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DEPARTMENT OF HEALTH

CERTIFICATE OF NEED PROGRAM
DEPARTMENT OF HEALTH

ON 20-52


Olympia, Washington 98504

APPLICATION FOR A CERTIFICATE OF NEED

Hospital Projects (excluding Sale, Purchase or Lease of a Hospital, Nursing Home Related Projects, and CCRC Related Projects)

Certificate of Need applications must be submitted with a fee in accordance with WAC 440-44-030 and the instructions on page 2 of this form.

Application is made for a Certificate of Need in accordance with provisions of Chapter 70.38 RCW and Rules and Regulations adopted the Department (WAC 248-19) State of Washington. I hereby certify that the statements made in this application are correct to the best of knowledge and belief.

<p>Signature and Title of Responsible Officer</p>  <p>John Solheim, CEO</p> <p>Email Address: john.solheim@trioshealth.org</p>	<p>Date: March 6, 2020</p> <p>Telephone Number: (509) 221 6339</p>
<p>Legal Name of Applicant:</p>	<p>Type of Ownership:</p> <p><input type="checkbox"/> Non-Profit</p> <p><input checked="" type="checkbox"/> Proprietary</p> <p><input type="checkbox"/> Public Hospital District</p> <p><input type="checkbox"/> State/County</p>
<p>Address of Applicant:</p> <p>3810 Plaza Way, Kennewick, WA 99338</p> <p>900 S. Auburn Kennewick, WA 99336</p>	<p>Type of Project: (check all that apply)</p> <p><input type="checkbox"/> New Health Care Facility (except nursing homes)</p> <p><input type="checkbox"/> Capital expenditure over expenditure minimum</p> <p><input type="checkbox"/> Substantial change in service</p> <p><input checked="" type="checkbox"/> Bed capacity change/Redistribution</p> <p><input type="checkbox"/> New Health Service(s)</p> <p><input type="checkbox"/> Pre-development Expenditure</p> <p><input type="checkbox"/> Major Medical Equipment</p> <p><input type="checkbox"/> Other:</p>
<p>Intended date of incurring contractual obligation to construction, acquire, lease or finance capital asset: <u>August 2020</u></p> <p>Estimated capital expenditure: <u>\$25,143,395 for the two phases</u></p> <p>ATTACH NARRATIVE PORTION OF THE APPLICATION</p>	<p>Intended date of undertaking project: <u>August 2020</u></p> <p>Intended date of beginning to offer services or operate completed project: <u>January 2023</u></p> <p>Project Summary: Relocate all acute care beds from Trios Health's Auburn campus to its Southridge campus in two phases.</p>



March 6, 2020

Nancy Tyson, Executive Director, Certificate of Need Program
Department of Health
P.O. Box 47852
Olympia, WA 98504-7852

Dear Ms. Tyson:

Enclosed please find a copy of RCCH Trios Health, LLC d/b/a Trios Health's certificate of need application proposing a consolidation of all 111 beds on the Southridge campus.

Also enclosed is the appropriate review and processing fee of \$40,470.

Should you have any questions, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "John Solheim".

John Solheim, CEO
Trios Health



**CERTIFICATE OF NEED APPLICATION
PROPOSING THE CONSOLIDATION
OF
HOSPITAL SERVICES
ONTO THE
SOUTHRIDGE CAMPUS**

March 2020

SECTION 1 Applicant Description

A. Legal name(s) of applicant(s).

The legal name of the applicant is RCCH Trios Health, LLC, dba Trios Health. Throughout the application, the legal applicant is referred to as Trios Health.

B. Address of each applicant.

The address of the Trios Health Southridge Campus is:

3810 Plaza Way
Kennewick, WA 99338

The address of the Trios Health Auburn Campus is:

900 S. Auburn
Kennewick, WA 99336

C. If an out-of-state corporation, submit proof of registration with Secretary of State, Corporations, Trademarks and Limited Partnerships Division, and a chart showing organizational relationship to any related organizations as defined in Section 405.427 of the Medicare Regulations.

The applicant, RCCH Trios Health, LLC is a Delaware corporation and is registered to do business in Washington State.

RCCH Trios Health, LLC is owned 100% by RCCH – UW Medicine Healthcare Holdings, LLC. RCCH – UW Medicine Healthcare Holdings, LLC is owned 96% by RCCH Northwest, LLC and 4% by the University of Washington, through its unincorporated division, UW Medicine. Capella Healthcare, LLC owns 100% of RCCH Northwest, LLC. In 2018, RCCH HealthCare Partners acquired LifePoint Health and the combined entity now does business as LifePoint Health.

An organizational chart is included in Exhibit 1 depicting the relationship to related organizations.

D. Provide separate listings of each Washington and out-of-state health care facility, including name, address, Medicare provider number, Medicaid provider number, owned and/or managed by each applicant or by a related party, and indicate whether owned or managed. For each out-of-state facility, provide the name, address, telephone number and contact person for the entity responsible for the licensing/survey of each facility.

Trios Health's provider numbers are:

Medicare: 50-0053

Medicaid: 2110161

Trios Health does not own or manage any other health care facilities. LifePoint Health does operate other hospitals. A listing of these hospitals is included in Exhibit 2. Please note that Life Point is in the process of compiling the Medicare and Medicaid provider numbers for its hospitals and these will be provided in screening.

E. Facility licensure/accreditation status.

Trios Health is currently licensed for 111 beds; 74 beds are located at the Southridge campus and 37 beds are located at the Auburn campus.

Trios Health is fully accredited by the Joint Commission.

F. Is the applicant reimbursed, or plans to be reimbursed, for services under Titles V, XVIII and XIX of the Social Security Act?

Trios Health is currently reimbursed for services provided under both Titles XVIII and XIX of the Social Security Act.

G. Describe the history of each applicant with respect to criminal convictions related to ownership/operation of health care facility, license revocations and other sanctions described in WAC 248-19-390(5)(a). If there have been no such convictions or sanctions, so state.

Neither Trios Health nor any of the members of the related organization entities have any history with respect to the criteria described in WAC 248-19-390(5) (a) now codified at WAC 246-310-230(5) (a).

SECTION 2
Facility Description

A. Name and address of the proposed/existing facility.

The address of the Trios Health Southridge Campus is:

3810 Plaza Way
Kennewick, WA 99338

The address of the Trios Health Auburn Campus is:

900 S. Auburn
Kennewick, WA 99336

B. Name and address of owning entity at completion of project (unless same as applicant).

The owning entity is the same as the applicant.

C. Provide the following information about the owning entity (unless same as applicant).

- 1. If out-of-state corporation, submit proof of registration with Secretary of State, Corporations, Trademarks and Limited Partnership Division, and a chart showing organizational relationships to any related organizational relationships to any related organizations as defined in Section 405.427 of the Medicare Regulations.**

This question is not applicable.

D. Name and address of operating entity (unless same as applicant).

This question is not applicable.

E. Geographic identity of primary service area.

Trios Health is located in the Benton/Franklin Hospital Planning Area (Benton/Franklin). Nearly 90% of Trios Health's patients have historically resided in Benton/Franklin. As such, and for the purpose of this application, Benton/Franklin will be the primary service area.

F. Peer Group

This question is not applicable.

G. List physician specialties represented on active medical staff and indicate number of active staff per specialty.

A listing of the active medical staff by specialty is included in Exhibit 3.

H. List all other generally similar providers currently operating in the primary service area.

There are three other acute care hospitals in the Benton/ Franklin Hospital Planning Area: Kadlec Regional Medical Center (Kadlec), Lourdes Medical Center (Lourdes), and Prosser Memorial Hospital (Prosser).

Kadlec, located in Richland, Benton County, is licensed for 270 acute care beds and received approval to add an additional 67 beds (CN #1797). Lourdes, located in Pasco, and Prosser, located in Prosser, are both federally designated Critical Access Hospitals and, as such, can operate no more than 25 acute care beds. Lourdes also operates 10 rehabilitation beds.

- I. For existing hospitals, provide: inpatient days/year for the last 5 years, total licensed bed capacity at present, average number of set-up beds in the last twelve months.**

Table 1 details Trios Health’s inpatient utilization. Trios Health’s current licensed bed capacity is 111 (74 at Southridge and 37 at Auburn).

**Table 1
Trios Health’s Inpatient Discharges and Days
2015-2019**

Year	Southridge Discharges	Southridge Days	Auburn Discharges	Auburn Days	Total Discharges	Total Days
2015	4,095	15,536	1,719	3,530	5,814	19,066
2016	4,079	15,041	1,700	3,491	5,779	18,532
2017	3,898	14,415	1,509	3,325	5,407	17,740
2018	3,859	14,699	1,470	3,043	5,329	17,742
2019 YTD*	3,710	14,928	1,413	3,083	5,123	17,953

Source: Applicant,

- J. If this project involves construction of 12,000 square feet or more, or construction associated with parking for forty or more vehicles, submit a copy of either an Environmental Impact Statement or a Declaration of Non-Significance from the appropriate governmental authority.**

This project is a vertical expansion of the existing hospital and includes approximately 23,000 square feet of new space. Trios Health is in the process of completing a new SEPA checklist and filing. It is anticipated that this will be submitted no later than the end of March 2020.

SECTION 3 Project Description

- A. Describe the proposed project. This description should include discussion of any proposed conversion or renovation of existing space to other purposes, as well as the construction of new facility space. Also specify any unique services being proposed.**

This application proposes to consolidate all 111 of Trios Health's beds on the Southridge campus. This includes 27 acute (Obstetric) beds and 10 Level II neonatal beds. The project will be undertaken in two phases. At project completion, the Trios Southridge campus will house 100% of Trios Health's inpatient beds.

Prior to the opening of the Southridge Campus in 2014, all 111 beds were housed at the Auburn campus, which, today, is nearly 70 years old. The goal of Kennewick Public Hospital District #1, the owner/operator of Trios Health, at that time, was to open Southridge with all 111 beds. However, when it submitted a CN application in 2008 to establish the Southridge campus, the application stated:

The Auburn campus simply lacks the space, infrastructure and acreage to provide adequately-sized services and facilities to residents of KPHD. The existing Auburn campus is "landlocked"; meaning expansion of this campus would be costly and disruptive. In addition to acquiring land to expand, massive retrofitting and upgrading of the current infrastructure and buildings would be required.

....Given the extreme limitations of the current hospital campus, coupled with unabated population growth and increasing preference for KGH within the Tri-Cities, the Board of Commissioners and leadership team spent nearly six months evaluating all available opportunities. We have concluded that while total replacement would be preferred, the capital does not exist to do so. As such, we are, within this current application, proposing to relocate 74 beds of our existing licensed acute care capacity to our Southridge campus. The new campus, known as KGH Southridge, will provide inpatient medical/surgical and intensive care services, emergency services, and a full complement of ancillary services. Obstetrical and pediatric care will continue to be provided at the existing Auburn campus.

While the decision was made to operate two campuses on an interim basis, the ultimate goal of consolidation remained. When RCCH Trios Health, LLC became the owner/operator in 2018, its analysis found that the cost of the duplication associated with operating two inpatient campuses exceeds \$3 million annually. The Auburn campus' age, coupled with the fact that certain required services such as pharmacy, lab and phlebotomy, CS and social services are based at Southridge increases costs and requires ongoing diligence around access and quality. Based on all of the above, RCCH Trios Health, LLC has committed to undertaking and completing the consolidation in a timely manner. The consolidation will allow all patient services to be provided on one campus, reduce duplicative expenses, and improve patient safety.

The consolidation project will be undertaken in two phases. Phase 1 is the construction of a 24,000 square foot, two story addition over the existing surgery suite (the new construction is floor 2 and floor 3). In Phase 1, the second floor will be completed and the 3rd floor will be shelled. The newly constructed addition to the 2nd floor, along with the conversion of some existing medical/surgical beds contiguous to the new space will house a new 17 bed OB unit and a 10-bed level 2 nursery. As a result of the new OB unit, seven existing medical surgical beds will be relocated to existing license-able spaces at Southridge and seven will be taken off- line until Phase 2. The Auburn campus will close and no hospital services will remain at that location immediately after the new OB unit and Level II nursery are made operational in January of 2023.

In Phase 2, the shelled space located on the 3rd floor will become a new 18 bed medical surgical unit. These new beds will return Trios to 111 beds; specifically, the 12 beds not operational and six beds that will be relocated from other existing units. Phase 2 is scheduled to be operational in January 2025.

No new services or beds are proposed. Table 2 details the current configuration of beds by service and campus currently, as well as at the completion of each Phase.

Table 2
Trios Health
Current and Proposed Bed Configuration

Service	Today			Proposed		
	Southridge	Auburn	Total	Southridge Phase 1	Auburn Phase 1	Southridge Phase 2
Medical/Surgical	74	9 ¹	83	67	0	84
Obstetrics		18	18	17 ²	0	17
Level II Neonatal	0	10	10	10	0	10
Total	74	37	111	94	0	111

Source: Applicant

¹ The 9 beds are used as overflow.

² 6 LDRPs and 11 postpartum.

B. Type of Project (indicate all that apply).

- 1. New Facility or Service
- 2. Total Replacement of Existing Facility
- 3. Renovation or Modernization
- 4. Mandatory Correction of Fire and Life/Safety Deficiencies
- 5. Substantial Change in Services
- 6. Expansion/Reduction of Facility
- 7. Pre-Development Expenditure in Excess of Minimum
- 8. Other: Consolidation of beds

C. If the proposed project involves the purchase of an existing service, identify the present owner(s) of that service.

This project does not involve the purchase of an existing service. This question is not applicable.

D. Describe any changes in licensed and/or set-up bed capacity by unit/service which are part of this project.

As described in earlier section, no change in total licensed bed capacity is proposed, but there will be a change in where beds are set up. The 37 beds at the Auburn campus will be relocated to the Southridge Campus.

E. Total estimated capital expenditures.

The estimated capital expenditure is \$25,143,395, including \$20,056,390 for Phase 1 and \$5,087,005 for Phase 2; excluding capitalized interest.

F. Total estimated additional facility-wide operating expense for the first and second years of operation (separately shown).

This project is expected to result in an overall decrease in operating costs³. The estimated incremental operating cost savings for the first two years of operation are as follows:

2023: (\$2,070,775)
2024: (\$2,109,993)

³ Please note that there are approximately \$3million annually in operating savings that are expected to result from this project. The annual incremental operating costs, noted above, are net of depreciation, a non cash expense.

G. General description of types of patients to be served by the project. Describe the extent of any planned limitations to the services offered, either during the initial years of the project or on a permanent basis.

As noted earlier no change in bed type is proposed by this project, and no change in the types of patients to be served.

H. Projected utilization of service(s) for the first three years of operation following project completion (shown separately). This should be expressed in appropriate workload unit measures (for hospitals, as required in the Accounting and Reporting Manual for Hospitals of the Hospital Commission). RVU measures should also be expressed in procedures units.

Projected patient days, by campus are detailed in Table 3:

**Table 3
Trios Health
Project Patient Discharges and Patient Days by Phase**

Year	Discharges	Patient Days
2023 (Phase 1 Complete)	5,544	19,430
2024	5,655	19,819
2025 (Phase 2 Complete)	5,768	20,215
2026	5,883	20,620
2027	6,001	21,032

Source: Applicant

I. If applicable, include a copy of the functional program.

No functional program exists at this time.

J. Existing sources of patient revenue (Medicare, etc.) with anticipated percentage of revenue of each source.

Existing and proposed sources of gross revenue by payer are detailed in Table 4:

**Table 4
Trios Health
Existing and Proposed Sources of Revenue by Payer**

Payer	Current			Proposed Southridge At Completion of Phase 2
	Southridge	Auburn	Total	
Medicare	45.52%	0.06%	45.58%	45.58%
Medicaid:	18.80%	4.05%	22.85%	22.85%
Commercial/HMO	22.31%	2.20%	24.51%	24.51%
Other Govt.	4.60%	0.03%	4.63%	4.63%
Other	2.32%	0.11%	2.43%	2.43%
Total			100.00%	100.00%

Source: Applicant

K. Source(s) of financing.

LifePoint Corporate Services General Partnership, an indirect affiliate of LifePoint Health, will provide Trios Health with a construction loan as the sources of financing for this project.

L. Equipment proposed:

1. Description of new and replacement equipment proposed.

A listing of the new equipment proposed for this project is included in Exhibit 4.

2. Description of equipment to be replaced, including cost of the equipment and salvage value, if any, or disposal or use of the equipment to be replaced.

Except for existing equipment that is at the end of its useful life, all equipment will be relocated from the Auburn campus to the Southridge campus. A listing of new equipment that will replace the fully depreciated equipment is included in Exhibit 4.

M. Single line drawings at least approximately to scale of current locations which identify current departments and services.

Single line drawings of the existing Auburn and Southridge campuses are included in Exhibit 5.

N. Single line drawings at least approximately to scale of proposed locations which identify proposed services and departments.

Single line drawings of the Southridge campus with each phase are included in Exhibit 5.

O. Geographic location of site of proposed project, if other than hospital campus.

1. Indicate the number of acres in the site.

The Southridge campus site is 40 acres.

2. Indicate the number of acres in any alternate site, if applicable.

No alternate site is proposed for this project. Therefore, this question is not applicable.

3. Indicate if the primary site or alternate site has been acquired, if applicable.

No alternate site is proposed for this project.

4. Address of site.

The address for the Southridge campus is:

3810 Plaza Way
Kennewick, WA 99338

5. If the primary site or alternate site has not been acquired, explain how you will select and acquire a site for the proposed project.

This question is not applicable.

- 6. Describe any of the following which would currently restrict usage of the proposed site and/or alternate site for the proposed project:**
(a) mortgages; (b) liens; (c) assessments; (d) mineral or mining rights; (e) restrictive clauses in the instrument of conveyance; (f) easements and right of ways; (g) building restrictions; (h) water and sewage access (i) probability of flooding; (j) special use restrictions; (k) existence of access roads; (l) access to power and/or electricity sources; (m) shoreline management/environmental impact; (n) others, please explain.

The site is already zoned for, and in use as a hospital. This project proposes to add acute care beds in both remodeled existing space and newly constructed space. None of the above will restrict our ability to consolidate the beds at Southridge.

- 7. Provide documentation that the proposed site may be used for the proposed project. Include a letter from any appropriate municipal authority indicating that the site for the proposed project is properly zoned for the anticipated use and scope of the project or a written explanation of why the proposed project is exempt.**

The site has been used as a hospital since 2014. The appropriate zoning is already in place.

- 8. Provide documentation that the applicant has sufficient interest in the site or facility proposed. Sufficient interest shall mean one of the following:**
- a. Clear legal title to the proposed site; or**
 - b. Lease for at least five years with options to renew for to less than a total of twenty years in the case of a hospital, psychiatric hospital, tuberculosis hospital, or rehabilitation facilities; or**
 - c. Lease for at least one year with options to renew for not less than a total of five years in the case of freestanding kidney dialysis units, ambulatory surgical facilities, hospices, or home health agencies; or**
 - d. Legally enforceable agreement to give such title or such lease in the event that a Certificate of Need is issued for the proposed project.**

RCCH Trios Health LLC has a valid leasehold interest in the Southridge hospital building. The tax parcel ID # for the land is 1-1689-101-3333-006 and for the improvements is 8-1689-101-3333-003. Included in Exhibit 6 is information from the Benton County Assessor's Office documenting that Kennewick Holdings, LLC is the property owner (consistent with the lease agreement). A copy of the lease agreement is included in Exhibit 7. This lease agreement was previously reviewed and approved by the CN Program in the CN application that approved the sale of Trios Health to RCCH Trios Health LLC.

P. Space Requirements.

1. Existing gross square footage.

The current square footage for the proposed Southridge campus is approximately 168,000.

2. Total gross square footage for proposed new addition.

Phase 1 will add 24,000 additional square feet to the existing hospital.

3. Provide a matrix showing net square feet for all involved services and departments before and after project completion.

Table 5 details the current and proposed bed configuration for Trios Health by campus.

**Table 5
Trios Health
Configuration by Campus and Unit, Current and Proposed**

Campus	Unit	CURRENT			Campus	PHASE 1			PHASE 2		
		Location	No. of Beds	SF		Location	No. of Beds	SF	Location	No. of Beds	SF
Southridge	ICU	2 nd Floor	14	11,632	Southridge	2 nd Floor	14	11,632	2 nd Floor	14	11,632
Southridge	Med/Surg	2 nd Floor	30	21,732	Southridge	2 nd Floor	16	10,178	2 nd Floor	16	10,178
Auburn	Nursery	Main Floor	10	3,040	Southridge	2 nd Floor	10	3,050	2 nd Floor	10	3,050
Auburn	OB	Main Floor	18	14,360	Southridge	2 nd Floor	17 ⁴	18,150	2 nd Floor	17	18,150
Auburn	OB Overflow	2 nd Floor	9	5,544							
Southridge	Med/Surg	3 rd Floor	30	24,603	Southridge	3 rd Floor	37	24,603	3 rd Floor	54	36,441
	TOTAL		111				94			111	

Source: Applicant

4. Do the above responses include any shelled-in areas?

At completion of Phase 2, there will be no shelled-in areas.

⁴ 6 LDRPs and 11 post partum

Q. Proposed Timetables for Project Implementation

Table 6 details the project timeline:

**Table 6
Trios Health
Proposed Timeline by Phase**

Financing:	Phase 1	Phase 2
a. Date for obtaining construction financing	August 2020	August 2023
b. Date for obtaining permanent financing	August 2020	August 2023
c. Date for obtaining funds necessary to undertake the project	August 2020	August 2023
Design:		
a. Date for completion and submittal to Consultation and Construction Review Section of preliminary drawings	August 2020	May 2023
b. Date for completion and submittal to Consultation and Construction Review Section of final drawings and specifications	November 2020	Aug. 2023
Construction:		
a. Date for construction contract award:	December 2020	Nov. 2023
b. Date for 25 percent completion of construction:	June 2021	Feb. 2024
c. Date for 50 percent completion of construction:	December 2021	May 2024
d. Date for 75 percent completion of construction:	June 2022	August 2024
e. Date for completion of construction:	November 2022	November 2024
f. Date for obtaining licensure approval:	December 2022	December 2024
g. Date for occupancy/offering of service(s):	January 2023	January 2025

Source: Applicant

R. As the applicant(s) for this project, describe your experience and expertise in the planning, developing, financing and construction of this type of project.

RCCH Healthcare Partners was established in 1999. Today it operates about 90 hospitals in 30 states. To best support these hospitals RCCH established a Health Support Center (HSC), located in Brentwood, Tennessee which has subject matter experts in every area of healthcare operations and provider services—including design, financing and construction. The Trios Health project has enjoyed the active support of this team. Their strong history in health care facility design and construction will assure that the project is made operational in a timely manner, and in a cost-effective fashion.

S. Describe the relationship of this project to the applicant(s)' long-range plan and long-range financial plan (if any).

This project is part of RCCH's long range plan to stabilize Trios Health and provide the residents of Benton and Franklin Counties with a strong and financially viable long-term choice for health care. The consolidation of the campuses into a single location will provide patients with 'one stop shopping'. In addition, the consolidation will result in operating efficiencies at Trios Health (at an estimated \$3million annually in savings is expected to be realized with the elimination of duplicated services and departments).

SECTION 4
Project Rationale
NEED

- 1. Identify and analyze the unmet health services needs and/or other problems to which this project is directed.**
 - a. Unmet health services needs of the defined population should be differentiated from physical plant and operating (service delivery) deficiencies which are related to present arrangements.**
 - b. The negative impact and consequences of unmet needs and deficiencies should be identified.**

This project is not directed at unmet community needs, per se, but rather is directed at realizing operating efficiencies by consolidating services and by not operating hospital services in the aging (now more than 70 years old) Auburn campus.

In addition to the physical plant constraints of the Auburn Campus, there are significant operational and operating inefficiencies that result from operating two separate campuses. By consolidating services at Southridge, operational cost savings are estimated at \$3 million annually.

Trios Health met with the CN Program regarding the consolidation project in October 2018. At that meeting, the CN Program confirmed that need would be deemed met for CN purposes since no new capacity is proposed.

- c. The relationship of the project, if any, to the appropriate service specific Performance Standards of the current State Health Plan should be fully documented in this section.**

The *State Health Plan* was sunset in 1989. As such, this question is not applicable.

- d. The relationship of the project, if any, to the appropriate sections of the regional health council Health Systems Plan or Annual Implementation Plan should be fully documented in this section.**

The *State Health Plan* was sunset in 1989. As such, this question is not applicable.

2. In the context of the criteria contained in WAC 248-19-370(2) (a) and (2) (b), document the manner in which:

- a. Access of low income persons, racial and ethnic minorities, women and mentally handicapped persons and other underserved groups to the services proposed is commensurate with such persons' need for the health services (particularly those needs identified in the applicable Health Systems Plan as deserving of priority).**

Admission to Trios Health is based on clinical need. Services are made available to all persons regardless of age, race, color, creed, ethnicity, religion, national origin, marital status, sex, sexual orientation, gender identity or expression, disability, veteran or military status. A copy of Trios Health's admission and non-discrimination policies are included as Exhibit 8.

For hospital charity care reporting purposes, the Department of Health (Department) divides Washington State into five regions. Trios Health is located in the Central Washington Region. According to 2016-2018 charity care data produced by the Department (the latest data currently available), the three-year charity care average for the Central Washington region, was 1.12% of total revenue and 2.97% of adjusted revenue. During this same timeframe, Trios Health provided charity care accounting for 0.46% of total revenue and 1.28% of adjusted revenue. Most of the historical charity care data was under prior ownership.

The pro forma financials assume 1.12% of gross revenue for charity care, and Trios Health understands that the CN award will be conditioned with the requirement that charity care be provided at the regional average.

A copy of Trios Health's charity care policy is included in Exhibit 8.

- b. In the case of the relocation of a facility or service, or the reduction or elimination of a service, the present needs of the defined population for that facility or service, including the needs of underserved groups, will continue to be met by the proposed relocation or by alternative arrangements.**

As stated in earlier sections of this application, Trios Health is proposing to consolidate all beds on the Southridge Campus. Given the age of the Auburn Campus, and the operational efficiencies associated with the consolidation, the project is justified.

The consolidation means that access to ancillary support services by patients currently receiving services at the Auburn campus will be improved. No change in service mix is proposed with this project. All needs of the service area residents, including the underserved, will continue to be met. The Southridge campus is actually in a more ideal and more accessible location for service area residents.

- c. **Applicants should include the following: copy of admissions policy, copy of community service policy, reference appropriate access problems identified in State and regional health council planning documents and discuss how this project addresses such problems, other information as appropriate.**

Copies of the requested policies are included in Exhibit 8.

3. **Define the population that is expected to be served by the specific project proposed. This may require different definitions for each element of the projected.**

In all cases, provide regional health council population forecasts for the next ten years, broken down into age and sex categories.

In the case of an existing facility, include a patient origin analysis for at least the most recent twelve month period, if such data is maintained, or provide patient origin data from the last state-wide patient origin study. Patient origin is to be indicated by zip code, zip codes are to be grouped by city and county, and include a zip code map illustrating the service area.

The population expected to be served can be defined according to specific needs and circumstances of patients (e. g. alcoholism treatment, renal dialysis), or by the number of persons who prefer to receive the services of a particular recognized school or theory of medical care.

Table 7 depicts the population of Benton and Franklin Counties. A patient origin study is included as Exhibit 9. Nearly 90% of patients discharged from Trios Health live in Benton/Franklin.

According to OFM and as can be seen in Table 7, the current population of Benton and Franklin Counties is over 290,000 (2018). While the Counties' total five-year growth rate is expected to be 9.3% between 2018 and 2023, the vast majority of population growth is expected to take place among the senior age cohort (over 65), which by itself is expected to grow by 21.5%. Females 15-44 are also expected to grow at a faster rate than the total population, with a five-year growth rate of 13.1%.

**Table 7
Population Estimate and Projections, Benton and Franklin Counties**

	2010	Pct. Of Tot. Pop	2018	Pct. Of Tot. Pop	Pct. Chg. 10-17	2023	Pct. Of Total Pop	Pct. Chg. 17-22
Total Population	253,340	100.0%	290,474	100.0%	14.7%	317,627	100.0%	9.3%
Pop. By Age.								
0-14	62,410	24.6%	68,887	23.7%	10.4%	73,965	23.3%	7.4%
15-19	16,600	6.6%	21,077	7.3%	27.0%	23,788	7.5%	12.9%
20-44	84,188	33.2%	96,185	33.1%	14.3%	105,336	33.2%	9.5%
45-64	61,332	24.2%	65,967	22.7%	7.6%	67,940	21.4%	3.0%
65-74	14,805	5.8%	23,417	8.1%	58.2%	27,481	8.7%	17.4%
75-84	8,066	3.2%	10,632	3.7%	31.8%	14,130	4.4%	32.9%
85+	3,411	1.3%	4,309	1.5%	26.3%	4,988	1.6%	15.8%
0-64	227,058	89.6%	125,230	43.1%	-44.8%	132,003	41.6%	5.4%
65+	26,282	10.4%	38,358	13.2%	45.9%	46,599	14.7%	21.5%
Fem. 15-44	52,909	20.9%	59,158	20.4%	11.8%	66,908	21.1%	13.1%

Source: Washington State 2017 GMA Projections - Medium Series

4. **Provide information on the availability and accessibility of similar existing services to the defined population expected to be served. This section should concentrate on their facilities and services which "compete" with the applicant.**
 - a. **Identify all existing providers of services similar to those proposed and include sufficient utilization experience of those providers that demonstrates that such existing services are not available in sufficient supply to meet all or some portion of the forecasted utilization.**
 - b. **If existing services are available to the defined population, demonstrate that such are not accessible to that population. Time and distance factors, among others, are to be analyzed in this section.**
 - c. **If existing services are available and accessible to the defined population, justify why the proposed project does not constitute an unnecessary duplication of services.**

There are three other acute care hospitals in Benton and Franklin Counties: Kadlec Regional Medical Center (Kadlec), Lourdes Medical Center (Lourdes), and Prosser Memorial Hospital (Prosser). Today, Kadlec, located in Richland, Benton County, is licensed for 270 acute care beds and received CN approval (CN#1797) to add an additional 67 beds. Lourdes, located in Pasco, and Prosser, located in Prosser, are both federally designated Critical Access Hospitals and, as such, can operate no more than 25 acute care beds. Lourdes also operates 10 rehabilitation beds.

Because we are not proposing any new beds or services, this project does not compete with, nor result in any unnecessary duplication of existing services.

- 5. Provide utilization forecasts for each service included in the project. Include the following:**
 - a. Utilization forecasts for at least three years following project completion.**
 - b. The complete quantitative methodology used to construct each utilization forecast.**
 - c. Identify and justify all assumptions related to changes in use rate, market share, intensity of service and others.**
 - d. Evidence of the number of persons now using the service(s) who will continue to use the service(s). Utilization experience for existing services involved in the project should be reported for up to the last ten years, as available. Such utilization should be reported in recognized units of measure appropriate to the service. For hospitals, the workload unit measure required by the State Hospital Commission should be reported together with the corresponding number of procedures.**
 - e. Evidence of the number of persons who will begin to use the service(s).**

Projected patient days for Trios Health, after project completion, are detailed in Table 8. Due to population growth and aging in Benton/Franklin and consistent with the acquisition CN in 2018, Trios Health has assumed a 2% annual growth in discharges and days. The 2019 length of stay was used; no change in length of stay was assumed.
Confirm matches financials

**Table 8
Projected Patient Days**

	2023	2024	2025	2026	2027
Patient Discharges	5,544	5,655	5,768	5,883	6,001
Patient Days	19,430	19,819	20,215	20,620	21,032

Source: Applicant

- 6. Reference all health care facility-related high priority health service needs for your service area which are called for in current health planning documents, including the health council HSP and AIP and the State Health Planning and Development Agency SHP. If the resources required of this project, including health manpower, management personnel, capital and operating funds, do not address those high priority needs, justify why those resources are not reasonably available to be directed to meet such needs.**

The *State Health Plan* was sunset in 1989. As such, this question is not applicable.

- 7. As applicable, substantiate the following special needs and circumstances which the proposed project is to serve.**
- a. The special needs and circumstances of entities such as medical and other health professions schools, multidisciplinary clinics and specialty centers which provide a substantial portion of their services or resources, or both, to individuals not residing in the health service areas in which the entities are not located or in adjacent health service area.**
 - b. The special needs and circumstances of biomedical and behavioral research projects which are designed to meet a national need and for which local conditions offers special advantages.**
 - c. The special needs and circumstances of osteopathic hospitals and non-allopathic services.**

This question is not applicable.

SECTION 5 Financial Feasibility

1. All applicable estimated capital costs (actual or replacement costs if a conversion project).

Table 9 details the capital cost for the project by phase:

**Table 9
Estimated Capital Expenditure**

		Phase 1	Phase 2	Total
a	Land Purchase			-
b	Land Improvements			-
c	Building Purchase			-
d	Residual Value of Replaced Facility			-
e	Construction Costs	13,150,000	3,095,000	16,245,000
f	Moveable Equipment	2,761,355	747,790	3,509,145
g	Fixed Equipment (not included in construction contract)			-
h	Architect & Engineering Fees	1,436,513	279,000	1,715,513
i	Consulting Fees	350,000	55,000	405,000
j	Site Preparation			-
k	Supervision and Inspection			-
l	Costs Associated with Financing to Include Interim Interest			-
m	Cost of financing to include interim interest during construction			-
n	Sales Tax:	1,401,967	355,705	1,757,672
o	Other Project Costs: Please detail			-
	Testing	100,000	25,000	125,000
	Building & Impact Fees:	159,613	31,000	190,613
	IT/security	696,942	498,510	1,195,452
p.	Total Capital Expenditure	20,056,390	5,087,005	25,143,395
	Capitalized Interest	1,697,499	195,907	1,893,406

Source: Applicant

2. Provide a copy of a signed nonbinding contractor's estimate of the project's construction cost, movable equipment, fixed equipment, consulting fees, site preparation, and supervision and inspection of site (Items e, f, g, i, j, and k, above).

A signed non-binding contractor's estimator letter is included in Exhibit 10.

3. For each service (cost center) provide, gross square feet to be impacted by construction, and estimated cost for items e, f, g, i, j, and k above. Separately indicate net square feet for each service (cost center). Reference appropriate recognized space planning guidelines you have employed in your space allocation activities.

Table 10 details the square footage and construction costs for all areas of the project.

**Table 10
Building Gross Square Footage**

The Project Area	Estimated Building Gross Square Feet (BGSF) ⁵	Construction Cost BGSF (use e, f, g, i, j, and k above)
Total	92,422	\$218.12

Source: Applicant

4. For an existing facility, indicate the increase in capital costs per patient day that would result from this project.

The current and forecast capital costs per patient day are detailed in Table 11.

⁵Total GSF includes all square footage impacted by this project (new and renovated).

**Table 11
Capital Costs Per Patient Day**

	2023 Forecast	2024 Forecast	2025 Forecast	2026 Forecast	2027 Forecast
Total Depreciation Expense	\$835,693	\$835,693	\$1,047,652	\$1,047,652	\$1,047,652
Total Interest Expense	\$70,729	\$70,729	\$78,892	\$78,892	\$78,892
Total Capital Expense (sum of above 2 lines)	\$906,412	\$906,412	\$1,122,403	\$1,122,403	\$1,122,403
Patient Days	19,430	19,819	20,215	20,620	21,032
Capital Costs per Patient Day	\$46.65	\$45.73	\$55.52	\$54.43	\$53.37

Source: Applicant

5. Anticipated sources and amounts of financing for the project (actual sources for conversions).

LifePoint Corporate Services General Partnership, an indirect affiliate of LifePoint Health, will provide Trios Health with a construction loan as the sources of financing for this project.

6. For projects to be totally or partially funded from capital allowance, please indicate the amount(s) of capital allowance and budget year(s) during which the funds would be used.

This project has not, and will not be funded from capital allowance.

7. Indicate the anticipated interest rate on the construction loan:

The construction loan is assumed to have an interest rate of 8.0%.

8. Indicate if you will have a fixed or a variable interest rate on the long-term loan and indicate the rate of interest.

There is no debt financing for this project. Therefore, this question is not applicable.

9. Estimated Start-up and Initial Operating Expenses

- a. Total Estimated Start-up costs. (Expenses incurred prior to opening such as staff training, inventory, etc., reimbursed in accordance with Medicare guidelines for start-up costs.)**

Trios Health is an existing operation. No start up period is anticipated.

- b. Estimated Period of Time Necessary for Initial Start-up. (Period of time after construction completed, but prior to receipt of patients.)**

Trios Health is an existing operation. No start up period is anticipated.

- c. Total Estimated Initial Operating Deficits (Operating deficits occurring during initial operating period.)**

Trios Health is an existing operation. No initial deficit is anticipated.

- d. Estimated initial operating period (Period of time from receipt of first patient until total revenues equal total expenses.)**

Trios Health is an existing operation. No initial operating period is anticipated.

10. Evidence of Availability of Financing for the Project

Please submit the following:

- a. Copies of letter(s) from lending institutions which indicate a willingness to finance the proposed project (both construction and permanent financing). The letter(s) should include.**
- i. Status of loan application(s).**
 - ii. Purpose of the loan(s).**
 - iii. Proposed interest rate(s) (Fixed or Variable).**
 - iv. Proposed term (period) of the loan(s).**
 - v. Proposed amount of loan(s).**
 - vi. Verification that the lender has examined the financial position of the borrower and found it to be adequate to support the proposal. The examination should reflect other project activity, actual or proposed, that might relate to this specific proposal.**

Included in Exhibit 11 is a letter from J. Michael Grooms, SVP and Chief Accounting Officer at LifePoint Health documenting LifePoint's commitment to the use of reserves for the funding of this project. Also included is a corporate balance sheet demonstrating that the sufficient reserves are available. In addition, the letter documents that interest expense will be charged to the project during the construction period. The assumed interest rate is 8.0% and the total expense is estimated to be approximately \$1.7million. The interest expense is included in the pro forma financials for the project in Exhibit 12.

- b. Copies of letter(s) from the appropriate source(s) indicating the availability of financing for the initial start-up costs. The letter(s) should include the same items requested in 5(a) above, as applicable.**

No startup costs are envisioned with this project. Therefore, this question is not applicable.

- c. Copies of each lease or rental agreement related to the proposed project.**

This project does not require any new lease or rental agreements. However, the Southridge hospital is leased by RCCH Trios Health, LLC (lessee) from Kennewick Holdings, LLC (lessor). The initial term of the lease, which was reviewed and approved by the CN Program in the 2018 acquisition application, will not change. The initial term is for 13 years, expiring in 2031, with options to renew for five years each for a total of an 20 additional years. A copy of the lease agreement is included in Exhibit 7.

- d. Amortization schedule(s) for each financing arrangement including long-term, and any short- term start-up or initial operating deficit loans, setting forth the:**
 - i. Principal.**
 - ii. Term (number of payment periods) (long-term loans may be annualized).**
 - iii. Interest.**
 - iv. Outstanding balance at end of each payment period.**

Since there is no long- term financing for this project, this question is not applicable.

11. Provide a cost comparison analysis, including a discussion of the advantages and costs, of each of the following alternative financing methods: purchase, lease, Capital Allowance, board-designated reserves, interfund loan, and commercial loan. Provide rationale for choosing the financing method selected.

Most of the capital costs for this project will be financed through existing reserves; resulting in no interest expense for the project. During the construction period, Trios Health will be charged for interest (assumed interest rate of 8.0%). The proposed financing costs for the project are minimal.

12. Cost center budgets anticipated revenue, and operating costs for the period from the current fiscal year through and including three full fiscal years following completion of the project, without inflation, with and without the project. In the "with" scenario, include start-up costs, and the anticipated period of deficit operations before the project is utilized at the break-even point.

Exhibit 12 contains a copy of the pro forma financials for this project, including both the "with" and "without" scenarios.

13. Provide a pro forma balance sheet without inflation, with and without the project. However, if there are no capital costs associated with this project, no pro forma balance sheets are necessary. If the project to be totally funded from hospital reserves or capital allowance, a pro forma balance with the project is sufficient. Submit these statements for the period from the current fiscal year through and including three full fiscal years following completion of the project. Provide a narrative of the assumptions used in preparing these statements. Explain any extraordinary changes in financial position.

Exhibit 12 includes the pro forma balance sheet for the proposed project.

14. Provide a capital expenditure budget covering each year starting with the first year following the last State Hospital Commission budget submittal up through the third year following completion of the project.

There are no capital expenditures (other than routine capital replacements), beyond those identified in this application for this CN Project.

15. The expected sources of revenues for the applicant(s) total operations (e.g., Medicaid, Medicare, Blue Cross, Labor and Industries, etc.) with anticipated percentage of revenue from each source.

The expected sources of gross revenue by payer as follows:

**Table 12
Trios Health
Existing and Proposed Sources of Revenue by Payer**

Payer	Current			Proposed
	Southridge	Auburn	Total	Southridge
Medicare	45.52%	0.06%	45.58%	45.58%
Medicaid:	18.80%	4.05%	22.85%	22.85%
Commercial/HMO	22.31%	2.20%	24.51%	24.51%
Other Govt.	4.60%	0.03%	4.63%	4.63%
Other	2.32%	0.11%	2.43%	2.43%
Total			100.00%	100.00%

Source: Applicant

16. Provide a copy of the latest State Hospital Commission approved rate sheet.

This question is no longer applicable.

17. Provide the complete audited year-end financial reports for the last three full fiscal years. These should include balance sheets, expense and revenue statements, statements of changes in financial position, and the accompanying notes.

As the CN Program is aware, a full year of audited financial statements are not available under the new ownership. The change in ownership occurred in the fall of 2018. Therefore, this question is not applicable.

18. The relationship of the project, if any, to the appropriate cost sections of the State Health Plan, regional health council health systems plan or annual implementation plan should be documented.

As neither the *State Health Plan*, nor the *Health Systems Plan* are currently in effect, this question is not applicable.

19. Indicate the reduction or addition of FTEs with the salaries, wages, employee benefits for each FTE affected.

Table 13 details the incremental FTEs needed for the proposed project and the average salaries and wages associated with these positions.

**Table 13
Trios Health
Proposed Staffing by Discipline**

	Actual 2019	2023	2024	2025-	2026	2027
All						
Management	66.69	67.95	67.95	67.95	68.95	68.95
RN	171.95	176.35	184.27	194.31	202.66	212.95
LPN	14.48	15.19	15.60	16.03	16.48	16.92
Mid-Level	27.01	28.33	29.10	29.89	30.73	31.57
Tech/Prof	253.03	259.10	269.97	279.43	290.87	301.21
Svc/Support	213.70	214.14	215.50	216.68	217.86	218.92
MD	45.65	45.88	47.18	48.52	49.95	51.35
Total FTEs	792.50	806.94	829.58	852.81	877.50	901.87
Salaries & Wages	\$69,498,992	\$72,230,509	\$73,313,967	\$74,413,676	\$75,901,950	\$77,419,989
Employee Benefits	\$15,928,467	\$16,468,556	\$16,715,584	\$16,966,318	\$17,457,448	\$17,806,597
S&W & Benefits	\$85,427,459	\$88,699,065	\$90,029,551	\$91,379,994	\$93,359,398	\$95,226,586
S&W & Benefits/FTE	107,790	109,920	108,520	107,150	106,390	105,590

Source: Applicant

SECTION 6
Project Rationale
STRUCTURE AND PROCESS (QUALITY) OF CARE

1. Document the following:

- a. The availability of sufficient numbers of qualified health manpower and management personnel. If staff availability is a problem, describe the manner in which the problem will be addressed.**
- b. In the context of the State Health Plan Health Facility/Service General Performance Standard #2h, document the present and future availability of personnel with qualifications appropriate to the level and intensity of care they are and/or will be providing and with training specific to the technologies they are using.**

Because this project proposes only the relocation of existing services, the staffing needs noted in Table 13 are relatively small (and due only to projected volume growth, adjusted for efficiencies associated with consolidation)

Please note that the incremental staff is associated with patient care only—other staffing is projected to decrease or remain flat as we realize economies of consolidating campuses.

At this time, Trios Health expects about a 24 FTE savings in support and non-patient care areas. -

Trios Health offers a competitive wage and benefit package as well as numerous other recruitment and retention strategies.

2. Describe the relationship of ancillary and support services to proposed services, and the capability of ancillary and support services to meet the service demands of the proposed project.

This project proposes a consolidation of all the acute care services at the Southridge campus. This will allow for enhanced access to the full range of ancillary and support services at the Southridge campus for those patients currently being cared for at the Auburn campus. The ancillary and support service departments are already sufficiently sized to meet the demands of the additional beds at the Southridge campus.

- 3. In the context of the State Health Plan Health Facility/Service General Performance Standard #2f, document that the facility has and/or will have written policies evidencing a coordination and referral system that assures that patients receive care at the least intensive and restrictive level appropriate to their needs.**

Trios Health has a comprehensive discharge planning process that begins prior to or at admission. Depending upon the needs of the patient, the discharge planning team can have the stay extended or work with the physician(s) to determine the most appropriate plan of care. Each patient is screened either at, or before, admission and a tentative discharge plan is developed. As the stay progresses and discharge gets closer, the plan is either modified or implemented, depending upon the needs of the patient. Trios Health also works closely with area nursing homes and other programs (acute rehabilitation and home health/hospice, for example), as well as other community-based programming.

- 4. Identify the specific means by which the proposed project will promote continuity in the provision of health care to the defined population and avoid unwarranted fragmentation of services. This section should include the identification of existing and proposed formal working relationships with hospitals, nursing homes and other health services resources serving your primary service area. This description should include recent, current and pending cooperative planning activities, shared service agreements, and transfer agreements. Copies of relevant agreements and other documents should be included.**

This project proposes to consolidate all beds on the Southridge Campus. Trios Health is not proposing any new services or beds. Trios Health does, and will continue to work closely with other providers throughout Benton and Franklin Counties to ensure that timely and seamless patient transitions continue to occur. No changes to these working relationships are proposed with the relocated bed capacity.

- 5. In the context of the State Health Plan Health Facility/Service General Performance Standard #2g, document that your facility ensures and/or will ensure effective continuity of care through discharge planning initiated early in the course of treatment.**

As discussed in response to previous questions, discharge planning efforts are, and will continue to be, initiated upon admission. Trios Health staff review discharge options throughout the patient's stay to ensure that continuity of care is achieved, while also ensuring that the patient receives the most cost-effective care appropriate to the circumstances.

- 6. In context of the State Health Plan Health Facility/Service General Performance Standard #2c, document that your facility has and/or will have a patient priority policy which requires acceptance of patients according to clinical evidence of medical need and potential benefit to patients.**

Trios Health does not discriminate on the basis of age, race, color, creed, ethnicity, religion, national origin, marital status, sex, sexual orientation, gender identity or expression, disability, veteran or military status. Patients are admitted based on clinical evidence and medical need.

- 7. Fully describe any history of each applicant with respect to the actions noted in Certificate of Need regulations WAC 248-19-390 (5) (a). If there is such a history, provide clear, cogent and convincing evidence that the proposed project will be operated in a manner that ensures safe and adequate care to the public to be served and in conformance with applicable federal and state requirements.**

Neither Trios Health nor RCCH have any history with respect to the actions noted in Certificate of Need regulations WAC 248-19-390(5) (a) (now WAC 246-310-230).

- 8. Demonstrate that services to be provided will be provided (a) in a manner that ensures safe and adequate care, and (b) in accord with applicable federal and state laws, rules and regulations.**

Trios Health operates all of its programs in conformance with applicable federal laws, rules and regulations.

- 9. Describe how the project, complies with the appropriate Quality and Continuity of Care related criteria of the State Health Plan, regional health council systems plan or annual implementation plan.**

The *State Health Plan* was sunset in 1989, and as such this question is no longer applicable.

- 10. In the context of the State Health Plan Health Facility/Service General Performance Standard #2b, document that your facility has and/or will have an active utilization review program.**

The *State Health Plan* was sunset in 1989, and as such this question is no longer applicable.

SECTION 7
Project Rationale
COST CONTAINMENT

1. Document the following:

Exploration of alternatives to the project you have chosen to pursue, including postponing action, shared service arrangements, merger, contract services, and different spatial configurations you have evaluated and rejected. Each alternative should be analyzed by application of the following:

- **Decision making criteria (e.g. cost limits, availability, quality of care, legal restrictions, etc.).**
- **Advantages and disadvantages, and whether the sum of either the advantages or the disadvantages outweigh each other by application of the decision-making criteria.**
- **Capital costs.**
- **Staffing impact.**

The decision to consolidate campuses was made after a comprehensive analysis of the incremental costs, challenges and benefits of operating on two campuses. Options evaluated included:

- 1) Status quo;
- 2) Maintain two campuses, and make investments in Auburn campus to offset deferred maintenance and aging/obsolescence;
- 3) Consolidate onto a single campus.

The “do nothing” option was ruled out because many portions of the Auburn campus are at or reaching the end of their useful life and need upgrade in order to assure that they meet Trios Health facility performance standards.

Importantly, Trios Health continues to operate with duplication because of the two-campus structure. The analysis conservatively identified that the duplication was adding about \$3 million in operating expenses annually. The greatest duplicative costs are being incurred in cost centers including radiology, security, administration, etc. For these reasons, option 2 was eliminated.

2. The specific ways in which the project will promote staff or system efficiency or productivity.

As discussed in earlier sections of this application, once all services are consolidated on a single campus, operating efficiencies in staffing and operations are expected. For example, an overall reduction annually of approximately \$3 million is expected due to elimination of duplicate services and staffing as well as a decrease in utility costs.

3. In the case of construction, renovation or expansion, capital cost reductions achieved by architectural planning and engineering methods and methods of building design and construction.

