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CO2021-070
RECEIVED
Aug 18 2021

STATE HEALTH PLANNING AND
DEVELOPMENT AGENCY

August 18, 2021

VIA FEDERAL EXPRESS

Ms. Emily T. Marsal
Alabama State Health Planning and Development Agency
100 North Union Street, Suite 870
Montgomery, Alabama 36104

Re: CHOW Applications
Facilities: Highlands Medical Center
Cumberland Health and Rehab
Highlands Health and Rehab

Dear Ms. Marsal,

Please accept this letter as notice that effective October 1, 2021, Highlands Medical Center, Cumberland Health and Rehab, and Highlands Health and Rehab (the "Facilities") will integrate with The Health Care Authority of the City of Huntsville ("Huntsville Authority") by and through its wholly owned subsidiary, HH Health System – Jackson, LLC ("HH Jackson"). HH Jackson will operate, manage and be financially responsible for the Facilities for a term of forty years.

Enclosed please find three "Change of Ownership" forms containing the information needed concerning this arrangement, as well as a check in the amount of \$7,500.00 comprising all three filing fees.

The following additional information is provided:

- (a) The Facilities will continue to function as a general hospital (Highlands Medical Center; and nursing facilities (Cumberland Health and Rehab; Highlands Health and Rehab).
- (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.

Ms. Emily T. Marsal

August 18, 2021

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 written in a cursive style with a large initial "J".

Joe W. Campbell

cc: Jeff Samz, CEO Huntsville Hospital
Felicia Williams, Licensure Program Director, Alabama Department of Public Health

NOTICE OF CHANGE OF OWNERSHIP/CONTROL

The following notification of intent is provided pursuant to all applicable provisions of ALA. CODE § 22-21-270 (1975 as amended) and ALA. ADMIN. CODE r. 410-1-7-.04. This notice must be filed at least twenty (20) days prior to the transaction.

- X Change in Direct Ownership or Control (of a vested Facility; ALA. CODE §§ 22-20-271(d), (e))
Change in Certificate of Need Holder (ALA. CODE § 22-20-271(f))
 - X Change in Facility Management (Facility Operator)
- Any transaction other than those above-described requires an application for a Certificate of Need.

Part I: Facility Information

SHPDA ID Number: 071-N0002
(This can be found at www.shpda.alabama.gov, Health Care Data, ID Codes)

Name of Facility/Provider: Cumberland Health and Rehab
(ADPH Licensure Name)

Physical Address: 47065 AL Highway 277
Bridgeport, AL 35740

County of Location: Jackson

Number of Beds/ESRD Stations: 100

CON Authorized Service Area (Home Health and Hospice Providers Only). Attach additional pages if necessary. _____

Part II: Current Authority (Note: If this transaction will result in a change in direct ownership or control, as defined under ALA. CODE § 22-20-271(e), please attach organizational charts outlining current and proposed structures.)

Owner (Entity Name) of Facility named in Part I: The Jackson County Health Care Authority

Mailing Address: 380 Woods Cove Road
Scottsboro, AL 35768

Operator (Entity Name): The Jackson County Health Care Authority

Part III: Acquiring Entity Information

Name of Entity: The Health Care Authority of the City of Huntsville

Mailing Address: 101 Sivley Road
Huntsville, AL 35801

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Part III: Acquiring Entity Information

Name of Entity: The Health Care Authority of the City of Huntsville

Mailing Address: 101 Sivley Road
Huntsville, AL 35801

Operator (Entity Name): HH Health System – Jackson, LLC, a wholly owned subsidiary of The Health Care Authority of the City of Huntsville

Proposed Date of Transaction is on or after: 10/1/2021

Part IV: Terms of Purchase

Monetary Value of Purchase: 40 Year Lease - \$1,000 per year

Type of Beds: Nursing Home

Number of Beds/ESRD Stations: 100

Financial Scope: to Include Preliminary Estimate of the Cost Broken Down by Equipment, Construction, and Yearly Operating Cost:

Projected Equipment Cost: \$ N/A

Projected Construction Cost: \$ N/A

Projected Yearly Operating Cost: \$ N/A

Projected Total Cost: \$ N/A

On an Attached Sheet Please Address the Following:

- 1.) The services to be offered by the proposal (the applicant will state whether he has previously offered the service, whether the service is an extension of a presently offered service, or whether the service is a new service).
- 2.) Whether the proposal will include the addition of any new beds.
- 3.) Whether the proposal will involve the conversion of beds.
- 4.) Whether the assets and stock (if any) will be acquired.

Part V: Certification of Information

Current Authority Signature(s):

The information contained in this notification is true and correct to the best of my knowledge and belief.

Owner(s): The Jackson County Health Care Authority
Operator(s): The Jackson County Health Care Authority
Title/Date: Chairman

X [Signature]
X [Signature]
8/18/21

SWORN to and subscribed before me, this 18 day of August, 2021.

(Seal)

[Signature]
Notary Public
My Commission Expires: 5.22

Acquiring Authority Signature(s):

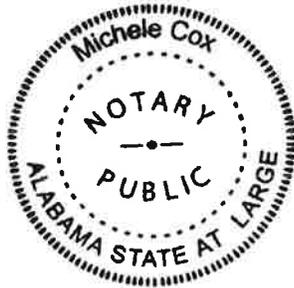
I agree to be responsible for reporting of all services provided during the current annual reporting period, as specified in ALA. ADMIN. CODE r. 410-1-3-.12. The information contained in this notification is true and correct to the best of my knowledge and belief.

Purchaser(s): The Health Care Authority of the City of Huntsville
Operator(s): HH Health System – Jackson, LLC
Title/Date: Jeff Samz/CEO

X [Signature]
X [Signature]
8-18-21

SWORN to and subscribed before me, this 18th day of August, 2021.

(Seal)



[Signature]
Notary Public
My Commission Expires: 11/3/2024

Author: Alva M. Lambert
Statutory Authority: § 22-21-271(c), Code of Alabama, 1975
History: New Rule

**Supplemental Information for
Notice of Change of Ownership/Control**

As a result of this Integration and Lease transaction:

1. There will be no new services to be offered by the proposal.
2. There will not be an addition of any new beds.
3. There will not be the conversion of any beds.
4. Real property of The Jackson County Health Care Authority will be leased by HH Health System – Jackson, LLC, and all other operational assets will be assigned and transferred to HH Health System – Jackson, LLC.

RECEIVED

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STATE HEALTH PLANNING AND
DEVELOPMENT AGENCY

INTEGRATION AGREEMENT

***Between The Jackson County Health Care Authority,
The Health Care Authority of the City of Huntsville &
HH Health System – Jackson, LLC***

THIS INTEGRATION AGREEMENT ("Agreement"), is entered by and between The Jackson County Health Care Authority, a public corporation organized under the laws of the State of Alabama, by and on behalf of itself and its wholly owned subsidiaries (collectively "Jackson Authority"), and The Health Care Authority of the City of Huntsville, a public corporation organized under the laws of the State of Alabama ("Huntsville Authority") and HH Health System –Jackson, LLC (the "Jackson LLC"), a wholly owned subsidiary of the Huntsville Authority.

WHEREAS, the Jackson Authority owns Highlands Medical Center, Cumberland Health and Rehab, Highlands Health and Rehab, and medical offices (collectively the "Hospital Facilities"), including all Inventory, Patient Records, Jackson Authority Cash and Personal Property located therein, and also operates the Highlands Medical Center Ambulance Service ("Highlands Ambulances");

WHEREAS, the Jackson Authority has ownership interests in and is affiliated with various entities, as described on Schedule A;

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

WHEREAS, it is the mission of the Huntsville Authority 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;

WHEREAS, the Huntsville Authority operates the system of hospitals under the oversight of the Huntsville Authority as the HH Health System ("HH Health System");

WHEREAS, the Jackson Authority desires to join the HH Health System and enter into a long term agreement with the Huntsville Authority to become fully integrated into the HH Health System and to avail the Hospital Facilities, employees, patients and physicians of the benefits and opportunities within the HH Health System with the goal to improve the financial condition of the Hospital Facilities by reducing costs and expanding clinical services in the community;

WHEREAS, the Jackson Authority 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 Hospital Facilities;

WHEREAS, upon the Effective Date (as hereinafter defined), the Huntsville Authority by and through the Jackson LLC will operate the Hospital Facilities and 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 Hospital Facilities; and

WHEREAS, this Agreement and the provision of services hereunder is intended to provide quality care for Jackson County residents and surrounding communities and improve the overall efficiency and cost of clinical operations for the Hospital Facilities.

