Lease, the prevailing party shall be entitled to recover reasonable attorneys' fees and disbursements (including disbursements which would not otherwise be taxable as costs in the proceeding). In connection with any suit, action, or other proceeding, including arbitration or bankruptcy, arising out of or in any manner relating to this Lease, the prevailing party shall be entitled to recover reasonable attorneys' fees and disbursements (including disbursements which would not otherwise be taxable as costs in the proceeding). All references in this Lease to attorneys' fees shall be deemed to include all legal assistants' and paralegals' fees and shall include all fees incurred through all post-judgment and appellate levels and in connection with bankruptcy proceedings.

*Section 12.17 Effectiveness.* Notwithstanding any other provision hereof to the contrary, this Lease shall not be legally effective and binding on the parties hereto until such time as all shall have been fully executed by all parties.

*Section 12.18 Confidentiality of Proprietary Information.* Except as provided in subsection 12.18(b), all properly designated information disclosed to County and/or GHI by Company and its affiliates shall be deemed to be "Proprietary Information".

(a) Company understands that County and GHI are legally required to abide by various public records and government in the sunshine laws, including, without limitation, F.S. §§ 119.07 and 286.011, as amended. County and GHI agree that they shall abide by the confidentiality and other requirements of this Agreement, except as required by law or court order. It is noted that any portion of the Proprietary Information constituting trade secret information as defined by applicable Florida statute is exempt from the public record laws to the extent such information is properly designated and otherwise meets applicable requirements for such information. In the event that County or GHI receive a request, pursuant to such public records or government in the sunshine laws, for the production of any Proprietary Information, County or GHI shall immediately notify Company of such request and will timely assert all exceptions to the production of such Proprietary Information or other information requested by Company that are reasonably available to County or GHI, and will use its best efforts to obtain, if reasonably necessary, a legally enforceable ruling supporting the non-production of such materials or information. Company may, at its own option and expense, prepare comments, submit information and/or intervene in any legal proceeding stating why the requested information is exempt from disclosure. County or GHI's obligation to enforce this provision in any legal proceeding regarding such information shall immediately terminate should Company choose not to intervene and affirmatively assert the trade secret or other confidential nature of such information; provided that in such event County or GHI shall furnish only that portion of the Proprietary Information that it is advised by a written opinion of its counsel is legally required.

(b) County and GHI shall use all reasonable efforts to protect the Proprietary Information received with the same degree of care used to protect its own Proprietary Information from unauthorized use or disclosure by its employees and Representatives, except that such Proprietary Information may be used or disclosed to its employees and Representatives as may be reasonably required to evaluate a possible transaction.

(c) It is understood that the term "Proprietary Information" does not include Information which:

- (1) is now or hereafter in the public domain through no fault of County or GHI;
- (2) prior to disclosure hereunder, is properly within the rightful possession of County or GHI;
- (3) is lawfully received from a third party with no restriction on further disclosure;
- (4) is obligated to be produced under applicable law or order of a court of competent jurisdiction, unless made the subject of a confidentiality agreement or protective order; or
- (5) has not been properly designated as "Proprietary Information" or as confidential; provided that County and GHI acknowledge that, except for information that is not proprietary pursuant to subsection 12.18 (c) above, Company hereby designates all Information provided by Company as Proprietary Information and confidential, it

being the intent of the parties to this Lease that such designation in this Lease shall be effective to the fullest extent permitted by Florida law.

IN WITNESS WHEREOF, the parties hereto have caused this Lease to be executed by its respective duly authorized officers as of the day and date first above written.

COUNTY:

Gadsden County Florida Board of Commissioners

BY: Eugene Smith, Jr.

TITLE: Chairman

DATE: 3/16/2010

GHI:

Gadsden Hospital, Inc.

BY: [Signature]

TITLE: CEO

DATE: 3/15/2010

COMPANY:

Tallahassee Medical Center, Inc. d/b/a Capital Regional Medical Center

BY: David K. Dy

TITLE: HCA N. Florida Division CFO

DATE: 3/16/10

**FIRST AMENDMENT TO LEASE AGREEMENT  
BETWEEN GADSDEN COUNTY, FLORIDA and  
GADSDEN HOSPITAL, INC. and  
TALLAHASSEE MEDICAL CENTER, INC.**

This FIRST AMENDMENT to the LEASE AGREEMENT by and between GADSDEN COUNTY, FLORIDA ("County") and GADSDEN HOSPITAL, INC. ("GHI") and TALLAHASSEE MEDICAL CENTER, INC. d/b/a CAPITAL REGIONAL MEDICAL CENTER ("Company"), is made and entered into effective March 1, 2013 even though it may finally be executed and delivered on a subsequent basis.

A. County, GHI and Company entered into a certain Lease Agreement in March, 2010 wherein the County and GHI leased a hospital facility to Company now known as "Capital Regional Medical Center-Gadsden Memorial Campus."

B. The parties hereto desire to amend said Lease Agreement.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereby amend the Lease Agreement as follows:

1. Section 3.3(a) is amended to read as follows:

*Section 3.3 Lease Term*

(a) Initial Term. The Lease shall have an initial term of ten (10) years beginning on the Commencement Date and ending on the last day of the month, ten (10) years after the Commencement Date.

2. Section 4.6 entitled "*County Contribution of Trust Funds*" is hereby stricken and deleted.
3. Section 4.7 is amended to read as follows:

*Section 4.7. County's Use of Sales Tax Proceeds.* The Parties acknowledge that the proceeds from the Gadsden County one-half (1/2) cent sales tax surtax for health care must be used to repay the debt associated with the cost of renovations of the Hospital, and to provide funding for indigent care. The parties acknowledge that there are other purposes for which proceeds from the surtax may be used. However, it is the intent of the Parties, and the Board of County Commissioners of Gadsden County agrees, to annually allocate at least fifty percent (50%) of the proceeds from the surtax not otherwise committed to debt repayment to and for the benefit of the Hospital for indigent care that will be provided by the Hospital as well as other needs necessary for the successful operation of the Hospital. All such allocations to the hospital must be consistent with Ordinance No. 08-025 (authorizing the surtax) and any other applicable requirements of Florida law, and distributions of the tax proceeds shall be made quarterly by County to Company.

(a) For the period from March 1, 2013 through September 30, 2013, should the amount of the payments made from the Sales Tax Proceeds by the County to Company be less than Two Hundred Sixty Eight Thousand Dollars (\$268,000), the County agrees to contribute an amount equal to the difference between the amount of the Sales Tax Proceeds that were paid by the County to Company and Two Hundred Sixty Eight Thousand Dollars (\$268,000). The amount of differential payment to be made under this Section 4.7 will be hereafter referred to as "the Contribution."

(b) Commencing on October 1, 2013, should the amount of the payments made from the Sales Tax Proceeds be less than Four Hundred Sixty Thousand Dollars (\$460,000) annually, the County agrees to a Contribution in an amount equal to the difference between the amount of the Sales Tax Proceeds that were paid by the County to Company and Four Hundred Sixty Thousand Dollars (\$460,000).

(c) The Contribution amounts referred to in this Section 4.7 are subject to the following limitations:

(i) Any Contribution shall be made only from the income generated from that certain Trust Fund established in 1952 naming as beneficiary the Board of County Commissioners of Gadsden County acting for and on behalf of Gadsden County, Florida (hereafter "the Trust").

(ii) The amount of any Contribution is limited by and shall not exceed the amount of the income of the Trust, after payment of usual and customary Trust expenses, generated during the same period for which the need for the Contribution was determined.

(iii) To the extent required by this Lease, Contributions by the County shall be made within sixty (60) days of the date on which the amount of the Contribution is agreed to between the County and Company.

(iv) Pursuant to Section 155.40(18)(b), Florida Statutes (2012), to the extent the revenue from the Trust exceeds \$100,000 annually, Company shall be accountable to County in that this Section 4.7 of this Lease shall be subject to modification upon twelve months' notice to Company. Should Section 155.40(18)(b), Florida Statutes (2012) be amended during the term of this Lease, then this Section 4.7 of the Lease shall be subject to modification in order to maintain consistency with the requirements of Florida law.

4. All other terms and conditions of the Lease Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have caused this Lease to be executed by its respective duly authorized officers as of the day and date first above written.

COUNTY:

Gadsden County Florida Board of Commissioners

BY:

TITLE:

DATE:

Chairman

4/23/13

Arthur Lanson, Jr.  
Witness

Laurel Bradley  
Witness

GHI:

Gadsden Hospital, Inc.

BY:

TITLE:

DATE:

Arthur Lanson, Jr.  
Witness

Patullo Lanson  
Witness

COMPANY:

Tallahassee Medical Center, Inc. d/b/a Capital Regional Medical Center

BY:

TITLE:

DATE:

CEO

4/17/13

Pat Granberry  
Witness

Jana Whitfield  
Witness

**SECOND AMENDMENT TO LEASE AGREEMENT  
BETWEEN GADSDEN COUNTY, FLORIDA and  
GADSDEN HOSPITAL, INC. and  
TALLAHASSEE MEDICAL CENTER, INC.**

This SECOND AMENDMENT to the LEASE AGREEMENT by and between GADSDEN COUNTY, FLORIDA ("County") and GADSDEN HOSPITAL, INC. ("GHI") and TALLAHASSEE MEDICAL CENTER, INC. d/b/a CAPITAL REGIONAL MEDICAL CENTER ("Company"), is made and entered into effective December 1, 2013 even though it may finally be executed and delivered on a subsequent basis.

WHEREAS, County, GHI and Company entered into a certain Lease Agreement in March, 2010 wherein the County and GHI leased a hospital facility to Company now known as "Capital Regional Medical Center-Gadsden Memorial Campus;" and

WHEREAS, the parties entered into a First Amendment to said Lease Agreement effective March 1, 2013; and

WHEREAS, County has expended funds to construct space suitable for medical office use in approximately twelve hundred (1200) gross square feet of previously unfinished space within the Hospital that Company desires to make available for use by primary care and specialist physicians that will serve the residents of Gadsden County as well as others; and

WHEREAS, the parties hereto desire to enter into the Second Amendment to Lease Agreement as set forth herein.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereby amend the Lease Agreement as follows:

1. Section 4.1 is amended to read as follows:

*Section 4.1. Rents Payable.* During each Lease Year of the Lease Term, Company shall pay as rent to the County the following:

- (a) Base Rent. Base Rent is One Dollar (\$1) per lease year. On or prior to the 30<sup>th</sup> day of June each year of the Lease Term, Company shall pay County, or its designee, the sum of One Dollar (\$1).
- (b) Additional Rent For Medical Office Space. In addition to the Base Rent, Company shall pay One Thousand Dollars (\$1000.00) per month as rent for approximately twelve hundred (1200) gross square feet located in the northwest section of the Hospital that is constructed as medical office space (hereafter "Medical Office Space"). Said rent shall, without setoff or deduction, be due and payable in advance, without demand, on the first day of each and every calendar month during the term of this Lease, including any Renewal Terms, commencing with



the month in which this Second Amendment becomes effective. Company will pay all sales taxes, governmental surcharges and the like levied or assessed against all rent payments due under this Lease simultaneously with each rent payment required.

- (c) Such rent shall be paid by check or such other means as mutually acceptable to County and Company at the following address:

Gadsden County Clerk  
9-B East Jefferson Street  
Quincy, Florida 32351

or to such other address as directed by County.

- 2. Section 5.3(p) is hereby created as follows:

- (p) Medical Office Space. Company shall use commercially reasonable efforts to have primary care or specialist physicians or physician extenders physically present in the Medical Office Space during customary outpatient office hours to provide medical services. Notwithstanding any other provision of this Lease to the contrary, Company may sublease or otherwise make the Medical Office Space available to physicians or physician extenders without prior written consent of County so long as the physician and physician extenders are Medicaid providers and will treat Medicaid patients that seek services from providers using the Medical Office Space. Additionally, notwithstanding any other provision of this Lease to the contrary, any furniture or equipment purchased or otherwise acquired by Company for the Medical Office Space shall be the property of Company.

- 3. The Lease is hereby ratified and confirmed and remains in full force and effect, as amended hereby. In the event of a conflict between the terms of this Second Amendment and the terms of the Lease, the terms of this Second Amendment shall control. This Second Amendment may be executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute one and the same instrument. Defined terms used in this Second Amendment not defined herein shall have the meaning set forth in the Lease.

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IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed by its respective duly authorized officers as of the day and date first above written.

COUNTY:

Gadsden County Florida Board of County Commissioners

BY: *Douglas Croley*

TITLE: Chairman

DATE: November 5, 2013

Witness *David Weiss*

*Marcella Blocker*  
Witness Marcella Blocker

GHI:



Attest: *Nicholas Thomas*  
Nicholas Thomas, Clerk

Gadsden Hospital, Inc.

BY: *Shelia P. Frication*

TITLE: Chairman

DATE: 10/29/2013

Witness *Shelia P. Frication*

Witness *Shelia P. Frication*

COMPANY:

Tallahassee Medical Center, Inc. d/b/a Capital Regional Medical Center

BY: *Nicholas L. Paul*

NAME: Nicholas L. Paul

TITLE: Vice President, Real Estate

DATE: 10/29/13

Witness *John Miles*

Witness *John Miles*

**THIRD AMENDMENT TO LEASE AGREEMENT  
BETWEEN GADSDEN COUNTY, FLORIDA and  
GADSDEN HOSPITAL, INC. and  
TALLAHASSEE MEDICAL CENTER, INC.**

This THIRD AMENDMENT to the LEASE AGREEMENT by and between GADSDEN COUNTY, FLORIDA ("County") and GADSDEN HOSPITAL, INC. ("GHI") and TALLAHASSEE MEDICAL CENTER, INC. d/b/a CAPITAL REGIONAL MEDICAL CENTER ("Company"), is made and entered into effective February 15, 2016 even though it may finally be executed and delivered on a subsequent basis.

WHEREAS, County, GHI and Company entered into a certain Lease Agreement in March, 2010 wherein the County and GHI leased a hospital facility to Company now known as "Capital Regional Medical Center-Gadsden Memorial Campus;" and

WHEREAS, the parties have previously entered into First and Second Amendments to said Lease Agreement; and

WHEREAS, the parties hereto desire to enter into the Third Amendment to Lease Agreement as set forth herein.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereby amend the Lease Agreement as follows:

1. Section 1.1 of the Lease Agreement is amended to strike the definition of "Capital Expenditures" and replace it with the following:

*"Capital Expenditures"* means any expenditure in excess of Five Thousand Dollars (\$5,000) by Company normally capitalized under generally accepted accounting principles consistently applied, and in accordance with Company's customary accounting principles and procedures, including but not limited to any fixed or moveable equipment or physical plant renovations or improvements.

2. Section 4.8 is amended to read as follows:

*Section 4.8 County EMS Services.* County, or its Affiliate, Gadsden County EMS, shall bear the cost of transporting patients by EMS to Hospital via 911 calls or citizen requests for ambulance transport. County, or its Affiliate, Gadsden EMS, shall also bear the cost of transporting patients in need of inpatient or specialized care from the Hospital to another acute care facility. Nothing contained herein shall limit the ability of County or of Gadsden EMS to bill patients, third party payors or others, except for Company, for such transports. Notwithstanding the foregoing, Company shall pay Gadsden EMS (or its designee) the sum of Three Hundred Dollars (\$300.00) for transport of the following patients:

-Those transported by Gadsden EMS from Hospital to Company's hospital located at 2626 Capital Medical Blvd, Tallahassee, FL 32308; and

-For whom the payor is either (a) Medicare; or (b) a Medicare health maintenance organization that does not provide coverage for EMS transport from Hospital to Company's hospital located at 2626 Capital Medical Blvd, Tallahassee, FL 32308;

-For whom there is no other payment source that Gadsden EMS could properly bill or collect payment from for such transports (excluding any Medicare or Medicare HMO deductible or co-pay amounts); and

-For whom Gadsden EMS (or its designee) have billed and provided appropriate documentation satisfactory to Company.

2. The Lease is hereby ratified and confirmed and remains in full force and effect, as amended hereby. In the event of a conflict between the terms of this Third Amendment and the terms of the Lease, the terms of this Third Amendment shall control. This Third Amendment may be executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute one and the same instrument. Defined terms used in this Third Amendment not defined herein shall have the meaning set forth in the Lease.

*REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK*

IN WITNESS WHEREOF, the parties hereto have caused this Lease to be executed by its respective duly authorized officers as of the day and date first above written.

COUNTY:

Gadsden County Florida Board of County Commissioners

BY: Brenda A. Helf

TITLE: Chair

DATE: February 2, 2016

GHI:



Attest: [Signature]  
Nicholas Thomas, Clerk

Witness

[Signature]  
DAN D JONES

Marcella Blocker  
Witness

Gadsden Hospital, Inc.

BY: [Signature]

TITLE: Chair

DATE: 2-15-16

Witness

Marcella Blocker

Lauree Bradley  
Witness

COMPANY:

Tallahassee Medical Center, Inc. d/b/a Capital Regional Medical Center

BY: [Signature]

TITLE: CEO

DATE: 2/1/16

Witness

Patricia A. Grant

[Signature]  
Witness