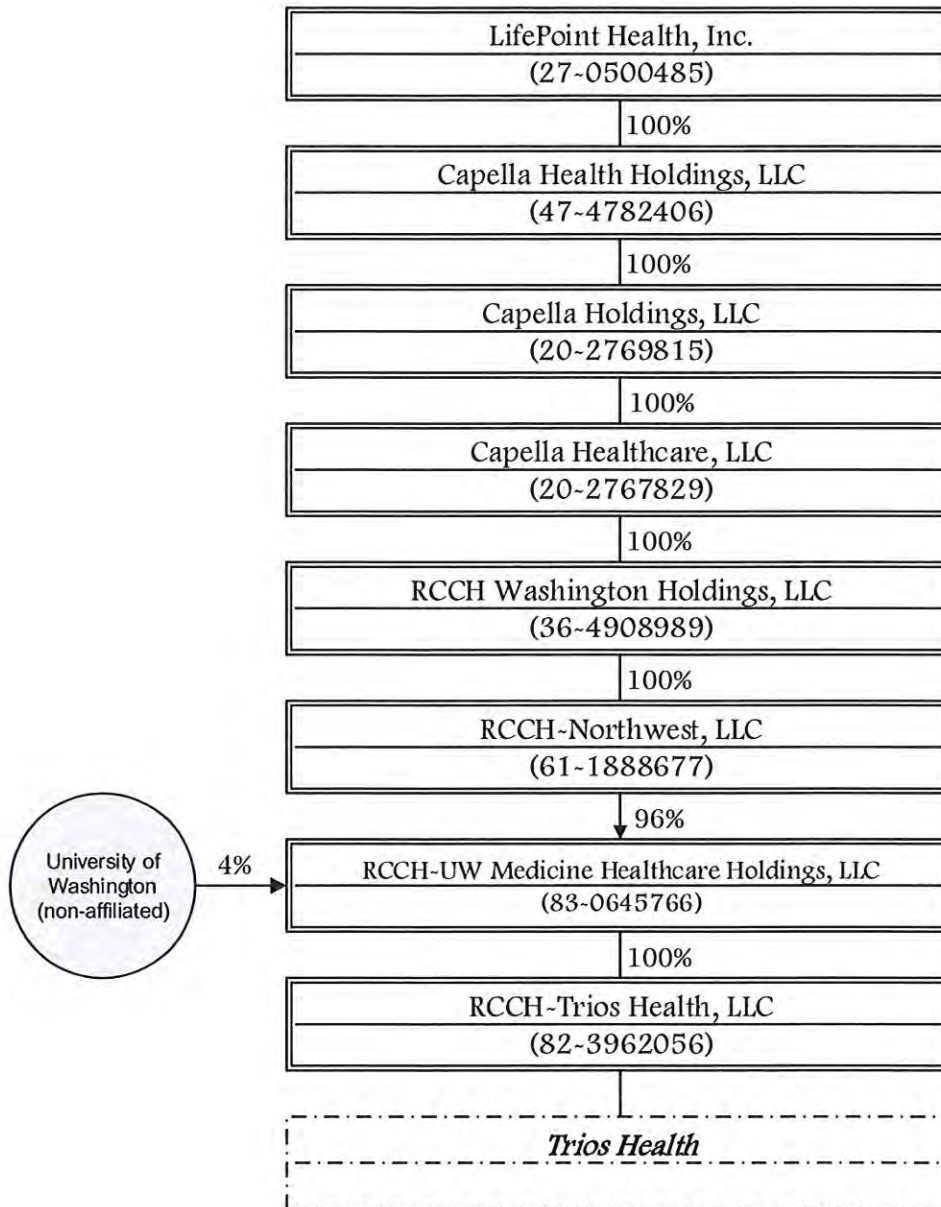
Trios Health's Southridge campus is only five years old. This project proposes to expand an existing building. This is a less costly alternative than to replace the aging Auburn campus. To the extent feasible, Trios Health will include the most efficient building design and construction.

4. In the case of construction, renovation or expansion, an analysis of the capital and operating costs of alternative methods of energy consumption, including the rationale for choosing any method other than the least costly.

The expanded and remodeled space will conform to, or exceed all State and regional energy and code requirements.

Exhibit 1: Organizational Chart

Trios Health Ownership Structure



The principal business address of each of the above entities (except indicated non-affiliated entities, if any) is 330 Seven Springs Way, Brentwood, TN 37027

Exhibit 2: Hospital Facility Listing

<p><u>Andalusia Health</u> (<i>Central Div.</i>) 849 South Three Notch Street P.O. Box 760 Andalusia, AL 36420 Main Tel: 334/222-8466 Fax: 334/427-0349 (88 beds)</p>	<p><u>Ashley Regional Medical Center</u> (<i>Western Div.</i>) 150 W. 100 N Vernal, UT 84078 Main Tel: 435/789-3342 Adm. Tel: 435/789-3342 x803 Fax: 435/789-1314 (39 beds)</p>	<p><u>Bluegrass Community Hospital</u> (<i>Central Div.</i>) 360 Amsden Avenue Versailles KY 40383 Main Tel: 859/873-3111 Fax: 859/873-1016 (25 beds)</p>
<p><u>Bolivar Medical Center</u> (<i>Mountain Div.</i>) 901 East Sunflower Road Cleveland, MS 38732 Main Tel: 662/846-0061 Fax: 662/846-2380 (199 beds)</p>	<p><u>Bourbon Community Hospital</u> (<i>Central Div.</i>) 9 Linville Drive Paris, KY 40361 Main Tel: 859/987-3600 Fax: 859/987-1003 (58 beds)</p>	<p><u>Canyon Vista Medical Center</u> (<i>Western Div.</i>) 5700 E. Highway 90 Sierra Vista, AZ 85635 Main Tel: 520/263-2000 (100 beds)</p>
<p><u>Capital Medical Center</u> (<i>Western Div.</i>) 3900 Capital Mall Drive, SW Olympia, WA 98502 Main Tel: 360/754-5858 (107 beds)</p>	<p><u>Carolina Pines Regional Medical Center</u> (<i>Eastern Div.</i>) 1304 West Bobo Newsom Highway Hartsville, SC 29550 Main Tel: 843/339-2100 (116 beds)</p>	<p><u>Castleview Hospital</u> (<i>Western Div.</i>) 300 N. Hospital Drive Price, UT 84501 Main Tel: 435/637-4800 Fax: 435/637-9513 (49 beds)</p>
<p><u>Central Carolina Hospital - DLP</u> (<i>Eastern Div.</i>) 1135 Carthage St Sanford, NC 27330 Main Tel: 919/774-2100 Fax: 919/774-2295 (137 beds)</p>	<p><u>Clark Memorial Hospital</u> (<i>Central Div.</i>) (<i>Regional Health Network</i>) 1220 Missouri Avenue Jeffersonville, IN 47130 Main Tel: 812/282-6631 Fax: 812/283-2688 (236 beds)</p>	<p><u>Clark Regional Medical Center</u> (<i>Central Div.</i>) 175 Hospital Drive Winchester, KY 40391 Main Tel: 859/745-3500 (79 beds)</p>

<p><u>Clinch Valley Health</u> (<i>Eastern Div.</i>) 6801 Governor G.C. Peery Hwy. Richlands, VA 24641 Main Tel: 276/596-6000 Fax: 276/596-6009 (175 beds)</p>	<p><u>Clinton Memorial Hospital</u> (<i>Central Div.</i>) 610 W. Main Street Wilmington, OH 45177 Main Tel: 937/328-6611 (165 beds)</p>	<p><u>Colorado Plains Medical Center</u> (<i>Western Div.</i>) 1000 Lincoln Street Ft. Morgan, CO 80701 Main Tel: 970/867-3391 Fax: 970/542-3306 (50 beds)</p>
<p><u>Community Medical Center</u> (<i>Western Div.</i>) 2827 Fort Missoula Road Missoula, MT 59804 Main Tel: 406/728-4100 (151 beds)</p>	<p><u>Conemaugh Memorial Medical Center - DLP</u> (<i>Eastern Div.</i>) (<i>Conemaugh Health System</i>) 1086 Franklin Street Johnstown, PA 15905 Main Tel: 814/534-9000 Fax: 814/539-0264 (539 beds)</p>	<p><u>Conemaugh Meyersdale Medical Center - DLP</u> (<i>Eastern Div.</i>) (<i>Conemaugh Health System</i>) 200 Hospital Drive Meyersdale, PA 15552 Main Tel: 814/634-5911 Fax: 814/634-0435 (20 beds)</p>
<p><u>Conemaugh Miners Medical Center - DLP</u> (<i>Eastern Div.</i>) (<i>Conemaugh Health System</i>) 290 Haida Avenue Hastings, PA 16646 Main Tel: 814/247-3100 Fax: 814/247-3119 (30 beds)</p>	<p><u>Conemaugh Nason Medical Center</u> (<i>Eastern Div.</i>) (<i>Conemaugh Health System</i>) 105 Nason Drive Roaring Spring, PA 16673 Main Tel: 814/224-2141 (45 beds)</p>	<p><u>DLP Cardiac Partners, LLC</u> (<i>Eastern Div.</i>) 566 Ruin Creek Road Henderson, NC 27536 Main Tel: 704-837-8266</p>
<p><u>Ennis Regional Medical Center</u> (<i>Mountain Div.</i>) 2201 West Lampasas Street Ennis, TX 75119 Main Tel: 972/875-0900 Fax: 469/256-2154 (60 beds)</p>	<p><u>Fauquier Health Systems Inc.</u> (<i>Eastern Div.</i>) 500 Hospital Drive Warrenton, VA 20186 Main Tel: 540/316-5000 Fax: 540/316-5001 (210 beds)</p>	<p><u>Fleming County Hospital</u> (<i>Central Div.</i>) 55 Foundation Drive P.O. Box 388 Flemingsburg, KY 41041 Main Tel: 606/849-5000 (25 beds)</p>

<p><u>FrYE Regional Medical Center - DLP</u> (<i>Eastern Div.</i>) 420 N Center St Hickory, NC 28601 Main Tel: 828/315-5000 (355 beds)</p>	<p><u>Georgetown Community Hospital</u> (<i>Central Div.</i>) 1140 Lexington Road Georgetown, KY 40324 Main Tel: 502/868-1100 Fax: 502/868-5607 (75 beds)</p>	<p><u>Harris Regional Hospital - DLP</u> (<i>Eastern Div.</i>) (<i>WestCare Health System</i>) 68 Hospital Road Sylva, NC 28779 Main Tel: 828/586-7000 (86 beds)</p>
<p><u>Havasu Regional Medical Center</u> (<i>Western Div.</i>) 101 Civic Center Lane Lake Havasu City, AZ 86403 Main Tel: 928/855-8185 Fax: 928/505-5768 (171 beds)</p>	<p><u>Haywood Regional Medical Center - DLP</u> (<i>Eastern Div.</i>) 262 Leroy George Drive Clyde, NC 28721 Main Tel: 828/456-7311 (169 beds)</p>	<p><u>Jackson Purchase Medical Center</u> (<i>Central Div.</i>) 1099 Medical Center Circle Mayfield, KY 42066-1099 Main Tel: 270/251-4100 Fax: 270-251-4507 (107 beds)</p>
<p><u>Kershaw Health</u> (<i>Eastern Div.</i>) 1315 Roberts Street Camden, SC 29020 Main Tel: 803/432-4311 (119 beds)</p>	<p><u>Lake Cumberland Regional Hospital</u> (<i>Central Div.</i>) 305 Langdon Street P.O. Box 620 Somerset, KY 42503 Main Tel: 606/679-7441 Fax: 606/678-9919 (295 beds)</p>	<p><u>Livingston Regional Hospital</u> (<i>Mountain Div.</i>) (<i>HighPoint Health System</i>) 315 Oak Street Livingston, TN 38570 Main Tel: 931/823-5611 Fax: 931/403-2334 (114 beds)</p>
<p><u>Logan Memorial Hospital</u> (<i>Central Div.</i>) 1625 Nashville Street P.O. Box 10 Russellville, KY 42276 Main Tel: 270/726-4011 Fax: 270/726-7465 (75 beds)</p>	<p><u>Logan Regional Medical Center</u> (<i>Central Div.</i>) 20 Hospital Drive Logan WV 25601 Main Tel: 304/831-1101 Fax: 304/831-1871 (140 beds)</p>	<p><u>Los Alamos Medical Center</u> (<i>Western Div.</i>) 3917 West Road Los Alamos, NM 87544 Main Tel: 505/661-4201 Fax: 505/661-9598 (47 beds)</p>

<p><u> Lourdes Health</u> (<i>Western Div.</i>) *<i>Lourdes Medical Center</i> *<i>Lourdes Counseling Center</i> 520 North 4th Avenue Pasco, WA 99301 Main Tel: 509/547-7704 (95 beds)</p>	<p><u> Maria Parham Health - DLP</u> (<i>Eastern Div.</i>) 566 Ruin Creek Rd Henderson, NC 27536 Main Tel: 252/438-4143 Fax: 252/438-3690 (102 beds)</p>	<p><u> Meadowview Regional Medical Center</u> (<i>Central Div.</i>) 989 Medical Park Drive Maysville, KY 41056 Main Tel: 606/759-5311 Fax: 606/759-5616 (100 beds)</p>
<p><u> Memorial Medical Center</u> (<i>Western Div.</i>) 2450 S. Telshor Blvd. Las Cruces, NM 88011 Main Tel: 575/522-8641 Fax: 575/521-5013 (199 beds)</p>	<p><u> National Park Medical Center</u> (<i>Mountain Div.</i>) 1910 Malvern Avenue Hot Springs, AR 71901 Main Tel: 501/321-1000 (163 beds)</p>	<p><u> North Alabama Medical Center</u> (<i>Central Div.</i>) 1701 Veterans Drive Florence, AL 35630 Main Tel: 256/629-1000 (358 beds)</p>
<p><u> Northeastern Nevada Regional Hospital</u> (<i>Western Div.</i>) 2001 Errecart Blvd Elko, NV 89801 Main Tel: 775/738-5151 Fax: 775/748-2002 (75 beds)</p>	<p><u> Ottumwa Regional Health Center</u> (<i>Mountain Div.</i>) 1001 Pennsylvania Avenue Ottumwa, IA 52501 Main Tel: 641/684-2300 (217 beds)</p>	<p><u> Palestine Regional Medical Center</u> (<i>Mountain Div.</i>) 2900 South Loop 256 Palestine, TX 75801 Main Tel: 903/731-1000 Fax: 903/731-2236 (156 beds)</p>
<p><u> Paris Regional Medical Center</u> (<i>Mountain Div.</i>) 865 Deshong Drive Paris, TX 75460 Main Tel: 903/737-1111 (154 beds)</p>	<p><u> Parkview Regional Hospital</u> (<i>Mountain Div.</i>) 600 South Bonham Street Mexia, TX 76667 Main Tel: 254/562-5332 Fax: 254-562-7532 (58 Beds)</p>	<p><u> Person Memorial Hospital - DLP</u> (<i>Eastern Div.</i>) 615 Ridge Road Roxboro, NC 27573 Main Tel: 336/599-2121 Fax: 336/503-5765 (98 beds)</p>

<p><u>Preferred Home Health Services</u> (<i>Eastern Div.</i>) 2011 Second Street P.O. Box 399 Richlands, VA 24641 Main Tel: 276/963-9577 Fax: 276/963-4747</p>	<p><u>Providence Health</u> (<i>Eastern Div.</i>) 2435 Forest Drive Columbia, SC 29204 Main Tel: 803/256-5300 Fax: 803/256-5935 (332 beds)</p>	<p><u>Providence Health Northeast</u> (<i>Eastern Div.</i>) 120 Gateway Corporate Blvd. Columbia, SC 29203 Main Tel: 803/865-4510 Fax: 803/865-4503 (74 beds)</p>
<p><u>Raleigh General Hospital</u> (<i>Central Div.</i>) 1710 Harper Rd. Beckley, WV 25801-3397 Main Tel: 304-256-4100 Fax: 304-256-4009 (300 beds)</p>	<p><u>Riverview Regional Medical Center</u> (<i>Mountain Div.</i>) (<i>HighPoint Health System</i>) 158 Hospital Drive Carthage, TN 37030 Main Tel: 615-735-1560 Fax: 615-735-5143 (35 beds)</p>	<p><u>Rutherford Regional Health System - DLP</u> (<i>Eastern Div.</i>) 288 South Ridgcrest Avenue Rutherfordton, NC 28139 Main Tel: 828/286-5000 (143 beds)</p>
<p><u>SageWest Health Care - Lander</u> (<i>Western Div.</i>) (<i>SageWest Health Care System</i>) 1320 Bishop Randall Drive Lander, WY 82520 Main Tel: 307/332-4420 Fax: 307/332-3548 (159 beds)</p>	<p><u>SageWest Health Care - Riverton</u> (<i>Western Div.</i>) (<i>SageWest Health Care System</i>) 2100 W. Sunset Drive Riverton, WY 82501 Main Tel: 307/856-4161 Fax: 307/857-3571 (159 beds)</p>	<p><u>Saline Memorial Hospital</u> (<i>Mountain Div.</i>) 1 Medical Park Drive Benton, AR 72015 Main Tel: 501/776-6000 (177 beds)</p>
<p><u>Scott Memorial Health</u> (<i>Central Div.</i>) <i>Regional Health Network</i> 1451 N. Gardner Street Scottsburg, IN 47170 Main Tel: 812/752-3456 Fax: 812/752-5884 (25 beds)</p>	<p><u>Shoals Hospital</u> (<i>Central Div.</i>) 201 West Avalon Avenue Muscle Shoals, AL 35661 Main Tel: 256/386-1600 (178 beds)</p>	<p><u>Southern TN Regional - Lawrenceburg</u> (<i>Mountain Div.</i>) (<i>Southern Tennessee Regional Health System</i>) P.O. Box 847 1607 South Locust Avenue Lawrenceburg, TN 38464 Main Tel: 931/762-6571 Fax: 931/766-3339 (99 beds)</p>

<p><u>Southern TN Regional – Pulaski</u> (Mountain Div.) (Southern Tennessee Regional Health System) 1265 East College Street Pulaski, TN 38478 Main Tel: 931/363-7531 Adm. Tel: 931/363-9301 Fax: 931/363-9303 (95 beds)</p>	<p><u>Southern TN Regional – Sewanee</u> (Mountain Div.) (Southern Tennessee Regional Health System) 1260 University Avenue Sewanee, TN 37375 Main Tel: 931/598-5691 Fax: 931/598-5411 (41 beds)</p>	<p><u>Southern TN Regional – Winchester</u> (Mountain Div.) (Southern Tennessee Regional Health System) 185 Hospital Road Winchester, TN 37398 Main Tel: 931/967-8200 Fax: 931/962-8836 (157 beds)</p>
<p><u>Southwestern Medical Center</u> (Mountain Div.) *Southwestern Behavioral Health Center 5602 SW Lee Blvd. Lawton, OK 73505 Main Tel: 580/531-4700 (199 beds)</p>	<p><u>Sovah Health-Danville</u> (Eastern Div.) 142 South Main Street Danville VA 24541 Main Tel: 434/799-2100 Fax: 434/799-2260 (250 beds)</p>	<p><u>Sovah Health- Martinsville</u> (Eastern Div.) 320 Hospital Drive Martinsville, VA 24112 Main Tel: 276/666-7200 Fax: 276/666-7600 (220 beds)</p>
<p><u>Spring View Hospital</u> (Central Div.) 320 Loretto Road Lebanon, KY 40033 Main Tel: 270/692-3161 Fax: 270/692-5155 (75 beds)</p>	<p><u>St. Francis Hospital</u> (Central Div.) 2122 Manchester Expy Columbus, GA 31904 Main Tel: 706/596-4000 (376 beds)</p>	<p><u>St. Joseph Regional Medical Center</u> (Western Div.) 415 6th Street Lewiston, ID 83501 Main Tel: 208/743-2511 (138 beds)</p>
<p><u>St. Mary's Regional Medical Center</u> (Mountain Div.) 1808 West Main Russellville, AR 72801 Main Tel: 479/968-2841 (170 beds)</p>	<p><u>Starr Regional Medical Center – Athens</u> (Mountain Div.) 1114 West Madison Ave PO Box 250 Athens, TN 37303 Main Tel: 423/745-1411 Fax: 423/744-3362 (278 beds)</p>	<p><u>Starr Regional Medical Center – Etowah</u> (Mountain Div.) 886 Highway 411 North Etowah, TN 37331 Main Tel: 423/263-3600 Fax: 423/744-3362 (278 beds)</p>

<p><u>Sumner Regional Medical Center</u> (Mountain Div.) (HighPoint Health System) 555 Hartsville Pike Gallatin, TN 37066 Main Tel: 615-328-8888 Fax: 615-328-6621 (155 beds)</p>	<p><u>Swain Community Hospital - DLP</u> (Eastern Div.) (WestCare Health System) 45 Plateau Street Bryson City, NC 28713 Main Tel: 828/488-2155 (48 beds)</p>	<p><u>Teche Regional Medical Center</u> (Mountain Div.) 1125 Marguerite Street Morgan City, LA 70380 Main Tel: 985/380-2200 Fax: 985/380-4546 (167 beds)</p>
<p><u>Trios Health</u> (Western Div.) *Trios Southridge Hospital *Trios Women's & Children's Hospital 3730 Plaza Way Kennewick, WA 99336 Main Tel: 509/221-7000 (111 beds)</p>	<p><u>Trousdale Medical Center</u> (Mountain Div.) (HighPoint Health System) 500 Church St. Hartsville, TN 37074 Main Tel: 615/374-2221 Fax: 615/374-2936 (25 beds)</p>	<p><u>Twin County Regional Healthcare, LLC - DLP</u> (Eastern Div.) 200 Hospital Drive Galax, VA 24333 Main Tel: 276/236-8181 Fax: 276/236-1715 (141 beds)</p>
<p><u>UP Health System - Bell</u> (Eastern Div.) 901 Lakeshore Drive Ishpeming, MI 49849 Main Tel: 906/486-4431 Fax: 906/485-2709 (25 beds)</p>	<p><u>UP Health System - Marquette - DLP</u> (Eastern Div.) 850 West Baraga Ave Marquette, MI 49855 Main Tel: 906/449-3000 Fax: 906/449-1998 (307 beds)</p>	<p><u>UP Health System - Portage</u> (Eastern Div.) 500 Campus Drive Hancock, MI 49930 Main Tel: 906/483-1000 Fax: 906/483-1521 (36 Beds)</p>
<p><u>Valley View Medical Center</u> (Western Div.) 5330 South Hwy. 95 Ft. Mohave, AZ 86426 Main Tel: 928/788-2273 Fax: 928/788-7828 (84 beds)</p>	<p><u>Vaughan Regional Medical Center</u> (Central Div.) 1015 Medical Center Prkwy. Selma, AL 36701 Main Tel: 334/418-4100 Fax: 334/418-3599 (175 beds)</p>	<p><u>Watertown Regional Medical Center</u> (Mountain Div.) 125 Hospital Drive Watertown, WI 53098 Main Tel: 920/261-4210 Fax: 920/261-3940 (95 beds)</p>

<p><u>Western Plains Medical Complex</u> (Mountain Div.) 3001 Avenue A P.O. Box 1478 Dodge City, KS 67801 Main Tel: 620/225-8400 Fax: 620/225-8403 (99 beds)</p>	<p><u>Willamette Valley Medical Center</u> (Western Div.) 2700 SE Stratus Avenue McMinnville, OR 97128 Main Tel: 503/472-6131 (60 beds)</p>	<p><u>Wilson Medical Center - DLP</u> (Eastern Div.) 1705 Tarboro Street, SW Wilson, NC 27893 Main Tel: 252/399-8040 Fax: 252/399-8778 (294 beds)</p>
<p><u>Wythe County Community Hospital</u> (Eastern Div.) 600 West Ridge Road Wytheville, VA 24382 Main Tel: 276/228-0200 Fax: 276/228-0397 (100 beds)</p>		

Exhibit 3: Active Medical Staff

Bariatric Surgery	1
Cardiology	3
Critical Care Medicine	1
Dentistry	2
Emergency Medicine	6
Endocrinology	1
Family Medicine	28
Gastroenterology	3
General Surgery	3
Hematology and Oncology	2
Hospitalist	10
Infectious Diseases	2
Internal Medicine	22
Interventional Cardiology	1
Interventional Radiology	1
Neonatology	2
Nephrology	2
Neurology	1
Neurosurgery	1
Obstetrics and Gynecology (OB/GYN)	10
Oral and Maxillofacial Surgery	1
Orthopaedic Surgery	11
Orthopedic Spinal Surgery	2
Otolaryngology	4
Pain Medicine	4
Palliative Medicine	1
Pathology	2
Pediatric Cardiology	1
Pediatric Dentistry	1
Pediatrics	8
Physical Medicine and Rehabilitation	1
Plastic Surgery	2
Podiatry	8
Pulmonology	2
Radiation Oncology	5
Radiology	3
Urgent Care	2
Urology	2
Vascular Surgery	1

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Exhibit 4: Equipment Listing

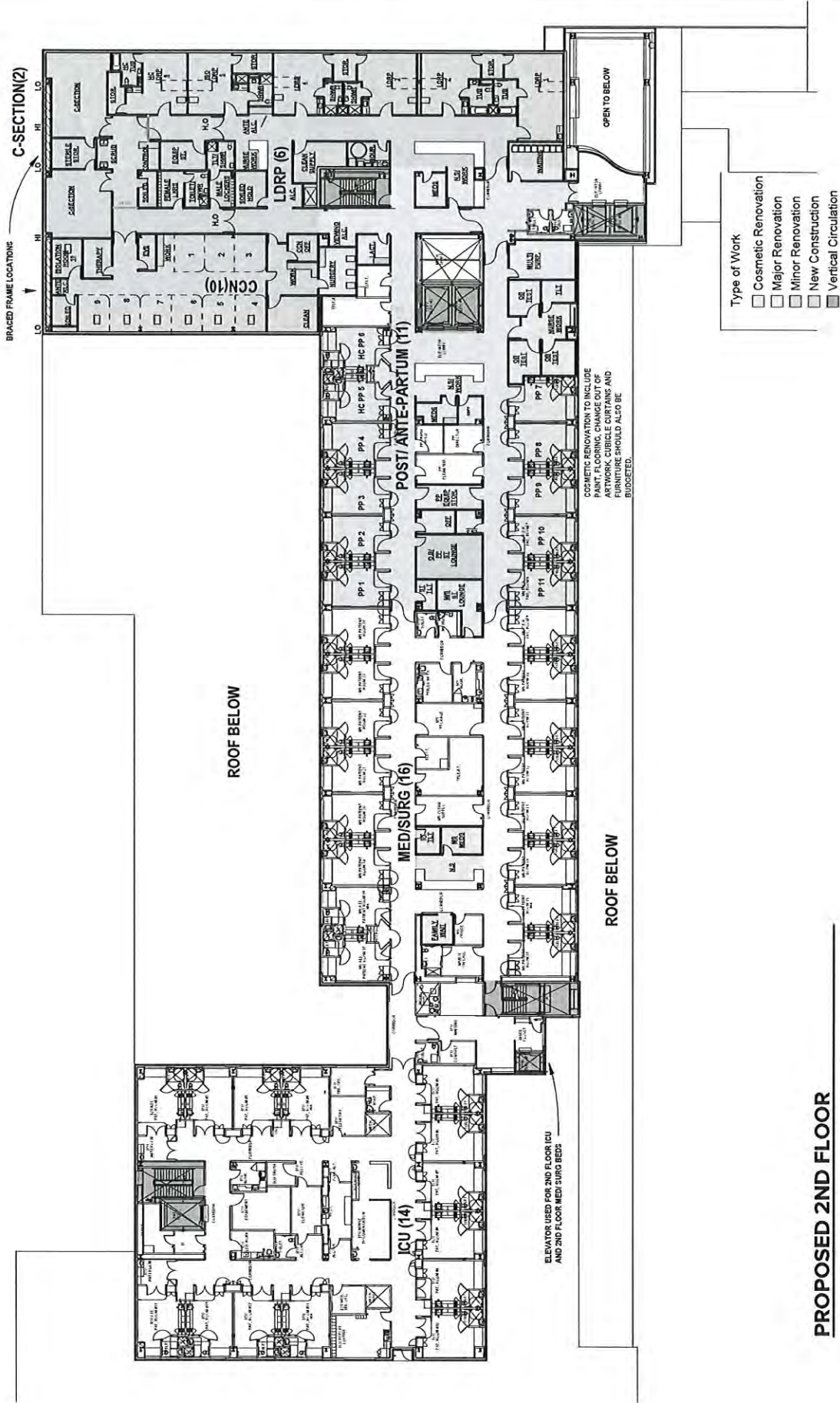
Dept	Space Name	Equipment Type	Qty	Unit Price	Total
C-Section	Anes On Call	Furniture specified by Interior Designer	1	\$ 2,500.00	\$ 2,500.00
C-Section	Anes On Call	Waste Receptacle	1	\$ 50.00	\$ 50.00
C-Section	Clean Supply	Cart, Supply	3	\$ 1,500.00	\$ 4,500.00
C-Section	Clean Supply	Waste Receptacle	1	\$ 50.00	\$ 50.00
C-Section	C-Section x 2	Anesthesia Machine w/monitor	2	\$ 80,000.00	\$ 160,000.00
C-Section	C-Section x 2	Bassinet	2	\$ 2,000.00	\$ 4,000.00
C-Section	C-Section x 2	Cabinet, Storage	1	\$ 2,000.00	\$ 2,000.00
C-Section	C-Section x 2	Electrosurgical Unit	2	\$ 30,000.00	\$ 60,000.00
C-Section	C-Section x 2	Flowmeter, Air	3	\$ 100.00	\$ 300.00
C-Section	C-Section x 2	Flowmeter, O2	3	\$ 100.00	\$ 300.00
C-Section	C-Section x 2	Hamper, Linen	4	\$ 150.00	\$ 600.00
C-Section	C-Section x 2	Light, Surgical - Dual Head	2	\$ 50,000.00	\$ 100,000.00
C-Section	C-Section x 2	Monitor, Fetal w/cart w/maternal parameters	2	\$ 25,000.00	\$ 50,000.00
C-Section	C-Section x 2	Regulator, Suction	3	\$ 800.00	\$ 2,400.00
C-Section	C-Section x 2	Stainless Steel Furniture	2	\$ 5,000.00	\$ 10,000.00
C-Section	C-Section x 2	Stool, Physician	3	\$ 500.00	\$ 1,500.00
C-Section	C-Section x 2	Surgical Instruments	2	\$ 10,000.00	\$ 20,000.00
C-Section	C-Section x 2	Table, Surgical	2	\$ 50,000.00	\$ 100,000.00
C-Section	C-Section x 2	Warmer, Infant	2	\$ 23,500.00	\$ 47,000.00
C-Section	C-Section x 2	Waste Receptacle	4	\$ 110.00	\$ 440.00
C-Section	M Locker	Locker	4	\$ 300.00	\$ 1,200.00
C-Section	M Locker	Waster Receptacle	1	\$ 50.00	\$ 50.00
C-Section	OB On Call	Furniture specified by Interior Designer	1	\$ 2,500.00	\$ 2,500.00
C-Section	OB On Call	Waste Receptacle	1	\$ 50.00	\$ 50.00
C-Section	Physician Lounge/Work	Coffee Maker	1	\$ 200.00	\$ 200.00
C-Section	Physician Lounge/Work	Furniture Specified by Interior Designer	1	\$ 2,500.00	\$ 2,500.00
C-Section	Physician Lounge/Work	Locker	8	\$ 300.00	\$ 2,400.00
C-Section	Physician Lounge/Work	Microwave	1	\$ 300.00	\$ 300.00
C-Section	Physician Lounge/Work	Refrigerator, Full Size Residential	1	\$ 1,200.00	\$ 1,200.00
C-Section	Physician Lounge/Work	Waste Receptacle	1	\$ 50.00	\$ 50.00
C-Section	Recovery X 2	Cubicle Curtain	2	\$ 700.00	\$ 1,400.00
C-Section	Recovery X 2	Flowmeter, Air	2	\$ 100.00	\$ 200.00
C-Section	Recovery X 2	Flowmeter, O2	2	\$ 100.00	\$ 200.00
C-Section	Recovery X 2	Monitor, Bedside	2	\$ 15,000.00	\$ 30,000.00
C-Section	Recovery X 2	Stool, Physician	2	\$ 500.00	\$ 1,000.00
C-Section	Recovery X 2	Stretcher	2	\$ 5,500.00	\$ 11,000.00
C-Section	Recovery X 2	Suction Regulator	2	\$ 800.00	\$ 1,600.00
C-Section	Recovery X 2	Table, Overbed	2	\$ 600.00	\$ 1,200.00
C-Section	Recovery X 2	Waste Receptacle	2	\$ 50.00	\$ 100.00
C-Section	Scrub	Scrub Sink	1	\$ 11,500.00	\$ 11,500.00
C-Section	Scrub	Waste Receptacle	1	\$ 110.00	\$ 110.00
C-Section	Sub Sterile	Cabinet, Warming	1	\$ 8,500.00	\$ 8,500.00
C-Section	Sub Sterile	Sterilizer	1	\$ 4,500.00	\$ 4,500.00
C-Section	W Locker	Locker	4	\$ 300.00	\$ 1,200.00
C-Section	W Locker	Waste Receptacle	1	\$ 50.00	\$ 50.00
Nursery	CCN x 10	Cart, Crash w/defibrillator	1	\$ 20,000.00	\$ 20,000.00
Nursery	CCN x 10	Cart, Procedure	4	\$ 1,500.00	\$ 6,000.00

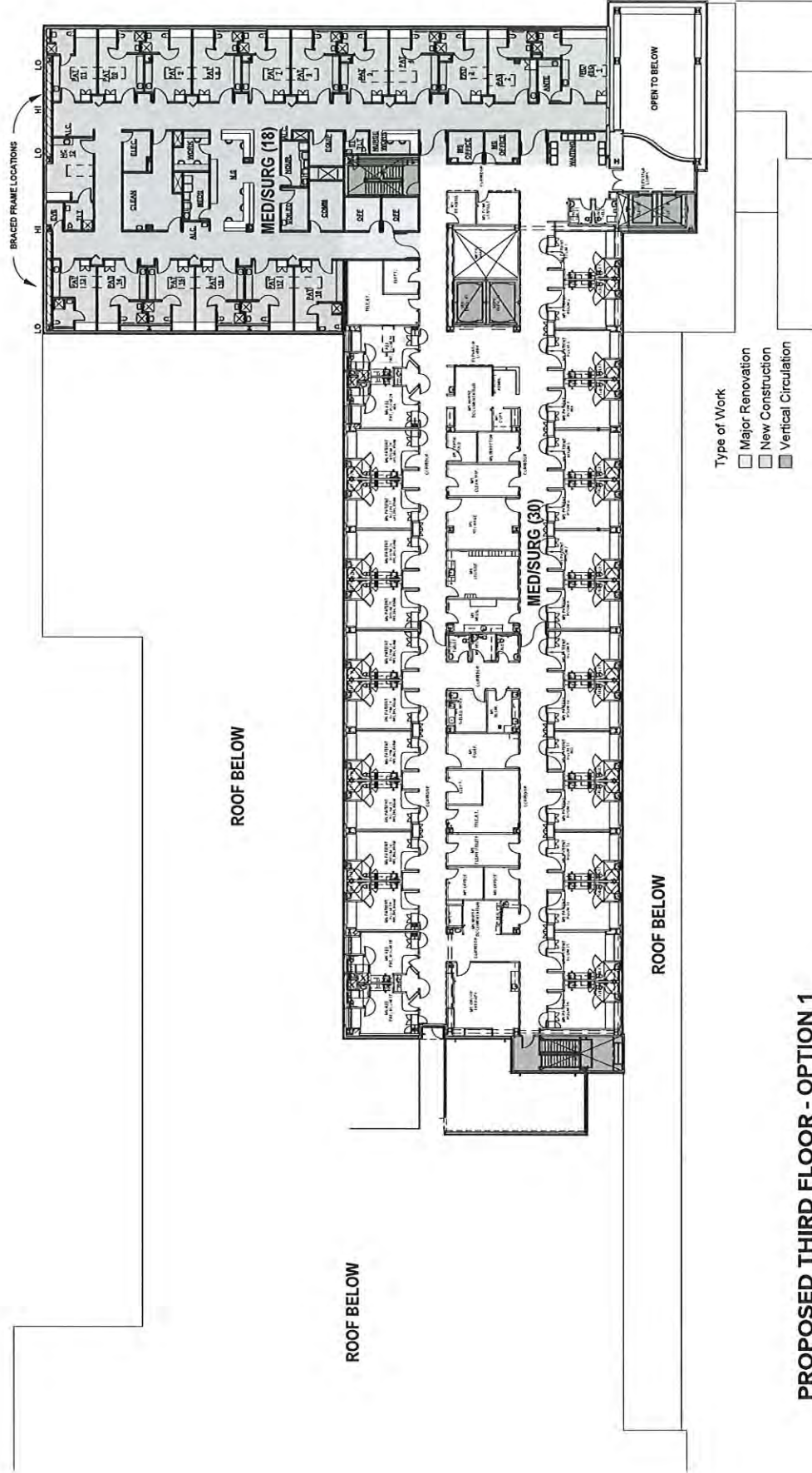
Dept	Space Name	Equipment Type	Qty	Unit Price	Total
Nursery	CCN x 10	Cubicle Curtain	10	\$ 700.00	\$ 7,000.00
Nursery	CCN x 10	Flowmeter, Air	10	\$ 50.00	\$ 500.00
Nursery	CCN x 10	Flowmeter, O2	10	\$ 50.00	\$ 500.00
Nursery	CCN x 10	Furniture specified by Interior Designer	1	\$ 3,000.00	\$ 3,000.00
Nursery	CCN x 10	Incubator, Infant	5	\$ 35,000.00	\$ 175,000.00
Nursery	CCN x 10	Light, Phototherapy	1	\$ 3,500.00	\$ 3,500.00
Nursery	CCN x 10	Medication Dispensing System	1	\$ 60,000.00	\$ 60,000.00
Nursery	CCN x 10	Monitor, Bedside	10	\$ 12,000.00	\$ 120,000.00
Nursery	CCN x 10	Monitor, SPO2	4	\$ 4,000.00	\$ 16,000.00
Nursery	CCN x 10	Radiometer	1	\$ 2,500.00	\$ 2,500.00
Nursery	CCN x 10	Refrigerator, Undercounter	1	\$ 800.00	\$ 800.00
Nursery	CCN x 10	Refrigerator, Undercounter Med	1	\$ 2,500.00	\$ 2,500.00
Nursery	CCN x 10	Scale, Diaper	2	\$ 300.00	\$ 600.00
Nursery	CCN x 10	Scale, Infant	1	\$ 1,500.00	\$ 1,500.00
Nursery	CCN x 10	Suction Regulator	10	\$ 600.00	\$ 6,000.00
Nursery	CCN x 10	Transport Incubator	1	\$ 40,000.00	\$ 40,000.00
Nursery	CCN x 10	Ventilator, Infant	2	\$ 35,000.00	\$ 70,000.00
Nursery	CCN x 10	Warmer, Infant	5	\$ 15,000.00	\$ 75,000.00
Nursery	CCN x 10	Waste Receptacle, Small	10	\$ 50.00	\$ 500.00
Nursery	Nursery x 6	Bassinet	6	\$ 1,800.00	\$ 10,800.00
Nursery	Nursery x 6	Bili Bed	1	\$ 3,100.00	\$ 3,100.00
Nursery	Nursery x 6	Cart, Janitor	1	\$ 1,200.00	\$ 1,200.00
Nursery	Nursery x 6	Cart, Procedure	1	\$ 1,500.00	\$ 1,500.00
Nursery	Nursery x 6	Circumcision Table	1	\$ 3,200.00	\$ 3,200.00
Nursery	Nursery x 6	Flowmeter, Air	6	\$ 50.00	\$ 300.00
Nursery	Nursery x 6	Flowmeter, O2	6	\$ 50.00	\$ 300.00
Nursery	Nursery x 6	Freezer, Breast Milk	1	\$ 2,100.00	\$ 2,100.00
Nursery	Nursery x 6	Furniture specified by Interior Designer	1	\$ 3,000.00	\$ 3,000.00
Nursery	Nursery x 6	Hearing Tester	1	\$ 21,000.00	\$ 21,000.00
Nursery	Nursery x 6	Light, Exam	1	\$ 2,500.00	\$ 2,500.00
Nursery	Nursery x 6	Light, Phototherapy	1	\$ 3,500.00	\$ 3,500.00
Nursery	Nursery x 6	Scale, Diaper	1	\$ 300.00	\$ 300.00
Nursery	Nursery x 6	Scale, Infant	1	\$ 1,500.00	\$ 1,500.00
Nursery	Nursery x 6	Suction Regulator	6	\$ 600.00	\$ 3,600.00
Nursery	Nursery x 6	Waste Receptacle, Small	3	\$ 50.00	\$ 150.00
OB	Clean Utility	Cabinet, Warming	1	\$ 7,500.00	\$ 7,500.00
OB	Clean Utility	Louvered Panels	1	\$ 3,000.00	\$ 3,000.00
OB	Clean Utility	Waste Receptacle	1	\$ 150.00	\$ 150.00
OB	Eq. Stg.	Cabinet, Warming	1	\$ 7,500.00	\$ 7,500.00
OB	Eq. Stg.	Cart, Linen	1	\$ 1,000.00	\$ 1,000.00
OB	Eq. Stg.	Shelving, Wire	2	\$ 1,200.00	\$ 2,400.00
OB	Eq. Stg.	Ultrasound, Diagnostic	1	\$ 125,000.00	\$ 125,000.00
OB	LDR Meds	Cart, IV	1	\$ 800.00	\$ 800.00
OB	LDR Meds	Medication Dispensing System	1	\$ 90,000.00	\$ 90,000.00
OB	LDR Meds	Refrigerator, Undercounter Med	1	\$ 2,500.00	\$ 2,500.00
OB	LDR Meds	Waste Receptacle, Small	1	\$ 50.00	\$ 50.00
OB	LDR Nurse.Station.	Cart, Crash w/defibrillator	1	\$ 20,000.00	\$ 20,000.00

Dept	Space Name	Equipment Type	Qty	Unit Price	Total
OB	LDR Nurse.Station.	Diagnostic Set w. temp device locks	1	\$ 800.00	\$ 800.00
OB	LDR Nurse.Station.	Furniture specified by Interior Designer	1	\$ 3,500.00	\$ 3,500.00
OB	LDR Nurse.Station.	OB Data Mgmt System	1	\$ 110,000.00	\$ 110,000.00
OB	LDR Nurse.Station.	Waste Receptacle, Small	3	\$ 50.00	\$ 150.00
OB	LDR x 6	Bassinet	6	\$ 3,500.00	\$ 21,000.00
OB	LDR x 6	Bed, Birthing	6	\$ 13,000.00	\$ 78,000.00
OB	LDR x 6	Cart, Delivery w/instruments	6	\$ 3,500.00	\$ 21,000.00
OB	LDR x 6	Chair, Side	12	\$ 500.00	\$ 6,000.00
OB	LDR x 6	Clock	6	\$ 50.00	\$ 300.00
OB	LDR x 6	Communication Board	6	\$ 300.00	\$ 1,800.00
OB	LDR x 6	Cubicle Curtain	6	\$ 700.00	\$ 4,200.00
OB	LDR x 6	Flowmeter, Air	12	\$ 100.00	\$ 1,200.00
OB	LDR x 6	Flowmeter, O2	12	\$ 150.00	\$ 1,800.00
OB	LDR x 6	Hamper, Linen	6	\$ 180.00	\$ 1,080.00
OB	LDR x 6	Headwall	6	\$ 9,000.00	\$ 54,000.00
OB	LDR x 6	Light, Birthing	6	\$ 10,000.00	\$ 60,000.00
OB	LDR x 6	Mirror, Birthing	6	\$ 400.00	\$ 2,400.00
OB	LDR x 6	Misc. Furniture and Equipment needs	6	\$ 3,000.00	\$ 18,000.00
OB	LDR x 6	Monitor, Fetal - Tele	6	\$ 3,000.00	\$ 18,000.00
OB	LDR x 6	Monitor, Fetal w/cart w/maternal parameters	6	\$ 25,000.00	\$ 150,000.00
OB	LDR x 6	Recliner	6	\$ 2,000.00	\$ 12,000.00
OB	LDR x 6	Sofa Sleeper	6	\$ 3,000.00	\$ 18,000.00
OB	LDR x 6	Stool, Physician	6	\$ 400.00	\$ 2,400.00
OB	LDR x 6	Suction Regulator	12	\$ 800.00	\$ 9,600.00
OB	LDR x 6	Table, Overbed	6	\$ 600.00	\$ 3,600.00
OB	LDR x 6	Warmer, Infant	6	\$ 23,500.00	\$ 141,000.00
OB	LDR x 6	Waste Receptacle	18	\$ 50.00	\$ 900.00
OB	Multi Use Office	Clock	1	\$ 50.00	\$ 50.00
OB	Multi Use Office	Furniture specified by Interior Designer	1	\$ 3,500.00	\$ 3,500.00
OB	Multi Use Office	Waste Receptacle	1	\$ 50.00	\$ 50.00
OB	Nourishment	Coffee Maker	1	\$ 200.00	\$ 200.00
OB	Nourishment	Ice Machine	1	\$ 4,500.00	\$ 4,500.00
OB	Nourishment	Microwave	1	\$ 300.00	\$ 300.00
OB	Nourishment	Refrigerator, Full Size Residential	1	\$ 1,200.00	\$ 1,200.00
OB	Nourishment	Waste Receptacle	1	\$ 50.00	\$ 50.00
OB	OB PP Staff Lounge	Coffee Maker	1	\$ 200.00	\$ 200.00
OB	OB PP Staff Lounge	Furniture Specified by Interior Designer	1	\$ 1,900.00	\$ 1,900.00
OB	OB PP Staff Lounge	Locker	8	\$ 300.00	\$ 2,400.00
OB	OB PP Staff Lounge	Microwave	1	\$ 300.00	\$ 300.00
OB	OB PP Staff Lounge	Refrigerator, Full Size Residential	1	\$ 1,200.00	\$ 1,200.00
OB	OB PP Staff Lounge	Waste Receptacle	1	\$ 50.00	\$ 50.00
OB	Post Partum x 11	Bed, Patient	11	\$ 10,500.00	\$ 115,500.00
OB	Post Partum x 11	Chair, Side	22	\$ 500.00	\$ 11,000.00
OB	Post Partum x 11	Clock	11	\$ 50.00	\$ 550.00
OB	Post Partum x 11	Communication Board	11	\$ 300.00	\$ 3,300.00
OB	Post Partum x 11	Cubicle Curtain	11	\$ 700.00	\$ 7,700.00
OB	Post Partum x 11	Flowmeter, Air	11	\$ 100.00	\$ 1,100.00

Dept	Space Name	Equipment Type	Qty	Unit Price	Total
OB	Post Partum x 11	Flowmeter, O2	11	\$ 150.00	\$ 1,650.00
OB	Post Partum x 11	Hamper, Linen	11	\$ 180.00	\$ 1,980.00
OB	Post Partum x 11	Misc. Furniture and Equipment needs	11	\$ 1,000.00	\$ 11,000.00
OB	Post Partum x 11	Suction Regulator	11	\$ 800.00	\$ 8,800.00
OB	Post Partum x 11	Table, Overbed	11	\$ 600.00	\$ 6,600.00
OB	Post Partum x 11	Waste Receptacle	22	\$ 50.00	\$ 1,100.00
OB	PP Equipment Storage	Misc. Equipment Needs	1	\$ 15,000.00	\$ 15,000.00
OB	PP Nurse and Admin	Cart, Crash w/defibrillator	1	\$ 20,000.00	\$ 20,000.00
OB	PP Nurse and Admin	Clock	1	\$ 50.00	\$ 50.00
OB	PP Nurse and Admin	Furniture specified by Interior Designer	1	\$ 2,500.00	\$ 2,500.00
OB	PP Nurse and Admin	Waste Receptacle	3	\$ 50.00	\$ 150.00
OB	Waiting	Clock	1	\$ 50.00	\$ 50.00
OB	Waiting	Furniture specified by Interior Designer	1	\$ 14,500.00	\$ 14,500.00
OB	Waiting	Waste Receptacle	3	\$ 50.00	\$ 150.00

Exhibit 5: Single Line Drawings





PROPOSED THIRD FLOOR - OPTION 1



Exhibit 6: Assessor's Office Documentation

COVENANTS,
EASEMENTS, AND
RESTRICTIONS
APPARENT OR OF
RECORD.
(BOUNDARY LINE
ADJUSTMENT PER
AF#2014-007096,
3/28/2014). PUD
EASEMENT AF
#2014-015245
6/26/2014.

Parcel # / Geo ID: 116891013333006

Agent Code:

Type: Real

Tax Area: K1 RA1 - Created for the Southridge Revitalization Area Land Use Code 69

Open Space: N DFL N

Historic Property: N Remodel Property: N

Multi-Family Redevelopment: N

Township: 08 Section: 16

Range: 29 Legal Acres: 17.7100

Location

Address: 3810 PLAZA WAY
KENNEWICK, WA 99338

Neighborhood: Southridge

Neighborhood CD: 630511

Owner

Name: KENNEWICK HOLDINGS LLC

Owner ID: 429380

Mailing Address: C/O PROPERTY VALUATION SERVICES
14400 METCALF AVE
OVERLAND PARK, KS 66223

% Ownership: 100.000000000000%

Exemptions:

Pay Tax Due

Select the appropriate checkbox next to the year to be paid. Multiple years may be selected.

https://propertysearch.co.benton.wa.us/propertyaccess/Property.aspx?cid=0&year=2019&prop_id=303283

Year - Statement ID	Tax	Assessment	Penalty	Interest	Total Due
2020 - 75016 (First Half/Next)	\$9170.97	\$7.98	\$0.00	\$0.00	\$9178.95
2020 - 75016 (Balance)	\$18341.88	\$15.95	\$0.00	\$0.00	\$18357.83

Total Amount to Pay: \$

*Convenience Fee not included

Taxes and Assessment Details

Property Tax Information as of 03/06/2020

Amount Due if Paid on:

NOTE: If you plan to submit payment on a future date, make sure you enter the date and click RECALCULATE to obtain the correct total amount due.

Click on "Statement Details" to expand or collapse a tax statement.

Year - Statement ID	First Half Base Amt.	Second Half Base Amt.	Penalty	Interest	Base Paid	Amount Due
▶ Statement Details 2020 75016	\$9178.95	\$9178.88	\$0.00	\$0.00	\$0.00	\$18357.83
▶ Statement Details 2019 75416	\$8970.21	\$8970.11	\$0.00	\$0.00	\$17940.32	\$0.00

Values

Taxing Jurisdiction

Improvement / Building

Property Image

Land

Roll Value History

Deed and Sales History

Payout Agreement

Benton County Property Search

Property Search Results > 302409 KENNEWICK HOLDINGS LLC for Year 2019 - 2020

Property

Account

Property ID: 302409

Abbreviated Legal Description: IMPROVEMENTS/LEASEHOLD ONLY: (LEGAL TO FOLLOW IS FOR REAL PROPERTY THAT THESE IMPROVEMENTS ARE LOCATED): RECORDED IN VOLUME 1 OF SHORT PLATS, PAGE 3333, RECORDS OF BENTON COUNTY, WASHINGTON. AF#2011-029308, 10/19/2011.

Parcel # / Geo ID: 816891013333003

Type: Real

Tax Area: K1 RA1 - Created for the Southridge Revitalization Area

Land Use Code: 67

Open Space: N

DFL

Historic Property: N

Remodel Property: N

Multi-Family Redevelopment: N

Township: 08

Section: 16

Range: 29

Legal Acres: 0.0000

Location

Address: 3810 PLAZA WAY

KENNEWICK, WA 99338

MapSCO:

Neighborhood: Southridge

Map ID:

Neighborhood CD: 630511

Owner

Name: KENNEWICK HOLDINGS LLC

61

Owner ID: 429380

Mailing Address:

C/O PROPERTY VALUATION SERVICES
14400 METCALF AVE
OVERLAND PARK, KS 66223

% Ownership: 100.00000000000000%

Exemptions:

Pay Tax Due

Select the appropriate checkbox next to the year to be paid. Multiple years may be selected.