NOW, THEREFORE, consistent with the mission of Jackson Authority and to further the ability for the community to continue to have access to quality care delivered by public hospitals, Jackson Authority has determined that it is in the best interest of the citizens of Jackson County and surrounding areas, that the Jackson Authority and the Huntsville Authority enter into this Integration Agreement; and 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, Jackson Authority and the Huntsville Authority hereby covenant, contract and agree as follows:

ARTICLE 1 **DEFINITIONS**

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

1.1 "Affiliate" or "Affiliates" means an entity under common control with, controlled by, or in control of the Huntsville Authority.

1.2 "Assets" means the Jackson Authority's interest in:

(a) the Premises;

(b) the Buildings;

(c) real estate owned by the Jackson Authority and its wholly owned subsidiaries;

1.3 "Assigned Contracts" means all contracts, commitments, leases, promises, undertakings and obligations of the Jackson Authority 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 Agreement where the Jackson Authority is landlord (hereinafter the "Landlord Leases"); (b) those certain leases where the Jackson Authority is a tenant; (c) all Provider Agreements; (d) all employment agreements with the Jackson Authority Employees; (e) all software agreements and licenses; and (f) all other contracts and leases in which the Jackson Authority is a party.

1.4 "Assumed Liabilities" means all obligations, debts other than Excluded Debts, liabilities, expenses, costs, undertakings and duties of the Jackson Authority 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 Jackson Authority, including, without limitation: (a) all payment obligations, other obligations and liabilities arising under the Assigned Contracts or the Jackson Authority Ownership Interests; (b) all accounts payable of the Jackson Authority; (c) all liabilities to the Jackson Authority Employees, including liabilities for compensation, vacation pay, severance, pension and profit-sharing plans, medical plans, the Jackson Authority Benefit Plans and other compensation and benefits; (d) all third-party liabilities; (e) all Jackson Authority Benefit Plans; (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 the Jackson Authority, 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 recoupments against the Jackson Authority pursuant to any Provider Agreement, including by Medicare, Medicaid, BlueCross BlueShield of Alabama and/or any other third-party payor; and (K) 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 the Jackson Authority and currently housing the Hospital Facilities and other Jackson Authority 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 "Consent" means any approval, consent, ratification, waiver, or other authorization.

1.9 "Effective Date" shall have the meaning set forth in Section 2.6.

1.10 "Effective Reversion Date" shall have the meaning set forth in Section 9.4.

1.11 "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.

1.12 "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 the Jackson Authority and located on the Premises.

1.13 "Excluded Debts" shall mean any liability not assumed by the Huntsville Authority described in Schedule B.

1.14 "Fair Market Value" shall have the meaning set forth in Section 7.3.

1.15 "Financed Indebtedness" means the debt of the Jackson Authority that is assumed by the Huntsville Authority as reflected on Schedule C, including UCC's.

1.16 "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 Hospital Facilities and the Jackson Authority.

1.17 "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.

1.18 "Hospital Board" shall have the meaning set forth in Section 5.9.

1.19 "Hospital Facilities" shall have the meaning set forth in the Recitals.

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

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

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

1.23 "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.

1.24 "Jackson Authority Accounts Receivable" means all amounts owed to the Jackson Authority in connection with the Jackson Authority Operations as of the Effective Date.

1.25 "Jackson Authority 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 Jackson Authority for the benefit of Jackson Authority Employees, retirees, dependents, spouses, directors, independent contractors, or other beneficiaries and under which Jackson Authority Employees, retirees, dependents, spouses, directors, independent contractors, or other beneficiaries are eligible to participate.

1.26 "Jackson Authority Cash" means all U.S. currency and funds credited to and in the name of the Jackson Authority, including deposits, unrestricted investments, the Jackson Authority Board designated funds and debt service reserve funds and bond funds, as of the Effective Date, **excluding** the Retained Cash, Existing Debt and Tax Revenues, and Foundation Funds described in Section 2.3.

1.27 "Jackson Authority Employees" means all of the Jackson Authority employees employed as of the Effective Date.

1.28 "Jackson Authority Notice" shall have the meaning set forth in Section 7.3.

1.29 "Jackson Authority Operations" means all health care, administrative and related or ancillary activities conducted as of the Effective Date in connection with the operation of the Hospital Facilities and the Jackson Authority.

1.30 "Jackson Operating Division" includes Hospital Facilities and Assets and will be considered a "department" established in the Huntsville Authority's accounting system which includes all income and expenses for all Hospital Facilities and Assets.

1.31 "Jackson Authority Ownership Interests" shall mean the possession by the Jackson Authority of equity in the capital, the stock or the profits of any entity.

1.32 "Management Employees" mean the Jackson Authority's Chief Executive Officer and Chief Financial Officer.

1.33 "Net Position" means the value of the Hospital Facilities as shown in the September 30, 2021 financial audit.

1.34 "Patient Records" means the collection of diagnostic and/or treatment information and data pertaining to patients treated by the Jackson Authority and its wholly owned subsidiaries 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.

1.35 "Personal Property" means all tangible personal property, of every kind and nature, whether owned or leased by the Jackson Authority, and used in relation to the Hospital Facilities and Highlands Ambulances on the Effective Date, including, without limitation: (a) all instruments; (b) Equipment; (c) vehicles; (d) Patient Records and lists; (e) employment records; (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 Hospital Facilities.

1.36 "PHSA" shall have the meaning set forth in Section 5.15.

1.37 "Premises" means the real property owned by the Jackson Authority, 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.

1.38 "Provider Agreements" means the Jackson Authority'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, the Jackson Authority's BlueCross BlueShield of Alabama provider agreement, and all other third-party provider agreements held by the Jackson Authority, including all billing provider numbers related to the above.

1.39 "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.

1.40 "Third Party Claim" shall have the meaning set forth in Section 8.2.

1.41 "Transitioned Employees" shall have the meaning set forth in Section 5.15(a).

1.42 "WARN Act" shall have the meaning set forth in Section 5.16.

ARTICLE 2
GENERAL PROVISIONS

2.1 Leased Assets. Jackson Authority hereby agrees to lease to the Huntsville Authority the Assets pursuant to a lease (the "Lease") attached hereto as Exhibit A and incorporated herein by reference on the Effective Date.

2.2 Transfer. Jackson Authority hereby agrees to transfer and assign the following on the Effective Date:

(a) *Assigned Contracts*. Jackson Authority hereby agrees to assign to the Huntsville Authority and Jackson LLC all of the Assigned Contracts pursuant to an Assignment and Assumption Agreement attached hereto as Exhibit B and incorporated herein by reference. The Huntsville Authority hereby agrees to assume all of the Jackson Authority's obligations, covenants and agreements under the Assigned Contracts. The Huntsville Authority shall be entitled to collect and receive all such rents and other sums from the tenants under the Landlord Leases on and after the Effective Date, and the Huntsville Authority and the Jackson Authority agree that the Landlord Leases shall upon this assignment become subleases subject and subordinate to this Lease. the Huntsville Authority shall notify each of the tenants under the Landlord Leases of this assignment; and

(b) *Ownership Interests, Intellectual Property, Leasehold Interests, Governmental Authorizations, Personal Property, Patient Records and Inventory*. Jackson Authority hereby assigns and transfers to the Huntsville Authority all of the following:

- (i) Jackson Authority Ownership Interests,
- (ii) Personal Property,
- (iii) Patient Records,
- (iv) Inventory, and any liens or encumbrances of record, if any,
- (v) Jackson Authority's leasehold interest in Leased Properties;
- (vi) the Government Authorizations, to the extent assignable;
- (vii) the benefit and use of all those tradenames and associated tax identification numbers, NPI's or other identifying numbers utilized by the Jackson Authority and its wholly owned subsidiaries and affiliates, including but not limited to those listed on Schedules A and D; and
- (viii) all interests in any Certificate of Need, including any pending matter.

Jackson Authority will sign appropriate assignments and other documents relating to the assignment and transfer of said assets and the Huntsville Authority shall pay all taxes and fees in connection with said assignment and transfer;

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

2.3 Retained Cash, Funds and Debt.

(a) *Retained Cash.* Jackson Authority shall retain \$1,250,000 dollars of cash at Closing. Of this amount, \$1,000,000 shall be held in reserves for use as a Debt Service Reserve Fund (“DSRF”) as required by the loan agreement with Regions Bank. In the event that the DSRF requirement be modified or waived in the future, any excess or remaining funds shall be transferred to Jackson LLC. Further, \$250,000 shall be retained to be used for future Jackson Authority’s financial obligations.

