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November 21, 2014

RECEIVED

NOV 24 2014

**STATE HEALTH PLANNING
AND DEVELOPMENT AGENCY**

VIA FEDERAL EXPRESS

Mr. Alva Lambert, Executive Director
Alabama State Health Planning and Development Agency
100 North Union Street, Suite 870
Montgomery, Alabama 36104

Re: Notification
Facilities: Helen Keller Hospital
Red Bay Hospital

Dear Alva,

Please accept this letter as notice of a long term lease arrangement whereby The Health Care Authority of the City of Huntsville ("Huntsville Authority") and Colbert County – Northwest Alabama Health Care Authority recently executed a Lease Agreement with an effective date of January 1, 2015 for a primary term of forty years, with four renewal terms of ten years each and an option to purchase. This lease will result in the assets and operations of Helen Keller Hospital and Red Bay Hospital being leased and managed by the Huntsville Authority, or its wholly owned subsidiary.

Enclosed please find two "Change of Control" forms containing the information needed concerning this arrangement, as well as a check in the amount of \$5,000.00.

The following additional information is provided:

- (a) Helen Keller Hospital will continue to function as an acute care hospital, and Red Bay Hospital will continue to function as a critical access hospital.
- (b) The transaction will not result in the addition of new beds.
- (c) The transaction will not result in the conversion of beds.
- (d) The transaction does not involve stock or any legal change of ownership.

Mr. Alva Lambert
November 21, 2014
Page 2

If you have any questions please contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "Joe W. Campbell". The signature is fluid and cursive, with the first name "Joe" being more prominent and stylized than the last name "Campbell".

Joe W. Campbell

cc: David S. Spillers, CEO Huntsville Hospital
Paul Storey, CEO Helen Keller Hospital
Ray Sherer, Licensure Program Director, Alabama Department of Public
Health

RECEIVED**CHANGE OF CONTROL**

NOV 24 2014

STATE HEALTH PLANNING
AND DEVELOPMENT AGENCY**Part I: Lessee Organization Information**

Name of Organization: HH Health System – Shoals, LLC,
A wholly owned subsidiary of
The Health Care Authority of the City of Huntsville

Facility Name:
(ADPH Licensure name) Helen Keller Hospital

SHPDA ID Number: 033-6530880

Address (PO Box #): 101 Sivley Road

City, State, Zip, County: Huntsville, AL 35801

Number/Type Licensed Beds: 185 Acute Care Beds

Owner(s): (Lessee) The Health Care Authority of the City of Huntsville, by
and through its wholly owned subsidiary, HH Health System –
Shoals, LLC

Operator(s): (Lessee) The Health Care Authority of the City of Huntsville, by
and through its wholly owned subsidiary, HH Health System –
Shoals, LLC

Part II: Lessor Organization Information

Name of Organization: Colbert County – Northwest Alabama Health Care
Authority d/b/a Helen Keller Hospital

Address (PO Box #): 1301 S. Montgomery Avenue

City, State, Zip, County: Sheffield, AL 35660

Number/Type Licensed Beds: 185 Acute Care Beds

Owner(s): Colbert County – Northwest Alabama Health Care Authority

Operator(s): Colbert County – Northwest Alabama Health Care Authority

Part III: Value of Consideration

Monetary Value of Lease: \$40,000 (Lease payment) No./Type Beds: 185 Acute Care

Terms of Lease: Lease with 40 Year Initial Term, four additional terms of 10
years, with an option of Lessee to purchase at any time

(add more pages as necessary to describe the sale)

Part IV: List of Certificate of Need Authority

Number of Beds: 185

Types of Institutional Health Services: Acute Care Hospital

List Service Area by County for Home Health Agencies: _____

On an Attached Sheet Please Address the Following:

*1.) The financial scope of the project to include the preliminary estimate of costs broken down by equipment, construction, and yearly operating costs.

*2.) The services to be offered by the proposal (the applicant will state whether he has previously offered the service and whether the service is an extension of a presently offered service, or whether the service is a new service).

*3.) Whether the proposal will include the addition of any new beds.

*4.) Whether the proposal will involve the conversion of beds.

*5.) Whether the assets and stock (if any) will be acquired.

Part V: Certification of Information

I certify that I agree to provide the information necessary (financial, utilization of services and beds, etc.) so the new owner can have the necessary information to complete reports as necessary for the entire fiscal year. The Lessee has agreed to these terms,

Lessor(s) Signature(s):

Owner/Operator: Colbert County – Northwest Alabama Health Care Authority

By: _____

Title/Date: _____ *Board Chair - 11-20-2014*

I certify that I will be responsible for retaining records as necessary to complete reports required for the entire fiscal year, and agree to these terms. I have enclosed a check in the amount of \$2,500* made payable to 'Alabama State Health Planning and Development Agency' to cover the cost of the change of control.

X__ YES ___ NO The above Lessee and Lessor have agreed to these lease terms.

Lessee's Signature:

Owner/Operator: The Health Care Authority of the City of Huntsville, by and through its wholly owned subsidiary, HH Health System – Shoals, LLC

By:



Title/Date:

CHIEF EXECUTIVE OFFICER 11/20/14

ADDITIONAL INFORMATION

***1.) The financial scope of the project to include the preliminary estimate of costs broken down by equipment, construction, and yearly operating costs.**

While hospital improvements are contemplated by this lease, there is no financial obligation of this nature imposed.

***2.) The services to be offered by the proposal (the applicant will state whether he has previously offered the service and whether the service is an extension of a presently offered service, or whether the service is a new service).**

The hospital will continue to be operated as an acute care hospital.

***3.) Whether the proposal will include the addition of any new beds.**

This lease does not include the addition of any new beds to the hospital.

***4.) Whether the proposal will involve the conversion of beds.**

This lease does not involve the conversion of beds.

***5.) Whether the assets and stock (if any) will be acquired.**

The assets are leased.

RECEIVED**CHANGE OF CONTROL**

NOV 24 2014

STATE HEALTH PLANNING
AND DEVELOPMENT AGENCY**Part I: Lessee Organization Information**

Name of Organization: HH Health System – Shoals, LLC,
A wholly owned subsidiary of
The Health Care Authority of the City of Huntsville

Facility Name:
(ADPH Licensure name) Red Bay Hospital

SHPDA ID Number: 059-6539120

Address (PO Box #): 101 Sivley Road

City, State, Zip, County: Huntsville, AL 35801

Number/Type Licensed Beds: 25 Critical Access Beds

Owner(s): (Lessee) The Health Care Authority of the City of Huntsville, by
and through its wholly owned subsidiary, HH Health System –
Shoals, LLC

Operator(s): (Lessee) The Health Care Authority of the City of Huntsville, by
and through its wholly owned subsidiary, HH Health System –
Shoals, LLC

Part II: Lessor Organization Information

Name of Organization: Colbert County – Northwest Alabama Health Care
Authority d/b/a Red Bay Hospital

Address (PO Box #): 211 Hospital Road

City, State, Zip, County: Red Bay, AL 35582

Number/Type Licensed Beds: 25 Critical Access Beds

Owner(s): Colbert County – Northwest Alabama Health Care Authority

Operator(s): Colbert County – Northwest Alabama Health Care Authority

Part III: Value of Consideration

Monetary Value of Lease: \$40,000 (Lease payment) No./Type Beds: 25 Critical Access

Terms of Lease: Lease with 40 Year Initial Term, four additional terms of 10
years, with an option of Lessee to purchase at any time

(add more pages as necessary to describe the sale)

Part IV: List of Certificate of Need Authority

Number of Beds: 25

Types of Institutional Health Services: Critical Access Hospital

List Service Area by County for Home Health Agencies: _____

On an Attached Sheet Please Address the Following:

*1.) The financial scope of the project to include the preliminary estimate of costs broken down by equipment, construction, and yearly operating costs.

*2.) The services to be offered by the proposal (the applicant will state whether he has previously offered the service and whether the service is an extension of a presently offered service, or whether the service is a new service).

*3.) Whether the proposal will include the addition of any new beds.

*4.) Whether the proposal will involve the conversion of beds.

*5.) Whether the assets and stock (if any) will be acquired.

Part V: Certification of Information

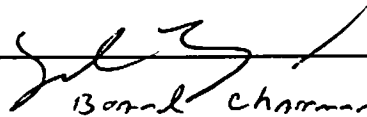
I certify that I agree to provide the information necessary (financial, utilization of services and beds, etc.) so the new owner can have the necessary information to complete reports as necessary for the entire fiscal year. The Lessee has agreed to these terms,

Lessor(s) Signature(s):

Owner/Operator: Colbert County – Northwest Alabama Health Care Authority

By: _____

Title/Date: _____

 Board Chairman

11-20-2014

I certify that I will be responsible for retaining records as necessary to complete reports required for the entire fiscal year, and agree to these terms. I have enclosed a check in the amount of \$2,500* made payable to 'Alabama State Health Planning and Development Agency' to cover the cost of the change of control.

X__ YES __ NO The above Lessee and Lessor have agreed to these lease terms.

Lessee's Signature:

Owner/Operator: The Health Care Authority of the City of Huntsville, by and through its wholly owned subsidiary, HH Health System – Shoals, LLC

By: _____



Title/Date: _____

CHIEF EXECUTIVE OFFICER

11/21/14

ADDITIONAL INFORMATION

***1.) The financial scope of the project to include the preliminary estimate of costs broken down by equipment, construction, and yearly operating costs.**

While hospital improvements are contemplated by this lease, there is no financial obligation of this nature imposed.

***2.) The services to be offered by the proposal (the applicant will state whether he has previously offered the service and whether the service is an extension of a presently offered service, or whether the service is a new service).**

The hospital will continue to be operated as an critical access hospital.

***3.) Whether the proposal will include the addition of any new beds.**

This lease does not include the addition of any new beds to the hospital.

***4.) Whether the proposal will involve the conversion of beds.**

This lease does not involve the conversion of beds.

***5.) Whether the assets and stock (if any) will be acquired.**

The assets are leased.

RECEIVED

NOV 24 2014

**STATE HEALTH PLANNING
AND DEVELOPMENT AGENCY**

LEASE AGREEMENT

THIS LEASE AGREEMENT ("Lease Agreement" or "Lease"), is entered into this 3rd day of November, 2014 by and between Colbert County – Northwest Alabama Health Care Authority, a public corporation organized under the laws of the State of Alabama, whose address is 1300 South Montgomery Avenue, Sheffield, Alabama 35660, by and on behalf of itself and its wholly owned subsidiaries (collectively "Lessor"), and The Health Care Authority of the City of Huntsville, a public corporation organized under the laws of the State of Alabama, whose address is 101 Sivley Road, Huntsville, Alabama 35801 ("Lessee").

WHEREAS, Lessor owns Helen Keller Hospital, 1300 S. Montgomery Avenue, Sheffield, AL 35660; Red Bay Hospital, 211 Hospital Road, Red Bay, Alabama 35582; and other clinics, physician offices, home health, hospice operations and other real estate located in the Medical Office Park (collectively the "HK Facilities"), including all Inventory, Patient Records, Lessor Cash and Personal Property located therein; and

WHEREAS, Lessor has ownership interests in various entities; and

WHEREAS, Lessee owns, manages or is affiliated with certain public and non-profit hospitals and health care facilities in the State of Alabama; and

WHEREAS, it is the mission of Lessee in the rapidly changing healthcare environment to provide quality care that improves the health of those it serves and to be one of the best health systems in the United States, consistently striving to provide clinical and service excellence in the most cost effective and efficient means possible; and

WHEREAS, Lessee has suffered serious financial losses due to the Medicare reimbursement formula for the Shoals area, and the increased cost of providing healthcare; and

WHEREAS, as the result of the financial losses as of the fiscal year end, Lessor will not meet certain bond covenants; and

WHEREAS, Lessor is committed to meeting the health and wellness needs of the community it serves through compassionate care, innovation and medical excellence, supported by service, technology and a dedication to continuous quality improvement in a manner consistent with the revenues generated by the HK Facilities; and

WHEREAS, consistent with the mission of Lessor and to further the ability for the community to continue to have access to quality care delivered by public hospitals, Lessor has determined that it is in the best interest of the citizens of Colbert and Franklin Counties and surrounding areas, that the Lessor lease the HK Facilities, all of the Leased Assets as further described in Section 1.25, to Lessee pursuant to the terms of this Lease and to assign its ownership interests, all Inventory and Patient Records to Lessee; and

WHEREAS, Lessee shall conduct Due Diligence of the HK Facilities and Leased Assets prior to November 14, 2014; and

WHEREAS, it is the intent of the parties that if this Lease Agreement is not terminated by noon on November 14, 2014, that this Lease Agreement shall be valid and binding as of noon on November 14, 2014 (the "Commitment Date"); and

WHEREAS, upon the Effective Date (as hereinafter defined), Lessee will lease from Lessor the HK Facilities and will thereafter operate the HK Facilities and Leased Assets to provide a more efficient, less costly and more improved delivery of health care services that will result in higher quality and greater access for the patients utilizing the services of the HK Facilities; and

WHEREAS, this Lease Agreement and the provision of services hereunder is intended to accomplish the highest quality of care for Colbert and Franklin County residents and surrounding communities and improve the overall efficiency and cost of clinical operations for the HK Facilities.

NOW, THEREFORE, in consideration of the premises and the mutual undertakings and representations herein contained, and other good and valuable consideration, receipt of which is hereby acknowledged, Lessor and Lessee hereby covenant, contract and agree as follows:

ARTICLE 1

DEFINITIONS

The following words, terms or phrases, when used in this Lease Agreement, shall have the following meanings, unless the context clearly indicates a different meaning.

1.1 "Advisory Board" shall have the meaning set forth in Section 5.14.

1.2 "Affiliate" or "Affiliates" means an entity under common control with, controlled by, or in control of Lessee. Control shall be deemed to exist when the ownership of Lessee in another entity exceeds 25% of the equity or ownership interests therein.

1.3 "Assigned Contracts" means all contracts, commitments, leases, promises, undertakings and obligations of Lessor of every description (whether written or oral and whether express or implied), including, without limitation: (a) those certain leases affecting the Premises which are existing and in effect as of the Effective Date of this Lease where Lessor is landlord (hereinafter the "Landlord Leases"); (b) those certain leases where Lessor is a tenant of the leased properties (together with the Landlord Leases, the "Leased Properties"); (c) all Provider Agreements; (d) all employment agreements with Lessor Employees; (e) all software agreements and licenses; and (f) all other contracts and leases in which Lessor is a party.

1.4 "Assumed Liabilities" means all obligations, debts, liabilities, expenses, costs, undertakings and duties of Lessor of every description and kind, known and unknown, contingent or otherwise, accrued or unaccrued, disputed or undisputed, liquidated or unliquidated, secured or unsecured, joint or several, due or to become due, vested or unvested, executory, determined, determinable or otherwise, and whether or not the same is accrued on the financial statements of the Lessor, including, without limitation: (a) all payment obligations, other obligations and liabilities arising under the Assigned Contracts or the HK Ownership

Interests; (b) all accounts payable of Lessor; (c) all liabilities to Lessor Employees, including liabilities for compensation, vacation pay, severance, pension and profit-sharing plans, medical plans, Lessor Benefit Plans and other compensation and benefits other than the retirement benefits provided by the Retirement Systems of Alabama; (d) all third-party liabilities; (e) all Lessor Benefit Plans other than the retirement benefits provided by the Retirement Systems of Alabama; (f) all actions of every description, whether sounding in tort or contract or other legal theory, and whether the result of intentional or negligent conduct or omission on the part of Lessor, and their respective directors, officers, employees, agents or representatives, or breach of any statutory duty; (h) all liabilities for violations of Legal Requirements, including the Environmental and Safety Laws; (i) all Tax and regulatory liabilities and obligations, including such as result from the transactions outlined herein; (j) all amounts owed by Lessor to Lessee pursuant to that certain Strategic Affiliation Agreement between the parties, dated November 1, 2010; (k) all recoupments against Lessor pursuant to any Provider Agreement, including by Medicare, Medicaid, BlueCross BlueShield of Alabama and/or any other third-party payor; and (l) all other indebtedness of every description and kind.

1.5 "Buildings" means those buildings and structures located on the Premises, which are owned or leased by Lessor and currently housing the HK Facilities and other Lessor operations, including improvements of every kind including, but not limited to, alleyways and connecting tunnels, sidewalks, utility pipes, conduits and lines (on-site and off-site), and parking areas.

1.6 "COBRA Continuation Coverage" shall have the meaning set forth in Section 5.16(b).

1.7 "Code" means the Internal Revenue Code of 1986, as amended.

1.8 "Commitment Date" shall mean November 15, 2014.

1.9 "Condemning Authority" shall have the meaning set forth in Section 12.2.

1.10 "Consent" means any approval, consent, ratification, waiver, or other authorization.

1.11 "Effective Date" shall have the meaning set forth in Section 2.5.

1.12 "Effective Reversion Date" shall have the meaning set forth in Section 8.9.

1.13 "Equipment" means all machinery, furniture, fixtures and equipment, including medical and office equipment, furnaces, boilers, heaters, electrical equipment, heating, plumbing, lighting, ventilation, refrigerating, incinerators, air and water pollution control, waste disposal, air-cooling and air-conditioning systems, and apparatus, sprinkler systems and fire and theft protection equipment owned by Lessor and located on the Premises.

1.14 "Environmental and Safety Laws" means all applicable federal, state, and local laws, statutes, codes, regulations, rules, ordinances, orders, standards, permits, licenses, actions, policies, and requirements (including consent decrees, judicial decisions, common law, and administrative orders) relating to the protection of the environment and to public or worker

health and safety, all as amended, hereafter amended or reauthorized, including, but not limited to: the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA), 42 U.S.C. §9601 et seq., the Resource Conservation and Recovery Act (RCRA), 42 U.S.C. § 6901 et seq., the Toxic Substances Control Act, 15 U.S.C. § 2601 et seq., the Occupational Safety and Health Act, 29 U.S.C. § 651 et seq., the Clean Air Act, 42 U.S.C. §7401 et seq., the Federal Water Pollution Control Act, 33 U.S.C. § 1251 et seq., the Emergency Planning and Community Right to Know Act, 42 U.S.C. § 11001 et seq., the Safe Drinking Water Act, 42 U.S.C. § 300f et seq., and state laws analogous to any of the above.

1.15 "Extended Term" shall have the meaning set forth in Section 3.1.

1.16 "Fair Market Value" shall have the meaning set forth in Section 8.4.

1.17 "Financed Indebtedness" means:

- a) the 2003 Public Offering with an outstanding balance of \$17,305,000;
- b) the 2006 Compass Bank Private Placement debt with an outstanding balance of \$11,465,000;
- c) the 2010 Compass Bank debt with an outstanding balance of \$484,994;
- d) 2013A Progress Bank private placement debt with an outstanding balance of \$3,182,311.
- e) the 2013 B& C Bonds Compass Bank private placement with an outstanding balance of \$1,712,655.

1.18 "Foundation" shall mean the Helen Keller Foundation, Inc. and Dempsey Foundation, Inc., the foundation for Red Bay Hospital

1.19 "Government Authorization" means any consent, license, registration, change of ownership, or permit issued, granted, given or otherwise made available by or under the authority of any Governmental Body or pursuant to any Legal Requirement. For purposes of clarification and not as a limitation, Governmental Authorization shall include all regulatory and other governmental approvals and permits, including but not limited to, change of ownership, certificates of need, licensure, certifications, and Provider Agreements, as may be required for the operation of the HK Facilities and Lessor.

1.20 "Governmental Body" means any: (a) nation, state, county, city, or other jurisdiction; (b) federal, state, or other government; (c) governmental or quasi-governmental authority of any nature (including any agency, department, board, commission, or other entity exercising governmental or quasi-governmental powers); (d) body exercising, or entitled or purporting to exercise any administrative or regulatory authority or power; or (e) official of any of the foregoing.

1.21 "Hazardous Substances" shall mean any hazardous or toxic substance, material or waste, regulated or listed pursuant to any Environmental and Safety Laws.

1.22 "HK Facilities" shall have the meaning set forth in the Recitals.

1.23 "HK Ownership Interests" shall mean the possession by Lessor of equity in the capital, the stock or the profits of any entity, including the Helen Keller Foundation and the Dempsey Foundation for Red Bay Hospital.

1.24 "Inventory" means all items of consumable hospital-related personal property owned or held by the Lessor as of the Effective Date.

1.25 "Landlord Leases" shall have the meaning set forth in the definition of Assigned Contracts.

1.26 "Lease Agreement" or "Lease" shall mean this lease agreement between Lessee and Lessor.

1.27 "Leased Assets" means Lessor's interest in:

- (a) the Premises;
- (b) the Buildings;
- (c) real estate owned by Lessor in the Medical Office Park;
- (d) Lessor's leasehold interest in the Leased Properties;
- (e) the Government Authorizations, to the extent assignable;
- (f) all trade secrets and other confidential information concerning the operation or use of the HK Facilities not in the public domain and existing on the Effective Date; and
- (g) the benefit and use of the names "Helen Keller", "Helen Keller Hospital", "Red Bay Hospital" and all those tradenames and associated tax id numbers, NPI's or other identifying numbers utilized by Lessor, including but not limited to those listed on Schedule B.

1.28 "Leased Properties" shall have the meaning set forth in the definition of Assigned Contracts.

1.29 "Legal Requirement" means any federal, state, local, municipal, foreign, international, multi-national or other constitution, law, ordinance, principle of common law, code, regulation, statute, or treaty.

1.30 "Lessee's Personal Property" shall have the meaning set forth in Section 10.1.

1.31 "Lessor Accounts Receivable" means all amounts owed to the Lessor in connection with Lessor Operations as of the Effective Date.

1.32 "Lessor Benefit Plans" means any pension, severance pay, vacation, bonus, or other incentive plans, all other written employee programs, arrangements, or agreements, all

medical, vision, dental or other health plans, all life insurance plans, retirement plans and all other employee benefit plans or fringe benefit plans, including "employee benefit plans" as that term is defined in Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended, currently adopted, maintained by, sponsored in whole or in part by, or contributed to by the Lessor for the benefit of Lessor Employees, retirees, dependents, spouses, directors, independent contractors, or other beneficiaries and under which Lessor Employees, retirees, dependents, spouses, directors, independent contractors, or other beneficiaries are eligible to participate, other than any plan through the RSA.

1.33 "Lessor Cash" means all U.S. currency and funds credited to and in the name of the Lessor, including deposits, investments, Lessor Board designated funds and debt service reserve funds and bond funds, as of the Effective Date.

1.34 "Lessor Employees" means all of the Lessor employees employed as of the Effective Date.

1.35 "Lessor Notice" shall have the meaning set forth in Section 8.6(d).

1.36 "Lessor Operations" means all health care, administrative and related or ancillary activities conducted as of the Effective Date in connection with the operation of the HK Facilities and Lessor.

1.37 "Management Employees" mean the Lessor's Chief Executive Officer and Chief Financial Officer.

1.38 "Net Position" means the value of the HK Facilities as shown in the December 31, 2014 financial audit.

1.39 "Patient Records" means the collection of diagnostic and/or treatment information and data pertaining to patients treated by the Lessor prior to the Effective Date, including identifying information, billing data, medical orders, assessment findings, diagnostic test results, operative reports, progress notes, scans and other images, monitoring data and details of treatment, in whatever format such information is maintained.

1.40 "Personal Property" means all tangible personal property, of every kind and nature, whether owned or leased by Lessor, and used in relation to the HK Facilities on the Effective Date, including, without limitation: (a) all instruments; (b) Equipment; (c) vehicles; (d) Patient Records and lists; (e) employment records; and (f) all other documents, instruments, papers, books and records, including, without limitation, medical documentation, payor verification, mailing lists, and related documentation, telephone numbers, facsimile numbers, electronic addresses, and passwords used in connection with the HK Facilities.

1.41 "PHSA" shall have the meaning set forth in Section 5.16.

1.42 "Premises" means the real property described in Schedule A, attached hereto and incorporated herein by reference, together with the Buildings and all rights, privileges, easements, appurtenances, and immunities belonging to or in any way pertaining to the Premises and improvement described herein.

1.43 "Primary Term" shall have the meaning set forth in Section 3.1.

1.44 "Provider Agreements" means the Lessor's Medicare provider agreements and Medicaid participation agreements with the Centers for Medicare and Medicaid Services and the Alabama Department of Medicaid, as applicable, including any agreements or requirements related to the maintenance of Medicare and Medicaid billing numbers, Lessor's BlueCross BlueShield of Alabama provider agreement, and all other third-party provider agreements held by Lessor, including all billing provider numbers related to the above.

1.45 "Rent" shall have the meaning set forth in Section 2.3(a).

1.46 "Super Majority" shall mean an affirmative vote of two-thirds of Lessor's then current Board of Directors present at a duly called meeting.

1.47 "Tax" means any income, gross receipts, license, payroll, unrelated business income, employment, exercise, stamp, occupation, premium, property, environmental, windfall profit, customs, vehicle, or other title or registration, capital stock, franchise, employee's income withholding, social security, unemployment, disability, real property, personal property, sales, use, transfer, value added, alternative, add-on, minimum and other tax, fee, assessment, levy, charge, or duty of any kind whatsoever and any interest, penalty, addition or additional amount thereon imposed, assessed, or collected by or under the authority of any Governmental Body or payable under any tax-sharing agreement or any other contract.

1.48 "Term" means the period commencing on the Effective Date and ending initially upon expiration of the Primary Term or Extended Term, as applicable, and in any event, subject to earlier termination pursuant to the termination provisions set forth in this Lease Agreement.

1.49 "Third Party Claim" shall have the meaning set forth in Section 9.2.

1.50 "Transitioned Employees" shall have the meaning set forth in Section 5.16(a).

1.51 "WARN Act" shall have the meaning set forth in Section 5.17.

ARTICLE 2

LEASE; TRANSFER; CONSIDERATION; CLOSING

2.1 **Lease and Transfer.** In consideration of the rents and covenants herein stipulated to be paid and performed by Lessee and upon the terms and conditions herein specified, as of the Effective Date:

(a) *Leased Assets.* Lessor hereby leases to Lessee, and Lessee hereby leases from Lessor, the Leased Assets; and

(b) *Assigned Contracts.* Lessor hereby assigns to Lessee all of the Assigned Contracts and Lessee hereby accepts such assignment. Lessee hereby agrees to assume all Lessor's obligations, covenants and agreements under the Assigned Contracts. Lessee shall be

entitled to collect and receive all such rents and other sums from the lessees under the Landlord Leases on and after the Effective Date, and Lessee and Lessor agree that the Landlord Leases shall upon this assignment become subleases subject and subordinate to this Lease. Lessee shall notify each of the lessees under the Landlord Leases of this assignment; and

(c) *Assignment of HK Ownership Interests, Personal Property, Patient Records and Inventory.* Lessor hereby assigns and transfers to Lessee all of the HK Ownership Interests, Personal Property, Patient Records, Inventory, including Foundation proceeds for the benefit of the HK Facilities and the right to appoint the board of directors of Foundation, and any liens or encumbrances of record, if any. Lessor will sign appropriate assignments and other documents relating to the assignment and transfer of said assets and Lessee shall pay all taxes and fees in connection with said assignment and transfer;

(d) *Lessor Cash and Accounts Receivable.* As further consideration for the obligations of Lessee hereunder, including the rights to indemnification set forth in Article 9, Lessor hereby transfers to Lessee: (i) all of the Lessor Cash; (ii) the Lessor Accounts Receivable; and (iii) any prepaid expenses arising from the operation or use of the HK Facilities, all in existence on the Effective Date; and

(e) *Financed Indebtedness.* Lessor grants to Lessee full authority and permission to meet, prior to the Commitment Date with the lenders regarding the Financed Indebtedness and to negotiate a restructuring, refunding, refinancing or payoff of the Financed Indebtedness and Lessee agrees to provide funds as an intercompany loan to Lessor or for Lessor's benefit following the Commitment Date to refund, refinance, restructure or payoff the Financed Indebtedness.

2.2 As is Condition.

(a) Lessee hereby acknowledges and agrees that the Leased Assets, Inventory Personal Property and Patient Records are being leased, assigned and/or transferred "AS IS, WHERE IS, WITH ALL FAULTS". THE LEASED ASSETS, PERSONAL PROPERTY AND INVENTORY ARE IN A USED CONDITION, AND LESSOR IS NEITHER A MANUFACTURER OR DISTRIBUTOR, NOR DEALER OR MERCHANT IN, SAID LEASED ASSETS, PERSONAL PROPERTY OR INVENTORY. LESSOR MAKES NO WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE IN RESPECT TO SAID LEASED ASSETS, PERSONAL PROPERTY OR INVENTORY AND LESSOR DISCLAIMS ANY WARRANTY, EXPRESSED OR IMPLIED, WITH RESPECT TO SAID LEASED ASSETS, PERSONAL PROPERTY OR INVENTORY.

(b) On or before the Commitment Date, Lessee shall inspect the HK Facilities and the Leased Assets in order to address the requirements of Section 2.4.

2.3 Consideration. In consideration of the lease of the Leased Assets to the Lessee, and other benefits conferred on Lessee pursuant to this Lease, Lessor and Lessee agrees as follows:

(a) *Rent.* Lessee shall pay to Lessor the sum of \$1,000.00 per year as rent, to be paid as follows ("Rent"): (i) rent for the entire Primary Term (*i.e.*, \$40,000.00) shall be paid in advance on the Effective Date, and (ii) rent for any Extended Term shall be paid in advance on each annual anniversary of the Effective Date.

(b) *Assumption of Liabilities.* Lessee shall pay or otherwise cause to be satisfied or discharged, all Assumed Liabilities when due under their terms. Lessee cannot and does not assume any obligation or liability for any benefits due the Lessor's employees, including, specifically, the retirement benefits for any retiree or current employee of Lessor under the Retirement System of Alabama ("RSA") retirement plan or any unfunded liability to RSA. Lessee may, at its expenses and in its own name and behalf, or to the extent lawful, in the name and behalf of the Lessor, in good faith, contest the payment of any such Assumed Liabilities and, in the event of any such contest, permit any such Assumed Liabilities to remain unpaid during the period of such contest and any appeal therefrom.

(c) *Funding of Operations and Improvements.* Lessee agrees to invest funds generated by the Leased Assets toward hospital operations, capital improvements, repairs, alterations, etc., in the HK Facilities and management services provided by Lessee to the HK Facilities.

(d) *Support for Lessor's Board.* During the Term, Lessee agrees to provide for an annual meeting of the Lessor's Board without charge. At the annual meeting, Lessee shall review the previous year's activities and provide a financial update for the HK Facilities. Lessee shall make monthly financial statements for the HK Facilities available to Lessor's Board members upon request by the chair of Lessor's Board.

2.4 Due Diligence Period; Contingencies.

(a) *Due Diligence.* Lessee shall conduct a review of all the Leased Assets, Assumed Contracts, Assumed Liabilities and status of negotiations for the Financed Indebtedness to determine whether to (a) proceed with this Lease as of the Commitment Date; b) make adjustments to the Leased Assets, Assumed Contracts and/or Assumed Liabilities; (c) terminate the Lease prior to the Commitment Date. Lessee shall complete the due diligence period by November 14, 2014 and shall notify Lessor of any requested modification to or any termination of this Lease by November 14, 2014.

(b) *Lessor Contingency.* In the event Lessee elects not to assume the responsibility for the Financed Indebtedness, Lessor shall have the right to terminate this Lease Agreement on or before noon on November 14, 2014.

(c) *Binding Agreement.* In the event there are no modifications to the Lease Agreement and neither Lessor nor Lessee have given notice of termination prior to November 14, 2014, then this Lease Agreement shall be final and binding upon Lessor and Lessee without further notice.

2.5 Closing. The "Effective Date" of the operational transition from Lessor to Lessee shall be January 1, 2015, or a date thereafter that is mutually agreed upon by Lessor and Lessee in writing; provided, however, that prior to the Effective Date each of the following items shall

have occurred and the Lessee shall have delivered to Lessor each of the following items, unless waived in writing by the Lessor:

(a) The Lessee has obtained all Government Authorizations required in connection with the transactions contemplated by this Lease Agreement, including without limitation, the transfer of the Leased Assets from the Lessor to the Lessee under the terms and conditions of this Lease Agreement;

(b) Lessee has inspected the Leased Assets and Premises and found same suitable for the purposes intended under this Lease; and

(c) A governing board resolution of Lessee authorizing the transactions contemplated by this Lease Agreement.

On the Effective Date, all operating control of the Leased Assets shall be turned over to the Lessee and from that time forward, Lessee shall operate the same in compliance with the provisions of this Lease.

ARTICLE 3

TERM

2.1 Lease Term. This Lease shall have a primary term (the "Primary Term") and, at Lessee's option, four (4) additional Extended Terms (as defined below), unless and until the term of this Lease shall expire or be terminated as hereinafter provided. The Primary Term shall be for forty (40) years commencing on the Effective Date. Following the Primary Term, Lessee shall have an option to extend the term of this Lease for four (4) additional terms of ten (10) years (the "Extended Term"). Such Extended Term shall be on and subject to all of the same terms, covenants and conditions as herein contained. The option for the Extended Term shall be exercised only by written notice from Lessee to Lessor given no less than six (6) months prior to the expiration of the Primary Term or any Extended Term.

2.2 Ownership. During the Term, the Lessor shall retain sole ownership of the Buildings and Premises of the HK Facilities.

ARTICLE 4

GENERAL COVENANTS OF LESSEE

4.1 Organization. Lessee is an Alabama public corporation duly organized and in good standing under the laws of the State of Alabama. Lessee has the power to lease and to own assets and to carry on its business as contemplated under this Lease Agreement.

4.2 Authority. Lessee has the power to execute and to deliver this Lease Agreement and to carry out the transactions contemplated hereby. All corporate actions required to be taken

by Lessee to authorize the execution, delivery and performance of this Lease Agreement and all transactions contemplated hereby have been duly and properly taken.

4.3 No Conflicts. This Lease Agreement is duly executed and delivered and is a valid and legally binding obligation of Lessee, enforceable according to its respective terms. The execution and delivery of this Lease Agreement does not, and the consummation of the transactions contemplated hereby will not, result in the creation of any lien, charge or encumbrance or the acceleration of any indebtedness or other obligation of Lessee, and are not prohibited by, in violation of, or in conflict with any provision of, and will not result in a default under, or a breach of: (a) any contract, agreement or other instrument to which Lessee is a party or is bound; (b) any Legal Requirement; or (c) any order, decree or judgment of any court or Governmental Body to which Lessee is a party or is bound.

4.4 Corporate Status. Lessee shall maintain its corporate existence as a Health Care Authority under the Alabama Health Care Authorities Act, as amended from time to time, and its Boards of Directors shall not, without first obtaining the consent of the Lessor, which consent shall not be unreasonably withheld or delayed: (a) adopt a plan of merger or consolidation with another corporation, or (b) authorize any transaction providing for the sale or other disposition of assets exceeding more than fifty percent (50%) of the total book value of Lessee.

ARTICLE 5

SPECIAL REPRESENTATIONS, WARRANTIES AND COVENANTS OF LESSEE

The Lessee hereby makes material representations, warranties and covenants to Lessor as follows, and Lessee shall provide to Lessor upon request documentation supporting Lessee's representations, warranties and covenants as set forth in this Section:

5.1 Payment of Rent. Lessee shall pay Rent in the manner provided in Section 2.3(a) and shall honor all its obligations with respect to the Assumed Liabilities without notice or demand.

5.2 Tax-Exempt Status. Lessee shall not take any action which would endanger its ability to obtain and maintain its status as a political subdivision of the State of Alabama.

5.3 Licenses; Permits; Accreditations. Lessee represents that: (a) Lessee shall maintain in full force and effect during the Term, all necessary Government Authorizations needed to operate without restriction the HK Facilities and the Leased Assets, including, but not limited to, hospital licensure of Helen Keller Hospital and Red Bay Hospital by the Alabama Department of Public Health (or any successor Governmental Body), and accreditation by The Joint Commission (or other accreditation organization approved by the Centers for Medicare and Medicaid Services), and to comply with the terms of this Lease Agreement; (b) the HK Facilities will during the Term, be certified to participate in the Medicare Program under Title XVIII of the Social Security Act, 42 U.S.C. § 1395k, as may be amended; (c) the HK Facilities will during the Term be certified to participate in the Medicaid Program under regulations promulgated by the Alabama Medicaid Agency; (d) Lessee shall promptly notify Lessor (but no later than five (5) days after knowledge of the event) of any revocation or suspension of, or the imposition of any

material restriction to, any Government Authorization, or Medicare or Medicaid participation maintained by Lessee pursuant to this Section.

5.4 Compliance With Laws. Lessee shall at all times and in all respects cause the Leased Assets and the operation of the HK Facilities to be in conformity and compliance with all applicable Legal Requirements, including without limitation, all applicable Government Authorizations and Environmental and Safety Laws, and to obtain, maintain and renew or update, as necessary, all Consents and Government Authorizations with respect to the operation of the HK Facilities and the Leased Assets.

5.5 Scope of Services. Lessee agrees to operate the HK Facilities as public hospitals and to provide (in scope, level of care, and hours of operation) at least the same or similar hospital, clinical, therapeutic and diagnostic services (both surgical and non-surgical) to patients of the HK Facilities to include but not be limited to the areas of medicine, surgery, obstetrics, pediatrics, primary care, outpatient and urgent/emergency treatment, including emergency services to the indigent, that the HK Facilities provided prior to the Effective Date. The scope of services may change or be modified as new technology and new services are developed. Any of these hospital and/or clinical services may only be terminated at the HK Facilities upon the written approval of Lessor, which shall require a Super Majority vote of Lessor's Board, which shall not be unreasonably withheld.

5.6 License. Lessee agrees to maintain Helen Keller Hospital as a general acute care hospital and to maintain Red Bay Hospital as a critical access hospital or other licensed health care facility as deemed appropriate by Lessee. Any changes to the license or to the number of beds, unless the change is directed by the Alabama Department of Public Health, shall require written approval of a Super Majority vote of Lessor's Board, which shall not be unreasonably withheld.

5.7 Disposition.

(a) Lessor grants to Lessee the right to transfer, sell, dispose of or destroy routine operations items that may be considered Leased Assets that are no longer useful, needed, or are being replaced without prior Lessor approval, provided the disposition of the Leased Assets is in the ordinary course of business, is not all or substantially all of the Leased Assets of Lessor, and does not include any Premises or Buildings.

(b) Lessor has assigned all of its right, title and interest in HK Ownership Interests under this Lease to Lessee and Lessee may at any time dissolve, sell, dispose, or modify any HK Ownership Interests unless the value of HK Ownership Interest exceeds \$50,000. Notwithstanding, any proceeds from a sale or disposition would be paid to or for the benefit of the HK Facilities.

5.8 Medical Staff. On or before the Effective Date, Lessee shall adopt the Bylaws, Rules and Regulations, Fair Hearing Plan, and Policies of the HK Facilities' Medical Staff(s) in effect as of the Effective Date and shall extend privileges to all members of the HK Facilities' Medical Staff(s) and its allied health professional staff on identical terms as in effect as of the Effective Date.

5.9 Physician Needs. Lessee shall recruit physicians to the medical staffs of the HK Facilities in accordance with the development by Lessee of periodic written plans and studies of physician needs consistent with community needs and in consideration of Lessor's historical physician recruitment efforts and as needed to provide the services referred to in Section 5.5.

5.10 Emergency Room. Lessee represents that it desires to seek and maintain emergency services at the Helen Keller Hospital at a competitive level with those of the existing health care facility. Lessee therefore agrees to maintain the current emergency room designation at the Helen Keller Hospital at the Effective Date (or similar level as may be changed from time-to-time by state regulations) as a minimum level of service. The obligation to maintain the current emergency room designation shall be subject to normal operating exigencies (such as acts of God, temporary staffing issues, or periodic loss of specialty coverage). In the event of such exigencies, Lessee shall act in due course to remedy the exigency and to restore the designation within a reasonable and practical time.

5.11 Nondiscrimination. Lessee shall ensure that admission to and services of the HK Facilities are available to the beneficiaries of governmental reimbursement programs (*e.g.*, Medicare and Medicaid) without discrimination or preference because they are beneficiaries of those programs. Lessee agrees to operate the HK Facilities open to the general public and free of discrimination based on race, creed, color, sex, national origin or other legally protected category, unless relieved of this responsibility by operation of law.

5.12 Medically Indigent Care. Lessee agrees that it will provide, consistent with Federal and State laws and consistent with other public hospitals in Alabama, medically necessary services through the HK Facilities to the residents of Colbert and Franklin County without regard to their ability to pay.

5.13 Other Patient Needs. Lessee will assess the need for and develop programs to serve the health and wellness needs of the patient populations in the service area of the HK Facilities, including the Colbert County and Franklin County, Alabama community and will continue to provide, at a minimum, services consistent with current practices.

5.14 Advisory Board. Lessee will establish an advisory board in connection with its operation of the HK Facilities ("Advisory Board"). The Advisory Board will be appointed by Lessee. The initial Advisory Board may include members invited by Lessee from Lessor's Board. The objectives and duties of the Advisory Board include the following: (a) to provide Lessee appropriate input regarding the general health care needs of Colbert and Franklin Counties, Alabama; (b) to provide Lessee with an organized mechanism pursuant to which it will receive information from the various communities; and (c) such other duties and responsibilities as assigned by Lessee such as credentialing members of the Medical Staff of the HK Facilities and implementing and overseeing the operating and capital budgets.

5.15 Joint Venture of Leased Assets. Lessor grants to Lessee the right to enter into a joint venture with another health care provider and include the Leased Assets described in this Lease in the joint venture, provided, however, the joint venture terms cannot exceed the term of this Lease without the prior consent of a Super Majority vote of Lessor's Board.

5.16 Employment Matters.

(a) As of the Effective Date, Lessee or any of its Affiliates, shall employ certain employees or Lessor as determined by Lessee (collectively, "Transitioned Employees"). In the event such offer of employment to an existing employee of the Lessor is rejected, Lessee shall have no further obligation to employ such employee, and the employment of such employee by Lessor shall be terminated effective as of the Effective Date. Each Transitioned Employee shall be eligible to participate in all Lessee benefit plans to the extent the Transitioned Employee meets the eligibility requirements of such plans and such plans are generally available to Lessee's employees. Notwithstanding the above, nothing set forth herein shall be construed to require Lessee: (i) to continue to make any benefits available to its employees; or (ii) to continue to employ any Transitioned Employee. As of the Effective Date, all hiring and firing decisions related to the Transitioned Employees shall be in Lessee's sole and absolute discretion.

(b) Effective as of the Effective Date, Lessee agrees to provide the continuation of coverage required by Section 2201 of the Public Health Services Act ("PHSA") ("COBRA Continuation Coverage") to each qualified beneficiary (as defined in Section 2208 of the PHSA) currently covered under the Lessor Benefit Plans. Lessee further agrees to provide COBRA Continuation Coverage to each employee of the Lessor who does not accept employment with the Lessee or its Affiliates and therefore becomes a qualified beneficiary (as defined in Section 2208 of the PHSA) under the Lessor Benefit Plans. The Lessor shall use its best efforts to provide expeditiously to the person(s) designated by Lessee all information that such person(s) deem necessary to provide such COBRA Continuation Coverage. Such information shall include, without limitation, the identification of all covered employees (as defined in Section 2208 of the PHSA) and their qualified beneficiaries (as defined in Section 2208 of the PHSA), the identification of all qualifying events with respect to such covered employees or qualified beneficiaries (as defined in Section 2203 of the PHSA), and information otherwise demonstrating compliance with all of the continuation coverage requirements of Section 2201 of the PHSA. For purposes of this provision, references to the PHSA shall include references to any provisions of such statutes as they may be amended from time to time.

(c) Lessee shall assume the employment agreements for the Management Employees. Lessee reserves the right to revise the employment agreements to be consistent with Lessee's agreements, subject to the employee's consent.

5.17 WARN Act. The parties acknowledge that upon the Effective Date, Lessor will no longer employ the Lessor Employees and Lessee shall employ the Lessor Employees, subject to the provisions of Section 5.15 above. The parties acknowledge that the transactions outlined herein are and shall be exempt from the notice provisions of the Workers' Adjustment and Retraining Notification Act, 29 U.S.C. §2101-2109, (the "WARN Act") by virtue of the anticipated hiring by Lessee of all or substantially all of the Lessor Employees after the Effective Date. Should Lessee fail to do so and should the transactions outlined herein be deemed to require notice pursuant to the WARN Act, Lessee will undertake all such actions and pay all such amounts as shall be necessary to comply with the provisions of said Act.

5.18 Taxes and Utilities. Lessee shall pay, prior to delinquency: all Taxes, water and sewer rents and charges, and all other governmental charges, general and special, ordinary and

extraordinary, foreseen and unforeseen, which are during the Term hereof, imposed or levied upon or assessed against: (a) the Leased Assets; (b) any Rent or any additional rent or other sum payable by Lessee hereunder or payable by Lessee under any leases included within the Assigned Contracts; or (c) this Lease, the leasehold estate hereby created or which arises in respect of the operation, possession or use of the Premises and/or the HK Facilities. Lessor shall promptly provide to Lessee copies of all invoices or statements received by Lessor relating to the obligations of Lessee described in the preceding sentence. Notwithstanding any provision set forth herein to the contrary, in the event Lessee fails to make timely payments of the above-referenced obligations, Lessee shall not be considered in default of its obligations under this Section if Lessee does not receive on a timely basis the statement or invoice for said obligation either from Lessor or from the governmental or other taxing authority. Lessee shall not be required to pay any franchise, estate, inheritance, transfer, income or similar tax of Lessor unless such tax is imposed, levied or assessed in substitution for any other tax, assessment, charge or levy which Lessee is required to pay pursuant to this Section. Lessee will furnish to Lessor, promptly after demand therefore, proof of payment of all items referred to above which are payable by Lessee. If any such assessment may legally be paid in installments, Lessee may pay such assessment in installments; in such event, Lessee shall be liable only for installments which become due and payable during the Term hereof.

5.19 Records. Lessee will maintain all Patient Records and employee records transferred pursuant to this Lease in strictest confidence and in accordance with all applicable Legal Requirements pertaining to privacy and the maintenance of such records, including without limitation, the Health Insurance Portability and Accountability Act of 1996, as amended from time to time. Without limiting the foregoing:

(a) Lessee agrees to keep and preserve in their original form or in electronic form at the election of Lessee all Patient Records and employment records as required by any Legal Requirements, and in a manner substantially the same as Lessee maintains such records in its other operations.

(b) From and after the Effective Date, Lessee shall have responsibility for fulfilling requests for access, accounting of disclosures and copies of the Patient Records in accordance with all Legal Requirements. In accordance with Legal Requirements, Lessee will afford to Lessor and its representatives and agents, including its counsel and accountants, full and complete access to the Patient Records and employment records as may be needed from time to time.

5.20 Insurance. During the Term, Lessee will either maintain insurance or self insure for the following:

(a) Loss by fire, flood, lightning, vandalism, malicious mischief and other risks which at the time are included under "extended coverage" endorsements with respect to the Premises and Buildings, in an amount not less than 100% of the actual replacement value of the Premises, Buildings and improvements, exclusive of foundations, excavations, parking areas, drives, underground utilities and all other land improvements.

(b) Such coverage as required by any leases included among the Assigned Contracts.

(c) Comprehensive public liability coverage against claims for bodily injury, death or property damage occurring on, in or about the Premises or Buildings and adjoining streets and sidewalks or in connection with the operation of any vehicle, in the amounts of at least \$1,000,000.00 for bodily injury or death in any one occurrence and at least \$1,000,000.00 for property damage.

(d) Worker's compensation coverage (including employers' liability insurance, if requested by Lessor) to the extent required by the laws of the State of Alabama and to the extent necessary to protect Lessor and the Premises against worker's compensation claims.

(e) Professional malpractice coverage in an amount not less than \$1,000,000.00 per occurrence / \$3,000,000.00 annual aggregate.

(f) Business interruption coverage in an amount sufficient to the operations of the HK Facilities.

(g) Directors and Officers Liability insurance coverage for Lessor's directors and officers, in coverage amounts of not less than \$1,000,000.00.

Such insurance shall be written by companies having an A.M. Best's rating of not less than "A-"; provided, however, that Lessee may self-insure for the insurance coverages required above. The insurance described in paragraphs (a), (b), (d), (f) and (g) above shall name Lessor as an additional insured party. The insurance referred to in paragraph (a) above shall name as loss payees the Lessor and any mortgagee as their interests may appear. All such insurance shall require the insurers providing the same to give Lessor thirty (30) days advance written notice of any change of the terms of such insurance or any termination thereof. Lessee agrees to provide Lessor annually on the anniversary date of this Lease Agreement and from time to time promptly upon request by Lessor, certificates of insurance evidencing Lessee's compliance with the provisions hereof and, to the extent all or a portion of such risks are covered by a self-insurance program, all filings with respect to such self-insurance made with any government agency or authority. All self-insurance programs shall be operated in compliance with all applicable Legal Requirements.

Lessee shall maintain and pay for "tail coverage" or comparable insurance coverages on behalf of the Lessor, if needed, to prevent any gap in insurance coverage for any Assumed Liabilities arising from the Lessor's actions or occurrences prior to the Effective Date. Such insurance shall have the same limits of liability as set forth in this Section 5.19(e).

5.21 Operating Expenses and Taxes. Lessee shall pay, or otherwise cause to be paid, all operating expenses for the HK Facilities and the Leased Assets incurred during the Term. Lessee shall also pay, as the same respectively become due, all Taxes, assessments and governmental charges that may be lawfully assessed or levied against or otherwise attributable to the HK Facilities or the Leased Assets during the Term; provided, however, that with respect to Taxes, assessments or governmental charge that may lawfully be paid in installments over a

period of years, Lessee shall be obligated to pay only such installments as are required to be paid during the Term. Lessee may, at its expense and in its own name and behalf, or to the extent lawful, in the name and behalf of Lessor, in good faith, contest any such Taxes, assessments, and governmental charges provided that such proceedings have the effect of preventing the forfeiture of the Leased Assets or any part thereof or interest therein to satisfy the same. Lessor will cooperate reasonably with Lessee, at Lessee's expense, in any such contest. The parties agree, during the Term of this Lease, that Lessee shall fix rates and charges for the services provided by the HK Facilities.

5.22 Government Grants. Lessee shall comply with the terms of all government grants received by Lessor prior to the Effective Date or received by Lessee on or after the Effective Date, including, without limitations, grants made by the State of Alabama or the government of the United States or any agency thereof.

5.23 Third-Party Payors. Taking into account the Lessee's obligations pursuant to Section 5.3 above, Lessee shall enter into such participation and reimbursement agreements with third party payors and insurers as Lessee determines is in the best interests of the patients of the HK Facilities and the residents of Colbert and Franklin Counties, Alabama.

5.24 Lessor Cash and Lessor Accounts Receivable. Lessee shall use the Lessor Cash and Lessor Accounts Receivable solely for the benefit of the HK Facilities. Nothing herein shall prevent Lessee from assessing intercompany overhead expenses that may be charged to system hospitals owned or leased by Lessee.

5.25 Pending Litigation. Lessor requests and Lessee accepts responsibility on behalf of Lessor for the oversight and control of pending litigation in which Lessor is a party. Lessor specifically designates and appoints Lessee, on behalf of Lessor, to pursue the challenge of the request for a Certificate of Need by RegionalCare.

ARTICLE 6

LESSOR COVENANTS

6.1 Organization. Lessor is an Alabama public corporation duly organized and in good standing under the laws of the State of Alabama. Lessor has the power to lease and to own assets and to carry on its business as contemplated under this Lease Agreement.

6.2 Authority. Lessor has the power to execute and to deliver this Lease Agreement and to carry out the transactions contemplated hereby. All corporate actions required to be taken by Lessor and its wholly owned subsidiaries to authorize the execution, delivery and performance of this Lease Agreement and all transactions contemplated hereby have been duly and properly taken.

6.3 No Conflicts. This Lease Agreement is duly executed and delivered and is a valid and legally binding obligation of Lessor, enforceable according to its respective terms. The execution and delivery of this Lease Agreement does not, and the consummation of the transactions contemplated hereby will not, result in the creation of any lien, charge or

encumbrance or the acceleration of any indebtedness or other obligation of Lessor, and are not prohibited by, in violation of, or in conflict with any provision of, and will not result in a default under, or a breach of: (i) any contract, agreement or other instrument to which Lessor is a party or is bound, or (ii) any order, decree or judgment of any court or Governmental Body to which Lessor is a party or is bound.

6.4 Binding Effect. This Agreement is and will constitute the valid and legally binding obligation of Lessor, and is and will be enforceable against it in accordance with the terms hereof, except as enforceability may be restricted, limited or delayed by applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and except as enforceability may be subject to general principles of equity

6.5 Financial Statements. Lessor has heretofore delivered or will deliver to Purchaser copies of its financial statements for the periods ending 2014 (the "Financial Statements").

6.6 Regulatory Compliance. To its or their best knowledge, Lessor is in material compliance with all laws of each Governmental Body having jurisdiction over the HK Facilities and the operations of Lessor, including, but not limited to, all laws applicable to the Medicare and Medicaid programs and TRICARE, and Lessor has timely filed all material reports, data and other information required to be filed with such Governmental Entities. Lessor has not received notice of or knows of a violation or potential violation of any law or notice of condemnation, encumbrance, assessment or the like, relating to any part of the HK Facilities. To the best of Lessor's knowledge, Lessor and its employed physicians have not (a) been excluded from any Medicare or state Medicaid program, (b) been convicted or pled guilty or nolo contendere to any alleged violation of, or paid any fines or settlements in connection with any alleged violation of any Law, (c) become aware of any pending investigation or enforcement action by any Governmental Body with respect to any alleged violation of any law, or (d) violated or been charged or threatened with the charge of violation, or placed under any investigation with respect to a possible violation, of any provision of any law relating to the Leased Assets

6.7 Contracts. Lessor has made available to Lessee true and complete copies of each Assigned Contract. Each of the Assigned Contracts constitutes the valid and legally binding obligation of Lessor and is enforceable against Lessor in accordance with its terms. Each of the Assigned Contracts constitutes the entire agreement between the respective parties thereto relating to the subject matter thereof. With respect to the Assigned Contracts and to the best of Lessor's knowledge: (i) all material obligations required to be performed by Lessor under the terms of the Assigned Contracts have been performed, (ii) to Lessor's knowledge, all material obligations required to be performed by third parties under the terms of the Assigned Contracts have been performed, (iii) no act or omission has occurred or failed to occur which, with the giving of notice, the lapse of time or both would constitute a default under any of the Assigned Contracts by Lessor or, to Lessor's knowledge, any other party thereto, and (iv) each of the Assigned Contracts is in full force and effect without default thereunder on the part of Lessor or, to Lessor's knowledge, any other party thereto

6.8 Inventory and Personal Property. Lessor has good and marketable fee or leasehold title to all of the Inventory and Personal Property and same will be free and clear of all claims and encumbrances at closing unless otherwise disclosed on Schedule C. On the Effective

Date, Lessor will transfer to Lessee good and marketable title to the Inventory and Personal Property.

6.9 Insurance. All insurance policies covering the ownership and operations of the Leased Assets are now and will be until the Closing in full force and effect

6.10 Employee Relations.

(i) Lessor, to the best of Lessor's knowledge, has complied in all material respects with all laws relating to employment practices, terms and conditions of employment, equal employment opportunity, nondiscrimination, immigration, wages, hours, benefits, the payment of social security and similar taxes. Lessor is not liable for the payment of any taxes, fines, penalties, or other amounts, however designated, for failure to comply with any law.

(ii) To the Lessor's knowledge, no officer, director, agent, employee, consultant, or contractor of Lessor is bound by any contract or other agreement that purports to limit the ability of such officer, director, agent, employee, consultant, or contractor (i) to engage in or continue or perform any conduct, activity, duties or practice relating to the business of Lessor or (ii) to assign to Lessor or to any other person any rights to any invention, improvement, or discovery. To the Lessor's knowledge, no former or current employee of Lessor is a party to, or is otherwise bound by, any contract or other agreement that in any way materially adversely affected, affects, or will affect the ability of Lessor or Lessee to conduct the business as heretofore carried on by Lessor.

6.11 Litigation. There are no proceedings pending or, to Lessor's knowledge, threatened, against Lessor affecting the Leased Assets, Personal Property or Inventory, at law or in equity. In addition, there is no proceeding pending or, to Lessor's knowledge, threatened, against Lessor which Lessor has not disclosed and which: (a) adversely affects or seeks to prohibit, restrain or enjoin the execution and delivery of this Agreement; (b) adversely affects or questions the validity or enforceability of this Agreement; (c) questions the power or authority of Lessor to carry out the transactions contemplated by, or to perform its obligations under, this Agreement; or (d) would result in any change which would materially adversely affect the ability of Lessor to perform any of its obligations hereunder.

ARTICLE 7

TITLE AND CONDITION OF HK FACILITIES

7.1 Title to HK Facilities. Lessor covenants, represents and warrants that Lessor has full right and lawful authority to enter into this Lease for the Term hereof, and is lawfully seized of the HK Facilities. The HK Facilities are leased to Lessee subject to all liens and encumbrances of record, including the Financed Indebtedness.

7.2 Quiet Enjoyment. So long as no breach or event of default has occurred and is continuing, Lessee shall peaceably and quietly have, hold, occupy and enjoy the HK Facilities and all the appurtenances thereto, without hindrance or molestation from Lessor or any other persons and other entities claiming through Lessor whatsoever.

ARTICLE 8
INTEGRATED HEALTH CARE; RESTRICTIONS; OPTION TO PURCHASE

8.1 **Colbert and Franklin County Health Care.** Lessor and Lessee acknowledge and agree that a prime factor in the entering into of this Lease is the enhancement of the respective missions of Lessor and Lessee in providing health care services to the residents of Colbert and Franklin County, Alabama, and the surrounding service areas. It is agreed to by the parties that the HK Facilities will be integrated with and become part of Lessee's health care system. This Lease shall be interpreted in such manner as to promote the integration of the HK Facilities with the entities owned, operated and/or affiliated with Lessee. This provision is not intended to alter any requirement of Lessee hereunder.

8.2 **Other Health Care Services.** Lessee agrees that during the Term of this Lease, neither Lessee nor any Affiliate of Lessee will furnish health care services from any physical location within Colbert or Franklin County, Alabama, except through the HK Facilities anticipated by this Article 8 except for the following:

- (a) Administrative services provided by or on behalf of Lessee;
- (b) Physicians employed by the Lessee or a wholly owned subsidiary of Lessee;
- (c) Any clinical services provided by Lessee on a system basis that are not provided by Lessor as of the Effective Date; and
- (d) other services Lessee may desire to provide in the Colbert or Franklin County service area in a location other than an HK Facility shall require written consent by Lessor.

8.3 **Transfer of Services and Assets.** Lessee shall have the right to transfer health care services and Leased Assets in any manner it shall deem suitable or appropriate for the furnishing of health care services to the citizens of Northwest Alabama but subject, in each case, to compliance by Lessee with the other covenants and restrictions contained herein, including, without limitation, Lessee's obligations under Article 5.

8.4 **Valuation.** Where in this Lease Agreement, reference is made to the "**Fair Market Value**" of the HK Facilities, said value shall be deemed at the time of the Effective Date of the Lease Agreement to be the Net Position of the HK Facilities as of December 31, 2014.

8.5 **Lease or Purchase by Lessee.**

(a) Subject to the requirement of Section 8.7, Lessee has the right to purchase from Lessor all, but not less than all, of the Leased Assets, HK Ownership Interests and other business comprising the HK Facilities (the "HK Business Concerns") at any time during the Primary Term of this Lease, or any Extended Term, at Fair Market Value as determined in Section 8.4. In the event Lessee has not purchased the HK Business Concerns during the Primary Term or any Extended Term, then upon expiration of the last Extended Term, Lessee agrees to purchase the HK Business Concerns at Fair Market Value as determined in Section 8.4

and such purchase shall be subject to the Governmental Authorizations in Section 8.7. In the event Lessor and Lessee cannot obtain the Governmental Authorizations in Section 8.7, then the parties agree to extend the Lease Term for an additional 10 year term consistent with the terms hereof.

(b) Within sixty (60) days following the determination of Fair Market Value pursuant to Section 8.4 above, Lessor shall notify Lessee of whether or not it intends to proceed with the acquisition according to the value so determined (the "Lessor Notice"). If Lessor elects to purchase the HK Facilities, the parties shall close the sale of the HK Facilities on a date mutually agreed upon by the parties, but in no event more than ninety (90) days from the Lessor Notice, unless extended by mutual, written agreement of the parties. Lessor shall have the right to conduct due diligence customary for a health care transaction and may decline to purchase even after its Lessor Notice if the results of its investigation, including any investigation as to title to the assets comprising the HK Facilities, is unsatisfactory. Closing of any purchase pursuant to this Section 8.5 shall occur at a time and place agreed to by Lessor and Lessee.

8.6 Extension of Lease. In the event Lessee elects not to purchase the HK Facilities, the parties may agree to renew the Lease terms for additional terms beyond the Term in Article 2.

8.7 Government Authorizations. No sale of the HK Facilities pursuant to this Article 8 shall occur prior to Lessee and/or Lessor, as applicable, without obtaining all necessary Government Authorizations, including without limitation, the approval of the Colbert County governing body, if then required by Alabama law. The Lessee and Lessor shall work together in good faith to effectuate the intent of this Section.

8.8 Reversion of Leased Assets. If upon expiration or termination of this Lease:

(i) Lessee does not exercise the option to purchase the HK Facilities in Section 8.5; and

(ii) the Lessee and Lessor do not mutually agree in writing to extend the term of this Lease or enter into a replacement lease agreement, then the HK Facilities, including the Premises and Buildings, and all improvements made thereto, ordinary wear and tear excepted shall revert to Lessor, and Lessee and Lessor shall cooperate to achieve an orderly turnover of such assets and interests to ensure that such facilities are fully operational as of the earliest date (the "Effective Reversion Date") on which the Lessor, or its designee, can effectively operate the HK Facilities and provide continuity of patient care in compliance with all applicable laws, regulations, licensing, accreditation and contractual requirements. Upon the reversion of the assets and interests to the Lessor, all rights and benefits belonging to Lessee under this Lease shall revert back to the Lessor. In addition, on the Effective Reversion Date, Lessee shall assign and transfer to the Lessor, subject to the modifications that may have occurred in Sections 5.7, :

- (a) all consumables, inventories and medical and non-medical supplies maintained at or for the HK Facilities;
- (b) all tangible personal property, of every kind and nature, whether owned or leased by Lessee, and maintained at or for the HK

Facilities, including, without limitation: all instruments; medical and non-medical equipment, machinery, and furniture; vehicles; patient records and lists; employment records; all other documents, instruments, papers, books and records, including, without limitation, medical documentation, payor verification, mailing lists, and related documentation; and telephone numbers, facsimile numbers, electronic addresses, and passwords used in connection with the HK Facilities;

- (c) Lessee's leasehold interest in those leases where the Lessee is a tenant of leased property related to the operations of the HK Facilities;
- (d) all cash, accounts receivable, prepaid expenses, and accounts payable regarding items or services provided to, by or at the HK Facilities;
- (e) to the extent permitted by contract or law, all rights under contracts, leases, Medicare, Medicaid and third-party payor provider agreements, Government Authorizations and other intangible assets as are necessary to allow the continued operation of the HK Facilities;
- (f) all trade secrets and other confidential information concerning the operation or use of the HK Facilities not in the public domain;
- (g) the benefit and use of the names "Helen Keller Hospital" and "Red Bay Hospital" and any other names leased under this Agreement;
- (h) assume any outstanding debt on the HK Facilities including debt owed by the HK Facilities to Lessee as intercompany loans; and
- (i) any HK Ownership Interests retained by Lessee;

Between the Lease expiration or termination date and the Effective Reversion Date, the Lessee shall operate the HK Facilities, including the Premises and Buildings, in the normal course of business and shall not take any act or allow for any omission that would materially and adversely affect the condition, financial or otherwise, operations, properties, assets or prospects of the HK Facilities and its business.

The HK Facilities shall revert back to the Lessor pursuant to this Section 8.8 with the same scope of hospital, clinical, therapeutic and diagnostic services (including inpatient and outpatient hospital services) in existence as of the Lease expiration or termination date. Notwithstanding the above, the parties shall use their good faith and commercially reasonable efforts to return the HK Facilities to Lessor with not less than the same number of hospital licensed beds and with the same or substantially the same hospital, clinical, therapeutic and diagnostic services (including inpatient and outpatient hospital services) as provided by Lessor through the HK Facilities as of the Effective Date. The reversion of the assets pursuant to this

Section 8.8 shall be subject to any outstanding indebtedness attributable to the HK Facilities as of the Effective Reversion Date.

ARTICLE 9

INDEMNIFICATION

9.1 **Lessee's Indemnification.** As of the Effective Date, the Lessee shall assume responsibility for and shall defend, indemnify and hold harmless Lessor, its divisions, parents, subsidiaries, related entities, successors, assigns, officers, directors, partners, employees, agents, attorneys, insurers, representatives, servants, and consultants (collectively, the "**Indemnitees**") with respect to: (a) any and all claims, demands, complaints, causes of action, suits, damages, costs, losses, debts, expenses, contracts, charges, controversies, obligations, liabilities, promises, or agreements whatsoever, including, but not limited to tort claims, bad faith claims, contract claims, wage claims, claims for attorneys fees, demands, liabilities, debts, accounts, obligations, damages, compensatory damages, punitive damages, penalties, liquidated damages, costs, expenses, actions and causes of action, at law or in equity, either known or unknown, arising out of or in connection with any contract, transaction, act, cause, matter, event, action or thing; (b) all liabilities and duties under the Assigned Contracts, whether said liabilities accrued before or after the Effective Date, and including any liabilities, penalties and claims associated with Lessee's use of the services, goods and/or items under the Assigned Contracts; (c) all obligations with respect to the Assumed Liabilities and Leased Assets; (d) all acts or omissions by Lessee, or its divisions, parents, subsidiaries, related entities, successors, assigns, officers, directors, partners, employees, agents, attorneys, insurers, representatives, servants, and consultants; (e) all claims related to Lessor's errors and omissions, including but not limited to, medical malpractice, directors and officers liability, workers' compensation, automobile liability, and premises liability, completed operations and products liability; (f) all liabilities and claims arising out of the presence or use of Hazardous Substances on the Premises at any time or for violation of any Environmental and Safety Laws; (g) all claims that might accrue between Lessor Employees and Lessor related to their employment relationship; (h) all other liabilities and obligations of Lessor of every description, excepting only its liabilities to Lessee under this Lease Agreement; and (i) any breach of any of the representations or warranties of Lessee contained in or made pursuant to this Lease or other documents delivered by Lessee pursuant to this Lease. Without limiting the generality of the foregoing, the indemnity obligations of Lessee hereunder shall include the obligation to indemnify the Indemnitees with respect to any violations of Legal Requirements, including, without limitation, the Federal Health Care Program Anti-Kickback Law, 42 U.S.C. §§ 1320a-7b et seq. and the regulations promulgated thereunder (commonly referred to as Anti-Kickback Law), the federal physician self-referral law, 42 U.S.C. §§ 1395nn et seq. and the regulations promulgated thereunder (commonly referred to as the Stark Law), the federal civil False Claims Act, 31 U.S.C. §§ 3729 et seq., the Health Insurance Portability and Accountability Act of 1996, 42 U.S.C. §§ 1320d et seq. and 42 C.F.R. §§ 160, 162 and 164, as amended (commonly referred to as "HIPAA"), the Health Information Technology for Economic and Clinical Health ("HITECH") Act, Title XIII of Division A and Title IV of Division B of the American Recovery and Reinvestment Act of 2009, Pub. L. No. 111-5 (Feb. 17, 2009) and the regulations promulgated thereunder, and any applicable state laws governing kickbacks, false claims and matters similar to such federal statutes or the regulations promulgated thereunder.

9.2 Third Party Claims. If any written claim is made by a third party or if any suit or proceeding (including but not limited to an arbitration or an audit by any Governmental Body) is instituted against any Indemnitees that, if prosecuted successfully, would, in the reasonable judgment of the Indemnitees, be a matter for which the Indemnitees is entitled to indemnification under this Lease Agreement (a "Third Party Claim"), the obligations and liabilities of the Lessee with respect to the Third Party Claim will be subject to the following terms and conditions. If Lessee does not so undertake the defense of the Third Party Claim within fifteen (15) days after written notice of the claim has been given to it, Indemnitees will have the right to undertake the defense, compromise and settlement of the Third Party Claim with counsel of its own choosing and Lessee shall be responsible for all costs of defense and all amounts paid in settlement or satisfaction of the Third Party Claim. The Indemnitees will have the right to participate fully in all proceedings, including settlement discussions, will be provided copies of notices, orders and all other papers and will be given prior notice by Lessee of any meetings, hearings and other discussions in any such suit or proceeding. Lessee shall consult with Indemnitees and keep Indemnitees fully advised of the progress of any such suit or proceeding and will make no admissions or otherwise act in a manner that might be prejudicial to Indemnitees rights in connection with any such suit or proceeding. No settlement by Indemnitees of a Third Party Claim will be made without the prior written consent of Lessee, which consent will not be unreasonably withheld or delayed. If Lessee has assumed the defense of a Third Party Claim as contemplated by this Section, no settlement of the Third Party Claim may be made by Lessee without the prior written consent of Indemnitees, which consent will not be unreasonably withheld or delayed.

ARTICLE 10 ALTERATIONS, ADDITIONS AND REMOVAL

10.1 Alterations, Additions and Removal. Lessee, at its own expense, will maintain the Premises, Buildings and Personal Property in at least as good condition as they are as of the Effective Date. Lessee may, at its expense, make additions to and alterations of the Premises, Buildings and Personal Property, and construct additional improvements, provided that: (a) the market value of the Premises, Buildings and Personal Property shall not be materially lessened thereby; (b) such work shall be completed in a good and workmanlike manner and in compliance with all applicable Legal Requirements and the requirements of all insurance policies required to be maintained by Lessee hereunder; and (c) no material part of the improvements shall be demolished unless the same are replaced by other improvements which are required by Lessee in connection with its intended use of the Premises or Lessee received Lessor's prior written consent. Lessee may place upon the Premises or any Leased Properties (in accordance with any lease applicable to the Leased Properties) any trade fixtures, machinery, equipment, materials, inventory, furniture and/or other personal property, whether or not the same shall be affixed to the Premises or Leased Properties, which are used in connection with any of Lessee's business operations on the Premises and Leased Properties. Any such property shall become the property of the HK Facilities.

10.2 Maintenance and Repair. Notwithstanding Section 10.1 above, all of the Equipment shall be maintained by Lessee in such repair and condition as similar equipment is

maintained in other hospitals and health care facilities similar to the HK Facilities. In the event that Lessee decides for any reason that any item or items of Equipment are no longer required for its use, Lessee may dispose of the same and all proceeds of such disposition, if any, shall be paid to the HK Facilities. If Lessee elects to replace any damaged, obsolete or deteriorated Equipment instead of repairing the same, such replacement items of Equipment shall be of equal or greater value, shall be titled in the name of Helen Keller Hospital or Red Bay Hospital, and shall become part of the HK Facilities. The Lessor will execute and deliver to Lessee such instruments of conveyance as shall be reasonably acceptable to the parties in order to effectuate the intent of this Section.

ARTICLE 11

LESSEE'S RIGHT TO MORTGAGE AND ASSIGN ITS LEASEHOLD INTEREST

11.1 Lessee's Right to Encumber and Mortgage this Leasehold. Lessee shall be entitled to mortgage or encumber the Leased Assets in connection with any refinancing of the Financed Indebtedness, but otherwise, Lessee shall not have the right or authority, express or implied, to create or place any mortgage, lien or encumbrance of any kind or nature whatsoever, or in any manner to bind, the interests of Lessor in the Leased Assets without the prior written consent of Lessor. Lessee covenants and agrees that it will pay or cause to be paid all sums legally due and payable by it on account of any labor performed or materials furnished in connection with any work performed on the Premises or Buildings on which any lien is or can be validly and legally asserted against its leasehold interest in the Premises or Building or the improvements thereon, and that it will save and hold Lessor harmless from any and all loss, cost or expense based on or arising out of asserted claims or liens against the leasehold estate or against the right, title and interest of the Lessor in the Leased Assets or under the terms of this Lease. Notwithstanding the above, Lessee may provide funds to the HK Facilities through an intercompany loan for operational and/or capital purposes including the intercompany loan to pay off the Financed Indebtedness

11.2 Assignments and Subleases.

(a) Taking into account the restrictions set forth in Section 5.2 above, Lessee shall have the right to sublet the Leased Assets to a wholly owned subsidiary, but said sublease shall not release Lessee from any liability hereunder or otherwise diminish its duties herein. After any such sublease, the liability of sublessor and sublessee shall be joint and several.

(b) Lessor shall have the right to assign this Lease in whole or in part to any successor of Lessor.

ARTICLE 12

CASUALTY LOSS; CONDEMNATION

12.1 Destruction. If any of the Premises, Buildings or Personal Property shall be damaged or destroyed by fire, lightning, act of God, natural disaster or otherwise, Lessee shall

thereafter commence and diligently prosecute to completion, at Lessee's sole expense, the repair or rebuilding of the improvements or portion thereof which was damaged, in a good and workmanlike manner, in accordance with plans and specifications satisfactory to Lessee and Lessor, which Lessor shall not unreasonably disapprove. All proceeds remaining after payment of the costs of collection and recovery, if any shall be paid over to Lessee to fund the costs of repair and rebuilding. If the Premises, Building or Personal Property shall be damaged or destroyed by any peril, Lessee shall promptly notify Lessor of such damage in writing.

12.2 Condemnation. If all or a portion of the Premises, Buildings or Personal Property are taken by an entity with the power of eminent domain (the "Condemning Authority") or if a portion of the Premises, Buildings or Personal Property are conveyed to a Condemning Authority by a negotiated sale, this Lease shall not terminate as to such assets or any other of the Leased Assets but Lessee shall use any proceeds received from such taking to purchase substitute assets and facilities, which assets and facilities will constitute Leased Assets hereunder and which will continue to be owned by Lessor and leased by Lessee in accordance with the provisions hereof.

ARTICLE 13

DISPUTES

13.1 In the event Lessee shall default in the payment of Rent or any other sums payable by Lessee hereunder, and such default shall continue for a period of ten (10) days after Lessee receives written notice thereof from Lessor; or, if Lessee shall default in the performance of any other covenants or agreements hereunder and such default shall continue for thirty (30) days after written notice thereof from Lessor, or if the failure is of such a nature that it could not reasonably be cured within such thirty (30) day period and Lessee does not, within said thirty (30) day period commence to cure it and thereafter proceed, with due diligence, to cure it within a reasonable time; then, and in addition to any and all other legal remedies and rights, Lessor may perform such covenant or agreement and to the extent sums are expended in connection therewith, add such sums to the Rent due from Lessee to Lessor or, at the election of Lessor, may either terminate this Lease and exercise Lessor's rights under Article 8 or elect to arbitrate such matters in accordance with Section 13.3 below. Such re-entry shall not bar the right to recovery of Rent or damages for breach of covenants, nor shall the receipt of Rent after conditions broken be deemed a waiver of Lessor's remedies. Notwithstanding the foregoing, the receipt of notice and the expiration of any cure period shall not be required and shall not constitute conditions precedent to the following, each of which, together with the items described in the first sentence of Section 13.1 hereof, shall be deemed an event of default hereunder:

(a) a proceeding or case shall be commenced without the application or consent of the Lessee in any court of competent jurisdiction seeking: (a) liquidation, reorganization, dissolution, winding-up or composition or adjustment of debts of the Lessee; (b) the appointment of a trustee, receiver, custodian, liquidator or the like of the Lessee or of all or any substantial part of their respective assets; or (c) similar relief under any law relating to bankruptcy, insolvency, reorganization, winding-up or composition or adjustment of debts, and such proceeding or cause shall continue undismissed, or an order, judgment, or decree approving or ordering any of the foregoing shall be entered and shall continue in effect for a period of

ninety (90) days, or an order for relief against the Lessee shall be entered against the Lessee in an involuntary case under the United States Bankruptcy code (as now or hereafter in effect) or other applicable law and shall continue in effect for a period of ninety (90) days; or

(b) the Lessee shall admit in writing its inability to pay its debts generally as they become due or shall file a petition in involuntary bankruptcy or shall make any general assignment for the benefit of its creditors, or shall consent to the appointment of a receiver or trustee of all or substantially all of its property, or shall commence a voluntary case under the United States Bankruptcy Code (as now or hereafter in effect), or shall file in any court of competent jurisdiction a petition seeking to take advantage of any other law relating to bankruptcy, insolvency, reorganization, winding-up or composition or adjustment of debts, or shall fail to controvert in a timely or appropriate manner, or acquiesce in writing to, any petition filed against it in an involuntary case under such United States Bankruptcy Code or other applicable law.

13.2 Where the parties cannot reach an agreement regarding matters herein which require Lessor's consent, Lessee may elect to either: (i) abide by the vote or determination of Lessor; or (ii) arbitrate the matter in accordance with Section 13.3

13.3 In the event either party elects to initiate arbitration, a thirty (30) day notice shall be given by the electing party to the other party. The proceeding shall be held in Colbert County, Alabama. The parties will jointly appoint a mutually acceptable arbitrator. If the parties are unable to agree upon such an arbitrator within 30 days after a party has given the other party written notice of its desire to submit a dispute for arbitration, then the parties shall prepare a Request for a Dispute Resolution List and submit it to the American Health Lawyers Association Alternative Dispute Resolution Service ("AHLA ADR Service") along with the appropriate administration fee, and the arbitrator shall be selected in accordance with the Codes of Ethics and Rules of Procedure developed by the AHLA ADR Service. Each party shall assume its own costs, but the compensation and expenses of the arbitrator and any administrative fees or costs shall be borne equally by the parties. Arbitration shall be the exclusive remedy for the resolution of disputes arising under this Agreement. The arbitrator shall determine the necessary timelines for the arbitration proceedings. The decision of the arbitrator shall be final, conclusive and binding, and no action at law or in equity may be instituted by either party other than to enforce the award of the arbitrator. The Agreement will remain in full force and effect during any such period of arbitration unless otherwise terminated under the terms of this Agreement.

13.4 If Lessee should fail to make any payment or cure any default hereunder within the time herein permitted, Lessor, without being under any obligation to do so and without thereby waiving such default, may make such payment and/or remedy such other default for the account of Lessee, and thereupon Lessee shall be obligated to, and hereby agrees, to pay Lessor, upon demand, all costs, expenses and disbursements (including reasonable attorneys' fees) incurred by Lessor in taking such remedial action.

13.5 Lessee acknowledges and agrees that nothing in this Article 13 shall impact its indemnification obligations under Article 9 hereof.

ARTICLE 14

ENVIRONMENTAL MATTERS

14.1 Except for Hazardous Substances or other toxic materials or medical waste brought, kept or used in the Premises in commercial quantities similar to those quantities usually kept on similar premises by others in the same business or profession or medical specialty, who operate medical facilities similar to those located in and on the Premises, and which are used and kept in compliance with all Environmental and Safety Laws, Lessee shall not allow any Hazardous Substance, or other toxic material or medical waste to be located in, on or under the Premises or allow the Premises to be used for the disposal of any Hazardous Substance or other toxic material.

14.2 Lessee shall at all times and in all respects comply with, maintain and renew or update as necessary, all Legal Requirements and Government Authorizations applicable to the Premises or the use thereof relating to industrial hygiene, the handling, storage and disposal of medical waste, environmental protection, or the use, analysis, generation, manufacture, storage, disposal or transportation of any Hazardous Substance, toxic material or medical waste.

14.3 If Lessee becomes aware of the presence of any Hazardous Substance in or on the Premises (except for those Hazardous Substances or other toxic material or medical waste brought, kept or used in the Premises by Lessee in commercial quantities similar to those quantities usually kept on similar premises by others in the same business, profession or medical specialty and which are used and kept in compliance with applicable public health, safety and environmental laws) or if Lessee, or the Premises become subject to any order of any federal, state or local agency to repair, close, detoxify, decontaminate or otherwise cleanup the Premises, Lessee shall, at its own cost and expense, carry out and complete any repair, closure, detoxification, decontamination or other cleanup of the Premises.

ARTICLE 15

MISCELLANEOUS

15.1 Notices. All notices, offers, consents and other instruments given pursuant to this Lease shall be deemed to have been given on the earlier of: (a) the date on which it is personally delivered; (b) three (3) days after it is deposited in the United States Mail, by certified or registered mail, return receipt requested, postage pre-paid; or (c) one (1) business day after it is sent by a reputable overnight carrier with postage prepaid, all properly addressed as follows: (x) if to Lessor, addressed to it at its address set forth above, c/o Chair; and (y) if to Lessee, addressed to Lessee at its address set forth above, c/o Chief Executive Officer. Lessor and Lessee each may from time to time specify, by giving fifteen (15) days notice to each other party, (i) any other address in the United States as its address for purposes of this Lease; and (ii) any other person or entity that is to receive copies of notices, offers, consents and other instruments hereunder.

15.2 Separability; Binding Effect. Each provision hereof shall be separate and independent and the breach of any such provision by Lessor shall not discharge or relieve Lessee from its obligations to perform each and every covenant to be performed by Lessee hereunder. If any provision hereof or the application thereof to any person or circumstance shall to any extent be invalid or unenforceable, the remaining provisions hereof, or the application of such provision to persons or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each provision hereof shall be valid and shall be enforceable to the extent permitted by law. All provisions contained in this Lease shall be binding upon, inure to the benefit of, and be enforceable by, the respective successors and permitted assigns of Lessor and Lessee to the same extent as if each such successor and assign were named as a party hereto. This Lease may not be changed, modified or discharged except by a writing signed by Lessor and Lessee. Any such change, modification or discharge made otherwise than as expressly permitted by this Section shall be void. This Lease shall be governed by and interpreted in accordance with the laws of the State of Alabama. This Lease constitutes the entire agreement between the parties with respect to the matters contemplated herein and supersedes all previous oral and written and contemporaneous oral and written agreements, negotiations, commitments, and understandings relating thereto. Without limiting the foregoing, the parties hereby terminate that certain Strategic Affiliation Agreement between Lessor and Lessee, dated November 1, 2010.

15.3 Headings. The headings of the various Sections and Schedules of this Lease have been inserted for reference only and shall not to any extent have the effect of modifying, amending or changing the expressed terms and provisions of this Lease.

15.4 Amendments/Modifications. This Lease may be amended or modified by the parties provided any agreement by Lessor shall require a Super Majority approval.

15.5 Interpretation. Words of any gender used in this Lease shall be held and construed to include any other gender, and words in the singular number shall be held to include the plural, unless the context otherwise requires. Time is of the essence of this Lease.

15.6 Estoppel Certificate. At any time and from time to time hereafter, either party to this Lease, within thirty (30) days after request by the other party, shall certify in writing to any mortgagee or purchaser, proposed mortgagee or purchaser, or other person, firm or corporation specified by the requesting party, as to the validity and force and effect of this Lease, in accordance with its tenor, as then constituted, as to the existence of any default on the part of any party thereunder, as to the existence of any offsets, counterclaims or defenses thereto on the part of Lessee, and as to any other matters relating to this Lease which may be reasonably requested by the requesting party.

15.7 Counterparts. This Lease 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.

15.8 Memorandum of Lease. Upon request of either party hereto, the parties shall execute and deliver to each other duplicate originals of a Memorandum of this Lease, in recordable form, containing the information required by law for recording the same.

15.9 No Partnership. The parties hereto intend the relationship created by this Lease to be that of lessor and lessee and do not intend for the arrangement between them to be a partnership. Further, this Lease does not create the relationship of partner or joint venturer between Lessee and Lessor. Lessee and Lessor acknowledge that neither is the agent, employee, or servant of the other and the relationship of independent parties exists between them.

15.10 Disclosure. The parties shall comply in all material respects with all applicable federal and state laws, codes and regulations pertaining to public disclosure of the terms and provisions of this Lease, and all other instruments and agreements executed and delivered by the respective parties in connection with the transactions contemplated herein.

15.11 Further Actions. The parties agree to undertake and perform all such further acts and deeds, and execute and deliver all such further documents, writings and instruments as shall be necessary or appropriate to implement and carry out the provisions of this Lease.

15.12 Lessor Liability. In no event shall the individual officers, directors, employees or board members of Lessor be personally liable for any misrepresentation or breach of warranty by Lessor, and Lessee shall look solely to the Lessor's interest in the Leased Assets and any proceeds from the sale thereof for satisfaction of any judgment arising out of any such misrepresentation or breach of warranty, or any failure by Lessor to perform or observe any of the terms, covenants, conditions or provisions to be performed or observed by Lessor hereunder.

15.13 Management Upon Termination. Upon expiration or earlier termination of the Term of this Lease, Lessee will continue to manage the operation of the HK Facilities for a period of up to twelve (12) months, at Lessor's option, in order to permit an orderly transition of the HK Facilities in accordance with Article 8. The parties agree to use their reasonable best efforts to negotiate in good faith a mutually acceptable management agreement, the terms of which shall be customary within the healthcare industry at the time of the negotiation and execution of such management agreement.

15.14 Survival. The following provisions of this Lease shall survive termination of this Lease, along with such other provisions which by their terms survive termination: Articles 8, 9 and 15.

Schedules. The following Schedules referred to in this Lease, are hereby incorporated by reference herein:

Schedule A – Real Property/Premises

Schedule B – HK Wholly Owned Subsidiaries and Ownership Interests


Schedule C – Encumbrances

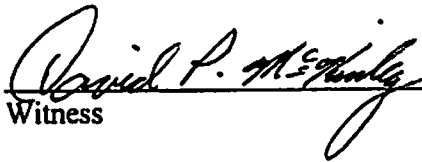
Schedule D - Insurance

IN WITNESS WHEREOF, the parties hereto have executed this Lease as of the date and year first written above.

LESSOR:


Colbert County – Northwest Alabama Health Care Authority
On Behalf of Itself and its Subsidiaries

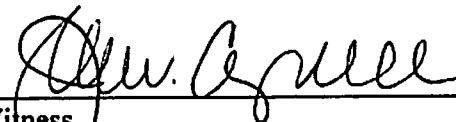
By: 
Its: Chairman, Board of Directors


Witness

LESSEE:

The Health Care Authority of the City of Huntsville

By: 
Its: CHIEF EXECUTIVE OFFICER


Witness

Lease Prepared by:

On Behalf of Lessor: Jimmy Hughston, Esq.
Black & Hughston, P.C.
210 N Main St
Tuscumbia, AL 35674-2043

On Behalf of Lessee: Joe Campbell, Esq.
Baker Donelson Bearman Caldwell & Berkowitz PC
201 Sivley Road, Suite 2
Huntsville, AL 35801

SCHEDULE "A"
Real Property/Premises

<u>Loc#</u>	<u>Location Address</u>
1	1300 S. Montgomery Sheffield, AL 35660
2	211 Hospital Road Red Bay, Alabama 35582
3	1021 11 th Street NW Sheffield, AL 35660 (Tuscumbia)
4	217 Hospital Road Red Bay, AL 35582
5	209 Hospital Road Red Bay, AL 35582
6	1010 S Jackson Highway Sheffield, AL 35660
7	1100 S Jackson Highway Sheffield, AL 35660
8	1110 S Jackson Highway Sheffield, AL 35660
9	1120 S Jackson Highway Sheffield, AL 35660
10	1208 S. Jackson Highway Sheffield, AL 35660
11	101 W. Saywell Sheffield, AL 35660
12	1110 S. Montgomery Sheffield, AL 35660

- 13 14897 Hwy 43
 Russellville, AL 35653
- 14 1901 Gusmus Ave
 Muscle Shoals, AL 35661
- 15 1111 South Raleigh Ave
 Sheffield, AL 35660
- 16 301 East Hobson Street
 Tuscumbia, AL 35674
- 17 1108 N. Dickson
 Tuscumbia, AL 35674
- 18 221 Hospital Road
 Red Bay, AL 35582

SCHEDULE "B"
HK Wholly Owned Subsidiaries & Ownership Interests

See attached.

**Organization Chart and Insured Entities
6/5/2013**

The Colbert County-Northwest Alabama Health Care Authority

I Doing Business As:

TAX ID NUMBER

<p>A. Helen Keller Hospital 1300 South Montgomery Ave. Sheffield, AL 1021 13th Street SW Sheffield, AL 1104 N. Owen, Tusculumbia, AL 101 E Hobson St., Tusculumbia, AL 202 E. Dr. Hicks Blvd. Florence, AL 101 W. Saywell, Sheffield, AL</p>	<p>Not for Profit - Hospital</p>
---	----------------------------------

63-0288823

<p>B. Northwest Alabama Medical Services 1111 S Raleigh Ave., Sheffield, AL 35660 1010 S. Jackson Hwy, Sheffield, AL 35660 1110 S. Montgomery Ave. Sheffield, AL 35660 14997 Highway 49, Russellville, AL 35653 1208 S. Jackson Hwy, Sheffield, AL 35660 1120 S. Jackson Hwy, Sheffield, AL 35660 1901 Gurnus Ave., Muscle Shoals, AL 35661</p>	<p>Not for Profit Medical Office Building</p>
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II Wholly Owned Subsidiaries:

<p>A. Northwest Alabama Health Services, LLC 1111 S. Raleigh Ave. Sheffield, AL 35660 1. Keller Emergency Service</p>	<p>Ambulance Service</p>
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63-1130184

<p>B. NW Alabama Practice Management, LLC 1300 S. Montgomery Ave. Sheffield, AL 35660</p>	<p>Physician Practice Company</p>
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27-1026551

<p>C. Helen Keller Outpatient Clinics, LLC 1300 S. Montgomery Ave Sheffield, AL 35660</p>	<p>Hospital Based Medical Clinic</p>
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45-2831089

<p>D. Northwest Healthcare Management, LLC 1300 S. Montgomery Ave Sheffield, AL 35660</p>	<p>Management Services</p>
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46-1814025

III Partially Owned Subsidiaries (approximate %):

<p>A. Eleven Hundred South Jackson, Inc (95%) 1100 South Jackson Highway Sheffield, AL 35660</p>	<p>For Profit Medical Office Building</p>
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63-0869925

<p>B. Keller Medical Park Property Owners Association, Inc (85%) 1300 South Montgomery Ave. Sheffield, AL 35660</p>	<p>For Profit - Medical Park Owners Association</p>
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26-1214148

<p>C. Helen Keller Outpatient Surgery Services, LLC (52%) Outpatient Surgery Management Services 1300 S. Montgomery Ave Sheffield, AL 35660</p>	<p>For Profit Management Company</p>
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30-4966252

IV Controlled by Authority

<p>A. Helen Keller Foundation, Inc. 1300 S. Montgomery Ave. Sheffield, AL 35660</p>	<p>Not For Profit Fund Raising Foundation</p>
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63-1275219

ORGANIZATION CHART & INSURED ENTITIES
4/30/14

The Colbert County-Northwest Alabama Health Care Authority			<u>Tax ID Number</u>
I.	Doing Business As:		
	A. Red Bay Hospital 211 Hospital Road Red Bay, AL 35582	Not for Profit – Hospital	63-0288825
	B. Red Bay Hospital Medical Office Building: 209 Hospital Road, Red Bay, AL 35582 217 Hospital Road, Red Bay, AL 35582	Medical Office Building Medical Office Building	
II.	Wholly Owned Subsidiaries		
	A. Red Bay Hospital Outpatient Clinics, LLC (Med Express, Ford City) 211 Hospital Road Red Bay, AL 35582	Hospital Based Rural Health Clinic	46-2923298
	B. Med Express Red Bay, LLC 221 Hospital Road Red Bay, AL 35582	Hospital Based Rural Health Clinic	46-4595647
	C. Med Express Littleville, LLC 1369A George Wallace Highway Russellville, AL 35654	Hospital Based Rural Health Clinic	46-4710754
III.	Controlled By Authority		
	A. Dr. Walker Dempsey Hospital Foundation, Inc. 211 Hospital Road Red Bay, AL 35582	Not for Profit Fund Raising	72-1380268

SCHEDULE "C"
Encumbrances

1. UCC Filing 09-7210007
Debtor: The Colbert County – Northwest Alabama Health Care Authority
Secured Party: Olympus America, Inc.
Original Filing Date: 12/15/09
2. UCC Filing 13-0492170
Debtor: The Colbert County – Northwest Alabama Health Care Authority
Secured Party: Stryker Sales Corporation
Original Filing Date: 10/31/13
3. UCC Filing 13-7076026
Debtor: The Colbert County – Northwest Alabama Health Care Authority
Secured Party: Olympus America, Inc.
Original Filing Date: 03/20/13
4. UCC Filing 13-7076032
Debtor: The Colbert County – Northwest Alabama Health Care Authority
Secured Party: Olympus America, Inc.
Original Filing Date: 03/20/13
5. UCC Filing 13-7079494
Debtor: The Colbert County – Northwest Alabama Health Care Authority
Secured Party: Olympus America, Inc.
Original Filing Date: 03/22/13
6. UCC Filing 13-7080903
Debtor: The Colbert County – Northwest Alabama Health Care Authority
Secured Party: ASD Specialty Healthcare Inc. d/b/a Oncology Supply
Original Filing Date: 03/25/13
7. UCC Filing 13-7216354
Debtor: The Colbert County – Northwest Alabama Health Care Authority
Secured Party: DE Lage Landen Financial Services, Inc.
Original Filing Date: 06/28/13
8. UCC Filing 13-0385079
Debtor: The Colbert County – Northwest Alabama Health Care Authority
Secured Party: Progress Bank and Trust
Original Filing Date: 08/12/13

9. UCC Filing 07-0330298
Debtor: The Colbert County – Northwest Alabama Health Care Authority
Secured Party: Wells Fargo Equipment Finance, Inc.
Original Filing Date: 04/10/07
10. UCC Filing 13-0492170
Debtor: The Colbert County – Northwest Alabama Health Care Authority
Secured Party: Stryker Sales Corporation
Original Filing Date: 10/31/13