Year - Statement ID	Tax	Assessment	Penalty	Interest	Total Due
2020 - 74412 (First Half/Next)	\$292612.63	\$0.00	\$0.00	\$0.00	\$292612.63
2020 - 74412 (Balance)	\$585225.20	\$0.00	\$0.00	\$0.00	\$585225.20

Total Amount to Pay: \$

*Convenience Fee not included

Taxes and Assessment Details

Property Tax Information as of 03/05/2020

Amount Due if Paid on:

NOTE: if you plan to submit payment on a future date, make sure you enter the date and click RECALCULATE to obtain the correct total amount due.

Click on "Statement Details" to expand or collapse a tax statement.

Year	Statement ID	First Half Base Amt.	Second Half Base Amt.	Penalty	Interest	Base Paid	Amount Due
▶ Statement Details	2020 74412	\$292612.63	\$292612.57	\$0.00	\$0.00	\$0.00	\$585225.20
▶ Statement Details	2019 74793	\$286031.70	\$286031.59	\$0.00	\$0.00	\$572063.29	\$0.00

Values

Taxing Jurisdiction

Improvement / Building

Property Image

Land

- [Roll Value History](#)
- [Deed and Sales History](#)
- [Payout Agreement](#)

- [Assessor Website](#)
- [Treasurer Website](#)
- [Mapping Website](#)

Website version: 9.0.50.1004

Database last updated on: 3/5/2020 3:24 AM

© N. Harris Computer Corporation

Exhibit 7: Lease Agreement

Execution Version

HOSPITAL FACILITY LEASE

BY AND BETWEEN

KENNEWICK HOLDINGS, LLC, a Delaware limited liability company
("LESSOR")

AND

RCCH TRIOS HEALTH, LLC, a Delaware limited liability company
("LESSEE")

DATED AS OF August 3, 2018

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List of Exhibits

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Execution Version

HOSPITAL FACILITY LEASE

THIS HOSPITAL FACILITY LEASE (this "Lease"), made as of the 3rd day of August, 2018 (the "Lease Date") by and between **KENNEWICK HOLDINGS, LLC**, a Delaware limited liability company ("Lessor"), whose address is 2001 Ross Avenue, Suite 2800, Dallas, Texas 75201, and **RCCII TRIOS HEALTH, LLC**, a Delaware limited liability company ("Lessee"), whose address is c/o RCCII Healthcare Partners, 103 Continental Place, Suite 200, Brentwood, Tennessee 37027.

RECITALS

WHEREAS, Lessor is the owner of fee simple title to the land described in Exhibit A attached to this Lease (the "Land");

WHEREAS, Lessor desires to lease to Lessee and Lessee desires to lease from Lessor (a) the Land, (b) all buildings, structures, alleyways, connecting tunnels, sidewalks, utility pipes, conduits and lines (on-site and off-site), parking areas, roadways and other improvements of every kind now situated upon the Land, which improvements include the structure containing approximately 168,200 gross square feet and previously operated by Kennewick Public Hospital District, a Washington public hospital district (the "District") as a 74-bed, acute care hospital known as "Trios Southridge Hospital" located at 3810 Plaza Way, Kennewick, Washington 99338 (the "Hospital") (such improvements being collectively referred to herein as the "Existing Improvements"), (c) all easements, development rights and oil, gas and mineral rights and appurtenances relating to the Land and the Existing Improvements, subject to the limitations set forth in this Lease (collectively, the "Appurtenant Rights"); and (d) all equipment, machinery, fixtures, and other items of property, including all components thereof, now permanently affixed to or incorporated into the Existing Improvements (collectively the "Fixtures"); and

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Lessor and Lessee now enter into this Lease in accordance with the terms and provisions set forth herein.

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

WITNESSETH:

1. Definitions And Interpretation.

1.1 Definitions. Capitalized terms used herein and not otherwise defined shall have the meanings set forth on Exhibit D attached hereto.

1.2 Interpretation. In this Lease, unless the context otherwise requires:

(a) references to this Lease are references to this Lease and to the Exhibits and Schedules hereto; each Exhibit and Schedule is hereby incorporated by reference into this Lease and will be considered a part hereof as if set forth herein in full;

(b) references to Articles and Sections are references to articles and sections of this Lease;

(c) references to any Person shall include references to its respective permitted successors and permitted assigns;

(d) the words "hereof," "herein" and "herewith" and words of similar import shall, unless otherwise stated, be construed to refer to this Lease as a whole and not to any particular provision of this Lease, and article, section, paragraph, exhibit and schedule references are to the articles, sections, paragraphs, exhibits and schedules of this Lease unless otherwise specified;

(e) unless otherwise indicated or the context otherwise requires, references to any document (including this Lease) are references to that document as amended, modified, consolidated, supplemented, novated or replaced in accordance with the terms hereof and thereof from time to time;

(f) the word "including" (and all derivations thereof) means "including, without limitation," and any lists or examples following the word "including" or the phrase "including, without limitation," are intended to be non-exclusive examples solely for the purpose of illustration and without the intention of limiting the text preceding such lists or examples;

(g) references to time are references to Pacific Standard Time or Pacific Daylight Time (as in effect on the applicable day) unless otherwise specified herein;

(h) the definitions contained in this Lease are applicable to the singular as well as the plural forms of such terms and, as appropriate, to the masculine, feminine and neuter genders of such terms;

(i) provisions of this Lease shall be interpreted in such a manner so as not to inequitably benefit or burden any party through "double counting" of assets or liabilities or failing to recognize benefits that may result from any matters that impose losses or burdens on any party;

(j) the terms "date hereof," "date of this Lease" and similar terms shall mean the Lease Date;

(k) the term "or" is not exclusive;

(l) the sections, captions and headings herein are included for convenience of reference only and shall be ignored in the construction or interpretation hereof; and

(m) as sophisticated parties represented by counsel, with a merger/complete integration clause, this Lease shall be interpreted to give every word its plain meaning, using only the four corners of this Lease, and parol evidence shall not be admissible to interpret the terms of this Lease.

1.3 Accounting Terms. All accounting terms not specifically defined herein shall be construed in accordance with GAAP. Defined terms and calculations in connection with this Lease shall be based upon and utilize GAAP applied in a manner consistent with that used in preparing the financial statements referred to in Section 27. If at any time any change in GAAP would affect the computation of any financial ratio or requirement set forth in this Lease, and Lessee or Lessor shall so request, Lessor and Lessee shall negotiate in good faith to amend such ratio or requirement to preserve the original intent thereof in light of such change in GAAP; provided, that, until so amended, (a) such ratio or requirement shall continue to be computed in accordance with GAAP prior to such change therein and (b) Lessee shall provide to Lessor financial statements and other documents required under this Lease or as reasonably requested hereunder setting forth a reconciliation between calculations of such ratio or requirement made before and after giving effect to such change in GAAP. Notwithstanding the foregoing, (x) all financial statements delivered hereunder shall be prepared, and all financial covenants contained herein shall be calculated, without giving effect to an election under Statement of Financial Accounting Standards 159 (or any similar accounting principal) permitting a Person to value its financial liabilities at the fair market value thereof, and (y) any obligations of a Person under this Lease or the MOB Lease that is not (or would not be) a finance obligation under GAAP as in effect on the date hereof, shall not be treated as a finance obligation solely as a result of the adoption of changes in GAAP outlined by Leases, Topic 842, issued as Accounting Standards Update No. 2016-02 in February 2016.

2. Basic Lease Terms.

2.1 Premises. In consideration of the Rent payment and the covenants herein stipulated to be paid and performed by Lessee and upon the terms and conditions herein specified, Lessor hereby leases to Lessee, and Lessee hereby leases from Lessor, the real property and improvements consisting of: (a) the Land, (b) the Existing Improvements, (c) all buildings, structures, alleyways, connecting tunnels, sidewalks, utility pipes, conduits and lines (on-site and off-site), parking areas, roadways and other improvements of every kind built on the Land during the Term of this Lease, including all equipment, machinery, fixtures and other items of property, including all components thereof, hereafter permanently affixed to or incorporated into such improvements together with all replacements, modifications, alterations and additions thereto (collectively, the “**Future Improvements**”); (d) the Appurtenant Rights; and (e) the Fixtures (collectively, the “**Premises**”).

2.2 **REIT Protection.** On and after the Rent Amendment Date (but not prior to such date) and if and to the extent Lessor or any direct or indirect owner of Lessor qualifies and elects to be taxed as a “real estate investment trust” (“REIT”) within the meaning of Section 856 of the Code, the following provisions shall apply:

(a) Lessor intends that Rent and other amounts paid by Lessee hereunder will qualify as “rents from real property” within the meaning of Section 856(d) of the Code, or any similar or successor provision thereto and this Lease shall be interpreted consistent with this intent.

(b) Notwithstanding anything contained in this Lease to the contrary, without Lessor’s advance written consent (which consent shall not be unreasonably withheld, delayed or conditioned), Lessee shall not (i) sublet, assign or enter into a management arrangement for the Premises on any basis such that the rental or other amounts to be paid by the subtenant, assignee or manager thereunder would be based, in whole or in part, on either (x) the income or profits derived by the business activities of the subtenant, assignee or manager or (y) any other formula such that any portion of any amount received by Lessor would fail to qualify as “rents from real property” within the meaning of Section 856(d) of the Code, or any similar or successor provision thereto; (ii) sublet, assign or enter into a management arrangement for the Premises to or with any Person in which Lessor owns an interest, directly or indirectly (by applying constructive ownership rules set forth in Section 856(d)(5) of the Code); or (iii) sublet, assign or enter into a management arrangement for the Premises in any other manner which could cause any portion of the amounts received by Lessor pursuant to this Lease or any Sublease (as defined in Section 10.1) to fail to qualify as “rents from real property” within the meaning of Section 856(d) of the Code, or any similar or successor provision thereto, or which could cause any other income of Lessor to fail to qualify as income described in Section 856(c)(2) of the Code. The requirements of this Section 2.2 shall likewise apply to any further subleasing by any subtenant.

(c) Notwithstanding anything contained in this Lease to the contrary, the parties acknowledge and agree that Lessor, in its sole discretion, may assign this Lease or any interest herein to another person (including without limitation, a “taxable REIT subsidiary” (within the meaning of Section 856(l) of the Code)) in order to maintain its or an indirect member’s status as a REIT within the meaning of Section 856 of the Code; provided, that (i) Lessor shall be required to (A) comply with any applicable legal requirements related to such transfer and (B) give Lessee written notice of any such assignment if required under this lease, and (ii) any such assignment shall be subject to all of the rights of Lessee hereunder.

(d) Notwithstanding anything contained in this Lease to the contrary, upon request of Lessor, Lessee shall cooperate with Lessor in good faith and at no cost or expense to Lessee, and provide such documentation or information as may be in Lessee’s possession or under Lessee’s control and otherwise readily available to Lessee as shall be reasonably requested by Lessor (i) in connection with verification of Lessor’s or any indirect member’s REIT (within the meaning of Section 856 of the Code) compliance requirements or (ii) in order to ensure that any amounts paid to Lessor hereunder qualify as “rents from real

property” within the meaning of Section 856(d) of the Code; provided, however, that Lessee shall have no liability therefor after reasonable review and inquiry of the subject matter thereof.

3. Term.

3.1 Initial Term. The Premises are leased for an initial term of thirteen (13) years (the “**Initial Term**”), commencing on the Lease Date and ending at 11:59 p.m. (Kennewick, WA time) on the last day of the calendar month in which the thirteenth (13th) anniversary of the Lease Date occurs, subject to extension pursuant to Section 3.2 herein or otherwise by written agreement of Lessor and Lessee.

3.2 Renewal Terms. Unless (i) this Lease has expired or been terminated in accordance with its terms, or (ii) an Event of Default has occurred and is continuing, or (iii) Lessee is in default in the payment of any Rent when due and payable, in each case, and provided this Lease remains in full force and effect, in each case at the time any renewal option may be exercised or at any time after such exercise and prior to the commencement of a Renewal Term (as defined below), Lessee shall have the option to extend the Term for up to four (4) separate, successive renewal terms (each, a “**Renewal Term**”) of five (5) years each, by Lessee giving Lessor written notice that Lessee desires to exercise its right to extend the then current Term for a Renewal Term not earlier than fifteen (15) months and not later than nine (9) months prior to the end of the Initial Term or applicable Renewal Term. All provisions of this Lease shall remain in full force and effect and shall continuously apply throughout the applicable Renewal Term(s) unless otherwise expressly stated herein. In the event that, prior to the expiration of the Initial Term or any Renewal Term, Accounting Standards Update, Leases (Topic 842), or any other accounting standard or official pronouncement of United States generally accepted accounting principles is adopted, which causes this Lease not to be an operating lease as defined in Accounting Standards Codification Topic 840, then Lessor and Lessee shall discuss potential alternative renewal terms under this Lease.

3.3 Holdover. If Lessee retains possession of the Premises or any part thereof after the expiration or earlier termination of this Lease, then such occupancy shall be deemed a tenancy-at-sufferance and the Primary Rent shall increase to an amount equal to (a) during the period commencing on the date of termination of this Lease and expiring ninety (90) days later, one hundred fifty percent (150%) of the Primary Rent, (b) during the period commencing on the expiration of the ninety (90) day period described in the immediately preceding clause (a) and expiring ninety (90) days later, one hundred seventy-five percent (175%) of the Primary Rent, and (c) thereafter, two hundred percent (200%) of the Primary Rent, which Primary Rent, for purposes of this Section 3.3 shall in each case be the greater of (x) the Primary Rent on the date immediately prior to the expiration or earlier termination of this Lease and (y) \$5,000,000 per annum. Acceptance by Lessor of Rent after such expiration shall not constitute a renewal of this Lease. Nothing contained in this Section 3.3 shall be construed to operate as a waiver of Lessor’s right of reentry or any other right or remedy Lessor. For the avoidance of doubt, Lessee’s presence at the Premises in the thirty (30) days following the termination of the Lease for purposes of removing Lessee’s Personal Property shall not constitute a holdover.

4. Rent.

4.1 Primary Rent. Throughout the Term, Lessee shall pay to Lessor annual primary rent (the “**Primary Rent**”) in the amounts determined in accordance with the provisions of this Section 4.1 and, if applicable, Section 4.3. Subject to the last sentence of Section 4.3, Primary Rent shall be paid by Lessee in quarterly installments, in arrears, on the date that is forty-five (45) days after the end of the relevant calendar quarter, in each case without set-off, defense or deduction of any kind.

(a) Initial Primary Rent. Commencing on the day (the “**Initial Rent Payment Date**”) that is forty-five (45) days after the last day of the calendar quarter in which the Lease Date falls and continuing until the third (3rd) anniversary of the earlier to occur of the following two dates: (i) the Lease Date and (ii) January 31, 2019 (such third anniversary date is referred to herein as the “**First Rent Adjustment Date**”), Lessee shall pay annual Primary Rent to Lessor on a quarterly basis in an amount equal to sixty two and one-half percent (62.5%) of the Free Cash Flow for the relevant period as reasonably estimated by Lessee. Within forty-five (45) days after the end of each calendar quarter, Lessee shall deliver to Lessor financial statements (certified by the chief financial officer of RCCH as true, correct and complete in all respects) showing the information described in Section 27(b)(ii) and Section 27(b)(iii) as well as a calculation of Primary Rent for such quarter.

(b) Reconciliation of Primary Rent. The calculation of the actual Primary Rent for a given Calendar Year (i.e., the calculation of Free Cash Flow, Consolidated Adjusted EBITDA or Consolidated Adjusted EBITDAM for such Calendar Year) will be subject to reconciliation, during each succeeding Calendar Year (the “**Reconciliation Period**”) of actual Free Cash Flow, Consolidated Adjusted EBITDA or Consolidated Adjusted EBITDAM for the immediately preceding Calendar Year. Within thirty (30) days after the delivery by Lessee of the financial statements required to be delivered to Lessor pursuant to Section 27(b)(i), Lessee shall reconcile the Primary Rent actually paid with the Primary Rent that would have been paid based on the actual Free Cash Flow, Consolidated Adjusted EBITDA or Consolidated Adjusted EBITDAM for the immediately concluded Calendar Year. If the aggregate amount of Primary Rent actually paid by Lessee during the prior Calendar Year is less than Lessee’s actual liability for Primary Rent for such Calendar Year, Lessee shall pay the deficiency within thirty (30) days of Lessor’s written demand therefor, together with, in the event that the Primary Rent paid by Lessee for a Calendar Year is less than ninety percent (90%) of the Primary Rent that should have been paid by Lessee for such Calendar Year after giving effect to the reconciliation described herein, interest on the underpaid amount at an annual rate equal to the prime rate as reported from time to time in the Wall Street Journal plus three percent (3%) (provided, however, that such interest shall not accrue until the date on which an underpayment of Primary Rent of more than ten percent (10%) originated). If the aggregate amount of Primary Rent actually paid by Lessee for a Calendar Year exceeds Lessee’s actual liability for Primary Rent for such Calendar Year, such excess shall be credited against the Primary Rent next due from Lessee (or refunded by Lessor to Lessee if this Lease shall have expired or been terminated). In the event Lessor disputes Lessee’s calculation of Free Cash Flow, Consolidated Adjusted EBITDA, Consolidated Adjusted EBITDAM or Primary Rent for a given Calendar Year, Lessor shall give Lessee written notice of such dispute and the parties shall work in good faith to resolve

such dispute in the thirty (30) days period following Lessee's receipt of Lessor's notice. If Lessor and Lessee are unable to resolve such dispute during such thirty (30) day period, then either Lessee or Lessor may submit the dispute to a reputable firm of independent certified public accountants that is mutually acceptable to Lessee and Lessor (such approval shall not be unreasonably withheld, conditioned or delayed), and the decision of such accounting firm shall be conclusive and binding upon the parties as to the final calculation of Free Cash Flow, Consolidated Adjusted EBITDA Consolidated Adjusted EBITDAM, or Primary Rent.

(c) First Adjustment to Primary Rent. Commencing on the First Rent Adjustment Date and continuing until the second anniversary of the First Rent Adjustment Date (the "**Second Rent Adjustment Date**"), Lessee shall pay annual Primary Rent to Lessor in an amount equal to the lesser of (a) Fifteen Million Dollars (\$15,000,000), and (b) the Designated Percentage of Consolidated Adjusted EBITDA (as defined in Exhibit D).

(d) Second Adjustment Primary Rent. Subject to the provisions of Section 4.3 herein, commencing on the Second Rent Adjustment Date and continuing throughout the remainder of the Initial Term and any applicable Renewal Term, Lessee shall pay annual Primary Rent to Lessor in an amount equal to the lesser of (a) Fifteen Million Dollars (\$15,000,000), and (b) the Designated Percentage of Consolidated Adjusted EBITDAM (as defined in Exhibit D).

4.2 Lessee Deliveries With Each Primary Rent Payment. Simultaneously with the delivery of each payment of Primary Rent, Lessee shall deliver an officer's certificate, executed by the chief financial officer of RCCI, certifying that the financial reports detailing Consolidated Adjustment EBITDA and/or Consolidated Adjusted EBITDAM (as applicable) upon which Primary Rent has been calculated is true and correct in all material respects.

4.3 Option to Convert to Pre-Determined Primary Rent. Notwithstanding anything to the contrary in this Section 4, at any time between the fifth (5th) anniversary of the Lease Date and the ninth (9th) anniversary of the Lease Date (the "**Pre-Determined Rent Notice**"), Lessor shall have the right, exercisable by delivering written notice to Lessee, to convert the amount of annual Primary Rent to a fixed, pre-determined dollar amount which new annual Primary Rent amount shall initially be, for the Lease Year in which the Pre-Determined Rent Notice is given, the lesser of (a) Nine Million Dollars (\$9,000,000.00) and (b) the average amount of annual Primary Rent paid by Lessee under this Lease during the thirty-six (36) month period immediately preceding the month in which the Pre-Determined Rent Notice is given by Lessor, which amount shall increase annually by two and one half percent (2.5%) each succeeding Lease Year for the remainder of the Initial Term and any applicable Renewal Term (the "**Pre-Determined Primary Rent**"). Once Lessor has determined the initial amount of the Pre-Determined Primary Rent, Lessor shall deliver to Lessee and Lessee shall promptly execute a written amendment to this Lease (or if requested by Lessor, an amendment and restatement of this Lease that only describes the Primary Rent as a fixed amount) memorializing Lessor's exercise of such option, the initial Pre-Determined Annual Rent amount and the effective date of such conversion (the "**Rent Amendment Date**"), it being acknowledged and agreed that failure of the parties to enter into any such amendment shall not have any effect whatsoever on the effectiveness of the Pre-Determined Rent Notice or the Rent Amendment Date or the Pre-

Determined Primary Rent payable by Lessee hereunder. Following the Rent Amendment Date, the Pre-Determined Primary Rent shall be payable monthly, in advance.

4.4 Absolute Net Lease. The parties understand, acknowledge and agree that this is an absolute net lease and this Lease shall yield to Lessor the full amount of the installments of Primary Rent and the payments of Additional Charges throughout the Term. Lessee further acknowledges and agrees that all charges, assessments or payments of any kind are due and payable without notice, demand, set off or counterclaim (other than notices to Lessee that are expressly required hereunder) and shall be paid by Lessee as they become due and payable. Except as expressly provided in this Lease, Lessee shall remain bound by this Lease in accordance with its terms and shall neither take any action without the consent of Lessor to modify, surrender or terminate the same, nor seek nor be entitled to any abatement, deduction, deferment or reduction of Rent, or set-off against the Rent, nor shall the respective obligations of Lessor and Lessee be otherwise affected by reason of (a) any damage to, or destruction of, the Premises from whatever cause or any Taking of the Premises or any portion thereof (except as expressly provided herein), (b) the lawful or unlawful prohibition of, or restriction upon, Lessee's use of the Premises, or any portion thereof, or the interference with such use by any person, corporation, partnership or other entity, or by reason of eviction by paramount title; (c) any claim which Lessee has or might have against Lessor or by reason of any default or breach of any warranty by Lessor under this Lease or any other agreement between Lessor and Lessee, or to which Lessor and Lessee are parties, (d) any bankruptcy, insolvency, reorganization, composition, readjustment, liquidation, dissolution, winding up or other proceedings affecting Lessor or any assignee or transferee of Lessor, or (e) any other cause whether similar or dissimilar to any of the foregoing other than a discharge of Lessee from any such obligations as a matter of law. Except as expressly provided in this Lease, Lessee hereby specifically waives all rights, arising from any occurrence whatsoever, which may now or hereafter be conferred upon it by law to (i) modify, surrender or terminate this Lease or quit or surrender the Premises or any portion thereof, or (ii) entitle Lessee to any abatement, reduction, suspension or deferment of the Rent or other sums payable by Lessee hereunder, except as otherwise specifically provided in this Lease. The obligations of Lessor and Lessee hereunder shall be separate and independent covenants and agreements and the Rent and all other sums payable by Lessee hereunder shall continue to be payable in all events unless the obligations to pay the same shall be terminated pursuant to the express provisions of this Lease or by termination of this Lease other than by reason of an Event of Default.

4.5 Additional Charges. In addition to the Primary Rent that Lessee assumes or agrees to pay under this Lease, (a) Lessee will pay and discharge as and when due and payable all other amounts, liabilities, obligations and impositions related to the ownership, use, possession and operation of the Premises, including, without limitation, all costs of owning and operating the Premises, all Impositions (as further set forth in Section 5.1 herein), insurance premiums, maintenance and capital improvements, all violations of and defaults under any of the Permitted Encumbrances, and all licensure violations, civil monetary penalties and fines, and (b) in the event of any failure on the part of Lessee to pay any of those items referred to in clause (a) above, Lessee will also promptly pay and reimburse Lessor, and/or its Affiliates for all such amounts paid by Lessor, and/or its Affiliates and promptly pay and discharge every fine, penalty, interest and cost which may be added for non payment or late payment of such items (the items

referred to in clauses (a) and (b) above being referred to herein collectively as the “**Additional Charges**”), and Lessor shall have all legal, equitable and contractual rights, powers and remedies provided in this Lease, by statute, or otherwise, in the case of non-payment of the Additional Charges, as in the case of the Primary Rent.

4.6 Payment of Rent; Default Interest; Late Charges. All Rent shall be paid by Lessee to Lessor at the address set forth in Section 26 herein or at such other address as Lessor shall designate in writing from time to time. If any payment of Rent is not paid when due, then Lessee shall pay to Lessor a late charge equal to five percent (5%) of the overdue amount; provided that, with regard to one (1) failure of Lessee to pay timely any installment of Rent in any twelve (12) month period, Lessor shall waive the late charge to the extent Lessee cures such failure within five (5) Business Days following Lessee’s receipt of notice thereof from Lessor. In addition to the late charge described above, any Rent or other amounts owing hereunder which are not timely paid when due shall accrue interest at the Default Rate until paid in full.

4.7 Security Deposit. Lessee shall deposit with Lessor not later than the Lease Date the sum of One Million Two Hundred Fifty Thousand Dollars (\$1,250,000) (the “**Security Deposit**”) as security for the full and faithful performance of every provision of this Lease to be performed by Lessee. The Security Deposit shall at all times be in the form of either cash or an irrevocable, unconditional standby letter of credit issued to Lessor as beneficiary by a bank and in a form acceptable to Lessor. If the Security Deposit is in the form of a letter of credit, Lessor shall be entitled to draw on such letter of credit at any time if (i) Lessor is entitled to use, apply or retain the Security Deposit under the terms of this Section, or (ii) less than thirty (30) days remain prior to the expiration date of such letter of credit or (iii) thirty (30) days after the date that the issuing bank suffers a credit rating downgrade that causes it to cease to maintain the Minimum Credit Rating to the extent Lessee has not replaced the letter of credit with a letter of credit from an issuing bank that satisfies the Minimum Credit Rating. Any amount drawn on such a letter of credit thereupon become the Security Deposit and shall be held, used, applied and retained in accordance with the provisions of this Section and any other applicable provisions of this Lease. If an Event of Default has occurred and is continuing with respect to any provision of this Lease, including, but not limited to, the provisions relating to the payment of Rent, Lessor may use, apply or retain all or any part of the Security Deposit for the payment of any Rent and any other sum which is the subject of such Event of Default, or for the payment of any other amount which Lessor may spend or become obligated to spend by reason of such Event of Default or to compensate Lessor for any other loss or damage which Lessor may suffer by reason of such Event of Default or the payment of any other obligation of Lessee under this Lease. If any portion of the Security Deposit is to be used or applied, Lessee, within five (5) days after written demand therefor, shall deposit cash with Lessor in an amount sufficient to restore the Security Deposit to its original amount, and Lessee’s failure to do so shall constitute an Event of Default under this Lease. Lessor shall not be required to keep the Security Deposit separate from its general funds and Lessee shall not be entitled to interest on the Security Deposit. If Lessee fully and faithfully performs every provision of this Lease to be performed by it, the Security Deposit or any balance thereof shall be returned to Lessee after the expiration of the Term and Lessee’s vacation of the Premises.

5. Covenants of Lessee.

5.1 Impositions and Utilities.

(a) Except as otherwise provided for herein, Lessee shall pay all Impositions, and all other charges, general and special, ordinary and extraordinary, foreseen and unforeseen, which during the Term hereof (i) are imposed or levied upon or assessed against the Premises, or (ii) arise out of the operation, possession or use of the Premises. Lessee shall not be liable for or required to pay any franchise, capital gains, estate, inheritance, privilege, income or similar tax of Lessor. In addition, if any sales or use taxes or similar taxes are subsequently imposed with respect to the Primary Rent payment or other rent payable hereunder, such sales or use taxes or similar taxes shall be the liability of Lessee, which, if applicable, Lessee shall timely pay and remit such sales or use taxes to the appropriate Governmental Bodies. Lessee or Lessor will furnish to the other party promptly after demand therefor, proof of payment of all items referred to above which are payable by Lessee or Lessor. If any assessment owed by Lessee hereunder may legally be paid in installments, Lessee may pay such assessment in installments; in such event, Lessee shall be liable for installments which are due and payable in respect of the Term. If any such assessment is for a period of time commencing before or extending beyond the Term of this Lease, Lessee shall be liable only for the prorated portion of such assessment as is applicable to the Term of this Lease. During the Term, Lessee may seek a reduction in the taxable value (for purposes of computing Real Estate Taxes) on the Premises and Lessee may, upon written notice to Lessor, at Lessee's sole option and at Lessee's sole cost and expense, protest, appeal, or institute such other proceedings as Lessee may deem appropriate to effect a reduction of Real Estate Taxes. The parties' purpose in this Section 5.1 is to address the responsibility for Impositions and other specified amounts that may be lawfully imposed; it shall not be deemed an acknowledgement by either party that any such amount has been or may be lawfully imposed.

(b) Lessee will contract for, in its own name, and will pay or cause to be paid all charges for electricity, power, gas, oil, sewer, water and other utilities used in connection with the Premises during the Term, including, without limitation, all impact and tap fees necessary for the operation of the Premises.

5.2 Use and Operation of Premises.

(a) Condition of the Premises. Lessee acknowledges receipt and delivery of possession of the Premises and that Lessee has examined and otherwise has acquired knowledge of the condition of the Premises prior to the execution and delivery of this Lease and has found the same to be in good order and repair and satisfactory for its purpose hereunder. Lessee is leasing the Premises "as is" and "where is" in its present condition. Lessee has not relied on any representation or warranty by Lessor and hereby waives any claim or action against Lessor in respect of the condition of the Premises. LESSOR MAKES NO WARRANTY OR REPRESENTATION, EXPRESS OR IMPLIED, IN RESPECT OF THE PREMISES OR ANY PART THEREOF, EITHER AS TO ITS FITNESS FOR USE, SUITABILITY, DESIGN OR CONDITION FOR ANY PARTICULAR USE OR PURPOSE OR OTHERWISE, AS TO QUALITY OF THE MATERIAL OR WORKMANSHIP THEREIN, LATENT OR PATENT,

IT BEING AGREED THAT ALL SUCH RISKS ARE TO BE BORNE BY LESSEE. LESSEE ACKNOWLEDGES THAT THE PREMISES HAS BEEN INSPECTED BY LESSEE AND IS SATISFACTORY TO IT. ACCORDINGLY, LESSEE HEREBY ACKNOWLEDGES THAT LESSOR HAS NOT MADE AND WILL NOT MAKE, NOR SHALL LESSOR BE DEEMED TO HAVE MADE ANY WARRANTY OR REPRESENTATION, WHETHER EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION, ALL WARRANTIES THAT THE PREMISES IS FREE FROM VICES, DEFECTS AND DEFICIENCIES, WHETHER HIDDEN OR APPARENT OR ANY WARRANTY AS TO THE FITNESS, DESIGN OR CONDITION OF THE PREMISES FOR ANY PARTICULAR USE OR PURPOSE OF SUCH PREMISES. THE PROVISIONS OF THIS SECTION 5.2(A) HAVE BEEN NEGOTIATED, AND ARE INTENDED TO BE A COMPLETE EXCLUSION AND NEGATION OF ANY WARRANTIES BY LESSOR, EXPRESS, IMPLIED OR CREATED BY APPLICABLE LAWS, WITH RESPECT TO THE CONDITION OF THE PREMISES.

(b) Permitted Use of Premises.

(i) At all times during the Term, Lessee shall use the Premises for the operation of a licensed acute care hospital (the “**Primary Use**”) and any other uses ancillary to the Primary Use permitted by applicable Laws, including the operation of in-patient or outpatient healthcare facilities ancillary to an acute care hospital, medical surgical hospital or specialty hospital uses ancillary to the Primary Use, the provision of healthcare services ancillary to the Primary Use, all support and administrative functions related to the foregoing, medical office use, clinics, programs, the practice of medicine by medical, osteopathic or podiatric doctors, related medical professional services performed in their offices, in each case ancillary to the Primary Use (collectively, the “**Permitted Use**”).

(ii) Lessee shall not use the Premises for any use other than the Permitted Use without the prior written consent of Lessor.

(iii) No use shall be made or permitted to be made of the Premises and no acts shall be done which would cause or would be reasonably expected to cause the cancellation of any insurance policy covering the Premises or any part thereof, nor shall Lessee sell or otherwise provide to patients therein, or permit to be kept, used or sold in or about the Premises any article which is prohibited by law or by the standard form of fire insurance policies, any other insurance policies required to be carried hereunder, or fire underwriters regulations. Lessee shall, at its sole cost, comply in all material respects with all of the requirements, covenants and restrictions pertaining to the Premises, and other requirements of any insurance board, association, organization or company necessary for the maintenance of the insurance, as herein provided, covering the Premises and Lessee’s Personal Property.

(iv) Lessee shall continuously operate the Premises in accordance with the Permitted Use and as a provider of goods and services incidental thereto and Lessee shall maintain all material Licenses, material Operating Agreements, and material Participation Agreements.

(v) Lessee shall not commit or suffer to be committed any waste on the Premises, nor shall Lessee cause or permit any nuisance thereon.

(vi) Lessee shall neither suffer nor permit the Premises or any portion thereof, or Lessee's Personal Property, to be used in such a manner as (A) might reasonably tend to impair Lessor's (or Lessee's, as the case may be) title thereto or to any portion thereof, or (B) might reasonably make possible a claim or claims of adverse usage or adverse possession by the public, as such, or of implied dedication of the Premises or any portion thereof.

(vii) Notwithstanding the foregoing, at any time during the Term of this Lease, including any Renewal Term, to the extent that the operation of an acute care hospital, medical surgical hospital or specialty hospital becomes commercially unreasonable, obsolete or generally disfavored in the medical industry based on advances in medicine, medical technology or generally recognized best practices in the medical industry, Lessee may discontinue the provision of such service so long as the discontinuation of such service does not materially and adversely affect Consolidated Adjusted EBITDA.

(c) Legal and Insurance Requirements. Subject to Section 11 relating to permitted contests, Lessee, at its sole cost and expense, shall: (i) comply in all material respects with all applicable Laws and Insurance Requirements applicable to Lessee and the use, operation, maintenance, repair and restoration of the Premises, whether or not compliance therewith shall require structural change in the Premises or interfere with the use and enjoyment of the Premises; (ii) not use the Premises and Lessee's Personal Property for any unlawful purpose; and (iii) shall procure, maintain and comply in all material respects with all material Licenses and other material governmental approvals and authorizations, as deemed necessary by Lessee in the exercise of its reasonable discretion, for any use of the Premises and Lessee's Personal Property then being made, and for the proper erection, installation, operation and maintenance of the Premises or any part thereof; and (iv) shall use its commercially reasonable efforts to cause all Subleases to include a provision requiring such subtenants to comply with all applicable laws and to acquire and maintain all material Licenses necessary to operate the subleased premises for the Permitted Use(s) such subtenant is permitted to operate under its Sublease (it being acknowledged by Lessor that any failure by any subtenant to comply with all applicable laws and to acquire and maintain all material Licenses necessary to operate the subleased premises shall not cause (or be deemed to cause) a breach by Lessee of this Section 5.2(c) unless Lessee has so failed to use commercially reasonable efforts to cause all Subleases to include such provisions). Lessee's use of the Premises, the use of all Lessee's Personal Property used in connection with the Premises, and the maintenance, alteration, and operation of the same, and all parts thereof, shall at all times conform in all material respects to all applicable Laws. Upon Lessor's request, absent an Event of Default or sale or proposed sale of the Premises, but such request not to occur more than once per Lease Year, Lessee shall deliver to Lessor copies of all material Licenses and other material governmental approvals and authorizations required under clause (iii) of this paragraph. Lessee shall indemnify and defend, at Lessee's sole cost and expense, and hold Lessor, its Affiliates and their respective successors and assigns harmless from and against and agrees to reimburse Lessor, its Affiliates and their respective successors and assigns with respect to any and all claims, demands, actions, causes of action, losses, damages, liabilities, costs and expenses (including, without limitation, reasonable attorneys' fees and court costs) of any and every kind or character, known or unknown, fixed or contingent, asserted against or incurred by Lessor, its Affiliates and their respective successors and assigns, at any time and from time to time by reason or arising out of any breach by Lessee

of any of the provisions of this Section 5.2 or any material breach or violation by Lessee of any applicable Laws, except to the extent arising solely as a result of the gross negligence or willful misconduct of Lessor or its Affiliates.

5.3 Intentionally Omitted.

5.4 Maintenance; Surrender of Premises; Personal Property.

(a) Notwithstanding any provision herein to the contrary, Lessee agrees that it shall be responsible for the ongoing routine maintenance to the Premises to ensure that the physical condition of the buildings and Improvements are maintained in accordance with reasonable operating standards. In furtherance, and not in limitation, of the foregoing, Lessee, at its expense, will keep the Premises and all private roadways, sidewalks and curbs appurtenant thereto (and Lessee's Personal Property) in good order and repair (whether or not the need for such repairs occurs as a result of Lessee's use, any prior use, the elements, the age of the Premises or any portion thereof) and, with reasonable promptness, will make all necessary and appropriate repairs thereto of every kind and nature whether interior or exterior, structural or non-structural, ordinary or extraordinary, foreseen or unforeseen, or arising by reason of a condition existing prior to the commencement of the Term (concealed or otherwise), ordinary wear and tear excepted. All repairs shall, to the extent reasonably achievable, be at least equivalent in quality to the original work.

(b) Lessee is aware that some or all of the windows in the existing Hospital structure may need to be repaired or replaced. To the extent Lessor has any assignable warranties or claims against the window manufacturer or any contractor who installed such windows, Lessor hereby assigns to Lessee all of Lessor's right, title and interest in such assignable warranties or claims so that Lessee may, if it elects to do so, pursue claims for repairs, losses or damages against such manufacturer and/or contractors.

(c) Lessee shall notify Lessor of any and all repairs, improvements, additions, modifications and remodeling made to any portion of the Premises in excess of Three Million Dollars (\$3,000,000) during any consecutive twelve (12) month period and obtain consent from Lessor (which consent shall not be unreasonably withheld, conditioned or delayed) prior to making such repairs, improvements, additions, modifications or remodeling.

(d) Subject to the terms set forth in this Lease, upon the expiration of the Term, Lessee shall surrender the Premises to Lessor in a condition compliant with Lessee's obligations under Section 5.4(a). Upon the expiration of this Lease, all of Lessee's rights with respect to the Premises will automatically revert to and transfer to Lessor, free and clear of all Liens created by Lessee thereon. Lessee will execute and deliver to Lessor such instruments as reasonably requested by Lessor to evidence such reversion and transfer.

(e) Lessee, at its expense, shall install, affix, assemble and place on the Premises the Lessee's Personal Property. Lessee shall provide and maintain during the entire Term all such Lessee's Personal Property as shall be necessary to operate the Premises in compliance in all material respects with all licensure and certification requirements, in compliance in all material respects with all applicable Legal Requirements and Insurance

Requirements, and otherwise substantially in accordance with customary practice in the industry for the Permitted Use. Following the expiration or earlier termination of the Term, and subject to Lessor's option to purchase Lessee's Personal Property as provided in Section 33, all of Lessee's Personal Property not removed by Lessee within thirty (30) days following the expiration or earlier termination of this Lease with respect thereto shall be considered abandoned by Lessee and may be appropriated, sold, destroyed or otherwise disposed of by Lessor (at Lessee's cost) with prior written notice thereof to Lessee, without any payment to Lessee and without any obligation to Lessee to account therefor. Lessee will, at its expense, restore the Premises and repair all damage to the Premises caused by the installation or removal of Lessee's Personal Property, ordinary wear and tear excepted, whether affected by Lessee, Lessor, any Lessee lender, or any Fee Mortgagee, unless caused by the gross negligence or willful misconduct of Lessor or any Fee Mortgagee.

(f) Except as otherwise expressly provided in this Lease, Lessor shall not under any circumstances be required to build or rebuild any improvements on the Premises, or to make any repairs, replacements, alterations, restorations, or renewals of any nature or description to the Premises, whether ordinary or extraordinary or capital in nature, structural or non-structural, foreseen or unforeseen, or to make any expenditure whatsoever with respect thereto in connection with this Lease, or to maintain the Premises in any way.

(g) Nothing contained in this Lease and no action or inaction by Lessor shall be construed as (i) constituting the consent or request of Lessor, expressed or implied, to any contractor, subcontractor, laborer, materialman or vendor for the provision or performance of any labor or services or the furnishing of any materials or other property for the construction, alteration, addition, repair or demolition of or to the Premises or any part thereof, or (ii) giving Lessee any right, power or permission to contract for, or permit the performance of, any labor or services or the furnishing of any materials or other property in such fashion as would permit the making of any claim against Lessor in respect thereof or to make any agreement that may create, or in any way be the basis for, any right, title, interest, lien, claim or other encumbrance upon the estate of Lessor in the Premises or any portion thereof.

5.5 Hazardous Substances.

(a) Lessee shall ensure that the Premises and the operation of the Permitted Use thereon complies with all Environmental Laws in all material respects. Lessee shall not cause any Hazardous Substance to be brought upon, kept or used in or about the Premises by Lessee, its subtenants, agents, employees, and contractors, unless such Hazardous Substance is generated, used, installed, manufactured, treated, handled, refined, produced, processed, stored or disposed of in the normal course of business regarding the operation of the Permitted Use on the Premises, which Hazardous Substances shall be handled and disposed of in compliance all Laws in all material respects regulating any such Hazardous Substances so brought upon or used or kept in or about the Premises. Lessee shall, at its sole cost, expense, risk and liability, remove or cause to be removed from any Premises all Hazardous Substances generated in connection with the Permitted Use and as found in hospital and healthcare facilities, including, without limitation, all infectious waste materials, syringes, needles and any materials contaminated with bodily fluids of any type, character or description of whatsoever nature to the

extent required to comply in all material respects with all Environmental Laws. Lessee shall not dispose of any such infectious waste and Hazardous Substances in any receptacles used for the disposal of normal refuse to the extent such disposal is not in compliance in all material respects with any Environmental Laws.

(b) During the Term of this Lease, Lessee shall promptly provide Lessor with copies of any material summons, citations, directives, information inquiries or requests, notices of potential responsibility, notices of violation or deficiency, orders or decrees, claims, complaints, investigations, judgments, letters, notices of environmental liens or response actions in progress, and other communications, from the United States Environmental Protection Agency, Occupational Safety and Health Administration, or other federal, state, or local agency or authority with jurisdiction over the Premises, concerning (i) any actual or alleged release of a Hazardous Substance on, to or from the Premises; (ii) the imposition of any lien on the Premises; (iii) any actual or alleged violation of, or responsibility under, any Environmental Laws; or (iv) any actual or alleged liability under any theory of common law tort or toxic tort, including without limitation, negligence, trespass, nuisance, strict liability, or ultrahazardous activity.

(c) Lessee shall indemnify and defend, at its sole cost and expense, and hold harmless and reimburse the Lessor, its Affiliates and their respective officers, directors, members, (general and limited) partners, shareholders, employees, agents, representatives, successors and assigns (collectively, the "**Indemnified Parties**") from and against any and all claims, demands, actions, causes of action, losses, damages, liabilities, penalties, taxes, costs and expenses (including, without limitation, attorneys' and accountants' fees, settlement costs, arbitration costs and any reasonable other expenses for investigating or defending any action or threatened action) (each, a "**Claim**") of any and every kind or character, known or unknown, fixed or contingent, asserted against or incurred by any of the Indemnified Parties at any time and from time to time by reason of, arising out of or resulting from (i) events, conditions or circumstances which occurred or existed or existed on, under, in, about, to or from the Premises prior to execution of this Agreement and that give rise to a liability under Environmental Laws, (ii) any liability under Environmental Laws arising out of the ownership or operation of the Premises, or (iii) any Claim arising out of or, in connection with or resulting from any breach by Lessee of this Section 5.5 or any other violation of this Section 5.5 by any Person other than the Indemnified Parties (collectively, "**Damages**"), except to the extent any such Claim or Damages are found to have resulted from the bad faith, gross negligence or willful misconduct of any Indemnified Party on or after the Lease Date. All such Damages shall be due and payable by Lessee, jointly and severally, within fifteen (15) days after any Indemnified Party's demand therefor.

(d) In the event any of Indemnified Parties has a claim for Damages resulting from the assertion of liability by a third party, Lessor will give Lessee notice of any such third-party claim, and Lessee shall be obligated to undertake the defense thereof by counsel of its own choosing. Lessee shall not settle any such third-party claim without the consent of the Indemnified Parties, which consent shall not be unreasonably conditioned or delayed. Any of the Indemnified Parties may, by counsel, participate in such proceedings, negotiations or defense, at their own expense. The Indemnified Parties shall furnish to Lessee in reasonable detail such information as the Indemnified Parties may have with respect to such claim, including all records

and materials that are reasonably required in the defense of such third-party claim. In the event that Lessee does not collectively defend the third-party claim in a diligent manner, any Indemnified Party will have the right (at Lessee's sole expense) to undertake the defense, compromise or settlement of such claim and any Indemnitor may elect to participate in such proceedings, negotiations or defense at any time at their own expense. No Indemnified Party shall settle any such third-party claim without the consent of Lessee, which consent shall not be unreasonably withheld, conditioned or delayed.

5.6 Organization, Authority and Status of Lessee. Lessee covenants, represents and warrants to Lessor that: (i) Lessee has been duly organized or formed, is validly existing and in good standing under the laws of its state of formation and is qualified as a foreign corporation or limited liability company, as applicable, to do business in any jurisdiction where such qualification is required; (ii) all necessary corporate or company action has been taken to authorize the execution, delivery and performance by Lessee of this Lease, and of the other documents, instruments and agreements provided for herein, to which Lessee is a party; (iii) no consent from any third party is required as a condition to the effectiveness of this Lease on Lessee's behalf; (iv) Lessee or if Lessee is a "disregarded entity" for U.S. federal income tax purposes, the owner for tax purposes of the Lessee, is not a "nonresident alien", "foreign corporation," "foreign partnership," "foreign trust," "foreign estate," or any other "person" that is not a "United States Person" as those terms are defined in the Internal Revenue Code (the "Code") and the regulations promulgated thereunder; (v) the person who has executed this Lease on behalf of Lessee is duly authorized to do so; and (vi) the representations by Guarantor in Sections 6(f), 6(g) and 6(h) of the Guaranty (pertaining to Lessee) are true, correct and complete.

5.7 Licenses; Healthcare Laws.

(a) No Referrals. Lessor and Lessee acknowledge and agree that all compensation paid hereunder between the parties has been determined by the parties through good-faith and arm's-length bargaining and is believed to represent fair market value for the Premises. No payment made under this Lease is contingent on the referral of any patient or any other business. Neither Lessor nor Lessee intends any portion of the payments made under this Lease to influence or reward the referral of any patients or other business that will be paid for from any state or federal health care insurance programs, including Medicare or any state medical assistance program.

(b) Maintenance of Licenses. Lessee shall: (i) maintain at all times during the Term and any holdover period, all certificates of need, material licenses, provider numbers, and provider agreements with governmental or quasi-governmental entities required for certification and participation under Medicare and Medicaid legislation and regulations, the provider programs of the State Regulatory Authorities for the Hospital ("DHS"), the United States Department of Health and Human Services ("DHHS"), and the Centers for Medicare and Medicaid Services ("CMS"), and/or state or federal Title XVIII and/or Title XIX provider programs applicable for the Hospital (the items described in this clause (i) being collectively, the "Licenses"); (ii) remain in compliance in all material respects with all state and federal laws, rules, regulations and procedures with regard to the operation of the Premises, including, without limitation, HIPAA and the regulations promulgated by the State Regulatory Authorities; and (iii)

not abandon, terminate, vacate or fail to renew any material License or in any way commit any act which will or could reasonably be expected to cause any such material License to be revoked by any federal, state or local governmental authority.

(c) No Transfers or Alterations of Licenses. Except in connection with a permitted assignment of this Lease, Lessee covenants and agrees that during the Term it shall not, without the prior written consent of Lessor (which consent shall not be unreasonably withheld, delayed or denied), sell, move, modify, cancel, surrender, transfer, assign, relocate, pledge, secure, convey or in any manner encumber any material License.

(d) Compliance; Third Parties. Lessee represents, warrants and covenants that Lessee and this Lease are, and at all times during the Term will be, in compliance in all material respects with all Healthcare Laws. In the event it is determined that any provision of this Lease is in violation of the Healthcare Laws, the parties in good faith shall renegotiate such provision so that same is in compliance in all material respects with all Healthcare Laws. Lessee shall use commercially reasonable efforts to include a provision in all material third party agreements relating to the provision of healthcare services on the Premises stating that in the event it is determined that such agreement is not in compliance with the Healthcare Laws in all material respects, the parties agree to renegotiate, in good faith, the agreement so that same is in compliance with all Healthcare Laws in all material respects. Lessee shall indemnify and defend, at Lessee's sole cost and expense, and hold Lessor, its Affiliates and their respective successors and assigns, harmless from and against, and shall reimburse Lessor, its Affiliates and their successors and assigns with respect to, any and all claims, demands, actions, causes of action, losses, damages, liabilities, costs and expenses (including, without limitation, reasonable attorneys' fees and court costs) of any and every kind or character, known or unknown, fixed or contingent, asserted against or incurred by Lessor, its Affiliates and their respective successors and assigns, at any time and from time to time by reason, or arising out, of any breach by Lessee of any of the provisions set forth in this Section 5.7(d) or any violation of any Healthcare Laws by Lessee, including any and all such claims, demands, liabilities, damages, costs and expenses relating to immaterial violations or breaches of this Section 5.7(d).

(e) Notifications; Corrective Actions. Lessee shall notify Lessor in writing within five (5) Business Days after Lessee's receipt of any notice, action, proceeding or inquiry of any governmental agency, bureau or other authority, whether federal, state or local, of any kind, nature or description, which is reasonably likely to adversely affect any material License for the Premises, or the ability of Lessee to maintain its status as the licensed operator of the Premises, or which alleges any material noncompliance with any law. At the time of delivery of such notification to Lessor, Lessee shall furnish Lessor with a copy of any and all such notices or inquiries. Lessee shall act diligently to correct any deficiency or deal effectively with any "adverse action" or other proceedings, inquiries or other governmental actions, so as to maintain the Licenses and Medicare and/or Medicaid certification, status for the Premises in good standing at all times. Lessee shall not agree to any settlement without the prior written consent of Lessor (which consent shall not be unreasonably conditioned or delayed) for any matter that (1) is not covered by insurance and (2) is reasonably likely to impair the Lessee's ability to perform its obligations hereunder.