(b) *Existing Debt and Tax Revenues.* Jackson Authority shall retain its existing debt on Schedule B and utilize the tax revenues as specified in this Section 2.3(b) to pay the debt. Jackson Authority shall retain \$50,000 each year from annual tax revenues collected to be allocated and used for annual Jackson Authority expenses, which shall be limited to directors & officers liability insurance premiums, annual meeting expenses, audit/accounting for Jackson Authority, and expenses for necessary professional services rendered for the Jackson Authority or expenses otherwise mutually agreed to by the parties. Any tax revenues received above the amount to pay the debt expenses and the \$50,000 allocation from the tax revenues, as well as any unused funds shall be transferred to and used by the Jackson LLC for expenses related to the Hospital Facilities.

In the event Jackson Authority has an expense related to the obligations retained by Jackson Authority that exceeds its ability to pay, the Jackson LLC will provide funding.

(d) *Additional Debt.* The Jackson Authority may borrow additional funds and provide additional capital to support Hospital Facilities from an increase in the tax revenue, provided the tax revenue is pledged to support the new debt. The Jackson Authority shall not issue additional debt without the prior written consent of the Huntsville Authority. Additionally, in the event Huntsville Authority determines it is in the best interest for Jackson Authority to provide additional capital support or borrow additional funds for the purpose of support for the Hospital Facilities, Jackson Authority will coordinate and cooperate with Huntsville Authority on providing such support.

(e) *Foundation Funds.* The parties acknowledge that Highlands Foundation, Inc. ("The Foundation") is an independent entity and any expenditures of The Foundation shall be determined by The Foundation board of directors. Proceeds from The Foundation will not be used to provide funds to, or support any entity, that competes with the Jackson Operating Division.

2.4 As is Condition. The Huntsville Authority hereby acknowledges and agrees that the Assets, Inventory, Personal Property and Patient Records are being leased, assigned and/or transferred "AS IS, WHERE IS, WITH ALL FAULTS". **THE ASSETS, PERSONAL PROPERTY AND INVENTORY ARE IN A USED CONDITION, AND JACKSON AUTHORITY VIS NEITHER A MANUFACTURER OR DISTRIBUTOR, NOR DEALER OR MERCHANT IN, SAID ASSETS, PERSONAL PROPERTY OR INVENTORY. JACKSON AUTHORITY MAKES NO WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE IN RESPECT TO SAID ASSETS, PERSONAL PROPERTY OR INVENTORY AND JACKSON AUTHORITY DISCLAIMS ANY WARRANTY, EXPRESSED OR IMPLIED, WITH RESPECT TO SAID ASSETS, PERSONAL PROPERTY OR INVENTORY.**

2.5 Consideration. In consideration of the lease and transfer of Hospital Facilities and Assets to the Huntsville Authority, and other benefits conferred on the Huntsville Authority pursuant to this Integration Agreement, Jackson Authority and the Huntsville Authority agrees as follows:

(a) *Assumption of Liabilities.* The Huntsville Authority shall pay or otherwise cause to be satisfied or discharged, all Assumed Liabilities when due under their terms, including the Financed Indebtedness. The Huntsville Authority may, at its expenses and in its own name and behalf, or to the extent lawful, in the name and behalf of Jackson Authority, 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.

(b) *Funding of Operations and Improvements.*

(i) The Huntsville Authority agrees to invest funds generated by the Assets toward hospital operations, capital improvements, repairs, alterations, etc., in the Hospital Facilities and management services provided by the Huntsville Authority to the Hospital Facilities.

(ii) The Jackson LLC shall have absolute authority to submit applications for Certificate of Needs with the Alabama State Health Planning and Development Agency and to obtain Certificates of Need in the name of Jackson LLC on behalf of the Jackson Authority.

2.6 Closing. The "Effective Date" of the operational transition from Jackson Authority to the Huntsville Authority shall be October 1, 2021, or a date thereafter that is

mutually agreed upon by Jackson Authority and the Huntsville Authority in writing; provided, however, that prior to the Effective Date each of the following items shall have occurred and the Huntsville Authority shall have delivered to Jackson Authority each of the following items, unless waived in writing by Jackson Authority:

- (a) the Huntsville Authority has obtained all Government Authorizations required in connection with the transactions contemplated by this Agreement;
- (b) the Huntsville Authority has inspected the Assets and Premises and found same suitable for the purposes intended under the Lease;
- (c) A governing board resolution of Jackson Authority authorizing the transactions contemplated by this Agreement in the form attached hereto as Exhibit C; and
- (d) A governing board resolution of the Huntsville Authority authorizing the transactions contemplated by this Agreement in the form attached hereto as Exhibit D.

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

ARTICLE 3 **TERM**

3.1 Term. This Integration Agreement shall have an initial term of forty (40) years commencing the Effective Date. Huntsville Authority may elect to renew the Agreement for additional successive ten (10) year terms. The initial term plus any renewal terms shall collectively be referred to herein as the "Term." Should Huntsville Authority elect not to renew the Agreement, Huntsville Authority shall provide the Jackson Authority one (1) year notice of non-renewal.

3.2 Annual Review. At least annually, the Huntsville Authority will provide a financial review and performance update to Jackson Authority.

ARTICLE 4 **GENERAL COVENANTS OF THE HUNTSVILLE AUTHORITY AND JACKSON LLC**

4.1 Organization. The Huntsville Authority is an Alabama public corporation duly organized and in good standing under the laws of the State of Alabama. Jackson LLC is an Alabama LLC duly organized and in good standing under the laws of the State of Alabama. Huntsville Authority and Jackson LLC have the power to operate the Hospital Facilities and to carry on its business as contemplated under this Agreement.

4.2 Authority. The Huntsville Authority and Jackson LLC have the power to execute and to deliver this Agreement and to carry out the transactions contemplated

hereby. All corporate actions required to be taken by the Huntsville Authority and Jackson LLC to authorize the execution, delivery and performance of this Agreement and all transactions contemplated hereby have been duly and properly taken.

4.3 No Conflicts. This Agreement is duly executed and delivered and is a valid and legally binding obligation of the Huntsville Authority and Jackson LLC, enforceable according to its respective terms. The execution and delivery of this 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 the Huntsville Authority and Jackson LLC, 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 the Huntsville Authority or Jackson LLC 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 the Huntsville Authority or Jackson LLC is a party or is bound.

4.4 Corporate Status. In the event the Huntsville Authority: (a) adopts a plan of merger or consolidation with another corporation wherein the Huntsville Authority no longer has majority control, or (b) authorizes any transaction providing for the sale or other disposition of assets exceeding more than fifty percent (50%) of the total book value of the Huntsville Authority, the Huntsville Authority will give Jackson Authority notice, and Jackson Authority may terminate this Agreement upon 180 days prior written notice.

ARTICLE 5

SPECIAL REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE HUNTSVILLE AUTHORITY AND JACKSON LLC

The Huntsville Authority and Jackson LLC hereby make material representations, warranties and covenants to Jackson Authority as follows, and the Huntsville Authority and Jackson LLC shall provide to Jackson Authority upon request documentation supporting the Huntsville Authority's and Jackson LLC's representations, warranties and covenants as set forth in this Section:

5.1 Assumption of Liabilities. The Huntsville Authority and Jackson LLC shall honor all of their obligations with respect to the Assumed Liabilities without notice or demand.

5.2 Tax-Exempt Status. The Huntsville Authority and Jackson LLC 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. The Huntsville Authority and Jackson LLC represents that: (a) the Huntsville Authority and Jackson LLC shall maintain in full force and effect during the Term, all necessary Government Authorizations needed to operate without restriction the Hospital Facilities and the Assets, including, but not limited to, hospital licensure of the Hospital Facilities 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 Agreement; (b) the Hospital 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 Hospital Facilities will during the Term be certified to participate in the Medicaid Program under regulations promulgated by the Alabama Medicaid Agency; (d) the Huntsville Authority shall promptly notify Jackson Authority (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 the Huntsville Authority pursuant to this Section.

5.4 Compliance With Laws. The Huntsville Authority and Jackson LLC shall at all times and in all respects cause the Assets and the operation of the Hospital 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 Hospital Facilities and the Assets.

5.5 Scope of Services. The Huntsville Authority and Jackson LLC agrees to operate Hospital Facilities as a public hospital and to provide (in scope, level of care and hours of operation) at least the same or similar clinical, therapeutic and diagnostic services (both surgical and non-surgical) consistent with healthcare services provided by Jackson Authority prior to the Effective Date of this Agreement. These services shall include but are not limited to the areas of medicine (cardiology, gastroenterology, pulmonary, neurology, oncology), surgery (general, orthopedics, otolaryngology, urology, gynecology, vascular, anesthesia), obstetrics, pediatrics, behavioral health, primary care, emergency medical services (ambulance), outpatient and urgent/emergency treatment, including emergency services to the indigent, that Jackson Authority provided prior to the Effective Date. In addition, the Huntsville Authority and Jackson LLC shall continue to provide such services for the service area which was serviced by the Hospital Facilities prior to the Effective Date.

The scope of services may be modified or terminated if approved by Jackson LLC and the Hospital Board. Temporary loss of a service due to unexpected lack of physician availability shall not be considered a breach of obligations in this section as long as there is an active recruitment process in place.

5.6 Strategic Plan. The health, facility and service needs of Hospital Facilities' primary service area shall be assessed not less than every three years. A strategic plan (the "Strategic Plan") shall be developed in conjunction with and approved by the Hospital Board to address the needs identified. Current administrative officers of Huntsville Authority and the Hospital Board shall review and update the Strategic Plan annually to ensure progress and to inform capital budget requirements. A progress report shall be provided to Jackson Authority as part of the annual Lease review.

5.7 Cost of Supplies and Overhead Allocation. Supplies and services will be charged to Jackson Operating Division based on the best prices available through the Huntsville Authority. Jackson Authority acknowledges that the Huntsville Authority may receive rebates or other fees associated with Jackson Operating Division purchases.

The Huntsville Authority will allocate non clinical centralized services and corporate overhead in a similar fashion as it does other Affiliates (e.g., business office, bio medical services, insurance). In no case shall total overhead allocation exceed 0.5% of Jackson Operating Division Net Patient Revenue without the approval of Jackson Authority, which approval shall not be unreasonably withheld. "Overhead" shall be defined as indirect costs or fixed expenses related to the Jackson Operating Division that are not directly allocated. Direct expenses incurred at the system level for the benefit of the Jackson Operating Division other than supplies will be billed back to the Jackson Operating Division in the manner consistent with other Affiliates.

5.8 License. The Huntsville Authority and/or Jackson LLC agrees to maintain the licenses of the Hospital Facilities. Any changes to the license or a reduction in the number of beds shall be approved by the Jackson LLC and the Hospital Board.

5.9 Hospital Board. The Huntsville Authority will establish a Board for the Hospital Facilities ("Hospital Board") to manage the day to day operations of the Jackson Operating Division, including credentialing of the Medical Staff, clinical and quality oversight, clinical and quality outcomes, preparation and recommendation of operating and capital budgets, development and recommendation of strategic plans, changes in facility names, changes in scope of services, and to act as a liaison to the community.

5.10 Disposition.

(a) The Huntsville Authority may transfer, sell, dispose of or destroy routine operations items that may be considered Assets that are no longer useful, needed, or are being replaced.

(b) The Huntsville Authority may dissolve, sell, dispose, or modify any Jackson Authority Ownership Interests with Hospital Board approval. Notwithstanding, any proceeds from a sale or disposition would be paid to or for the benefit of the Hospital Facilities. Such approval shall not be unreasonably withheld.

5.11 Medical Staff. As of the Effective Date, the Jackson LLC hereby adopts the Bylaws, Rules and Regulations, Fair Hearing Plan, and Policies of the Hospital Facilities' Medical Staff in effect as of the Effective Date and extends privileges to all members of the Hospital Facilities' Medical Staff and its allied health professional staff on identical terms as in effect as of the Effective Date.

5.12 Physician Needs. The Huntsville Authority and Jackson LLC acknowledge that maintaining adequate physician supply is imperative to maintaining a healthy community. The Huntsville Authority and/or Jackson LLC, together with the Hospital Board, shall maintain a current physician needs assessment updated every 3

years and associated physician recruitment/retention plan. The Jackson LLC will commit financial resources and make considerable efforts to recruit and maintain a local physician workforce consistent with the community's needs and the recruitment/retention plan. Jackson Authority shall provide a list of current physician needs until such time a new assessment is completed. A progress report shall be provided to Jackson Authority as part of the annual Lease review.

5.13 Nondiscrimination. The Huntsville Authority and Jackson LLC shall ensure that admission to and services of the Hospital 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. The Huntsville Authority agrees to operate the Hospital 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.

5.14 Medically Indigent Care. The Huntsville Authority and Jackson LLC agree that they will provide, consistent with Federal and State laws and consistent with the HH Health System charity care policies, medically necessary services through the Hospital Facilities to the residents of Jackson County without regard to their ability to pay.

5.15 Employment Matters.

(a) The Jackson LLC or any of its Affiliates, shall employ certain employees of Jackson Authority as determined by the Jackson LLC (collectively, "Transitioned Employees") either on the Effective Date, or on a date mutually agreed upon by Jackson Authority and the Huntsville Authority if the parties determine it would be more beneficial for employment to transition after the Effective Date due to requirements in change of benefit plans. In the event employment of any Transitioned Employees is determined to occur after the Effective Date, the parties hereby agree that Transitioned Employees shall be leased by the Jackson LLC until the agreed upon transition date. In the event such offer of employment to an existing employee of Jackson Authority is rejected, the Jackson LLC shall have no further obligation to employ such employee, and the employment of such employee by Jackson Authority shall be terminated effective as of the Effective Date. Each Transitioned Employee shall be eligible to participate in all the Huntsville Authority benefit plans to the extent the Transitioned Employee meets the eligibility requirements of such plans and such plans are generally available to the Jackson LLC employees; likewise, Transitioned Employees shall receive a salary not less than their current wage as of the Effective Date, for a period of 6 months, provided they meet and continue to meet employment requirements of the position as determined by the Jackson LLC. Notwithstanding the above, nothing set forth herein shall be construed: (i) to require the Jackson LLC: (a) to continue to make any benefits available to its employees; or (b) to continue to employ any Transitioned Employee; or (ii) to prevent the Jackson LLC from modifying the employment of any Transitioned Employee. As of the Effective Date, regardless if the Transitioned Employees are

leased or hired by the Huntsville Authority, all hiring and firing decisions related to the Transitioned Employees shall be in the Jackson LLC's sole and absolute discretion.

(b) Effective as of the Effective Date, the Huntsville Authority 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 Jackson Authority Benefit Plans. the Huntsville Authority further agrees to provide COBRA Continuation Coverage to each employee of Jackson Authority who does not accept employment with the Huntsville Authority or its Affiliates and therefore becomes a qualified beneficiary (as defined in Section 2208 of the PHSA) under the Jackson Authority Benefit Plans. Jackson Authority shall use its best efforts to provide expeditiously to the person(s) designated by the Huntsville Authority 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) The Huntsville Authority shall assume the employment agreements for the Management Employees. the Huntsville Authority reserves the right to revise the employment agreements to be consistent with the Huntsville Authority's agreements, subject to the employee's consent.

5.16 WARN Act. The parties acknowledge that upon the Effective Date, Jackson Authority will no longer employ the Jackson Authority Employees and the Huntsville Authority or Jackson LLC shall employ the Jackson Authority 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 the Huntsville Authority of all or substantially all of the Jackson Authority Employees after the Effective Date. Should the Huntsville Authority fail to do so and should the transactions outlined herein be deemed to require notice pursuant to the WARN Act, the Huntsville Authority will undertake all such actions and pay all such amounts as shall be necessary to comply with the provisions of said Act.

5.17 Taxes and Utilities. The Huntsville Authority 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 Assets;

(b) any Rent or any additional rent or other sum payable by the Huntsville Authority hereunder or payable by the Huntsville Authority 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 Hospital Facilities. Jackson Authority shall promptly provide to the Huntsville Authority copies of all invoices or statements received by Jackson Authority relating to the obligations of the Huntsville Authority described in the preceding sentence. Notwithstanding any provision set forth herein to the contrary, in the event the Huntsville Authority fails to make timely payments of the above-referenced obligations, the Huntsville Authority shall not be considered in default of its obligations under this Section if the Huntsville Authority does not receive on a timely basis the statement or invoice for said obligation either from Jackson Authority or from the governmental or other taxing authority. the Huntsville Authority shall not be required to pay any franchise, estate, inheritance, transfer, income or similar tax of Jackson Authority unless such tax is imposed, levied or assessed in substitution for any other tax, assessment, charge or levy which the Huntsville Authority is required to pay pursuant to this Section. The Huntsville Authority will furnish to Jackson Authority, promptly after demand therefore, proof of payment of all items referred to above which are payable by the Huntsville Authority. If any such assessment may legally be paid in installments, the Huntsville Authority may pay such assessment in installments; in such event, the Huntsville Authority shall be liable only for installments which become due and payable during the Term hereof.