(f) Termination of Lease. UPON THE TERMINATION OF THIS LEASE OR LESSEE'S RIGHT OF POSSESSION HEREUNDER, LESSEE SHALL, FOR REASONABLE PERIODS OF TIME AFTER SUCH TERMINATION SUCH PERIODS NOT TO EXCEED NINETY (90) DAYS, USE ITS BEST EFFORTS TO FACILITATE AN ORDERLY TRANSFER OF THE OPERATION AND OCCUPANCY OF THE PREMISES TO LESSOR OR ITS DESIGNEE, AND SUCH COOPERATION SHALL INCLUDE, WITHOUT LIMITATION, (1) LESSEE'S EXECUTION AND SUBMISSION TO THE APPROPRIATE AUTHORITY OF ANY AND ALL DOCUMENTS REQUIRED TO EFFECT THE TRANSFER, ISSUANCE OR ASSIGNMENT TO LESSOR OR ITS DESIGNEE OF ANY AND ALL LICENSES, INCLUDING ALL MEDICARE AND MEDICAID PROVIDER NUMBERS AND PROVIDER AGREEMENTS, (2) LESSEE'S MAINTENANCE OF THE EFFECTIVENESS OF ANY AND ALL SUCH LICENSES UNTIL SUCH TIME AS ANY NEW LICENSES NECESSARY FOR ANY NEW LESSEE OR OPERATOR TO OPERATE THE PREMISES HAVE BEEN ISSUED, AND (3) THE TAKING OF SUCH OTHER ACTIONS AS REASONABLY REQUESTED BY LESSOR OR REQUIRED BY APPLICABLE LAWS; IT BEING UNDERSTOOD AND AGREED THAT THE PERFORMANCE OR EXERCISE OF ANY OF THE FOREGOING RIGHTS, REMEDIES, DUTIES AND OBLIGATIONS SHALL BE WITHOUT ANY ADDITIONAL CONSIDERATION TO LESSEE, EXCEPT THAT LESSOR SHALL BEAR LESSEE'S REASONABLE OUT-OF-POCKET EXPENSES INCURRED IN CONNECTION WITH SUCH COOPERATION.

(g) Material Condition of Lease. IT IS AN INTEGRAL CONDITION OF THIS LEASE, AND A MATERIAL INDUCEMENT TO LESSOR'S AGREEMENT TO ENTER INTO THIS LEASE, THAT LESSEE ACKNOWLEDGES AND AGREES TO COOPERATE WITH AND ASSIST LESSOR AND/OR ITS DESIGNEE IN CONNECTION WITH ANY TRANSFER OF THE LICENSES OR THE OPERATIONS OF THE PREMISES IN ACCORDANCE WITH THIS SECTION 5.7. INCLUDING, WITHOUT LIMITATION, IN CONNECTION WITH A TERMINATION OF THIS LEASE OR REMOVAL OF LESSEE FROM POSSESSION OF THE PREMISES, WHICH COOPERATION AND ASSISTANCE SHALL BE WITHOUT ANY ADDITIONAL CONSIDERATION TO LESSEE.

5.8 Expenditures Commitment. Commencing in the first Calendar Year following the first Lease Year and continuing during each Calendar Year thereafter, Lessee agrees to spend a dollar amount that is not less than three percent (3%) of its Net Revenues for the immediately preceding Calendar Year on Capital Expenditures, Upgrade Expenditures and/or Physician Recruiting Expenses, on a cumulative basis. Within one hundred twenty (120) days following the end of each Calendar Year, Lessee shall deliver to Lessor a report summarizing in reasonable detail all of the Capital Expenditures, Upgrade Expenditures and/or Physician Recruiting Expenses made by Lessee during the preceding Calendar Year.

6. Title to Premises and Quiet Enjoyment.

6.1 Title to Premises. Lessor represents and warrants to Lessee that, as of the Lease Date, Lessor has full right and lawful authority to enter into this Lease for the Term hereof, is lawfully seized of the Premises and has good and marketable fee simple title thereto,

free and clear of all Liens and encumbrances except those listed on Exhibit B attached hereto (the “**Permitted Encumbrances**”).

6.2 Quiet Enjoyment. So long as Lessee shall pay all Rent as the same becomes due and shall fully comply with all of the terms of this Lease and fully perform its obligations hereunder, Lessee shall peaceably and quietly have, hold and enjoy the Premises for the Term hereof, free of any claim or other action by Lessor or anyone claiming by, through or under Lessor, but subject to any Fee Mortgage and all Liens and encumbrances of record.

6.3 Organization, Authority and Status of Lessor. Lessor has been duly organized or formed, is validly existing and in good standing under the laws of its state of formation and is qualified as a foreign corporation or limited liability company, as applicable, to do business in any jurisdiction where such qualification is required. All necessary corporate or company action has been taken to authorize the execution, delivery and performance by Lessor of this Lease, and of the other documents, instruments and agreements provided for herein, to which Lessor is a party. No consent from any third party is required as a condition to the effectiveness of this Lease on Lessor’s behalf. If Lessor is a “disregarded entity,” the owner or owners of such disregarded entity is/are not, a “nonresident alien,” “foreign corporation,” “foreign partnership,” “foreign trust,” “foreign estate,” or any other “person” that is not a “United States Person” as those terms are defined in the Internal Revenue Code and the regulations promulgated thereunder. The person who has executed this Lease on behalf of Lessor is duly authorized to do so.

6.4 Enforceability. This Lease is a legal, valid and binding obligation of Lessor, enforceable against Lessor in accordance with its terms.

6.5 Solvency. As of the Lease Date, Lessor has not (i) made a general assignment for the benefit of creditors, (ii) filed any voluntary petition in bankruptcy or suffered the filing of an involuntary petition by any creditors, (iii) suffered the appointment of a receiver to take possession of all or substantially all of its assets, (iv) suffered the attachment or other judicial seizure of all or substantially all of its assets, (v) admitted in writing its inability to pay its debts as they come due, or (vi) made an offer of settlement, extension or composition to its creditors generally.

7. Alterations, Repairs, Demolition and Removal.

7.1 Alterations and Additions. Lessee may, at its expense and in its reasonable discretion, make additions or alterations to the Premises of any kind (including without limitation, construction of Future Improvements and/or renovation of Existing Improvements or Future Improvements). Notwithstanding the foregoing, Lessor’s consent shall be required for any such additions or alterations to the extent required by Section 5.4(b).

7.2 Repairs and Demolition. Lessee shall make such repairs and replacements of the Premises, capital or otherwise, so that the same are kept safe, structurally sound and neat and clean in appearance, ordinary wear and tear excepted, all in accordance with Section 5.4 herein.

7.3 Removal. All additions or alterations to the Premises shall be and become part of the Premises and the property of Lessor unless Lessor requires removal thereof prior to thirty (30) days after the expiration of the Term or earlier termination of this Lease; provided that all such additions or alterations to the extent funded by Lessee shall be treated for U.S. federal income tax purposes as owned by Lessee during the Term of this Lease. Notwithstanding anything to the contrary in this Lease, Lessee and its Tenants may place upon the Premises any trade fixtures, machinery, medical equipment (including, without limitation, diagnostic imaging equipment), materials, inventory, furniture and/or other personal property belonging to Lessee, its Tenants or third parties, whether or not the same shall be affixed to the Premises. Upon the expiration of this Lease, subject to Lessor's purchase option contained in Section 33, Lessee shall have the right to remove personal property purchased by Lessee but only to the extent such personal property either (i) is movable (i.e. is not permanently affixed to the Premises) or (ii) constitutes medical equipment.

8. Insurance Requirements.

8.1 General Insurance Requirements.

(a) During the Term, Lessee shall at all times keep the Premises and Lessee's Personal Property, insured against loss or damage from such causes as are customarily insured against, by prudent owners of similar facilities. Without limiting the generality of the foregoing, and subject to the provisions below, Lessee shall obtain and maintain in effect throughout the Term with respect to the Premises the kinds and amounts of insurance described below. This insurance shall be written by insurance companies (i) reasonably acceptable to Lessor, (ii) that are rated at least an "A-VIII" or better by Best's Insurance Guide (except for any wholly owned captive of RCCH for which no rating is required), and (iii) unless otherwise approved by Lessor, authorized, licensed and qualified to do insurance business in the state in which the Premises is located. Lessee will pay or cause to be paid all insurance premiums for the insurance coverage required to be maintained pursuant to this Section 8 during the Term. The commercial property, rental value and business interruption policies shall name Lessor (and any other entity that Lessor may deem reasonably necessary) as additional insureds and loss payees as respects coverage afforded the Premises under standard Insurance Services Offices (ISO) commercial property insurance endorsements CP1219 and CP1503, or manuscript equivalents, and as additional insureds and loss payees under boiler and machinery and any other property insurance policy. With the exception of professional liability policies, excess or umbrella liability policies and workers compensation policies, all coverage policies carried by Lessee under this Section 8 shall name Lessor (and any other entity that Lessor may deem reasonably necessary) as additional insureds as respects liability arising from Lessee's use, occupancy or maintenance of the Premises. All property, business interruption and boiler and machinery losses shall be payable to Lessor and/or Lessee as provided in this Section 8. Each insurance policy required hereunder must, unless otherwise expressly provided herein (x) provide primary insurance without right of contribution from any other insurance carried by Lessor, (y) contain express permission for Lessee to enter into a waiver of subrogation rights in favor of Lessor, or any right of setoff or counterclaim against any insured party thereunder including Lessor, and (z) as respects any third party liability claim brought against Lessor, obligate the insurer to defend Lessor as an additional insured thereunder. In addition, the property, business interruption and

boiler and machinery policies shall name as an insured loss payee any lender who has provided secured financing with respect to any interest in the Premises (each a “**Facility Lender**”) which is as their interests appear, if any, by way of a standard or other acceptable form of mortgagee’s loss payable endorsement. Any loss adjustment in excess of Two Million Five Hundred Thousand Dollars (\$2,500,000) shall require the written consent of Lessor and each affected Facility Lender. Evidence or verification (as defined herein) of insurance and/or Impositions shall be deposited with Lessor and, if requested, with any Facility Lender. The policies required hereunder relating to Lessee, the Premises and Lessee’s Personal Property relating thereto, shall insure against the following risks:

- (i) Commercial Property insurance written on a broad “all risk” policy form covering physical loss or damage to the Premises including building and improvements and betterments. Insured perils shall include, but not be limited to, terrorism. Unless otherwise provided such coverage shall be in an amount equal to the Full Replacement Cost (as defined in Section 8.1(b)) value basis to the extent of the full insurable replacement value of Improvements to be determined by Lessor. The policy shall not exclude coverage for subsidence or named windstorm. The policy exclusion applicable to faulty or defective design, workmanship or materials shall not apply to resultant damage to otherwise sound property. The policy must provide a sublimit of at least One Hundred Thousand and No/100 Dollars (\$100,000.00) to cover reasonable expenses incurred by the insured or loss payee for professional services necessary to measure, quantify or determine the amount of any loss covered by this subparagraph (i), such as appraisers, auditors, accountants, architects, and engineers (such expenses shall not include the insured’s or loss payee’s own employees or public adjusters). Unless otherwise provided hereunder, all policy deductibles shall be borne in full by Lessee and must not exceed, per occurrence, an amount of \$250,000, of the insurable value of such property (provided, however, any earthquake coverage shall be subject to a maximum 5% deductible, which may be increased after the Lease Date to reflect any changes (if any) in industry standards). Further, in the event of a loss, Lessee shall abide by all provisions of the insurance contract, including proper and timely notice of the loss to the insurer. Lessee further agrees that it will notify Lessor of any loss in the amount of Two Million Five Hundred Thousand Dollars (\$2,500,000) or greater and that no claim at or in excess of Two Million Five Hundred Thousand Dollars (\$2,500,000) shall be settled without the prior written

consent of Lessor, which consent shall not be unreasonably withheld, conditioned or delayed.

- (ii) Flood and earthquake insurance shall be required only in the event that the Premises is located in a flood plain or earthquake zone. Such insurance to be in an amount not less than \$5,000,000 with a deductible of not more than \$250,000 for flood insurance and with a maximum 5% deductible for earthquake insurance, which may be increased after the Lease Date to reflect any changes (if any) in industry standards.
- (iii) Rental Value insurance using standard ISO endorsement CP 1503, or its equivalent, as respects rental value coverage on the Premises for not less than 12 months. Such endorsement shall require property insurer to send notice of cancellation or non-renewal to Lessor per Section 8.4.
- (iv) Business interruption insurance covering lost earnings and continuing expenses, less rents due Lessor to the extent covered under subparagraph (iii) above, in an amount sufficient to cover not less than the aggregate amount of Lessee's earnings during (1) the actual time required to rebuild the Premises following loss or damage, or (2) twelve (12) months, whichever is longer, plus an additional extended period of indemnity of not less than ninety (90) days shall be provided. Coverage shall be written on an "actual loss sustained" form, for the same perils and other events as described in subparagraph (v) below.
- (v) Commercial General Liability in a primary amount of at least Ten Million and No/100 Dollars (\$10,000,000.00) per occurrence, bodily injury for injury or death of any one person and for Property Damage for damage to or loss of the property of others. The above requirements may be satisfied through an umbrella liability insurance policy. Lessee shall be responsible for funding all deductibles and retentions, including those which may be applicable to Lessor as an additional insured thereunder.
- (vi) Automobile and vehicle liability insurance coverage for all owned, non-owned, leased or hired automobiles and vehicles in a primary limit amount of One Million and

No/100 Dollars (\$1,000,000.00) per occurrence for bodily injury and property damage.

- (vii) Umbrella liability insurance in the minimum amount of Ten Million and No/100 Dollars (\$10,000,000.00) for each occurrence and aggregate combined single limit for all liability. The umbrella shall providing primary and non-contributory coverage to Lessor as an additional insured when required by written contract or agreement. The umbrella liability policy shall name in its underlying schedule the policies of commercial general liability, automobile/vehicle liability, professional liability and employer's liability under the workers compensation policy.
- (viii) Professional liability insurance for Lessee and all employed physicians and allied health professionals in an amount, with respect to the Premises, of not less than One Million and No/100 Dollars (\$1,000,000.00) per individual claim and Three Million and No/100 Dollars (\$3,000,000.00) annual aggregate. Lessee shall use commercially reasonable efforts to cause non-employed physicians and allied health professionals performing services for Lessee to meet required minimum insurance requirements of One Million and No/100 Dollars (\$1,000,000.00) per individual claim and Three Million and No/100 Dollars (\$3,000,000.00) annual aggregate; provided, however, that the above requirements may be satisfied through an umbrella liability insurance policy.
- (ix) Employee Dishonesty coverage covering all employees with a limit of insurance, with respect to the Premises, of not less than Two Hundred Fifty Thousand and No/100 Dollars (\$250,000.00) per claim.

(b) The term "**Full Replacement Cost**" as used above, shall mean the actual replacement cost thereof from time to time as to the Premises in its entirety, including increased cost of construction endorsement, less exclusions provided in the normal fire insurance policy. In the event either Lessor or Lessee believes that the Full Replacement Cost has increased or decreased at any time during the Term, it shall have the right to have such Full Replacement Cost re-determined by an impartial third party, hereinafter referred to as the "**Impartial Appraiser**." If the Lessor and Lessee are unable to agree on the selection of an Impartial Appraiser, each party shall select one appraiser, and the two appraisers so selected shall jointly select the Impartial Appraiser. The party desiring to have the Full Replacement Cost so re-determined shall forthwith, on receipt of such determination by such Impartial Appraiser, give written notice thereof to the other party. The determination of such Impartial Appraiser shall be

final and binding on the parties, and Lessee shall forthwith increase, or may decrease, the amount of the insurance carried pursuant to this Section 8, as the case may be, to the amount so determined by the Impartial Appraiser. Lessee shall pay the fee, if any, of the Impartial Appraiser.

8.2 Additional Insurance. In addition to the insurance described above, Lessee shall at all times maintain adequate worker's compensation insurance coverage for all persons employed by Lessee on the Premises, to the extent required by all applicable local, state and federal laws. Notwithstanding anything contained herein to the contrary, Lessor shall not be prohibited, at its sole cost and expense, from purchasing and maintaining such additional insurance as it may reasonably determine to be necessary to protect its interest in all or any portion of the Premises.

8.3 Waiver of Subrogation. Lessee hereby waives any and all rights of recovery against Lessor, its officers, agents and employees, for all injury, loss of or damage to persons or property, howsoever caused, including loss of use, to the extent such injury, loss or damage is covered or should be covered by required insurance or any other insurance maintained by Lessee (excluding claims under workers compensation insurance which may not be waived), including sums within deductibles, retentions or self-insurance applicable thereto. This waiver applies to all first party property, business interruption, equipment, vehicle and workers compensation claims (unless prohibited under applicable state statutes), as well as third party liability claims. This waiver shall be in addition to, and not in limitation or derogation of, any other waiver or release contained in this Lease with respect to loss of, or damage to, property of the parties hereto. In as much as the above waiver precludes the assignment of any aforesaid claim by way of subrogation to an insurance company, Lessee agrees to give to each insurance company providing coverage under this Lease prompt written notice of the terms of said waiver, and to have said insurance policies properly endorsed, if necessary, to prevent the invalidation of said insurance coverage by reason of said waivers. Lessee shall indemnify Lessor against any loss or expense, including reasonable attorneys' fees, resulting from the failure to obtain such waiver from the insurer, if required.

8.4 Form of Insurance. All of the policies of insurance referred to herein shall be written in form reasonably satisfactory to Lessor and by insurance companies reasonably satisfactory to Lessor. Lessee shall pay all of the premiums therefor (except as otherwise provided herein), and shall deliver "verification" of insurance to Lessor as set forth below. All binders delivered to Lessor as required in this Section 8.4 shall also include a statement of insured values and locations for all properties within the Marketplace covered under such blanket policies that share coverage limits. Verification of insurance as used herein is defined as follows:

(a) At least five (5) Business Days prior to the applicable Lease Date and thereafter at least five (5) Business Days prior to any insurance policy expiration date, Lessee shall provide verification of required insurance coverage for the following year which shall include the following below:

- (i) an ACORD 75 insurance binder, or similar type of insurance binder acceptable to Lessor, for each policy

providing evidence of insurance coverage of the types and in the amounts required hereunder and naming Lessor (and any other entity that Lessor may deem reasonably necessary) as additional insureds and loss payees with respect to property, rental value and business interruption insurance, and as additional insureds with respect to commercial general liability and all other required policies (other than professional liability, excess or umbrella insurance, and all other required policies, together with a sample or pro forma of each policy, if required by Lessor), together with written confirmation of each insurer's obligation to provide notice of cancellation or non-renewal of each; and

- (ii) a copy of property statement of values for all properties within the Marketplace if Lessee maintains blanket insurance covering facilities other than the Premises.

(b) In the event Lessee does not provide timely or proper verification, or does not maintain the insurance required hereunder or pay the premiums as required hereunder, Lessor shall be entitled after notice to Lessee, but shall have no obligation, to obtain such insurance and pay the premiums therefor, which premiums shall be repayable to Lessor promptly following request by Lessor (but in no event later than thirty (30) days after delivery of such request), and failure to adhere to those repayment provisions shall constitute an Event of Default. Lessee shall use commercially reasonable efforts to cause any insurance policies, endorsements and/or binders or certificates to omit language that provides such insurer will "endeavor to" give notice before same may be altered, allowed to expire, or canceled. Notwithstanding anything contained herein to the contrary, all policies of insurance required to be obtained by Lessee hereunder shall provide (i) that such policies will not lapse, terminate, be canceled, or be amended or modified to reduce limits or coverage terms unless and until Lessor has received not less than thirty (30) days' prior written notice at Lessor's notice address as specified in this Lease.

8.5 Increase in Limits. Lessee shall carry and maintain during the entire Initial Term and any Renewal Terms, at Lessee's sole cost and expense, increased amounts of the insurance required to be carried by Lessee pursuant to this Section 8, and such other reasonable types of insurance coverage and in such reasonable amounts covering the Premises and Lessee's operations therein, as may be reasonably requested by Lessor to reflect the types and/or amounts of insurance as are then typical and customarily required for similarly developed properties with similar lease arrangements in the Benton County, Washington.

8.6 Blanket Policy. Notwithstanding anything to the contrary contained in this Section 8, Lessee's obligations to carry the insurance provided for herein may be brought within the coverage of a so-called blanket policy or policies of insurance carried and maintained by Lessee provided that:

(a) Any such blanket policy or policies are acceptable to and have been approved by Lessor, which approval shall not be unreasonably withheld;

(b) Any such blanket policy or policies shall not be changed, altered or modified in any material respect as to the Premises without the prior written consent of Lessor, which consent shall not be unreasonably withheld, conditioned or delayed; and

(c) Any such blanket policy or policies shall otherwise satisfy the insurance requirements of this Section 8 (including the requirement of thirty (30) days' written notice before the expiration or cancellation of such policies as required by Section 8.4) and shall provide for deductibles in amounts acceptable to Lessor.

8.7 No Separate Insurance. Lessee shall not, on Lessee's own initiative or pursuant to the request or requirement of any third party, take out separate insurance concurrent in form or contributing in the event of loss with that required in this Section 8 to be furnished by, or which may reasonably be required to be furnished by, Lessee, or increase the amounts of any then existing insurance by securing an additional policy or additional policies, unless all parties having an insurable interest in the subject matter of the insurance, including in all cases Lessor and all Facility Lenders, are included therein as additional insureds and the loss is payable under said insurance in the same manner as losses are required to be payable under this Lease. Lessee shall promptly notify Lessor of the taking out of any such separate insurance or of the increasing of any of the amounts of the then existing insurance by securing an additional policy or additional policies.

8.8 Self-Insurance Matters. Any of the insurance policies which Lessee is obligated to carry under Section 8.1(a) above may be carried through the self-insurance program of Lessee or its parent company, RCCH; provided, that Lessee's right to self-insure and to continue to self-insure is conditioned upon and subject to the following: (i) such self-insurance shall be in amounts and on terms which are substantially similar to those provided to other hospitals owned and operated by RCCH or its subsidiaries; (ii) that if Lessee uses a captive insurer, such captive insurer shall maintain a minimum net worth of at least \$10,000,000; and (iii) RCCH shall maintain a minimum net worth of at least \$125,000,000 and shall otherwise have the financial ability to comply with and perform its covenants hereunder as reasonably determined by Lessor.

9. Lessor's Right to Cure. Subject to the provisions of Section 11 relating to permitted contests, if Lessee shall fail to make any payment, or to perform any act required to be made or performed under this Lease and to cure the same within the relevant time periods provided in Section 12.1, after written notice to Lessee, Lessor, without waiving or releasing any obligation or Event of Default, may (but shall be under no obligation to) at any time thereafter make such payment or perform such act for the account and at the expense of Lessee, and may, to the extent permitted by law, enter upon any portion of the Premises for such purpose and take all such action thereon as, in Lessor's opinion, may be necessary or appropriate therefor. No such entry shall be deemed an eviction of Lessee. All sums so paid by Lessor and all reasonable costs and expenses (including, without limitation, reasonable, documented, out-of-pocket attorneys' fees and expenses, in each case, to the extent permitted by law) so incurred, together with a late

charge thereon (to the extent permitted by law) at the Default Rate from the date on which such sums or expenses are paid or incurred by Lessor until reimbursed, shall be paid by Lessee to Lessor on demand.

10. Assignments and Subleases; Liens; Lessor Transfers.

10.1 Assignments and Subleases.

(a) Except as otherwise provided herein, (i) Lessee shall not assign or otherwise transfer, in whole or in part, Lessee's leasehold interest in the Premises under this Lease and (ii) to the extent that, after the Lease Date, any portion of the Health System is owned, directly or indirectly by Healthcare Holdings, Healthcare Holdings shall not cause, suffer or permit any transfer (whether directly or indirectly) of any portion of the Health System owned and/or leased directly or indirectly by Healthcare Holdings or any of its direct or indirect subsidiaries other than to Healthcare Holdings and/or other direct or indirect subsidiaries of Healthcare Holdings (an "Assignment"), without the prior written consent of Lessor, which consent may be granted or withheld in Lessor's sole and absolute discretion. Notwithstanding the foregoing, Lessor shall not unreasonably withhold its consent to a proposed Assignment by Lessee to a Qualified Operator (as defined hereinafter); provided that in connection with an Assignment, such Qualified Operator shall acquire one hundred percent (100%) of Lessee's and Lessee's Affiliates direct or indirect interests in the Health System. The term "**Qualified Operator**" herein shall mean a reputable and experienced operator of hospital facilities comparable to the Premises (i) who has obtained all material Licenses necessary to operate the Premises in accordance with all applicable Laws, (ii) who shall only use the Premises for the Permitted Use and no other purpose, and (iii) has a net worth (in accordance with GAAP) and liquidity at least equal to the greater of Lessee and Guarantor's collective net worth and liquidity as of the date of this Lease or as of the date of such assignment. Any consideration received by Lessee in connection with any such Assignment shall be and remain Lessee's sole property. In each case, the assignee shall expressly assume the obligations of Lessee hereunder. Notwithstanding the foregoing, (I) Lessee shall be permitted to consummate an Assignment to a direct or indirect subsidiary of Healthcare Holdings with ten (10) days prior written notice to Lessor but without the consent of Lessor and (II) the provisions of clause (ii) of the first sentence of this Section 10.1(a) shall not apply at any time during the Term of the Lease on or after the Rent Amendment Date. No Assignment shall be deemed to release Lessee from liability hereunder, unless expressly consented to by Lessor.

(b) Lessee (and Lessee's subtenants or assignees) shall not have the right to sublease all or any portion of the Premises without the prior written consent of Lessor. Notwithstanding the foregoing, no consent of Lessor shall be required for subleases (each a "**Sublease**") to Qualified Health Care Providers or for retail uses that are ancillary to the Permitted Use, provided that such Subleases shall not demise to such subtenants, in the aggregate, in excess of (x) twenty five percent (25%) of the gross leasable square footage of the Premises prior to the Rent Amendment Date or (y) fifty percent (50%) of the gross leasable square footage of the Premises following the Rent Amendment Date (provided, however, following the Rent Amendment Date, Lessor's consent to any Sublease which causes the total gross leasable square footage of all Subleases to exceed such fifty percent (50%) threshold shall

not be unreasonably withheld, delayed or denied). Any consideration received by Lessee (or Lessee's subtenants or assignees) in connection with any such Sublease or Subleases shall be and remain sole property of Lessee (or, as applicable, Lessee's subtenants or assignees). Lessee agrees that (i) each Sublease shall comply with the provisions of this Section 10.1, (ii) a copy of each such Sublease, duly executed by Lessee and such Tenant in form and substance reasonably satisfactory to Lessor, shall be delivered promptly to Lessor, (iii) Lessee shall use commercially reasonable efforts to include a provision in all Subleases providing that in the event it is determined that such Sublease is not in compliance with the Healthcare Laws in all material respects, the parties agree to renegotiate, in good faith, the Sublease so that same is in compliance with all Healthcare Laws in all material respects, and (iv) Lessee shall remain primarily liable, as principal rather than as surety, for the prompt payment of the Rent and for the performance and observance of all of the obligations, covenants and conditions to be performed by Lessee hereunder and under all of the other documents executed in connection herewith. In no event shall Lessee sublease all or substantially all of the Premises without Lessor's prior written consent, which shall not be unreasonably withheld, delayed or conditioned. Lessee shall reimburse Lessor for reasonable, third-party out-of-pocket costs incurred by Lessor in connection with any Sublease.

(c) Notwithstanding anything contained in this Lease to the contrary, Lessee shall not sublet the Premises on any basis such that the rental to be paid by the Tenant thereunder would be based, in whole or in part, on either (a) the income or profits derived by the business activities of the Tenant, or (b) any other formula such that any portion of the rental received by Lessor would fail to qualify as "rents from real property" within the meaning of Section 856(d) of the Code, or any similar or successor provision thereto. Moreover, Lessee shall not sublet any portion of the Premises for a term extending beyond the Term without the express consent of Lessor. Lessor and Lessee acknowledge and agree that all Subleases entered into relating to the Premises, whether or not approved by Lessor, shall not be deemed to be a direct lease between Lessor and any Tenant. Lessee agrees that all Subleases must include provisions to the effect that (i) such Sublease is subject and subordinate to all of the terms and provisions of this Lease, to the rights of Lessor hereunder, and to all financing documents relating to any Fee Mortgage in connection with the Premises, (ii) in the event this Lease shall terminate or be terminated before the expiration of the Sublease, the Tenant will, at Lessor's option, exercisable at any time in Lessor's discretion, attorn to Lessor and waive any right the Tenant may have to terminate the sublease or to surrender possession thereunder as a result of the termination of this Lease, (iii) in the event of a termination of this Lease, at Lessor's option, exercisable at any time in Lessor's discretion, the Sublease may be terminated or left in place by Lessor, (iv) each Sublease shall permit Lessor to collect rent due under such Sublease directly, and (v) such Sublease to Tenant shall at all times be subject to the obligations and requirements as set forth in this Section 10.

(d) At any time during the Term, within twenty (20) days following written request by Lessor with respect to any Tenant, Lessee shall use commercially reasonable efforts to cause any applicable Tenant to execute and deliver to Lessor an estoppel certifying such matters as Lessor may reasonably request, including, without limitation, that such Sublease is unmodified and in full force and effect (or setting forth the modifications), the term and expiration thereof and the dates to which the rent under the relevant Sublease has been paid.

(c) Within twenty (20) days from the date of request of Lessor or a Fee Mortgagee, with respect to any Tenant, Lessee shall use commercially reasonable efforts to cause such Tenant and Lessor shall cause such Fee Mortgagee to enter into a written agreement in a form reasonably acceptable to such Fee Mortgagee and such Tenant whereby (i) such Tenant subordinates the Sublease to such Tenant and all of its rights and estate thereunder to each such mortgage or deed of trust that encumbers the Premises or any part thereof and agrees with each such Fee Mortgagee that such Tenant will attorn to and recognize such Fee Mortgagee or the purchaser at any foreclosure sale or any sale under a power of sale contained in any such mortgage or deed of trust, as the case may be, as Lessor under this Lease for the balance of the Term then remaining, subject to all of the terms and provisions of such Sublease and (ii) such Fee Mortgagee shall agree that Tenant shall not be disturbed in peaceful enjoyment of the applicable portion of the Premises nor shall the applicable Sublease be terminated or canceled at any time, except as specified in the applicable Sublease.

10.2 Liens. Subject to the provisions of Section 11 relating to permitted contests, Lessee will not directly or indirectly create or allow to remain and will promptly discharge at its expense any Lien, encumbrance, attachment, title retention agreement or claim upon the Premises or any attachment, levy, claim or encumbrance in respect of the Rent or any amounts held as a Security Deposit at any time during the Term in accordance with this Lease; excluding, however, (a) restrictions, Liens and other encumbrances which are consented to in writing by Lessor; (b) Liens for those taxes of Lessor which Lessee is not required to pay hereunder; (c) Liens for Impositions or for sums resulting from noncompliance with applicable Laws so long as (1) the same are not yet payable or are payable without the addition of any fine or penalty or (2) such Liens are in the process of being contested as permitted by Section 11; (d) Liens of mechanics, laborers, materialmen, suppliers or vendors for sums either disputed or not yet due, provided that (i) the payment of such sums shall not be postponed for more than sixty (60) days after the completion of the action giving rise to such Lien and such reserve or other appropriate provisions as shall be required by law or GAAP shall be been made therefore and (ii) any such Liens are in the process of being contested as permitted by Section 11; and (e) the Subleases. Lessee shall not mortgage or grant any interest or security interest in, or otherwise assign, any part of Lessee's rights and interests in this Lease or the Premises during the Term.

10.3 Assignments by Lessor. Subject to the terms of this Section 10.3, Lessor's interest in this Lease is freely assignable by Lessor. Lessee acknowledges that Lessor may sell its interest in the Premises in whole or in part, and that Lessor may assign its interest in this Lease in whole or in part, in any such case, without Lessee's prior written consent or approval; *provided that* if Lessor assigns or transfers any interest in the Premises to a Lessee Competitor, so long as no Event of Default has occurred, such sale or assignment shall be subject to Lessee's prior written consent, which may be withheld, conditioned or delayed in Lessee's sole and absolute discretion. If Lessor or any successor owner of the Premises shall convey the Premises in accordance with the terms hereof, other than as security for a debt, the grantee or transferee of the Premises shall expressly assume all obligations of Lessor hereunder arising or accruing from and after the date of such conveyance or transfer, and Lessor or such successor owner, as the case may be, shall thereupon be released from all future liabilities and obligations of Lessor under this Lease relating to the Premises arising or accruing from and after the date of such conveyance or other transfer and all such future liabilities and obligations shall thereupon be

binding upon the new owner. Lessee agrees that any successor purchaser may exercise any and all rights of Lessor; provided, however, such successor purchaser shall be subject to the same restrictions imposed upon Lessor hereunder. Lessor may divulge to any such permitted prospective purchaser permitted hereunder all information, reports, financial statements, certificates and documents obtained by it from Lessee (including all such information and documents relating to the Guarantor).

10.4 Easements and Replatting. If at any time during the Term, Lessee determines that it is necessary or advantageous to (a) grant to any public authority or utility company easements of any kind under, over, across or connecting with the Premises or any portion thereof, (b) grant to a private party that is neither an Affiliate of Lessee nor a public authority or a utility company easements of any kind under, over, across or connecting with the Premises or any portion thereof, or (c) subdivide or replat the Land, Lessee shall provide written notice to Lessor thereof and Lessor shall not unreasonably withhold its consent to grant such easements and execute such subdivision or modification to existing plats.

11. Permitted Contests. Lessee shall pay, discharge or remove any tax, assessment, levy, fee, charge, Lien or encumbrance, and comply with all Laws applicable to the Premises or the use thereof, before any fine, penalty, interest or cost may be added for non-payment, with such payments to be made directly to the taxing or assessing authorities, and Lessee will promptly furnish to Lessor copies of official receipts or other satisfactory proof evidencing such payments. Lessee may, at Lessee's sole cost and expense, protest, appeal, or institute such other proceedings as Lessee may deem appropriate to effect a reduction of real estate or personal property assessments, and Lessor, at Lessee's expense shall cooperate in good faith with Lessee in such protest, appeal, or other action.

12. Casualty and Condemnation.

12.1 Casualty.

(a) Except as hereinafter provided, if, during the Term of this Lease, any of the Improvements constituting the Hospital structure shall be damaged or destroyed by fire or any other casualty, Lessee shall thereafter commence and diligently prosecute to completion a restoration of the Premises to a condition which permits Lessee or an Affiliate of Lessee to operate a general, acute care hospital on the Land during the Term; provided, however, that (i) Lessee shall not be required to restore any damaged Improvements to their condition prior to such fire or event of casualty, and (ii) if the cost of restoring the Premises to a condition suitable for the operation of a general, acute care hospital is in excess of \$20,000,000, Lessee may elect to either restore the Premises as provided herein or construct a replacement general, acute care hospital on land other than the Land, located in Benton County, Washington. During the period of time such restoration is ongoing, until such time as Lessee can occupy the portion of the Premises so damaged and conduct business from within the damaged space, Rent will be proportioned and abated. The proceeds of all insurance policies covering any of the Improvements constituting the Hospital structure that are damaged or destroyed by fire or any other casualty (collectively, the "**Casualty Proceeds**") shall be paid to Lessee to fund the costs of such restoration work (or demolition in lieu thereof) or construction of a replacement general,

acute care hospital under clause (ii) herein. Lessee shall be entitled to retain any excess Casualty Proceeds remaining after the restoration, demolition or replacement is completed. If the cost of the repair, restoration, demolition or replacement exceeds the amount of the Casualty Proceeds, Lessee shall be obligated to contribute any excess amount needed to complete the repair, restoration, demolition or replacement.

(b) If (i) the Premises suffers material damage (i.e., damage to more than fifty percent (50%) of the rentable area of the Improvements, or (ii) damage occurs during the last twenty four (24) months of the Term (or any Renewal Term) and it is reasonably determined by Lessee or Lessee's consultants that the damaged portion of the Premises cannot be completely rebuilt or restored within a twelve (12) month period, then Lessee may terminate this Lease on thirty (30) days' written notice to Lessor.

12.2 Condemnation.

(a) If during the Term there is any Taking of all or any part of the Premises or any interest in this Lease by Condemnation, the rights and obligations of the parties shall be determined by this Section 12.

(b) If there is a Taking of all of the Premises by Condemnation, this Lease shall terminate on the Date of Taking.

(c) If there is a Taking of a part, but not all, of the Premises by Condemnation, this Lease shall remain in effect if the Premises is not thereby rendered Unsuitable for its Primary Use. If, however, such portion of the Premises is thereby rendered Unsuitable for its Primary Use, Lessee shall elect either (a) to restore such portion of the Premises, at its own expense (but subject to the last sentence of Section 12.2(d) herein) and to the extent possible, to substantially the same condition as existed immediately before the partial Taking and the Rent shall be reduced in proportion to the portion of the Land and the Improvements that were the subject of the Taking for the remainder of the Term, or (b) to terminate this Lease. Lessee shall exercise such election by giving Lessor notice thereof within sixty (60) days after Lessee receives notice of the Taking.

(d) In the event of a Taking, the entire Award shall belong to and be paid to Lessor; provided, however, that if this Lease is terminated pursuant to this Section 12, Lessee shall be entitled to receive a sum attributable to Lessee's Personal Property relating thereto and any reasonable removal and relocation costs, provided in each case the Award specifically includes such items. If Lessee is required or elects to restore the Premises, Lessor agrees that the Award shall be used for that restoration, and it shall hold such portion of the Award in trust for application to the cost of the restoration.

(e) The Taking of the Premises or any part thereof by military or other public authority shall constitute a Taking by Condemnation only when the use and occupancy by the Taking authority has continued for longer than six (6) months. During any such six (6)-month period all the provisions of this Lease shall remain in full force and effect and the Rent shall not be abated or reduced during such period of Taking.

13. Default by Lessee; Lessor's Remedies. The occurrence of any one or more of the following events shall constitute Events of Default hereunder:

(a) if Lessee shall fail to make a payment of the Rent or any other monetary obligation when the same becomes due and payable by Lessee under this Lease and the same shall remain unpaid for more than five (5) days following receipt by Lessee of written notice thereof from Lessor; provided however, in no event shall Lessor be required to give more than two (2) such written notices hereunder during any consecutive twelve (12) month period; or

(b) if Lessee shall fail to observe or perform in any material respect (without duplication of any materiality qualifier herein) any other term, covenant or condition of this Lease and such failure is not cured by Lessee within a period of thirty (30) days after receipt by Lessee of written notice thereof from Lessor, unless such failure cannot with due diligence be cured within a period of thirty (30) days (in Lessor's reasonable discretion), in which case such failure shall not be deemed to continue so long as Lessee commences to cure such failure within the thirty (30) day period and proceeds with due diligence to complete the curing thereof within sixty (60) days after receipt by Lessee of Lessor's notice of default (or such longer period as is reasonably required in the determination of Lessor to effect such cure if Lessee is diligently proceeding to do so); provided however, in no event shall Lessor be required to give more than two (2) notices and cure period for Lessee's failure to observe or perform the same (or repetitive) covenant or condition in any consecutive twelve (12) month period; or

(c) if (i) Lessee or Guarantor shall admit in writing its inability to pay its debts as they become due; or (ii) Lessee or Guarantor shall file a petition in bankruptcy as a petition to take advantage of any insolvency act; or (iii) Lessee or Guarantor shall be declared insolvent according to any law; or (iv) Lessee or Guarantor shall make any general assignment for the benefit of its creditors; or (v) if the estate or interest of any Lessee in the Premises or any part thereof shall be levied upon or attached in any proceeding and the same shall not be vacated or discharged within the later of ninety (90) days after commencement thereof or sixty (60) days after receipt by Lessee of written notice thereof from Lessor; or (vi) any petition shall be filed against Lessee or Guarantor to declare such Lessee or Guarantor bankrupt, to take advantage of any insolvency act, or to delay, reduce or modify Lessee's or Guarantor's capital structure and the same shall not be removed or vacated within ninety (90) days from the date of its creation, service or attachment; or (vii) Lessee or Guarantor shall, after a petition in bankruptcy is filed against it, be adjudicated a bankrupt, or a court of competent jurisdiction shall enter an order or decree, with or without the consent of Lessee or such Guarantor, as the case may be, appointing a trustee, examiner or receiver of Lessee or Guarantor or the whole or substantially all of its property, or approving a petition filed against Lessee or such Guarantor seeking reorganization or arrangement of Lessee or Guarantor under the federal bankruptcy laws or any other applicable Laws, and such judgment, order or decree shall not be vacated or set aside or stayed within ninety (90) days from the date of the entry thereof; or

(d) if Lessee shall assign or sublet the Premises without complying with Section 10 herein; provided that in the case of a non-permitted Sublease, the same shall not constitute an Event of Default if such default is cured within ninety (90) days after notice from Lessor;

(e) if Lessee shall have any of its Licenses or participation or certification in Medicare or Medicaid revoked or any material other third-party payor program is terminated by the applicable third party payor for fraud or violation of the terms of such program and such License revocation materially and adversely affects Lessee's ability to operate the business at the Premises for the Primary Use (each a "License Default"), provided that a License Default shall not constitute an Event of Default if (I) such License Default is capable of being cured, (II) Lessee diligently commences the cure of such License Default and uses commercially reasonable efforts to diligently pursue any appeals or other required actions in accordance with applicable Healthcare Laws to reinstate the relevant License or participation or certification in Medicare or Medicaid, (III) at all times during the pendency of such, Lessee pays all Rent and other amounts that are required to be paid hereunder, with the amount of quarterly Primary Rent, prior to the Rent Amendment Date, being no less than the highest amount of quarterly Primary Rent paid by Lessee in the three (3) calendar quarters immediately prior to such License Default, and (IV) such License Default is cured within two (2) years from the date of such License Default provided that Lessee is in compliance with clause (II) during the entirety of such two (2) year period; or

(f) a Change of Control Transaction shall occur with respect to Lessee or any Guarantor which is not approved by Lessor (other than a Permitted Change of Control Transaction);

(g) if, (i) Lessee abandons or vacates all or substantially all of the Premises (Lessee's absence therefrom for thirty (30) consecutive days shall constitute abandonment), or (ii) Lessee fails to continuously operate the Premises in accordance with the terms of this Lease (provided, however, Lessee shall not be deemed to have abandoned or vacated the entire Premises or to have failed to continuously operate the Premises during any periods of reconstruction or remodeling of the Improvements following an event of casualty or condemnation as contemplated by Section 12 herein so long as Lessee is pursuing completion of such work with commercially reasonable diligence); or

(h) if Lessee or Guarantor shall be liquidated or dissolved, or shall begin proceedings toward such liquidation or dissolution, or shall, in any manner, permit the sale or divestiture of substantially all of its assets, or Lessee or any Guarantor shall enter into an agreement respecting same.

If an Event of Default has occurred, Lessor shall have the right, and upon commencement of proceedings to enforce the rights of Lessor hereunder, Lessor shall be entitled, as a matter of right, to the appointment of a receiver or receivers acceptable to Lessor of all or any portion of the Premises, to manage the operation thereof, to collect and disburse all rents, issues, profits and income generated thereby, to preserve or replace to the extent possible any license or provider certification therefor or to otherwise substitute the licensee or provider thereof, pending the outcome of such proceedings, with such powers as the court making such appointment shall confer. The receiver shall be entitled to a reasonable fee for its services as a receiver. All such fees and other expenses of the receivership estate shall be added to the monthly rent due to Lessor under this Lease. Lessee hereby irrevocably consents and stipulates to the appointment of

a receiver under such circumstances and for such purposes and agrees not to contest such appointment.

In addition, if an Event of Default has occurred, Lessor shall have the right, at its election, then or at any time thereafter, to pursue any one or more of the following remedies, in addition to any remedies which may be permitted by law, by other provisions of this Lease or otherwise, without notice or demand, except as hereinafter provided:

A. If Lessee breaches this Lease under Section 13(g), Lessor may enter upon and take possession of either (i) the Premises; or (ii) enter the Premises to protect it from deterioration and continue to demand from Lessee Rent and other charges as provided in this Lease, without any obligation to relet (except to the extent required by applicable Laws); but if Lessor does relet the Premises (on such terms and conditions as Lessor, in its sole discretion, shall deem reasonable), such action by Lessor shall not be deemed an acceptance of Lessee's surrender of the Premises unless Lessor expressly notifies Lessee of such acceptance in writing. Lessee hereby acknowledging that Lessor shall otherwise be reletting as Lessee's agent and Lessee furthermore hereby agreeing to pay to Lessor on demand any deficiency that may arise between the Rent and other charges as provided in this Lease and that are actually collected by Lessor relating to the Premises.

B. Lessor, or anyone acting on Lessor's behalf, may without notice or demand to Lessee, either (i) enter the Premises, by force, if necessary, to the extent permitted by applicable Laws and regulations without liability to action for prosecution or damages for such entry or for the manner thereof, and do whatever Lessee is obligated or permitted to do under this Lease. Lessee hereby releases and discharges Lessor and its agents from all claims, actions, suits, damages and penalties for or by reason of any such entry. Lessee agrees to reimburse Lessor on demand for all expenses, including, without limitation, reasonable attorneys' fees and expenses, that Lessor may incur in effecting compliance with Lessee's obligations under this Lease, and Lessee further agrees that Lessor shall not be liable for any damages resulting to Lessee from such action.

C. Lessor may immediately terminate Lessee's right of possession of the Premises, but not terminate this Lease, and without notice or demand, except as may be required by applicable Laws, enter upon the Premises or any part thereof and take absolute possession of the same, and at Lessor's sole option may relet the Premises or any part thereof for such terms and such rents as Lessor may reasonably elect. Any entry into and possession of the Premises by Lessor shall be without liability or responsibility to Lessee and shall not be in lieu of or in substitution for any other legal rights of Lessor hereunder. Lessee further agrees that Lessor may file suit to recover any sums due under the terms of this Lease and that no recovery of any portion due Lessor hereunder shall be any defense to any subsequent action brought by Lessor for any other amounts not reduced to judgment in favor of Lessor. Reletting any portion of the Premises shall not be construed as an election on the part of Lessor to terminate this Lease with respect to the Premises and, notwithstanding any such reletting without termination, Lessor may at any time thereafter elect to terminate this Lease for default with respect to the Premises.

D. Lessor may terminate this Lease by written notice to Lessee, in which event Lessee shall immediately surrender to Lessor the Premises, and if Lessee fails to do so, Lessor may, without prejudice to any other remedy which Lessor may have for possession or arrearages in Rent or any other payments under this Lease (including any interest and payment penalty which may have accrued pursuant to the terms of this Lease), enter upon and take possession of the Premises and expel or remove Lessee and any other Person who may be occupying the Premises or any part thereof, by force, if necessary, to the extent permitted by applicable Laws and regulations without being liable for prosecution or any claim for damages therefor. Except as otherwise may be required by applicable Laws or as otherwise expressly required under this Lease, Lessee hereby waives any statutory requirement of prior written notice for filing eviction or damage suits for nonpayment of Rent or any other payments under this Lease. In addition, Lessee agrees to pay to Lessor on demand the amount of all loss and damage which Lessor may suffer by reason of any termination effected pursuant to this Section 13.D, which loss and damage shall be determined, at Lessor's option, by either of the following alternative measures of damages:

(i) Until Lessor is able to relet the Premises, although Lessor shall be under no obligation to attempt to do so (unless required by applicable Laws), Lessee shall pay to Lessor, on or before the first day of each calendar month, the monthly rentals and other charges provided in this Lease. After the Premises has been relet by Lessor, Lessee shall pay to Lessor on the tenth (10th) day of each calendar month the difference between the monthly rentals and other charges provided in this Lease for the preceding calendar month (had this Lease not been terminated) and those actually collected by Lessor with respect to such reletting for that month. If it is necessary for Lessor to bring suit to collect any deficiency, Lessor shall have the right to allow such deficiencies to accumulate and to bring an action on several or all of the accrued deficiencies at one time. Any such suit shall not prejudice in any way the right of Lessor to bring a similar action for any subsequent deficiency or deficiencies. Any amount collected by Lessor from subsequent Tenants for any calendar month in excess of the monthly Rent (including Additional Charges) had this Lease not been terminated shall be credited to Lessee in reduction of Lessee's liability for any calendar month for which the amount collected by Lessor will be less than the monthly Rent (including Additional Charges) had this Lease not been terminated, but Lessee shall have no right to any excess other than the above described credit.

(ii) When Lessor desires, Lessor may demand a final settlement. Upon demand for a final settlement, Lessor shall have a right to, and Lessee hereby agrees to pay, the difference between the total of all monthly Rent (including Additional Charges) for the remainder of the Term and the reasonable rental value thereof for such period, with such difference to be discounted to present value at a rate equal to the 5-Year U.S. Treasury Rate plus Two Percent (2%) per annum in effect upon the date of determination.

If Lessor elects to exercise the remedies prescribed in subsections A or B above, this election shall in no way prejudice Lessor's right at any time thereafter to cancel said election in favor of the remedy prescribed in subsection D or elsewhere in this Lease. Similarly, if Lessor elects to compute damages in the manner prescribed by subsection D(i) above, this election shall in no

way prejudice Lessor's right at any time thereafter to demand a final settlement in accordance with subsection D(ii). Pursuit of any of the above remedies shall not preclude pursuit of any other remedies prescribed in other sections of this Lease and any other remedies provided by law or equity. Forbearance by Lessor to enforce one or more of the remedies herein provided upon an Event of Default shall not be deemed or construed to constitute a waiver of such default.

E. In the event that Lessor has either repossessed the Premises pursuant to subsection A, repossessed the Premises pursuant to subsection C, or terminated this Lease pursuant to subsection D, and Lessor elects to enter the Premises as provided herein, Lessor may change, alter, and/or modify the door locks on all entry doors of such portion of the Premises, thereby permanently excluding Lessee and its officers, principals, agents, employees, representatives and invitees therefrom. Lessor shall not thereafter be obligated to provide Lessee with a key to such portion of Premises at any time, regardless of any amounts subsequently paid by Lessee; provided, however, that in any such instance, during Lessor's normal business hours and at the convenience of Lessor, and upon receipt of written request from Lessee accompanied by such written waivers and releases as Lessor may reasonably require, Lessor may either (at Lessor's option) (1) escort Lessee or its authorized personnel to such Premises to retrieve any personal belonging or other property of Lessee not subject to Lessor's right of purchase as provided in Section 33, or (2) obtain a list from Lessee of such personal property not subject to Lessor's right of purchase as provided in Section 33, whereupon Lessor shall remove such property and make it available to Lessee at a time and place designated by Lessor. However, if Lessor elects option (2), Lessee shall pay, in cash in advance, all reasonable costs and expenses estimated by Lessor to be incurred in removing such property and making it available to Lessee and all moving and/or storage charges theretofore incurred by Lessor with respect to such property (plus an additional Seven Percent (7%) thereof to cover Lessor's administrative costs). If Lessor elects to exclude Lessee from the Premises without repossessing or terminating pursuant to the foregoing provisions of this Lease, then Lessor shall not be obligated to provide Lessee a key to re-enter the Premises until such time as all delinquent Rent has been paid in full and all other defaults, if any, have been completely cured to Lessor's satisfaction (if such cure occurs prior to any actual repossession or termination), and Lessor has been given assurance reasonably satisfactory to Lessor evidencing Lessee's ability to satisfy its remaining obligations under this Lease. To the extent permitted by law, the foregoing provision shall override and control any conflicting provisions of any applicable statute governing the right of a lessor to change the door locks of commercial leases.

F. In addition to any other available remedies, at Lessor's option, Lessor shall have those rights (i) to purchase Lessee's Personal Property in the manner provided in Section 33 hereof, (ii) to effect a transfer of the Licenses pursuant to the terms of Section 33 hereof and (iii) exercise any and all other rights and/or remedies granted or allowed to landlords by any existing or future statute or other law of the State where the Premises is located.

G. In the event, and only in the event, that applicable Laws require Lessor to attempt to mitigate damages following the termination of Lessee's rights under this Lease as provided in subsection D(i) above, Lessor shall use reasonable efforts to the extent required by applicable Laws to relet such the Premises on such terms and conditions as Lessor, in its sole good faith judgment, may determine (including, without limitation, a lease term different than the Term,

rental concessions, alterations and repair to the Premises); provided, however, that (i) Lessor shall not be obligated to relet the Premises before leasing other vacant space owned or operated by Lessor, (ii) Lessor reserves the right to refuse to lease the Premises to any potential tenant that does not meet Lessor's reasonable standards and criteria for leasing any other comparable space owned or operated by Lessor (it being understood and agreed that it shall be deemed reasonable for Lessor to refuse to lease to a prospective tenant who owns, leases or operates a business similar to that conducted on the Premises in the County where the Premises is located), and (iii) Lessor shall not be obligated to undertake any greater efforts to relet such portion of the Premises than Lessor utilizes to lease any other vacant space owned or operated by Lessor. In any proceeding in which Lessor's efforts to mitigate damages and/or its compliance with this subsection is at issue, Lessor shall be presumed to have used reasonable efforts to mitigate damages and Lessee shall bear the burden of proof to establish that such reasonable efforts were not used.

H. No receipt of moneys by Lessor from Lessee after a termination of this Lease or of Lessee's rights under this Lease by Lessor with respect thereto shall reinstate, continue or extend the Term of this Lease or affect any notice theretofore given to Lessee, or operate as a waiver of the right of Lessor to enforce the payment of Rent and any related amounts to be paid by Lessee to Lessor then due or thereafter falling due, it being agreed that after the commencement of suit for possession of the Premises, or after final order or judgment for the possession of the Premises, Lessor may demand, receive and collect any moneys due or thereafter falling due without in any manner affecting such suit, order or judgment, all such money collected being deemed payments on account of the use and occupation of the Premises or, at the election of Lessor, on account of Lessee's liability hereunder. Lessee hereby waives any and all rights of redemption provided by any law, statute or ordinance now in effect or which may hereafter be enacted.

I. No right or remedy herein conferred upon or reserved to Lessor is intended to be exclusive of any other right or remedy, and every right and remedy shall be cumulative and in addition to any other legal or equitable right or remedy given hereunder, or at any time existing. The failure of Lessor to insist upon the strict performance of any provision or to exercise any option, right, power or remedy contained in this Lease shall not be construed as a waiver or a relinquishment thereof for the future, and no acceptance of full or partial payment of Rent or any other payment due under the terms of this Lease during the continuance of any such breach shall constitute a waiver of any such breach or any such term. To the extent permitted by law, no waiver of any breach shall affect or alter this Lease, which shall continue in full force and effect with respect to any other then existing or subsequent breach. Lessor and Lessee agree that no waiver shall be effective hereunder unless it is in writing.

J. It is further agreed that Lessee shall compensate Lessor and its Affiliates for (a) all reasonable expenses incurred by Lessor and its Affiliates in enforcing the provisions of this Lease and in repossessing the Premises or any portion thereof (including among other expenses, any increase in insurance premiums caused by the vacancy of all or any portion of the Premises); (b) all reasonable expenses incurred by Lessor and its Affiliates in reletting (including among other expenses, repairs, remodeling, replacements, advertisements and brokerage fees); (c) all concessions granted to a new tenant or tenants upon reletting (including among other

concessions, renewal options); (d) Lessor's and its Affiliates' reasonable attorneys' fees and expenses arising from or related to an Event of Default; (e) all losses incurred by Lessor and its Affiliates as a direct or indirect result of such Event of Default and (f) a reasonable allowance for Lessor's administrative efforts, salaries and overhead attributable directly or indirectly to such Event of Default and Lessor's pursuing the rights and remedies provided herein and under applicable Laws.

14. Waivers; Application of Funds; Notices by Lessor.

14.1 Waivers

(a) If this Lease is terminated pursuant to Section 13, Lessee waives, to the extent permitted by applicable Laws, (i) any right of redemption, re-entry or repossession; (ii) any right to a trial by jury in the event of summary proceedings to enforce the remedies set forth in Section 13; (iii) the benefit of any laws now or hereafter in force exempting property from liability for rent or for debt; and (iv) any statutory requirement of prior written notice for filing eviction or damage suits for nonpayment of Rent or any other payments under this Lease. Lessee acknowledges and agrees that no waiver by Lessor of any provision of this Lease shall be deemed to have been made unless made under signature of an authorized representative of Lessor.

(b) To the extent permitted by applicable Laws, Lessee waives any and all rights or defenses arising by reason of: (i) any "one action" or "anti-deficiency" law or any other law which may prevent Lessor from bringing any action, including a claim for deficiency, against Lessee or Guarantor, before or after Lessor's commencement or completion of any foreclosure or similar action or actions, either judicially or by exercise of a power of sale; (ii) any election of remedies by Lessor which destroys or otherwise adversely affects Lessee or Lessee's or Guarantor's subrogation rights or rights to proceed against any Person for reimbursement, including, without limitation, any loss of rights Lessee or Guarantor may suffer by reason of any law limiting, qualifying, or discharging Lessee's and Guarantor's obligations under this Lease, (iii) any disability or other defense of any other Person, other than payment in full in legal tender, of Lessee's and Guarantor's obligations under this Lease; (iv) any defenses given to guarantors, sureties, and/or co-makers at law or in equity other than actual payment and performance of Lessee's and Guarantor's obligations under this Lease; or (v) any action by Lessor or its Affiliates to enforce its rights and remedies under this Lease.

14.2 Application of Funds. Any payments otherwise payable by Lessee which are received by Lessor under any of the provisions of this Lease during the existence or continuance of any Event of Default shall be applied to Lessee's obligations in the order which Lessor may reasonably determine.

14.3 Notices by Lessor. The provisions of Sections 12 and 13 concerning notices shall be liberally construed insofar as the contents of such notices are concerned, and any such notice shall be sufficient if reasonably designed to apprise Lessee of the nature and approximate extent of any default, it being agreed that Lessee is in as good or a better position than Lessor to ascertain the exact extent of any default by Lessee hereunder.

15. Waiver of Jury Trial.

TO THE MAXIMUM EXTENT PERMITTED BY LAW, LESSOR AND LESSEE HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE THE RIGHT TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED HEREON, ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS LEASE, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENT (WHETHER VERBAL OR WRITTEN) OR ACTION OF EITHER PARTY OR ANY EXERCISE OF ANY PARTY OF THEIR RESPECTIVE RIGHTS HEREUNDER OR IN ANY WAY RELATING TO THIS LEASE OR THE PREMISES (INCLUDING ANY CLAIM OR DEFENSE ASSERTING THAT THIS LEASE WAS FRAUDULENTLY INDUCED OR IS OTHERWISE VOID OR VOIDABLE). THIS WAIVER IS A MATERIAL INDUCEMENT FOR LESSOR TO ENTER INTO THIS LEASE.

16. Separate and Independent Obligations; Binding Effect; Amendments. Each provision hereof shall be separate and independent and, the breach of any such provision by either party shall not discharge or relieve the other party from its obligations to perform each and every covenant to be performed by the non-breaching party hereunder. If any provision hereof or the application thereof to any Person or circumstance shall to any extent be invalid or unenforceable, the remaining provisions hereof, or the application of such provision to Persons or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each provision hereof shall be valid and shall be enforceable to the extent permitted by Law. All provisions contained in this Lease shall be binding upon, inure to the benefit of and be enforceable by the respective successors and permitted assigns of Lessor and Lessee to the same extent as if each such successor and assign were named as a party hereto. This Lease may not be changed, modified or discharged except by a writing signed by Lessor and Lessee. Any such change, modification or discharge made otherwise than as expressly permitted by this paragraph shall be void.

17. Governing Law; Venue. This Lease shall be governed by and interpreted in accordance with the Laws of the State of Washington, without regard to conflicts of laws principles or provisions that would require the application of the laws of another jurisdiction. In any action or proceeding arising herefrom, the parties expressly consent to forum and venue of Benton County Superior Court or, if there is diversity jurisdiction, the United States District Court for the Eastern District of Washington and waive, to the fullest extent permitted by Law, any and all objections related to the same.

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

19. Counterparts. This Lease may be executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute one and the same instrument.

20. Memorandum of Lease. Upon request of either party hereto, the parties shall execute and deliver to each other duplicate originals of a Memorandum of this Lease, in

recordable form, containing the information required by Law for recording the same. Lessee shall file a termination of any such memorandum upon the expiration, or earlier termination, of this Lease.

21. No Partnership. The parties hereto intend the relationship created by this Lease to be that of Lessor and Lessee and do not intend for the arrangement between them to be a partnership, including for income tax purposes.

22. End of Term. Upon expiration of the Term, possession of the leasehold interest in the Premises shall revert to Lessor.

23. Management Agreements; Affiliate Contracts.

23.1 Management Agreements. Lessee shall not enter into any contract or agreement pursuant to which any third-party shall act as a property manager for the Premises as a whole, without the prior written consent of Lessor, which consent may be granted or withheld in Lessor's sole and absolute discretion. Notwithstanding the foregoing, Lessor acknowledges and agrees that Lessee may pay to RCCI an annual fee (the "**Facility Oversight Fee(s)**") in an amount not to exceed two percent (2%) of its Net Revenues for the year covered by such annual fee.

23.2 Affiliate Contracts. Subject to the provisions of Section 23.1 regarding the Facility Oversight Fees payable to RCCI, Lessee shall not enter into any contract or agreement with any Affiliate of Lessee, without the prior written consent, which consent shall not be unreasonably withheld, delayed or denied. The obligations of Lessee under all such Affiliate agreements shall be subordinate to the Lease in a manner satisfactory to Lessor.

24. [Reserved].

25. Department of Health and Human Services Regulation. During the Term and until the expiration of four years after the expiration of the Term of this Lease, Lessor will make available to the Secretary, U.S. Department of Health and Human Services, the U.S. Comptroller General and their representatives this Lease and all books, documents and records necessary to certify the nature and extent of Lessor's costs with respect to this Lease and the Premises. If Lessor carries out any of its duties under this Lease through a subcontract worth Ten Thousand Dollars (\$10,000) or more over a 12-month period with a related organization, the subcontract will also contain an access clause to permit access by the Secretary, Comptroller General and their representatives to the related organization's books and records.

26. Notices. All notices and other communications hereunder shall be in writing and shall be deemed to have been duly given or delivered (a) when personally delivered, (b) when transmitted via electronic mail to the email address set out below if the sender on the same day sends a confirming copy of such notice by a recognized overnight delivery service (charges prepaid), (c) the day following the day (except if not a Business Day then the next Business Day) on which the same has been delivered prepaid to a reputable national overnight air courier service or (d) the third Business Day following the day on which the same is sent by certified or registered mail, postage prepaid, to the parties at the following addresses:

If to Lessee: c/o RCCH Healthcare Partners
103 Continental Place - Suite 200
Brentwood TN 37027
Attention: Howard T. Wall III - EVP and CAO
Email:

With a copy to: Waller Lansden Dortch & Davis, LLP
511 Union Street, Suite 2700
Nashville, Tennessee 37219-1760
Attention: Jeffrey A. Calk, Esq.
Email: jeff.calk@wallerlaw.com

If to Lessor, to: Kennewick Holdings, LLC
200 West Street, 22nd floor
New York, New York 10282
Attention: Cleaver Sower
Email: cleaver.sower@gs.com

With a copy to: Gibson, Dunn & Crutcher LLP
200 Park Avenue
New York, New York 10166
Attention: Harry R. Silvera, Esq.
Email: hsilvera@gibsondunn.com

Any party from time to time may change its address for the purpose of receipt of notices to that party by giving a similar notice specifying a new address to the other notice parties listed above in accordance with the provisions of this Section 26.

27. Officer's Certificates; Financial Statements; Notices and Other Certificates.

(a) Lessee shall, at any time and from time to time, within ten (10) Business Days after request by Lessor, deliver an Officer's Certificate, duly executed, acknowledged and delivered to Lessor or any other Person specified by Lessor, certifying: that this Lease is unmodified and in full force and effect, or, if there have been any modifications, that the same are in full force and effect as modified and stating the modifications; whether or not there are then existing any setoffs or defenses against the enforcement of any of the agreements, terms, covenants or conditions hereof and any modifications hereof upon the part of Lessee to be performed or complied with, and, if so, specifying the same; the date of expiration of the Term; the date through which Rent has been paid; and such other matters reasonably requested by the requesting party. Any such Officer's Certificate furnished pursuant to this Article may be relied upon by Lessor, any Fee Mortgagee, and any prospective purchaser of the Premises.

(b) Lessee shall furnish, or cause to be furnished, to Lessor the following statements, notices and certificates initially utilizing the forms attached hereto as Exhibit E (as modified from time to time, but nevertheless substantially in the form of Exhibit E), together with such other detail and information as Lessor may reasonably require:

- (i) within one hundred twenty (120) days after the end of each year, audited Financial Statements of RCCH on a consolidated basis, such consolidated Financial Statements to include supplementary consolidating balance sheets and statements of operations and cash flows, each separately identifying Healthcare Holdings, Guarantor and Lessee's financial position and results of operations, prepared by a nationally recognized accounting firm or an independent certified public accounting firm reasonably acceptable to Lessor; and
- (ii) within forty-five (45) days after the end of each quarter, current balance sheets and quarterly statements of operations of Healthcare Holdings, Lessee, and Guarantor, which in the case of Guarantor shall include a calculation of its Consolidated Adjusted EBITDAR (as defined in the Guaranty), and if Healthcare Holdings owns any assets or conducts any other operations other than the operation of the Premises, then of the Premises separately, certified to be true and correct by an officer of Lessee; and
- (iii) within thirty (30) days after the end of each month, current balance sheets, monthly income statements and statistics of Healthcare Holdings and Lessee, including, but not limited to, the number of patient discharges, the number of inpatient days, the case mix index, the payor sources and Cash Collections for each such month, which information, statements and statistics shall be produced in the ordinary course of business and generated internally by Lessee; and
- (iv) with reasonable promptness, such other information respecting the financial condition and affairs of Healthcare Holdings, Lessee and Guarantor as Lessor may reasonably request from time to time.

(c) Upon Lessor's request, Lessee and Guarantor shall furnish to Lessor a certificate in form reasonably acceptable to Lessor certifying that no Event of Default then exists and to Lessee's knowledge no event has occurred (that has not been cured) and no condition currently exists that would, but for the giving of any required notice or expiration of any applicable cure period, constitute an Event of Default, or disclosing that such an event or condition, if any, exists.

(d) Within five (5) Business Days after receipt, Lessee shall furnish to Lessor copies of all written notices and demands from any third-party payor, including, without limitation, Medicare and/or Medicaid, concerning any overpayment which will or could

reasonably be expected to require a repayment or a refund in excess of Three Million and No/100 Dollars (\$3,000,000.00).

(e) Lessee shall furnish to Lessor prompt written notice of, and any information related to, any governmental investigations of Lessee or the Guarantor (or any of their respective subsidiaries), or any inspections or investigations of the Premises which are conducted by the United States Attorney, State Attorney General, the Office of the Inspector General of the Department of Health and Human Services, or any other Governmental Body, and provide to Lessor ongoing status reports (in form and content reasonably acceptable to Lessor) of any such government investigations.

(f) Lessee shall furnish to Lessor within five (5) Business Days after receipt thereof copies of all notices of material adverse events or deficiencies as defined by the regulations and standards of the state Medicare and/or Medicaid certification agency, the Joint Commission (formerly known as the Joint Commission on the Accreditation of Healthcare Organizations) (the "**Joint Commission**") or the equivalent accrediting body relied upon by Lessee in the operation of the Premises or any part thereof.

(g) Lessee shall furnish to Lessor promptly upon receipt thereof copies of all written notices that Healthcare Holdings, Lessee or Guarantor or their respective subsidiaries are not in compliance, in all material respects, with the Privacy Rule, the Security Rule, the Breach Notification Rule, or any other material provision of HIPAA.

(h) Lessor reserves the right to require such other financial information from Lessee at such other times as it shall deem reasonably necessary. All financial statements and information must be in such form and detail as Lessor shall from time to time, but not unreasonably, request.

(i) As to any information provided by any Lessee to Lessor pursuant to this Section 27 ("**Proprietary Information**"), neither Lessor, nor its agents, representatives, employees, partners, members, officers or directors will disclose any Proprietary Information unless prior consent to such disclosure is obtained from Lessee, which consent may be withheld, conditioned or delayed at Lessee's sole discretion. Lessor shall hold in strict confidence and shall disclose Proprietary Information only to Lessor's employees, agents, attorneys, accountants, consultants, investors, potential investors, lenders, potential lenders, purchasers, potential purchasers and service providers (collectively, "**Representatives**") who have a reason to know such Proprietary Information in order to assist Lessor. Neither Lessor nor any of its employees, agents, attorneys, accountants, consultants, investors, potential investors, lenders or service providers shall disclose Proprietary Information to any other person or entity except in connection with any tax, regulatory or loan securitization obligations or use Proprietary Information for its or their benefit or for any purpose not expressly agreed upon in writing by Lessee. The obligation hereunder to maintain the confidentiality of Proprietary Information and to refrain from use of Proprietary Information for any purposes not agreed upon shall not expire. The foregoing restriction on the dissemination of Proprietary Information shall not apply to any Proprietary Information which (a) was or becomes available to the Lessor or its Representatives from a source other than Lessee (provided that, to Lessor's knowledge, the source of the

information was not prohibited from transmitting it to Lessor or its Representatives), (b) is or becomes publicly known, except for any such information that becomes publicly known because of disclosure by Lessor or its Representatives in violation of this Agreement, (c) is requested or required to be disclosed pursuant to judicial or regulatory action, law, rule, regulation, court order, subpoena or other legal process, (d) is independently developed by or for the Lessor or its Representatives without the use of the Proprietary Information, or (e) was in Lessor's or its Representatives' possession prior to the disclosure of such information by or on behalf of Lessee (provided that, to Lessor's knowledge, the source of the information was not prohibited from transmitting it to Lessor or its Representatives).

28. Indemnification.

(a) NOTWITHSTANDING THE EXISTENCE OF ANY INSURANCE OR SELF INSURANCE PROVIDED FOR IN SECTION 5.2(c), AND WITHOUT REGARD TO THE POLICY LIMITS OF ANY SUCH INSURANCE OR SELF INSURANCE, IN ADDITION TO ANY OTHER INDEMNIFICATION OBLIGATIONS OF LESSEE AND GUARANTOR AS PROVIDED IN THIS LEASE, LESSEE WILL PROTECT, INDEMNIFY, SAVE HARMLESS AND DEFEND LESSOR FROM AND AGAINST ALL LIABILITIES, OBLIGATIONS, CLAIMS, DAMAGES, PENALTIES, CAUSES OF ACTION, COSTS AND EXPENSES (INCLUDING, WITHOUT LIMITATION, REASONABLE ATTORNEYS' FEES AND EXPENSES) TO THE EXTENT PERMITTED BY LAW), IMPOSED UPON OR INCURRED BY OR ASSERTED AGAINST LESSOR BY REASON OF: (A) ANY ACCIDENT, INJURY TO OR DEATH OF PERSONS OR LOSS OF PERSONAL PROPERTY OCCURRING ON OR ABOUT THE PREMISES OR ADJOINING SIDEWALKS, INCLUDING WITHOUT LIMITATION ANY CLAIMS OF MALPRACTICE DURING THE TERM OR WHICH RELATE TO THE PERIOD OF LESSEE'S POSSESSION DURING THE TERM, (B) ANY USE, MISUSE, CONDITION, MAINTENANCE OR REPAIR BY LESSEE OF THE PREMISES DURING THE TERM OR WHICH RELATE TO THE PERIOD OF LESSEE'S POSSESSION DURING THE TERM, (C) ANY IMPOSITIONS (WHICH ARE THE OBLIGATIONS OF LESSEE TO PAY PURSUANT TO THE APPLICABLE PROVISIONS OF THIS LEASE), (D) ANY FAILURE ON THE PART OF LESSEE TO PERFORM OR COMPLY WITH ANY OF THE TERMS OF THIS LEASE, (E) THE NON-PERFORMANCE OF ANY OF THE TERMS AND PROVISIONS OF ANY AND ALL EXISTING AND FUTURE SUBLEASES OF THE PREMISES TO BE PERFORMED BY THE LANDLORD (LESSEE) THEREUNDER DURING THE TERM OR WHICH RELATE TO THE PERIOD OF LESSEE'S POSSESSION DURING THE TERM, (F) ANY AND ALL LAWFUL ACTION THAT MAY BE TAKEN BY LESSOR IN CONNECTION WITH THE ENFORCEMENT OF THE PROVISIONS OF THIS LEASE, WHETHER OR NOT SUIT IS FILED IN CONNECTION WITH SAME, OR IN CONNECTION WITH LESSEE OR A GUARANTOR AND/OR ANY PARTNER, JOINT VENTURER, MEMBER OR SHAREHOLDER THEREOF BECOMING A PARTY TO A VOLUNTARY OR INVOLUNTARY FEDERAL OR STATE BANKRUPTCY, INSOLVENCY OR SIMILAR PROCEEDING, (G) WITH RESPECT TO THE PREMISES, TO THE EXTENT ARISING DURING THE TERM (AND NOT IN EXISTENCE AS OF THE LEASE DATE) (I) ENCROACHMENTS ONTO OR FROM ADJACENT PROPERTIES; (II) VIOLATIONS OF SET-BACK, BUILDING OR SIDE LINES; (III) ENCROACHMENTS ONTO ANY

EASEMENTS OR SERVITUDES LOCATED ON SUCH PROPERTY; (IV) PENDING OR THREATENED BOUNDARY LINE DISPUTES; (V) PORTIONS OF SUCH PROPERTY LOCATED IN A FLOOD PLAIN OR IN AN AREA DEFINED AS A WETLAND UNDER APPLICABLE STATE OR FEDERAL LAW; (VI) CEMETERIES OR GRAVESITES LOCATED ON, WITHIN OR UNDER SUCH PROPERTY; OR (VII) MINE SHAFTS UNDER SUCH PROPERTY OR ANY OTHER LATENT DEFECTS, SUCH AS SINKHOLES, REGARDING OR AFFECTING SUCH PROPERTY, OR (II) ANY GRANTS, CONVEYANCES OR TRANSFERS OF ANY INTERESTS OR RIGHTS IN OR TO THE PREMISES (INCLUDING, WITHOUT LIMITATION, EASEMENTS, RIGHTS-WAY, RESTRICTIONS) MADE BY LESSEE OR ANY OTHER PERSON WHICH ARE NOT APPROVED BY LESSOR PRIOR TO PLACING THE SAME OF RECORD ON THE PREMISES, INCLUDING, WITHOUT LIMITATION, THOSE PRIOR TO THE LESSOR TAKING TITLE TO THE PREMISES, (I) TO THE EXTENT ARISING DURING THE TERM, THE IMPROVEMENTS HAVING INSUFFICIENT ACCESS TO A PUBLIC RIGHT OF WAY OR FAILING TO BE IN COMPLIANCE WITH ALL RULES, REGULATIONS AND ORDINANCES OF ALL GOVERNMENTAL AUTHORITIES HAVING JURISDICTION OVER THE IMPROVEMENTS AND THE LAND, INCLUDING, WITHOUT LIMITATION, THOSE PERTAINING TO ZONING AND PARKING. ANY AMOUNTS WHICH BECOME PAYABLE BY LESSEE UNDER THIS SECTION 28 SHALL BE PAID WITHIN FIFTEEN (15) DAYS AFTER DEMAND THEREFOR BY LESSOR ENTITIES AND, IF NOT TIMELY PAID, SHALL BEAR A LATE CHARGE (TO THE EXTENT PERMITTED BY LAW) AT THE DEFAULT RATE FROM THE EXPIRATION OF SAID FIFTEEN (15) DAY PERIOD UNTIL THE DATE OF PAYMENT AND A LATE PAYMENT PENALTY ON SUCH AMOUNT AS DESCRIBED IN SECTION 4.6. LESSEE, AT ITS EXPENSE, SHALL CONTEST, RESIST AND DEFEND ANY SUCH CLAIM, ACTION OR PROCEEDING ASSERTED OR INSTITUTED AGAINST LESSOR AND MAY COMPROMISE OR OTHERWISE DISPOSE OF THE SAME, SUBJECT TO THE APPROVAL OF LESSOR. NOTHING HEREIN SHALL BE CONSTRUED AS INDEMNIFYING LESSOR AGAINST THEIR OWN GROSSLY NEGLIGENT ACTS OR OMISSIONS OR WILLFUL MISCONDUCT.

(b) Lessor shall have the right to waive its right to any indemnification payment under this Section 28 or under Section 5.5(c) and to the extent that Lessor does in fact waive the right to any particular indemnification payment, the amount of such waived payment shall not be taken into account when calculating Consolidated Adjusted EBITDA, Consolidated Adjusted EBITDAM or Free Cash Flow hereunder (i.e., such amounts shall only be reduced by indemnification payments that are actually made by Lessee hereunder).

29. Non-Merger. There shall be no merger of this Lease, the leasehold estate created hereby, or the Improvements with the fee estate in and to the Land by reason of the fact that this Lease, the leasehold estate created hereby, or the Improvements, or any interest in either of them, may at any time be held directly or indirectly by or for the account of any Person who shall own the fee estate in and to the Land, or any portion thereof, and no such merger shall occur unless and until all Persons at the time having an interest in the fee estate and all Persons having any interest in this Lease, the leasehold estate or the Improvements, shall join in a written instrument

effecting such merger. Notwithstanding the foregoing, this Section 29 shall not apply to any transfer or creation of interests described in the recitals hereof.

30. Entire Agreement. This Lease supersedes all prior oral discussions and written agreements among the parties with respect to the subject matter of this Agreement (including any term sheet or similar agreement or document relating to the transactions contemplated hereby). This Lease, including the exhibits and schedules hereto and other documents delivered in connection herewith contains the sole and entire agreement between the parties hereto with respect to the subject matter hereof.

31. Guaranty. As a condition to Lessor entering into this Lease, RCCH Washington Holdings, LLC, a Delaware limited liability company (“**Guarantor**”) is, on the Lease Date, delivering the Guaranty attached hereto as Exhibit C.

32. Lessor May Grant Liens.

32.1 Encumbrance. Without the consent of Lessee, Lessor may from time to time, directly or indirectly, create or otherwise cause to exist any Fee Mortgage upon the Premises or upon the ownership interests in Lessor, or any portion thereof or interest therein (including this Lease), whether to secure any borrowing or other means of financing or refinancing or otherwise. As of the Lease Date, there are no Fee Mortgages encumbering Lessor’s fee interest in the Premises.

32.2 Subordination and Non-Disturbance. This Lease is subject and subordinate to the lien, provisions, operation and effect of any Fee Mortgage, to all funds and indebtedness intended to be secured thereby, and to all renewals, extensions, modifications, recastings or refinancings thereof. A Fee Mortgagee holding a Fee Mortgage to which this Lease is subordinate shall have the right (subject to any required approval of the holder of any superior Fee Mortgage) at any time to declare this Lease to be superior to the lien, provisions, operation and effect of such Fee Mortgage, and Lessee shall execute, acknowledge and deliver all documents reasonably required by such Fee Mortgagee in confirmation thereof. Within ten (10) Business Days after Lessor’s request, Lessee shall execute documents (subject to reasonable and customary comments from a commercial tenant to similar documents) reasonably required by the Fee Mortgagee confirming the foregoing subordination. Lessee’s obligations pursuant to this Section 32.2 and Section 32.3 below are conditioned upon receipt by Lessee of a subordination, non-disturbance and attornment agreement executed by the Fee Mortgagee providing for, among other things, the continuation of this Lease in the event of any transfer of the Premises by means of a foreclosure sale, deed-in-lieu of foreclosure or other similar device (collectively, a “**Transfer**”), on the standard form of such Fee Mortgagee (subject to the terms and conditions contained therein).

32.3 Attornment. Subject to the provisions of Section 32.2, Lessee waives the provisions of any statute or rule of law now or hereafter in effect which may give or purport to give Lessee any right to terminate or otherwise adversely affect this Lease and Lessee's obligations hereunder in the event of any Transfer. Lessee shall attorn to any transferee and shall, at the option of such transferee, within five (5) Business Days of request, either (i) recognize such transferee in writing as Lessor under this Lease pursuant to documents

satisfactory to such transferee or (ii) enter into a new lease substantially in the form of this Lease with such transferee. Lessee agrees that upon any such attornment, such transferee shall not be (a) bound by any payment of the Primary Rent or Additional Charges more than one (1) month in advance, except (i) prepayments in the nature of security for the performance by Lessee of its obligations under this Lease and (ii) amounts reserved for capital expenditures or Impositions or otherwise pursuant to this Lease, but only to the extent such prepayments have been delivered to such transferee, (b) bound by any amendment of this Lease made without the written consent of any Fee Mortgagee existing as of the date of such amendment, (c) liable for damages for any breach, act or omission of any prior Lessor, provided that this provision shall not be deemed to alter such transferee's obligations after succeeding to the Lessor's interest under this Lease to perform in accordance with the terms of this Lease all obligations of the lessor under this Lease arising after the date of transfer, or (d) subject to any offsets or defenses which Lessee might have against any prior lessor; provided, that after succeeding to Lessor's interest under this Lease, such transferee shall agree to perform otherwise in accordance with the terms of this Lease all obligations of Lessor arising after the date of transfer.

32.4 Fee Mortgagee Required Modifications. If any prospective or current Fee Mortgagee requires that modifications to this Lease be obtained, and provided that such modifications (a) do not adversely affect (i) the rights of Lessee pursuant to Section 32.2 above, or (ii) in a material manner Lessee's use of the Premises as herein permitted, (b) do not increase the Primary Rent or Additional Charges (other than in de minimis amounts), (c) do not materially increase other sums to be paid by Lessee or Lessee's other obligations pursuant to this Lease, and (d) do not materially reduce any rights of Lessee under this Lease, then Lessor may submit to Lessee an amendment to this Lease incorporating such required modifications, and Lessee shall execute, acknowledge and deliver such amendment to Lessor within ten (10) Business Days after Lessee's receipt thereof.

32.5 Fee Mortgagee Cure Rights. If (a) the Premises are at any time subject to a Fee Mortgage, (b) this Lease and Primary Rent and Additional Charges payable hereunder are assigned to the Fee Mortgagee, and (c) Lessee is given written notice of such assignment in the manner provided elsewhere in this Lease for the giving of notices, including the name and address of the assignee, then, in that event, Lessee shall not terminate this Lease or make any abatement in the rent payable hereunder for any default on the part of Lessor without first giving notice, in the manner provided elsewhere in this Lease for the giving of notices, to the Fee Mortgagee, specifying the default in reasonable detail, and affording such Fee Mortgagee a reasonable opportunity to make performance, at its election, for and on behalf of Lessor, except that: (i) such Fee Mortgagee shall have at least thirty (30) days to cure the default (except in cases of emergency); (ii) if such default cannot be cured with reasonable diligence and continuity within thirty (30) days, such Fee Mortgagee shall have any additional time as may be reasonably necessary to cure the default with reasonable diligence and continuity; and (iii) if the default cannot reasonably be cured without such Fee Mortgagee having obtained possession of the Premises, then so long as such Fee Mortgagee is diligently pursuing its remedies against Lessor, such Fee Mortgagee shall have such additional time as may be reasonably necessary under the circumstances to obtain possession of the Premises and thereafter to cure the default with reasonable diligence and continuity. If more than one such Fee Mortgagee makes a written

request to Lessor to cure the default, the Fee Mortgagee making the request whose Lien is the most senior shall have such right.

33. Lessor's Option to Purchase Lessee's Personal Property. Upon prior written notice to Lessee, Lessor shall have the option to purchase all (but not less than all) of Lessee's Personal Property relating to the Premises, if any, at the expiration or earlier termination of this Lease; provided that in the case of the expiration of the Lease, Lessor shall provide not less than six (6) months' notice of its intent to exercise such purchase option, for an amount equal to the then fair market value of the Lessee's Personal Property as determined by independent, third party appraisal reasonably acceptable to Lessor and Lessee, subject in all cases to, and with appropriate price adjustments for, all equipment leases, conditional sale contracts, security interests and other encumbrances to which such Lessee's Personal Property is subject. Notwithstanding anything contained in this Section 33 to the contrary, the options to purchase granted under this Section 33 do not pertain to any of the Licenses, it being understood and agreed that all matters relating to the transfer of the Licenses are addressed in Section 5.7.

34. Risk of Loss. During the Term, the risk of loss of, or decrease in, the enjoyment and beneficial use of the Premises in consequence of the damage or destruction thereof by fire, the elements, casualties, thefts, riots, wars or otherwise, or in consequence of foreclosures, attachments, levies or executions (other than by Lessor and those claiming from, through or under Lessor) is assumed by Lessee and, Lessor shall in no event be answerable or accountable therefor nor shall any of the events mentioned in this Section 34 entitle Lessee to any abatement of Rent except as specifically provided in this Lease.

35. Inspections. Upon reasonable prior written notice, Lessee shall permit Lessor, or its designated Affiliate, and their respective authorized representatives to inspect the Premises during usual business hours subject to any security, health, safety or confidentiality requirements of Lessee, any governmental agency, any Insurance Requirements relating to the Premises, or imposed by law or applicable regulations, except that, in the event of an emergency, Lessor shall have the right to inspect the Premises upon reasonable notice (which in this circumstance may be verbal) under the circumstances to Lessee.

36. No Waiver. Any provision of this Lease may be amended or waived only in a writing signed by the parties hereto. No waiver of any provision hereunder or any breach or default thereof shall extend to or affect in any way any other provision or prior or subsequent breach or default.

37. Surrender. No surrender to Lessor of this Lease or of the Premises, or of any part thereof or interest therein, shall be valid or effective unless agreed to and accepted in writing by Lessor, and no act by Lessor or any representative or agent of Lessor, other than such a written acceptance by Lessor, shall constitute an acceptance of any such surrender.

38. Miscellaneous.

38.1 General. If any term or provision of this Lease or any application thereof shall be invalid or unenforceable, the remainder of this Lease and any other application of such term or provision shall not be affected thereby. If any late charges provided for in any provision

of this Lease are based upon a rate in excess of the maximum rate permitted by applicable Laws, the parties agree that such charges shall be fixed at the maximum permissible rate. All the terms and provisions of this Lease shall be binding upon and inure to the benefit of the parties and their respective successors and assigns (subject to the limitations on assignment contained herein); provided, however, that (a) this Lease shall not inure to the benefit of any assignee pursuant to an assignment which violates the terms of this Lease and (b) neither this Lease nor any other document or agreement contemplated under this Lease shall be deemed to confer upon any Person not a party to this Lease any rights or remedies contained in this Lease. The headings in this Lease are for convenience of reference only and shall not limit or otherwise affect its meaning.

38.2 Right of First Offer. Lessor shall have the unilateral right to sell the Premises at any time (in multiple transactions or in one transaction) and, subject to the satisfaction by Lessee of each of the ROFO Requirements (defined below), (i) prior to any such sale, Lessor shall notify Lessee in writing of the intended sale of the Premises pursuant to a written notice (the "**ROFO Notice**") which sets forth Lessor's intended sales price for the Premises at the time the ROFO Notice is given (the "**Proposed ROFO Price**") and (ii) for the period commencing with the giving of the ROFO Notice and terminating thirty (30) days thereafter (the "**ROFO Period**"), Lessee shall have the opportunity to elect to purchase the Premises in its entirety (the "**First Offer Right**"), at a price equal to the Proposed ROFO Price by giving written notice of such election (the "**Acceptance Notice**") prior to expiration of the ROFO Period. If Lessee fails to deliver the Acceptance Notice within the ROFO Period, then Lessor shall be free to sell the Premises on any terms that it elects in its sole discretion, but only if such sale is consummated within three hundred and sixty (360) days after the expiration of the ROFO Period (the "**Sale Period**") at a price equal to or greater than ninety two and one half percent (92.5%) of the Proposed ROFO Price. If such a sale is not completed within three hundred and sixty (360) days at a price equal to or greater than ninety two and one half percent (92.5%) of the Proposed ROFO Price, then Lessor shall be required to again offer the Premises to the Lessee in accordance with this Section 38.2 prior to attempting to effect a sale of the Premises to a third party. If Lessee timely delivers the Acceptance Notice, then Lessee shall be required to deposit in an escrow established by the parties a non-refundable cash deposit equal to ten percent (10%) of the Proposed ROFO Price (and to be applied to the purchase price at closing) and consummate such sale within ninety (90) days after the date of the delivery of the Acceptance Notice. If Lessee delivers the Acceptance Notice but defaults in the performance of its obligations to close the sale in accordance with this Lease and any other agreement of the parties relating to such sale, Lessee shall forfeit its deposit (which shall be paid to Lessor) as liquidated damages for such failure and shall have no further rights under this Section 38.2, and Lessor may elect to sell the Premises at any time after such default, and on any terms. Notwithstanding anything contained herein to the contrary, the First Offer Right shall not apply if the Premises is sold to an affiliate of Lessor, or sold in connection with a foreclosure or deed in lieu of foreclosure. "**ROFO Requirements**" shall mean (i) this Lease shall not have been terminated, (ii) the Lease has not been assigned to any other party other than Lessee, (iii) no Event of Default by Lessee shall have occurred and be continuing, and (iv) no event shall have occurred and be continuing which with the giving of notice or passage of time would be deemed an Event of Default by Lessee.

38.3 Bankruptcy Waivers.

(a) *Relief from Stay.* Lessee acknowledges and agrees that in the event Lessee or the Premises shall become the subject of any bankruptcy or insolvency estate, then (i) Lessee shall not oppose any request by Lessor to obtain an order from the court granting relief from the automatic stay pursuant to Section 362 of the Bankruptcy Code so as to permit the exercise of all rights and remedies pursuant to this Lease, and (ii) the occurrence or existence of any Event of Default under this Lease shall, in and of itself, constitute "cause" for relief from the automatic stay pursuant to the provisions of Section 362(d)(1) of the Bankruptcy Code, based on the fact that the non-existence of a bankruptcy proceeding was a material inducement for the entry by Lessor into this Lease.

(b) *Automatic Stay.* Lessee hereby waives the stay imposed by 11 U.S.C. Section 362(a) as to actions by the Lessor against the Premises. Lessee acknowledges and agrees that in the event of the filing of any voluntary or involuntary petition in bankruptcy by or against Lessee, it shall not assert or request that any other party assert that the automatic stay provided by Section 362 of the Bankruptcy Code shall operate or be interpreted to stay, interdict, condition, reduce or inhibit the ability of Lessor to enforce any rights or remedies held by virtue of the Lease or applicable Laws.

(c) *Patient Care Ombudsman.* Lessee hereby agrees (i) to use its best efforts to contest the necessity of the appointment of a Patient Care Ombudsman for the Premises as that term is defined in 11 U.S.C. Section 333, and/or (ii) to join with Lessor in requesting a waiver of or contesting the appointment of such a Patient Care Ombudsman.

38.4 Lessor's Expenses. In addition to the other provisions of this Lease, including, without limitation, Section 13 hereof, Lessee agrees and shall pay and/or reimburse Lessor and its Affiliates' reasonable documented, out-of-pocket costs and expenses, including, without limitation, the costs and expenses of reports and investigations and reasonable legal fees and expenses attributable to an Event of Default and Lessor's pursuing the rights and remedies provided herein and under applicable Laws, incurred or resulting from or relating to (a) requests by Lessee for approval or consent under this Lease, (b) any circumstances or developments which give rise to Lessor or its Affiliates' right of consent or approval under this Lease, (c) circumstances resulting from any action or inaction by Lessee contrary to the lease provisions, (d) a request for changes, including, but not limited to, (i) the Permitted Use of the Premises, (ii) alterations and improvements to the Improvements, (iii) subletting or assignment, and (iv) any other changes in the terms, conditions or provisions of this Lease, and (e) enforcement by Lessor or its Affiliates of any of the provisions of this Lease. Such expenses and fees shall be paid by Lessee within thirty (30) days of the submission of a statement for the same or such amount(s) shall be subject to a late charge computed at the Default Rate from the expiration of said thirty (30) day period to the date of payment, plus the late payment penalty described in Section 4.6 with respect to such unpaid amount.

38.5 Lessor Securities Offering and Filings. Notwithstanding anything contained herein to the contrary, Lessee shall, at Lessor's sole costs and expense, cooperate with Lessor in connection with any securities offerings and filings, or Lessor's efforts to procure or

maintain financing for, or related to, the Premises, or any portion thereof and, in connection therewith, Lessee shall furnish Lessor, in a timely fashion, with such financial and other information (including audited financial statements and consents of auditors) as Lessor shall reasonably request; provided that Lessee shall under no circumstances be required to provide (i) any internally prepared reports, (ii) attorney-client privileged communications and work product, or (iii) information subject to a written confidentiality obligation or otherwise restricted by agreement or law from delivery. Lessor shall reimburse the Lessee for any and all reasonable incremental costs (i.e., reasonable costs not otherwise incurred by the Lessee with respect to the normal preparation of such financial statements for other purposes) incurred in furnishing, or causing its accountants to furnish, such financial statements and consents. Lessor may disclose that Lessor has entered into this Lease with Lessee and may provide and disclose information regarding this Lease, Lessee, the Guarantor, and the Premises, and such additional information which Lessor may reasonably deem necessary, to its proposed investors in such public offering or private offering of securities, or any current or prospective lenders with respect to such financing, and to investors, analysts and other parties in connection with earnings calls and other normal communications with investors, analysts, and other parties. Upon reasonable advance notice, Lessor, its legal and financial representatives, and any lender providing financing for all or any portion of the Premises (each, a “**Requesting Party**”) shall have the right, subject to the execution of a written confidentiality agreement on terms reasonably acceptable to Lessor, such lender and Lessee, to access, examine and copy all agreements, records, documentation and information relating to Lessee, the Guarantor, and the Premises, and to discuss such affairs and information with the officers, employees and independent public accountants of Lessee; provided, however, that (a) such access or furnishing of information shall be conducted during normal business hours, under the supervision of the Lessee, and in such a manner as to not unreasonably disrupt the normal operations of the Premises, (b) Lessee is not under any obligation to disclose to the Requesting Party any information, the disclosure of which is restricted by contract or applicable Laws or would result in the waiver of any attorney-client privilege. The additional costs of Lessee in complying with the foregoing shall be reimbursed to Lessee by Lessor.

38.6 Non-Recourse as to Parties.

(a) Anything contained herein to the contrary notwithstanding, any claim based on, or in respect of, any liability of Lessor under this Lease shall be enforced only against the Premises and any proceeds therefrom and not against any other assets, properties or funds of (i) Lessor, (ii) any director, officer, general partner, member, shareholder, limited partner, beneficiary, employee, representative, contractor or agent of Lessor or any of its Affiliates (collectively, the “**Lessor Parties**”) (or any legal representative, heir, estate, successor or assign of Lessor or any of the Lessor Parties), (iii) any predecessor or successor partnership or corporation (or other entity) of Lessor or any of the Lessor Parties, either directly or through Lessor or the Lessor Parties, or (iv) any person or entity affiliated with any of the foregoing.

(b) Anything contained herein to the contrary notwithstanding, any claim based on, or in respect of, any liability of Lessee under this Lease shall be enforced only against Lessee or any Guarantor and not against (i) any director, officer, general partner, member, shareholder, limited partner, beneficiary, employee, representative, contractor or agent

of Lessee or any of its Affiliates other than the Guarantor (collectively, the “Lessee Parties”) (or any legal representative, heir, estate, successor or assign of any Lessee or any of the Lessee Parties), (ii) any predecessor or successor partnership or corporation (or other entity) of any Lessee or any of the Lessee Parties, either directly or through any Lessee or the Lessee Parties or (iii) any person or entity affiliated with any of the foregoing. In no event shall Lessor, any Lessee, any of the Lessor Parties or any of the Lessee Parties be liable for indirect, incidental, consequential, special, punitive or exemplary damages, regardless of the form of action, whether in contract, tort or otherwise, and even if such party has been advised of the possibility of such damages.

38.7 Covenants, Restrictions and Reciprocal Easements. Subject to Lessee’s consent, which consent shall not be unreasonably withheld, conditioned, or delayed, and notwithstanding anything herein to the contrary, Lessor shall have the right, but not the obligation, to place of record all covenants, restrictions and reciprocal easements on all or any portion of the Land (collectively, the “Declarations”) which Lessor deems reasonably necessary for the ownership of the Premises, with such Declarations to be in form and content acceptable to Lessor in its reasonable discretion.

38.8 Marketplace Activity.

(a) Notwithstanding anything contained in this Lease or any other document to the contrary, Lessee acknowledges and agrees that, except with respect to the business activities of the Lourdes Health System, (i) all business activity by RCCH, Healthcare Holdings or their respective Affiliates in the Marketplace shall be conducted by Lessee and/or entities that are wholly-owned subsidiaries of Healthcare Holdings and (ii) all revenue associated with such activities shall be included in the definitions of Consolidated Adjusted EBITDAM, Consolidated Adjusted EBITDA, Free Cash Flow, and Net Revenues. Notwithstanding the foregoing, if, in Lessee’s reasonable discretion, it becomes necessary or advisable to conduct activities in the Marketplace through an entity that is not a wholly-owned subsidiary of Healthcare Holdings, Lessee shall deliver written notice to Lessor, and Lessor and Lessee shall cooperate to take such steps, and/or enter into an amendment to this Lease (if necessary) to confirm that all activity conducted in the Marketplace by Lessee and its Affiliates will continue to be included in the aforementioned financial metrics. Notwithstanding the foregoing, this Section 38.8 shall not apply from and after the Rent Amendment Date.

(b) Lessee acknowledges and agree that the restrictions and covenants set forth in this Section 38.8 are in addition to, and not in replacement of, those contained in Section 9(g) of the Guaranty.

38.9 Tax Treatment; True Operating Lease.

(a) Lessor and Lessee agree that (i) any and all prior leases of the Premises between Lessor and the District have been terminated and cancelled, within the meaning of Revised Code of Washington 84.36.810(2)(f) and Washington Administrative Code 458-16-150, and (ii) this Lease is not an extension or continuation of such a prior lease for tax purposes or otherwise.

(b) Lessor and Lessee agree that this Lease is intended as, and shall for income tax purposes (but not for accounting purposes under GAAP) constitute a new true operating lease and not a capital lease or financing and nothing herein shall be construed as conveying to Lessee any right, title or interest in or to the Premises or to any remainder or reversionary estates in the Premises held by any Person, except, in each instance, as a lessee. Under no circumstances shall this Lease be regarded as an assignment of all of Lessor's interest in and to the Premises; instead, Lessor and Lessee shall have the relationship between them of Lessor and Lessee, pursuant to the terms and provisions of this Lease. In no event shall Lessee, Guarantor or any of their respective subsidiaries claim depreciation, amortization or interest deductions as owner of any portion of the Premises for United States federal, state or local income tax purposes. It is an integral condition of this Lease, and a material inducement to Lessor's agreement to enter into this Lease, that Lessee agrees that this Lease is an operating lease for income tax purposes (but not for accounting purposes under GAAP) and not a capital lease or financing. Neither Lessor nor Lessee shall assert, and each hereby waives, any right to demand, request or plead for the re-characterization of this Lease, whether or not in a proceeding related to any bankruptcy or insolvency of Lessor or Lessee.

(c) Notwithstanding any provision of this Lease to the contrary, Lessor and Lessee agree that, during the Term, Lessee shall be the owner of the fee simple interest in any Future Improvements funded by Lessee and that Lessee shall be entitled to depreciate such Future Improvements in accordance with the provisions of the Code and applicable state and local tax law. Upon the expiration of the Term or earlier termination of this Lease, ownership of the Future Improvements shall automatically vest in Lessor; provided, however, at such time, if Lessor so requests, Lessee shall promptly (i) convey title to the Future Improvements to Lessor by statutory warranty deed in recordable form for no additional consideration, free and clear of all monetary liens arising by, through or under Lessee, and otherwise in form and substance acceptable to Lessor and (ii) complete, sign and deliver to Lessor an appropriate form of real estate excise tax affidavit, along with the statutory warranty deed.

38.10 Compliance with Anti-Terrorism Laws. Lessor hereby notifies Lessee that pursuant to the requirements of certain Anti-Terrorism Laws (including, without limitation, the Patriot Act) and Lessor's policies and practices, Lessor is required to obtain, verify and record certain information and documentation that identifies Lessee, which information includes the name, address and identification number of Lessee. Lessee and its Affiliates will not, directly or indirectly, knowingly enter into any lease or any material contracts with any person listed on the OFAC List. Lessee shall promptly notify Lessor if Lessee has knowledge that Lessee or any of its principals or Affiliates or any Guarantor is listed on the OFAC List or (a) is convicted on, (b) pleads nolo contendere to, (c) is indicted on, or (d) is arraigned and held over on charges involving money laundering or predicate crimes to money laundering. Lessee will not, directly or indirectly (i) conduct any business or engage in any transaction or dealing with any Blocked Person, including, without limitation, the making or receiving of any contribution of funds, goods or services to or for the benefit of any Blocked Person, (ii) deal in, or otherwise engage in any transaction relating to, any property or interests in property blocked pursuant to Executive Order No. 13224, any similar executive order or other Anti-Terrorism Law, or (iii) engage in or conspire to engage in any transaction that evades or avoids, or has the purpose of evading or

avoiding, or attempts to violate, any of the prohibitions set forth in Executive Order No. 13224, or other Anti-Terrorism Law.