5.18 Records. The Huntsville Authority and Jackson LLC will maintain all Patient Records and employee records transferred pursuant to this agreement 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) The Huntsville Authority and/or Jackson LLC agree to keep and preserve in their original form or in electronic form at the election of the Huntsville Authority and Jackson LLC all Patient Records and employment records as required by any Legal Requirements, and in a manner substantially the same as the Huntsville Authority maintains such records in its other operations.

(b) From and after the Effective Date, the Huntsville Authority and/or Jackson LLC 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, the Huntsville Authority and/or Jackson LLC will afford to Jackson Authority 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.

5.19 Insurance. During the Term, the Huntsville Authority will either maintain insurance or self insure for the following:

- (a) Such coverage as required by any leases included among the Assigned Contracts.
- (b) Such coverage as required under the Lease and this Agreement.
- (c) Professional malpractice coverage in an amount not less than \$1,000,000.00 per occurrence / \$3,000,000.00 annual aggregate.
- (d) Business interruption coverage in an amount sufficient to the operations of the Hospital Facilities.
- (e) Directors and Officers Liability insurance coverage for Jackson Authority's directors and officers, in coverage amounts of not less than \$1,000,000.00. Provided, however, payment of premiums are the responsibility of Jackson Authority.

Such insurance shall be written by companies having an A.M. Best's rating of not less than "A-"; provided, however, that the Huntsville Authority may self-insure for the insurance coverages required above. The insurance described in paragraphs (a), (b), and (d) above shall name Jackson Authority as an additional insured party. The insurance referred to in paragraph (a) above shall name as loss payees Jackson Authority and any mortgagee as their interests may appear. All such insurance shall require the insurers providing the same to give Jackson Authority thirty (30) days advance written notice of any change of the terms of such insurance or any termination thereof. the Huntsville Authority agrees to provide Jackson Authority annually on the anniversary date of this Agreement and from time to time promptly upon request by Jackson Authority, certificates of insurance evidencing the Huntsville Authority'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.

The Huntsville Authority shall maintain and pay for "tail coverage" or comparable insurance coverages on behalf of Jackson Authority, if needed, to prevent any gap in insurance coverage for any Assumed Liabilities arising from Jackson Authority'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.

5.20 Operating Expenses and Taxes. The Huntsville Authority or Jackson LLC shall pay, or otherwise cause to be paid, all operating expenses for the Hospital Facilities and the Assets incurred during the Term. The Huntsville Authority or Jackson LLC 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 Hospital Facilities or the 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, the Huntsville Authority or Jackson LLC shall be obligated to pay only such installments as are required to be paid during the Term. The Huntsville Authority or Jackson LLC may, at its expense and in its own name and behalf, or to the extent lawful, in the name and behalf of Jackson Authority, in good faith, contest any such Taxes, assessments, and governmental charges provided that such proceedings have the effect of preventing the forfeiture of the Assets or any part thereof or interest therein to satisfy the same. Jackson Authority will cooperate reasonably with the Huntsville Authority and Jackson LLC, at the Huntsville Authority's and Jackson LLC's expense, in any such contest. The parties agree, during the Term of this Lease, that the Huntsville Authority or Jackson LLC shall fix rates and charges for the services provided by the Hospital Facilities.

5.21 Third-Party Payors. The Huntsville Authority shall include the Jackson Operating Division in its third-party payor contracts, as applicable.

5.22 Jackson Authority Cash and Jackson Authority Accounts Receivable. the Huntsville Authority shall use the Jackson Authority Cash and Jackson Authority Accounts Receivable solely for the benefit of the Hospital Facilities.

5.23 Litigation. Jackson Authority requests and the Huntsville Authority accepts responsibility on behalf of Jackson Authority for the oversight and control of pending litigation, professional liability claims and other claims in which Jackson Authority is a party.

ARTICLE 6

GENERAL COVENANTS OF JACKSON AUTHORITY

6.1 Organization. Jackson Authority is an Alabama public corporation duly organized as an Alabama health care authority, and is in good standing under the laws of the State of Alabama.

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

6.3 No Conflicts. This Agreement is duly executed and delivered and is a valid and legally binding obligation of Jackson Authority, enforceable according to its respective terms. The execution and delivery of this 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 Jackson Authority, 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 Jackson Authority is a party or is bound,

or (ii) any order, decree or judgment of any court or Governmental Body to which Jackson Authority is a party or is bound.

6.4 Binding Effect. This Agreement is and will constitute the valid and legally binding obligation of Jackson Authority, 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. The Jackson Authority has heretofore delivered or will deliver to Jackson Authority copies of its most recent financial statements (the "Financial Statements").

6.6 Regulatory Compliance. To its or their best knowledge, Jackson Authority is in material compliance with all laws of each Governmental Body having jurisdiction over the Hospital Facilities and the operations of Jackson Authority, including, but not limited to, Alabama Department of Public Health and all laws applicable to the Medicare and Medicaid programs and TRICARE, and Jackson Authority has timely filed all material reports, data and other information required to be filed with such Governmental Entities. Jackson Authority 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 Hospital Facilities. To the best of Jackson Authority's knowledge, Jackson Authority 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 Assets

6.7 Contracts. Jackson Authority has made available to the Huntsville Authority true and complete copies of each Assigned Contract. Each of the Assigned Contracts constitutes the valid and legally binding obligation of Jackson Authority and is enforceable against Jackson Authority 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 Jackson Authority's knowledge: (i) all material obligations required to be performed by Jackson Authority under the terms of the Assigned Contracts have been performed, (ii) to Jackson Authority'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 Jackson Authority or, to Jackson Authority'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 Jackson Authority or, to Jackson Authority's knowledge, any other party thereto.

6.8 Inventory and Personal Property. Jackson Authority 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 E. On the Effective Date, Jackson Authority will transfer to the Huntsville Authority good and marketable title to the Inventory and Personal Property.

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

6.10 Employee Relations.

(a) Jackson Authority, to the best of Jackson Authority'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. Jackson Authority is not liable for the payment of any taxes, fines, penalties, or other amounts, however designated, for failure to comply with any law.

(b) To Jackson Authority's knowledge, no officer, director, agent, employee, consultant, or contractor of Jackson Authority 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 Jackson Authority or (ii) to assign to Jackson Authority or to any other person any rights to any invention, improvement, or discovery. To Jackson Authority's knowledge, no former or current employee of Jackson Authority 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 Jackson Authority or the Huntsville Authority to conduct the business as heretofore carried on by Jackson Authority.

6.11 Litigation. There are no proceedings pending or, to Jackson Authority's knowledge, threatened, against Jackson Authority affecting the Hospital Facilities, Assets, Personal Property or Inventory, at law or in equity. In addition, there is no proceeding pending or, to Jackson Authority's knowledge, threatened, against Jackson Authority which Jackson Authority 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 Jackson Authority 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 Jackson Authority to perform any of its obligations hereunder.

6.12 No Changes Prior to Effective Date. Prior to the Effective Date, Jackson Authority shall not make any changes to the Assets, Assumed Liabilities, Assumed

Contracts, or any other material change pertaining to the conveyance under this Agreement without the written approval of Huntsville Authority.

ARTICLE 7
INTEGRATED HEALTH CARE; RESTRICTIONS; RIGHT OF FIRST REFUSAL

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

7.2 Other Health Care Services. the Huntsville Authority agrees that during the Term of this Agreement, neither the Huntsville Authority nor any Affiliate of the Huntsville Authority will furnish health care services from any physical location within Jackson County, Alabama, except through the Hospital Facilities anticipated by this Article 7 except for the following:

- (a) Administrative services provided by or on behalf of the Huntsville Authority;
- (b) Physicians employed by the Huntsville Authority or Jackson LLC;
- (c) Development of an Accountable Care Organization that includes physicians in Jackson County; and
- (d) Any clinical services provided by the Huntsville Authority on a system basis that are not provided by Jackson Authority as of the Effective Date; and
- (e) Other services the Huntsville Authority may desire to provide in the Jackson County service area in a location other than a Hospital Facility shall require written consent by Jackson Authority.

7.3 Right of First Refusal. In the event Jackson Authority desires to sell, merge or otherwise dispose of any of its assets within 5 years after expiration or termination of this Agreement, the Huntsville Authority shall have a right of first refusal to purchase the assets at Fair Market Value. "Fair Market Value" shall mean the value deemed at the time of the Effective Date of the Agreement to be the Net Position of the Hospital Facilities. Within thirty (30) days following the offer of sale, merger or other disposition, the Jackson Authority shall notify the Huntsville Authority (the "Jackson

Authority Notice"). If the Huntsville Authority elects to purchase the Hospital Facilities, the parties shall close the sale of the Hospital Facilities on a date mutually agreed upon by the parties, but in no event more than ninety (90) days from the Jackson Authority Notice, unless extended by mutual, written agreement of the parties. the Huntsville Authority shall have the right to conduct due diligence customary for a health care transaction and may decline to purchase even after Jackson Authority Notice if the results of its investigation, including any investigation as to title to the assets comprising the Hospital Facilities, is unsatisfactory. Closing of any purchase pursuant to this Section 7.3 shall occur at a time and place agreed to by the Jackson Authority and the Huntsville Authority.

ARTICLE 8

INDEMNIFICATION

8.1 Indemnification. As of the Effective Date, the Huntsville Authority and Jackson LLC shall assume responsibility for and shall defend, indemnify and hold harmless the Jackson Authority, 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 the Huntsville Authority's and Jackson LLC's use of the services, goods and/or items under the Assigned Contracts; (c) all obligations with respect to the Assumed Liabilities and Assets; (d) all acts or omissions by the Huntsville Authority or Jackson LLC, or their divisions, parents, subsidiaries, related entities, successors, assigns, officers, directors, partners, employees, agents, attorneys, insurers, representatives, servants, and consultants; (e) all claims related to the Jackson Authority'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 Jackson Authority Employees and the Jackson Authority related to their employment relationship; (h) all other liabilities and obligations of Jackson Authority of every description, excepting only its liabilities to the Huntsville Authority under this Agreement; and (i) any breach of any of the representations or warranties of the Huntsville Authority contained in or made pursuant to this Agreement or other documents delivered by the Huntsville Authority pursuant to this Lease. Without limiting the generality of the foregoing, the indemnity obligations of the Huntsville Authority 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.

8.2 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 Agreement (a "Third Party Claim"), the obligations and liabilities of the Huntsville Authority with respect to the Third Party Claim will be subject to the following terms and conditions. If the Huntsville Authority 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 the Huntsville Authority 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 the Huntsville Authority of any meetings, hearings and other discussions in any such suit or proceeding. The Huntsville Authority 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 the Huntsville Authority, which consent will not be unreasonably withheld or delayed. If the Huntsville Authority 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 the Huntsville Authority without the prior written consent of Indemnitees, which consent will not be unreasonably withheld or delayed.

ARTICLE 9

DISPUTES & REVERSION OF ASSETS

9.1 In the event of any dispute, claim, question or disagreement arising from or relating to any material breach of this Agreement, the Lease or Assignment and Assumption Agreements attached hereto, the parties hereto shall use their best efforts to settle the dispute, claim, question or disagreement within 180 days. Provided, however,

if the parties are making progress to resolve the matters, upon mutual agreement the time limitations set forth herein may be extended. Both parties agree to consult and negotiate with each other in good faith and, recognizing their mutual interests, attempt to reach a just and equitable solution satisfactory to both parties.

9.2 All unresolved disputes arising out of or relating to this Agreement, including the Lease and Assignment and Assumption Agreements, will be resolved through arbitration administered by the American Health Lawyers Dispute Resolution Service and conducted pursuant to the AHLA Rules of Procedure for Arbitration. The proceeding shall be held in Jackson County, Alabama. The arbitrator will admit into evidence only documents and testimony that would be admissible under the Alabama Rules of Evidence. 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 arbitrator may not award punitive damages to either party for any reason. The Agreement will remain in full force and effect during any such period of arbitration unless otherwise terminated under the terms of this Agreement.

9.3 Termination due to Merger, Dissolution or Sale. Either party has the option to terminate this Agreement pursuant to the provisions of Section 4.4.

9.4 Reversion of Assets. Upon expiration or termination of this Agreement:

(a) the Lease shall automatically terminate;

(b) Hospital Facilities, including the Premises and Buildings, and all improvements made thereto, ordinary wear and tear excepted shall revert to Jackson Authority, and the Huntsville Authority and Jackson Authority 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 Jackson Authority, or its designee, can effectively operate the Hospital Facilities and provide continuity of patient care in compliance with all applicable laws, regulations, licensing, accreditation and contractual requirements. The Effective Reversion Date shall be established by the arbitrator in the event the reversion of assets is a matter of dispute.

(c) on the Effective Reversion Date, all rights and benefits belonging to the Huntsville Authority under this Agreement shall revert back to Jackson Authority.

(d) on the Effective Reversion Date, the Huntsville Authority shall assign and transfer to Jackson Authority:

(i) all consumables, inventories and medical and non-medical supplies maintained at or for the Hospital Facilities;

(ii) all tangible personal property, of every kind and nature, whether owned or leased by the Huntsville Authority, and maintained at or for the Hospital

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 Hospital Facilities;

(iii) the Huntsville Authority's leasehold interest in those leases where the Huntsville Authority is a tenant of leased property related to the operations of the Hospital Facilities;

(iv) all cash, investments and assets limited as to use equivalent to the then current days cash on hand for the Huntsville Authority, but not less than 120 days or greater than the days cash on hand contributed by Jackson Authority on the Effective Date of the Agreement; it is the parties' intent to restore Jackson Authority the appropriate amount of cash considering the current days cash on hand and capital expenditures and that neither party shall be assessed punitive damages as the result of any termination;

(v) all liabilities, accounts receivable, prepaid expenses, and accounts payable regarding items or services provided to, by or at the Hospital Facilities;

(vi) 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 Hospital Facilities;

(vii) all trade secrets and other confidential information concerning the operation or use of the Hospital Facilities not in the public domain;

(viii) the benefit and use of the name "Highlands Medical Center" and any other names leased under this Agreement;

(ix) any outstanding debt on the Hospital Facilities including debt owed by the Hospital Facilities to the Huntsville Authority as intercompany loans; and

(x) any Jackson Authority Ownership Interests retained by the Huntsville Authority.

Between the expiration or termination date and the Effective Reversion Date, the Huntsville Authority shall operate the Hospital 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 Hospital Facilities and its business.

The parties shall use their good faith and commercially reasonable efforts to return the Hospital Facilities to Jackson Authority with the same or substantially the same hospital, clinical, therapeutic and diagnostic services (including inpatient and outpatient hospital services) as provided by Jackson Authority through the Hospital Facilities as of the Effective Date, provided the parties have not agreed to modify, change, delete or add services during the term of this Agreement. The reversion of the assets pursuant to this Section 9.4 shall be subject to any outstanding indebtedness attributable to the Hospital Facilities as of the Effective Reversion Date.

Upon expiration or earlier termination of the Term of this Agreement, the Huntsville Authority will continue to manage the operation of the Hospital Facilities for a period of up to twelve (12) months, at Jackson Authority's option, in order to permit an orderly transition of the Hospital Facilities in accordance with this Article. 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.

9.5 The Huntsville Authority acknowledges and agrees that nothing in this Article 9 shall impact its indemnification obligations under Article 8 hereof.

ARTICLE 10 **MISCELLANEOUS**

10.1 Notices. All notices, offers, consents and other instruments given pursuant to this Agreement 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 Jackson Authority, addressed to it at its address set forth above, c/o Chair; and (y) if to the Huntsville Authority, addressed to the Huntsville Authority at its address set forth above, c/o Chief Executive Officer. Jackson Authority and the Huntsville Authority 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 Agreement; and (ii) any other person or entity that is to receive copies of notices, offers, consents and other instruments hereunder.

10.2 Separability; Binding Effect. Each provision hereof shall be separate and independent and the breach of any such provision by Jackson Authority shall not discharge or relieve the Huntsville Authority from its obligations to perform each and every covenant to be performed by the Huntsville Authority 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 Agreement shall be binding upon, inure to the benefit of, and be enforceable by, the

respective successors and permitted assigns of Jackson Authority and the Huntsville Authority to the same extent as if each such successor and assign were named as a party hereto. This Agreement may not be changed, modified or discharged except by a writing signed by Jackson Authority and the Huntsville Authority. Any such change, modification or discharge made otherwise than as expressly permitted by this Section shall be void. This Agreement shall be governed by and interpreted in accordance with the laws of the State of Alabama. This Agreement 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. The Interim Administrator Agreement entered between the parties is hereby terminated.