38.11 Electronically Transmitted Signatures. In order to expedite the execution of this Lease, telecopied signatures or signatures sent by electronic mail may be used in the place of original signatures on this Lease. The parties intend to be bound by the signatures of the telecopied or electronically mailed signatures, and hereby waive any defenses to the enforcement of the terms of this Lease based on the form of the signature. Following any facsimile or electronic mail transmittal, the party shall promptly deliver the original instrument by reputable overnight courier in accordance with the notice provisions of this Lease.

38.12 Survival. Notwithstanding any provision of this Lease to the contrary, the parties acknowledge and agree that, all claims against, and liabilities of, Lessee or Lessor which relate to acts or omissions prior to the date of expiration or termination of this Lease, and the covenants and obligations under this Lease which expressly relate to periods after the expiration or earlier termination of Lessee's tenancy under this Lease, including, without limitation, all indemnification obligations shall survive such expiration or earlier termination.

38.13 Continuation of Defaults. Notwithstanding any provision hereof to the contrary, whenever in this Lease the phrases "continuing," "continuation of" or similar words or phrases are used in connection with Events of Default, defaults, or events which with notice or passage of time would constitute Events of Default, such phrases or words shall not be construed to create any right in the Lessee to have additional periods of time to cure such defaults or Events of Default other than those specific cure periods provided in this Lease.

38.14 Specific Performance. In addition to any rights and remedies available to the parties hereunder or at law, each party shall be entitled to bring an action for specific performance and to seek other equitable relief in connection with any breach or violation, or any attempted breach or violation, of the provisions of this Lease.

38.15 Joint Drafting. The parties hereto and their respective counsel have participated in the drafting and redrafting of this Lease and the general rules of construction which would construe any provisions of this Lease in favor of or to the advantage of one party as opposed to the other as a result of one party drafting this Lease as opposed to the other or in resolving any conflict or ambiguity in favor of one party as opposed to the other on the basis of which party drafted this Lease are hereby expressly waived by all parties to this Lease.

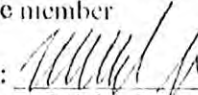
[Signature pages follow.]

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

LESSOR:

KENNEWICK HOLDINGS, LLC,
a Delaware limited liability company

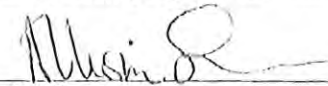
By: Special Situations Investing Group II, LLC
a Delaware limited liability company, its
sole member

By: 
Name: Michael Ungari
Its: Vice President

State of New York

County of New York

On this 2nd day of August, 2018, I certify that I know or have satisfactory evidence that Michael Ungari is the person who appeared before me, and said person acknowledged that he/she signed this instrument, on oath stated that he/she was authorized to execute the instrument and acknowledged it as the Vice President of Special Situations Investing Group II, LLC, which is the sole member of **KENNEWICK HOLDINGS, LLC**, a Delaware limited liability company, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.


Notary Public
Commission Expires: September 12, 2021
Residing at: Brooklyn, New York
Notary Stamp:

ALLISON GUERRA
Notary Public, State of New York
No. 01GUS133148
Qualified in Kings County
Certificate Filed in New York County
Commission Expires September 12, 2021

[Signature Page to Hospital Facility Lease]

LESSEE:

RCCH TRIOS HEALTH, LLC

By: RCCH - UW MEDICINE HEALTHCARE HOLDINGS, LLC, its sole member

By: RCCH - Northwest, LLC, manager

By: *Howard T. Wall III*
Name: Howard T. Wall III
Title: Executive Vice President,
Chief Administrative Officer
& Secretary

STATE OF Tennessee)
) ss.
COUNTY OF Williamson

On this 1st day of August, 2018, before me personally appeared Howard T. Wall III to me known to be the EVP, CFO & Secretary of RCCH-Northwest, LLC, the Manager of RCCH-UW Medicine Healthcare Holdings, LLC, as the Sole Member of RCCH Trios Health LLC, a Delaware limited liability company, that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said limited liability company, for the uses and purposes therein mentioned, and on oath stated that (s)he was authorized to execute said instrument on behalf of said limited liability company.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my seal the day and year first above written.

Signature *Amy Didicher Durham*
NOTARY PUBLIC in and for the State of Tennessee
residing at Maury Co.
My appointment expires: 2-28-20



Exhibit A

Land

THE PROPERTY IS SITUATED IN THE STATE OF WASHINGTON, COUNTY OF BENTON, AND IS DESCRIBED AS FOLLOWS:

PARCEL A:

A PORTION OF LOTS 2 AND 3, SHORT PLAT #3333, ACCORDING TO THE SHORT PLAT THEREOF RECORDED IN VOLUME 1 OF SHORT PLATS, PAGE 3333, RECORDED UNDER AUDITOR'S FILE NO. 2011-029308, RECORDS OF BENTON COUNTY, WASHINGTON, LOCATED IN SECTION 16, TOWNSHIP 8 NORTH, RANGE 29 EAST, WILLAMETTE MERIDIAN, CITY OF KENNEWICK, BENTON COUNTY, WASHINGTON, AND MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A 5/8" IRON REBAR MARKING THE MOST NORTHERLY NORTHEAST CORNER OF SAID LOT 3, SAID POINT ALSO BEING THE NORTHWEST CORNER OF SAID LOT 2; THENCE FOLLOWING ALONG THE COMMON BOUNDARY OF LOTS 2 AND 3 THE FOLLOWING (2) COURSES AND DISTANCES: SOUTH 51°52'16" WEST, 256.30 FEET; SOUTH 29°06'42" WEST, 248.43 FEET TO THE ADJUSTED BOUNDARY OF SAID LOT 3; THENCE LEAVING THE COMMON BOUNDARY OF SAID LOTS 2 AND 3 ALONG THE ADJUSTED BOUNDARY THE FOLLOWING (2) COURSES AND DISTANCES: SOUTH 41°23'21" EAST, 29.21 FEET; SOUTH 29°11'41" WEST, 26.54 FEET TO THE COMMON BOUNDARY OF SAID LOTS 2 AND 3; THENCE ALONG THE COMMON BOUNDARY OF SAID LOTS 2 AND 3 SOUTH 60°47'41" EAST, 383.98 FEET TO THE WESTERLY RIGHT-OF-WAY OF PLAZA WAY, SAID POINT BEING 30.00 FEET WESTERLY OF THE CENTERLINE THEREOF, WHEN MEASURED AT RIGHT ANGLES; THENCE FOLLOWING ALONG THE WESTERLY RIGHT-OF-WAY OF SAID PLAZA WAY SOUTH 42°21'03" WEST, 658.37 FEET TO THE SOUTHEAST CORNER OF SAID LOT 3; THENCE LEAVING THE WESTERLY RIGHT-OF-WAY OF SAID PLAZA WAY FOLLOWING ALONG THE SOUTHERLY BOUNDARY OF SAID LOT 3 THE FOLLOWING (3) COURSES AND DISTANCES: NORTH 47°38'57" WEST, 112.67 FEET; NORTH 60°47'44" WEST, 378.08 FEET; NORTH 49°48'06" WEST, 380.26 FEET TO THE SOUTHWEST CORNER OF SAID LOT 3, SAID POINT ALSO BEING ON THE EASTERLY RIGHT-OF-WAY OF SOUTHRIDGE BOULEVARD, AT A POINT 30.00 FEET EASTERLY OF THE CENTERLINE THEREOF, WHEN MEASURED AT RIGHT ANGLES; THENCE FOLLOWING ALONG SAID EASTERLY RIGHT-OF-WAY THE FOLLOWING (3) COURSES AND DISTANCES: NORTH 38°37'58" EAST, 358.55 FEET; NORTHEASTERLY, ALONG THE ARC OF A 1115.92 FOOT RADIUS, TANGENT CURVE TO THE RIGHT THROUGH A CENTRAL ANGLE OF 13°14'18" (THE RADIUS OF WHICH BEARS SOUTH 51°22'02" EAST) FOR AN ARC DISTANCE OF 257.84 FEET; NORTH 51°52'16" EAST, 626.00 FEET TO THE NORTHWEST CORNER OF SAID LOT 3; THENCE LEAVING SAID EASTERLY RIGHT-OF-WAY OF SOUTHRIDGE BOULEVARD FOLLOWING ALONG THE BOUNDARY OF SAID LOT 3 THE FOLLOWING (2) COURSES AND DISTANCES: SOUTH 38°07'44" EAST, 309.09 FEET; SOUTH 67°15'53" EAST, 41.60 FEET TO THE TRUE POINT OF BEGINNING AND THE END OF THIS DESCRIPTION.

PARCEL B:

RECIPROCAL ACCESS EASEMENT AS DELINEATED ON SHORT PLAT NO. 3333, RECORDED UNDER AUDITOR'S FILE NO. 2011-029308, EXCEPT THAT PORTION VACATED BY AUDITOR'S FILE NO. 2015-023082.

PARCEL C:

A RECIPROCAL PERPETUAL NON-EXCLUSIVE EASEMENT FOR INGRESS, EGRESS, ACCESS AND PARKING DURING NORMAL BUSINESS HOURS, RECORDED MARCH 25, 2014 UNDER AUDITOR'S FILE NO. 2014-006682.

PARCEL D:

A RECIPROCAL PERPETUAL NON-EXCLUSIVE EASEMENT FOR INGRESS, EGRESS, ACCESS AND PARKING DURING NORMAL BUSINESS HOURS, RECORDED OCTOBER 15, 2014 UNDER AUDITOR'S FILE NO. 2014-025986 AND RERECORDED UNDER AUDITOR'S FILE NO. 2018-017088.

Exhibit B

Permitted Encumbrances

1. Exceptions and reservations contained in deed whereby the grantor excepts and reserves all oils, gases, coal, ores, minerals, fossils, etc., and the right of entry for opening, developing and working mines, etc, provided that no rights shall be exercised until provision has been made for full payment of all damages sustained by reason of such entry;
From: The State of Washington
Recording No.: 94-29409
Records of: Benton County, Washington
Affects: Said premises and other property
This report does not include present ownership of the above mineral rights.
2. Exceptions and reservations contained in deed whereby the grantor excepts and reserves all oils, gases, coal, ores, minerals, fossils, etc., and the right of entry for opening, developing and working mines, etc, provided that no rights shall be exercised until provision has been made for full payment of all damages sustained by reason of such entry;
From: The State of Washington
Recording No.: 2003-041941
Records of: Benton County, Washington
Affects: Said premises and other property
This report does not include present ownership of the above mineral rights.
3. City of Kennewick Land Use Permit for Site Plan Approval, including the terms and provisions contained in document:
Recorded: January 30, 1996
Recording No.: 96-2357
4. Port of Kennewick Resolution No. 96-02, including the terms and provisions contained in document:
Recorded: August 1, 1996
Recording No.: 96-19022
Amendment thereto:
Recorded: January 24, 1997
Recording No.: 97-1430
5. Covenants, Conditions, Restrictions and/or easements in declaration:
Recorded: May 31, 2006
Recording No.: 2006-017214
6. Covenants, Conditions, Restrictions and/or easements in declaration:
Recorded: May 31, 2006
Recording No.: 2006-017215
7. This item has been intentionally deleted.
8. Easement, including the terms and provisions contained in document:
Recorded: October 10, 2007
Recording No.: 2007-033523
In Favor of: City of Kennewick, Public Utility District No. 1 of Benton County, Verizon Cascade Natural Gas and Charter Communication

For: Utility and sidewalk
Affects: Said premises and other property
Note: The location of easement on Short Plat No. 3333 differs from description contained in easement.

9. Covenants, Conditions, Notes, Recitals, Easements and other matters as contained in Short Plat No. 3333:
Recording No.: 2011-029308
A portion of the Reciprocal Access Easement delineated on the face of the Short Plat was vacated under Auditor's File No. 2015-023082
10. Irrigation Facility Installation Agreement 2011-07 and the terms and provisions thereof
Recording No.: 2011-029684
11. This item has been intentionally deleted.
12. This item has been intentionally deleted.
13. Easement, including the terms and provisions contained in document:
Recorded: March 25, 2014
Recording No.: 2014-006682
In Favor of: Kennewick Public Hospital District
For: A reciprocal perpetual non-exclusive easement for ingress, egress, access and parking, during normal business hours
Affects: Over, through and across a portion of said premises
13. This item has been intentionally deleted.
14. This item has been intentionally deleted.
15. This item has been intentionally deleted.
16. This item has been intentionally deleted.
17. Right of Way Easement, including the terms and provisions contained in document:
Recorded: June 22, 2014
Recording No.: 2014-011980
In Favor of: Public Utility District No. 1 of Benton County
For: A 10 foot wide utility easement for the installation, operation, maintenance, renewal and replacement of utility lines and structures over, under and across said premises
Affects: Portion of said premises and other property
18. Easement, including the terms and provisions contained in document:
Recorded: May 8, 2014
Recording No.: 2014-010682
In Favor of: City of Kennewick
For: Water line easement
Affects: Parcel A
19. Easement, including the terms and provisions contained in document:

Recorded: October 15, 2014
Recording No.: 2014-025986
In Favor of: Kennewick Public Hospital District
For: A reciprocal perpetual non-exclusive easement for ingress,
egress, access and parking, during normal business hours
Affects: Over, through and across a portion of said premises
The foregoing instrument was rerecorded under Auditor's File No. 2018-017088.

20. This item has been intentionally deleted.
21. This item has been intentionally deleted.
22. This item has been intentionally deleted.
23. This item has been intentionally deleted.
24. This item has been intentionally deleted.
25. This item has been intentionally deleted.
26. This item has been intentionally deleted.
27. This item has been intentionally deleted.
28. General taxes for the year 2018 to the extent not yet delinquent.
29. This item has been intentionally deleted.
30. This item has been intentionally deleted.
31. Easement, including terms and provisions contained therein:
Recording Date: January 22, 2015
Recording Information: 2015-001965
In Favor of: Public Utility District No. 1 of Benton County
For: Utility lines
Affects: as described therein.
32. The terms and provisions contained in the document entitled "Irrigation Easement Agreement" recorded May 21, 2015 as Recording No. 2015-014189 of Official Records.
33. This item has been intentionally deleted.
34. Matters disclosed by survey by Rogers Surveying Inc., P.S., last revised April 2, 2018, Job No. 03718.

Exhibit C

Guaranty

EXECUTION VERSION

GUARANTY OF LEASE (this “**Guaranty**”) made as of August 3, 2018 (the “**Effective Date**”), by **RCCH WASHINGTON HOLDINGS, LLC**, a Delaware limited liability company (“**Guarantor**”), in favor of **KENNEWICK HOLDINGS, LLC**, a Delaware limited liability company (“**Lessor**”).

RECITALS

1. Simultaneously with the execution of this Guaranty, Lessor and RCCH Trios Health, LLC, a Delaware limited liability company (“**Lessee**”), are entering into that certain Hospital Facility Lease dated as of the date hereof (as amended, modified or supplemented from time to time, the “**Lease**”).

2. Guarantor is an Affiliate of Lessee and will derive substantial economic benefit from the execution and delivery of the Lease.

3. Simultaneously with the execution of this Guaranty, Lessor, Lessee, Guarantor, RegionalCare Hospital Partners Holdings, Inc., a Delaware corporation (“**Parent**”) and **RCCH - NORTHWEST, LLC** (“**Northwest**”), a Delaware limited liability company, are entering into that certain Subordination Agreement dated as of the date hereof (as amended, modified or supplemented from time to time, the “**Subordination Agreement**”).

4. Guarantor acknowledges that Lessor would not enter into the Lease unless this Guaranty accompanied the execution and delivery of the Lease.

5. Guarantor hereby acknowledges receipt of a copy of the Lease and the Subordination Agreement.

NOW, THEREFORE, in consideration of the execution and delivery of the Lease and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Guarantor covenants and agrees as follows:

1. **DEFINITIONS.** Defined terms used in this Guaranty and not otherwise defined herein have the meanings assigned to them in the Lease.

2. **COVENANTS OF GUARANTOR.**

(a) Guarantor absolutely, unconditionally and irrevocably guarantees, as a primary obligor and not merely as a surety: (i) the indefeasible full and prompt payment, in cash, of all Base Rent and all other rent, sums and charges of every type and nature payable by Lessee under the Lease, whether due by acceleration or otherwise, including, without limitation costs and expenses of collection, all accrued and accruing interest and/or late fees, all attorney’s fees and costs incurred by Lessor in connection with the Lease, the Guaranty, and/or the Property (as defined in the Subordination Agreement), and all other amounts due to Lessor, including, without limitation, related to any Action (as defined below), whether such claims accrue before or after the commencement by or against the Lessee or Guarantor of any bankruptcy, reorganization or similar proceeding) (collectively, the “**Monetary Obligations**”), and (ii) the full, timely and complete performance of all covenants, terms, conditions, obligations, indemnities and agreements to be performed by Lessee under the Lease, including any

indemnities or other obligations of Lessee that survive the expiration or earlier termination of the Lease (all of the obligations described in clauses (i) and (ii), are collectively referred to herein as the “**Obligations**”). If Lessee defaults under the Lease beyond any applicable cure period, Guarantor will, without notice or demand, promptly pay and perform all of the outstanding Obligations, and pay to Lessor, when and as due, all Monetary Obligations due and payable by Lessee under the Lease, together with all damages, costs and expenses to which Lessor is entitled pursuant to any or all of the Lease, this Guaranty and applicable legal requirements.

(b) Guarantor agrees with Lessor that (i) any action, suit or proceeding of any kind or nature whatsoever (an “**Action**”) commenced by Lessor against Guarantor to enforce or collect any Obligations for any month or months shall not prejudice in any way Lessor’s rights to collect any such amounts due for any subsequent month or months throughout the Term in any subsequent Action, (ii) Lessor may, at its option, without prior notice or demand, join Guarantor in any Action against Lessee in connection with or based upon either or both of the Lease and any of the Obligations, (iii) Lessor may seek and obtain recovery against Guarantor in an Action against Lessee or in any independent Action against Guarantor without Lessor first asserting, prosecuting, or exhausting any remedy or claim against Lessee or against any security of Lessee held by Lessor under the Lease, (iv) Lessor may (but shall not be required to) exercise its rights against each of Guarantor and/or Lessee concurrently, and (v) Guarantor will be conclusively bound by a judgment entered in any Action in favor of Lessor against Lessee, as if Guarantor were a party to such Action, irrespective of whether or not Guarantor is entered as a party or participates in such Action.

(c) The occurrence of any of the following events shall constitute an Event of Default by Guarantor under this Guaranty and by Lessee under the Lease, and there shall be no cure period therefor except as otherwise provided:

(i) Guarantor fails to pay any amount due under this Guaranty within ten (10) days of the date such payment is requested in writing by Lessor;

(ii) Guarantor fails to comply with the obligation to deliver the financial information required under Section 9(a)(i) of this Guaranty and such failure is not cured within ten (10) days after receipt of notice of such failure from Lessor; or

(iii) Guarantor fails to observe or perform any other term, covenant, or other obligation of Guarantor set forth in Section 9 or Section 10 of this Guaranty and such failure is not cured within ten (10) days after receipt of notice of such failure from Lessor; provided that the failure of Guarantor to have the Consolidated Adjusted EBITDAR required by Section 10(a) shall not constitute an Event of Default unless and until Guarantor fails to have the Consolidated Adjusted EBITDAR required by Section 10(a) as of the end of two (2) consecutive calendar quarters.

(d) Guarantor agrees that, in the event of the rejection or disaffirmance of the Lease by Lessee or Lessee’s trustee in bankruptcy, pursuant to bankruptcy law or any other law affecting creditors’ rights, Guarantor will, if Lessor so requests, be liable for all Obligations of Lessee under the Lease, to the same extent as if Guarantor was a party to such document and there had been no such rejection or disaffirmance; and Guarantor will confirm that it is liable for

such Obligations, in writing, at the request of Lessor upon or after such rejection or disaffirmance. Guarantor, upon becoming liable for such Obligations, shall have all rights of Lessee under the Lease to the fullest extent permitted by law.

(c) If Lessor proposes to grant a mortgage on, or refinance any mortgage encumbering the Premises or any portion thereof, Guarantor shall cooperate in the process, and shall permit Lessor and the proposed mortgagee to meet with Guarantor or, if applicable, officers of Guarantor and to discuss Guarantor's business and finances. On request of Lessor, Guarantor agrees to provide any such prospective mortgagee the information to which Lessor is entitled hereunder, provided that if any such information is not publicly available, such nonpublic information shall be made available on a confidential basis. Guarantor agrees to execute, acknowledge and deliver documents reasonably requested by the prospective mortgagee (such as a consent to the financing, without encumbering Guarantor's or Lessee's assets, a consent to a collateral assignment of the Lease and of this Guaranty, estoppel certificate, and a subordination, non-disturbance and attornment agreement), in a form reasonably acceptable to Guarantor and customary for Lessees and their guarantors to sign in connection with mortgage loans to Lessors, so long as such documents are in form then customary among institutional lenders (provided the same do not change Lessee's rights or obligations under the Lease or change Guarantor's rights and obligations under this Guaranty, in each case, except to a de minimis extent).

3. GUARANTOR'S OBLIGATIONS UNCONDITIONAL.

(a) This Guaranty is an absolute and unconditional guaranty of payment and of performance, and not of collection, and shall be enforceable against Guarantor without the necessity of the commencement by Lessor of any Action against Lessee, and without the necessity of any notice of nonpayment, nonperformance or nonobservance, or any notice of acceptance of this Guaranty, or of any other notice or demand to which Guarantor might otherwise be entitled, all of which Guarantor hereby expressly waives in advance, other than as expressly required under the Lease. The obligations of Guarantor hereunder are independent of, and to the extent expressly set forth in this Guaranty may exceed, the obligations of Lessee.

(b) This Guaranty shall apply notwithstanding any extension or renewal of the Lease, or any holdover following the expiration or termination of the Term or any renewal or extension of the Term and shall guarantee all Obligations of Lessee accruing during or in connection with such holdover, renewal or extension.

(c) This Guaranty is a continuing guarantee and will remain in full force and effect notwithstanding, and the liability of Guarantor hereunder shall be absolute and unconditional irrespective of, any or all of the following: (i) any renewals, extensions, modifications, alterations or amendments of the Lease (regardless of whether Guarantor consented to or had notice of same); (ii) any releases or discharges of Lessee other than the full release and complete discharge of all of the Obligations, subject, in each case to Section 3(d) hereto; (iii) Lessor's failure or delay to assert any claim or demand or to enforce any of its rights against Lessee; (iv) any extension of time that may be granted by Lessor to Lessee; (v) any assignment or transfer of all of any part of Lessee's interest under the Lease (whether by Lessee, by operation of law, or otherwise); (vi) any subletting, concession, franchising, licensing or permitting of the Premises or any portion thereof; (vii) any changed or different use of the

Premises (or any portion thereof); (viii) any other dealings or matters occurring between Lessor and Lessee; (ix) the taking by Lessor of any additional guarantees, or the receipt by Lessor of any collateral, from Lessee or any other persons or entities; (x) the release by Lessor of any other guarantor; (xi) Lessor's release of any security provided under the Lease; (xii) Lessor's failure to perfect any Lessor's lien or other lien or security interest available under applicable Legal Requirements; (xiii) any assumption by any person of any or all of Lessee's obligations under the Lease, or Lessee's assignment of any or all of its rights and interests under the Lease, (xiv) the power or authority or lack thereof of Lessee to execute, acknowledge or deliver the Lease; (xv) the existence, non-existence or lapse at any time of Lessee as a legal entity or the existence, non-existence or termination of any corporate, ownership, business or other relationship between Lessee and Guarantor; (xvi) any sale or assignment by Lessor of either or both of this Guaranty and the Lease (including, but not limited to, any direct or collateral assignment by Lessor to any mortgagee) in accordance with the terms of the Lease; (xvii) the solvency or lack of solvency of Lessee at any time or from time to time; or (xviii) any other cause, whether similar or dissimilar to any of the foregoing, that might constitute a legal or equitable discharge of Guarantor (whether or not Guarantor shall have knowledge or notice thereof) other than payment and performance in full of the Obligations, subject to Section 3(d) hereto. Without in any way limiting the generality of the foregoing, Guarantor specifically agrees that (A) if Lessee's obligations under the Lease are modified or amended with or without the express written consent of Lessor, this Guaranty shall extend to such obligations as so amended or modified without notice to, consideration to, or the consent of, Guarantor, and (B) this Guaranty shall be applicable to any obligations of Lessee arising in connection with a termination of the Lease, whether voluntary or otherwise. Guarantor hereby consents, prospectively, to Lessor's taking or entering into any or all of the foregoing actions or omissions. For purposes of this Guaranty and the obligations and liabilities of Guarantor hereunder, "Lessee" shall be deemed to include any and all successors and assignees of the Lessee under the Lease, as fully as if any of the same were the named Lessee under the Lease.

(d) Guarantor hereby expressly agrees that the validity of this Guaranty and the obligations of Guarantor hereunder shall in no way be terminated, affected, diminished or impaired by reason of the assertion or the failure to assert by Lessor against Lessee, of any of the rights or remedies reserved to Lessor pursuant to the provisions of the Lease or by relief of Lessee from any of Lessee's obligations under the Lease or otherwise by (i) the release or discharge of Lessee in any state or federal creditors' proceedings, receivership, bankruptcy or other proceeding; (ii) the impairment, limitation or modification of the liability of Lessee or the estate of Lessee in bankruptcy, or of any remedy for the enforcement of Lessee's liability under the Lease, resulting from the operation of any present or future provision of the United States Bankruptcy Code (11 U.S.C. § 101 et seq., as amended), or from other statute, or from the order of any court; or (iii) the rejection, disaffirmance or other termination of the Lease in any such proceeding. This Guaranty shall continue to be effective if at any time the payment of any amount due under the Lease or this Guaranty is rescinded or must otherwise be returned by Lessor for any reason, including, without limitation, the insolvency, bankruptcy, liquidation or reorganization of Lessee, Guarantor or otherwise, all as though such payment had not been made, and, in such event, Guarantor shall pay to Lessor an amount equal to any such payment that has been rescinded or returned.

4. WAIVERS OF GUARANTOR.

(a) Without limitation of the foregoing, Guarantor waives (i) notice of acceptance of this Guaranty, protest, demand and dishonor, presentment, and demands of any kind now or hereafter provided for by any statute or rule of law, (ii) notice of any actions taken by Lessor or Lessee under the Lease or any other agreement or instrument relating thereto, (iii) notice of any and all defaults by Lessee in the payment of Base Rent or other rent, charges, obligations, or amounts, or of any other defaults by Lessee under the Lease, as applicable, (iv) all other notices, demands and protests, and all other formalities of every kind in connection with the enforcement of the Obligations, omission of or delay in which, but for the provisions of this Section 4, might constitute grounds for relieving Guarantor of its obligations hereunder, and (v) any requirement that Lessor protect, secure, perfect, insure or proceed against any security interest or lien, or any property subject thereto, or exhaust any right or take any action against Lessee or any other person or entity (including any additional guarantor or Guarantor) or against any collateral.

(b) GUARANTOR HEREBY WAIVES TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM BROUGHT BY ANY PERSON OR ENTITY WITH RESPECT TO ANY MATTER WHATSOEVER ARISING OUT OF OR IN ANY WAY CONNECTED WITH: THIS GUARANTY; THE LEASE; ANY LIABILITY OR OBLIGATION OF LESSEE IN ANY MANNER RELATED TO THE PREMISES OR ANY PORTION THEREOF; ANY CLAIM OF INJURY OR DAMAGE IN ANY WAY RELATED TO THE LEASE AND/OR THE PREMISES (OR ANY PORTION THEREOF); ANY ACT OR OMISSION OF LESSEE, ITS RESPECTIVE AGENTS OR EMPLOYEES; OR ANY ASPECT OF THE USE OR OCCUPANCY OF, OR THE CONDUCT OF BUSINESS IN, ON OR FROM THE PREMISES (OR ANY PORTION THEREOF). GUARANTOR SHALL NOT IMPOSE ANY COUNTERCLAIM OR COUNTERCLAIMS OR CLAIMS FOR SET-OFF, RECOUPMENT OR DEDUCTION OF RENT IN ANY ACTION BROUGHT BY LESSOR AGAINST GUARANTOR UNDER THIS GUARANTY, EXCEPT TO THE EXTENT PERMITTED BY THE LEASE. GUARANTOR SHALL NOT BE ENTITLED TO MAKE, AND HEREBY WAIVES, ANY AND ALL DEFENSES AGAINST ANY CLAIM ASSERTED BY LESSOR OR IN ANY SUIT OR ACTION INSTITUTED BY LESSOR TO ENFORCE THIS GUARANTY OR THE LEASE EXCEPT THE PERFORMANCE OF THE OBLIGATIONS. IN ADDITION, GUARANTOR HEREBY WAIVES, BOTH WITH RESPECT TO THE LEASE AND WITH RESPECT TO THIS GUARANTY, ANY AND ALL RIGHTS WHICH ARE WAIVED BY LESSEE UNDER THE LEASE, IN THE SAME MANNER AS IF ALL SUCH WAIVERS WERE FULLY RESTATED HEREIN. THE LIABILITY OF GUARANTOR UNDER THIS GUARANTY IS PRIMARY AND UNCONDITIONAL.

(c) Guarantor expressly waives any and all rights to defenses arising by reason of (i) any "one-action" or "anti-deficiency" law or any other law that may prevent Lessor from bringing any action, including a claim for deficiency, against Guarantor before or after Lessor's commencement or completion of any action against Lessee; (ii) any election of remedies by Lessor (including, without limitation, any termination of the Lease) that destroys or otherwise adversely affects Guarantor's subrogation rights or Guarantor's rights to proceed against Lessee for reimbursement; (iii) any disability, insolvency, bankruptcy, lack of authority

or power, death, insanity, minority, dissolution, change in composition or form of entity, or other defense of Lessee, of any other guarantor, or of any other person or entity; (iv) any right to claim discharge of any or all of the Obligations on the basis of unjustified impairment of any collateral for the Obligations; (v) any change in the relationship between Guarantor and Lessee or any termination of such relationship; (vi) any irregularity, defect or unauthorized action by any or all of Lessor, Lessee, any other guarantor (or Guarantor) or surety, or any of their respective officers, directors or other agents in executing and delivering any instrument or agreements relating to the Obligations or in carrying out or attempting to carry out the terms of any such agreements; (vii) any assignment, endorsement or transfer, in whole or in part, of the Obligations, whether made with or without notice to or consent of Guarantor; (viii) if the recovery from Lessee or any other Person (including without limitation any other guarantor) becomes barred by any statute of limitations or is otherwise prevented; (ix) the benefits of any and all statutes, laws, rules or regulations applicable in the State of Washington which may require the prior or concurrent joinder of any other party to any action on this Guaranty; (x) any release or other reduction of the Obligations arising as a result of the expansion, release, substitution, deletion, addition, or replacement (whether or not in accordance with the terms of the Lease) of the Premises or any portion thereof; or (xi) any neglect, delay, omission, failure or refusal of Lessor to take or prosecute any action for the collection or enforcement of any of the Obligations or to foreclose or take or prosecute any action in connection with any lien or right of security (including perfection thereof) existing or to exist in connection with, or as security for, any of the Obligations, it being the intention hereof that Guarantor shall remain liable as a principal on the Obligations notwithstanding any act, omission or event that might, but for the provisions hereof, otherwise operate as a legal or equitable discharge of Guarantor. Guarantor hereby waives all defenses of a surety to which it may be entitled by statute or otherwise.

5. SUBORDINATION; SUBROGATION.

(a) After the occurrence and during the continuance of an Event of Default and until such Event of Default is cured or during the continuance of any bankruptcy or insolvency proceeding by or against Lessee until such proceeding is dismissed, Guarantor shall not: (i) make any distributions or other payments to any partners, parent entities, or Affiliates of Guarantor (provided the foregoing restriction shall not apply to the payment of Permitted Payments (as defined in the Subordination Agreement)); or (ii) ask for, sue for, demand, take or receive any payment, by setoff or in any other manner, including the receipt of a negotiable instrument, for all or any part of the Obligations owed by Lessee, or any successor or assign of Lessee, including a receiver, trustee or debtor in possession (the terms "Lessee" shall include any such successor or assign of Lessee) until the Obligations have been indefeasibly paid in full in cash; however, if Guarantor receives such a payment, Guarantor shall immediately deliver to Lessor, in the form received, for application to the Obligations, any payment, distribution, security, or proceeds received. Notwithstanding anything in this Section 5 to the contrary, after an Event of Default has occurred and is outstanding, Guarantor may, in its sole discretion, make cash contributions to Lessee.

(b) Guarantor shall not be subrogated, and hereby waives and disclaims any claim or right against Lessee by way of subrogation, to any of the rights of Lessor under the Lease or otherwise, or in the Premises (or any portion thereof), which may arise by any of the provisions of this Guaranty or by reason of the performance by Guarantor of any of its

Obligations hereunder. Guarantor shall look solely to Lessee for any reimbursement of any payments made or costs or expenses incurred by Guarantor pursuant to this Guaranty. If any amount shall be paid to Guarantor on account of such subrogation rights at any time when all of the Obligations shall not have been indefeasibly paid in full, in cash, and performed in full, Guarantor shall immediately deliver to Lessor, in the form received, for application to the Obligations, any payment, distribution, security, or proceeds received.

6. **REPRESENTATIONS AND WARRANTIES OF GUARANTOR.** Guarantor represents and warrants that:

(a) Guarantor is a Delaware limited liability company; has all requisite power and authority to enter into and perform its obligations under this Guaranty; and this Guaranty is valid and binding upon and enforceable against Guarantor without the requirement of further action or condition. Guarantor has delivered to Lessor true and complete copies of the organizational documents of Guarantor.

(b) The execution, delivery and performance by Guarantor of this Guaranty does not and will not (i) contravene any applicable Laws, the organizational documents of Guarantor, if applicable, any order, writ, injunction, decree applicable to Guarantor, or any contractual restriction binding on or affecting Guarantor or any of its properties or assets, or (ii) result in or require the creation of any lien, security interest or other charge or encumbrance upon or with respect to any of its properties or assets.

(c) No approval, consent, exemption, authorization or other action by, or notice to, or filing with, any governmental authority is necessary or required in connection with the execution, delivery or performance by, or enforcement against, Guarantor of this Guaranty or any other instrument or agreement required hereunder.

(d) There is no action, suit or proceeding pending or, to Guarantor's knowledge, threatened against or otherwise affecting Guarantor before any court or other governmental authority or any arbitrator that may materially adversely affect Guarantor's ability to perform its obligations under this Guaranty.

(e) Guarantor's principal place of business as of the date hereof is 103 Continental Place, Suite 200, Brentwood, TN 37027.

(f) Guarantor has derived or expects to derive financial and other advantages and benefits directly or indirectly, from the making of the Lease and the payment and performance of the Obligations. Guarantor hereby acknowledges that Lessor will be relying upon Guarantor's guarantee, representations, warranties and covenants contained herein.

(g) All reports, statements (financial or otherwise), certificates and other data furnished by or on behalf of Guarantor to Lessor in connection with this Guaranty or the Lease are true and correct, in all material respects, as of the applicable date or period provided therein, and fairly represent the financial condition of Guarantor as of the respective date thereof.

(h) A true and correct structure chart of Lessee as of the Effective Date is attached hereto as **Exhibit A**.

7. **NOTICES.** Any consents, notices, demands, requests, approvals or other communications given under this Guaranty shall be in writing and shall be given as provided in the Lease, as follows or to such other addresses as either Lessor or Guarantor may designate by notice given to the other in accordance with the provisions of this Section 7:

If to Guarantor: RCCI Washington Holdings, LLC
103 Continental Place, Suite 200
Brentwood, Tennessee 37027
Attention: Howard T. Wall III
(EVP, CAO and General Counsel)
Email: Howard.Wall@rccihealth.com

with a copy to: Waller Lansden Dortch & Davis, LLP
511 Union Street, Suite 2700
Nashville, Tennessee 37219-1760
Attention: Jeffrey A. Calk, Esq.
Email: jeff.calk@wallerlaw.com

If to Lessor: Kennewick Holdings, LLC
2001 Ross Avenue, Suite 2800
Dallas, TX 75201
Attention: Dale Hoskisson
Email: dale.hoskisson@gs.com

with a copy to: Kennewick Holdings, LLC
2001 Ross Avenue, Suite 2800
Dallas, TX 75201
Attention: Kelly Turner
Email: kelly.turner@gs.com

with a copy to: Gibson, Dunn & Crutcher LLP
200 Park Avenue
New York, NY 10166-0193
Attention: Harry R. Silvera, Esq.
Email: HSilvera@gibsondunn.com

8. **CONSENT TO JURISDICTION.** Guarantor hereby (a) consents and submits to the jurisdiction of the courts of the State of Washington and the federal courts sitting in the State of Washington with respect to any dispute arising, directly or indirectly, out of this Guaranty, (b) waives any objections which the undersigned may have to the laying of venue in any such suit, action or proceeding in either such court, (c) agrees to join Lessor in any petition for removal to either such court, and (d) irrevocably designates and appoints Lessee as its authorized agent to accept and acknowledge on its behalf service of process with respect to any disputes arising, directly or indirectly, out of this Guaranty. The undersigned hereby acknowledges and agrees that Lessor may obtain personal jurisdiction and perfect service of process through Lessee as the undersigned agent, or by any other means now or hereafter permitted by applicable law. Nothing above shall limit Lessor's choice of forum for purposes of enforcing this Guaranty.

9. CERTAIN ADDITIONAL COVENANTS.

(a) Financial Deliveries.

(i) Guarantor shall deliver the information to Lessor pertaining to Guarantor as required pursuant to Section 27 of the Lease within the applicable time periods set forth thereunder.

(ii) Upon the delivery of any financial information by or on behalf of Guarantor pursuant to this Section 9 from time to time during the Term, Guarantor shall deliver an officer's certificate, certifying that the financial information delivered to Lessor is, to Guarantor's knowledge, true, accurate and complete in all material respects, presents fairly the results of operations of Guarantor for the respective periods covered thereby and reflects accurately the books and records of account of Guarantor as of such dates and for such periods in all material respects.

(b) Disclosure. Guarantor agrees that any financial statements of Guarantor required to be delivered to Lessor may, without the prior consent of, or notice to, Guarantor, be included and disclosed, to the extent required by applicable law, regulation or stock exchange rule, in offering memoranda or prospectuses, or similar publications in connection with syndications, private placements or public offerings of Lessor's (or the entities directly or indirectly controlling Lessor) securities or interests, and in any registration statement, report or other document permitted or required to be filed under applicable federal and state laws, including those of any successor to Lessor. Guarantor agrees to provide such other reasonable financial and other information necessary to facilitate a private placement or a public offering or to satisfy the SEC or regulatory disclosure requirements. Guarantor agrees to use commercially reasonable efforts to cause its independent auditors, at Lessor's cost, to consent, in a timely manner, to the inclusion of their audit report issued with respect to such financial statements in any registration statement or other filing under federal and state laws and to provide the underwriters participating in any offering of securities or interests of Lessor (or the entities directly or indirectly controlling Lessor) with a standard accountant's "comfort" letter with regard to the financial information of Guarantor included or incorporated by reference into any prospectus or other offering document.

(c) Review Right. Lessor shall have the right, from time to time during normal business hours after not less than three (3) Business Days prior written notice to Guarantor, itself or through any attorney, accountant or other agent or representative retained by Lessor ("**Lessor's Representatives**"), to examine and audit all financial and other records and pertinent corporate documents of Guarantor at the office of Guarantor or such other Person that maintains such records and documents. Guarantor hereby agrees to reasonably cooperate with any such examination or audit; provided, that the cost of such examination or audit shall be borne by Lessor.

(d) Assignment. Without the prior consent of Lessor, which consent may be withheld or granted in Lessor's sole discretion, Guarantor shall not assign or delegate its obligations under (whether directly or indirectly), in whole or in part, this Guaranty or any obligation hereunder or through one or more step transactions or tiered transactions, do, engage

in or permit to be entered into or consummated any transaction described in Section 10 of the Lease (as such provisions relate to Guarantor) and any violation of this Section 9(d) shall constitute an Event of Default under the Lease and hereunder.

(c) **Payment Method; Default Interest.** Guarantor shall make any payments due hereunder in immediately available funds by wire transfer to Lessor's bank account as notified by Lessor, unless Lessor agrees to another method of payment of immediately available funds. If Guarantor does not pay an amount due hereunder on its due date, Guarantor shall pay, on demand, interest at the Default Rate on the amount due for a period ending on the full payment of such amount, including the day of repayment, whether before or after any judgment or award, to the extent permitted under applicable law.

(f) **Lourdes Health System; Guarantor's Ownership of Lessee.** Guarantor shall (i) complete its acquisition of the Lourdes Health System and (ii) acquire the interests in Capital Medical Center in Olympia, Washington and Lessee currently indirectly owned by RCCH, in each case no later than the date that is ninety (90) days after the Effective Date. The expected structure chart of Lessee and Guarantor, after giving effect to such transactions, is attached hereto as Exhibit B. Contemporaneously with the consummation of such transactions, Guarantor shall provide to Lessor (x) written notice that such transactions have been consummated, (y) an updated, certified organizational chart of Lessee and Guarantor (showing its and RCCH's ownership of Lessee, Capital Medical Center in Olympia, Washington and the Lourdes Health System) and (z) a ratification of this Guaranty reasonably satisfactory to Lessor. To the extent that Guarantor does not complete its acquisition of the Lourdes Health System by the date described in the immediately preceding sentence, Guarantor shall nevertheless be required to own both Lessee and Capital Medical Center in Olympia, Washington by such date.

(g) **Washington Hospitals.** If and for so long as RCCH or any of its Affiliates owns any interest in the Premises, Lourdes Health System and/or Capital Medical Center in Olympia, Washington, Guarantor covenants and agrees that all interests in such properties owned directly or indirectly by RCCH or any of its Affiliates shall be owned by Guarantor. Guarantor further covenants and agrees that all hospitals, medical treatment facilities and similar properties in the state of Washington offering medical care or treatment in which RCCH or any of its Affiliates acquires any interest after the Lease Date shall be owned, directly or indirectly, by Guarantor.

10. **FINANCIAL COVENANTS.**

(a) Guarantor shall maintain, as of the end of each calendar quarter throughout the Term, a Consolidated Adjusted EBITDAR of not less than, (i) during the period commencing on the Lease Date and terminating on the third (3rd) anniversary thereof, 175% of the Rent for the twelve (12) month period concluding with such calendar quarter, and (ii) thereafter, 200% of the Rent for twelve (12) month period concluding with such calendar quarter.

(b) For purposes of this Section 10, the following definitions and conventions shall apply:

(i) "Consolidated Adjusted EBITDAR" shall have the meaning

assigned to the term "Consolidated Adjusted EBITDA" in the Lease; provided that (1) it shall be determined by reference to the net income or loss of Guarantor (rather than Lessee) and (2) it shall be adjusted further to account for any minority or other third party interest in any of Guarantor's consolidated subsidiaries (by multiplying the applicable Adjusted EBITDAR of such subsidiary by the direct or indirect percentage ownership of Guarantor in such subsidiary). For the avoidance of doubt, Consolidated Adjusted EBITDAR shall not be calculated hereunder unless and until the Rent for a calendar quarter is greater than zero (\$0).

(ii) Consolidated Adjusted EBITDAR shall be calculated as of the end of each calendar quarter utilizing the trailing twelve (12) month consolidated operating and financial results of Guarantor and its subsidiaries.

(iii) During the first year of the Term, Consolidated Adjusted EBITDAR shall be calculated based on the financial performance of Guarantor and Lessee commencing as of the Lease Date, annualized.

(c) Notwithstanding the foregoing, the failure of Guarantor to have the Consolidated Adjusted EBITDAR required by Section 10(a) shall not constitute an Event of Default hereunder if, no later than ten (10) days after the date that Guarantor's financial statements showing its Consolidated Adjusted EBITDAR are required to be delivered under the Lease, the equity owners of Guarantor make a cash capital contribution to Guarantor in amount that, if added to the Consolidated Adjusted EBITDAR for such calendar quarter, would be sufficient to cause Guarantor to be in compliance with Section 10(a) for such calendar quarter.

(d) In the event that the equity owners make a capital contribution to Guarantor of the type described in the immediately preceding paragraph (c), such amount shall continue to be taken into account in determining the Consolidated Adjusted EBITDAR for the quarter in respect of which it was made, but only to the extent such amount is not subsequently distributed by Guarantor.

11. MISCELLANEOUS.

(a) Guarantor further agrees that Lessor may, without notice, assign this Guaranty in whole or in part. If Lessor disposes of its interest in the Lease, "Lessor," as used in this Guaranty, shall mean Lessor's successors and assigns.

(b) Guarantor promises to pay all costs of collection or enforcement incurred by Lessor in exercising any remedies provided for in the Lease or this Guaranty whether at law or in equity. If any legal action or proceeding is commenced to interpret or enforce the terms of, or obligations arising out of, this Guaranty, or to recover damages for the breach thereof, the party prevailing in any such action or proceedings shall be entitled to recover from the non-prevailing party all attorneys' fees and reasonable costs and expenses incurred by the prevailing party. As used herein, "attorneys' fees" shall mean the fees and expenses of counsel to the parties hereto, which may include printing, photocopying, duplicating and other expenses, air freight charges, and fees billed for law clerks, paralegals, librarians and others not admitted to the bar but performing services under the supervision of an attorney. The term "attorneys' fees"

shall also include, without limitation, all such fees and expenses incurred with respect to appeals, arbitrations and bankruptcy proceedings.

(c) Guarantor shall, from time to time within ten (10) days after receipt of Lessor's request, execute, acknowledge and deliver to Lessor a statement certifying that this Guaranty is unmodified and in full force and effect (or if there have been modifications, that the same is in full force and effect as modified and stating such modifications). Such certificate may be relied upon by any prospective purchaser, lessor or lender of all or a portion of the Premises (or any portion thereof).

(d) If any portion of this Guaranty shall be deemed invalid, unenforceable or illegal for any reason, such invalidity, unenforceability or illegality shall not affect the balance of this Guaranty, which shall remain in full force and effect to the maximum permitted extent.

(e) The provisions, covenants and guaranties of this Guaranty shall be binding upon Guarantor and its heirs, successors, legal representatives and assigns, and shall inure to the benefit of Lessor and its successors and assigns, and shall not be deemed waived or modified unless such waiver or modification is specifically set forth in writing, executed by Lessor or its successors and assigns, and delivered to Guarantor.

(f) Whenever the words "include", "includes", or "including" are used in this Guaranty, they shall be deemed to be followed by the words "without limitation", and, whenever the circumstances or the context requires, the singular shall be construed as the plural, the masculine shall be construed as the feminine and/or the neuter and vice versa. This Guaranty shall be interpreted and enforced without the aid of any canon, custom or rule of law requiring or suggesting construction against the party drafting or causing the drafting of the provision in question.

(g) Each of the rights and remedies herein provided are cumulative and not exclusive of any rights or remedies provided by law or in the Lease or this Guaranty or otherwise.

(h) This Guaranty shall be governed by and construed in accordance with the internal laws of the State of Washington without regard to the conflict of laws rules of such State.


(i) The Recitals set forth above are hereby incorporated by this reference and made a part of this Guaranty. Guarantor hereby represents and warrants that the Recitals are true and correct.

[Signature Page Follows]

IN WITNESS WHEREOF, Guarantor has executed this Guaranty as of the day and year first above written.

GUARANTOR:

RCCH WASHINGTON HOLDINGS, LLC, a
Delaware limited liability company

By: 
Name: Howard T. Wall III
Title: Executive Vice President, Chief
Administrative Officer & Secretary

[Signature Page to Guaranty of Hospital Lease]

Exhibit A

Current Structure Chart for Lessee

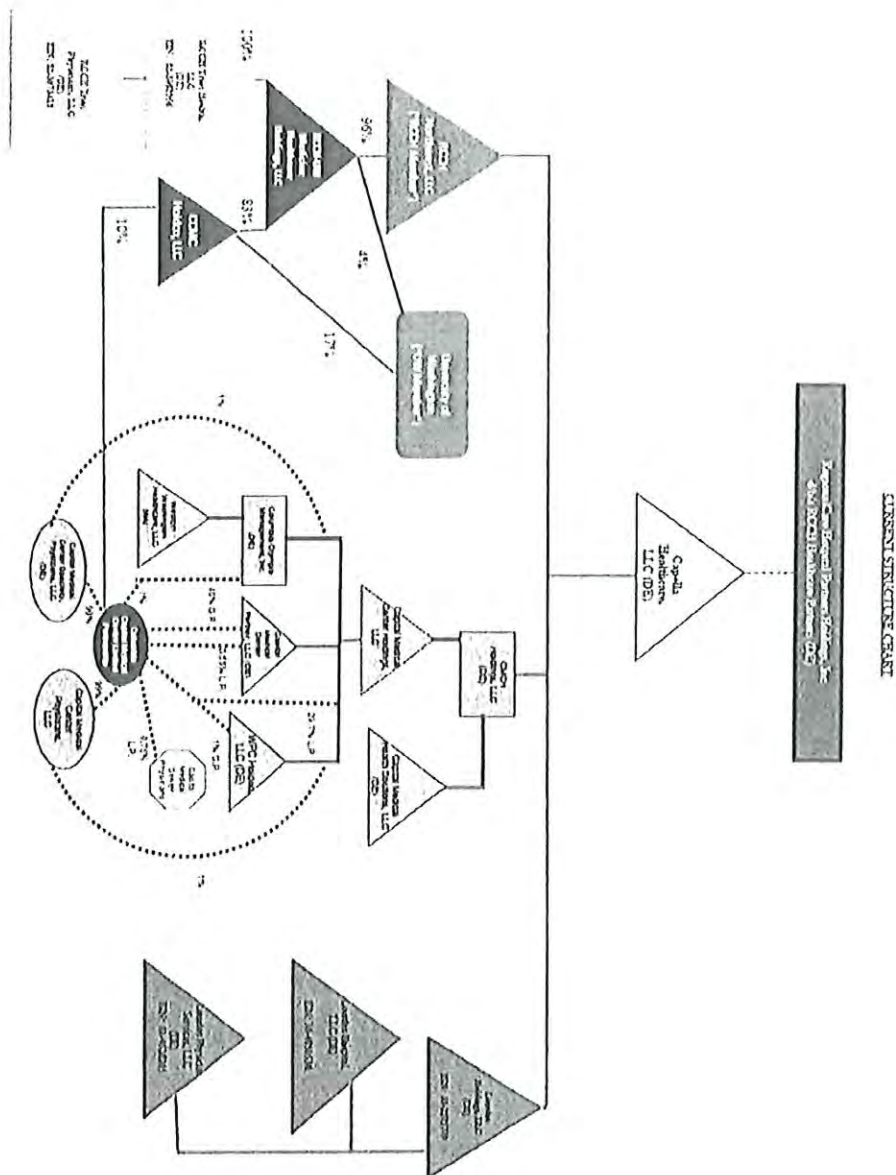


Exhibit D

Definitions

Definitions. As used herein in this Lease, the capitalized terms listed below shall have the following meanings:

- (a) “**Acceptance Notice**” is defined in Section 38.2.
- (b) “**Additional Charges**” is defined in Section 4.5.
- (c) “**Affiliate**” means a Person that controls another Person, is controlled by another Person, or is under common control with another Person. The term “control,” as used in the immediately preceding sentence means, with respect to an entity, the right to exercise, directly or indirectly, more than 50% of the voting rights attributable to the controlled entity. Notwithstanding the foregoing, the term “**Affiliate**” shall not include any Person that directly or indirectly owns equity securities of RCCH, or any portfolio company, portfolio investment or Affiliate of any such Person (including affiliated investment funds and their portfolio companies and portfolio investments) other than RCCH and its subsidiaries, unless such Person referenced in this definition directly or indirectly controls or is controlled by RCCH.
- (d) “**Anti-Terrorism Laws**” means any applicable laws, statutes and regulations relating to terrorism or money laundering, including Executive Order No. 13224 (effective September 24, 2001), the Patriot Act, the laws, statutes and regulations comprising or implementing the Bank Secrecy Act, and the laws, statutes and regulations administered by OFAC.
- (e) “**Appurtenant Rights**” is defined in the recitals of this Lease.
- (f) “**Assignment**” is defined in Section 10.1.
- (g) “**Blocked Person**” means any Person: (a) listed in the annex to, or is otherwise subject to the provisions of, Executive Order No. 13224, (b) a Person owned 50% or more by, or acting for or on behalf of, any Person that is listed in the annex to, or is otherwise subject to the provisions of, Executive Order No. 13224, (c) a Person with which Lessor is prohibited from dealing or otherwise engaging in any transaction by any Anti-Terrorism Law, or (d) a Person that is named a “specially designated national” or “blocked person” on the OFAC List.
- (h) “**Business Day**” means any day on which federal banking institutions and banks in the State of Washington are open for the conduct of normal banking business.
- (i) “**Calendar Year**” means the period commencing January 1 and ending December 31 of each year.