10.3 Headings. The headings of the various Sections and Schedules of this Agreement 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 Agreement.

10.4 Amendments/Modifications. This Agreement may be amended or modified by the parties.

10.5 Interpretation. Words of any gender used in this Agreement 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 Agreement.

10.6 Estoppel Certificate. At any time and from time to time hereafter, either party to this Agreement, 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 Agreement, 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 the Huntsville Authority, and as to any other matters relating to this Agreement which may be reasonably requested by the requesting party.

10.7 Counterparts. This Agreement 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.

10.8 No Partnership. The parties hereto intend the relationship created by this Agreement to be that of Jackson Authority and the Huntsville Authority and do not intend for the arrangement between them to be a partnership. Further, this Agreement does not create the relationship of partner or joint venturer between the Huntsville Authority and Jackson Authority. the Huntsville Authority and Jackson Authority acknowledge that neither is the agent, employee, or servant of the other and the relationship of independent parties exists between them.

10.9 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 Agreement, and all other instruments and agreements executed and delivered by the respective parties in connection with the transactions contemplated herein.

10.10 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 Agreement.

10.11 Survival. The following provisions of this Agreement shall survive termination of this Agreement, along with such other provisions which by their terms survive termination: Articles 7, 8, 9 and 10.

10.12 Huntsville Authority and Jackson LLC Substitution of Responsibilities. There may be situations where this Agreement indicates an obligation on the part of Huntsville Authority, and such obligation now or hereafter may legally reside with Jackson LLC, and vice versa. As a health system, some contracts, for example, for all Affiliates is under the name of the Huntsville Authority to include all Affiliates, and some contracts are under Affiliate names. All parties acknowledge that where "Huntsville Authority" is indicated in this Agreement, the legal responsibility may be or become "Jackson LLC". Huntsville Authority shall retain ultimate responsibility for the obligations of Jackson LLC under this Agreement.

10.13 Cooperation. Both parties agree to cooperate fully with each other in connection with any actions reasonably requested or required to be taken as a part of the parties' obligations hereunder, including revisions to this Agreement and the Schedules attached to complete the intent of the parties.

10.14 Exhibits & Schedules. The following Exhibits and Schedules referred herein and attached to this Agreement are hereby incorporated by reference:

EXHIBIT A - LEASE

EXHIBIT B – ASSIGNMENT & ASSUMPTION AGREEMENT

EXHIBIT C – JACKSON AUTHORITY BOARD RESOLUTION

EXHIBIT D – HUNTSVILLE AUTHORITY BOARD RESOLUTION

Schedule A – Jackson Authority Wholly Owned Subsidiaries and Ownership Interests

Schedule B – Excluded Debts

Schedule C – Financed Indebtedness

Schedule D – Tradenames, Tax ID #s, NPI's

Schedule E – Encumbrances

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

The Jackson Authority:

The Jackson County Health Care Authority

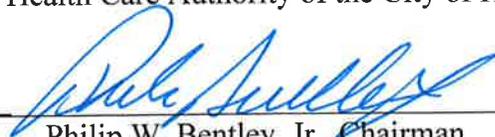
By:  _____
Chairman

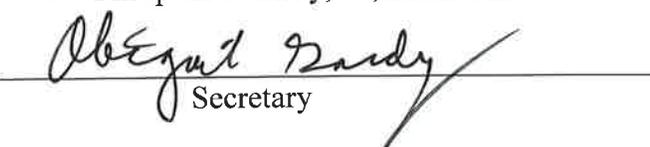
Printed Name: Robert H. Matthews, Jr.

 _____
Secretary

The Huntsville Authority:

The Health Care Authority of the City of Huntsville

By:  _____
Philip W. Bentley, Jr., Chairman

 _____
Secretary

Legal Counsel for parties:

On Behalf of Jackson Authority: Gary Lackey, Esq.

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

LEASE

THIS LEASE ("Lease") is made and entered into by and between The Jackson County Health Care Authority ("Jackson Authority"), and The Health Care Authority of the City of Huntsville, whose address is 101 Sivley Road, Huntsville, Alabama 35801 ("Huntsville Authority").

WHEREAS, Jackson owns Highlands Medical Center, Cumberland Health and Rehab, Highlands Health and Rehab and other properties identified on Attachment A to this Lease (collectively the "Hospital Facilities"); and

WHEREAS, the Jackson Authority and the Huntsville Authority have entered into an Integration Agreement effective October 1, 2021 (the "Effective Date") whereby the Jackson Authority will become fully integrated into the HH Health System, with the result that assets of the Jackson Authority shall be leased, transferred and assumed by the Huntsville Authority and the Huntsville Authority will assume responsibility for the operations of Hospital Facilities; and

WHEREAS, this Lease comprises the leasing of Hospital Facilities as part of the Integration Agreement, and is made part of, fully incorporated into and is co-terminus with the Integration Agreement.

NOW, THEREFORE, in consideration of Rent and other good and valuable consideration, the parties agree to this Lease as follows:

SECTION 1. DEFINITIONS

1.1 "Assets" means the Jackson Authority's interest in:

- (a) the Premises;
- (b) the Buildings;
- (c) real estate owned by the Jackson Authority and its wholly owned subsidiaries;

1.2 "Buildings" means those buildings and structures located on the Premises, which are owned or leased by the Jackson Authority and currently housing the Hospital Facilities and other the Jackson Authority 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.

1.3 "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 the Jackson Authority and located on the Premises.

1.4 "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 Hospital Facilities and the Jackson Authority.

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

1.6 "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.

1.7 "Hospital Facilities" shall have the meaning set forth in the Recitals.

1.8 "Personal Property" means all tangible personal property, of every kind and nature, whether owned or leased by the Jackson Authority, and used in relation to the Hospital 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 Hospital Facilities.

1.9 "Premises" means the real property owned by the Jackson Authority, 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.

SECTION 2. TITLE AND CONDITION; USE OF PREMISES.

2.1 Title to Hospital Facilities. The Jackson Authority covenants, represents and warrants that the Jackson Authority has full right and lawful authority to enter into this Lease for the Term hereof, and is lawfully seized of the Hospital Facilities. The Hospital Facilities are leased to the Huntsville Authority subject to all liens and encumbrances of record.

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

2.3 Use of Premises. The Huntsville Authority shall at all times and in all respects cause the operation of the Hospital 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 Hospital Facilities.

2.4 Licenses; Permits; Accreditations. The Huntsville Authority shall maintain in full force and effect during the Term, all necessary Government Authorizations needed to operate without restriction the Hospital Facilities, including, but not limited to, hospital licensure of the Hospital Facilities 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 the Integration Agreement; (b) the Hospital 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 Hospital Facilities will during the Term be certified to participate in the Medicaid Program under regulations promulgated by the Alabama Medicaid Agency; (d) the Huntsville Authority shall promptly notify the Jackson Authority (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 the Huntsville Authority pursuant to this Section.

2.5 As is Condition. The Huntsville Authority hereby acknowledges and agrees that the Hospital Facilities are being leased "AS IS, WHERE IS, WITH ALL FAULTS". **THE EQUIPMENT AND PERSONAL PROPERTY LOCATED THEREIN IS IN A USED CONDITION, AND JACKSON IS NEITHER A MANUFACTURER OR DISTRIBUTOR, NOR DEALER OR MERCHANT IN SAID ASSETS, PERSONAL PROPERTY OR EQUIPMENT. JACKSON MAKES NO WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE IN RESPECT TO SAID ASSETS, PERSONAL PROPERTY OR EQUIPMENT AND JACKSON DISCLAIMS ANY WARRANTY, EXPRESSED OR IMPLIED, WITH RESPECT TO SAID ASSETS, PERSONAL PROPERTY OR EQUIPMENT.**

2.6 Alterations, Additions and Removal. The Huntsville Authority, 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. The Huntsville Authority 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 the Huntsville Authority hereunder; and (c) no material part of the improvements shall be demolished unless the same are replaced by other improvements which are required by the Huntsville Authority in connection with its intended use of the Premises or the Huntsville Authority received the Jackson Authority's prior written consent. The Huntsville Authority 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 the Huntsville Authority's business operations on the Premises and Leased Properties. Any such property shall become the property of the Hospital Facilities.

2.7 Mechanic's Liens. The Huntsville Authority shall: (a) immediately after it is filed or claimed, bond or have released any mechanic's, materialman's or other lien filed or claimed against any or all of the Premises, the Property, or any other property owned or leased by the Jackson Authority, by reason of labor or materials provided for the Huntsville Authority or any of the Huntsville Authority's contractors or subcontractors (other than labor or materials provided by the Jackson Authority) or otherwise arising out of the Huntsville Authority's use or occupancy of the Premises or any other portion of the Property, and (b) defend, indemnify and hold harmless the Jackson Authority against and from any and all liability, claim of liability or expense (including, by way of example rather than of limitation, that of reasonable attorney's fees) incurred by the Jackson Authority on account of any such lien or claim.

SECTION 3. TERM.

3.1 Term. This Lease shall have a Term of forty (40) years commencing October 1, 2021 (the "Effective Date"). The Term of this Lease shall be co-terminus with the Integration Agreement, such that any extension or termination of the Integration Agreement shall constitute and cause the equivalent extension or termination of this Lease.

3.2 Surrender. The surrender and reversion of Hospital Facilities shall occur as set forth in the Integration Agreement.

SECTION 4. RENT.

4.1 Rent. The Huntsville Authority shall pay to the Jackson Authority the sum of One Thousand Dollars (\$1,000.00) per year as Rent, to be paid for the entire Term (*i.e.*, \$40,000.00) in advance on the Effective Date.

4.2 Tax on Lease. If federal, state or local law now or hereafter imposes any tax, assessment, levy or other charge ("Tax") directly or indirectly upon: (a) the Jackson Authority with respect to the Property, this Lease or the value thereof; (b) the Huntsville Authority's use or occupancy of the Premises; (c) the Rent, or any other sum payable under this Lease; or (d) this transaction, the Huntsville Authority shall pay the amount thereof.

SECTION 5. MAINTENANCE AND SERVICES.

The Huntsville Authority shall be responsible for the maintenance, replacement and upkeep of all Hospital Facilities, including the Buildings, Premises, and Equipment. Notwithstanding Section 2.5 above, all of the Equipment shall be maintained by the Huntsville Authority in such repair and condition as similar equipment is maintained in other hospitals and health care facilities similar to the Hospital Facilities. In the event that the Huntsville Authority decides for any reason that any item or items of Equipment are no longer required for its use, the Huntsville Authority may dispose of the same and all proceeds of such disposition, if any, shall be paid to the Hospital Facilities. If the Huntsville Authority 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, and shall become part of the Hospital Facilities. The Jackson Authority will execute and deliver to the Huntsville Authority such instruments of

conveyance as shall be reasonably acceptable to the parties in order to effectuate the intent of this Section.

SECTION 6. ENVIRONMENTAL MATTERS

6.1 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, the Huntsville Authority shall not allow any Hazardous Substances, 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 Substances or other toxic material.

6.2 The Huntsville Authority 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.

6.3 If the Huntsville Authority 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 the Huntsville Authority 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 the Huntsville Authority, 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, the Huntsville Authority shall, at its own cost and expense, carry out and complete any repair, closure, detoxification, decontamination or other cleanup of the Premises.

SECTION 7. INSURANCE AND INDEMNIFICATION.

7.1 The Huntsville Authority will maintain insurance or self insure for:

(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) 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.

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

7.2 Waiver of Liability. Neither the Jackson Authority nor its agents shall be liable for any damage to property of the Huntsville Authority nor for loss of or damage to any property of the Huntsville Authority by theft or otherwise, nor for any injury or damage to persons or property in the Premises resulting from fire, explosion, steam, gas, electricity, water or rain which may leak from any part of the Building or from the pipes appliances or plumbing works therein or from the roof, street or subsurface, or from any other place or resulting from dampness or any other cause whatsoever, unless caused by or due to the negligence of the Jackson Authority, its agents, servants or employees. The Huntsville Authority shall give prompt notice to the Jackson Authority in case of fire or accidents in the Premises or in the Building or of defects therein or in the fixtures or equipment. The Huntsville Authority hereby acknowledges that the Jackson Authority shall not be liable for any interruption to the Huntsville Authority's business for any cause whatsoever, and that the Huntsville Authority shall obtain Business Interruption Insurance coverage should the Huntsville Authority desire to provide coverage for such risk.

SECTION 8. CASUALTY LOSS; CONDEMNATION

8.1 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, the Huntsville Authority shall promptly notify the Jackson Authority of such damage in writing, and the Huntsville Authority and the Jackson Authority shall thereafter meet and mutually decide whether to repair or rebuild the damaged property. If the decision is to rebuild the damaged property, the Huntsville Authority will commence and diligently prosecute to completion the improvements or portion thereof which was damaged, in a good and workmanlike manner, in accordance with plans and specifications satisfactory to the Huntsville Authority and the Jackson Authority, which the Jackson Authority shall not unreasonably disapprove. All proceeds remaining after payment of the costs of collection and recovery, if any shall be paid over to the Huntsville Authority to fund the costs of repair and rebuilding. If the parties determine not to repair or rebuild the damaged property the parties will determine how to use the insurance proceeds. In the event the parties cannot agree, the matter may be resolved pursuant to Article 9 of the Integration Agreement.

8.2 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 Assets but the Huntsville Authority shall use any proceeds received from such taking to purchase substitute assets and facilities, which assets and facilities will constitute Assets hereunder and which will continue to be owned by the Jackson Authority and leased by the Huntsville Authority in accordance with the provisions hereof.

SECTION 9. ASSIGNMENT, SUBLETTING AND OWNERSHIP.

9.1 Assignment. The Huntsville Authority hereby acknowledges that it will not either voluntarily or by operation of law, directly or indirectly assign or transfer any of its rights under the Lease

9.2 Subletting. The Huntsville Authority may lease or sublease any Hospital Facilities, without obtaining the Jackson Authority's written consent thereto. Any assignment or sublease shall not relieve the Huntsville Authority of its obligations under this Lease and such assignee or sublessee shall be jointly and severally liable for the performance of the Huntsville Authority's covenants under this Lease.

9.3 Ownership. During the Term, the Jackson Authority shall retain sole legal ownership of the Buildings and Premises of the Hospital Facilities.

SECTION 10. MISCELLANEOUS.

10.1 Effectiveness. This Lease shall become effective upon and only upon its execution and delivery by each party hereto. This Lease may be executed in several counterparts, but the counterparts shall constitute one and the same document.

10.2 Complete Understanding. This Lease and the Integration Agreement represents the complete understanding between the parties as to the subject matter hereof; and supersedes all prior written or oral negotiations, representations, warranties, statements or agreements between the parties as to the same. In the event there are any conflicts between the terms of this Lease and the Integration Agreement, the terms of the Integration Agreement shall prevail.

10.3 Amendment. This Lease may be amended by and only by an instrument executed and delivered by each party hereto.

10.4 Headings. The headings of the Sections, subsections, paragraphs and subparagraphs hereof are provided herein for, and only for convenience of reference, and shall in no way define, limit or describe the scope or intent of this Lease nor in any way affect this Lease.

10.5 Attachments. Each writing referred to herein as being attached hereto as an attachment or otherwise designated herein as an attachment hereto is hereby made a part hereof

10.6 Separability. Each and every covenant and agreement contained in this Lease shall be for any and all purposes hereof construed as separate and independent. All rights, powers and remedies provided herein may be exercised only to the extent that the exercise thereof does not violate applicable law and shall be limited to the extent necessary to render this lease valid and enforceable. If any term, provision or covenant of this Lease or the application thereof to any person or circumstance shall be held to be invalid, illegal or unenforceable, by a court of last resort having jurisdiction in the Premises, the validity of the remainder of this Lease shall not be affected, this Lease shall not terminate, unless the illegal, invalid or unenforceable clause of this Lease deprives the the Huntsville Authority of the consideration originally

contracted for, and there shall be substituted for such illegal, invalid or unenforceable provision a like provision which is legal, valid and enforceable within the limits established by such court's final opinion and which most nearly accomplishes and reflects the original intention of the parties.

10.7 Memorandum of Lease. The parties shall execute and deliver to each other duplicate originals of a Memorandum of this Lease, in the form attached hereto as Attachment B, containing the information required by law for recording the same.

[THE REMAINDER OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK.]

IN WITNESS WHEREOF, the parties hereto have executed this Lease as of the Effective Date.

THE JACKSON AUTHORITY:

THE JACKSON COUNTY HEALTH CARE
AUTHORITY

ATTEST:

Stephanie L. King

By: 
Chairman

Printed Name: Robert Matthews

THE HUNTSVILLE AUTHORITY:

THE HEALTH CARE AUTHORITY OF THE
CITY OF HUNTSVILLE

ATTEST:

Stephanie L. King

By: 
Philip W. Bentley, Chairman