- (j) “**Capital Expenditures**” means cash expenditures or capital lease commitments to acquire or improve assets, properly recorded as a capital asset in accordance with Lessee’s policies and GAAP.
- (k) “**Cash Collections**” means any and all payments received for patient related services that are posted to Lessee’s accounting system, including, without limitation, any such payments received from patients, insurance companies, managed care and preferred provider organizations, Medicaid, Medicare, or other payors.
- (l) “**Casualty Proceeds**” is defined in Section 12.1(a).
- (m) “**Change of Control Transaction**” means, with respect to any Person, the transfer of more than Fifty Percent (50%) of the direct or indirect Equity Interests in such Person (whether stock, partnership interests, membership interests or other interests) without Lessor’s prior written consent, which may be granted or withheld in Lessor’s sole and absolute discretion; provided that Lessor shall not unreasonably withhold its consent to a Change of Control Transaction where the transferee is a Qualified Operator.
- (n) “**Claim**” is defined in Section 5.5(c).
- (o) “**CMS**” is defined in Section 5.7(b).
- (p) “**Code**” is defined in Section 5.6.
- (q) “**Competitive Facility**” means any hospitals, acute care facilities, outpatient clinics, ambulatory centers, or medical office buildings located in Benton or Franklin County, Washington.
- (r) “**Condemnation**” means either (a) the exercise of any governmental power, whether by legal proceedings or otherwise, by a Condemnor or (b) a voluntary sale or transfer by Lessor to any Condemnor, either under threat of Condemnation or while legal proceedings for Condemnation are pending, in all of the foregoing cases with respect to any portion of the Premises.
- (s) “**Consolidated Adjusted EBITDA**” means:
- i. The net income (or loss) of Healthcare Holdings and its subsidiaries on a consolidated basis for such period taken as a single accounting period determined in conformity with GAAP; *plus*
 - ii. Consolidated interest expense, determined in conformity with GAAP, to the extent and consistent with the same as deducted in calculating net income in (i); *plus*
 - iii. Consolidated provisions for taxes based on income, determined in conformity with GAAP, to the extent and consistent with the same as deducted in calculating net income in (i); *plus*

- iv. Consolidated depreciation and amortization expenses to the extent and consistent with the same as deducted in calculating net income in (i); *plus*
- v. MOB Lease rent expense; *plus*
- vi. Lease rent expense; *plus*
- vii. other non-cash charges to the extent deducted in calculating the net income in (i) (excluding any such non-cash charge to the extent that it represents an accrual or reserve for potential cash charges in any future period or amortization of a prepaid cash charge that was paid in a prior period), *plus*
- viii. any expenses or charges incurred from work performed by third-parties related to any issuance of equity interests, investment, acquisition, disposition, recapitalization or the incurrence, modification or repayment of indebtedness (including a refinancing thereof) (whether or not successful), including (i) such fees, expenses or charges related to the entry by Lessee into the Lease and the MOB Lease and the transactions arising in connection therewith, and (ii) any amendment or other modification of the MOB Lease or Hospital Lease or other indebtedness; *plus*
- ix. business optimization expenses and other restructuring charges, reserves or expenses (which, for the avoidance of doubt, shall include, without limitation, the effect of facility closures, facility consolidations, and excess pension charges); provided that the adjustments in this clause (ix) shall be capped at 15% Consolidated Adjusted EBITDA; *less*
- x. other non-cash gains to the extent added in calculating the net income in (i) (excluding any such non-cash gain to the extent it represents the reversal of an accrual or reserve for potential cash gain in any prior period).

(t) “**Consolidated Adjusted EBITDAM**” means, for any period:

- (i) Consolidated Adjusted EBITDA for such period; plus
- (ii) Facility Oversight Fees paid during such period.

(u) “**Consolidated Current Assets**” means, with respect to Healthcare Holdings and its subsidiaries on a consolidated basis at any date of determination, the sum of all assets (other than cash and permitted investments or other cash equivalents) that would, in accordance with GAAP, be classified on a consolidated balance sheet of Healthcare

Holdings and its subsidiaries as current assets at such date of determination, other than amounts related to current or deferred Taxes based on income or profits.

- (v) “**Consolidated Current Liabilities**” means, with respect to Healthcare Holdings and its subsidiaries on a consolidated basis at any date of determination, all liabilities that would, in accordance with GAAP, be classified on a consolidated balance sheet of Healthcare Holdings and its subsidiaries as current liabilities at such date of determination, other than (a) the current portion of any Indebtedness, (b) accruals of MOB rent expense, Hospital rent expense, interest expense (excluding those that are due and unpaid), (c) accruals for current or deferred Taxes based on income or profits, (d) accruals, if any, of transaction costs resulting from this transaction, (e) accruals of any costs or expenses related to pension and other postretirement benefit obligations, and (f) accruals for add-backs to Consolidated Adjusted EBITDA included in clauses (vii), (viii) and (ix) of the definition of such term.
- (w) “**Consolidated Working Capital**” means, as at any date of determination, the difference of Consolidated Current Assets minus Consolidated Current Liabilities.
- (x) “**Consolidated Working Capital Adjustment**” means, for any period of determination on a consolidated basis, the amount (which may be a negative number) equal to the difference of (i) Consolidated Working Capital as of the beginning of such period minus (ii) Consolidated Working Capital as of the end of such period. In calculating the Consolidated Working Capital Adjustment there shall be excluded the effect of reclassification during such period of current assets to long term assets and current liabilities to long term liabilities.
- (y) “**Condemnor**” means any public or quasi-public authority, or private corporation or individual, having the power of Condemnation.
- (z) “**Damages**” is defined in Section 5.5(e).
- (aa) “**Declarations**” is defined in Section 38.7.
- (bb) “**Default Rate**” means an annual rate of interest equal to the lower of (i) an annual rate equal to the prime rate as reported from time to time in *the Wall Street Journal* plus seven and one-half percent (7.5%) or (ii) the highest commercial rate of interest allowed under applicable Laws.
- (cc) “**Designated Percentage**” means:
 - (iii) For any Lease Year in which Consolidated Adjusted EBITDA or Consolidated Adjusted EBITDAM, as applicable is less than \$20,000,000, 35%;
 - (iv) For any Lease Year in which Consolidated Adjusted EBITDA or Consolidated Adjusted EBITDAM, as applicable is \$20,000,000 or greater but less than \$25,000,000, 40%; and

- (v) For any Lease Year in which Consolidated Adjusted EBITDA or Consolidated Adjusted EBITDAM, as applicable is \$25,000,000 or greater, 45%.
- (dd) “DIIS” is defined in Section 5.7(b).
- (ee) “DIHS” is defined in Section 5.7(b).
- (ff) “District” is defined in the recitals to this Lease.
- (gg) “Environmental Laws” means any federal, state, regional, county, municipal or local environmental laws, regulations, ordinances, rules and policies and common law relating to the use, refinement, handling, treatment, removal, storage, production, manufacture, transportation or disposal, emission, discharge, release or threatened release of Hazardous Substances or Medical Waste, or otherwise relating to the protection of human health or the environment (including, without limitation, ambient air, surface water, ground water, land surface or subsurface strata), as the same may be amended or modified, 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 (“TSCA”), 15 U.S.C. § 2601 et seq., the Occupational Safety and Health Act (“OSHA”), 29 U.S.C. § 651 et seq., the Clean Air Act, 42 U.S.C. § 7401 et seq., the Clean Water Act, 33 U.S.C. § 1251 et seq., and the Model Toxics Control Act (RCW 70.105D et seq.), each as may have been amended or supplemented prior to the Lease Date.
- (hh) “Equity Interests” means, with respect to any Person, the voting power, ownership, or other equitable interests of such Person, including any interest represented by any capital stock, convertible or participating debt instruments, membership interest, partnership interest, or any similar interest therein.
- (ii) “Event of Default” means any of the occurrences or circumstances described in paragraphs (a) – (h) of Section 13 or any “Event of Default” as defined in Section 2(c) of the Guaranty.
- (jj) “Existing Improvements” is defined in the recitals to this Lease.
- (kk) “Facility Lender” is defined in Section 8.1(a).
- (ll) “Facility Oversight Fee(s)” is defined in Section 23.1.
- (mm) “Fee Mortgage” means shall mean a mortgage, deed of trust or other similar instrument securing indebtedness of Lessor and constituting a Lien encumbering the interest of Lessor in and to the Premises or any portion thereof, as the same may be supplemented, amended, restated, consolidated and assigned from time to time.
- (nn) “Fee Mortgage Reserve Account” is defined in Section 32.6(b).

- (oo) "First Offer Right" is defined in Section 38.2.
- (pp) "First Rent Adjustment Date" is defined in Section 4.1(a).
- (qq) "Fixtures" is defined in the recitals to this Lease.
- (rr) "Free Cash Flow" means Consolidated Adjusted EBITDA, less:
- (vi) Lessee cash expenditures for property, plant and equipment used by the Lessee in its consolidated operations;
 - (vii) cash paid for equipment capital lease obligations (and for the avoidance of doubt, specifically excluding Rent payments under this Lease and the MOB Lease);
 - (viii) cash paid by Lessee for taxes;
 - (ix) plus, the Consolidated Working Capital Adjustment.
- (ss) "Full Replacement Cost" is defined in Section 8.1(b).
- (tt) "Future Improvements" is defined in Section 2.1.
- (uu) "GAAP" means generally accepted accounting principles in the United States as in effect from time to time and applied consistently throughout the periods involved.
- (vv) "Governmental Body" means any United States federal, state or local, or any supra national or non U.S., government, political subdivision, governmental, regulatory or administrative authority, instrumentality, agency body or commission, court, tribunal or judicial or arbitral body, in each case of competent jurisdiction, including the Securities and Exchange Commission.
- (ww) "Guarantor" is defined in Section 31.
- (xx) "Hazardous Substance" means any toxic or hazardous waste, pollutants or substances, including, without limitations, Medical Waste, asbestos, polychlorinated biphenyls, lead-containing paint, lead-based paint, petroleum, petroleum products, byproducts, or other hydrocarbon substances, substances defined or listed as a "hazardous substance," "toxic substance," "toxic pollutant" or similarly identified substance or mixture, in or pursuant to any Environmental Law or Medical Waste Law.
- (yy) "Health Benefit Laws" means laws relating to the licensure, certification, qualification or authority to transact business relating to the provision of, or payment for, or both the provision of and payment for, health benefits, health care or insurance coverage, including ERISA, COBRA, HIPAA, SCHIP, Medicare, Medicaid,

CHAMPUS/TriCare, and laws relating to the regulation of workers compensation and coordination of benefits.

- (zz) **“Health Compliance Laws”** means all applicable laws pertaining to billing, kickbacks, false claims, self-referral, claims processing, marketing, HIPAA security standards for the storage, maintenance, transmission, utilization and access to and privacy of patient information, and HIPAA and state standards for electronic transactions and data code sets, including, without limitation, the False Claims Act (31 U.S.C. Section 3729 et seq.), the Anti-Kickback Act of 1986 (41 U.S.C. Section 51 et seq.), the Federal Health Care Programs Anti-Kickback Statute (42 U.S.C. Section 1320a-7a(b)), the Stark Law (42 U.S.C. Section 1395nn), the Civil Monetary Penalties Law (42 U.S.C. Section 1320a-7a), or the Truth in Negotiations (10 U.S.C. Section 2304 et seq.), Health Care Fraud (18 U.S.C. Section 1347), Mail Fraud (18 U.S.C. Section 1341), Wire Fraud (18 U.S.C. Section 1343), Theft or Embezzlement (18 U.S.C. Section 669), Fraud and False Statements (18 U.S.C. Section 1001), False Statements Relating to Health Care Matters (18 U.S.C. Section 1035), and any other applicable federal health care law or equivalent state statutes or any rule or regulation promulgated by a Governmental Body with respect to any of the foregoing, as any of the same may be amended, modified and/or restated from time to time.
- (aaa) **“Healthcare Holdings”** means any Person established to be the direct owner of both Lessee and RCCI Trios Physicians, LLC, a Delaware limited liability company (**“Physicians”**), which as of the Lease Date, is a wholly-owned subsidiary of Lessee. As of the Lease Date, there is no **“Healthcare Holdings”** entity and Physicians is still a wholly-owned subsidiary of Lessee. Therefore, until such time as a Healthcare Holdings entity is formed (and Physicians ceases to be a wholly-owned subsidiary of Lessee), all references to Healthcare Holdings shall refer to Lessee.
- (bbb) **“Healthcare Laws”** means Health Benefit Laws, Health Compliance Laws and Information Privacy and Security Laws.
- (ccc) **“Health System”** means all assets acquired directly or indirectly by Healthcare Holdings in connection with the transactions described herein, including the Hospital and the MOB.
- (ddd) **“HIPAA”** means (i) the Health Insurance Portability and Accountability Act of 1996, as amended and means the regulations promulgated thereunder by the United States Department of Health and Human Services as they currently exist and as may be amended or adopted, including, but not limited to, 45 C.F.R. Part 160; the Standards for Privacy of Individually Identifiable Health Information, 45 C.F.R. Part 164, Subpart E (the **“Privacy Rule”**); the Security Standards for the Protection of Electronic Protected Health Information, 45 C.F.R. Part 164, Subpart C (the **“Security Rule”**); and the Breach Notification for Unsecured Protected Health Information Rule, 45 C.F.R. Part 164, Subpart D (the **“Breach Notification Rule”**), and the remaining Subparts of 45 C.F.R. Part 164; (ii) the Health Information Technology for Economic and Clinical Health Act of 2009 and its implementing guidance and regulations as they currently exist and as may be amended or adopted; and (iii) the Modifications to the Privacy, Security, Enforcement,

and Breach Notification Rules under the Health Information Technology for Economic and Clinical Health Act and the Genetic Information Nondiscrimination Act; Other Modifications to the HIPAA Rules; Final Rule.

- (ccc) “**Hospital**” is defined in the recitals to this Lease.
- (fff) “**Impartial Appraiser**” is defined in Section 8.1(b).
- (ggg) “**Impositions**” means all civil monetary penalties, fines and overpayments imposed by state and federal regulatory authorities (excluding all penalties or fines caused by the action or inaction of any Lessor), all Real Estate Taxes, all state and local sales and use taxes, single business, gross receipts, transaction privilege, rent or similar taxes imposed on Lessor, all assessments for utilities, public improvements or benefits, ground rents, water, wastewater, sewer, sanitary sewer or other rents and charges, excises, tax levies, fees (including, without limitation, impact, development, license, permit, inspection, authorization and similar fees), and all other governmental charges, in each case whether general or special, ordinary or extraordinary, or foreseen or unforeseen, of every character in respect of the Premises, and all other fees, costs and expenses which during or in respect of the Term may be charged, assessed or imposed on or in respect of or be a Lien upon (a) Lessor or Lessor’s interest in all or any portion of the Premises, (b) the Premises or any part thereof or any rent therefrom or any estate, right, title or interest therein, or (c) any occupancy, operation, use or possession of, sales from, or activity conducted on, or in connection with, the Premises or the leasing or use of the Premises or any part thereof. Nothing contained in this definition of Impositions shall be construed to require Lessee to pay (i) any tax based on net income (whether denominated as a franchise or capital stock or other tax) imposed on Lessor or any other Person, (ii) any net revenue tax of Lessor or any other Person or (iii) any tax imposed with respect to the sale, exchange or other disposition by Lessor of the Premises or the proceeds thereof.
- (hhh) “**Improvements**” means the Existing Improvements and the Future Improvements.
- (iii) “**Indemnified Parties**” is defined in Section 5.5(c).
- (jjj) “**Information Privacy or Security Laws**” means HIPAA and any other laws concerning the privacy and/or security of personal information, including but not limited to the Gramm-Leach-Bliley Act, state data breach notification laws, state health information privacy laws, the Federal Trade Commission Act and state consumer protection laws.
- (kkk) “**Initial Rent Payment Date**” is defined in Section 4.1(a).
- (lll) “**Initial Term**” is defined in Section 3.1.
- (mmm) “**Insurance Requirements**” means all terms of any insurance policy required by this Lease and all requirements of the issuer of any such policy.
- (nnn) “**Land**” is defined in the recitals to this Lease.

- (ooo) "Laws" means all governmental constitutions, statutes, laws, ordinances, codes, regulations and judicial and administrative orders, rulings, judgments and decrees, as the same may be amended, superseded or added during the Term of this Lease, which may apply to or affect the Premises, the Improvements, this Lease, the Permitted Use or the rights of any party hereto, or which otherwise governs, controls or affects the subject matter or property being addressed by the provision of this Lease in which such term is used.
- (ppp) "Lease" is defined in the preamble of this Lease.
- (qqq) "Lease Date" is defined in the preamble of this Lease.
- (rrr) "Lease Year" means each successive twelve calendar month period during the Term, with the first Lease Year commencing on the first day of the next calendar month following the Lease Date; provided, however, that the last Lease Year shall be the fractional year that ends upon the date of the expiration of the Term.
- (sss) "Lessee" is defined in the preamble of this Lease.
- (ttt) "Lessee Competitor" means any Person which directly or indirectly develops, owns, leases, operates or manages a Competitive Facility; provided, however, that mere ownership of a Competitive Facility including, without limitation, by a real estate investment trust or other institutional real estate investors, shall not result in such Person being a Lessee Competitor so long as (i) such ownership is limited to (A) owning title to or a ground lease estate in the real estate on which such Competitive Facility is located, and (B) leasing such real estate to the holder of the license to operate such Competitive Facility, and (ii) such Person does not hold the licenses necessary to operate such Competitive Facility or have any right, whether by contract or by control of the holder of the licenses to operate such Competitive Facility, to participate in managing the operations of such Competitive Facility, or to otherwise share in any net revenues derived from the operations of such Competitive Facility. For the avoidance of doubt, (x) Providence Health & Services and its Affiliates shall, at all times, be deemed a Lessee Competitor but (y) Medical Properties Trust, Inc, and its Affiliates shall at no time be considered a Lessee Competitor.
- (uuu) "Lessee Parties" is defined in Section 38.6(b).
- (vvv) "Lessee's Personal Property" means all of Lessee's consumable inventory and supplies, machinery, equipment, furniture, furnishings, trailers, movable walls or partitions, computers, trade fixtures and other tangible or intangible personal property (including all such items not permanently affixed to the applicable Premises), currently owned and acquired after the execution of this Lease, and necessary, used, or useful in the operation of the Premises, but excluding any items within the definition of Fixtures.
- (www) "Lessor" is defined in the preamble of this Lease.
- (xxx) "Lessor Parties" is defined in Section 38.6(a).

- (yyy) “**Licenses**” is defined in Section 5.7(b).
- (zzz) “**License Default**” is defined in Section 13(c).
- (aaaa) “**Lien**” means any mortgage, deed of trust, lien, encumbrance, pledge, hypothecation, charge or security interest in, on or of the Premises or any portion thereof.
- (b) “**Lourdes Health System**” means the hospital, physician practices, outpatient facilities and other health care services owned, directly or indirectly, by Lourdes Holdings, L.L.C a Delaware limited liability company (“**Lourdes**”), and offered by Lourdes as of the Lease Date and any future services operated by Lourdes within a geographic area that is bordered on the East and North by a 10 mile radius of Lourdes Hospital and on the South and West by the Columbia River.
- (bbbb) “**Marketplace**” means, collectively, the metropolitan areas of Kennewick, Richland, and Pasco, Washington.
- (cccc) “**Medicaid**” means the medical assistance program established by Title XIX of the Social Security Act (42 U.S.C. Sections 1396 et seq.) and any statute succeeding thereto.
- (dddd) “**Medicare**” means the health insurance program for the aged and disabled established by Title XVIII of the Social Security Act (42 U.S.C. Sections 1395 et seq.) and any statute succeeding thereto.
- (cece) “**Medical Waste**” includes, but is not limited to, (a) pathological waste, (b) blood, (c) sharps, (d) wastes from surgery or autopsy, (e) dialysis waste, including contaminated disposable equipment and supplies, (f) cultures and stocks of infectious agents and associated biological agents, (g) contaminated animals, (h) isolation wastes, (i) contaminated equipment, (j) laboratory waste and (k) various other biological waste and discarded materials contaminated with or exposed to blood, excretion, or secretions from human beings or animals. “**Medical Waste**” also includes any substance, pollutant, material, or contaminant listed or regulated as “**Medical Waste**,” “**Infectious Waste**,” or other similar terms by federal, state, regional, county, municipal, or other local Laws, regulations and ordinances insofar as they purport to regulate Medical Waste, or impose requirements relating to Medical Waste, and includes “**Regulated Waste**” governed by the Occupational Safety and Health Act, 29 USCA § 651 et seq.
- (ffff) “**Medical Waste Law**” means the following, including regulations promulgated and orders issued thereunder, all as may be amended, supplemented or replaced from time to time: the MWTAA, the U.S. Public Vessel Medical Waste Anti-Dumping Act of 1988, 33 USCA § 2501 et seq., the Marine Protection, Research, and Sanctuaries Act of 1972, 33 USCA § 1401 et seq., the Occupational Safety and Health Act, 29 USCA § 651 et seq., the United States Department of Health and Human Services, National Institute for Occupations Self-Safety and Health Infectious Waste Disposal Guidelines, Publication No. 88-119, and any other federal, state, regional, county, municipal, or other local Laws, regulations, ordinances, rules, policies and common law insofar as they purport to regulate Medical Waste, or impose requirements relating to Medical Waste.

- (gggg) **“Minimum Credit Rating”** means (a) if the bank issuing any letter of credit under the terms of this Agreement is rated by Standard & Poor’s Rating Group, a division of McGraw-Hill, Inc., either a long-term senior unsecured debt or issuer credit rating of “A-” or higher; (b) if the bank issuing any letter of credit under the terms of this Agreement is rated by Moody’s Investors Services, Inc. (“**Moody’s**”), a senior unsecured debt or counterparty rating of not less than “A3” by Moody’s; and (c) if the bank issuing any letter of credit under the terms of this Agreement is rated by Fitch, Inc., either a long-term senior unsecured debt or issuer rating of not less than “A-”.
- (hhhh) **“MOB”** means that certain medical office building located at 3810 Plaza Way, Kennewick, Washington 99338.
- (iiii) **“MOB Lease”** means that certain Medical Office Facility Lease, dated as of August 3, 2018, between New MOB, as landlord, and Lessee, as tenant.
- (jjjj) **“New MOB Owner”** means DOC-3730 Plaza Way MOB, LLC.
- (kkkk) **“Net Revenues”** means revenues net of discounts and other adjustments as customarily reported on Lessee’s financial statements in the ordinary course of business.
- (llll) **“OFAC”** means the U.S. Department of Treasury Office of Foreign Assets Control.
- (mmmm) **“Officer’s Certificate”** means a certificate of Lessee signed by the representative(s) authorized to so sign by the governing body of Lessee, or any other Person whose power and authority to act has been properly authorized.
- (nnnn) **“Operating Agreements”** means all written agreements to which Lessee is a party with respect to the ownership, operation or management of the Premises, including, without limitation, any and all service and maintenance contracts, management agreements, equipment leases, consulting agreements, laboratory servicing agreements, pharmaceutical contracts and physician, other clinician or other professional services provider contracts, but excluding employment contracts and any Participation Agreements, as the same may from time to time be amended, restated, supplemented, renewed or modified.
- (oooo) **“Participation Agreements”** means third-party payor participation or reimbursement agreements, and provider numbers and provider agreements, to which Lessee is a party relating to rights to payment or reimbursement from, and claims against, Blue Cross and/or Blue Shield, governmental authorities, Medicare, Medicaid and TRICARE, and any other third-party payors, private insurers or managed care, as the same may from time to time be amended, restated, extended, supplemented or modified, together with all rights, privileges and entitlements thereunder.
- (pppp) **“Permitted Encumbrances”** is defined in Section 6.1.
- (qqqq) **“Permitted Change of Control Transaction”** means the transfer of all or substantially all of the direct or indirect Equity Interests in RCCII or a merger transaction

involving RCCI, whether RCCI is the surviving entity or the merged entity, but only to the extent that RCCI owns, at the time of such transfer or merger, material assets other than its interest in the Lease and the Health System (i.e., such transaction is not conducted primarily to transfer ownership or Control of this Lease and/or the Health System).

- (rrrr) **“Permitted Use”** is defined in Section 5.2(b).
- (ssss) **“Person”** as used herein means any individual, corporation, trust, limited liability company, general partnership, limited partnership, limited liability partnership, association, joint stock association, joint venture, firm, business trust, land trust, cooperative, foreign association, Governmental Body or similar legal organization.
- (ttt) **“Physician Recruiting Expenses”** means all documented cash expenditures incurred by Lessee in connection with recruiting new physicians which costs shall include, without limitation, housing allowances, relocation and moving expenses, marketing expenses, signing bonuses, reimbursement of interview related expenses, physician practice start-up costs, practice support payments and other payments made in connection with income guaranties, attorney’s fees in negotiating employment contracts, guaranteed salaries or other compensation amounts for physicians and other fringe benefits offered to such physicians, without regard to whether such expenditures are Capital Expenditures under GAAP.
- (uuuu) **“Pre-Determined Annual Rent”** is defined in Section 4.3.
- (vvvv) **“Pre-Determined Primary Rent”** is defined in Section 4.3.
- (wwww) **“Pre-Determined Rent Notice”** is defined in Section 4.3.
- (xxxx) **“Premises”** is defined in Section 2.1.
- (yyyy) **“Primary Rent”** is defined in Section 4.1.
- (zzzz) **“Primary Use”** is defined in Section 5.2(b).
- (aaaaa) **“Proposed ROFO Price”** is defined in Section 38.2.
- (bbbbb) **“Proposed ROFO Terms”** is defined in Section 38.2.
- (ccccc) **“Proprietary Information”** is defined in Section 27(i).
- (dddd) **“Qualified Healthcare Provider”** means a Person that (a) provides healthcare services to individuals, (b) has all necessary Licenses to provide such services, and (c) in Lessee’s reasonable judgment, will use the portion of the Premises sublet to such Person in keeping with the standard of the Premises as a whole and only in accordance with the Permitted Use.
- (eeee) **“Qualified Operator”** is defined in Section 10.1(a).

- (ffff) “**RCCH**” means RegionalCare Hospital Partners Holdings, Inc. d/b/a RCCH HealthCare Partners, a Delaware corporation.
- (ggggg) “**ROFO Notice**” is defined in Section 38.2.
- (hhhhh) “**ROFO Period**” is defined in Section 38.2.
- (iiii) “**ROFO Requirements**” is defined in Section 38.2.
- (jjjj) “**Real Estate Taxes**” means all real property taxes, personal property taxes, ad valorem taxes, general assessments and special assessments, which are levied or imposed during the Term upon the Premises.
- (kkkkk) “**Reconciliation Period**” is defined in Section 4.1(b).
- (llll) “**REIT**” is defined in Section 2.2.
- (mmmmm) “**Renewal Term**” is defined in Section 3.2.
- (nnnn) “**Rent**” means Primary Rent and Additional Charges.
- (oooo) “**Rent Amendment Date**” is defined in Section 4.3.
- (ppppp) “**Representatives**” is defined in Section 27(i).
- (qqqqq) “**Requesting Party**” is defined in Section 38.5.
- (rrrrr) “**S&P**” means Standard & Poors, Inc.
- (sssss) “**Sale Period**” is defined in Section 38.2.
- (ttttt) “**Second Rent Adjustment Date**” is defined in Section 4.1(c).
- (uuuuu) “**Security Deposit**” is defined in Section 4.7.
- (vvvvv) “**State Regulatory Authorities**” means the state licensing and certification agencies, together with all applicable statutes and regulations, related to healthcare facilities in the state in which the Premises are located.
- (wwwww) “**Sublease**” is defined in Section 10.1(b).
- (xxxxx) “**Taking**” means a taking or voluntary conveyance during the Term of all or part of the Premises, or any interest therein or right accruing thereto or use thereof, as the result of, or in settlement of, any Condemnation or other eminent domain proceeding affecting such portion of the Premises whether or not the same shall have actually been commenced.
- (yyyyy) “**Tenant(s)**” means the lessees, tenants, sublessees or subtenants under the Subleases.

(zzzzz) “**Term**” shall mean the Initial Term and any applicable Renewal Term for which Lessee has exercised a renewal option under Section 3.2.

(aaaaa) “**Transfer**” is defined in Section 32.2.

(bbbbb) “**Unsuitable for Its Primary Intended Use**” means that, by reason of damage or destruction or a partial Taking by Condemnation, the Premises cannot be operated on a commercially practicable basis for its Primary Use, taking into account, all relevant factors (including, without limitation, anticipated repairs and/or restorations), and the effect of such damage or destruction or partial Taking.

(ccccc) “**Upgrade Expenditures**” means expenditures in commercially reasonable amounts to Persons not affiliated with Lessee for upgrades or improvements to the Premises that have the effect of maintaining or improving its competitive position in its respective marketplace, including new or replacement wallpaper, tiles, window coverings, lighting fixtures, painting, upgraded landscaping, carpeting, architectural adornments, common area amenities and the like, including, without limitation, capital improvements or repairs (including repairs or replacements of the roof, structural elements of the walls, parking area or the electrical, plumbing, HVAC or other mechanical or structural systems), the cost of which individually exceeds One Thousand and No/100th Dollars (\$1,000.00). For the avoidance of doubt, an Upgrade Expenditure may or may not be a Capital Expenditure.

Exhibit E

Form of Financial Reports

[To be Attached]


RegionalCare Hospital Partners Holdings, Inc.
Unaudited Condensed Consolidating Statements of Operations
For the Three Months Ended March 31, 2018

	Illustrative Hospital 1	Illustrative Hospital 2	Illustrative Hospital 3	Other Entities in Guarantor	Guarantor	Other Entities in RCHP, Inc.	RCHP Inc
Revenues:							
Net patient revenue	\$ 27,764,771	\$ 35,573,886	\$ 26,605,006	\$ 56,033,687	\$ 233,648,437	\$ 267,772,892	\$ 521,421,329
Provision for doubtful accounts	831,688	2,652,214	4,231,904	3,881,169	20,827,848	35,172,736	53,200,376
Net patient revenue, less provision for doubtful accounts	26,933,113	35,001,672	22,353,103	52,152,518	233,620,737	234,600,156	468,220,953
Other revenue	352,088	202,312	329,206	1,119,279	3,164,100	4,537,482	7,701,383
Total net revenue	27,285,201	33,233,984	22,682,309	53,271,797	236,784,837	239,137,638	475,922,336
Operating expenses:							
Salaries and benefits	13,736,644	14,089,045	11,663,653	24,548,021	108,950,836	116,581,605	226,525,144
Purchased services	2,488,601	3,567,870	2,843,174	6,739,855	29,201,202	34,508,059	63,709,271
Supplies	3,062,136	6,712,820	2,686,649	7,236,265	40,460,239	41,351,618	81,351,917
Other expenses	3,115,692	2,634,434	2,843,267	5,719,011	24,020,788	26,536,292	52,617,060
Equity in earnings of affiliates	-	(17,650)	-	(33,958)	(91,695)	(21,246)	(72,386)
Total operating expenses	22,337,034	26,536,219	20,136,733	44,803,174	202,601,137	220,118,698	422,719,895
Adjusted EBITDAR	4,948,167	6,627,765	2,545,576	8,474,623	34,183,700	19,018,640	53,202,340
REGI Rent Expense	1,854,439	1,508,013	827,885	-	4,372,346	-	4,372,346
Adjusted EBITDA	3,093,728	5,127,753	1,676,061	8,474,623	29,811,354	19,018,640	48,830,094
Depreciation and amortization	744,800	688,894	860,892	1,997,057	3,067,218	13,260,842	20,320,066
Interest expense	242,797	295,650	237,017	(32,170)	4,672,228	25,461,335	30,133,563
Direct costs related to acquisitions	-	-	-	-	-	427,431	427,431
Other non-operating expense	(750)	-	-	-	372,348	(910,248)	(137,400)
Management fees	847,852	680,816	651,672	1,546,737	6,633,109	(6,633,199)	(0)
Noncontrolling Interest Expense	-	310,861	13,760	-	400,774	384,215	384,367
Loss (gain) from disc. ops	-	-	-	-	-	510	510
Pre-tax Income (Loss)	1,247,046	3,173,220	(535,280)	4,595,341	9,665,187	(72,892,245)	(2,827,057)
Income Taxes	-	-	-	-	-	346,424	346,424
Net Income	1,247,046	3,173,220	(535,280)	4,595,341	9,665,187	(12,538,673)	(3,173,481)

RegionalCare Hospital Partners Holdings, Inc.
Unaudited Condensed Consolidating Balance Sheet
As of March 31, 2018

	Illustrative Hospital 1	Illustrative Hospital 2	Illustrative Hospital 3	Other Entities in Guarantor	Guarantor	Other Entities in RCHP, Inc.	RCHP Inc
Assets:							
Cash	\$ (192,137)	\$ (715,207)	\$ (122,579)	\$ 6,530,731	\$ 5,765,207	\$ 17,888,408	\$ 23,633,614
Investments						79,799	79,799
Accounts receivable	13,944,653	16,602,652	13,576,167	28,904,172	130,257,336	136,607,897	266,865,233
Inventory	2,230,002	4,981,877	2,684,044	7,423,541	28,536,023	27,183,130	55,719,153
Prepaid expenses and other current assets	2,049,830	2,677,515	1,881,217	5,457,371	15,819,626	38,278,850	52,688,476
Total current assets	18,032,348	23,546,837	17,999,848	48,315,816	190,378,192	218,618,063	398,996,275
PP&E, net	9,646,379	14,330,384	22,206,911	91,348,972	324,388,215	635,176,485	859,584,710
Noncurrent assets	1,240,813	877,717	-	3,546,881	(87,407,037)	816,686,173	729,292,136
Total assets	\$ 28,919,540	\$ 38,754,937	\$ 40,205,759	\$ 143,211,669	\$ 417,359,370	\$ 1,670,493,751	\$ 2,087,853,121
Liabilities:							
Accounts payable	\$ 3,499,108	\$ 4,391,489	\$ 3,937,028	\$ 7,348,885	\$ 36,461,732	\$ 57,156,035	\$ 93,617,768
Accrued expenses	1,666,588	1,252,633	850,638	4,972,054	13,881,529	70,728,126	84,710,655
Accrued salaries, wages & benefits	4,884,922	5,000,306	1,881,459	5,584,618	31,639,693	46,622,535	78,262,199
Current portion, long-term debt	-	-	84,167	5,136,421	5,220,688	4,507,910	9,728,498
Total current liabilities	10,050,618	10,644,628	6,753,291	28,042,018	87,303,613	179,015,607	266,319,119
Long-term debt	-	-	256,609	249,016,030	249,272,640	1,201,865,669	1,451,139,339
Intercompany	(4,398,887)	(691,818)	33,306,201	(161,667,503)	(11,783,958)	11,783,957	(1)
Other liabilities	502,379	665,779	28,224	8,914,651	10,458,218	81,319,719	91,777,937
Total liabilities	6,154,110	10,316,590	40,344,324	119,305,396	335,250,413	1,473,985,962	1,809,236,394
Total stockholders' equity	22,765,430	28,438,347	(138,567)	23,906,273	82,108,957	196,507,769	278,616,726
Total liabilities & stockholders' equity	\$ 28,919,540	\$ 38,754,937	\$ 40,205,759	\$ 143,211,669	\$ 417,359,370	\$ 1,670,493,751	\$ 2,087,853,121

Exhibit 8: Trios Health Admission, Non-Discrimination, and Charity Care Policies

		Index No.: KGH003824 Intradoc Folder: District Page 1 of 3			
TITLE: Patient Nondiscrimination Policy		Implementation Date: 3/12/2014 Revised Date:			
APPROVED: (Signed) <u>Signature on file</u> (Typed) Glen Marshall, CEO Date: 3/12/2014	Reviewed by:	Linda Bluhm			
	Date:	3/12/14			

I. PURPOSE STATEMENT

To ensure that all patients and visitors of Trios Health are treated with equality, in a welcoming, nondiscriminatory manner, consistent with applicable state and federal law.


II. SCOPE

This policy applies to all members of the Kennewick Public Hospital District doing business as Trios Health and Trios Medical Group workforce, including employees, medical staff members, contracted service providers, and volunteers, and to all vendors, representatives, and any other individuals providing services to or on behalf of Trios Health ("Hospital Personnel").

III. POLICY

A. Trios Health is dedicated to providing services to patients and welcoming visitors in a manner that respects, protects, and promotes patient rights.

1. Hospital Personnel will treat all patients and visitors receiving services from or participating in other programs of Trios Health and its affiliated clinics with equality in a welcoming manner that is free from discrimination based on age, race, color, creed, ethnicity, religion, national origin, marital status, sex, sexual orientation, gender identity or expression, disability, veteran or military status, or any other basis prohibited by federal, state, or local law.
2. Hospital Personnel will inform patients of the availability of and make reasonable accommodations for patients consistent with federal and state requirements. For example, language interpretation services will be made available for non-English speaking patients and sign language interpretation will be made available for hearing impaired patients.
3. Hospital Personnel will afford visitation rights to patients free from discrimination based on age, race, color, creed, ethnicity, religion, national origin, marital status, sex, sexual orientation, gender identity or expression, disability, veteran or military status, or any other basis prohibited by federal, state, or local law and will ensure that visitors


	Index No.: KGH003824 Page 2 of 3
TITLE: Patient Nondiscrimination Policy	Implementation Date: 3/12/2014 Revised Date:

receive equal visitation privileges consistent with patient preferences.

4. Any person who believes that he, she, or another person has been subjected to discrimination which is not permitted by this Policy, may file a complaint using Trios Health's complaint and grievance procedure.
5. Hospital Personnel are prohibited from retaliating against any person who opposes, complains about, or reports discrimination, files a complaint, or cooperates in an investigation of discrimination or other proceeding under federal, state, or local anti-discrimination law.

IV. PROCEDURE

- A. Trios Health's **Corporate Compliance Officer/Patient Representative or designee** is responsible for coordinating compliance with this Policy, including giving notice to and training all Hospital Personnel on this Policy.
- B. Hospital Personnel will determine eligibility for and provide services, financial aid, and other benefits to all patients in a similar manner, without subjecting any individual to separate or different treatment on the basis of age, race, color, creed, ethnicity, religion, national origin, marital status, sex, sexual orientation, gender identity or expression, disability, veteran or military status, or any other basis prohibited by federal, state, or local law.
- C. Hospital Personnel will provide notices to patients regarding this Nondiscrimination Policy and Trios Health's commitment to providing access to and the provision of services in a welcoming, nondiscriminatory manner.
- D. At the time patients are notified of their patient rights, Hospital Personnel will also inform each patient, or the patient's support person, including the patient's attorney in fact, when appropriate, of the patient's visitation rights, including any clinical restriction on those rights, and the patient's right, subject to the patient's consent, to receive visitors whom the patient designates, free of discrimination based upon age, race, color, creed, ethnicity, religion, national origin, marital status, sex, sexual orientation, gender identity or expression, disability, veteran or military status, or any other basis prohibited by federal, state, or local law. Such visitors include a spouse, state registered domestic partner (including same-sex state registered domestic partner), another family member, friend, or a legal representative of the patient, such as an attorney-in-fact. Hospital Personnel will also notify patients of their right to withdraw or deny such consent at any time. Hospital Personnel will afford such visitors equal visitation privileges consistent with the patient's preferences.
- E. Any Hospital Personnel receiving a patient or visitor discrimination complaint will advise the complaining individual that he or she may report the problem to

	Index No.: KGH003824 Page 3 of 3
TITLE: Patient Nondiscrimination Policy	Implementation Date: 3/12/2014 Revised Date:


Trish Mendoza at 509-586-5823 or trish.mendoza@trioshealth.org and file a complaint without fear of retaliation.

V. IMPLEMENTATION AND TRAINING PLAN

- A. New and revised policies will be sent via email to all employees with an email address. Each department manager will ensure that those employees without a district email address are notified of new and revised policies that are pertinent to their position.
- B. Employees will be shown how to access policies on the Trios Health policy site during the orientation process.

VI. REFERENCE SECTION

- A. References: WAC 246-320-141 (5) , (a), (b), (c), (d) Patient rights and organization ethics
- B. Distribution: Trios Health, Trios Medical Groups
- C. Supersedes: New
- D. Prepared/Updated by: Linda Bluhm, Director of Quality Improvement
- E. Reviewed by: Policy and Procedure Committee, Board of Commissioners
- F. Approved by: Glen Marshall
- G. Joint Commission or Other Regulatory Body: WAC 246-320-141

		Index No.: KGH003122 Folder: Patient Financial Services Page 1 of 9			
TITLE: Charity Care Policy		Implementation Date: 02/91 Revised Date: 09/05, 01/07 & ___/19 Readopted by RCCH Trios Health, LLC: 8/18			
APPROVED: (Signed) <u>Signature on File</u> (Typed) Solheim, John Date: 8/2018	Reviewed by:	MB	MK	BK	BB
	Date:	02/01	10/04	01/07	09/09

SCOPE:

For requesting and evaluating Financial Assistance Applications for the purposes of processing a Charity discount.

PURPOSE:

To define the policy, in compliance with State guidelines, for providing financial relief to patients who have received appropriate hospital-based medical services including those hospital services which are reasonably calculated to diagnose, correct, cure, alleviate, or prevent the worsening of conditions that endanger life, or cause suffering or pain, or result in illness of infirmity, or threaten to cause or aggravate a handicap, or cause physical deformity or malfunction, and there is no other equally effective more conservative or substantially less costly course of treatment available or suitable for the person requesting the service. To ensure the policy for financial assistance to patients is consistent with the income guidelines as defined in WAC 246-453-040(1) and WAC 246-453-040(2).

Also, to establish protocols for requesting and processing the Financial Assistance Application and defining the supporting income validation documentation requirements.

Charity Care and/or Financial Assistance means medically necessary hospital health care rendered to indigent persons when Third-Party Coverage, if any, has been exhausted, to the extent that the persons are unable to pay for the care or to pay deductible or coinsurance amounts required by a third-party payer based on the criteria in this Policy.

Third-Party Coverage means an obligation on the part of an insurance company, health care services contractor, health maintenance organization, group health plan, government program (Medicare, Medicaid or medical assistance programs, workers compensation, veteran benefits), tribal health benefits, or health care sharing ministry as defined in 26 USC Sec.5000A to pay for the care of covered patients and services, and may include settlements, judgments, or awards actually received related to the negligent acts of others (for example, auto accidents or personal injuries) which have resulted in the medical condition for which the patient has received hospital health care services.

{RK2007215.DOC;1/14348.000003/ }

		Index No.: KGH003122 Folder: Patient Financial Services Page 2 of 9			
TITLE: Charity Care Policy		Implementation Date: 02/91 Revised Date: 09/05, 01/07 & ___/19 Readopted by RCCH Trios Health, LLC: 8/18			
APPROVED: (Signed) Signature on File (Typed) Solheim, John Date: 8/2018	Reviewed by:	MB	MK	BK	BB
	Date:	02/01	10/04	01/07	09/09

POLICY:

Charity care or discounts may only be provided to patients receiving appropriate hospital-based medical services as defined in WAC 246-453-010(7). Patients meeting the income level requirements in WAC 246-453-040(1) and WAC 246-453-040(2) qualify for a charity discount based on the patient's annual total household income:

- All responsible parties with annual household income equal to or below 250% of the federal poverty standard, adjusted for family size, shall be determined to be indigent persons qualifying for charity sponsorship for the full amount of hospital charge related to appropriate hospital-based medical services that are not covered by private or public Third-Party Coverage.
- Patients must cooperate and apply for any and all Third-Party Coverage that may be available to help pay their hospital bill. Non-compliance with this process may result in an initial denial of the application.
- Total annual household income of the responsible party will be determined based on the time the appropriate hospital-based medical services were provided, or based on the time of the Financial Assistance Application if the application is made within two years of the time the appropriate hospital-based medical services were provided, the responsible party has been making good faith efforts toward payment for the services, and the responsible party demonstrates eligibility for charity care or discount / financial assistance.
- A validation must be completed to ensure that if any portion of the patient's medical services can be paid by Third-Party Coverage, that the payment has been received and posted to the account. Charity discounts will be applied to the patient's account once Third-Party Coverage payments are posted.

Public Notification

Pursuant to WAC 246-453-020(2) and WAC 246-453-010(16), notice will be posted and prominently displayed in areas where patients are admitted or registered, in the emergency department, and any financial service of billing area accessible to patients advising that the hospital offers Financial Assistance and Charity Care (including free and reduced price care) to insured and uninsured persons meeting the specified income requirements and made available to patients in writing and personally explained at the time the hospital requests information regarding Third-Party Coverage.

Notice and a plain language summary of this Policy, the current version of this Policy and the Financial Assistance Application will be available on the hospital's website.

Commented [1]: Please note that the policy requires this.

All hospital billing statements and other written communications involving billing or collection of a hospital bill (RK2007215.DOC;114348.000003/)

		Index No.: KGH003122 Folder: Patient Financial Services Page 3 of 9			
TITLE: Charity Care Policy		Implementation Date: 02/91 Revised Date: 09/05, 01/07 & ___/19 Readopted by RCCH Trios Health, LLC: 8/18			
APPROVED: (Signed) Signature on File (Typed) Solheim, John Date: 8/2018	Reviewed by:	MB	MK	BK	BB
	Date:	02/01	10/04	01/07	09/09

by the hospital will include the following statement on the front / first page of the statement in both English and Spanish (the second most spoken language in the hospital's service area)

You may qualify for free care or a discount on your hospital bill, whether or not you have insurance. Please contact our financial assistance office at www.trioshealth.org and 509-221-7740.

The written notices, verbal explanations, the summary of this Policy, this Policy, and the Financial Assistance Application will be available in all languages spoken by more than ten percent of the population in the hospital's service area and interpreted for other non-English speaking or limited-English speaking or other patients who cannot read or understand the writing and explanation.

Verbal Statement for Initial Determination of Eligibility

Patient Access and/or Patient Financial Services staff will provide the patient/responsible party with a Financial Assistance Application with instructions and assign charity review based upon information provided orally by the patient/ responsible party or upon receiving a signed application and/or statement attesting to the accuracy of the information provided or based solely when upon initial determination of a guarantor's status as an indigent person is obvious. The patient or responsible party will have 14 days, or such time that is medically and reasonably feasible, for patients to secure and present the required documentation. Collection efforts will not be initiated during the determination process for charity care provided the responsible party is cooperative with the hospital's efforts to reach an initial determination of sponsorship status.

Income and Asset Verification

- Medicare requires independent income and resource verification for a charity care determination with respect to Medicare beneficiaries (PRM-I § 312).
- For Medicare beneficiaries, in addition to thorough completion of the Financial Assistance Application, the preferred income documentation will be the most current year's Federal Tax Return. Any patient/responsible party unable to provide his/her most recent Federal Tax Return may provide one piece*** of supporting documentation from the following list to meet this income verification requirement:
 - o Supporting W-2
 - o Supporting 1099's
 - o Most recent bank and broker statements listed in the Federal Tax Return
 - o Current credit report

{RK2007215.DOC;1/14348.000003/ }

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- o Qualified Medicare Benefits (QMB for inpatients only)
 ***A Medicare beneficiary who also qualifies for Medicaid (dual-eligible beneficiary) will be presumed indigent automatically as long as the "Must Bill" requirements are met which is supported by a State Medicaid remittance advice.

- Additional documentation acceptable for Non-Medicare patients:
 - o Most Recent Employer Pay Stubs
 - o Copies of all bank statements for last 3 months
 - o Written documentation from income sources
- Any one of the following documents shall be considered sufficient evidence upon which to base the final determination of charity care sponsorship status, when the income information is annualized as may be appropriate:
 - (a) A "W-2" withholding statement;
 - (b) Pay stubs;
 - (c) An income tax return from the most recently filed calendar year;
 - (d) Forms approving or denying eligibility for Medicaid and/or state-funded medical assistance;
 - (e) Forms approving or denying unemployment compensation; or
 - (f) Written statements from employers or welfare agencies.
- In the event that the responsible party is not able to provide any of the documentation described above, the hospital may rely upon written and signed statements from the responsible party for making a final determination of eligibility for classification as an indigent person.
- Supplemental information may also be gathered using external database information as available through national credit reporting agencies such as Experian, Equifax, or Transunion. Such information will be used for the purposes of defining qualification for "presumptive" financial assistance / presumptive qualification for charity care or discount. Under no circumstances will such information be used to exclude anyone from qualification for charity care or discount.
- After thorough review of the Financial Assistance Application and documented research through {RK2007215.DOC;1/14348.000003/ }

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Medicaid Eligibility processing or other means, a manager may waive supporting documentation on non-Medicare, non-Champus, non-Medicaid, and non-Medicare Secondary Payer accounts when it is apparent that the patient/responsible party is unable to meet the supporting documentation requirement but clearly meets the Charity guidelines.

- Under no circumstances will liens be considered on properties.
- Registrars, Financial Counselors, Support Services, and Collectors (Patient Financial Services) should utilize all relevant on-line systems available to gather correct information for review of charity. All efforts should be documented in a clear, concise, and consistent manner. Staff should demonstrate respect and integrity in all internal and external dealings. Confidentiality is considered of utmost importance and should be adhered to by all staff. All guidelines set forth by this policy should be adhered to without exception.

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Pending Medicaid Effect on Charity Discount

The Pending Medicaid and Pending Charity processes should not be concurrent processes. Determination of Pending Medicaid should be resolved prior to evaluating for potential Pending Charity.

Charity Processing based on Federal Poverty Guidelines


Patients that fall within 0-250% of the Federal Poverty Guideline will have a 100% Charity Discount processed. Patients that fall within 251%-400% of the Federal Poverty Guideline will receive a 60% charity discount. . Over payments would be identified through credit balance reports. On accounts where the charity pending is placed in the secondary or tertiary position, the applicable manual discount will need to be applied.

Charity Processing based on Extenuating Circumstances

There may be occurrences of extenuating circumstances where the patient/responsible party is not able to complete the Financial Assistance Application and/or provide supporting documentation and resource testing cannot be completed or where the medical indigence of the patient is determined as outlined by state requirement/policy. In those circumstances, the CFO, PFS Director or designee may make the decision to waive the required documentation provided that all attempts to obtain additional information are documented clearly or may perform additional resource testing to validate the need for charity. Some of the following could be considered extenuating circumstances:

- **Undocumented Residents or Homeless** - Patients identified as undocumented residents or homeless through
 - Medicaid Eligibility screening
 - Registration process
 - Discharge to a shelter
 - Clinical or Case Management documentation
- **Patient Expiration** - Patients that expire and research determined through family contact and/or courthouse records that an estate does not exist and was documented, may be considered for a charity discount with the manager's review and approval for a policy exception. Patients that expire prior to or during the charity review process will be reviewed for estate if not already completed. If review for estate is not documented, the account will be forwarded to a PFS Director review and the charity process will be suspended pending results of the review.
- **Medically Indigent** – Based upon state guidelines or requirements if the patient/responsible party

{RK2007215.DOC;1/14348.000003/ }

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meets the medically indigent status, a charity discount may be applied after completion of the resource testing process for the patient/responsible party according to state guidelines:

- Per WAC 246-453-040, patients will be considered indigent if the annual family income falls below 200% of the FPG adjusted for family size (for Trios Health, patients will be considered indigent if the annual family income falls below 250% of the FPG adjusted for family size) or in cases where the patient/responsible party's income exceeds two hundred percent of the federal poverty standard, adjusted for family size, the hospital may determine to classify as indigent based upon that responsible party's individual financial circumstances.

Approval of Extenuating Circumstances

- Charity write-off for extenuating circumstances must be submitted on the "Charity-Request for Write-Off Approval" form. Request must be approved based on the appropriate approval process.. Signed form will be processed and stored with the Charity Information.

State Programs and Future Coverage

Several county and local government based programs pre-screen patient under the federal poverty guideline for participation in Medicaid. Patient participation in these programs or future participation also satisfies the income attestation requirements Charity Care Policy.

Out of State Medicaid-No Provider Number

Patients who actively participate in Out of State Medicaid programs where a provider number is not available and whose prorated charges are less than twenty-five hundred dollars (\$2,500) also satisfy the income attestation requirements of the Charity Care Policy. A list of these accounts will be sent each week to the PFS Director.

Insurance Denials

When an account is denied by Third-Party Coverage for non-covered services or date of service not covered, etc., the payor plan will be denied and the Uninsured plan will be assigned as primary payor. The uninsured discount will post and a statement will be sent to the patient. Per policy, an attempt must be made to collect a portion of the patient liability. If the patient is unable to pay and contacts the hospital, Customer Service, Agency, a Financial Application will be provided. Upon receipt of the Financial Application, the charity pending will be added to the account.

Refunds on Charity accounts

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 (Signed) Signature on File
 (Typed) Solheim, John
 Date: 8/2018

Reviewed by:	MB	MK	BK	BB
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The general expectation is that all patients pay for services rendered if they are not fully covered by Third-Party Coverage. In the event that a responsible party pays a portion or all of the charges related to appropriate hospital-based medical services, and is subsequently found to have met the charity care criteria at the time that services were provided or if Financial Assistance Application is made within two years of the time the appropriate hospital-based medical services were provided, the Applicant has been making good faith efforts towards payment of the services, and the Applicant demonstrates eligibility for Charity Care and/or Financial Assistance, any payments in excess of the amount determined to be appropriate in accordance with WAC 246-453-040 shall be refunded to the patient within thirty days of achieving the charity care designation.

Collection Efforts

Collection efforts will not be directed at the responsible party during an initial determination of sponsorship status. If the initial determination indicates that the responsible party may meet the criteria for classification as an indigent person, collection efforts will be precluded until a final determination provided the responsible party is cooperative with the hospital's reasonable efforts to reach a final determination of sponsorship status.

Notice of Final Determination


Charity care applicants will be notified of the final determination of sponsorship status within fourteen calendar days of receipt of requested information. In the case of approvals, parties should be notified of the amount that will be covered. In the case of a denial, parties will be notified in writing of the denial and the basis for denial.

Patient Dispute Process

- All parties denied charity care coverage will be notified that they have thirty days within which to request an appeal of the final determination. All parties denied charity care coverage will also be provided with an appeals procedure that enables them to correct any deficiencies in documentation or request review of the denial.
- In the event a patient wishes to file a dispute and appeal their eligibility for this policy, patient may seek review from the PFS Director, Chief Financial Officer or a Trios Executive. Any such dispute / appeal will be forwarded to the Chief Financial Officer upon receipt of such dispute / appeal.
- If a patient appeals their denial and is denied a second time on the same account for the same reason, a copy of that appealed denial and the basis for that denial will be sent to the responsible party, with a copy to the Chief Financial Officer, and sent to the office of Hospital and Patient Data Systems, Washington State Department of Health with copies of documentation upon which the decision was made.
- Any collection efforts will be ceased if an appeal has been filed for charity care coverage until the appeal is finalized.

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Approval Responsibility

Patient financial services administers the policy based on above policy guidelines with final approval, denials or exceptions being made by Trios Health PFS Director and/or CFO.

Training


The hospital has established a standardized training program on this Policy and the use of interpreter services to assist persons with limited English proficiency and non-English-speaking persons in understanding information about this Policy. The hospital will provide regular training to front-line staff who work in registration, admissions and billing and any other appropriate staff to effectively answer questions about Financial Assistance / Charity Care availability at the hospital, to obtain any necessary interpreter services, and direct inquiries to the appropriate department in a timely manner.

Documentation and Records:

- A. Confidentiality: All information relating to the application will be kept confidential. Copies of documents that support the application will be kept with the application form.
- B. Documents pertaining to the financial assistance and Charity Care shall be retained for five (5) years.

Commented [5]: Does this make sense for Trios?

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		Index No.: KGH003827 Intradoc Folder: District Page 1 of 2			
TITLE: Hospital Admission Process		Implementation Date: 03/2014 Revised Date:			
APPROVED: (Signed) <u>Signature on File</u> (Typed) Michelle Fain Date: March 2014	Reviewed by:				
	Date:				

I. PURPOSE STATEMENT


The purpose of this policy is to establish clear guidelines for the hospital admission process based on age, race, color, creed, ethnicity, religion, national origin, marital status, sex, sexual orientation, gender identity or expression, disability, veteran or military status. (KGH003824 - Nondiscrimination Policy)

II. POLICY

A. It is the policy of Trios Health to staff the Patient Access Department 24 hours a day, seven days a week. Admission takes place in the general Patient Access Services area, Outpatient area, the Emergency Department or at the patient's bedside.

B. Upon the admission, the patients are provided the following forms:

1. Patient Rights and Responsibilities - Patients are made aware of their right to make decisions regarding their medical care. The patient also has the right to receive assistance in applying for charity care and/ or financial assistance in the event they are unable to pay for their hospital care and they qualify for assistance. (KGH000299 Patient Rights and Responsibilities)
2. Notice of Privacy Practice – Patients are made aware of how this notice describes information about them maybe used and disclosed. The patient will also be advised how to access their information.
(KGH003724 Notice of Privacy Practices)
3. Conditions of Admissions/General Consent to Treat - Patients are made aware that consent of treatment and procedures necessary, routine or advisable for care. (KGH000183 Informed Consents)
4. Advance Directive - Patients are informed of their right to make advance directives. The advance directives will be honored within the limits of the law and our organizations mission, philosophy and capabilities (KGH000077 Advance Directives).
5. Consent for Photography - Photographs may be taken for identification

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TITLE: Hospital Admission Process	Implementation Date: 03/2014 Revised Date:

purposes or safety concerns. (KGH000186 Consent to Photograph, Video/Audio Record and Other Imaging of Patients)


6. Smoke Free Policy -Patients are made aware that Trios Health is a smoke /tobacco free facility. The policy protects everyone from the exposure to the harmful effects of second hand smoke. (KGH003314 Smoke and Tobacco Free Environment)

III. IMPLEMENTATION AND TRAINING PLAN

- A. New and revised policies will be sent via email to all employees with an email address. Each department manager will ensure that those employees without a district email address are notified of new and revised policies that are pertinent to their position.
- B. Employees will be shown how to access policies on the Trios Health policy site during the orientation process.

IV. REFERENCE SECTION

- A. Washington Hospital Association Bulletin
- B. Distribution: Patient Access Department
- C. Supersedes: New
- D. Prepared/Updated by : Michelle Fain
- E. Reviewed by: Policy and Procedure Committee
- F. Approved by: Michelle Fain
- G. Joint Commission Standard or Other Regulatory body

		Index No.: KGH003826 Intradoc Folder: District Page 1 of 2			
TITLE: Trios Health Reproductive Health Policy		Implementation Date: 03/2014 Revised Date:			
APPROVED: (Signed) <u>Signature on File</u> (Typed) Diane Sanders Date: 03/2014	Reviewed by:				
	Date:				

I. PURPOSE STATEMENT


To provide a guideline on which reproductive services are provided at Kennewick Public Hospital District (KPHD).

II. POLICY and/or PROCEDURE STATEMENT

A. KPHD provides a service for the care of patients who need Obstetrical and Gynecological care. All patients will receive care based upon their individual needs.

B. Services provided include the following, but is not limited to;

1. Routine and high-risk obstetrical care
2. In-patient obstetrical care
3. Vaginal birth
4. Cesarean birth
5. Hormone replacement therapy
6. Vaginal reparative surgery
7. Incontinence procedures
8. Laparoscopic surgery
9. General and adolescent gynecological care
10. Natural and traditional menopausal care
11. Annual Exams
12. Preconception counseling
13. Contraception Counseling
14. Infertility
15. Management of Premenstrual Syndrome (PMS) and Premenstrual Dysphoric Disorder (MPDD)

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TITLE: Trios Health Reproductive Health Policy	Implementation Date: 03/2014 Revised Date:

- 16. Sexually Transmitted Disease (STD) screening and treatment
 - 17. BRCA genetic testing (BRCA1 and BRCA2 assesses if a woman has an increased risk of developing breast and ovarian cancer)
 - 18. COLARIS genetic testing (assesses a woman's risk of developing hereditary uterine cancer)
 - 19. Termination of pregnancy
- C. As per RCW 9.02.150, KPHD does not mandate that any provider or staff member participate in the termination of a pregnancy. Only those providers and staff who are willing and desire to participate should do so. If an employee does not want to participate in the act, he or she must follow the process outlined in the KPHD Employee Handbook, Care that Conflicts with Values.

III. IMPLEMENTATION AND TRAINING PLAN

- A. New and revised policies will be sent via email to all employees with an email address. Each department manager will ensure that those employees without a district email address are notified of new and revised policies that are pertinent to their position.
- B. Employees will be shown how to access policies on the Trios Health policy site during the orientation process.

IV. REFERENCE SECTION

- A. References: Washington State Hospital Association, RCW 9.02.150, RCW 9.02.100, RCW 9.02.160
- B. Distribution: Trios Health – District Wide
- C. Supersedes: NEW
- D. Prepared/Updated by: Tammy Barnes RN, TMG Quality Improvement Coordinator
- E. Reviewed by: Policy and Procedure
- F. Approved by: Diane Sanders CNO
- G. Joint Commission Standard: N/A

Hospital Reproductive Health Services

In accordance with 2SSB 5602 (Laws of 2019), the purpose of this form is to provide the public with specific information about which reproductive health services are and are not generally available at each hospital.
Please contact the hospital directly if you have questions about services that are available.

Hospital name: Trios Health

Physical address: 3810 West Plaza Way

City: Kennewick

State: WA

ZIP Code: 99338

Hospital contact: Melanie Slatina

Contact phone #: 509-221-5886

An acute care hospital may not be the appropriate setting for all reproductive health services listed below.
Some reproductive services are most appropriately available in outpatient settings such as a physician office or clinic, depending on the specific patient circumstances.

The following reproductive health services are generally available at the above listed hospital:

Abortion services

- Medication abortion
- Referrals for abortion
- Surgical abortion

Contraception services

- Birth control: provision of the full range of Food and Drug Administration-approved methods including intrauterine devices, pills, rings, patches, implants, etc.
- Contraceptive counseling
- Hospital pharmacy dispenses contraception
- Removal of contraceptive devices
- Tubal ligations
- Vasectomies

Emergency contraception services

- Emergency contraception - sexual assault
- Emergency contraception - no sexual assault

Infertility services

- Counseling
- Infertility testing and diagnosis
- Infertility treatments including but not limited to in vitro fertilization

Other related services

- Human immunodeficiency virus (HIV) testing
- Human immunodeficiency virus (HIV) treatment
- Pre-exposure prophylaxis (PrEP), post-exposure prophylaxis (PEP), prescriptions, and related counseling
- Sexually transmitted disease testing and treatment
- Treatment of miscarriages and ectopic pregnancies

Pregnancy-related services

- Counseling
- Genetic testing
- Labor and delivery
- Neonatal intensive care unit
- Prenatal care
- Postnatal care
- Ultrasound

Comments; limitations on services; other services

Special Care Nursery

Additional comments on next page

Melanie Slatina

08/15/2019

Signed by:

Date (mm/dd/yyyy)



Hospital Reproductive Health Services

Hospital name: Trios Health

Additional comments; limitations on services; other services (*continued*)

[Empty rectangular box for additional comments]

Melanie Slatina

08/15/2019

Signed by:

Date (mm/dd/yyyy)

		Index No.: KGH003825 Intradoc Folder: District Page 1 of 4			
TITLE: Access to End-of-Life Care		Implementation Date: 3/2014 Revised Date:			
APPROVED: (Signed) <u>Signature on File</u> (Typed) Diane Sanders, CNO Date: 3/2014	Reviewed by:				
	Date:				


I. PURPOSE STATEMENT

- A. To define the integration of end-of-life care as a key component of family-centered, compassionate care, guided by a sense of respect, empathy and concern that addresses the unique needs of patients and their families.
- B. Patients have the right to accept or refuse medical treatment, including forgoing or withdrawing life-sustaining treatment or withholding resuscitative services.
- C. Patients are involved in decisions about care, treatment, and services provided.

II. POLICY STATEMENT

A. Access to end-of-life care

- 1. End-of-life care is not bounded by a specific prognosis; rather, it involves the recognition of the irreversibility of a life-limiting medical condition(s) that will likely result in death.
- 2. All clinical staff at Trios Health is responsible for end-of-life care.
- 3. Meeting patient and family needs is the central focus of care when cure or maintaining the continuum of health is no longer possible.
 - a. Patients and families have the opportunity to discuss and plan for end-of-life care including:
 - i. Scenarios and treatment preferences with the physician and health care proxy
- 4. Assurance that physical and mental suffering will be carefully attended to and comfort measures intently secured.
- 5. Assurance that preferences for withholding or withdrawing life-sustaining intervention will be honored.
 - a. Patients are treated with respect to their individual wishes for care and treatment with consideration of their values, religion and philosophy.
 - b. A request to discontinue treatment will be honored with the same support and respect as the decision to continue treatment.

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TITLE: Access to End-of-Life Care	Implementation Date: 3/2014 Revised Date:

6. Assurance that dignity will be a priority at the end-of-life.
 7. Patients will be provided medical resources and community support so the burden of illness will be minimized and need not overwhelm caring relationships.
 8. Attention will be made to the personal goals of the dying person whether it is to communicate with family and friends, to attend to spiritual needs, or to die at home or at another place of personal meaning.
 9. Hospice services are recognized as an integral part of the continuum of care.
 - a. Patients who have an expected prognosis of six months or less, assuming the disease follows its usual course, should be offered hospice services.
 10. Bereavement support and chaplaincy services are available to patients and their family members. Nursing, social services and the chaplaincy program are available to provide resources to families.
 11. In the event of questions or differences of opinion among the patient, family or health care team members about the treatment goals, consultation is available from the hospital ethics committee.
- B. Care of the imminently dying patient
1. Imminently dying (aka actively dying) specifies the period of a patient's illness when death can be reasonably expected to occur within 14 days.
 2. Care will include:
 - a. Communication with the patient, family and surrogate decision makers that death is imminent
 - b. Preparing patient and family for what to expect during the normal dying process
 - c. Managing pain and other physical/psychological symptoms effectively
 - d. Educating/counseling patients and families concerning the appropriate use of pain and symptom treatments
 - e. Providing options for out-of-hospital care, including home or residential hospice services
 - f. Responding to the psychological, social, emotional, spiritual and cultural concerns of the patient and family, including children and



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TITLE: Access to End-of-Life Care

Implementation Date: 3/2014
Revised Date:

teens affected by the death


- g. Treating the body post death with respect according to the cultural and religious practices of the family and in accordance with local law
- h. Addressing issues of body or organ donation, autopsy and funeral planning with sensitivity
- i. Providing bereavement resources through the hospital and community

C. Advanced directives

1. Trios Health assures adult patients are informed of their right to make advance directives as per policy KGH000077.
2. In the absence of an advance directive, medical decisions for an incompetent person are made by a surrogate decision-maker.
3. Factors that should be considered when determining that medical treatment is in the patient's best interest include but are not limited to:
 - a. The patient's present level of physical, sensory, emotional, and cognitive functioning;
 - b. The various treatment options and the risks, side effects, and benefits of each of the options;
 - c. The life expectancy and prognosis for recovery with and without treatment;
 - d. The degree of physical pain resulting from the medical condition, treatment, or termination of treatment; and
 - e. The degree of dependency and loss of dignity resulting from the medical condition and treatment.
4. Assure that the presence or absence of any directives will not impact the patient's quality of care.
5. The adult patient may revoke an advance directive at any time, for any reason.

D. Death with Dignity Act

1. Trios Health allows its providers to participate in the Washington State Death with Dignity Act if they so choose per policies KGH003307 and KGH003308.

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TITLE: Access to End-of-Life Care	Implementation Date: 3/2014 Revised Date:

III. IMPLEMENTATION AND TRAINING PLAN

- A. New and revised policies will be sent via email to all employees with an email address. Each department manager will ensure that those employees without a district email address are notified of new and revised policies that are pertinent to their position.
- B. Employees will be shown how to access policies on the Trios Health policy site during the orientation process.

IV. REFERENCE SECTION

- A. References:
 - 1. American Medical Association, 2014. AMA Statement on End-of-Life Care.
 - 2. Washington State Hospital Association, 2014. End-of-Life Care Manual
 - 3. Center to Advance Palliative Care, 2014. A Crosswalk of National Quality Forum Preferred Practices
- B. Distribution: House wide
- C. Supersedes: New
- D. Prepared/Updated by: Nicole Hammond, RN, OCN
- E. Reviewed by: Policy and Procedure Committee
- F. Approved by: Diane Sanders, CNO
- G. Joint Commission or Other Regulatory Body: WA Department of Health WAC 246-320-141.

Exhibit 9: Patient Origin Study

Zipcode	County	2018
99336	Benton	35.58%
99337	Benton	19.41%
99301	Franklin	14.76%
99338	Benton	6.10%
99352	Benton	4.73%
97838	Umatilla	2.37%
99354	Benton	1.78%
99353	Benton	1.74%
99320	Benton	1.65%
99323	Walla Walla	1.06%
97882	Umatilla	1.04%
Other		9.78%
Total		100.00%

**Exhibit 10: Non-Binding Contractor's Estimator Letter
(to be provided in screening)**

Exhibit 11: Financing Letter

LIFEPOINT HEALTH®

February 11, 2020

Nancy Tyson, Executive Director
Certificate of Need Program
Department of Health
P.O. Box 47852
Olympia, WA 98504-7852

Dear Ms. Tyson:

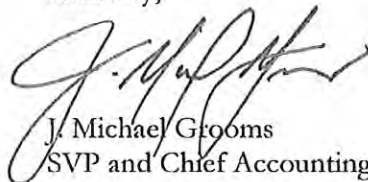
On behalf of Trios Health, LLC, LifePoint Health is writing to demonstrate its commitment to finance the capital expenditure for the certificate of need application to relocate the existing acute care beds on Trios' Auburn Campus to its Southridge campus.

Financing for these types of projects at LifePoint Health is undertaken through a program administered at the Company's headquarters, based in Brentwood, Tennessee. For this project, Life Point Health is proposing to provide a construction loan of up to approximately \$27.0 million. For this loan, Trios Health will be charged a rate of interest commensurate with LifePoint Health's weighted average cost of capital at the time the loans are made.

Included with this letter is a balance sheet for LifePoint Health demonstrating that as of September 30, 2019, available cash of approximately \$145 million are currently available for this project (estimated to be \$27 million).

Please do not hesitate to contact me if you have any questions or require additional information.

Sincerely,



J. Michael Grooms
SVP and Chief Accounting Officer

JMG:ksm

Enclosure

330 Seven Springs Way, Brentwood, Tennessee 37027

Phone 615.920.7000

LIFEPOINTHEALTH.NET
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LIFEPOINT HEALTH, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(In millions, except for share and per share amounts)

ASSETS	September 30, 2019 (Unaudited)	December 31, 2018 (a)
Current assets:		
Cash and cash equivalents	\$ 145.3	\$ 58.9
Accounts receivable	1,142.8	1,108.9
Inventories	225.3	224.4
Prepaid expenses	100.2	92.7
Other current assets	130.1	227.8
	<u>1,743.7</u>	<u>1,712.7</u>
Property and equipment:		
Land	243.0	265.7
Buildings and improvements	2,711.5	2,784.5
Equipment	1,322.2	1,079.2
Construction in progress	123.6	436.5
	<u>4,400.3</u>	<u>4,565.9</u>
Accumulated depreciation	(518.4)	(248.8)
	<u>3,881.9</u>	<u>4,317.1</u>
Intangible assets, net	69.6	74.5
Other long-term assets	355.0	319.8
Goodwill	2,935.0	2,567.6
Total assets	<u>\$ 8,985.2</u>	<u>\$ 8,991.7</u>
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	\$ 319.7	\$ 318.3
Accrued salaries	290.6	343.5
Other current liabilities	443.8	422.2
Current maturities of long-term debt	62.2	58.4
	<u>1,116.3</u>	<u>1,142.4</u>
Long-term debt, net	6,395.7	6,419.4
Long-term portion of reserves for self-insurance claims	183.9	194.0
Other long-term liabilities	154.6	146.5
Total liabilities	<u>7,850.5</u>	<u>7,902.3</u>
Redeemable noncontrolling interests	141.9	136.1
Equity:		
Common stock, \$0.01 par value; 30,000 shares authorized and 100 shares issued and outstanding at September 30, 2019 and December 31, 2018	-	-
Capital in excess of par value	1,306.8	1,308.3
Accumulated other comprehensive loss	(3.1)	(3.1)
Accumulated deficit	(343.9)	(381.8)
Total LifePoint Health, Inc. stockholders' equity	<u>959.8</u>	<u>923.4</u>
Noncontrolling interests	33.0	29.9
Total equity	<u>992.8</u>	<u>953.3</u>
Total liabilities and equity	<u>\$ 8,985.2</u>	<u>\$ 8,991.7</u>

(a) Derived from audited consolidated financial statements.

See accompanying notes

Exhibit 12: Pro Forma Financials

Trios Consolidation Certificate of Need

Financial Assumptions:

- Patient days, with and without the project, are the same and were detailed in Table X.
- Gross patient revenue was calculated using the same rates and utilization of services as in the baseline period of 2019. Payer mix associated with existing volumes was kept constant. No reimbursement changes were used in the pro forma. Thus, the net patient revenue per case is the same as the baseline period of 2019.
- Charity care: assumed to be 1.6% of gross revenue (with the project).
- Bad debt: assumed to be: 0.85% of gross revenue (with the project).
- Salary expense corresponds to the FTEs needed to provide acute care services. FTEs increase in accordance with the increase in patient days. This level of productivity is based upon the productivity that occurred in 2019. The statement does not include any compensation increases. However, with the consolidation of the two campuses, staffing redundancies were eliminated and this reduced overall FTEs by 24.
- Employee benefits are kept at the same percentage of salary as 2019 or 22.8% throughout the projection period.
- Supplies expense increases proportionate to the increase in patient days. There is no inflation associated with this expense or any expenses in the statement.
- Assumptions for the remainder of the operating expenses were:
 - Utilities expense are assumed to decrease by \$78,000 with the project due to the closure of the Auburn campus.
 - Purchased Services-Other includes security services and is projected to decrease by \$144,000 primarily, with the project, with the elimination of security costs associated with the Auburn campus.
 - Rentals and leases are for medical and office equipment.
 - Insurance: includes malpractice and liability insurance and is not assumed to change with the project.
 - License and taxes: are primarily property taxes and are assumed to decrease slightly with the project due to closure of the Auburn campus.
 - Interest: the interest expense line item is for the lease expense associated with the lease of the hospital. This line item also includes the lease expense associated with the lease of the medical office building.
 - Management fee: 2% of net revenue
 - Other Direct Expenses: This line item includes such items as bank fees, marketing, travel, dues and subscriptions, legal fees, etc.
- Depreciation: The project anticipates capital spending of \$26,937,623 with an associated annual depreciation expense of \$654,268 in years 2023-2024 and \$866,227 for the years 2025-2027. The combined assets of the project have a 24 year depreciable life. For the “without project” pro forma, no additional capital expending or associated depreciation expense was assumed.
- Accelerated depreciation for Auburn Campus: depreciation expense for the Auburn campus is accelerated with the project such that the building and equipment are fully depreciated by 2023 (the first year of consolidation).

Hospital With the Project

HOSPITAL INFORMATION												
DEDUCTIONS FROM REVENUE- HOSPITAL AGGREGATE WITH THE PROJECT												
ACCT:	ITEM:	2019B	2020	2021	2022	2023	2024	2025	2026	2027	PROJECTED	PROJECTED
5800	PROVISION FOR BAD DEBTS	2,898,053	2,956,014	3,035,826	3,117,794	3,201,974	3,288,427	3,377,215	3,468,400	3,562,047		
CONTRACTUAL ADJUSTMENTS												
5810	Medicare	168,127,963	172,774,194	177,444,010	182,244,866	187,180,551	192,254,964	197,472,120	202,836,152	208,351,318		
5820	Medicaid	98,986,401	101,721,899	104,471,283	107,297,817	110,203,733	113,191,325	116,262,959	119,421,067	122,668,156		
5830	Workers Compensation	7,699,654	7,912,435	8,126,296	8,346,157	8,572,194	8,804,584	9,043,511	9,289,164	9,541,739		
5840	Other Government Programs	935,672	961,530	987,518	1,014,236	1,041,704	1,069,945	1,098,979	1,128,831	1,159,525		
5850	Negotiated Rates	59,716,692	61,366,968	63,025,621	64,730,817	66,483,903	68,286,263	70,139,324	72,044,553	74,003,462		
5860	Other	3,475,865	3,571,921	3,668,464	3,767,717	3,869,757	3,974,665	4,082,524	4,193,420	4,307,440		
	Total Contractual Adjustments	338,942,248	348,308,947	357,723,192	367,401,612	377,351,843	387,581,746	398,099,417	408,913,188	420,031,640		
CHARITY CARE												
5900	Inpatient	2,022,221	2,076,823	2,132,957	2,190,665	2,249,994	2,310,991	2,373,704	2,438,182	2,504,476		
5910	Outpatient	3,443,241	3,536,213	3,631,791	3,730,051	3,831,071	3,934,931	4,041,711	4,151,498	4,264,379		
	Total Charity Care	5,465,462	5,613,036	5,764,748	5,920,717	6,081,066	6,245,922	6,415,415	6,589,680	6,768,855		
5970	ADMINISTRATIVE ADJUSTMENTS	0	0	0	0	0	0	0	0	0		
5980	OTHER DEDUCTIONS (Specify)	0	0	0	0	0	0	0	0	0		
	TOTAL DEDUCTIONS FROM REVENUE	347,305,763	356,877,997	366,523,766	376,440,122	386,634,882	397,116,095	407,892,047	418,971,268	430,362,542		
EXPLANATIONS:												

HOSPITAL INFORMATION - Consolidated
COMPARISON STATEMENT OF REVENUE & EXPENSE-UNRESTRICTED
FUNDS-HOSPITAL AGGREGATE WITH PROJECT

	BASELINE YR 2018	CURRENT YR 2019	PROJECTED YR 2020	PROJECTED YR 2021	PROJECTED YR 2022	PROJECTED YR 2023	PROJECTED YR 2024	PROJECTED YR 2025	PROJECTED YR 2026	PROJECTED YR 2027
OPERATING REVENUE:										
Inpatient Revenue	176,757,388	177,398,072	180,946,033	184,564,954	188,256,253	192,021,378	195,861,806	199,779,042	203,774,623	207,850,115
Outpatient Revenue	288,733,799	310,589,640	320,217,919	330,144,674	340,379,159	350,930,913	361,809,771	373,025,874	384,589,676	396,511,956
TOTAL PATIENT SERVICES REVENUE	465,491,188	487,987,712	501,163,952	514,709,628	528,635,412	542,952,291	557,671,577	572,804,916	588,364,299	604,362,072
	22,496,524	13,176,240	13,545,676	13,925,784	14,316,879	14,719,286	15,133,339	15,559,383	15,997,772	
DEDUCTIONS FROM REVENUE:	0	0	0	0	0	0	0	0	0	0
Provision for Bad Debt	9,655,700	2,898,053	2,956,014	3,035,826	3,117,794	3,201,974	3,288,427	3,377,215	3,468,400	3,562,047
Contractual Adjustments	309,998,003	338,942,248	348,308,947	357,723,192	367,401,612	377,351,843	387,581,746	398,099,417	408,931,188	420,031,640
Charity and Uncompensated Care	1,584,553	5,465,462	5,613,036	5,764,748	5,920,717	6,081,066	6,245,922	6,415,415	6,589,680	6,768,855
Other Adjustments and Allowances	321,238,257	347,305,763	356,877,997	366,523,766	376,440,122	386,634,882	397,116,095	407,892,047	418,974,268	430,362,542
TOTAL DEDUCTIONS FROM REVENUE	144,252,951	140,681,949	144,285,955	148,185,862	152,195,290	156,317,409	160,555,482	164,912,869	169,393,031	173,999,530
NET PATIENT SERVICE REVENUE										
OTHER OPERATING REVENUE										
Other Operating Revenue	5,567,251	3,250,572	3,338,337	3,428,473	3,521,041	3,616,109	3,713,744	3,814,015	3,916,994	4,022,753
Tax Revenues										
TOTAL OTHER OPERATING REVENUE	5,567,251	3,250,572	3,338,337	3,428,473	3,521,041	3,616,109	3,713,744	3,814,015	3,916,994	4,022,753
TOTAL OPERATING REVENUE	149,820,182	143,932,521	147,624,293	151,614,335	155,716,332	159,933,518	164,269,226	168,726,885	173,310,025	178,022,283
OPERATING EXPENSES										
Salaries and Wages	74,726,827	69,498,892	70,541,477	71,599,599	72,673,593	72,230,509	73,313,967	74,413,676	75,529,881	76,662,829
Employee Benefits	16,981,745	15,928,467	16,083,457	16,324,709	16,569,579	16,466,556	16,715,584	16,966,318	17,220,813	17,479,125
Professional Fees	11,913,985	4,948,240	3,900,000	3,900,000	3,900,000	3,622,863	3,622,863	3,622,863	3,622,863	3,622,863
Supplies	28,514,112	26,899,955	26,361,956	26,889,195	27,695,871	28,292,707	29,141,488	30,015,733	30,916,205	31,843,691
Purchased Services - Utilities	2,238,041	2,266,910	2,289,579	2,335,371	2,382,078	2,272,439	2,317,887	2,364,245	2,411,530	2,459,761
Purchased Services - Other	13,330,760	14,615,563	13,900,000	13,900,000	13,900,000	13,756,000	13,756,000	13,756,000	13,756,000	13,756,000
Depreciation	9,854,951	6,359,332	6,359,332	6,359,332	6,359,332	6,514,680	6,514,680	6,726,639	6,726,639	6,726,639
Rentals and Leases	2,016,230	1,259,075	1,284,257	1,309,942	1,336,140	1,362,863	1,390,121	1,417,923	1,446,281	1,475,207
Insurance	2,075,462	1,487,579	1,517,331	1,547,677	1,578,651	1,610,203	1,642,407	1,675,256	1,708,761	1,742,936
License and Taxes	3,638,116	3,756,818	3,842,154	3,918,997	3,997,377	4,068,825	4,150,201	4,233,705	4,317,870	4,404,227
Interest	11,136,797	2,347,978	2,418,417	2,490,970	2,565,699	2,642,670	2,721,950	2,803,609	2,887,717	2,974,348
Mgmt. Fee	0	2,863,431	2,885,719	2,963,717	3,043,906	3,126,348	3,211,110	3,298,257	3,387,861	3,479,991
Other Direct Expenses	1,604,405	1,458,495	1,487,665	1,532,295	1,578,264	1,604,282	1,652,411	1,701,983	1,755,042	1,805,634
TOTAL OPERATING EXPENSES	178,131,531	153,700,835	152,871,343	155,071,804	157,580,470	157,572,945	160,150,669	162,995,707	165,685,462	168,433,250
NET OPERATING REVENUE	(28,311,349)	(9,768,314)	(5,247,051)	(3,457,469)	(1,864,139)	2,360,573	4,118,557	5,731,178	7,624,563	9,589,032
NON-OPERATING REVENUE-NET OF EXPENSES										
NET REVENUE BEFORE ITEMS LISTED BELOW	(28,311,349)	(9,768,314)	(5,247,051)	(3,457,469)	(1,864,139)	2,360,573	4,118,557	5,731,178	7,624,563	9,589,032
Capitalized Interest						70,729	70,729	78,892	78,892	78,892
FEDERAL INCOME TAX										
NET REVENUE OR (EXPENSE)	(28,311,349)	(9,768,314)	(5,247,051)	(3,457,469)	(1,864,139)	2,289,844	4,047,828	5,652,286	7,545,671	9,510,140

BALANCE SHEET - UNRESTRICTED FUND-HOSPITAL AGGREGATE												
HOSPITAL INFORMATION												
ASSETS	CURRENT Dec. 31, 2018	PROJECTED 2019	PROJECTED 2020	PROJECTED 2021	PROJECTED 2022	PROJECTED 2023	PROJECTED 2024	PROJECTED 2025	PROJECTED 2026	PROJECTED 2027		
CURRENT ASSETS:												
Cash	945,550	795,550	870,550	820,550	770,550	845,550	920,550	995,550	1,070,550	1,145,550		
Marketable Securities												
Accounts Receivable	69,941,562	73,321,738	75,301,511	77,336,792	79,429,187	81,580,344	83,791,965	86,065,798	88,403,646	90,807,363		
Less-Estimated Uncollectable & Allowances	50,069,161	52,488,932	53,906,195	55,363,195	56,861,080	58,401,032	59,984,268	61,612,040	63,285,638	65,006,390		
Receivables From Third Party Payors	1,690,000	1,521,000	1,368,900	1,232,010	1,108,809	997,928	898,135	808,322	727,490	654,741		
Pledges And Other Receivables	1,540,943	1,463,896	1,390,701	1,321,166	1,255,108	1,192,352	1,132,735	1,076,098	1,022,293	971,178		
Due From Restricted Funds		0	0	0	0	0	0	0	0	0		
Inventory	3,309,277	3,143,813	2,986,622	2,837,291	2,695,427	2,560,655	2,432,623	2,310,992	2,195,442	2,085,670		
Prepaid Expenses	1,392,442	1,322,820	1,256,679	1,193,845	1,134,153	1,077,445	1,023,573	972,394	923,774	877,586		
Current Portion Of Funds Held In Trust												
TOTAL CURRENT ASSETS	28,750,613	29,079,885	29,268,768	29,378,460	29,532,153	29,853,243	30,215,313	30,617,114	31,057,557	31,535,697		
BOARD DESIGNATED ASSETS:												
Cash	727,546	0	0	0	0	0	0	0	0	0		
Marketable Securities	9,171	0	0	0	0	0	0	0	0	0		
Other Assets	0	0	0	0	0	0	0	0	0	0		
TOTAL BOARD DESIGNATED ASSETS	736,717	0	0	0	0	0	0	0	0	0		
PROPERTY, PLANT AND EQUIPMENT:												
Land												
Land Improvements												
Buildings												
Fixed Equipment - Building Service												
Fixed Equipment - Other												
Equipment												
Leasehold Improvements												
Construction In Progress												
TOTAL												
Less Accumulated Depreciation												
NET PROPERTY, PLANT & EQUIPMENT	15,957,892	16,573,743	16,789,484	16,996,749	17,172,101	17,191,957	17,182,588	17,145,144	17,080,649	16,990,027		
INVESTMENTS AND OTHER ASSETS:												
Investments In Property, Plant & Equipment												
Less - Accumulated Depreciation												
Other Investments	7,088,839	7,088,839	7,088,839	7,088,839	7,088,839	7,088,839	7,088,839	7,088,839	7,088,839	7,088,839		
Other Assets												
TOTAL INVESTMENTS & OTHER ASSETS	7,088,839	7,088,839	7,088,839	7,088,839	7,088,839	7,088,839	7,088,839	7,088,839	7,088,839	7,088,839		
INTANGIBLES ASSETS:												
Goodwill	(18,210,950)	(18,210,950)	(18,210,950)	(18,210,950)	(18,210,950)	(18,210,950)	(18,210,950)	(18,210,950)	(18,210,950)	(18,210,950)		
Unamortized Loan Costs												
Preopening And Other Organization Costs												
Other Intangible Assets												
TOTAL INTANGIBLE ASSETS	(18,210,950)	(18,210,950)	(18,210,950)	(18,210,950)	(18,210,950)	(18,210,950)	(18,210,950)	(18,210,950)	(18,210,950)	(18,210,950)		
TOTAL ASSETS	34,323,111	34,631,517	34,936,142	35,253,098	35,582,143	35,923,089	36,275,790	36,640,146	37,016,095	37,403,613		

BALANCE SHEET - UNRESTRICTED FUND-HOSPITAL-AGGREGATE												
HOSPITAL INFORMATION												
	CURRENT	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED	PROJECTED
	Dec. 31, 2018	2019	2020	2021	2022	2023	2024	2025	2026	2027		
LIABILITIES AND FUND BALANCES-UNRESTRICTED												
CURRENT LIABILITIES:												
Notes and Loans Payable	0	0	0	0	0	0	0	0	0	0	0	0
Accounts Payable	9,684,448	9,878,137	10,075,700	10,277,214	10,482,758	10,692,413	10,906,261	11,124,387	11,346,874	11,573,812		
Accrued Compensation and Related Liabilities	5,943,981	5,062,249	6,183,494	6,307,163	6,433,307	6,561,973	6,693,212	6,827,077	6,963,618	7,102,890		
Other Accrued Expenses												
Advances from Third Party Payors												
Payables to Third Party Payors												
Due to Restricted Funds												
Income Taxes Payable												
Other Current Liabilities	985,874	0	0	0	0	0	0	0	0	0	0	0
Current Maturities of Long Term Debt	16,613,703	15,940,386	16,259,193	16,584,377	16,916,065	17,254,386	17,599,474	17,951,463	18,310,492	18,676,702		
TOTAL CURRENT LIABILITIES												
DEFERRED CREDITS:												
Deferred Income Taxes												
Deferred Third Party Revenue	576,090	604,895	635,139	666,896	700,241	735,253	772,016	810,616	851,147	893,705		
Other Deferred Credits	576,090	604,895	635,139	666,896	700,241	735,253	772,016	810,616	851,147	893,705		
TOTAL DEFERRED CREDITS												
LONG TERM DEBT:												
Mortgage Payable												
Construction Loans - Interim Financing												
Notes Payable	493,643	444,279	399,851	359,856	323,879	291,491	262,342	236,108	212,497	191,247		
Capitalized Lease Obligations	(16,409)	0	0	0	0	0	0	0	0	0	0	0
Bonds Payable												
Notes and Loans Payable to Parent	20,091,743	28,495,479	33,742,529	37,199,998	39,064,136	36,703,563	34,945,579	33,332,958	31,439,574	29,475,104		
Noncurrent Liabilities												
TOTAL	20,568,977	28,939,757	34,142,380	37,559,864	39,388,016	36,995,054	35,207,921	33,569,066	31,652,071	29,666,351		
Less Current Maturities of Long Term Debt	985,874	0	0	0	0	0	0	0	0	0	0	0
TOTAL LONG TERM DEBT	19,583,103	28,939,757	34,142,380	37,559,864	39,388,016	36,995,054	35,207,921	33,569,066	31,652,071	29,666,351		
UNRESTRICTED FUND BALANCE	25,861,565	25,861,565	25,861,565	25,861,565	25,861,565	25,861,565	25,861,565	25,861,565	25,861,565	25,861,565		
EQUITY (INVESTOR OWNED)												
Preferred Stock												
Common Stock												
Additional Paid In Capital												
Retained Earnings (Capital Account for Partnership or Sole Proprietorship)	(28,311,349)	(36,715,085)	(41,962,136)	(45,419,604)	(47,283,743)	(44,923,170)	(43,165,186)	(41,552,565)	(39,659,180)	(37,694,711)		
Less Treasury Stock	(28,311,349)	(36,715,085)	(41,962,136)	(45,419,604)	(47,283,743)	(44,923,170)	(43,165,186)	(41,552,565)	(39,659,180)	(37,694,711)		
TOTAL LIABILITIES AND FUND BALANCE OR EQUITY	34,323,112	34,631,517	34,936,142	35,253,098	35,582,143	35,923,089	36,275,790	36,640,146	37,016,095	37,403,613		

Hospital Without the Project

HOSPITAL INFORMATION												
DEDUCTIONS FROM REVENUE- HOSPITAL AGGREGATE WITHOUT THE PROJECT												
ACCT: ITEM:	CURRENT		PROJECTED		PROJECTED		PROJECTED		PROJECTED		PROJECTED	
	2019B	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
5800	PROVISION FOR BAD DEBITS	2,898,053	2,956,014	3,035,826	3,117,794	3,201,974	3,288,427	3,377,215	3,468,400			
CONTRACTUAL ADJUSTMENTS												
5810	Medicare	168,127,963	172,774,194	177,444,010	182,244,866	187,180,551	192,254,964	197,472,120	202,836,152			208,351,318
5820	Medicaid	98,986,401	101,721,899	104,471,283	107,297,817	110,203,733	113,191,325	116,262,959	119,421,067			122,668,156
5830	Workers Compensation	7,699,654	7,912,435	8,126,296	8,346,157	8,572,194	8,804,584	9,043,511	9,289,164			9,541,739
5840	Other Government Programs	935,672	961,530	987,518	1,014,236	1,041,704	1,069,945	1,098,979	1,128,831			1,159,525
5850	Negotiated Rates	59,716,692	61,366,968	63,025,621	64,730,817	66,483,903	68,286,263	70,139,324	72,044,553			74,003,462
5860	Other	3,475,865	3,571,921	3,668,464	3,767,717	3,869,757	3,974,665	4,082,524	4,193,420			4,307,440
	Total Contractual Adjustments	338,942,248	348,308,947	357,723,192	367,401,612	377,351,843	387,581,746	398,099,417	408,913,188			420,031,640
CHARITY CARE												
5900	Inpatient	2,022,221	2,076,823	2,132,957	2,190,665	2,249,994	2,310,991	2,373,704	2,438,182			2,504,476
5910	Outpatient	3,443,241	3,536,213	3,631,791	3,730,051	3,831,071	3,934,931	4,041,711	4,151,498			4,264,379
	Total Charity Care	5,465,462	5,613,036	5,764,748	5,920,717	6,081,066	6,245,922	6,415,415	6,589,680			6,768,855
5970	ADMINISTRATIVE ADJUSTMENTS	0	0	0	0	0	0	0	0			0
5980	OTHER DEDUCTIONS (Specify)	0	0	0	0	0	0	0	0			0
	TOTAL DEDUCTIONS FROM REVENUE	347,305,763	356,877,997	366,523,766	376,440,122	386,634,882	397,116,095	407,892,047	418,971,268			430,362,542

EXPLANATIONS:

HOSPITAL INFORMATION
COMPARISON STATEMENT OF REVENUE & EXPENSE-UNRESTRICTED
FUNDS-HOSPITAL AGGREGATE WITHOUT PROJECT

	BASELINE YR 2018	CURRENT YR 2019B	69.5%						PROJECTED YR 2027	
			PROJECTED YR 2020	PROJECTED YR 2021	PROJECTED YR 2022	PROJECTED YR 2023	PROJECTED YR 2024	PROJECTED YR 2025		PROJECTED YR 2026
OPERATING REVENUE:										
Inpatient Revenue	176,757,388	177,398,072	180,946,033	184,564,954	188,256,253	192,021,378	195,861,806	199,779,042	203,774,623	207,850,115
Outpatient Revenue	288,733,799	310,589,640	320,217,919	330,144,674	340,379,159	350,930,913	361,809,771	373,025,874	384,589,676	396,511,956
TOTAL PATIENT SERVICES REVENUE	465,491,188	487,987,712	501,163,952	514,709,628	528,635,412	542,952,291	557,671,577	572,804,916	588,364,299	604,362,072
DEDUCTIONS FROM REVENUE:										
Provision for Bad Debt	9,655,700	2,898,053	2,956,014	3,035,826	3,117,794	3,201,974	3,288,427	3,377,215	3,468,400	3,562,047
Contractual Adjustments	309,998,003	338,942,248	348,308,947	357,723,192	367,401,612	377,351,843	387,581,746	398,099,417	408,913,188	420,031,640
Charity and Uncompensated Care	1,584,553	5,465,462	5,613,036	5,764,748	5,920,717	6,081,066	6,245,922	6,415,415	6,589,680	6,768,855
Other Adjustments and Allowances	321,238,257	347,305,763	356,877,997	366,523,766	376,440,122	386,634,882	397,116,095	407,892,047	418,971,268	430,362,542
TOTAL DEDUCTIONS FROM REVENUE	144,252,931	140,681,949	144,285,955	148,185,862	152,195,290	156,317,409	160,555,482	164,912,869	169,393,031	173,999,530
NET PATIENT SERVICE REVENUE										
OTHER OPERATING REVENUE										
Other Operating Revenue	5,567,251	3,250,572	3,338,337	3,428,473	3,521,041	3,616,109	3,713,744	3,814,015	3,916,994	4,022,753
Tax Revenues										
TOTAL OTHER OPERATING REVENUE	5,567,251	3,250,572	3,338,337	3,428,473	3,521,041	3,616,109	3,713,744	3,814,015	3,916,994	4,022,753
TOTAL OPERATING REVENUE	149,820,182	143,932,521	147,624,293	151,614,335	155,716,332	159,933,518	164,269,226	168,726,885	173,310,025	178,022,283
OPERATING EXPENSES										
Salaries and Wages	74,726,927	69,498,992	70,541,477	71,599,599	72,673,593	73,763,697	74,870,152	75,993,205	77,133,103	78,290,099
Employee Benefits	16,981,745	15,928,467	16,083,457	16,324,709	16,569,579	16,818,123	17,070,395	17,326,451	17,586,347	17,850,143
Professional Fees	11,913,985	4,948,240	3,900,000	3,900,000	3,900,000	3,900,000	3,900,000	3,900,000	3,900,000	3,900,000
Supplies	28,514,112	26,899,955	26,361,956	26,889,195	27,695,871	28,526,747	29,382,549	30,264,026	31,171,947	32,107,105
Purchased Services - Utilities	2,238,041	2,266,910	2,289,579	2,335,371	2,382,078	2,429,720	2,478,314	2,527,880	2,578,438	2,630,007
Purchased Services - Other	13,330,760	14,615,563	13,900,000	13,900,000	13,900,000	13,900,000	13,900,000	13,900,000	13,900,000	13,900,000
Depreciation	9,954,951	5,860,412	5,860,412	5,860,412	5,860,412	5,860,412	5,860,412	5,860,412	5,860,412	5,860,412
Rentals and Leases	2,016,230	1,259,075	1,284,257	1,309,942	1,336,140	1,362,863	1,390,121	1,417,923	1,446,281	1,475,207
Insurance	2,075,462	1,487,579	1,517,331	1,547,677	1,578,651	1,610,203	1,642,407	1,675,256	1,708,761	1,742,936
License and Taxes	3,688,116	3,766,818	3,842,154	3,918,997	3,997,377	4,077,325	4,158,871	4,242,049	4,326,890	4,413,428
Interest	11,136,797	2,347,978	2,418,417	2,490,970	2,565,699	2,642,670	2,721,950	2,803,609	2,887,717	2,974,348
Mgmt Fee		2,863,431	2,885,719	2,963,717	3,043,906	3,126,348	3,211,110	3,298,257	3,387,861	3,479,991
Other Direct Expenses	1,604,405	1,458,495	1,487,665	1,532,295	1,578,264	1,625,612	1,674,380	1,724,611	1,776,350	1,829,640
TOTAL OPERATING EXPENSES	178,131,531	153,201,915	152,372,423	154,572,884	157,081,550	159,643,720	162,260,662	164,933,678	167,664,106	170,453,315
NET OPERATING REVENUE	(28,311,349)	(9,269,394)	(4,748,131)	(2,958,549)	(1,365,219)	289,799	2,008,565	3,793,207	5,645,919	7,568,967
NON-OPERATING REVENUE-NET OF EXPENSES										
NET REVENUE BEFORE ITEMS LISTED BELOW	(28,311,349)	(9,269,394)	(4,748,131)	(2,958,549)	(1,365,219)	289,799	2,008,565	3,793,207	5,645,919	7,568,967
Capitalized interest										
FEDERAL INCOME TAX										
NET REVENUE OR (EXPENSE)	\$ (28,311,349)	\$ (9,269,394)	\$ (4,748,131)	\$ (2,958,549)	\$ (1,365,219)	\$ 289,799	\$ 2,008,565	\$ 3,793,207	\$ 5,645,919	\$ 7,568,967

EXPLANATION: