

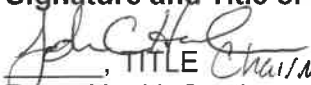



Certificate of Need Application Hospital Projects

Exclude hospital projects for sale, purchase, or lease of a hospital, or skilled nursing beds. Use service-specific addendum, if applicable.

Certificate of Need applications must be submitted with a fee in accordance with Washington Administrative Code [\(WAC\) 246-310-990](#).

Application is made for a Certificate of Need in accordance with provisions in Revised Code of Washington (RCW) 70.38 and WAC 246-310, rules and regulations adopted by the Washington State Department of Health. I attest that the statements made in this application are correct to the best of my knowledge and belief.

<p>Signature and Title of Responsible Officers</p> <p> _____, TITLE <i>Chairman</i> PeaceHealth Southwest LLC</p> <p>Email address:  _____, TITLE <i>CEO Managing Partner</i> PMB Email address: Mark@pmbllc.com</p>	<p>Date: August 9, 2024 Telephone Number:</p> <p>Date: August 9, 2024 Telephone Number:</p>										
<p>Legal Name and Address of Applicants:</p> <p>PeaceHealth Southwest, LLC c/o PeaceHealth, Columbia Network 602 NE 92nd Avenue Vancouver, WA 98664</p> <p>PMB Vancouver 2, LLC 329 South Highway 101 Suite 160 Solana Beach, CA 92075</p>	<p><input checked="" type="checkbox"/> New hospital <input type="checkbox"/> Expansion of existing hospital (identify facility name and license number)</p> <p>Provide a brief project description, including the number of beds and the location. Establish a 50-bed acute rehabilitation hospital in Vancouver, Clark County.</p> <p>Estimated capital expenditure: <u>\$91,778,767</u></p>										
<p>Identify the Hospital Planning Area: DOH does not have assigned planning area for Acute Rehabilitation.</p>											
<p>Identify if this project proposes the addition or expansion of one of the following services:</p> <table style="width: 100%; border: none;"> <tr> <td><input type="checkbox"/> NICU Level II</td> <td><input type="checkbox"/> NICU Level III</td> <td><input type="checkbox"/> NICU Level IV</td> <td><input type="checkbox"/> Specialized Pediatric (PICU)</td> <td><input type="checkbox"/> Psychiatric (within acute care hospital)</td> </tr> <tr> <td><input type="checkbox"/> Organ Transplant (identify)</td> <td><input type="checkbox"/> Open Heart Surgery</td> <td><input type="checkbox"/> Elective PCI</td> <td><input checked="" type="checkbox"/> PPS-Exempt Rehab (Level 1)</td> <td><input type="checkbox"/> Specialty Bum Services</td> </tr> </table>		<input type="checkbox"/> NICU Level II	<input type="checkbox"/> NICU Level III	<input type="checkbox"/> NICU Level IV	<input type="checkbox"/> Specialized Pediatric (PICU)	<input type="checkbox"/> Psychiatric (within acute care hospital)	<input type="checkbox"/> Organ Transplant (identify)	<input type="checkbox"/> Open Heart Surgery	<input type="checkbox"/> Elective PCI	<input checked="" type="checkbox"/> PPS-Exempt Rehab (Level 1)	<input type="checkbox"/> Specialty Bum Services
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**PEACEHEALTH SOUTHWEST, LLC
PMB VANCOUVER 2, LLC**

**CERTIFICATE OF NEED APPLICATION
ESTABLISHMENT OF AN
INPATIENT REHABILITATION HOSPITAL
IN
CLARK COUNTY**

August 2024

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INTRODUCTION

This Certificate of Need (CN) application requests approval to establish a new 50-bed inpatient rehabilitation hospital (IRF) in Vancouver, Clark County, Washington. Today, PeaceHealth Southwest Washington Medical Center (PeaceHealth Southwest) operates a Level II 14-bed acute inpatient rehabilitation unit, located within its hospital. Patient origin data consistently shows that about 88% of its acute rehabilitation patients reside in Clark, Cowlitz, Skamania, Wahkiakum, and Western Klickitat counties. Throughout this application, this region is referred to as the primary service area, or PSA. Another 5% of its patients reside in Northwest Oregon. The PeaceHealth Southwest acute rehabilitation beds are the only acute rehabilitation, or IRF, beds located in the PSA.

The IRF will be licensed as an acute care hospital under RCW 70.41. All beds will operate as Level I rehabilitation beds. When the new IRF opens, the existing PeaceHealth Southwest unit will no longer provide acute rehabilitation, such that the net addition of beds to Clark County and the PSA is 36.

The current unit at PeaceHealth Southwest, established in 1993, provides high-quality inpatient rehabilitation, but is undersized for current patient demand and state-of-the-art therapeutic equipment. It would be challenging, costly, and highly disruptive to try to update in the current location. The existing unit is about 25% undersized (measured as square feet per bed) from current industry standards. The physical constraints of the unit also limit dedicated space for specialty care such as brain and spinal cord injury.

To best meet community health needs now and into the future, PeaceHealth partnered with Lifepoint Rehabilitation (LR), a business unit of Lifepoint Health (Lifepoint), to form PeaceHealth Southwest, LLC (the LLC). The LLC will license and operate the new state-of-the-art accredited IRF being constructed by PMB Vancouver 2, LLC (PMB). PMB will finance, develop, and lease the IRF facility to the LLC, and so, at the request of the CN Program (the Program), is a co-applicant to this CN. Other than the lease, PMB will have no role in the licensing, accrediting, or ongoing operation of the IRF.

The IRF will be a modern, innovative, full-service rehabilitation hospital designed with a patient-centered focus to ensure the safest, most advanced, most therapeutic environment for care. The hospital is expected to open in 2027, and will serve patients who qualify for treatment in the acute rehabilitation setting. Common conditions at admission will include stroke, brain injury, spinal cord injury, complex neurological and orthopedic injuries, multiple traumas, amputation, and other serious injuries or illnesses. Twelve of the new beds will be designated to provide care to patients with brain and spinal cord injuries. Patients will generally be aged 16 and over. The IRF will feature:

- 50 all-private rooms and full bathrooms, including specialty care patient rooms and isolation rooms;
- A designated area for acquired brain injury and spinal cord patients;

- A main therapy suite comprised of a therapy gym, infrastructure for advanced patient care technology and therapy equipment, rooms for multiple therapy protocols, private therapy rooms, a cooking therapy room, an activities of daily living (ADL) therapy suite/apartment; and
- State-of-the-art rehabilitation equipment such as equipment for neurological rehabilitation for robotic-assisted shoulder and elbow therapy, a Smart car to practice transfers in and out of a vehicle, and exoskeleton equipment for stroke and spinal cord injury rehabilitation.

SECTION 1

Applicant Description

1. Provide the legal name and address of the applicant(s) as defined in WAC 246-310-010(6).

The legal names of the applicants are PeaceHealth Southwest, LLC (the LLC), and PMB Vancouver 2, LLC (PMB). The LLC, which will own and operate the new 50-bed inpatient rehabilitation hospital (IRF), is a joint venture between PeaceHealth and Lifepoint Rehabilitation (LR), a business unit of Lifepoint Health, Inc. (Lifepoint). At this time, the address of the LLC is:

PeaceHealth Southwest, LLC
c/o PeaceHealth, Columbia Network
602 NE 92nd Avenue
Vancouver, WA 98664

PMB will finance, develop, and lease the IRF to the LLC. The address of PMB is:

PMB Vancouver 2, LLC
329 South Highway 101
Suite 160
Solana Beach, CA 92075

The IRF will be located on land currently owned by PeaceHealth. PeaceHealth will enter into a long-term land lease with PMB. PMB will finance, develop, and lease back the building to the LLC, which will license and operate the IRF. The LLC will also certify and secure accreditation for the IRF, and will enter into a management agreement with a subsidiary of Lifepoint Rehabilitation (LR) for day-to-day management of the IRF's operations.

Upon opening of the new IRF, PeaceHealth Southwest will no longer use its 14 beds for acute rehabilitation, such that the net gain in acute rehabilitation beds for the PSA will be 36.

2. Identify the legal structure of the applicant (LLC, PLLC, etc.) and provide the unified business identifier (UBI).

Both the LLC and PMB are Washington State limited liability companies. Copies of the Certificates of Formation from the Secretary of State are included as Exhibit 1.

The UBI number for the LLC is 605 336 818. The UBI number for PMB is 605 519 708.

3. Provide the name, title, address, telephone number, and email address of the contact person for this application.

The contact person for this application is:

Tracey Fernandez
Chief Financial Officer, Columbia Network
400 NE Mother Joseph Place
Vancouver, WA 98664
tfernandez1@peacehealth.org

4. Provide the name, title, address, telephone number, and email address of the consultant authorized to speak on your behalf related to the screening of this application (if any).

Jody Carona
Health Facilities Planning & Development
120 1st Avenue West
Suite 100
Seattle, WA 98119
(206) 441-0971
healthfac@healthfacilitiesplanning.com

5. Provide an organizational chart that clearly identifies the business structure of the applicant(s).

Please see Exhibit 2 for the organizational charts for each co-applicant.

The LLC

The LLC is comprised of PeaceHealth (majority owner) and Lifepoint, through its subsidiary LPNT IRF Development 75, LLC.

Descriptions of the LLC members are below:

PeaceHealth

PeaceHealth, based in Vancouver, Washington, is a not-for-profit Catholic health system offering comprehensive healthcare to communities in Washington, Oregon, and Alaska. PeaceHealth has approximately 16,000 caregivers, a group practice with more than 1,200 providers, and nine medical centers serving both urban and rural communities throughout the Pacific Northwest. PeaceHealth was founded by the Sisters of St. Joseph of Peace and is driven by its belief that preventive healthcare and community well-being are fundamental rights. PeaceHealth operates five acute care hospitals in Washington. In addition to PeaceHealth Southwest Washington Medical Center, these include: PeaceHealth St. Joseph Medical Center in Bellingham, PeaceHealth United General Medical Center in Sedro-Woolley, PeaceHealth Peace Island Medical Center in Friday Harbor, and PeaceHealth St. John Medical Center in Longview. PeaceHealth also owns and/or operates hospitals in Oregon and Alaska.

Lifepoint Rehabilitation

Lifepoint Rehab, LLC (LR), a business unit of Lifepoint Health, Inc. (Lifepoint), is one of the largest providers of rehabilitation therapy in the country, and has a proven history in partnering with local hospitals to grow or add inpatient rehabilitation services. LR delivers high-quality patient outcomes in hospital-based acute rehabilitation, medical/surgical and outpatient therapy settings, and joint-venture inpatient rehabilitation hospitals. Lifepoint, a privately held company, has a diversified healthcare network spanning thirty-one states. This network includes community hospital campuses and rehabilitation and behavioral health hospitals. LR operates 43 inpatient rehabilitation and 24 behavioral health hospitals across the country, all of which are identified in the LifePoint Rehab facility list included in Exhibit 18. Additionally, LR partners with and provides contract management services for over 100 hospitals nationwide.

Lifepoint Health, Inc. owns and operates two acute care hospitals in Washington: Trios Health and Lourdes Health. LifePoint Health, Inc. also owns the Rainier Springs and Lourdes Counseling Center behavioral health hospitals in Washington.

LR is a member of the LLC that operates the successful Virginia Mason Franciscan Health Rehabilitation Hospital in Tacoma, Washington. It is also a member of the LLC that received CN approval in 2022 to establish Northwest Washington Rehabilitation, located in Snohomish County and opening in August of 2024.

PMB

PMB Vancouver 2, LLC (PMB), is a privately held healthcare real estate development company that was founded in 1971. It partners with health systems, medical groups, capital sources, architects, contractors, operators, and healthcare consultants to develop exceptional healthcare real estate. PMB owns its assets indefinitely.

PMB is also a co-holder of the 2022 CN related to Northwest Washington Rehabilitation in Snohomish County.

6. Provide the name and address of the existing facility.

This question is not applicable.

7. Provide the name and address of the proposed facility. If an address is not yet assigned, provide the county parcel number and the approximate timeline for assignment of the address.

The address of the property at which the IRF will be located is:

3400 Main Street
Vancouver, WA 98663

The US Postal Service reserves the right to alter the address. Accordingly, we are providing the parcel numbers associated with the site:

008760-000
008760-001
011251-000
011252-000
011277-000
011277-003
986028-420
986028-421

8. Confirm that the facility will be licensed and certified by Medicare and Medicaid. If this application proposes the expansion of an existing facility, provide the existing identification numbers.

The LLC will secure both licensure and certification of the IRF. The hospital will be licensed under RCW 70.41 and will accept both Medicare and Medicaid.

9. Identify the accreditation status of the facility before and after the project.

The IRF will seek accreditation from The Center for Improvement in Healthcare Quality (CIHQ). After an initial operating period, the LLC will also seek accreditation from the Commission for Accreditation of Rehabilitation Facilities (CARF).

10. Is the facility operated under a management agreement?

Yes No

This application is to establish a new hospital. There will be a management agreement.

11. Provide the following scope of service information:

Service	Currently Offered?	Offered Following Completion?
Alcohol and Chemical Dependency	<input type="checkbox"/>	<input type="checkbox"/>
Anesthesia and Recovery	<input type="checkbox"/>	<input type="checkbox"/>
Cardiac Care	<input type="checkbox"/>	<input type="checkbox"/>
Cardiac Care – Adult Open-Heart Surgery	<input type="checkbox"/>	<input type="checkbox"/>
Cardiac Care – Pediatric Open-Heart Surgery	<input type="checkbox"/>	<input type="checkbox"/>
Cardiac Care – Adult Elective PCI	<input type="checkbox"/>	<input type="checkbox"/>
Cardiac Care – Pediatric Elective PCI	<input type="checkbox"/>	<input type="checkbox"/>
Diagnostic Services	<input type="checkbox"/>	<input type="checkbox"/>
Dialysis – Inpatient	<input type="checkbox"/>	<input type="checkbox"/>
Emergency Services	<input type="checkbox"/>	<input type="checkbox"/>
Food and Nutrition	<input type="checkbox"/>	<input type="checkbox"/>
Imaging/Radiology	<input type="checkbox"/>	<input type="checkbox"/>
Infant Care/Nursery	<input type="checkbox"/>	<input type="checkbox"/>
Intensive/Critical Care	<input type="checkbox"/>	<input type="checkbox"/>
Laboratory	<input type="checkbox"/>	<input type="checkbox"/>
Medical Unit(s)	<input type="checkbox"/>	<input type="checkbox"/>
Neonatal – Level II	<input type="checkbox"/>	<input type="checkbox"/>
Neonatal – Level III	<input type="checkbox"/>	<input type="checkbox"/>
Neonatal – Level IV	<input type="checkbox"/>	<input type="checkbox"/>
Obstetrics	<input type="checkbox"/>	<input type="checkbox"/>
Oncology	<input type="checkbox"/>	<input type="checkbox"/>
Organ Transplant – Adult (list types, if applicable)	<input type="checkbox"/>	<input type="checkbox"/>
Organ Transplant – Pediatric (list types, if applicable)	<input type="checkbox"/>	<input type="checkbox"/>
Outpatient Services	<input type="checkbox"/>	<input type="checkbox"/>
Pediatrics	<input type="checkbox"/>	<input type="checkbox"/>
Pharmaceutical	<input type="checkbox"/>	<input type="checkbox"/>
Psychiatric	<input type="checkbox"/>	<input type="checkbox"/>
Skilled Nursing/Long-Term Care	<input type="checkbox"/>	<input type="checkbox"/>
Rehabilitation (Level I)	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Respiratory Care	<input type="checkbox"/>	<input type="checkbox"/>
Social Services	<input type="checkbox"/>	<input type="checkbox"/>
Surgical Services	<input type="checkbox"/>	<input type="checkbox"/>

SECTION 2 Facility Description

1. Provide a detailed description of the proposed project. If it is a phased project, describe each phase separately. For existing facilities, this should include a discussion of existing services and how these would or would not change as a result of the project.

This application seeks approval to establish a new 50-bed inpatient rehabilitation hospital (IRF) in Vancouver, Clark County, Washington. Today, PeaceHealth Southwest operates a 14-bed acute inpatient rehabilitation unit. As shown in **Table 1**, patient origin data for the PeaceHealth Southwest unit demonstrates that about 86% of the patients who are cared for on the acute rehabilitation unit reside in Clark or Cowlitz counties. In addition, another 2% are from Western Klickitat, Skamania, and Wahkiakum counties. While the number of admissions from these areas is low, these counties are highly rural, and PeaceHealth Southwest’s acute rehabilitation market share ranges from 33-57% in the region. Another 5% of their acute rehabilitation patients reside in Northwest Oregon, including the Portland area.

Table 1: Patient Origin and Estimated Market Share, 2023

County	PeaceHealth Southwest Number of Discharges	% of Total PeaceHealth Southwest Discharges	Total Estimated Market Discharges	Estimated Market Share
Primary Service Area				
Clark	218	71.5%	294	74.1%
Cowlitz	44	14.4%	62	71.0%
Western Klickitat	3	1.0%	9	33.3%
Skamania	4	1.3%	7	57.1%
Wahkiakum	1	0.3%	3	33.3%
Sub-Total PSA	270	88.5%	375	72.0%
NW Oregon				
Clackamas	4	1.3%	141	2.8%
Multnomah	8	2.6%	283	2.8%
Washington	0	0.0%	131	0.0%
Clatsop	0	0.0%	9	0.0%
Columbia	2	0.7%	34	5.9%
Sub-Total NW Oregon	14	4.6%	598	2.3%
Other	21	6.9%		
Total	305	100.00%		

Source: WA State CHARS Database, 2023. Market Share also includes Oregon Apprise data, 2023.

The current PeaceHealth Southwest acute rehabilitation unit is a Level II facility and houses the only acute rehabilitation beds in the PSA. As noted earlier, when the new IRF opens, the 14 existing PeaceHealth Southwest unit beds will close, such that the net addition of beds in the PSA is 36. The new facility will operate as a Level I rehabilitation facility.

2. If your project involves the addition or expansion of a tertiary service, confirm you included the applicable addendum for that service. Tertiary services are outlined under WAC 246-310-020(1)(d)(i).

The proposed project involves the addition of Level I rehabilitation beds, a tertiary service. The applicable addendum for this service is included as Exhibit 3.

3. Provide a breakdown of the beds, by type, before and after the project. If the project will be phased, include columns detailing each phase.

While the IRF is new, we have included the 14 beds currently available at PeaceHealth Southwest Washington Medical Center in “current” numbers.

	Current	Proposed
General Acute Care		
PPS Exempt Psych		
PPS Exempt Level I Rehab	14 ¹	50
NICU Level II		
NICU Level III		
NICU Level IV		
Specialized Pediatric		
Skilled Nursing		
Swing Beds (included in General Acute Care)		
Total:	14	50
Net Beds:		36

4. Indicate if any of the beds listed above are not currently set up, as well as the reason the beds are not set up.

All 14 beds are set up at PeaceHealth Southwest.

¹ Please note that the existing PeaceHealth Southwest Washington Medical Center beds are Level II, not Level I beds.

- 5. With the understanding that the review of a Certificate of Need application typically takes six to nine months, provide an estimated timeline for project implementation, below. For phased projects, adjust the table to include each phase.**

This is a single-phase project. The proposed timeline is below:

Event	Anticipated Month/Year
Anticipated CN Approval	February 2025
Design Completed	June 2025
Construction Commenced	November 2025
Construction Completed	March 2027
Facility Prepared for Survey	April 15, 2027
Facility Licensed – Project Complete WAC 246-310-010(47)	April 30, 2027

- 6. Provide a general description of the types of patients to be served as a result of this project.**

The IRF will offer intensive Level I acute rehabilitation services with the goal of returning patients to home either independently or with assistance from family members or other basic care providers. Patients benefiting from the IRF will include those with brain injury, lower extremity amputation, spinal cord injury, arthritis and joint conditions, gait disorders, hip and other traumatic fractures, joint replacement, neurological disorders, and stroke.

Patients admitted to the IRF must be medically stable enough to begin an intensive, comprehensive rehabilitation program. Medicare eligibility requires that patients be able to tolerate three hours of therapy per day, five days per week. In addition, a provider must state that the medical condition requires:

- Intensive rehabilitation.
- Continued medical supervision.
- Coordinated care from an interdisciplinary team.

- 7. Provide a copy of the letter of intent that was already submitted according to WAC 246-310-080.**

A copy of the letter of intent is included as Exhibit 4.

- 8. Provide single-line drawings (approximately to scale) of the facility, both before and after project completion. For additions or changes to existing hospitals, only provide drawings of those floor(s) affected by this project.**

Please see Exhibit 5 for single-line drawings of the proposed facility.

- 9. Provide the gross square footage of the hospital, with and without the project.**

The gross square footage (gsf) for the proposed IRF is approximately 62,500 gsf.

- 10. If this project involves construction of 12,000 square feet or more, or construction associated with parking for 40 or more vehicles, submit a copy of either an Environmental Impact Statement or a Declaration of Non-Significance from the appropriate governmental authority. [WAC 246-03-030(4)]**

This project involves more than 12,000 sf of new construction. PMB and the LLC have conferenced with the City of Vancouver, and they have provided guidance regarding the process for obtaining the required EIS or DNS. We understand that if the appropriate SEPA requirements are still in process at the time the Program awards the CN, that we will receive an “intent to issue a CN”, not the actual CN.

- 11. If your project includes construction, indicate if you’ve consulted with Construction Review Services (CRS) and provide your CRS project number.**

The Certificate of Need program highly recommends that applicants consult with the office of Construction Review Services (CRS) early in the planning process. CRS review is required prior to construction and licensure (WAC 246- 320-500 through WAC 246-320-600). Consultation with CRS can help an applicant reliably predict the scope of work required for licensure and certification. Knowing the required construction standards can help the applicant to more accurately estimate the capital expenditure associated with a project. Note that WAC 246-320-505(2)(a) requires that hospital applicants request and attend a presubmission conference for any construction projects in excess of \$250,000.

The project does not have a CRS number at this time. A pre-submission meeting with CRS will be scheduled during Q3 of 2024. LR, PeaceHealth, and PMB have each worked closely with CRS on major hospital construction projects over the past several years, and have confidence that the design meets applicable State licensing and FGI requirements. The capital costs have also been developed by PMB, with input from LR.

SECTION 3
Need (WAC 246-310-210)

- 1. List all other acute care hospitals currently licensed under RCW 70.41 and operating in the hospital planning area affected by this project. If a new hospital is approved, but is not yet licensed, identify the facility.**

While the IRF will be licensed under RCW 70.41, it will be designed, staffed, and equipped to exclusively provide Level I inpatient rehabilitation. PeaceHealth Southwest is the only current provider of inpatient rehabilitation services (Level II) in the PSA. In addition to PeaceHealth Southwest, there are several other acute care hospitals in the region licensed under RCW 70.41, but none operate inpatient rehabilitation beds. These hospitals include:

Legacy Salmon Creek Hospital, Clark County
PeaceHealth St. John Medical Center, Cowlitz County
Skyline Health, Western Klickitat County

- 2. For projects proposing to add acute care beds, provide a numeric need methodology that demonstrates need in this planning area. The numeric need methodology steps can be found in the Washington State Health Plan (sunset in 1989).**

As shown in **Table 2**, the PSA population is more than 670,000. The population age 15+ is 551,783, increasing to 591,241 by 2029. Nearly 21% of the population will be aged 65+ by 2029. Over the period of 2010-2024, this cohort has grown more than six times faster than the under 65 cohort, and is expected to continue to be the fastest growing population group through at least 2029.

Table 2:
Primary Service Area Population

	2010	2020	2024, Est.	Pct. of Tot. Pop.	Pct. Chg. 2020-2024	2029, Proj.	Pct. of Tot. Pop.	Pct. Chg. 2024-2029
Total	554,642	644,082	671,844	100.0%	4.3%	711,191	100.0%	5.9%
Tot. 0-14	118,500	122,179	120,061	17.9%	-1.7%	119,950	16.9%	-0.1%
Tot. 15-64	367,091	410,621	424,846	63.2%	3.5%	444,537	62.5%	4.6%
Tot. 0-64	485,591	532,800	544,907	81.1%	12.2%	564,487	79.4%	3.6%
Tot. 65+	69,051	111,282	126,937	18.9%	14.1%	146,704	20.6%	15.6%

Source: Claritas

To estimate numeric need for acute rehabilitation, the Program historically used DRGs 945 and 946. Several years ago, CMS changed its acute rehabilitation coding and established Case Mix Group codes (CMG) to replace these DRGs. CMG level data is not included in CHARS. Today, MS-DRG 945 and 946 (rehabilitation with CC/MCC and without CC/MCC, respectively) are only assigned if the patient has a principal diagnosis on the MDC 23 (Factors Influencing Health Status and Other Contacts with Health Services) list and a rehabilitation procedure code. In LR’s experience, less than 15% of actual acute rehabilitation discharges today are coded with a DRG 945 or 946 code.

As such, the historical DRG definition cannot be used. However, CHARS includes a “rider” for rehabilitation units, and for PeaceHealth Southwest, the code is a good proxy of actual patient volume. **Table 3** demonstrates the accuracy of the data for patients cared for at PeaceHealth Southwest in 2021 and 2022.

**Table 3:
PeaceHealth Southwest Washington
Inpatient Rehabilitation Discharges
Patient Origin Compared to CHARS, 2021 and 2022 Combined**

County	PeaceHealth Southwest DATA Actuals for 2021 and 2022, Combined	Service Area Discharges Occurring at PeaceHealth Southwest Using CHARS DRGs 945 and 946 for 2021 and 2022, Combined	Percent of CHARS Patients Compared to PeaceHealth Southwest Actuals	Number of Patients Identifiable in CHARS via Rehab Unit Code Cared for at PeaceHealth Southwest, 2021-2022	Percent of Actual Patients Identifiable in CHARS via Rehab Unit Code Compared to PeaceHealth Southwest Actuals
Clark	359	49	13.6%	361	100.6%
Cowlitz	68	7	10.3%	62	91.2%
Western Klickitat	3	0	0.0%	3	100.0%
Skamania	6	1	16.7%	6	100.0%
Wahkiakum	9	0	0.0%	1	11.1%
Sub-Total PSA	445	57	12.8%	433	97.3%
Other	58	18	31.0%	86	148.3%
CHARS Redacted, assigned to Hospital, but no Zip Code	N/A	9	N/A	27	N/A
Grand Total	503	75	14.9%	519	103.2%

Source: CHARS and Applicant

Even though the LLC believes the CHARS unit code data is a good proxy of acute rehabilitation in Washington hospitals, the Program, in an October 2022 CN decision for a new acute rehabilitation hospital in Snohomish County, found that the use of CHARS DRG level data no longer allowed for a reasonable estimate of future need (though neither the Applicant nor the Program appears to have suggested the use of the Unit code). See page 18 of the CN decision for CN#21-81A2 Northwest Washington Rehabilitation Hospital, LLC. In that application, in which LR and PMB were both co-applicants, the application stated:

- *National-level rehabilitation trends have diverged from those in Washington State. Although rehabilitation use has declined in Washington State, between 2010 and 2019, the national utilization of rehabilitation services increased about 1.35% on average each year. In addition to the Department's acute care bed model limited to inpatient rehabilitation facilities, we also provide an alternative rehabilitation bed methodology ("Alternative Model") based upon sound planning assumptions that reflect documented national and state practice patterns for inpatient rehabilitation. The Alternative Model forecasts Snohomish County residents will need approximately 64 to 73 beds by 2035, which we believe more accurately reflects community need and Snohomish resident demand for rehabilitation services than does the DOH methodology.*
- *The Department Numeric Need Methodology shows very little future need for additional rehabilitation services in Snohomish County beyond the existing 19-bed unit at PRMCE. However, there are factors that influence this forecast lack of need. First, the Need Methodology bases estimates of demand on residents' historical utilization of inpatient care, including inpatient rehabilitation beds, in a "planning area" such as Snohomish County. Residents' historical utilization is impacted by the existing planning area supply. Second, and in our opinion more importantly, Snohomish County residents' use of rehabilitation appears to reflect lack of access to comprehensive rehabilitation services, such as those available at freestanding rehabilitation hospitals.*

The Program did accept the Alternative Method put forth in that application (a range of beds per 100,000 population) because, the Program concluded, it was based on sound planning assumptions that reflect documented national and state practice patterns for inpatient rehabilitation. Specifically, the Program found:

That application's alternative model considered five factors that impact bed need, including national inpatient rehabilitation trends, Medicare beneficiary use and trends in inpatient rehabilitation, site of care changes for inpatient rehabilitation (more specialization and more use of freestanding IRFs), Washington State utilization of inpatient rehabilitation and the applicant County's demographic trends. After considering all of these factors, the IRF developed two beds to 100,000 population ratios for its project based in Snohomish County. In its decision, the Program wrote:

Utilizing national norms for rehabilitation, and the experience of other acute care and rehabilitation providers, the alternative estimated Snohomish County Bed- to-Population ratio of 4.9 – 5.6 beds per 100,000 population in 2020, increasing to 6.3 – 7.2 beds per 100K population by 2035; with the increase being a direct result of the aging of the population. Per the applicant, given that in 2019 there was an average of 11.7 rehabilitation beds per 100K population nationally, it is believed that these projections are reasonable, if not actually conservative.

The LLC developed Table 5 to summarize the bed to 100,000 population ratios used in the Alternative methodology for the Primary Service Area population of Snohomish County. These ratios were applied to the total population.

The applicants assert that this methodology is a more reliable tool for this project to be located in Snohomish County because it considers both national trends and current rehabilitation utilization for Washington State and compares them to Snohomish County and its demographics.

As previously stated, the department does not have a numeric methodology for dedicated rehabilitation beds or for dedicated rehabilitation hospitals. For this reason, the information and rationale provided by the applicants that resulted in reliance on Methodology #2 is reasonable. The department also considered information provided in support of this project that focus on the need for dedicated rehabilitation bed capacity in the county.

Since the applicants propose a new 40-bed rehabilitation hospital, the methodology projects to year 2035 or 15-year horizon. This approach is acceptable for a new hospital. This sub-criterion is met.

The 2022 application also included an analysis of use rates in the two Washington counties with dedicated IRFs compared to other Washington counties without dedicated IRF-level care. The analysis found that IRF bed counts and use rates (defined as county residents receiving care in county hospitals) were significantly higher in the counties with dedicated IRFs. In fact, use rates were, and still are, about 2.5 to 3 times higher than the state average.

Snohomish County, the county under consideration in the 2022 analysis, and Clark County, the largest county in this application’s PSA, are similar. Specifically:

- Clark County has been, and continues to be, one of the fastest growing counties in the state.
- For the past decade and for at least the foreseeable future, the fastest growing segment of Clark County, like Snohomish, is the population age 65+—the primary users of acute rehabilitation services.

Table 4 applies the Alternative Need methodology used by the Program in 2022 to the PSA of this application, then adjusts for market share and use by residents outside of the PSA. This table demonstrates the reasonableness of the 50 beds proposed in this CN request; especially when the in-migration from NW Oregon is considered.

**Table 4:
Primary Service Area Acute Rehabilitation Bed Need - Alternative Methodology**

	2020		2024		2029		2035	
Primary Service Area Population	644,082		671,844		711,191		761,461	
Use Rate per 100,000	4.9	5.6	5.6	6.3	6.1	6.9	6.3	7.2
Total Beds Needed	32	36	38	42	43	49	48	55
Assumed Market Share	66%	66%	66%	66%	80%	80%	85%	85%
Bed Need	21	24	25	28	34	39	41	47
Assumed In-Migration	12%	12%	12%	12%	18%	18%	20%	20%
Total Bed Need	24	27	28	32	41	48	51	59

Source: Applicant

The increase in in-migration is based on specialty programming. As noted earlier, the new IRF will serve four specific populations: brain injury–traumatic; brain injury–non-traumatic; spinal cord injury–traumatic; and spinal cord injury–non-traumatic. For definition, a non-traumatic brain injury is typically the result of an illness, oxygen deprivation, metabolic disorder, aneurysm, cardiac arrest, near-drowning experience, etc. In short, it includes injuries to the brain that are not caused by an external physical force to the head. A non-traumatic spinal cord injury is often the result of a range of medical events, including bacterial and viral infections. It also includes degenerative spine diseases wherein spinal cord compression results from degenerative changes in the spinal column components.

The bed estimates are conservative because while CHARS appears to be a good proxy, the matter is complicated by the fact that about one-third of patients currently out-migrate to Oregon for acute rehabilitation. A portion of the outmigration is attributable to the limitations (number of beds, Level II status, and technology) of the current 14-bed unit. Inpatient Oregon data is necessary for a full and complete analysis, but Oregon’s Apprise data, the equivalent of CHARS, does not include a distinct part code for rehabilitation. Rather, the Apprise dataset includes a field called *Place of Service* based on the bill type that is intended to classify inpatient type (acute inpatient, medical rehabilitation inpatient, IRF or Distinct Part Unit (DPU), psychiatric, SNF/Swing Bed). The bill type assignment for each record submitted is identified by the submitting facilities. **Table 1**, included earlier in this application, shows the estimated market share when the CHARS rehabilitation unit code and the Oregon Apprise revenue code (Code 24) are combined.

3. For existing facilities proposing to expand, identify the type of beds that will expand with this project.

Upon opening of the new hospital, PeaceHealth Southwest will no longer provide acute inpatient rehabilitation. This question is not applicable.

4. For existing facilities, provide the facility’s historical utilization for the last three full calendar years. The first table should only include the type(s) of beds that will increase with the project, the second table should include the entire hospital.

While the applicant does not currently operate an IRF, **Table 5** shares the data for the current 14-bed PeaceHealth Southwest acute rehabilitation unit.

**Table 5:
PeaceHealth Southwest Washington Medical Center
Acute Rehabilitation Unit Patient Days and Discharges, CY 2019-2023**

Project-Specific Only	2019	2020	2021	2022	2023²
Licensed beds	14	14	14	14	14
Available beds	14	14	14	14	14
Discharges	254	276	265	259	304
Patient days	3,534	3,617	3,848	3,899	3,866
ALOS	13.9	13.1	14.5	15.1	12.7
% Occupancy	69.2%	70.6%	75.3%	76.3%	75.7%

Source: Applicant

² Please note that PeaceHealth made a concerted effort in 2023 to reduce ALOS, and this is reflected in the data.

5. Provide projected utilization of the proposed facility for the first seven full years of operation if this project proposes an expansion to an existing hospital. Provide projected utilization for the first ten full years if this project proposes new facility. For existing facilities, also provide the information for intervening years between historical and projected. The first table should only include the type(s) of beds that will increase with the project, the second table should include the entire hospital. Include all assumptions used to make these projections.

Table 4 estimated bed need using the Program’s Alternative Methodology. Using this bed need calculation, and assuming an opening date of April 30, 2027, the LLC estimated admissions and ALOS to determine patient days and ADC. These statistics are presented in **Table 6**.

Assumptions are as follows:

Year 1 (2027): During start-up and initial certification and licensure, ALOS is assumed to be shorter (4 days in Month 1), resulting in an overall ALOS of 11.5. Once the facility is fully accredited and certified, ALOS is assumed to be 12 days.

2028-2033: Ramp up to full occupancy (83.4%) is assumed. By 2028, assuming full certification and accreditation, an average of about 88 admissions per month is expected. In 2029, admissions are only expected to increase, on average, about 4 per month over 2028, with growth slowing in subsequent years. By 2034, no additional growth in census is assumed.

**Table 6:
Utilization Forecasts, 2027-2037**

	May-Dec 2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037
Months	7	12	12	12	12	12	12	12	12	12	12
Patient Discharges	499	1,057	1,105	1,146	1,176	1,208	1,238	1,268	1,268	1,268	1,268
ALOS	11.5	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0	12.0
Patient Days	5,726	12,689	13,265	13,750	14,115	14,491	14,856	15,221	15,221	15,221	15,221
Average Daily Census	23.4	34.7	36.3	37.7	38.7	39.7	40.7	41.7	41.7	41.7	41.7
Bed Count	50	50	50	50	50	50	50	50	50	50	50
Occupancy %	46.7%	69.3%	72.7%	75.3%	77.3%	79.4%	81.4%	83.4%	83.4%	83.4%	83.4%

Source: Applicant

6. For existing facilities, provide patient origin zip code data for the most recent full calendar year of operation.

PeaceHealth Southwest, LLC, will be a new hospital. Patient origin data for PeaceHealth Southwest’s existing unit was included in **Table 1**.

7. Identify any factors in the planning area that currently restrict patient access to the proposed services.

The lack of beds to serve residents needing acute rehabilitation restricts access, as does the outdated facility design of the current 14-bed unit. Based on its size and physical plant limitations, it does not, and cannot, provide Level I services. **Table 7** below, replicated from the Northwest Washington Rehabilitation CN application, shows the magnitude of the problem by using the inpatient bed-to-population ratio in Washington counties with acute rehabilitation. Following approval of the Snohomish CN request, Clark now has the lowest bed-to-population ratio, and is about 50% below that of Washington State.

**Table 7:
Inpatient Bed-to-Population Ratios by County, 2020**

County	IRF Beds	Population, 2020	Bed Ratio	Rank
Benton	12	201,800	5.95	7
Chelan	9	78,420	11.48	4
Clark	14	488,500	2.87	10
Franklin	10	94,680	10.56	5
King	99	2,226,300	4.45	9
Pierce	108	888,300	12.16	3
Skagit	10	129,200	7.74	6
Snohomish	40	818,700	5.50	8
Spokane	72	515,250	13.97	1
Walla Walla	8	62,200	12.86	2
Total	361	6,349,880	5.69	
Washington State Total	361	6,724,540	5.37	

Source: Table 11 from the Northwest Washington Rehabilitation CN proposing to establish a new IRF in Snohomish County; rankings updated to reflect approval of the Snohomish County application.

Further, the limited rehabilitation bed supply and lack of a dedicated rehabilitation hospital has resulted in low conversion rates between acute care discharges and inpatient rehabilitation admissions. For example, in Pierce County, 2.02% of Medicare patients discharged go to acute rehabilitation. In Spokane, that percentage is 2.4%. Within the PSA, the current percentage is less than 1% (0.99%).

Under any measure, and as can be ascertained by review of the methods the Program has previously deemed reasonable, the PSA is grossly underserved. Outmigration over congested roads and through the multi-year construction related to the interstate bridge project which begins in 2025, will increasingly be a barrier to access. In the absence of accessible inpatient rehabilitation, residents often forego care or choose lower-level services, potentially experiencing worse outcomes.

8. Identify how this project will be available and accessible to underserved groups.

The LLC is committed to serving all patients eligible for Level I care, including those who, due to a lack of health insurance coverage or other reasons, cannot pay for all or part of the essential care they receive. The IRF will adopt PeaceHealth's financial assistance/charity care policy. A copy of the policy is included in Exhibit 6. The policy in Exhibit 6 is the most updated version and it has been submitted to the Department for review and approval.

For hospital charity care reporting purposes, the Department divides Washington State into five regions. The IRF will be located in the Southwest Washington Region. According to 2020-2022 charity care data produced by the Department (the latest data available), the three-year charity care average for the region was 1.41% of gross revenue and 4.30% of adjusted revenue. The LLC budgeted 1.53% of gross revenue for this purpose.

9. If this project proposes either a partial or full relocation of an existing facility, provide a detailed discussion of the limitations of the current location.

The proposed project is not a relocation but rather construction of a new freestanding inpatient rehabilitation facility. The narrative includes details on the limitations of the current 14-bed unit, with the main issue being a lack of additional space to allow for growth, increasing specialization, new programming, and new, updated therapeutic equipment additions.

10.If this project proposes either a partial or full relocation of an existing facility, provide a detailed discussion of the benefits associated with relocation.

Please see the response to Q9, above.

A dedicated rehabilitation hospital will support the LLC in creating an exceptional healing and recovery environment for rehabilitation patients. The all-private room facility configuration allows space for each patient's comfort and treatment needs. The room design provides sufficient space for clinicians, therapists, and nurses to engage with the patient. Additionally, it allows space for any equipment needed while also providing space for the patient's family to be present. Rooms are designed to optimally meet the needs of each patient and enhance their quality of care.

A dedicated area for brain and spinal cord injuries is also proposed. Here, clinicians will provide an interdisciplinary approach to the evaluation, treatment planning, and problem-solving issues associated with these injuries. Physical therapy, occupational therapy, speech and language pathology, along with rehabilitation nursing, social services, and neuropsychology disciplines, will be combined into one comprehensive and pragmatic approach to patient care. In doing so, this model brings consistency to the management of patients' care within a discipline and across all post-acute settings. Information on the types of injury severity assessments, current trends, and placement options are also incorporated into LR's treatment protocols.

LR's Clinical Rehab Services Philosophy will be adopted. This philosophy builds a foundation for clinical excellence by establishing a partnership between the individual therapist and management through enthusiasm, educational support, empowerment, mentoring, and recognition. LR further strengthens this foundation of excellence by enhancing the skills and knowledge of its clinicians, driving patient care to new levels of expertise and functional outcomes for the patients served. It is through evidence-based practice and clinical programs that LR differentiates its services and its teamwork, empowering growth, mentoring, and optimal patient experience.

The building blocks of LR's treatment protocols are:

- Systematic identification of appropriate patients,
- Severity assessment systems,
- Ethical treatment protocols, and
- Specific standards of practice.

All of this is done with consideration and acknowledgment of the importance of cultural diversity and its effect on the LLC's key goal: for each and every patient to reach their highest level of functional independence.

LR has invested extensive resources and has assembled an experienced team of clinical Directors of Quality that ensure that appropriate programs are established and that clinical excellence is maintained. The focus includes:

- **Evaluation and Treatment** – evaluation components and treatment strategies, organized by clinical discipline:
 - Medical Rehabilitation
 - Physical Therapy
 - Occupational Therapy
 - Speech and Language Pathology
 - Rehabilitation Nursing
 - Clinical Psychology
 - Social Services

- **Clinical Program Integration**

- **Application of Clinical Practice Guidelines**

- **Achievement of Clinical Quality and Outcomes**

- **Integration of Behavioral Health Resources**

- **Comprehensive Case Management**

All of these layers are established and maintained through a comprehensive structure of clinical education, training, competency testing, and ongoing educational support across all disciplines.

Using the example of the brain injury program, the measurable result of this is the achievement of the rehabilitation industry's quality "Gold Standard," good standing in the Comprehensive Integrated Inpatient Rehabilitation Program and CARF's Brain Injury Specialty Accreditation. LR has achieved this designation in multiple hospitals across the US. This same accreditation will be secured for the new IRF.

In terms of care delivery, isolation and special care rooms are placed on each inpatient wing to better serve patients requiring enhanced care or infection control protocols. The main therapy suite will include a therapy gym, rooms for multiple therapy protocols, private therapy rooms, a cooking therapy room, and an ADL therapy suite. The outdoor courtyard adjacent to the therapy suite also allows for therapy to take place outdoors, to include maneuvering sidewalks, greenspace, and other outdoor areas. These specialized therapy areas provide patients with the opportunity to receive extensive, high-quality, targeted rehabilitation therapy to help them to maximize functionality in order to return to everyday activities and enhance their quality of life.

This suite includes a full range of therapy equipment tailored to each patient's unique needs. It incorporates state-of-the-art technology that augments strength to help patients stand and relearn to walk, improving their step patterns, weight shifting and posture, and mobilizes patients earlier in their rehabilitation. Research studies show that this breakthrough technology helps improve walking distance, balance, and overall patient satisfaction.

11. Provide a copy of the following policies:

- i. Admissions policy**
- ii. Charity care or financial assistance policy**
- iii. Patient rights and responsibilities policy**
- iv. Non-discrimination policy**
- v. End of life policy**
- vi. Reproductive health policy**
- vii. Any other policies directly associated with patient access**

Please see Exhibit 6 for a draft of the Financial Assistance/Charity Care Policy. Exhibit 7 includes the other policies (admissions policy, non-discrimination policy and patient rights and responsibilities policy).

SECTION 4
Financial Feasibility (WAC 246-310-220)

1. Provide documentation that demonstrates the immediate and long-range capital and operating costs of the project can be met. This should include but is not limited to:
 - Utilization projections. These should be consistent with the projections provided under the Need section. Include all assumptions.
 - A current balance sheet at the facility level.
 - Pro forma balance sheets at the facility level throughout the projection period.
 - Pro forma revenue and expense projections for at least the first three full calendar years following completion of the project. Include all assumptions.
 - For existing facilities, provide historical revenue and expense statements, including the current year. Ensure these are in the same format as the pro forma projections. For incomplete years, identify whether the data is annualized.

The applicable requested financial data is included in Exhibit 8. The key assumptions used to prepare the pro forma financial statements are detailed in **Table 8**.

Table 8:
Pro Forma Assumptions

Line Item	Assumption
Revenue	
Inpatient Revenue	The revenue is based on the payer mix and utilization projections detailed in earlier sections of this application. Charges and reimbursement calculations were based on the experience of PeaceHealth’s current unit, adjusted for LR experience in Washington. No revenue inflation assumed.
Other Operating Revenue	Revenue from dining services, vending machines, etc.
Deductions from Revenue	
Provisions for Bad Debt	2.5% of non-Medicare FFS revenue.
Charity Care	1.53% of gross revenue.
Contractual Allowances	Details provided in Exhibit 8.
Operating Expenses	
Salaries and Wages/ Employee Benefits	Staffing detail by FTE is provided in Table 12. Salaries are based on current PeaceHealth rates. Benefits are assumed to be 20% of salaries.
Management Fees	5% of net revenues paid to manager for costs incurred to manage and operate daily activities of IRF facility.

Line Item	Assumption
Medical Director Fee	Based on \$3,300 per bed, consistent with LR averages for this expense across its IRF portfolio; assumes only 8 months in 2027 (start-up year).
Supplies	\$75.50 per patient day starting in Year 2, based on LR historical experience with similar sized facilities. Year 1 also assumes \$300,000 in start-up supplies and the daily amount.
Purchased Services – Utilities	\$20.08 per patient day in Year 3, based on LR historical experience with similar sized facilities. Years 1 and 2, due to a portion of the utilities being treated as fixed, regardless of the beds used/occupancy, show higher expenses.
Purchased Services – Other	\$60.00 per patient day assumed, based on LR historical experience with similar sized facilities.
Depreciation	Depreciation is based on straight line method; it is for the equipment only and assumes 7 years of useful life.
Rentals and Leases	Based on total construction costs of \$86,723,156, a Cap Rate of 7.69582%, and a 2.90% annual escalator. Minor equipment rent of \$1,800 per bed in Year 1, escalating at 2.0% annually.
Insurance	\$14.64 per patient day in Year 3, based on LR historical experience with similar sized facilities. Year 1 averages to be \$16.07 per patient day, and Year 2 is \$14.76 per patient day. Some insurance costs are fixed, so slightly higher costs with lower patient days.
License and Taxes	Includes property tax, B&O tax, and sales and use taxes.
Interest	Interest expense based on a 9% rate on revolving LOC; no interest expense assumed in 2030 and 2031.
Other Direct Expenses	\$44.07 per patient day in Year 3, based on LR historical experience with similar sized facilities. Higher costs in Year 1 due to start-up costs (\$99/PPD), decreasing to about \$44.43/PPD in Year 2. From Year 3 and on, \$44.07/PPD assumed.

Source: Applicant

2. Identify the hospital’s fiscal year.

The hospital’s fiscal year will be January 1–December 31.

3. Provide the following agreements/contracts:

- **Management agreement**
- **Operating agreement**
- **Development agreement**

Requested agreements are included as Exhibit 9 (Management) and Exhibit 10 (Development). While there is no operating or joint venture agreement per se, there is an LLC agreement, which is included as Exhibit 11.

Management Agreement: The LLC will license, certify, and secure accreditation for the IRF, and will enter into a management agreement with CHC Management Services, LLC, a subsidiary of LR, for day-to-day management of the IRF's operations. The management agreement outlines the roles and responsibilities.

Development Agreement: PMB was selected as the developer and landlord after a process that included a review of capabilities, experience, and success with all aspects of development, including assembling the design and construction team, managing the construction, supplying the equity capital, arranging debt financing, and applying a collaborative development experience to meet the project's specific needs.

Joint Venture/LLC Agreement: A fully executed agreement is included in Exhibit 11.

In addition to the above, the **Land and Facility Lease Agreements** are included in Exhibit 12.

- 4. Provide documentation of site control. This could include either a deed to the site or a lease agreement for the site. If a lease agreement is provided, the terms must be for at least five years with options to renew for a total of 20 years.**

PeaceHealth is the site owner, and will lease the property to PMB for an initial term of 75 years. Documentation of the property's ownership is included in Exhibit 13.

The initial term of the building from PMB to the LLC is 15 years.

- 5. County assessor information and zoning information for the site. If zoning information for the site is unclear, provide documentation or letter from the municipal authorities showing the proposed project is allowable at the identified site. If the site must undergo rezoning or other review prior to being appropriate for the proposed project, identify the current status of the process.**

The property is currently zoned R-22 (High Density Residential and Commercial). The zoning allows for hospital use as a conditional use. The current on-site use is the same as is being proposed, so the process should be relatively simple. In addition, the city requires a site plan review and boundary line adjustment for this project. It is anticipated that these processes will run concurrently and should therefore take approximately 6 months to complete. This process will commence in the Fall of 2024.

6. Complete the table on the following page with the estimated capital expenditure associated with this project. If you include other line items not listed below, include the definition of the line item. Include all assumptions used to create the capital expenditure estimate.

Table 9 outlines the estimated capital expenditures.

**Table 9:
Total Estimated Capital Expenditures**

Item	Cost
a. Land Purchase	\$0
b. Utilities to Lot Line	\$350,000
c. Land Improvements	\$6,490,252
d. Building Purchase	\$0
e. Residual Value of Replaced Facility	\$0
f. Building Construction	\$54,007,290
g. Fixed Equipment (not already included in the construction contract)	\$0
h. Movable Equipment	\$4,684,683
i. Architect and Engineering Fees	\$3,545,175
j. Consulting Fees and Permits	\$1,805,000
k. Site Preparation (includes demolition)	\$5,200,000
l. Supervision and Inspection of Site	\$3,548,277
m. Any Costs Associated with Securing the Sources of Financing (include interim interest during construction)	\$5,492,247
n. Sales Tax	
1. Land	\$710,164
2. Building	\$5,574,751
3. Equipment	\$370,928
Total Estimated Capital Expenditures	\$91,778,767

Source: Applicant

7. Identify the entity responsible for the estimated capital costs. If more than one entity is responsible, provide breakdown of percentages and amounts for all.

The capital costs were developed by PMB, with input from LR. Both parties have extensive and recent experience with new IRFs in the Pacific Northwest. This includes, most recently, a new hospital in Lane County, Oregon, and the Northwest Rehabilitation Hospital in Snohomish County, Washington.

8. Identify the start-up costs for this project. Include the assumptions used to develop these costs. Start-up costs should include any non-capital expenditure expenses incurred prior to the facility opening or initiating the proposed service.

Start-up costs and assumptions are included in **Table 10**.

**Table 10:
Start-Up Costs and Assumptions**

Item	Amount	Assumption
Preopening Staff (salaries)	\$524,418	Assumes various staff starting prior to opening, including CEO (8 months), Marketing Director and HR Director (5 months), Administrative Assistant (4 months), Director of Patient Care (3 months), Nurse Manager/Director of CQPI, Controller, and Maintenance Supervisor (2 months) and various clinical staff (2 weeks)
Benefits	\$104,884	20% of salaries
Recruiting/Relocation	\$125,000	Costs to recruit and relocate staff based on experience with other new IRFs
Supplies	\$300,000	Pre-opening stocking
Other ³	\$169,500	Based on experience in other markets
Total	\$1,223,802	

Source: Applicant

9. Identify the entity responsible for the start-up costs. If more than one entity is responsible, provide a breakdown of percentages and amounts for all.

Start-up costs were estimated by LR based on its experiencing in developing IRFs in the nation over the past five years. The LLC is responsible for funding the start-up costs.

10. Provide a non-binding contractor's estimate for the construction costs for the project.

The non-binding estimate is included as Exhibit 14.

³ Includes, but is not limited to: Certificate of Need review fees, consulting and legal fees, policy and procedure development, licensure applications, and pre-opening travel.

11. Provide a detailed narrative supporting that the costs of the project, including any construction costs, will probably not result in an unreasonable impact on the costs and charges for health services in the planning area.

The LLC’s capital expenditures are modest since PMB will build and lease the building to the LLC. The capital expenditures associated with the inpatient rehabilitation hospital construction (excluding moveable equipment) are estimated to equal nearly \$92,000,000 and will be paid back through lease payments over the lease term.

The new IRF will be principally reimbursed by Medicare, which is its largest payer, based on either a per discharge reimbursement (traditional Medicare) or per patient day (many Medicare managed care reimbursement method), based on set fee schedules which are not affected by project capital expenditures. Additionally, the IRF will be reimbursed by commercial payers, based on negotiated rates, which are also not affected by capital costs.

12. Provide the projected payer mix for the hospital by revenue and by patients using the example table below. Medicare and Medicaid managed care plans should be included within the Medicare and Medicaid lines, respectively. If “other” is a category, define what is included in “other.”

The current payer mix at PeaceHealth Southwest was used as a baseline and then adjusted to reflect new programming. **Table 11** details the proposed payer mix.

**Table 11:
Proposed Payer Mix**

Payer Mix	Percentage by Gross Revenue	Percentage by Net Revenue	Percentage by Patient Days
Medicare	63.0%	70.8%	63.0%
Medicaid	12.0%	6.5%	12.0%
Commercial	20.0%	20.7%	20.0%
Other/Workers Comp.	3.5%	2.0%	3.5%
Self-Pay/Charity	1.5%	0.0%	1.5%
Total	100.0%	100.0%	100.0%

Source: Applicant

13. If this project proposes the addition of beds to an existing facility, provide the historical payer mix by revenue and patients for the existing facility. The table format should be consistent with the table shown above.

This question is not applicable.

14. Provide a listing of all new equipment proposed for this project. The list should include estimated costs for the equipment. If no new equipment is required, explain.

A listing of the equipment is provided in Exhibit 15.

15. Identify the source(s) of financing and start-up costs (loan, grant, gifts, etc.) and provide supporting documentation from the source. Examples of supporting documentation include: a letter from the applicant's CFO committing to pay for the project or draft terms from a financial institution.

If this project is debt financed through a financial institution, provide a repayment schedule showing interest and principal amount for each year over which the debt will be amortized.

PMB will finance the build-out of the IRF using a combination of reserves (30%) and a construction loan from Siemens (70%). Please refer to Exhibit 16 for documentation of access to the capital.

Exhibit 17 provides letters from LR and PeaceHealth regarding their financial commitment to the project's moveable equipment, land, and start-up costs.

16. Provide the most recent audited financial statements for:

- **The applicant, and**
- **Any parent entity.**

The requested information for Lifepoint is included in Appendix 1. PeaceHealth audited financials are included in Appendix 2. PMB does not have audited financials, but the most current financials for PMB Finance, LLC, a guarantor of PMB, are included in Appendix 3.

Section 5

Structure and Process of Care (WAC 246-310-230)

- 1. Identify all licensed healthcare facilities owned, operated, or managed by the applicant. This should include all facilities in Washington State as well as any out-of-state facilities. Include applicable license and certification numbers.**

The requested information on other facilities owned/operated by PeaceHealth is included as Exhibit 18; this exhibit also includes the information of LR. PMB does not operate or manage any licensed healthcare facilities.

- 2. Provide a table that shows full time equivalents (FTEs) by type (e.g. physicians, management, technicians, RNs, nursing assistants, etc.) for the facility. If the facility is currently in operation, include at least the most recent full year of operation, the current year, and projections through the first three full years of operation following project completion. There should be no gaps. All FTE types should be defined.**

The FTEs by type for the first three years of operation are included in **Table 12**.

**Table 12:
Proposed Staffing**

	2027	2028	2029	2030	2031
ADC	23.4	34.7	36.3	37.7	38.7
Rounded	23.0	34.0	36.0	37.0	38.0
Registered Nurse	16	23	25	25	26
Licensed Practical Nurse	7	10	11	11	11
Nursing Aide	15	22	24	24	25
Physical Therapists	3	4	4	4	4
Physical Therapist Assistant	2	3	3	3	4
Physical Therapy Techs	1	2	3	3	3
Occupational Therapist	3	4	4	4	4
Certified Occupational Therapy Assist.	2	3	3	3	4
Occupational Therapy Techs	1	2	3	3	3
Speech Language Therapists	2	2	3	3	3
Respiratory Therapists	1	1	1	1	1
Pharmacist	1	1	1	1	1
Pharmacy Techs	1	1	1	1	1
Case Managers/Social Worker	2	2	2	2	2
Central Supply/Purchasing	1	1	1	1	1
Dietary Supervisor	1	1	1	1	1
Registered Dietitians	1	2	2	2	2
Cooks	3	3	3	3	3
Dietary Aides	3	3	3	3	3
Dietary Clerks	1	1	1	1	1
Maintenance Supervisor	1	1	1	1	1
Housekeeping Supervisor	1	1	1	1	1
Housekeepers	3	4	4	4	4
Switchboard Operators	2	2	2	2	2
Accounting Clerk	1	1	1	1	1
Business Office Coordinator	1	1	1	1	1
Admissions Coordinator	1	1	1	1	1
Medical Records Director	1	1	1	1	1
Medical Records Coders	1	1	1	1	1
Chief Clinical Officer/ Director of Nursing	1	1	1	1	1
Nurse Manager	1	1	1	1	1
Nurse Coordinator (PPS)	1	1	1	1	1
Unit Secretary	3	3	3	3	3
Chief Executive Officer	1	1	1	1	1
Controller	1	1	1	1	1
HR Director	1	1	1	1	1
Dir CQPI	1	1	1	1	1
Director of Therapy	1	1	1	1	1
Administrative Secretary	1	1	1	1	1
Dir Business Development	1	1	1	1	1
Business Development Liaisons	4	4	5	5	5
Total FTEs	94	121	128	130	132

Source: Applicant

3. Provide the basis for the assumptions used to project the number and types of FTEs identified for this project.

The FTEs were based on LR's experience staffing similar sized IRFs. They increase in accordance with the increase in patient days. Salary expenses correspond to the various FTE categories. In the pro forma, the staffing costs are based on known FY2024 salaries at PeaceHealth Southwest.

4. Identify key staff (e.g. chief of medicine, nurse manager, clinical director, etc.) by name and professional license number, if known.

As a to-be-built new hospital opening in 2027, we do not have this information.

5. Describe your methods for staff recruitment and retention. If any barriers to staff recruitment exist in the planning area, provide a detailed description of your plan to staff this project.

Importantly, all current PeaceHealth Southwest acute rehabilitation staff will be encouraged to transfer to the new IRF. In addition, PeaceHealth works closely with local colleges that offer health profession training programs, including degrees and certificates for RN Nursing, LPN Practical Nursing, LPN to RN Bridge, Nutrition, Physical Therapist Assistant, EMT Advanced, EMT Paramedic, Health Information Management, and Medical Assistant.

The opportunity to provide enhanced clinical opportunities in a new rehabilitation hospital for students pursuing career pathways will increase the pipeline of students staying local and with an interest in IRF-level care.

In addition, the LLC members have proven expertise in recruitment, are a preferred place of employment, and enjoy strong brand recognition. For example, as a system, PeaceHealth hires more than 2,500 caregivers (employees) a year. In support of this level of hiring, Talent Acquisition deploys over 55 professionals to support all recruitment needs. At the System level, PeaceHealth has teams dedicated to Physicians, RNs, Executives, and Operational Support Staff. These teams have consistent and constant outreach to universities, colleges, medical schools, and community colleges across the region and nation. They also have consistent and constant marketing on all major internet job aggregators, including Indeed, LinkedIn, Handshake, and Glassdoor. PeaceHealth maintains its own corporate job board at [Careers.peacehealth.org](https://careers.peacehealth.org). These tools will be available to the LLC in the recruitment and hiring phase. Similarly, LR is known nationally as a quality acute rehab operator and has the ability to recruit beyond the Pacific Northwest for the best talent.

6. For new facilities, provide a listing of ancillary and support services that will be established.

Ancillary and support services will include linen, janitorial, laboratory, imaging, non-invasive cardiac testing, wound care, GI Lab/Endoscopy, pastoral care, and an after-hours pharmacy.

7. For existing facilities, provide a listing of ancillary and support services already in place.

This question is not applicable.

8. Identify whether any of the existing ancillary or support agreements are expected to change as a result of this project.

This question is not applicable.

9. If the facility is currently operating, provide a listing of healthcare facilities with which the facility has working relationships.

This question is not applicable.

10. Identify whether any of the existing working relationships with healthcare facilities listed above would change as a result of this project.

This question is not applicable.

11. For a new facility, provide a listing of healthcare facilities with which the facility would establish working relationships.

The LLC intends to work closely with all acute care hospitals that need/desire to transfer patients eligible for acute rehabilitation. The LLC also intends to work closely with facilities that will be discharge options for patients, including SNF, assisted living, adult family homes, and home health. Other entities include local and regional support groups, especially those that support brain and spinal cord injury. Included in Exhibit 19 is a draft transfer agreement between the IRF and PeaceHealth Southwest.

12. Provide an explanation of how the proposed project will promote continuity in the provision of health care services in the planning area, and not result in an unwarranted fragmentation of services.

The new IRF will promote continuity of care, particularly considering the access issues outlined in the "Need" section (Section 3) of this application. An increase in the number of IRF beds and an increase from Level II to Level I designation provide the best opportunity to assure patients get timely, appropriate care, and that continuity from the hospital to the other levels of care in their home communities is optimized. The LLC will coordinate patient access to ensure continuity of care during hospital discharge to other levels of care; similarly, the LLC will assist when other facilities need to transfer patients to the new IRF for more advanced rehab care. There will be no fragmentation of services.

13. Provide an explanation of how the proposed project will have an appropriate relationship to the service area's existing health care system as required in WAC 246-310-230(4).

Please refer to the response to Q12, above.

14. Identify whether any facility or practitioner associated with this application has a history of the actions listed below. If so, provide evidence that the proposed or existing facility can and will be operated in a manner that ensures safe and adequate care to the public and conforms to applicable federal and state requirements.

- a. A criminal conviction which is reasonably related to the applicant's competency to exercise responsibility for the ownership or operation of a health care facility; or**
- b. A revocation of a license to operate a healthcare facility; or**
- c. A revocation of a license to practice as a health profession; or**
- d. Decertification as a provider of services in the Medicare or Medicaid program because of failure to comply with applicable federal conditions of participation.**

No facility or practitioner associated with the application has any history with respect to the above.

Section 6 Cost Containment (WAC 246-310-240)

- 1. Identify all alternatives considered prior to submitting this project. At a minimum include a brief discussion of this project versus no project.**

After determining that the need was for approximately 50 beds, the only other option considered, beyond the project described in this CN, was expansion and remodel in place. This option was rejected for several reasons. First, constructing a 50-bed unit would require significant disruption to the current hospital, as well as an extended construction period because of the need to “work around” current operations. Even with the construction work around accommodation, the anticipated level of disruption to the current hospital was found to be unacceptable. Further, the extended construction period and the need to tie into the existing hospital structure escalated the project cost by more than 50%.

The status quo was also ruled out because of the lack of space, the inability to add beds, and the inability to accommodate new technologies and equipment.

- 2. Provide a comparison of this project with alternatives rejected by the applicant. Include the rationale for considering this project to be superior to the rejected alternatives. Factors to consider can include, but are not limited to, patient access to healthcare services, capital cost, legal restrictions, staffing impacts, quality of care, and cost or operation efficiency.**

The requested information is included in **Table 13**.

**Table 13:
Advantages and Disadvantages**

	The Project	Expansion on Site	No Action
Patient Access to Healthcare Services	Provides the fastest increased access to inpatient services with expanded capacity	Delays new bed capacity; construction likely to disrupt or limit access for patients seeking other services at PeaceHealth Southwest	Patient access remains compromised
Capital Costs	Requires significant capital investment	Capital cost estimated at 50% higher than the selected option	Retention of capital at system level

	The Project	Expansion on Site	No Action
Staffing Impact	Requires increased staffing, but design is expected to achieve staffing efficiencies; provides a new state-of-the-art center for clinical staff to provide the highest quality of care	Requires increased staffing, but design is expected to achieve staffing efficiencies	Challenging to retain staff; inefficient size. Higher turnover likely
Quality of Care	Reduces impact of patients delayed in admission; efficiencies and workflows in new spaces more easily support quality care	Reduces impact of patients delayed in admission; efficiencies and workflows in new spaces more easily support quality care	Challenging to consistently provide high quality care in a cramped, aging environment
Cost or Operational Efficiency	Operational efficiency is greatly enhanced through new design and updated technology	Highest capital option	No opportunity to improve operational efficiency; space will continue to be used inefficiently, potentially resulting in poorer patient outcomes
Legal	No challenges to the CN or other regulatory reviews are expected	No challenges to the CN or other regulatory reviews are expected	Not applicable

Source: Applicant

- 3. If the project involves construction, provide information that supports conformance with WAC 246-310-240(2):**
- **The costs, scope, and methods of construction and energy conservation are reasonable; and**
 - **The project will not have an unreasonable impact on the costs and charges to the public of providing health services by other persons.**

As noted above, the LLC and PMB undertook extensive planning to ensure that the proposed new IRF meets or exceeds the requirements of the Washington State Building Code and Washington State Energy Code. The proposed building includes the following energy features:

- LED lighting,
- Improved efficiency through building operating systems, and
- Triple-glazing curtain wall system, and Using Energy Design Assistance (EDA) software to increase energy efficiency.

4. Identify any aspects of the project that will involve appropriate improvements or innovations in the financing and delivery of health services which foster cost containment, and which promote quality assurance and cost effectiveness.

The new IRF has been designed to maximize staff efficiency and improve patient care and outcomes. The development of a freestanding facility promotes an environment singularly focused on the patient in need of rehabilitation. A designated patient wing for stroke and brain and spinal injury enables staff to care for these special patient populations more effectively. A complete therapy suite on the first floor, plus dedicated therapy spaces throughout the building, allow convenient access for the entire patient population. Additionally, all-private rooms and private bathroom facilities allow for patients' comfort and treatment needs with maximized privacy, as well as providing adequate space for families.

This building was designed to support operational efficiency and cost reduction. The areas of focus for this facility are the patient care areas that have been sized appropriately to accommodate all the staffing and material needs required to provide superior clinical service to the patients. The building was designed as a two-story structure to keep all the patient services and amenities (therapy gym, dining, open courtyard, etc.) convenient to patients in regard to travel distance, as well as efficient for the staff.

The construction costs are further managed through the use of efficient building systems. The footprint of the facility allows for fully contained packaged air handler units as well as smaller, more efficient boilers due to the shorter runs of domestic water and ductwork. This yields lower construction and operational costs than typical facilities incur. Additionally, as this is a prototypical design, the inherent knowledge that is gained as each project is completed yields more efficient construction delivery and better cost management.

Exhibit 1
Secretary of State Certificates

UNITED STATES OF AMERICA

The State of Washington



Secretary of State

I, STEVE R. HOBBS, Secretary of State of the State of Washington and custodian of its seal, hereby issue this

CERTIFICATE OF FORMATION

to

PEACEHEALTH SOUTHWEST, LLC

A WA LIMITED LIABILITY COMPANY, effective on the date indicated below.

Effective Date: 09/19/2023

UBI Number: 605 336 818



Given under my hand and the Seal of the State of Washington at Olympia, the State Capital

A handwritten signature in black ink that reads "Steve R. Hobbs".

Steve R. Hobbs, Secretary of State

Date Issued: 09/19/2023

UNITED STATES OF AMERICA

The State of Washington



Secretary of State

I, STEVE R. HOBBS, Secretary of State of the State of Washington and custodian of its seal, hereby issue this

CERTIFICATE OF REGISTRATION

to

PMB VANCOUVER 2 LLC

A/AN DELAWARE LIMITED LIABILITY COMPANY, effective on the date indicated below.

Effective Date: 04/17/2024

UBI Number: 605 519 708



Given under my hand and the Seal of the State of Washington at Olympia, the State Capital

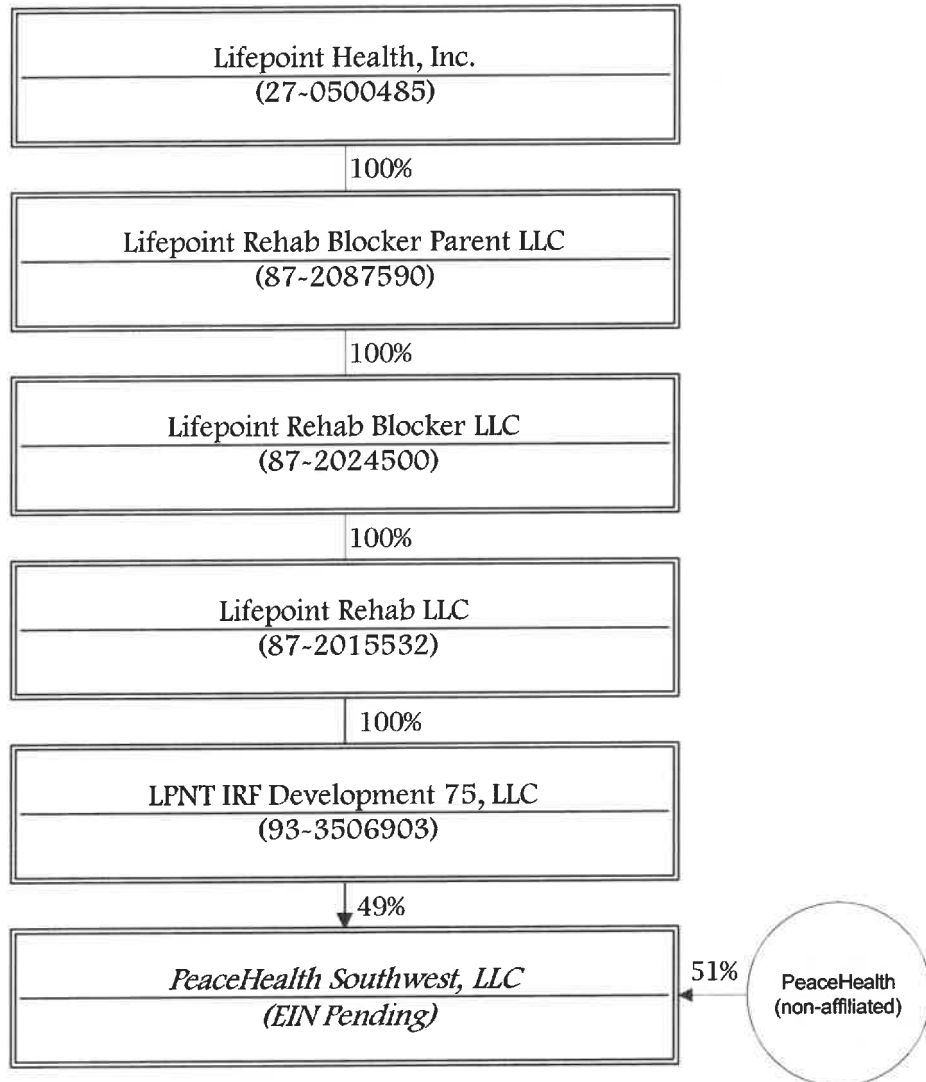
Steve R Hobbs

Steve R. Hobbs, Secretary of State

Date Issued: 04/17/2024

Exhibit 2
Organizational Charts

PeaceHealth Southwest, LLC 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

PMB Vancouver 2 LLC

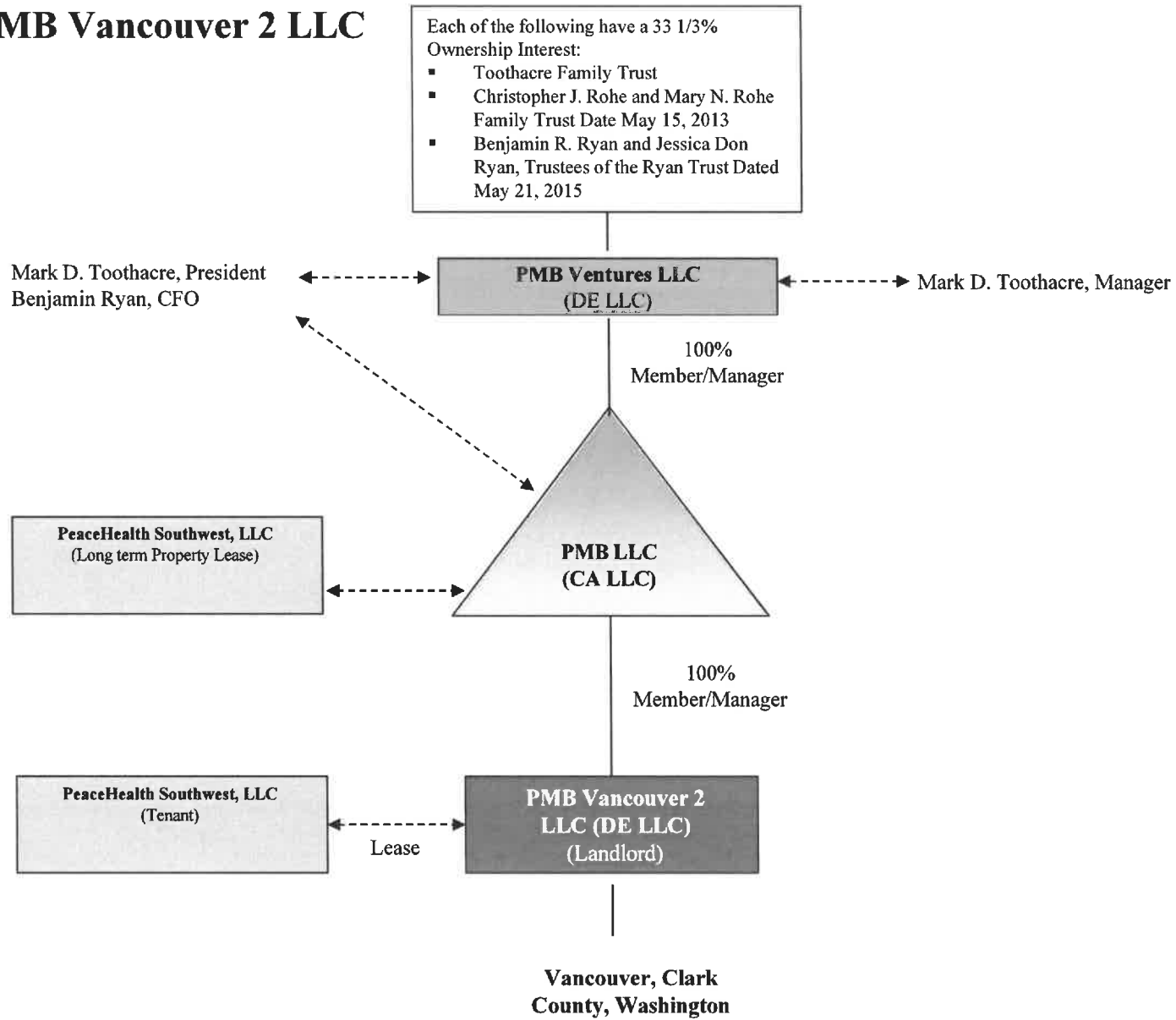


Exhibit 3
Tertiary Addendum

V. Addendum for Hospital Projects

All Tertiary Services EXCEPT Percutaneous Coronary Intervention (PCI)

The following questions are applicable to ALL tertiary service projects except for elective PCI. There are service-specific sections that follow.

A. General Questions – Applicable to ALL Tertiary Service Projects except for PCI

Project Description

1. Check the box corresponding with the tertiary service proposed by your project:

<input type="checkbox"/> NICU Level II	<input type="checkbox"/> Organ Transplant
<input type="checkbox"/> NICU Level III	<input type="checkbox"/> Open Heart Surgery
<input type="checkbox"/> NICU Level IV	<input type="checkbox"/> Elective PCI*
<input type="checkbox"/> Specialized Pediatric (PICU)	<input checked="" type="checkbox"/> PPS-Exempt Rehab Level I (indicate level)
<input type="checkbox"/> Psychiatric (within acute care hospital)	<input type="checkbox"/> Specialty Burn Services

***If you selected “Elective PCI” above, skip this section and move on to the PCI-specific Addendum**

Need

2. **If there is a numeric need methodology specific to your service in WAC, provide the WAC-based methodology. If there is no numeric need methodology in WAC, provide and discuss a service-specific numeric need methodology supporting the approval of your project. Include all assumptions and data sources.**

There is no numeric need methodology specific to acute rehabilitation in WAC. Please see Section 4 of the application for discussion of the need methodology for Clark County.

3. **Are there any service/unit-specific policies or guidelines? If yes, provide copies of the policies/guidelines.**

All required policies and guidelines were detailed in earlier sections of the report, and included as exhibits to this application.

Financial Feasibility

- 4. Provide the proposed payer mix specific to the proposed unit or service. If this project represents the expansion of an existing unit, provide the current unit's payer mix for reference.**

The proposed payer mix for the new hospital is included as Table 11.

- 5. Provide pro forma revenue and expense statements for the proposed unit or service. If this project proposes the expansion of an existing unit, provide both with and without the project.**

Please see the financial statements for the proposed project in Exhibit 8.

- 6. If there is no capital expenditure for this project, explain why.**

This question is not applicable.

Structure and Process of Care

- 7. If applicable for the service proposed, provide the name and professional license number of the proposed medical director. If not already disclosed under WAC 246-310-220(1) above, identify if the medical director is an employee or under contract.**

The proposed medical director for the IRF is not known at this time. The medical director will be under contract.

- 8. If the medical director is/will be an employee rather than under contract, provide the medical director's job description.**

This question is not applicable.

- 9. If the medical director is/will be under contract rather an employee, provide the medical director contract.**

Attached to this addendum is a draft medical director agreement.

10. Provide the names and professional license numbers of current and proposed credentialed staff for this service/unit.

As a new facility, the IRF has no current credentialed staff. PeaceHealth Southwest LLC plans to fill these positions after CN approval, thus we are unable to provide any names of proposed staff for the proposed project.

11. If applicable for the service proposed, provide the existing or proposed transfer agreement with a local hospital.

Please see Exhibit 19 for a draft transfer agreement between the LLC and PeaceHealth Southwest.

12. Will the service/unit proposed comply with any state or national standards? If yes, provide the applicable standard, the rationale for selecting the standard selected, and a detailed discussion outlining how this project will comply with the standard.

The LLC will apply for a Level I trauma designation for its 50-bed facility from the Washington Department of Health given project approval. The necessary criteria for Level I are outlined in the DOH Trauma Designation Rehabilitation Application (<https://www.doh.wa.gov/Portals/1/Documents/Pubs/346092.pdf>).

A Level I trauma designation also requires the provider to have and maintain full accreditation by the Commission on Accreditation of Rehabilitation Facilities (CARF). As such, the LLC will also seek and plan to obtain CARF accreditation for the proposed project.

13. After discharge, what steps are taken to ensure continuity of care for each patient?

In preparing for discharge, staff will meet with the patient and their family to discuss the plan for discharge and any services and equipment they may need upon leaving the hospital. The team will arrange family or caregiver training as needed before the patient is discharged. We will discuss any follow-up services that may be needed as well as medication instructions and discuss when to follow up with their primary physician.

We will also provide options for outpatient rehabilitation services and home health services as needed and make appropriate connections between patients and the providers of these services. We encourage the patient and family to reach out with any questions or needs after discharge.

We contact each patient post discharge to discuss any questions that the patient may have as well as check up on their individual progress. After that we call the patient again in 3 months to continue to track and monitor their progress.

14. If the proposed service type is already offered in the same planning area, provide a detailed description of the steps that will be taken to avoid unwarranted fragmentation of care within the existing healthcare system.

The LLC will be the only provider of rehabilitation services within the multi-County Planning Area. The LLC will coordinate closely with the hospitals, providers and post-discharge services (SNF, home health, etc.) available in the Planning Area.

Psychiatric Unit Projects Only

1. Confirm that the existing or proposed facility will accept ITA patients.

This question is not applicable.

2. Identify if the existing or proposed facility will provide pediatric or geriatric psychiatric services. If yes, identify the number of beds dedicated to each service.

This question is not applicable.

Rehabilitation Unit Projects Only

1. What trauma designation is being proposed for this rehabilitation unit?

The trauma designation for the proposed project is Level I.

2. Will there be separate units for separate diagnoses requiring rehabilitation?

There will be separate areas for Stroke and Traumatic Spine and Brain Injury patients. Please see the single-line drawings in Exhibit 5.

For NICU Projects ONLY

- 1. Describe how this project will adhere to the most recent Washington State Perinatal Level of Care Guidelines**

This question is not applicable.

Exhibit 4
Letter of Intent

July 10, 2024

Eric Hernandez, Program Manager
Certificate of Need Program
Department of Health
Via email: FSLCON@DOH.WA.GOV; eric.hernandez@doh.wa.gov

Dear Mr. Hernandez:

This letter serves as the letter of intent of PeaceHealth Southwest, LLC and PMB to establish a new Inpatient Rehabilitation Facility (IRF) in Clark County. Per WAC 246-310-080, the following information is provided:

1. A Description of the Extent of Services Proposed:

PMB, a healthcare real estate development company, will finance, construct, and own a building that will be leased to PeaceHealth Southwest LLC (the LLC), a joint venture of PeaceHealth and Lifepoint Rehabilitation. The LLC will purchase and install all moveable equipment and obtain Washington State licensure and Medicare/Medicaid certification and accreditation. The LLC will operate a 50-bed inpatient rehabilitation hospital.

The IRF will be licensed as an acute care hospital under RCW 70.41. When the IRF opens, a 14-bed acute rehabilitation unit currently operating at PeaceHealth Southwest Washington Medical Center will no longer provide acute rehabilitation, such that the net addition of IRF beds is only 36.

2. Estimated Cost of the Proposed Project:

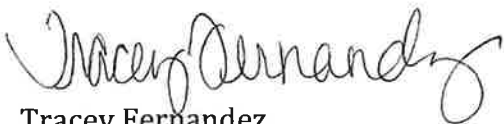
The estimated capital expenditure for the project is estimated at \$92 million.

3. Description of the Service Area:

The service area for this project is Clark, Cowlitz, Skamania, Wahkiakum and Western Klickitat Counties.

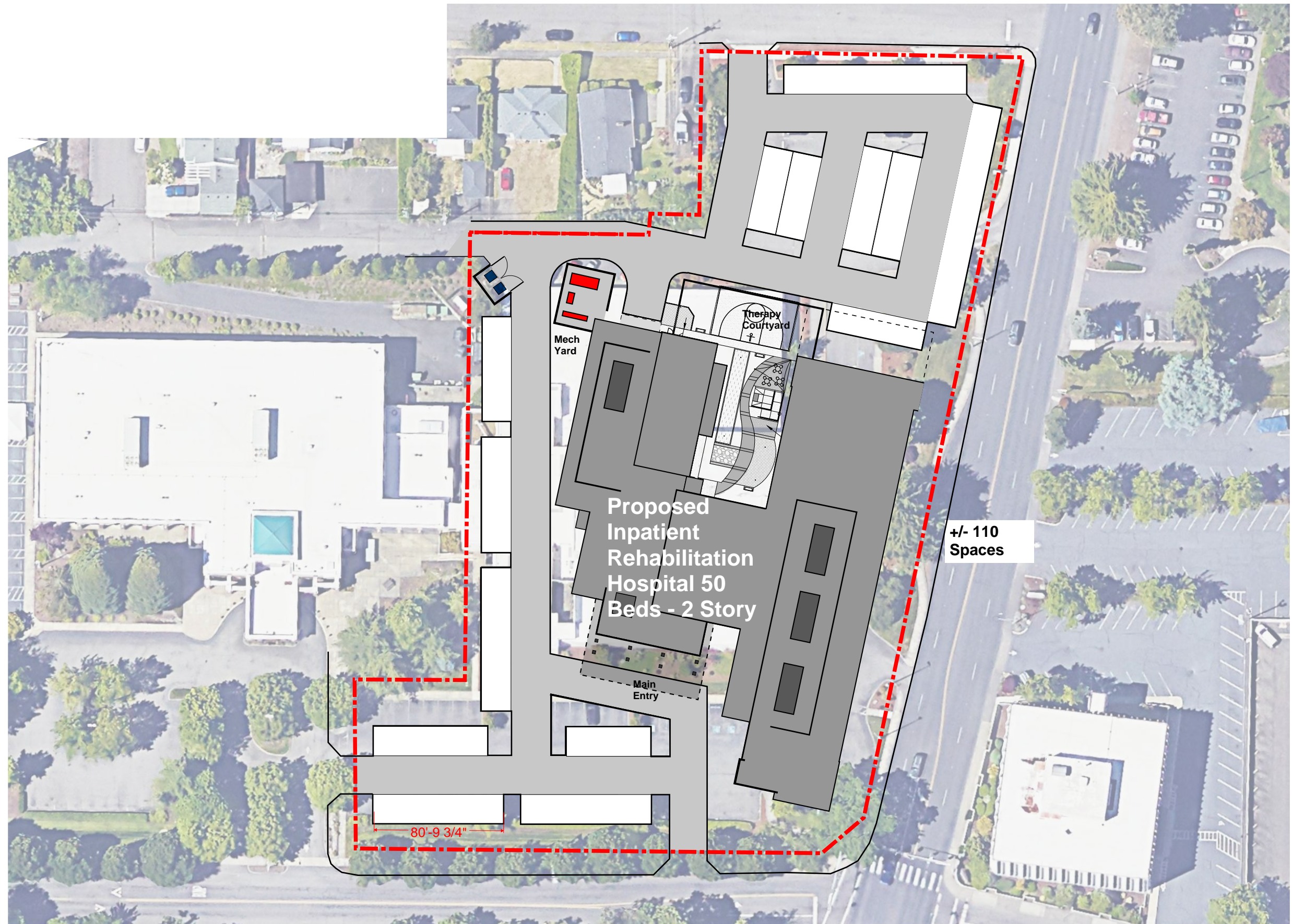
Please contact me directly with any questions.

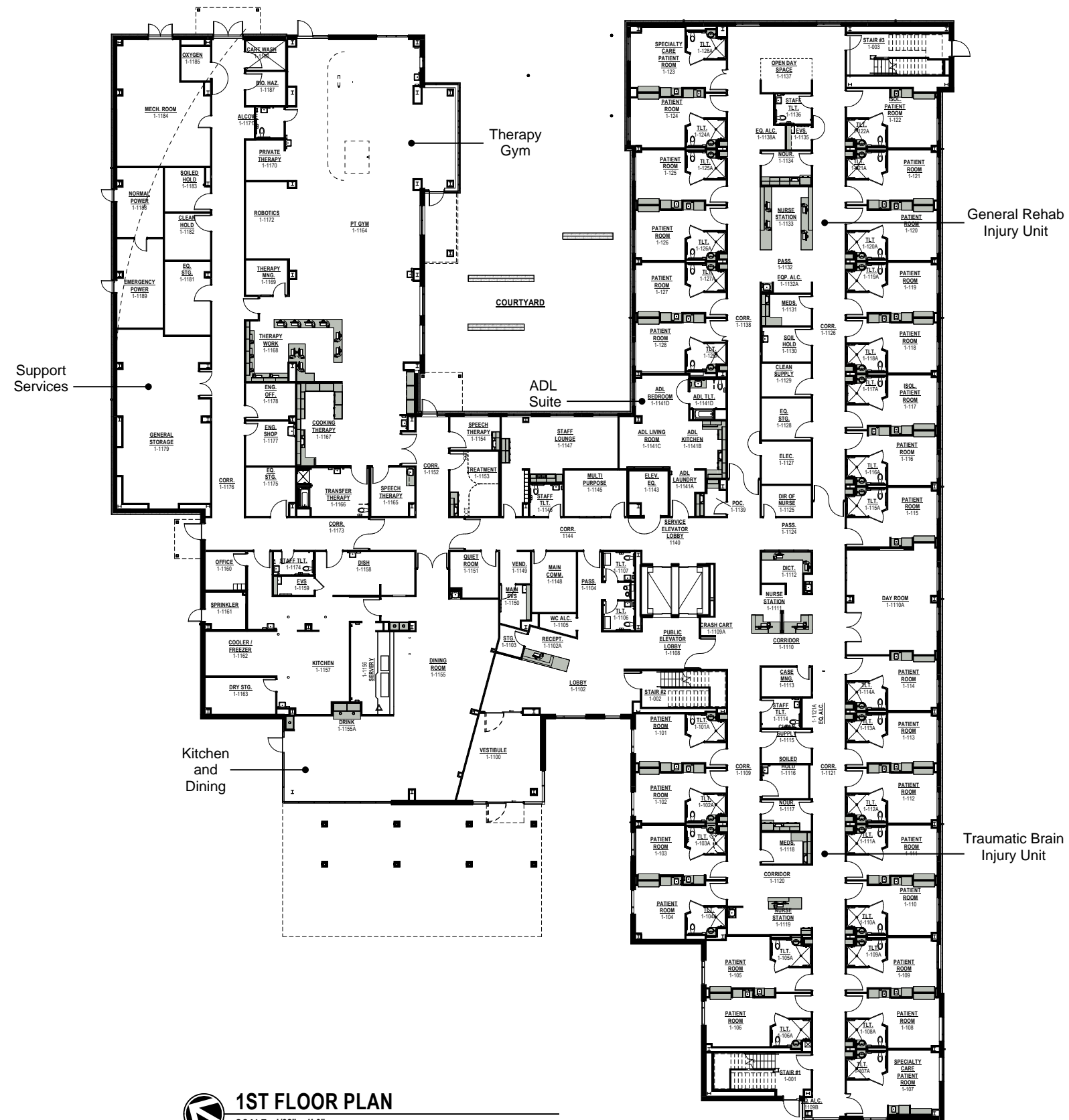
Sincerely,



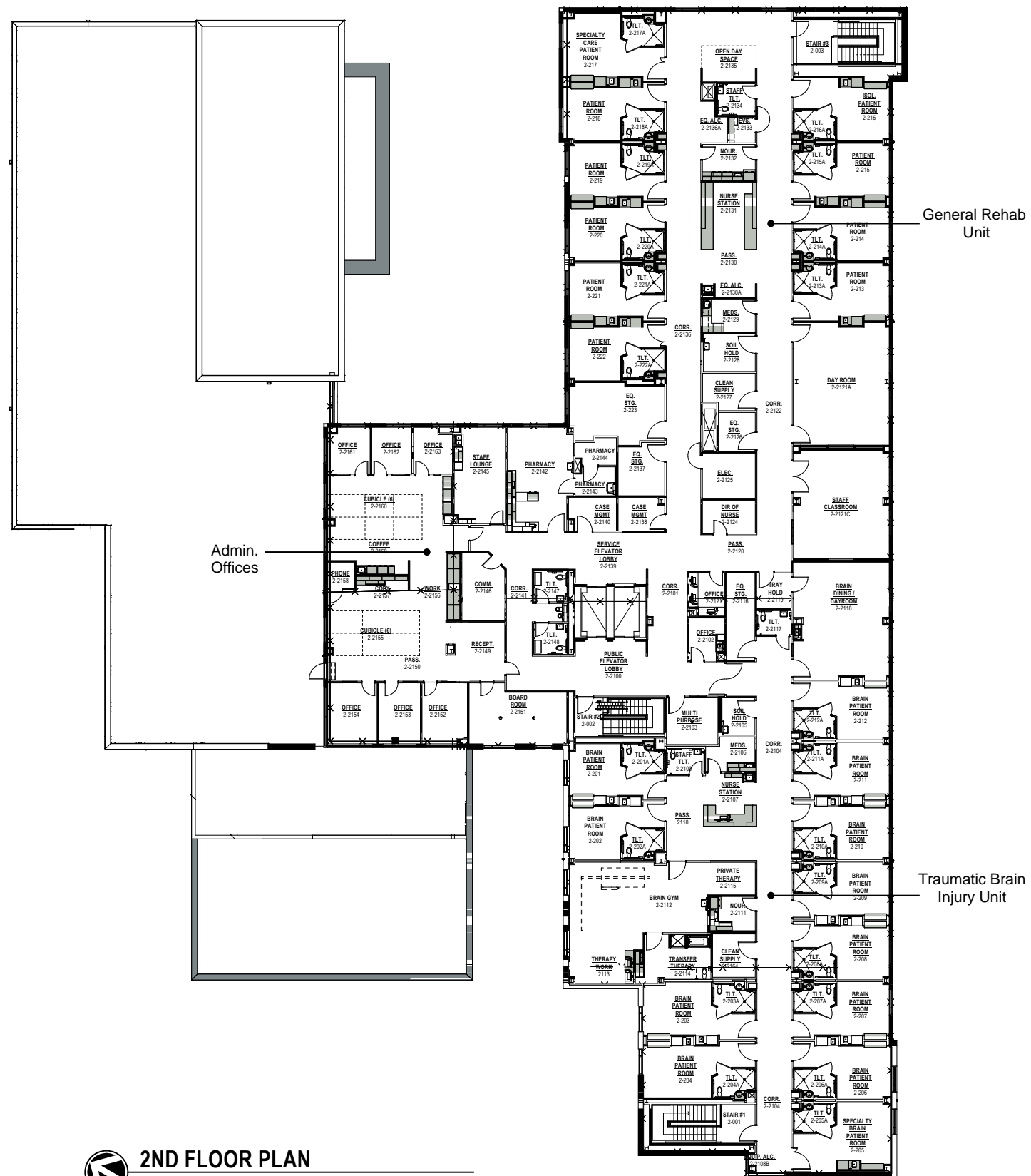
Tracey Fernandez
Chief Financial Officer,
PeaceHealth Columbia Network
Tfernandez1@peacehealth.org
360-514-3548
602 NE 92nd Ave, PO Box 160
Vancouver, WA 9864

**Exhibit 5
Line Drawings**





1ST FLOOR PLAN
SCALE 1/32" = 1'-0"




 **2ND FLOOR PLAN**
SCALE: 1/32" = 1'-0"

Exhibit 6
Financial Assistance/Charity Care Policy



Origination	5/31/2007	Owner	Jason Friend: Dir Revenue Cycle (Pat Access)
Last Approved	N/A	Area	Revenue Cycle
Effective	Upon Approval	Applicability	PeaceHealth Systemwide
Next Review	3 years after approval	Tags	Policy

Financial Assistance Policy

SCOPE

This policy applies to all PeaceHealth settings and services in the location(s) checked below:

✓ Ambulatory Surgery Center	✓ PeaceHealth Medical Group
✓ Cottage Grove Medical Center	✓ Sacred Heart RiverBend
✓ Ketchikan Medical Center	✓ Southwest Medical Center
✓ Ketchikan Long Term Care	✓ St. John Medical Center
✓ Peace Harbor Medical Center	✓ St. Joseph Medical Center
✓ Peace Island Medical Center	✓ System Services Center
✓ PeaceHealth Home & Community	✓ United General Medical Center
✓ PeaceHealth Laboratories	

PURPOSE

The purpose of this policy is to provide information about Financial Assistance programs offered by PeaceHealth that assist guarantors, provide patients with medical management, and support the financial stability of PeaceHealth

DEFINITIONS

- **Extenuating Circumstances/Catastrophic:** Consideration of additional factors in determining the patient portion of an account qualifying for less than 100% coverage under the Financial Assistance Policy. Factors include: remaining balance after all reductions, household income,

and medical status of patient/family.

- **Extraordinary Collection Actions (ECA):** (i) actions requiring a legal or judicial process, including but not limited to placing a lien on property, attaching bank accounts, filing civil action under contract law, or garnishing wages; and (ii) reporting adverse information to a credit agency/bureau. PeaceHealth or its contracted collection agencies may take the listed actions for unpaid accounts subject to any court-required approvals.
- **Financial Assistance:** A PeaceHealth program through which emergent, medically necessary, and some preventative services are provided by PeaceHealth at a reduced cost or without charge when it has been determined that payment for those services cannot be obtained through insurance, outside agencies, or private means.
- **Financial Counseling:** A process of working with our patients in a compassionate and caring manner to identify options for resolving their PeaceHealth financial obligations.
- **Guarantor:** A person age 18 or over, regardless of marital status, who has legal financial responsibility for services provided.
- **Household:** Persons related by birth, marriage, or adoption residing in the home.
 - A household does not include any of the following people:
 - Roommates
 - Guarantor's unmarried partner, unless they have a child together and the child is the patient
- **Income:** Total cash receipts before taxes derived from wages and salaries, welfare payments, Social Security payments, strike benefits, unemployment or disability benefits, child support, alimony, and net earnings from business and investment activities paid to members of the household.
- **Indigent Persons:** Patients or their guarantors who qualify for charity care pursuant to the PeaceHealth Financial Assistance policy, and who have exhausted any third-party coverage.
- **Medically Necessary Care:** Care that, in accordance with clinically accepted parameters, is reasonably calculated to:
 - Prevent the onset or worsening of an illness, condition, or disability;
 - Establish a diagnosis;
 - Provide palliative, curative, or restorative treatment for physical, behavioral, and/or mental health conditions; and/or
 - Assist the individual to achieve or maintain functional capacity in performing daily activities, taking into account both the functional capacity of the individual and those functional capacities that are appropriate for individuals of the same age.
 - Each service is performed in accordance with national standards of medical practice generally accepted at the time the services are rendered, and must be sufficient in amount, duration, and scope to reasonably achieve its purpose. Course of treatment may include observation only, or when appropriate, no treatment at all.
- **Patient:** An individual receiving care at PeaceHealth.
- **Service Area:** The state in which the PeaceHealth entity/provider is located.

POLICY

It is the policy of PeaceHealth to ensure a socially just practice for providing emergency or other medically necessary care and comply with federal and state laws and regulations relating to emergency medical services and patient Financial Assistance, including but not limited to Section 1867 of the Social Security Act, Section 501(r) of the Internal Revenue Code, RCW 70.170.060, and WAC Ch. 246-453.

1. Financial Assistance Overview

- a. Signage and brochures informing patients and/or guarantors of PeaceHealth's financial counseling programs and Financial Assistance are available at appropriate access areas, including registration, and are also available in electronic format on peacehealth.org.
- b. Financial assistance information is provided at least annually to community agencies such as local health departments, Medicaid offices, social service agencies, and physician practices.
- c. Guarantors may apply for Financial Assistance at any time. If applicable, extraordinary collection actions (ECAs) will be suspended while an application is being reviewed.
- d. In accordance with PeaceHealth policy, federal law, and RCW 70.170.060(2), emergent care (including care for people in active labor) is never delayed or denied due to an assistance determination or requests for financial information regarding ability to pay. (Emergency Medical Treatment and Labor Act [EMTALA] Compliance Policy #ADM-0733)
- e. Financial Assistance is secondary to all available sources of payment including, but not limited to:
 - i. Insurance
 - ii. Third party liability payers
 - iii. Government programs
 - iv. Outside agency programs
 - v. Health savings accounts
- f. Financial Assistance is granted to applicants receiving emergent or medically necessary care.
- g. For emergent or medically necessary care furnished in Oregon or Alaska, Financial Assistance is granted to all eligible patients that reside in the states of Washington, Oregon and Alaska.
- h. Information regarding PeaceHealth's billing and collections practices, including the description of actions PeaceHealth hospitals may take in the event of nonpayment, can be found in the separate Patient Billing and Collections Policy and Procedure which is available free of charge on peacehealth.org or a free mailed copy can be requested by calling Customer Service at 877-202-3597.

2. Limit on Charges for Guarantors Eligible for Financial Assistance

- a. Guarantors eligible for Financial Assistance under the Financial Assistance Policy will not be personally responsible for more than the amounts generally billed (AGB), as defined in

Treasury Regulation Section 1.501(r)-1(b)(1), by the applicable PeaceHealth hospital for the emergency or medically necessary services received.

- b. PeaceHealth calculates each hospital facility's amounts generally billed (AGB) by using the "look-back" method which uses claims for emergency and other medically necessary care from Medicare and all commercial insurers over a 12-month period.
- c. A free copy of the AGB calculation description and percentages will be provided via mail upon request. Requests may be made in person at any Patient Registration department or by calling Customer Service at 877-202-3597.

3. Financial Assistance Application Process

- a. Financial Assistance applications are included with each patient statement, or can be obtained by request at all Registration areas, via MyPeaceHealth, by downloading an application from peacehealth.org, or by contacting Customer Service at 877-202-3597.
- b. Consideration for Financial Assistance occurs once a complete application has been submitted to PeaceHealth.
- c. Information required for a complete application:
 - i. List of family members in household
 - ii. Household gross monthly income (income before taxes and deductions)
 - iii. Signature and date
 - iv. Acceptable documentation of income attached
- d. Acceptable documentation of income must include one of the following:
 - i. A "W-2" withholding statement
 - ii. Pay stubs
 - iii. An income tax return from the most recently filed calendar year
 - iv. Forms approving or denying state funded programs (Optional)
 - v. Forms approving or denying unemployment compensation
 - vi. Written statements from employers or welfare agencies
 - vii. In the absence of the above forms of income documentation, a written and signed statement from the Guarantor will be accepted as proof of income
- e. Assets are not considered as part of the PeaceHealth process for approving or denying Financial Assistance
- f. Completed applications can be sent to PeaceHealth Patient Financial Services:
 - i. By Mail: P.O. Box 748632 Los Angeles, CA 90065
 - ii. By Fax: 360-729-3047
- g. If an incomplete application is received, a letter is sent explaining what is required to complete the application.
 - i. If requested information is not returned within 30 days, the application is denied.

- ii. Additional time to secure required documentation may be granted upon request.
- h. Financial Assistance is granted in accordance with the following table based on income and family size:

Federal Poverty Percentages		Financial Assistance Allowance
From	To	
0	300%	100%
301	350%	85%
351	400%	70%

- i. Complete applications are processed within 14 calendar days of receipt.
- j. If approved, a letter is sent including the amount of assistance applied to outstanding guarantor balances and the dates of service for which eligible services will be covered.
- k. If denied, a letter is sent including the reason for denial and instructions for appealing.
- l. The Vice President of Revenue Cycle or designee has the authority to make final determination and exceptions.

4. Financial Assistance Appeals

- a. Responsible parties may appeal the determination of eligibility for Financial Assistance by submitting additional written information, such as income verification or explanations of extenuating circumstances, to PeaceHealth Patient Financial Services within 30 days of the denial notification.
- b. Collection activities for accounts under appeal are pended until a determination is made.
- c. Appeal determination will be made, and notification sent, within 30 days.
- d. The Vice President of Revenue Cycle or designee has the authority to make the final determination for all appeals.
- e. For PeaceHealth facilities located in the state of Washington, when a Financial Assistance application is denied and the appeal upheld, a copy of the paperwork is provided to the Washington State Department of Health.

5. Financial Assistance Presumptive Eligibility

- a. Other sources of information, such as estimated income and family size provided by a predictive model, may be used to make an individual assessment of financial need.
 - i. This information will enable PeaceHealth to proactively assist patients with financial obligations by utilizing the best estimates available in the absence of information provided directly by the patient.
 - ii. Presumptive screening provides benefit to the community by enabling PeaceHealth to systematically identify financially needy patients who may not have been able to complete a traditional application or provide appropriate documentation.

- b. For the purpose of helping financially needy patients, PeaceHealth may utilize a third-party to review the patient's information to assess financial need.
 - i. This review utilizes a healthcare industry-recognized, predictive model that is based on public record databases.
 - 1. The model incorporates public record data to calculate a socio-economic and financial capacity score that includes estimates for income, resources, and liquidity.
 - 2. The model's rule set is designed to assess each patient to the same standards and is calibrated against historical Financial Assistance approvals for PeaceHealth.
 - 3. The predictive model enables PeaceHealth to assess whether a patient is characteristic of other patients who have historically qualified for Financial Assistance under the traditional application process.
 - 4. Information from the predictive model may be used by PeaceHealth to grant presumptive eligibility in cases where there is an absence of information provided directly by the patient. Where efforts to confirm coverage availability have been unsuccessful, the predictive model provides a systematic method to grant presumptive eligibility to financially needy patients.
- c. In the event a patient does not qualify for the highest level of Financial Assistance under the presumptive rule set, the patient may still provide the requisite information and be considered under the traditional Financial Assistance application process.
- d. In addition to the use of the predictive model outlined above, presumptive Financial Assistance will also be provided at the 100% charity care level in the following situations:
 - i. Deceased patients where PeaceHealth has verified there is no estate and no surviving spouse.
 - ii. Patients who are eligible for Medicaid from another state in which PeaceHealth is not a participating provider and does not intend to become a participating provider.
 - iii. Patients who qualify for other government assistance programs, such as food stamps, subsidized housing, or Women Infants and Children Program (WIC).
 - iv. Patients who are confirmed to be homeless with no available source of payment.
- e. If a patient is deemed unable to pay through any of the above described means, PeaceHealth will cease and desist collection efforts that are underway and adjust the account balance to zero through either bad debt (Medicare) or presumptive charity (all other coverages or lack thereof).
- f. See Section 6 for Oregon Hospital pre-screening and presumptive eligibility criteria.

6. Oregon Hospital Pre-screening Process for Presumptive Eligibility

- a. Oregon Hospitals pre-screen for presumptive eligibility of Financial Assistance and make any

resulting adjustments to patient cost prior to sending a billing statement.

- b. Prior to taking any other pre-screening actions, the hospital will determine if during the previous nine (9) month period, the patient has applied for Financial Assistance, if yes the appropriate adjustment will be applied.
- c. Financial Assistance is presumptively determined based on estimated patient family size and household income provided by Experian Health.
- d. Patients are not required to present documentation or other verification related to any eligibility criteria as a condition of pre-screening or a requirement for adjustment to the patient costs. Patients may voluntarily submit information or documentation that would assist in the pre-screening process.
- e. If initial pre-screening method fails to return information, a good faith effort to determine the patient's presumptive eligibility will be made using other information available to the hospital.
- f. The hospital will notify patients in writing of all pre-screening results. The pre-screening process and presumptive eligibility determination is not considered an application for Financial Assistance and does not disqualify patients from seeking Financial Assistance.

7. Additional Assistance Provided

- a. Uninsured Discount
 - i. Patients without insurance, or insured patients receiving services not covered by insurance, are awarded an uninsured discount.
 - ii. In accordance with PeaceHealth Uninsured Discount Policy, uninsured discounts are granted only for emergent or medically necessary care.
- b. PeaceHealth will assist patients or their guarantors in identifying and applying for available assistance programs including Medicaid and coverage available on the Washington Health Benefit Exchange

8. Providers Subject to PeaceHealth's Financial Assistance Policy

- a. PeaceHealth's decision to provide Financial Assistance in no way affects the guarantor's financial obligations to physicians or other healthcare providers, unless such physicians or other healthcare providers are providing care to patients pursuant to a contract with PeaceHealth that requires accepting Financial Assistance decisions made by PeaceHealth.
- b. A list of non-PeaceHealth physicians or other healthcare providers who have agreed to comply with the Financial Assistance Policy and Procedure can be found by visiting peacehealth.org or by calling Customer Service at 877-202-3597 and requesting a copy.

HELP

Further information may be obtained by contacting Patient Financial Services.

RELATED MATERIAL

Forms:

- Financial Assistance Application
- Plain Language Summary

Policies & Procedures:

- [Patient Billing and Collections Policy](#)
- [Emergency Medical Treatment and Labor Act Compliance Policy](#)
- [Emergency Medical Treatment and Labor Act Compliance Procedure](#)

Formerly known as document number 900.1.262.

All Revision Dates

7/24/2024, 1/27/2023, 8/23/2022, 7/1/2019, 7/1/2016, 10/17/2014, 6/18/2014, 2/1/2014, 11/13/2009

Approval Signatures

Step Description	Approver	Date
WA DOH	Jason Friend: Dir Revenue Cycle (Pat Access)	Pending
SVP Chief Revenue Officer	Kimberly Sullivan: SVP Chief Revenue Officer	6/18/2024
Sr Dir Patient Access	Cheryl Mallory: Sr Dir Patient Access	6/18/2024
	Jason Friend: Dir Revenue Cycle (Pat Access)	6/18/2024

Applicability

PeaceHealth Cottage Grove Community Medical Center, PeaceHealth Home and Community, PeaceHealth Ketchikan Medical Center, PeaceHealth Medical Group, PeaceHealth Peace Harbor Medical Center, PeaceHealth Peace Island Medical Center, PeaceHealth SHMC at RiverBend, PeaceHealth Southwest Medical Center, PeaceHealth St John Medical Center, PeaceHealth St Joseph Medical Center, PeaceHealth System Services, PeaceHealth United General Medical Center

Standards

No standards are associated with this document

COPY

Exhibit 7
Non-Discrimination Policy, Admission Policy, and Patient Rights and Responsibilities
Policy

Non Discrimination Policy

POLICY

As a recipient of Federal financial assistance, the Hospital does not exclude, deny benefits to, or otherwise discriminate against any person on the grounds of race, color, national origin, or on the basis of disability or age in admission to, participation in, or receipt of the services and benefits under any of its programs and activities, whether carried out by the Hospital directly, or through a contractor, or any other entity with which the Hospital arranges to carry out its programs and activities.

This statement is in accordance with the provision of Title VI of the Civil Rights Act of 1964, Section 504 of the Rehabilitation Act of 1973, the Age Discrimination Act of 1975, and Regulations of the U.S. Department of Health and Human Services issued pursuant these statutes at Title 45 code of Federal Regulations Parts 80, 84, and 91. Other agency guidelines extend the same protection on the basis of creed, ancestry, religion, sex, sexual orientation, marital status, and source of payment.

In case of questions, please contact:

Provider Name:	PeaceHealth Southwest, LLC
Contact Persons/ Section 504 Coordinator:	INSERT CEO NAME
Telephone Number:	XXX-XXX-XXXX
TTY/TDD number:	XXX-XXX-XXXX

Admission Policy

POLICY

All patients admitted to the Hospital will have physical disabilities requiring a comprehensive multidisciplinary rehabilitation treatment program.

Inpatient Rehabilitation Facilities are required by CMS to serve an inpatient population that meets an established compliance percentage threshold for the prior cost reporting period.

Admission of patients will be limited to those who can actively participate in acute rehabilitation and who can be expected to benefit from the full range of assessment and treatment services. It is also the rehabilitation hospital's intent to make certain that once admitted, persons served meet criteria for continuing care.

PROCEDURE

Patients who are likely to benefit significantly from an intensive interdisciplinary hospital rehabilitation program are reviewed compared to the following admission criteria during the pre-admission screening process. Patient progress is reviewed regularly by the interdisciplinary team and persons served must meet continuing care criteria in order to continue to be served by the program

ADMISSION CRITERIA:

The following criteria serve as a guideline in determining eligibility / appropriateness for admission:

- I. Age of Persons Served - The rehabilitation hospital serves patients who are ages 16 and older.
- II. Rehabilitation Diagnoses: The patient has a diagnosis for Inpatient Rehabilitation that includes, but is not limited to, medical conditions that require intensive rehabilitative services. [§412.23(b)(2)]
 - A. Stroke
 - B. Brain Injury
 - C. Congenital deformity
 - D. Amputation
 - E. Major multiple trauma
 - F. Fracture of femur (hip fracture)
 - G. Neurological disorders, including multiple sclerosis, motor neuron diseases, polyneuropathy, muscular dystrophy, and Parkinson's disease
- H. Spinal Cord Injury / Dysfunction
 1. Spinal Cord Dysfunction / Non-Traumatic – Appropriate candidates include a range of individuals who have undergone spinal decompression, laminectomy and spinal fusion.
 - a. Etiology: tumors, ischemia, developmental disorders, transverse

myelitis, vascular malformations, cauda equine syndrome. Persons served with spinal cord dysfunction / non-traumatic may be complete or incomplete.

2. Spinal Cord Dysfunction / Traumatic – Appropriate candidates include individuals who have sustained a complete spinal cord injury at or below T-1. The rehabilitation hospital can serve cervical spinal cord injury (incomplete) up to the range of level C-4 on a case by case basis depending on the functional abilities of the person referred. For example, if the individual requires a motorized wheelchair due to severely decreased upper extremity function, a referral to a regional Spinal Cord Specialty Program would be appropriate.
 - a. Etiology: motor vehicle crash, diving injury, fall, gun shot or other traumatic event.
3. Spinal Cord Dysfunction Exclusion Criteria: The rehabilitation hospital does not serve individuals who have a respiratory compromise secondary to spinal cord dysfunction.
4. Spinal Cord Dysfunction Co-morbidities may include: Neurogenic bladder, neurogenic bowel, pressure ulcers, UTI, depression, substance abuse.

- I. Debility / Deconditioning
- J. Burns
- K. Knee or hip joint replacement, or both, during an acute Hospitalization immediately preceding the inpatient rehabilitation stay and also meet one or more of the following specific criteria:
 - a. The patient underwent bilateral knee or bilateral hip joint replacement surgery during the acute Hospital admission immediately preceding the IRF admission.
 - b. The patient is morbidly obese with a Body Mass Index of 50 or greater at the time of admission to the IRF.
 - c. The patient is age 85 or older at the time of admission to the IRF.
- L. Cardiac, Pulmonary, ~~Pain~~ and other disabling conditions that have resulted in a loss of function.

III. Medical Conditions - Patients with other disabling conditions not listed above may be considered for admission to the Hospital. These conditions may include:

- A. Impaired mobility (such as weakness or paralysis/balance disturbance/ataxia leading to functional impairments including difficulty in transferring, bed mobility, and ambulation.)
- B. Impaired sensation
- C. Bowel/bladder dysfunction
- D. Impaired ability to perform daily living skills
- E. Impaired communication
- F. Dysphagia

G. LVAD

IV. Functional Impairments / Activity Limitations:

All patients must exhibit at least one of the following new (acute) impairments in order to be considered eligible for a hospital level rehabilitation program requiring an inter-disciplinary team approach:

- A. Impaired cognitive function (attention span, memory, judgment, decision making).
- B. Impaired communication (aphasia, dysarthria, major receptive or expressive impairment).
- C. Impaired mobility (significant impairment for ambulation, wheelchair mobility, and transfers).
- D. Impaired perceptual motor function (spatial orientation, depth, diplopia, etc.).
- E. Impaired performance in self-care activities (self-feeding, dressing, bathing, etc.).
- F. Incontinence (bowel and/or bladder).
- G. Patients must require an intensive, interdisciplinary inpatient rehabilitation program.

V. Additional General Criteria - In addition to the medical condition, the following additional criteria are used to assess the medical necessity for admission

- A. Individual's overall medical condition and medical needs either identify a risk for medical instability or a requirement for physician and other personnel involvement generally not available outside the Hospital inpatient setting;
- B. Individual requires an intensive inter-disciplinary, coordinated rehabilitation program with a minimum of three (3) hours active participation 5 days out of 7 beginning with the day of admission), one of which must be physical or occupational therapy;
- C. Individual is medically stable enough to no longer require the services of a medical/surgical inpatient setting and to able to participate in an intensive rehabilitation program;
- D. The individual is capable of actively participating in a rehabilitation program or has the potential to actively participate in a rehabilitation program, as evidenced by a mental status demonstrating responsiveness to verbal or visual stimuli and ability to follow simple commands or the potential of mental status demonstrating responsiveness to verbal or visual stimuli with potential to follow simple commands;
- E. Individual's mental and physical condition prior to the illness or injury indicates there is significant potential for improvement.

VI. Measurable Improvement - Individual is expected to show measurable functional improvement within a reasonable length of stay (depending on the underlying

diagnosis/medical condition) following admission to the inpatient rehabilitation program.

VII. Close Medical Supervision - The necessary rehabilitation services will be prescribed by a physician, and require close medical supervision and rehabilitative nursing care with the 24-hour availability of a nurse and physician who are skilled in the area of rehabilitation medicine.

VIII. IRF Medical Necessity Criteria (MBPM, Section 110.2)

- A. Documentation in the medical record at the time of a patient's admission must demonstrate a reasonable expectation that the following criteria is met:
 - 1. The patient requires active and ongoing therapeutic interventions by multiple therapy disciplines
 - 2. The patient requires an intensive rehabilitation therapy program
 - 3. The patient is reasonably expected to actively participate in and benefit significantly from an intensive rehabilitation therapy program
 - 4. The patient requires physician supervision
 - 5. The patient requires an intensive, coordinated, interdisciplinary approach to providing rehabilitation

IX. Admission Exclusion Criteria

- A. **PeaceHealth Southwest LLC** is unable to care for persons on mechanical ventilation.
- B. The rehabilitation does not serve persons with active TB.
- C. As appropriate, a patient's behavioral and psychological status may be evaluated prior to admission to determine appropriateness of placement and benefit to the individual. A psychological condition, which substantially prevents or impedes participation in intensive rehabilitation would result in denial.
- D. Patients that require cardiac tele-monitoring
- E. Patients with chest tubes
- F. Patients who are require peritoneal dialysis
- G. IVIG or Plasma Foresis
- H. IV Drips for Heparin, Dilaudid, or other drugs that require monitoring
- I. Patients who are actively suicidal or have suicidal ideations and under constant supervision, whereby may be a threat to self or others. (Once patient is free from constant supervision for 24 hours, this no longer applies)
- J. Patients that are actively undergoing chemo therapy. (Exception to this is with oral chemo medications whereby the patient has his/her own supply).
- K. Patients who have not yet completed the short-term acute care phase of their medical recovery are not eligible for admission.

X. Additional Pre-Admission Screening Considerations - The following is a set of criteria that requires additional communication before admission determination is made.

Communications should be from the CL should be to the DBD who will help guide the conversation with specific individuals

- A. Patients who are on oral chemo medication whereby the patient is supplying his/her own medication as pharmacy and nursing need to review medication to ensure the particular medication is allowed by the FDA for RN administration. (DBD Discussion with Pharmacy)
- B. Patients who are undergoing active hemodialysis as there may be a limit from our vendor as to the number of patients the hospital can manage at any given point in time. We have the ability to do 2 patients at a time without additional conversations and planning with the dialysis team (DBD discussion with CEO)
- C. Patients who have controlled medications (e.g. TPN) whereby the pharmacy would have to special order the medication (DBD discussion with Pharmacy and CEO or Controller)
- D. Patients who are violent and require restraints. (DBD discussion with CCO/CEO)
- E. Patients who have external physician appointments whereby the frequency of appointments would hinder the patient's ability to complete three (3) hours of therapy per day (DBD discussion with CEO)

CONTINUING CARE CRITERIA:

Each patient's progress, barriers to discharge and plan should be reviewed by an interdisciplinary team weekly as required. The following criteria serve as a guideline in determining continuing eligibility / appropriateness to remain in the program:

- I. Complexity – the complexity of the patient's nursing, medical management, and rehabilitation needs require an inpatient setting and an interdisciplinary team approach to service delivery in order for the patient to continue to make functional gains. The patient continues to need:
 - A. Medical supervision by a rehabilitation physician
 - B. Twenty-four (24) hour a day access to rehabilitation nursing care.
 - C. Ability to participate in a minimum of 3 hours of therapy per day at least 5 days out of 7 beginning with the day of admission, one of which must be physical or occupational therapy.
 - D. Interdisciplinary team approach.
- II. There remains a reasonable expectation of measurable improvement that will be of practical value to the patient and is achievable by the patient within a predictable and reasonable period of time.
- III. The patient is motivated to participate in the rehabilitation program and has reasonable potential for improvement in functional capacities.

Patient Rights and Responsibilities Policy

INSERT HOSPITAL LOGO

Subject: PATIENT RIGHTS AND RESPONSIBILITIES

Policy: **LDR 270**

Effective Date:

Revision Date:

Leadership Policy & Procedures

POLICY

The Hospital prohibits discrimination and provides medical treatment without regard to age, race, creed, color, national origin, ancestry, ethnicity, nationality, religion, culture, language, physical or mental disability, socioeconomic status, sex, sexual orientation, gender identity or expressions, marital status, newborn status, source of payment or as otherwise prohibited by law.

The Hospital has adopted Patient Rights and Responsibilities as a means of protecting the rights of each patient. Patients exercise their rights by communicating with their Case Manager, Physician, Nurse Manager, or a representative from administration.

Patients or their surrogate decision maker, upon admission, receive a copy of their rights and responsibilities

PATIENT RIGHTS AND RESPONSIBILITIES

Every patient has certain rights related to his/her medical treatment. Additionally, each patient has certain responsibilities to help **the Hospital** provide the best possible care.

PATIENT BILL OF RIGHTS AND RESPONSIBILITIES

As a natural outgrowth of our beliefs, values and mission the Hospital recognizes patient rights and responsibilities as follows:

PATIENT RIGHTS

Patients, their surrogate decision maker or any person authorized in writing by the patient have the right to participate in their health care. This includes the right to:

1. Formulate advance directives and to appoint a surrogate decision maker to make health care decisions on their behalf, to the extent permitted by law.
2. Have instructions that may include Living Will, Durable Power of Attorney for Healthcare, and organ/tissue donations. The hospital staff and practitioners who provide care in the Hospital comply with these directives.
3. Participate in decisions regarding care and have effective communication about the diagnosis, course, treatment and prognosis of the patient's condition from the appropriate person within the facility in a manner tailored to the patient's age, and ability to understand.
4. Involve a surrogate decision maker when the patient is unable to make decisions about care.

INSERT HOSPITAL LOGO

Subject: PATIENT RIGHTS AND RESPONSIBILITIES

Policy: **LDR 270**

Effective Date:

Revision Date:

Leadership Policy & Procedures

5. Be informed of the patient's health status to make informed decisions. Be involved in all aspects of patient care planning and proposed treatment, including the anticipated outcomes of the treatment and associated risks and benefits, alternative treatment options and their risks and benefits, and the consequences of refusal or no treatment to the extent permitted by law. Also includes being able to request treatments or services although this right is not a mechanism to demand the provision of treatment or services deemed medically unnecessary or inappropriate.
6. Respect for the patient's guardian, next-of-kin or surrogate decision maker's right to make decisions on behalf of the patient, in accordance with the law.
7. Be informed about the outcomes of care, treatment and services, including unanticipated outcomes.
8. Be asked about and give approval or refuse to allow the taking of photos, videos, or recordings except when a photo/video/recording is needed for treatment purposes. The patient also has the right to rescind consent at any time before the photos/videos/recordings are used
9. Appropriate assessment and management of pain.
10. Meet with an on-call Chaplain and/or representative of the ethics committee to discuss personal ethics, professional responsibilities social values and conflict resolution.
11. Leave the hospital against the advice of the doctor(s) to the extent permitted by law. (If you choose to do so, the hospital and doctors are not be responsible for any medical consequences that may occur.)
12. Not be required to undergo involuntary treatment or be subjected to research or experimental procedures without the written consent of the patient or that of surrogate decision maker.
13. Except in emergencies, have informed consent of the patient or the patient's legally authorized representative before treatment is administered. Patients have a right to participate in discharge planning, including being informed of appropriate continuation of care service options that are available to the patient and a choice of agencies that provide the service.
14. Receive information on the current list of medications
15. Except in emergencies, to not be transferred to another facility without a complete explanation of the necessity for the transfer without provision for continuing care and have acceptance by the receiving institution is obtained.
16. Patients or their surrogate decision maker have a right to quality health care which includes being listened to and treated with courtesy, respect, consideration and recognition of their individuality and personal needs, including privacy in treatment
17. The Hospital recognizes the patient's right to:
18. Receive care in a safe setting, free from any form of abuse, financial or other exploitation, retaliation, humiliation, or harassment.
19. Request that a family member and/or your personal physician be notified of your admission to the hospital.

INSERT HOSPITAL LOGO

Subject: PATIENT RIGHTS AND RESPONSIBILITIES

Policy: LDR 270

Effective Date:

Revision Date:

Leadership Policy & Procedures

20. Have a family member, friend or other individual to be present with the patient for emotional support during the course of stay
21. Designate persons who are permitted to visit during the patient's hospital stay.
22. Receive treatment free from restraints or seclusion unless clinically necessary to provide acute medical or behavioral care.
23. Wear appropriate personal clothing or religious, cultural or other symbolic items that do not interfere with recommended treatment or procedures.
24. Know who has overall responsibility for the patient's care, including the names and roles of the care providers.
25. Expect privacy during medical treatment and care and to receive our Notice of Privacy Practices.
26. Request that a same gender person be present during physical examinations.
27. Assistance in obtaining protective services.
28. Confidentiality of medical records, including all computerized medical information and communications to the extent permitted by the law. The Hospital allows the patient or their surrogate decision maker access to their medical record, request amendments and obtain information and information on disclosures of health information to the extent permitted by law.
29. Have access to language interpreting and translation services, at no cost, if the patient is not fluent in English.
30. Have access to information and auxiliary aids if the patient has a vision, speech, hearing or cognitive impairment that meets the patient's needs.
31. Examine and receive an explanation of all bills regardless of the source of payment. Every patient shall receive, upon request, information relating to financial assistance available through the Hospital.
32. Consult with other physicians at the patient's own expense.
33. Be informed of information regarding the mechanism for initiation, review and resolution of patient complaints concerning the quality of care
34. Participating in the consideration of ethical issues that arise in their care.
35. Make a complaint and have a fair and objective review in a timely, accurate, and confidential manner. Patients can freely voice complaints and recommend changes without being subject to coercion, discrimination, reprisal, or unreasonable interruption of care, treatment and services. Patients may contact their Case Manager with any complaints or can also contact:
 - a. The Hospital CEO/Administrator
 - b. Lifepoint Healthcare HIPAA Compliance Hotline
 - c. The Department of Health Services

INSERT HOSPITAL LOGO

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- d. The Hospital's accrediting body
- e. The Office for Civil Rights

The Hospital recognizes the rights of minors, that is, minors are entitled to:

- 36. Appropriate treatment in the least restrictive setting available;
- 37. Not receive unnecessary or excessive medication;
- 38. An individualized treatment plan and to participate in the development of the plan;
- 39. A humane treatment environment that provides reasonable protection from harm and appropriate privacy for personal needs;
- 40. Separation from adult patients; and
- 41. Regular communication between the minor patient and the patient's family.

Patients are treated with consideration to the physical, psychosocial, spiritual, educational and cultural variables that influence their perceptions of illness. Patients have a right to expect the Hospital to make a reasonable response to requests for services consistent with the Hospital's obligations, policies, moral religious beliefs, stated mission and applicable law and regulations.

PATIENT RESPONSIBILITIES

Patients have the responsibility to:

- 1. Provide accurate and complete information about present complaints, past illnesses, hospitalizations, medications (including any herbal supplements), health insurance coverage, and other matters relating to your health.
- 2. Provide the Hospital with a copy of the Advance Directives, Living Will, and Durable Power of Attorney for Healthcare, and organ/tissue donation authorizations.
- 3. Tell the staff whether the treatment plan is understood, what is happening and what is expected.
- 4. Request language interpreting and translation services if needed.
- 5. Follow the treatment plan recommended by your caregivers.
- 6. Respect the Hospital policy of being a non-smoking facility.
- 7. Act in a manner that is respectful of other patients, families, staff and the organization and facility property.
- 8. Report any concerns or changes in your condition to the healthcare provider
- 9. Report anything that could compromise safety while care is provided.
- 10. Safeguard their personal belongings. The Hospital can secure their belongings while they are in the Hospital. The Hospital cannot take responsibility for any property that is not turned in upon admission.

INSERT HOSPITAL LOGO

Subject: PATIENT RIGHTS AND RESPONSIBILITIES

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Effective Date:

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Leadership Policy & Procedures

11. Practice healthy habits
12. Fulfill your financial obligations
13. Alert staff to any privacy concerns
14. Patients or their surrogate decision maker have a right to information at the time of admission about the rules and regulations that apply to patient care and conduct and the Hospital's policies related to patient rights and responsibilities.

Exhibit 8
Pro Formas - R&E, Balance Sheet

HOSPITAL INFORMATION					
COMPARISON STATEMENT OF REVENUE & EXPENSE-UNRESTRICTED FUNDS					
	PROJECTED 2027	PROJECTED 2028	PROJECTED 2029	PROJECTED 2030	PROJECTED 2031
OPERATING REVENUE:					
Inpatient Revenue	28,531,385	67,911,226	70,993,964	73,589,673	75,543,144
Outpatient Revenue	0	0	0	0	0
TOTAL PATIENT SERVICES REVENUE	28,531,385	67,911,226	70,993,964	73,589,673	75,543,144
DEDUCTIONS FROM REVENUE:					
Provision for Bad Debt	(200,192)	(476,504)	(498,134)	(516,347)	(530,054)
Contractual Adjustments	(15,792,330)	(37,392,109)	(38,990,544)	(40,416,131)	(41,488,996)
Charity and Uncompensated Care	(436,530)	(1,039,042)	(1,086,208)	(1,125,922)	(1,155,810)
Other Adjustments and Allowances	0	0	0	0	0
TOTAL DEDUCTIONS FROM REVENUE	(16,429,053)	(38,907,655)	(40,574,886)	(42,058,401)	(43,174,860)
NET PATIENT SERVICE REVENUE	12,102,333	29,003,571	30,419,078	31,531,272	32,368,284
OTHER OPERATING REVENUE					
Other Operating Revenue	60,512	145,018	152,095	157,656	161,841
Tax Revenues	0	0	0	0	0
TOTAL OTHER OPERATING REVENUE	60,512	145,018	152,095	157,656	161,841
TOTAL OPERATING REVENUE	12,162,844	29,148,589	30,571,174	31,688,929	32,530,126
OPERATING EXPENSES					
Salaries and Wages	6,049,083	10,768,934	11,217,502	11,522,656	11,711,178
Employee Benefits	1,209,817	2,153,787	2,243,500	2,304,531	2,342,236
Management Fees	608,142	1,457,429	1,528,559	1,584,446	1,626,506
Medical Director Fee	110,000	165,000	165,000	165,000	165,000
Professional Fees	0	0	0	0	0
Supplies	732,313	958,020	1,001,508	1,038,125	1,065,683
Purchased Services - Utilities	161,963	263,445	266,325	268,750	270,575
Purchased Services - Other	343,560	761,340	795,900	825,000	846,900
Depreciation	481,487	723,123	728,331	738,748	749,462
Rentals and Leases	4,509,373	6,894,292	7,093,405	7,298,277	7,509,073
Insurance	92,045	187,268	194,180	200,000	204,380
License and Taxes	677,807	1,183,802	1,205,601	1,222,728	1,235,618
Interest	207,439	382,694	83,235	0	0
Other Direct Expenses	571,969	563,804	584,540	602,000	615,140
Allocated Expenses					
TOTAL OPERATING EXPENSES	15,754,998	26,462,937	27,107,586	27,770,261	28,341,751
NET OPERATING REVENUE	12,162,844	29,148,589	30,571,174	31,688,929	32,530,126
NET INCOME	(3,592,154)	2,685,651	3,463,588	3,918,667	4,188,374
NET REVENUE BEFORE ITEMS LISTED BELOW	12,162,844	29,148,589	30,571,174	31,688,929	32,530,126
EXTRAORDINARY ITEM	0	0	0	0	0
FEDERAL INCOME TAX	0	0	0	0	0
NET REVENUE OR (EXPENSE)	12,162,844	29,148,589	30,571,174	31,688,929	32,530,126
EXPLANATION:					

HOSPITAL INFORMATION							
DEDUCTIONS FROM REVENUE							
	ACCT:	ITEM:	PROJECTED 2027	PROJECTED 2028	PROJECTED 2029	PROJECTED 2030	PROJECTED 2031
1	5800	PROVISION FOR BAD DEBTS	(200,192)	(476,504)	(498,134)	(516,347)	(530,054)
2							
3		CONTRACTUAL ADJUSTMENTS					
4	5810	Medicare PPS	(4,835,218)	(11,311,675)	(11,726,224)	(12,154,963)	(12,477,622)
5	5820	Medicare HMO	(4,466,435)	(10,631,138)	(11,113,724)	(11,520,068)	(11,825,874)
6	5830	Commercial / Other	(3,874,290)	(9,221,696)	(9,640,303)	(9,992,775)	(10,258,038)
7	5840	Medicaid	(2,616,387)	(6,227,600)	(6,510,294)	(6,748,325)	(6,927,463)
8		Total Contractual Adjustments	(15,792,330)	(37,392,109)	(38,990,544)	(40,416,131)	(41,488,996)
9							
10		CHARITY CARE					
11	5900	Inpatient	(436,530)	(1,039,042)	(1,086,208)	(1,125,922)	(1,155,810)
12	5910	Outpatient	0	0	0	0	0
13							
14							
15		Total Charity Care	(436,530)	(1,039,042)	(1,086,208)	(1,125,922)	(1,155,810)
16							
17	5970	ADMINISTRATIVE ADJUSTMENTS	0	0	0	0	0
18							
19	5980	OTHER DEDUCTIONS (Specify)	0	0	0	0	0
20		TOTAL DEDUCTIONS FROM REVENUE	(16,429,053)	(38,907,655)	(40,574,886)	(42,058,401)	(43,174,860)
21	EXPLANATIONS:						

HOSPITAL INFORMATION				
BALANCE SHEET - UNRESTRICTED FUND-HOSPITAL AGGREGATE				
	PROJECTED	PROJECTED	PROJECTED	PROJECTED
	2027	2028	2029	2030

ASSETS:

Current Assets:

Cash	\$ 874,787	\$ 899,567	\$ 941,128	\$ 957,673
Accounts Receivable	4,249,363	4,479,251	4,735,208	4,863,187
Inventories/Prepaid/Other	52,516	53,686	56,027	57,197
Total Current Assets	5,176,665	5,432,504	5,732,363	5,878,057

Property, Plant, & Equipment:

Property, Plant & Equipment	5,055,610	5,072,277	5,130,610	5,205,610
Less: Accumulated Depreciation	(481,487)	(1,204,610)	(1,932,941)	(2,671,689)
Total Fixed Assets	4,574,124	3,867,667	3,197,670	2,533,922

Other Assets

Intangible and Other Assets, Net	7,370,000	7,370,000	7,370,000	7,370,000
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Total Assets

	17,120,789	16,670,171	16,300,032	15,781,979
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LIABILITIES & EQUITY:

Current Liabilities:

Accounts Payable	\$ 874,787	\$ 899,567	\$ 941,128	\$ 957,673
Current Portion LTD	5,586,824	2,425,775	-	-
Total Current Liabilities	6,461,611	3,325,342	941,128	957,673

Other Liabilities

	-	-	-	-
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Total Liabilities

	6,461,611	3,325,342	941,128	957,673
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Partner's Equity

PeaceHeath	7,268,180	7,268,180	6,528,928	4,257,762
Lifepoint	6,983,153	6,983,153	6,272,891	4,090,791
Retained Earnings	(3,592,154)	(906,503)	2,557,085	6,475,752
Total Partner's Equity	10,659,178	13,344,830	15,358,904	14,824,305

Total Liabilities & Equity

	17,120,789	16,670,171	16,300,032	15,781,979
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Exhibit 9
Management Agreement

MANAGEMENT AND ADMINISTRATIVE SERVICES AGREEMENT

by and between

PeaceHealth Southwest, LLC

(“Company”)

and

CHC Management Services, LLC

(“Manager”)

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MANAGEMENT AND ADMINISTRATIVE SERVICES AGREEMENT

This MANAGEMENT AND ADMINISTRATIVE SERVICES AGREEMENT (this “**Agreement**”) is entered into effective as of September 25, 2023, by and between **CHC Management Services, LLC**, a Missouri limited liability company (“**Manager**”), and **PeaceHealth Southwest, LLC**, a Washington limited liability company (the “**Company**”). **LifePoint Rehab, LLC** (“**Guarantor**”) joins in this Agreement solely for the purpose of agreeing to be bound by Section 10.15.

RECITALS

A. LPNT IRF Development 75, LLC (“**LPNT**”), a Delaware limited liability company and an affiliate of LifePoint Health, Inc. (“**LifePoint**”), and PeaceHealth Network, a Washington nonprofit corporation (“**PeaceHealth**”), are the Members of the Company pursuant to a Limited Liability Company Agreement dated September 19, 2023 (the “**LLC Agreement**”). Each capitalized term not otherwise defined herein shall have the meaning ascribed to such term in the LLC Agreement.

B. Each of LPNT and PeaceHealth intend to enter into a Contribution Agreement (the “**Contribution Agreement**”) pursuant to which PeaceHealth will contribute to the Company assets related to the operation of its existing 14-bed acute rehabilitation unit located at Southwest Medical Center and LPNT will contribute cash to the Company (the “**Contribution**”). Following the closing of the Contribution, the Company will own and operate an inpatient rehabilitation facility initially consisting of fifty (50) beds (or such other number as determined by the Company’s Board (as defined below)) located in the Vancouver, Washington general market.

C. The Company was organized and must be operated to further the charitable and tax-exempt purposes of PeaceHealth, and its affiliates, and the activities of the Company and the Business must be conducted in a manner consistent with PeaceHealth’s Ethical Policies and Statement of Common Values (the “**Ethical Policies**”) and expressed in PeaceHealth’s mission and all as set forth in Company’s LLC Agreement.

D. In accordance with Article 7 of the LLC Agreement, the Company desires to engage Manager to provide management and administrative services with respect to the operation of the Business by contracting with the Manager and Manager desires to provide such services to the Company under the terms and conditions hereinafter set forth in exchange for the consideration hereinafter set forth.

AGREEMENT

NOW, THEREFORE, for and in consideration of the premises and the obligations undertaken by the parties pursuant hereto, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE 1
ENGAGEMENT OF MANAGER; DUTIES OF MANAGER

1.1 *Engagement.* The Company hereby retains Manager to provide the management and administrative services set forth in this Agreement for the Business under the terms and conditions set forth in this Agreement and subject to the overall supervision and control of the Company.

1.2 *Duties.* Manager hereby covenants and agrees that it shall, during the term of this Agreement, provide the following management and administrative services (the “**Services**”) to the Company; *provided that*, notwithstanding anything to the contrary, in all respects these services will remain subject to the direction and control of the Company’s Board of Directors (the “**Board**”):

(a) Financial, tax and accounting services, including billing and collection services, preparation and filing of all tax returns of the Company in accordance with and subject to the provisions of the LLC Agreement, accounts payable processing, financial statement preparation, internal audit, and general bookkeeping services. Such services include preparation of financial statements, books of account, tax information and other records, reports and information required under the LLC Agreement, billing and collections for all carriers, accounts payable processing, and preparation and filing of Medicare and Medicaid cost reports. Bookkeeping, accounting and other applicable procedures and systems applicable to the foregoing services shall conform to (i) GAAP, (ii) the requirements of the LLC Agreement and (iii) the policies and procedures, including capital and cash management programs, developed by Manager hereunder. All business records, papers and documents shall remain the sole property of the Company, shall be available for inspection by the Company, PeaceHealth and LifePoint at all reasonable times, and shall be delivered to the Company upon any termination or expiration of this Agreement. Manager shall be entitled to retain a complete copy of all such documents upon any termination or expiration of this Agreement;

(b) Preparation and submission to the Company for approval of the Budget no less than sixty (60) days before the first day of each fiscal year of the Company. If the Budget submitted by Manager is not approved by the Company on or before the first day of a fiscal year, the prior year’s Budget will carry over to that fiscal year, increased by the annual increase in the Consumer Price Index for All Urban Consumers for the Vancouver, Washington area, for the subsequent fiscal year or until such time as a Budget for that fiscal year is approved by the Company;

(c) Arranging for and coordinating the preparation of an annual audit of the Company’s financial statements by an external accounting firm approved by the Board.

(d) The coordination of information and telecommunications services, including cyber security, maintenance and support of a local network file server, network printer(s), and connected PCs running general business and industry specific applications, connection to LifePoint’s Support Center, providing access to centralized application servers, and content filtered internet service, and management of telecommunications hardware and software;

(e) Coordination of and assistance with clinical support, regulatory, licensure and accreditation compliance and quality assurance services, including the development and implementation of clinical and regulatory policies and procedures, clinical staff training, the development and implementation of continuous quality improvement and assurance programs, assistance with state and federal surveys, maintenance of medical records on behalf of the Business in accordance with applicable federal and state laws and regulations governing such records, case mix management, utilization review, outcomes measurement, patient satisfaction assessment, productivity and cost monitoring and benchmarking, best practices assessment and the creation of a joint quality committee, acceptable to Manager and Company, that will develop quality standards (such as, without limitation, acute care readmissions and functional changes) and monitor the Company's compliance with those standards including relative to the Reporting Metrics, EBITDA Target, Benchmark Score, Threshold Value (each of the foregoing as defined below), and such other measurement levels determined and adopted by the Board;

(f) Personnel recruitment, retention, credentialing, discipline and termination, and human resources support for all personnel reasonably necessary to staff and operate the IRF (the "**Employees**"). Unless otherwise agreed by the Members, all Employees shall be employed by the Manager or an Affiliate of the Manager. All Employees shall be eligible to participate in and be compensated through the employee benefit programs and payroll systems established from time to time by or for the benefit of LifePoint. Manager shall be responsible for all employee record keeping, payroll accounting (including social security and other payroll tax reporting), income tax withholding, social security and other payroll taxes, forms processing, payroll and Internal Revenue Service filings and records storage and retrieval on behalf of all Employees. All employment related records, including without limitation paychecks and paystubs, employment applications and stationery and letterhead, will be in the name of, and bear the logo of, the Manager. All employment records of the Employees will remain the property of Manager. The costs incurred by the Manager for the compensation and benefits attributable to the Employees will be reimbursed to Manager by the Company. The Company will also reimburse to Manager the extraordinary costs of employing each Employee, including but not limited to costs specifically incurred to recruit such the Employee, continuing education costs and expenses and legal costs and expenses directly attributable to the employment of the Employee. If an Employee does not perform to PeaceHealth's reasonable satisfaction and PeaceHealth provides notice to Manager explaining the basis for its dissatisfaction, Manager shall seek to correct such Employee's performance and, if it is unable to do so, shall use its best efforts to replace such Employee with another qualified individual; provided, however, that Manager shall at all times retain the authority to make all decisions regarding personnel recruitment, retention, credentialing, discipline and termination of Employees.

(g) Work with marketing and related personnel of the Company (including, without limitation, the Company's Medical Director and Clinical Liaison) to assist them as they implement the Company's Board approved marketing plans and actions by (i) providing to them standard marketing and educational materials and supervision services, (ii) permitting them to participate in appropriate classes based in LifePoint's Support Center for management and community education and marketing staff and regional sales meetings, (iii) assisting them in the development of educational support and standard promotional materials and (iv) providing to them access to LifePoint's proprietary contact management and marketing database systems; provided, however, that Manager shall not implement any marketing plans developed by Manager for the Company

without prior approval of the Board. Any use of the PeaceHealth name or marks must be approved by PeaceHealth;

(h) Training and development services, including development of and access to administrative, marketing and clinical training programs;

(i) Facility management services, including consulting and analysis services relating to lease negotiation, construction management, and supplies and equipment procurement;

(j) Contract management and legal and compliance services, including (i) contract development and/or review, negotiation and finalization, (ii) management of legal resources with respect to litigation, employee matters, government claims and investigations, and (iii) compliance investigations and reporting and related services. The Manager's legal personnel shall provide legal services for routine day-to-day legal matters. The reasonable costs and expenses of providing such legal services shall be compensated and reimbursed by the Company, consistent with the then-current Budget and applicable provisions of the LLC Agreement. Notwithstanding the foregoing, Manager shall promptly inform the Board of any legal matter that is non-routine, that poses a material risk for the Company or its Members, or that the Manager knows or should know, using reasonable care and diligence, should be brought to the attention of the Board for full awareness, deliberation, and a determination by the Board as to whether the Company should retain outside legal counsel to handle the matter (a "**Material Legal Matter**"). If the Board determines to retain outside legal counsel to handle a Material Legal Matter, the selection of such legal counsel shall be made in accordance with Section 6.7(v) of the LLC Agreement. In the event the matter involves a conflict between the Company or PeaceHealth on the one hand and Manager or LifePoint on the other hand, the Company or PeaceHealth will be entitled to select their own counsel, which will be compensated and reimbursed by the Company or PeaceHealth, as applicable;

(k) Policy and procedure manual development, including development of clinical and regulatory policies and procedures, all of which shall be consistent with the requirements of the LLC Agreement and subject to the approval of the Company and its Members;

(l) Development services as needed to include market assessment, identification of potential business partners or acquisition candidates, partner/candidate qualification review, relationship development, negotiation and transaction finalization;

(m) DME management services, including DME contract negotiation and administration, and DME utilization and formulary management services;

(n) Purchasing support and access to any group purchasing organization and other purchasing contracts of Manager, LifePoint or PeaceHealth to the extent permitted by any such contract;

(o) Manager shall maintain one or more bank accounts for the Company in which it shall deposit the receipts from the Business. Manager shall be entitled to make withdrawals from such account to pay authorized Business expenses, including payments to Manager in accordance with **Error! Reference source not found.** hereof. The handling of receipts and disbursements with respect to such bank accounts shall be in accordance with policies and procedures developed

by Manager and approved by the Board. Manager shall be entitled to invest such funds in connection with any cash management system employed by LifePoint on behalf of its other affiliated business;

(p) Negotiating and consummating contracts of insurance for and on behalf of the Business pursuant to the master insurance policies and programs maintained by LifePoint for its affiliated programs whenever possible and in the types and amounts approved by the Company pursuant to the LLC Agreement. When possible, all such insurance policies shall name as insured parties the Company and its Members, Board of Directors members, officers, and such other persons as may be reasonably requested, and the Manager. The premiums, related deductibles and associated costs and expenses for all such insurance coverage will be an expense of the Company;

(q) Manager shall (i) provide timely responses to payor audit requests, tracking patterns and trends of such requests, timely retrieval of documentation as it relates to audit requests/internal reviews and coordination of on-site audit reviews, (ii) perform audit review as reasonably directed by the Company, audit reviews as they relate to risk assessments, focused areas of review, targeted audit areas and the OIG work list, and provide trend patterns through the auditing process, (iii) develop a corporate compliance program for the Company, and (iv) provide coding compliance analysis and training services;

(r) Manager shall (i) oversee risk management for the Company, which shall include reviewing policies and procedures and making recommendations related to risk management processes, (ii) manage “reportable events” including, but not limited to, events reportable to the Department of Health, DEA and CDS, (iii) prepare and present reports to standing committees and the Board relating to infection prevention, patient safety, quality assurance and improvement, patient care and credentialing, (iv) provide patient advocacy services and (v) support the credentialing functions related to credentialing and re-credentialing;

(s) Manager shall prepare credentialing files and privileging applications, notify physicians of the granting or denial of privileges and coordinate and manage the reappointment process, and Manager shall facilitate and provide staffing and administrative support for meetings of the medical staff and its committees, including scheduling and related medical staff correspondence;

(t) Manager shall assist in applications for, in the name of the Company, and use reasonable efforts to obtain and maintain on its behalf all necessary licenses, permits and approvals to operate the Business and to cause the Business to comply with all applicable laws, rules and regulations;

(u) Manager shall maintain the FF&E in good working order, including arranging for all necessary repairs to, and maintenance of, the FF&E, all in a manner consistent with the Budget approved by the Company’s Board of Directors. The Company shall use its best efforts to prevent damage, excessive wear, and breakdown of the FF&E. The Company shall promptly advise Manager in writing of any needed repairs or maintenance of the FF&E and Manager shall request approval from the Company for any cost of repairs that will exceed the Board approved Budget for such repairs by more than 5%; and

(v) Manager will prepare and submit to the Company no less than sixty (60) days following each fiscal year a report showing the Company's performance for each of the metrics set forth in Exhibit 4 (the "**Reporting Metrics**") and Company's performance with respect to the EBITDA Target as described in Exhibit 5.

(w) Manager acknowledges and agrees that it will manage the Company in accordance with the LLC Agreement in all respects and that it is bound by Section 10.1 of the LLC Agreement as a Limited Affiliate of LPNT.

1.3 *Independent Contractors.* The relationship of Manager and the Company established by this Agreement is that of independent contractors, and nothing contained in this Agreement shall be construed to (i) constitute the parties as partners, joint venturers, or otherwise as participants in a joint or common undertaking; (ii) prevent Manager, the Company or the Members from entering into any other business (as further described in Article 10 of the LLC Agreement but subject to the restrictions contained in Section 10.3 of the LLC Agreement); or (iii) allow Manager to create or assume obligations on behalf of or in the name of the Company (except as provided herein) or its Members. All financial and other obligations associated with Manager's business are the sole responsibility of Manager, except as provided herein.

1.4 *Limitations on Authority.* Notwithstanding any other provision of this Agreement to the contrary, each of Manager and the Company expressly acknowledge and agree that pursuant to the LLC Agreement, the Board will have the authority to control and direct the operations of the Business, and all management services provided by Manager under this Agreement are subject to the oversight of the Board. Manager shall operate within any reasonable parameters, policies and procedures communicated to it by the Board, so long as such parameters, policies and procedures do not, in Manager's reasonable judgment, jeopardize the quality of patient care provided by the Business, require Manager or the Business to engage in any illegal or unethical acts, or require Manager to provide services not contemplated by this Agreement. Without limiting the generality of the foregoing, Manager shall not:

(a) take any actions requiring Unanimous Approval under Section 6.7 of the LLC Agreement without the prior approval of the Board;

(b) take any actions inconsistent with the express decisions of the Board;

(c) make expenditures not authorized by the Budget provided, however, that no approval shall be required for variations in expenditure levels from that set forth in the Budget if such variations either (i) result from the ordinary course of business (e.g., unexpected increases in patient census) and are not in excess of \$150,000 or (ii) are required for the Business to maintain its licensure or accreditation or to comply with a legal requirement; or

(d) take any other actions inconsistent with the terms of the LLC Agreement including, without limitation, the Community Benefit Standard.

1.5 *Fulfilment of Purposes.*

(a) Manager acknowledges and agrees that so long as PeaceHealth or any of its Affiliates is a direct or indirect owner of the Company, Manager will perform the Services in accordance with this Section 1.5.

(b) In recognition of PeaceHealth being a Catholic healthcare organization, and notwithstanding anything to the contrary, the Company, the Business and its activities are to be conducted in a manner consistent with PeaceHealth's Ethical Policies and Statement of Common Values (the "**Ethical Values**").

(c) In recognition of PeaceHealth being a charitable, tax-exempt organization, and notwithstanding anything to the contrary, the Company, the Business and its activities are to be conducted in such a manner as to preserve the tax-exempt status of PeaceHealth under Code Section 501(c)(3) in compliance with the standards articulated by the Internal Revenue Service for tax exempt health care organizations and to further charitable purposes by promoting health for a broad cross-section of the community, especially those persons who are poor. Without limiting the foregoing, the Company and Manager are to conduct the Business's activities in a manner that provides access to and provides patient care services based on medical necessity, without regard to the patient's race, creed, national origin, gender, payor source, discharge plan (or the lack thereof) or ability to pay, in accordance with PeaceHealth Ethical Policies; provides access to and provides patient care services to individuals covered by Medicare or Medicaid or other government health care programs; offers and provides patient care services to indigents without expectation of payment and in accordance with the charity care policies of PeaceHealth; and will not, in the reasonable opinion of PeaceHealth, adversely affect the status of PeaceHealth under Code Section 501(c)(3) or 170(c), generate unrelated business income or cause PeaceHealth to act other than exclusively in furtherance of its tax-exempt purposes.

(d) Manager is aware of the requirements for and the limitations on the actions of the Company due to the tax-exempt status, charitable purposes and Ethical Values of PeaceHealth. Manager agrees that, in keeping with the other provisions of this Section 1.5, and notwithstanding anything to the contrary, any decision of the Company, its members, Board, officers or representatives (i) to forego an action that would be inconsistent with the Ethical Values or the charitable or tax-exempt status or purposes of PeaceHealth or (ii) to take an action that furthers charitable purposes over any profit-making motives of the Company, shall not be a breach of any duty or any obligation under this Agreement, notwithstanding that any such decision does not maximize the profits of the Company or is not or might be considered not to be in the best interests of the Company.

(e) Notwithstanding anything to the contrary, PeaceHealth (directly or through the PeaceHealth representatives on the Board) may cause the Company or Manager to take or refrain from taking any action or decision that PeaceHealth deems reasonably necessary or appropriate to comply with this Section 1.5.

(f) In the event of a conflict between this Section 1.5 and any other provision of this Agreement, this Section 1.5 will control.

1.6 *Patient Records.* All patient records and charts created in connection with the services provided by the Company are the sole property of the Company, regardless of where such

records are maintained by Manager. Within forty-five (45) days from the effective date of the termination, non-renewal or expiration of this Agreement, Manager, at its sole cost and expense, shall provide the Company with an electronic data transfer of the Company's patient records.

1.7 *Manager Insurance Requirements.* Manager shall obtain and procure during the term of this Agreement, at its sole expense, the following insurance coverage:

(a) comprehensive general liability insurance coverage with limits no less than One Million Dollars (\$1,000,000) per occurrence, Three Million Dollars (\$3,000,000) in the annual aggregate with umbrella coverage of Five Million Dollars (\$5,000,000) per occurrence/annual aggregate;

(b) information security and privacy liability (inclusive of cyber-liability) insurance coverage with limits of no less than Five Million Dollars (\$5,000,000); and

(c) director and officer liability coverage with limits of not less than Three Million Dollars (\$3,000,000).

1.8 *Manager Representations.* Manager represents and warrants to the Company that it has all necessary licenses and permits, and the requisite expertise and personnel, to discharge its obligations under this Agreement.

ARTICLE 2 DUTIES OF THE COMPANY

2.1 *Ownership and Control.* Pursuant to the Medicare conditions of participation and all other applicable laws and regulations governing the operation of hospitals and the Business, and notwithstanding anything herein to the contrary, the Company shall at all times continue to exercise legal ownership and control over the Business, and Manager shall perform its duties as described in this Agreement as agent to the Company. The Company shall have ultimate responsibility and authority for the overall operation and management of the Business. All matters requiring the professional medical judgement of a provider shall remain the responsibility of health professionals and Manager shall have no authority or responsibility whatsoever for any medical judgements. Nothing in this Agreement shall be deemed to limit or impair the responsibility of Manager to the Company to perform the services under this Agreement in accordance with applicable law.

2.2 *Licenses/Certifications/Accreditation.* The Company shall maintain all certifications, licenses, permits, accreditation or other requirements necessary to continue the operation of the Business. The Company shall perform those obligations and responsibilities that must be performed by the party licensed to operate the Business pursuant to applicable state and federal laws, ordinances, rules and regulations or any patient agreements. The costs of maintaining all such certifications, licenses, accreditation and permits shall be borne by the Company. Evidence of such licenses, permits, certifications and accreditation shall be submitted to Manager upon reasonable request. The Company shall promptly notify Manager of any action against any of its certifications, licenses, permits or accreditation or any other government or legal action initiated against the Company or the Business that would materially affect the operation of the Business or

the performance of this Agreement. The Manager will provide prompt assistance to the Company in correcting any such actions.

2.3 *Working Capital.* The Company shall provide sufficient working capital to allow Manager (i) to pay all expenses of the Business arising during the term of this Agreement in the ordinary course of business, (ii) to maintain the Business in a condition sufficient to retain all required licenses and approvals, (iii) to upgrade the Business in a reasonably commercial manner, as necessary and consistent with the Company's budget, to maintain market share and profitability, and (iv) to pay the Management Fee. Manager shall have no responsibility for the financial obligations of the Business whether the same relates to the period prior to or during the Term of this Agreement, unless Manager has incurred financial obligations for the Business outside the scope of Manager's authority. Manager will direct the payment in the ordinary course of business of the bills incurred in connection with the operation of the Business from and after the effective date of this Agreement and the Company shall provide the necessary working capital to pay such bills to the extent the cash receipts of the Business are not sufficient to cover such bills. Manager will endeavor to give the Company reasonable written notice as practical, but no less than fourteen (14) days' written notice, whenever it determines that cash receipts of the Business will be insufficient to meet the Business's obligations. It will be the Company's sole responsibility to provide funds to make such payments within fourteen (14) days' days after receipt of said written notice.

2.4 *Utilities.* The Company shall provide to the Business and shall pay all charges for all utilities reasonably determined by Manager to be necessary or desirable for the successful operation of the Business, including, without limitation, the following:

(a) Heat and air conditioning in such amounts and at such temperatures as may be necessary to establish the interior temperatures of the IRF at such levels as may be selected by Manager from time to time, consistent with the design specifications of the heating and cooling system in place for the IRF and any modifications made thereto; *provided that* all such levels must be consistent with applicable rules and regulations;

(b) Hot and cold water in such amounts and at such temperatures as Manager may reasonably require for its use of the IRF, consistent with the design specifications of the hot and cold water systems in place for the IRF and any modifications made thereto; *provided that* all such levels must be consistent with applicable rules and regulations;

(c) Electric current in such amounts as Manager may reasonably require and adequate emergency power supply and emergency electrical service to accommodate each patient bed of the IRF in accordance with applicable safety and health requirements for an inpatient rehabilitation hospital, consistent with the design specifications of the electrical wiring for the IRF and any modifications made thereto;

(d) Telephone and internet service systems for the IRF, consistent with the telecommunications wiring of the IRF, including paging service throughout the IRF, and any modifications made thereto; and

(e) Local telephone service within patient rooms for the IRF's patients.

2.5 *Maintenance of the IRF.* The Company shall provide all equipment, furnishings and furniture reasonably necessary for the operation of the Business. The Company shall maintain the IRF in good working order, including the roof, foundation, all structural components, exterior walls, doors, windows, signs, elevators, equipment, systems, interior walls, floors and ceilings of the IRF, the fixtures and appurtenances therein, all personal property of the Company installed therein and the wiring, plumbing and other equipment for the general supply of oxygen, compressed air, suction, water, heat, air conditioning, gas and electricity located within the IRF. The Company shall make all repairs thereto as and when needed or when requested by Manager to preserve them in good working order and condition, and shall replace such equipment, fixtures and personal property when damaged or worn beyond repair or obsolete. The cost of such repairs shall be borne by the Company.

2.6 *Taxes.* The Company shall pay all payroll, *ad valorem* real estate, personal property and other taxes applicable to the Business.

ARTICLE 3 FEES

3.1 *Management Fee.* In consideration of the Services to be rendered to the Company by Manager under and pursuant to this Agreement, beginning after the Go Live Date the Company shall pay to Manager a fee (the “**Management Fee**”) equal to five percent (5%) of the Company’s net patient service revenue pending verification by an independent third party. For purposes of this Agreement, “net patient service revenue” means the gross revenue of the Company from the provision of inpatient rehabilitation and related services in connection with the Business less contractual allowances and bad debt, and excluding charity care revenue as computed in accordance with GAAP. The Management Fee shall be payable in monthly payments following the Go Live Date. All payments required under this Section 3.1 shall be directed to Manager in accordance with written instructions provided to Company from time to time. “**Go Live Date**” means the date that the IRF receives its first patient.

3.2 *Audit Right.* In addition to the Company’s rights under Section 6.1 of this Agreement, at the election of the Company or any Member and upon ten days’ advance written notice to the Manager, the Company and any Member, and their respective authorized agents and representatives, shall have full access to Manager’s books and records related to the Company, the Services, the Management Fee and other documents necessary to verify compliance with the terms and conditions of this Agreement for purposes of audit during normal business hours during the term of this Agreement. The Company and any Member will have the right to review and require updates on any recommendations, management letters and other materials resulting from such financial audits. Further, if any audit or examination reveals that the Management Fee for the audited period is not correct for such period, any overcharges will be promptly credited to the Company and any undercharges will be promptly credited to Manager. In the event that any such audit reveals that the Company has been overcharged by 2.5% or more with respect to the Management Fee, Manager shall reimburse the Company for the cost of the audit.

3.3 *Fair Market Value Exchange.* The parties acknowledge and agree that the compensation and other consideration set forth in this Article 3 for the provision of the Services represent a fair market value exchange as verified by an independent third party, negotiated in an

arm's length transaction, and not determined in a manner which takes into account the value or the volume of referrals or other business generated, if any, between the parties; provided that the Company and any Member may conduct a fair-market value review of the compensation and other consideration set forth in this Article 3 no more than once in any twenty-four (24) month period. If any audit or examination reveals that such compensation and other consideration does not represent a fair market value exchange then the Company and Manager will adjust the consideration accordingly.

3.4 *Operating Expenses.* Except as otherwise provided in this Agreement, all of the costs and expenses of maintaining and operating the Business and its facilities shall be expenses of the Business, for the account of the Company, and shall not be expenses of Manager.

ARTICLE 4 PERFORMANCE

Manager will perform the Services in a professional, competent and timely manner, in keeping with PeaceHealth's status as a tax-exempt organization under Code Section 501(c)(3) and in accordance with this Agreement, the generally accepted practices of the industry, the annual targets with respect to each Reporting Metric set by the Board, any other service levels or service level policies for the Services established by the Company from time to time and in material compliance with any applicable laws and regulations using commercially reasonable efforts. Manager shall use its reasonable commercial efforts in engaging third parties to perform one or more Services under the supervision of Manager for the Company. Manager shall undertake its obligations and duties hereunder for the account of the Company and not for the account of Manager, and Manager shall have no responsibility or liability for covering Company debts or for otherwise performing any duties that involve making payments or incurring expenses unless the Company makes adequate funds available therefor. Manager's provision of the Services will be subject to the control of the Company's Board of Directors, which shall have final authority in all matters relating to the Company's operations.

ARTICLE 5 TERM; TERMINATION

5.1 *Term.*

(a) This Agreement shall commence on the date hereof and shall continue in full force and effect for an initial term of fifteen (15) years (the "**Initial Term**"), unless otherwise terminated as provided herein. At the end of the Initial Term or any Renewal Term (as defined below), as long as the Lifepoint Percentage Interest (as defined in the LLC Agreement) remains at least 30%, this Agreement shall automatically renew for successive five (5) year terms (each a "**Renewal Term**") and together with the Initial Term, the "**Term**") thereafter unless either party notifies the other party that it does not intend to renew this Agreement as of the end of its then-current term. Either the Company or Manager shall have the option to terminate this Agreement upon thirty (30) days' prior written notice if Manager or one or more of its affiliates ceases to own, directly or indirectly, any equity interest in the Company.

(b) Notwithstanding anything in this Agreement to the contrary, if (i) the Term is finally challenged by written notice from a governmental agency to be unreasonable or otherwise inconsistent with the Company operating in a manner that is substantially related to and in furtherance of PeaceHealth's exempt purposes or (ii) PeaceHealth incurs income tax liabilities directly related to PeaceHealth's ownership interest in the Company, then this Agreement will be deemed automatically amended such that the Term will be construed to cover only that duration that is determined to be reasonable by the governmental agency or, if no such determination is made, as determined by qualified tax counsel to PeaceHealth as set forth in a written notice to the Manager.

5.2 Termination.

(a) Subject to Section 5.4(b), this Agreement shall be terminated upon the first to occur of the following events:

(i) Upon the mutual agreement of the Company and Manager.

(ii) Upon the failure of a party hereto to comply with any material term, condition or covenant of this Agreement after due notice hereunder from the non-breaching party to the breaching party, subject to the following cure period. Written notice of default shall be sent to the breaching party, and the breaching party shall have thirty (30) days following receipt of such notice to remedy the default. For the avoidance of doubt, failure by the Manager to manage and operate the Business in a manner that furthers and is consistent with the charitable healthcare purposes of PeaceHealth and its Affiliates as specifically set forth in Section 2.6 of the LLC Agreement, as provided in Section 1.5, shall constitute a material breach of this Agreement. If the breach is not cured to the satisfaction of the non-breaching party within such thirty (30) day period, then, unless such breach is not susceptible of being cured within such thirty (30) day period and the breaching party commences such cure within such period and diligently prosecutes said cure to completion, the non-breaching party may terminate this Agreement immediately by giving further notice to such effect to the breaching party. In the event Manager sends notice to the Company of a breach hereof, PeaceHealth shall have the right to cure the breach independently of LifePoint in the event that the LifePoint Directors do not agree to cure the breach.

(iii) At the option of the Company upon ninety (90) days' advance written notice to Manager, if at any time prior to the third anniversary of the Go Live Date, the Business obtains a score under the Program Evaluation Model pursuant to the Uniform Data System ("**PEM**") and such score is below the national average score of the PEM (the "**Benchmark Score**") for two consecutive fiscal years.

(iv) At the option of the Company upon ninety (90) days' advance written notice to Manager, if at any time after the third anniversary of the Go Live Date, the Business does not attain the Threshold Value for two consecutive fiscal years. The "**Threshold Value**" for each fiscal year will be a number equal to a

percentage multiplied by the 75th percentile of PEM, with such percentage to be set by the Board on an annual basis, provided, that, the resulting Threshold Value will be no less than the 50th percentile of PEM in any given year.

(v) At the option of the Company upon ninety (90) days' advance written notice to Manager, if the Business does not meet the EBTIDA Target set by the Board for two consecutive fiscal years.

(vi) Immediately by either party in the event the performance by either party hereto of any term, covenant, condition or provision of this Agreement is determined by a state or federal court or governmental agency to be in violation of any statute, ordinance, or be otherwise deemed illegal.

(vii) Immediately upon notice of a party, upon the filing of a voluntary petition in bankruptcy or for reorganization under any bankruptcy law, or a petition for the appointment of a receiver for all or any substantial portion of the property of the other party, or any voluntary or involuntary steps to dissolve or suspend the corporate or company powers of such other party unless such steps to dissolve or suspend are promptly removed.

(viii) Immediately upon notice of a party, upon the consent by the other party to an order for relief under the federal bankruptcy laws or the failure to vacate such an order for relief within sixty (60) days from and after the date of entry thereof.

(ix) Immediately upon notice of a party, upon the entry of any order, judgment or decree, by any court of competent jurisdiction, on the application of a creditor, adjudicating the other party as a bankrupt, or to be insolvent, or approving a petition seeking reorganization or the appointment of a receiver, trustee or liquidator of all or a substantial part of such other party's assets, if such order, judgment or decree shall continue unstayed and in effect for any period of sixty (60) days.

(x) Immediately upon the exclusion of either party from participation in the Medicare, Medicaid or any other governmental payment program.

(b) If this Agreement terminates for any reason, with or without cause, such termination shall not affect, negate or obviate any obligation of either party to the other arising prior to the date of such termination, and any termination of this Agreement shall be without prejudice to any right, remedy or recourse to which the terminating party may be entitled under this Agreement or otherwise at law or in equity.

5.3 *Termination for Health Care Regulations.* In the event that either party determines in good faith that this Agreement is not in compliance with any federal statute, rule or regulation, or any state statute, rule or regulation, including, but not limited to, any federal and state health care program, fraud and abuse or state laws governing referral fees and fee-splitting, or, with respect to PeaceHealth only, continuing under this Agreement might result in the revocation or otherwise jeopardize the federal, state or local tax-exempt status of PeaceHealth, its tax-exempt

financial obligations, or impose unrelated business income tax on PeaceHealth, then the parties agree to negotiate, in good faith, amendments to this Agreement to conform to such statute, rule or regulation. To the maximum extent possible, any such amendment shall preserve the underlying economic and financial arrangements between Manager and the Company. If the parties are unable to negotiate such amendment in good faith within thirty (30) days, then, in such event, this Agreement may be immediately terminated by either party upon written notice to the other party. Notwithstanding the foregoing, either party will have the right to terminate this Agreement immediately upon receipt of written advice of its legal counsel, which counsel has recognized experience in the area of health care, setting forth the determination that this Agreement is not in compliance with any federal statute, rule or regulation, or any state statute, rule or regulation, including, but not limited to, any federal and state health care program, fraud and abuse or state laws governing referral fees and fee-splitting, or, with respect to PeaceHealth only, written advice of legal counsel, which counsel has recognized experience in the area of tax-exempt organizations, that continuing under this Agreement might result in the revocation or otherwise jeopardize the federal, state or local tax-exempt status of PeaceHealth, its tax-exempt financial obligations, or impose unrelated business income tax on PeaceHealth.

5.4 *Effect of Termination.*

(a) Upon any termination or expiration of this Agreement, all rights and obligations of the Parties shall cease except those rights and obligations that have accrued or expressly survive such termination or expiration (including this Article 5, Article 7, Article 9, and Article 10).

(b) Upon termination, Manager shall work with the Company to develop a plan to transition the provision of management services from Manager to another provider until the last date of a period reasonably determined by the Company. During such period, the terms and provisions of this Agreement shall remain in full force and effect. The parties shall use their best efforts to minimize any adverse impact on the employees, agents, patients and community of the Center. In addition, Manager shall deliver to the Company all records necessary for the conduct of the Company's business, and all other property of the Company in Manager's care, custody or control, and Manager shall remain subject to all provisions that by their terms require performance after termination, including those relating to confidentiality and this Section. Each party shall have the right to pursue legal or equitable relief, as may be available depending upon the circumstances of the termination.

5.5 *Notices.* To be effective, all notices, requests and demands under this Agreement must be in writing and must be given by (1) depositing same in the United States mail, postage prepaid, certified, registered or express, return receipt requested, (2) overnight courier service or (3) delivering same in person and receiving a signed receipt therefor. For purposes of notice, the addresses of the parties shall be the following:

In the case of Manager, to it at:

CHC Management Services, LLC
c/o LifePoint Health
330 Seven Springs Way
Brentwood, Tennessee 37027

Attn: General Counsel

In the case of the Company, to its two initial members at:

LPNT IRF Development 75, LLC
c/o LifePoint Health
330 Seven Springs Way
Brentwood, Tennessee 37027
Attn: General Counsel

And

PeaceHealth
1115 SE 164th Ave., Dept. 302
Vancouver, WA 98683
Attn: General Counsel

Notices, requests and demands mailed in accordance with the foregoing shall be deemed to have been given and made three days following the date so mailed. All notices, requests and demands sent by overnight courier service shall be effective and deemed served on the day after being deposited with such overnight courier service. All notices, requests and demands sent by facsimile shall be effective and deemed served on the date and time of the facsimile confirmation. Notices, requests and demands made by personal delivery shall be deemed to have been given and made upon receipt. Any party may designate a different address to which notices or demands shall thereafter be directed by written notice given in the manner hereinabove required and directed to the Company at its offices as hereinabove set forth.

ARTICLE 6 REQUESTS FOR INFORMATION

6.1 *Request for Information.* Manager shall provide to the Company any requested documents, records, data or information related to the Company or the Services as soon as reasonably practicable but within thirty (30) business days after the receipt of a written request therefor from the Company or its authorized representatives. In addition, upon reasonable notice from the Company or a Member, Manager shall provide authorized representatives of the Company or a Member access to the books and records maintained by Manager that pertain to the Company.

6.2 *Access to Records.* Until the expiration of four (4) years after the furnishing of the services pursuant to this Agreement, Manager shall make available, upon written request to the Secretary of the U.S. Department of Health and Human Services, or upon request to the Comptroller General, or any of their duly authorized representatives, this Agreement and any books, documents and records of Manager that are necessary to certify the nature and extent of the costs related to this Agreement, and if Manager carries out any of the duties of this Agreement through a subcontract, with a value of or cost of \$10,000 or more over a twelve (12) month period, with a related organization or individual, such subcontract shall contain a clause to the effect that until the expiration of four (4) years after the furnishing of such services pursuant to such

subcontract, the related organization or individual shall make available, upon written request of the Secretary or authorized representatives, the subcontract and any books, documents and records of such organization or individual that are necessary to verify the nature and extent of such costs. (This paragraph shall be of no force or effect if not required by law.)

ARTICLE 7 CONFIDENTIALITY

Manager shall, and shall cause its employees, accountants, attorneys, and other authorized representatives to, hold in confidence and otherwise not to disclose to anyone other than the Company and its accountants, attorneys, and other authorized representatives, together with such other individuals or organizations from time to time authorized in writing by the Company, all documents, records, data and information of the Company maintained by Manager pursuant to the terms of this Agreement or otherwise revealed to Manager in connection with its performance of this Agreement.

ARTICLE 8 USE OF NAME, LOGOS, ETC.

During the term of this Agreement, Manager shall utilize the name, trademarks, logos and symbols identifying the Business, including the right to represent to the public and the health care industry that the facilities and operations of the Business are managed by Manager, in connection with the services provided by Manager under this Agreement; *provided, however*, that (i) Manager's use and representations will not conflict PeaceHealth's Ethical Policies; (ii) Manager may not utilize any PeaceHealth affiliated name, trademark, logo or symbol (other than those pertaining to the Company) without PeaceHealth's written consent to such utilization, which consent may be conditioned upon a trademark license or similar agreement which would include certain quality assurance measures and other mutually-agreed terms and conditions; and (iii) any use by Manager of any PeaceHealth affiliated name, trademark, logo or symbol pertaining to the Company (including, for example, references included in the Company's name) will be subject to the consent and guidance of the Company's Board and PeaceHealth, which may include conditioning such use upon a trademark license or similar agreement which would include certain quality assurance measures and other mutually-agreed terms and conditions. The Company and PeaceHealth shall not, however, make any use of the name of Manager or LifePoint, or any of their trademarks, logos or symbols, without the prior written consent of Manager or LifePoint, as the case may be.

ARTICLE 9 INDEMNIFICATION

9.1 *Indemnification of Manager.* Manager does not hereby assume any of the obligations, liabilities or debts of the Company or the Business, except as otherwise expressly provided herein, and shall not, by virtue of its performance hereunder, assume or become liable for any of such obligations, debts or liabilities of the Company or the Business. The Company hereby agrees to indemnify, defend and hold Manager and its Affiliates harmless from and against any and all claims, actions, liabilities, obligations, damages, penalties, losses, costs and expenses of any nature whatsoever, including reasonable attorneys' fees and other costs of investigating and

defending any such claim or action (collectively, “**Claims**”), asserted against Manager or any of its Affiliates on account of any of the obligations, liabilities or debts of the Company or the Business, except to the extent such Claims result from negligence or willful misconduct of Manager or any of Manager’s Affiliates or agents. The Company shall indemnify, defend and hold Manager and any of its Affiliates and their respective agents, officers, employees, directors, shareholders, partners and members, harmless from and against any and all Claims that may be asserted against, imposed upon, incurred, caused or occasioned by, or arising out of acts or breach of this Agreement by the Company or its agents, officers, employees directors, shareholders, partners, members or contractors, except to the extent such Claims result from the negligence or willful misconduct of Manager or its Affiliates or agents.

9.2 *Indemnification of the Company and the Members.* Manager hereby agrees to indemnify, defend and hold the Company, the Members and their respective Affiliates (“**Manager Indemnified Parties**”) harmless from and against any and all Claims asserted against any of the Manager Indemnified Parties on account of any of the obligations, liabilities or debts of the Manager, except to the extent such Claims result from negligence or willful misconduct of the Manager Indemnified Parties or their agents. Manager shall indemnify, defend and hold the Manager Indemnified Parties and their respective agents, officers, employees, directors, shareholders, partners and members, harmless from and against any and all Claims that may be asserted against, imposed upon, incurred, caused or occasioned by, or arising out of acts or breach of this Agreement by Manager or its agents, officers, employees directors, shareholders, partners, members or contractors, except to the extent such Claims result from the negligence or willful misconduct of the Manager Indemnified Parties or their agents.

9.3 *Notification of Claims.* Manager and the Company agree to promptly notify the other party hereto of any claims or demands which arise and for which indemnification hereunder is sought.

9.4 *Survival.* The indemnification obligations of the parties set forth above shall survive the termination or expiration of this Agreement.

ARTICLE 10 MISCELLANEOUS

10.1 *Further Assurances.* Manager and the Company agree upon the reasonable request of the other, to execute, acknowledge and deliver any and all such further instruments, and to do and perform any and all such other acts as may be necessary or appropriate in order to carry out the intent and purposes of this Agreement.

10.2 *Waivers or Modifications.* No waiver, modification or cancellation of any term or condition of this Agreement shall be effective unless executed in writing by the party to be charged therewith. No written waiver shall excuse any performance of any act(s) other than those specifically referred to therein. A waiver of any breach by any party hereunder shall not constitute a waiver of any subsequent breach(es) by such party hereunder.

10.3 *Governing Law.* This Agreement and the performance hereof will be construed and governed in accordance with the laws of the State of Washington, without regard to its choice of law principles.

10.4 *Severability.* If any provision of this Agreement, or the application of such provision to any person or circumstance, shall be held invalid, the remainder of this Agreement, or the application of such provision to persons or circumstances other than those to which it is held invalid, shall not be affected thereby.

10.5 *Entire Agreement.* This Agreement, together with the LLC Agreement and any documents to be delivered pursuant hereto or thereto, constitute the entire agreement between the parties hereto pertaining to the subject matter hereof and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, of or by and between the parties hereto in respect of such subject matter and may not be amended except by a written instrument hereafter signed by each of the parties hereto.

10.6 *Assignment; Binding Agreement.* Except as specifically provided in this Section 10.6, Manager shall not have the right to assign its rights or delegate its duties hereunder to any unrelated organization unless it first obtains the written consent of the Company. Manager may assign this Agreement without consent to LifePoint or one of its Affiliates. This Agreement is binding upon, and inures to the benefit of, the parties and their respective successors. Except as set forth herein, nothing in this Agreement, expressed or implied, is intended to confer on any person, other than the parties or their respective successors, any rights, remedies, or liabilities under this Agreement. Notwithstanding the foregoing, the parties agree that PeaceHealth is an intended and express third party beneficiary of this Agreement and that PeaceHealth is relying on the covenants made by Manager in this Agreement in connection with its investment in the Company.

10.7 *Counterparts; Execution.* This Agreement may be executed in one or more counterparts, each of which when so executed shall be deemed an original, and such counterparts together shall constitute one and the same instrument. Signatures transmitted by facsimile or via other electronic transmission system shall be accepted as original signatures.

10.8 *No Impairment of Rights.* No delay or omission by either party hereto in exercising any right, power or privilege hereunder will impair such right, power or privilege, nor will any single or partial exercise of any such right, power or privilege preclude any further exercise thereof or the exercise of any other right, power or privilege.

10.9 *HIPAA Compliance.* Concurrent with the execution of this Agreement, the parties shall execute the Business Associate Agreement attached hereto as Exhibit 11.9.

10.10 *Construction.* Every covenant, term, and provision of this Agreement shall be construed according to its fair meaning and not strictly for or against any party hereto.

10.11 *Captions.* Section and other captions and headings contained in this Agreement are inserted only as a matter of convenience and in no way define, limit or extend the scope or intent of this Agreement or any provision hereof.

10.12 *Exhibits.* The attached exhibits, together with all documents incorporated by reference in the exhibits, form an integral part of this Agreement and are incorporated into this Agreement wherever reference is made to them to the same extent as if they were set out in full at the point at which such reference is made.

10.13 *Participation in Federal and State Programs.* Each party to this Agreement represents to the other Party that it is not debarred, suspended or otherwise ineligible to participate in any federal or state health care program.

10.14 *Interpretation.* Unless the context shall require otherwise:

(a) Words importing the singular number or plural number shall include the plural number and singular number respectively;

(b) Words importing the masculine gender shall include the feminine and neuter genders and vice versa;

(c) References to “include,” “includes,” and “including” shall be deemed to be followed by the phrase “without limitation”;

(d) All pronouns and any variations thereof shall be deemed to refer to masculine, feminine, or neuter, singular or plural, as the identity of the Person or Persons may require;

(e) Reference in this Agreement to “herein,” “hereby” or “hereunder,” or any similar formulation, shall be deemed to refer to this Agreement as a whole; and

(f) References to “and” and “or” shall be deemed to mean “and/or.”

10.15 *Guaranty.* Guarantor hereby absolutely, unconditionally and irrevocably guarantees to PeaceHealth and Company, the full, complete and timely performance by Manager of its obligations under this Agreement. In the event Manager fails to perform its obligations, Guarantor agrees to assume all responsibility for the full, complete and timely performance of Manager’s obligations under this Agreement in strict accordance with the terms of this Agreement. It shall not be necessary for PeaceHealth, in order to enforce performance by Guarantor, first or contemporaneously, to institute suit or pursue or exhaust any rights or remedies against Manager. Guarantor hereby waives, and agrees not to assert or take advantage of, to the fullest extent permitted by law (1) presentment, demand, protest, diligence, notice of dishonor, notice of nonperformance, notice of non-payment, notice of acceptance and all other notice and other formalities which may be required by statute, rule of law or otherwise to preserve intact PeaceHealth’s rights against Guarantor under this guaranty; and (2) all other rights and remedies now or hereafter accorded by applicable law to guarantors.

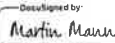
10.16 *No Recourse.* Notwithstanding anything in this Agreement to the contrary, any liability arising out of this Agreement will be limited to the parties to this Agreement and none of such parties’ former, current and future equityholders, controlling persons, directors, officers, employees, agents, representatives, affiliates, members, managers, general or limited partners, or assignees (or any former, current or future equityholder, controlling person, director, officer,

employee, agent, representative, affiliate, member, manager, general or limited partner, or assignee of any of the foregoing) will have any liability hereunder.

[Remainder of page intentionally left blank.]

MANAGER:

CHC MANAGEMENT SERVICES, LLC

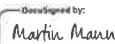
By:  _____
Name: Martin Mann
Title: Senior Vice President, Strategic
Development

THE COMPANY:


PEACEHEALTH SOUTHWEST, LLC

By its two initial Members:

LPNT IRF DEVELOPMENT 75, LLC

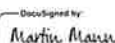
By:  _____
Name: Martin Mann
Title: Senior Vice President, Strategic
Development

PEACEHEALTH

By:  _____
Name: Darrin Montalvo
Title: EVP Chief Financial and Growth Officer

GUARANTOR

**LIFEPOINT REHAB, LLC (solely for the
purpose of being bound by Section 10.15
hereof)**

By:  _____
Name: Martin Mann
Title: Senior Vice President, Strategic
Development

[Signature Page to Management and Administrative Services Agreement]

Exhibit 4

REPORTING METRICS

IRF Patients who Experience one (1) or more falls with major injury during their IRF stay

Catheter-associated UTI (CAUTI)

Central line associated bloodstream infection (CLABSI)

Average daily census (ADC)

Case mix index (CMI)

Length of Stay (LOS)

Outlier Cases

Exhibit 5

EBITDA TARGET

Each fiscal year the Board will determine the Budget in accordance with the LLC Agreement. The EBITDA Target will be a number equal to a percentage chosen by the Board multiplied by the budgeted EBITDA.

For purposes of this Agreement, “EBITDA” of the Company for any fiscal year will mean consolidated earnings from operations before interest, taxes, depreciation and amortization. EBITDA will be determined in accordance with U.S. generally accepted accounting principles (GAAP).

In determining such EBITDA:

(a) EBITDA will be computed without regard to “extraordinary items” of gain or loss as that term will be defined in GAAP; and

(b) EBITDA will not include any gains, losses or profits realized from the sale of any assets other than in the ordinary course of business.

Exhibit 11.9

BUSINESS ASSOCIATE AGREEMENT

THIS BUSINESS ASSOCIATE AGREEMENT (“Agreement”) is entered into this 25th day of September, 2023 by and between PeaceHealth Southwest, LLC (“Covered Entity”) and CHC Management Services, LLC (“Business Associate”).

RECITALS:

- A. Covered Entity, including facilities/agencies owned and operated by Covered Entity, is designated as a “Covered Entity,” as defined by the federal Health Insurance Portability and Accountability Act of 1996 (Pub. L. No. 104-191) and its implementing regulations (“HIPAA”), and as amended by the final regulations promulgated pursuant to the Health Information Technology for Economic and Clinical Health Act (“HITECH”) (Division A, Title XIII and Division B, Title IV of Pub. L. No. 111-5) (which was part of the American Recovery and Reinvestment Act of 2009).
- B. In connection with an underlying business relationship with Covered Entity for Business Associate to perform functions or activities, or provide certain services, on behalf of Covered Entity (“Underlying Contract”), Covered Entity may provide Business Associate with Protected Health Information (“PHI”) (defined below).
- C. Covered Entity and Business Associate intend to protect the privacy and provide for the security of PHI disclosed to Business Associate pursuant to this Agreement and in order to comply with HIPAA, including the Privacy Rule (defined below), the Security Rule (defined below) and the Breach Notification Rule (defined below).

NOW, THEREFORE, the parties agree as follows:

AGREEMENT:

I. DEFINITIONS

- A. “Breach” shall have the meaning given to such term at 45 C.F.R. § 164.402.
- B. “Breach Notification Rule” shall mean the rule related to breach notification for Unsecured Protected Health Information at 45 C.F.R. Parts 160 and 164, Subpart D.
- C. “Electronic protected health information” or “EPHI” shall have the same meaning given to such term under the Security Rule, including, but not limited to, 45 C.F.R. § 160.103, limited to the information created or received by Business Associate from or on behalf of Covered Entity.

- D. "Privacy Rule" shall mean the Standards for Privacy of Individually Identifiable Health Information, codified at 45 C.F.R. Parts 160 and Part 164, Subparts A and E.
- E. "Protected Health Information" or "PHI" shall have the meaning given to such term under the Privacy and Security Rules at 45 C.F.R. § 160.103, limited to the information created or received by Business Associate from or on behalf of Covered Entity.
- F. "Security Rule" shall mean the Security Standards for the Protection of Electronic Protected Health Information, codified at 45 C.F.R. Parts 160 and 164, Subparts A and C.
- G. "Unsecured PHI" shall have the meaning given to such phrase under the Breach Notification Rule at 45 C.F.R. § 164.402.
- H. Other capitalized terms used, but not otherwise defined, in this Agreement shall have the same meaning as those terms in the Privacy, Security or Breach Notification Rules.

II. OBLIGATIONS OF THE PARTIES WITH RESPECT TO PHI.

A. Obligations of Business Associate. Business Associate shall:

1. Not use or disclose PHI other than as permitted or required by this Agreement, the Underlying Contract or as Required By Law;
2. Not use or disclose PHI in a manner that would violate the Privacy Rule if done by the Covered Entity, unless expressly permitted to do so pursuant to the Privacy Rule and this Agreement;
3. Use appropriate safeguards, and comply with the Security Rule at Subpart C of 45 C.F.R. Part 164 with respect to EPHI, to prevent use or disclosure of PHI other than as provided for by this Agreement, the Underlying Contract or as Required By Law;
4. Report to Covered Entity without unreasonable delay, and in no case later than ten (10) business days of Business Associate's discovery, any use or disclosure of PHI not provided for by the Agreement of which it becomes aware, any Breaches of Unsecured PHI as required at 45 C.F.R. § 164.410, or any successful security incident of which it becomes aware. Any notice of a Breach referenced in this Section II.A.4 will include, to the extent known, the identification of each individual whose Unsecured PHI has been, or is reasonably believed by Business Associate to have been accessed, acquired, used, or disclosed during such Breach. Business Associate will also provide to Covered Entity other available information that the Covered Entity is required to include in its notification to the individual pursuant to the Breach Notification Rule.

5. Provide access, at the request of Covered Entity, to PHI in a Designated Record Set to Covered Entity (or an Individual as directed by Covered Entity) in the time and format reasonably designated by Covered Entity as necessary to satisfy Covered Entity's obligations under 45 C.F.R. § 164.524;
6. Make any PHI contained in a Designated Record Set available to Covered Entity for purposes of amendment per 45 C.F.R. § 164.526. If an Individual requests an amendment of PHI directly from Business Associate or its Subcontractors, Business Associate shall promptly forward the request to Covered Entity. Any denial of amendment of PHI maintained by Business Associate shall be the responsibility of Covered Entity;
7. Maintain and make available the information required to provide an accounting of disclosures to Covered Entity as necessary to satisfy Covered Entity's obligations under 45 C.F.R. § 164.528. If an accounting of disclosures is requested by an Individual directly to Business Associate, Business Associate will promptly forward the request to Covered Entity;
8. To the extent the Business Associate is to carry out one or more of Covered Entity's obligation(s) under Subpart E of 45 C.F.R. Part 164, comply with the requirements of Subpart E that apply to Covered Entity in the performance of such obligation(s);
9. Make its internal practices, books and records, including policies and procedures, relating to the use and disclosure of PHI available to the Secretary of HHS for purposes of determining Covered Entity's compliance with the Privacy Rule;
10. Ensure that any Subcontractors that create, receive, maintain or transmit PHI on behalf of Business Associate agree to the same restrictions and conditions that apply through this Agreement to Business Associate with respect to such information. Business Associate shall ensure that any Subcontractor to whom Business Associate provides EPHI agrees in writing to comply with the Security Rule with respect to such EPHI.
11. Only request, use and disclose the Minimum Necessary amount of PHI necessary to accomplish the purpose of the request, use or disclosure.

B. Permitted Uses or Disclosures by Business Associate. Business Associate may use or disclose PHI only:

1. As necessary to perform the services set forth in the Underlying Contract;
2. As required by law;
3. In a manner that would not violate Subpart E of 45 C.F.R. Part 164 if done by Covered Entity, except that Business Associate may (i) use PHI for the

proper management and administration of Business Associate, or to carry out the legal responsibilities of Business Associate; (ii) disclose PHI for the proper management and administration of Business Associate, or to carry out the legal responsibilities of Business Associate, provided the disclosure is Required By Law, or Business Associate obtains reasonable assurances from the person to whom the information is disclosed that the information will remain confidential and used or further disclosed only as Required By Law or for the purposes for which it was disclosed to the person, and the person agrees to notify Business Associate of any instances of which it is aware in which the confidentiality of the information has been breached; and (iii) use and disclose PHI to provide Data Aggregation services relating to the health care operations of Covered Entity only if authorized to do so in the Underlying Contract.

4. To de-identify PHI in accordance with 45 C.F.R. § 164.514(b); and
5. To report violations of law to appropriate federal and state authorities, consistent with 45 C.F.R. § 164.502(j)(1).

C. Obligations of Covered Entity.

1. Covered Entity shall notify Business Associate of any limitation(s) in the notice of privacy practices of Covered Entity under 45 C.F.R. § 164.520, to the extent that such limitation may affect Business Associate's use or disclosure of PHI.
2. Covered Entity shall notify Business Associate of any changes in, or revocation of, the permission by an Individual to use or disclose his or her PHI, to the extent that such changes may affect Business Associate's use or disclosure of PHI.
3. Covered Entity shall notify Business Associate of any restriction on the use or disclosure of PHI that Covered Entity has agreed to or is required to abide by under 45 C.F.R. § 164.522, to the extent that such restriction may affect Business Associate's use or disclosure of PHI.
4. Covered Entity shall provide Business Associate only the Minimum Necessary amount of data for Business Associate to accomplish the intended purpose of the disclosure.

III. TERM AND TERMINATION.

- A. Term. This Agreement shall be effective as of the date set forth above and shall continue until all of the PHI provided by Covered Entity to Business Associate, or created or received by Business Associate on behalf of Covered Entity, is destroyed or returned to Covered Entity or, if it is infeasible to return or destroy PHI, protections are extended to such information, in accordance with the provisions of this Section III.

- B. Termination for Cause. Upon Covered Entity's knowledge of a material breach of the terms of this Agreement, Covered Entity shall:
- a. Provide Business Associate the opportunity to cure, and if Business Associate does not cure the breach within thirty (30) days after receipt of written notice from Covered Entity, Covered Entity may immediately terminate this Agreement;
 - b. Immediately terminate this Agreement and the Underlying Contract if Covered Entity has determined that (a) Business Associate has breached a material term of this Agreement, and (b) cure is not possible; or
 - c. Immediately terminate this Agreement if the Underlying Contract has been terminated.
- C. Obligations of Business Associate upon Termination. Upon the expiration or termination of this Agreement for any reason, Business Associate, with respect to PHI received from, or received or created on behalf of, Covered Entity, shall:
1. Return to Covered Entity or destroy all PHI in any form, including such information in possession of Business Associate's Subcontractors, and retain no copies, if it is feasible to do so; or
 2. If return or destruction is not feasible, extend all protections contained in this Agreement to such PHI, and limit further uses and/or disclosures to only those purposes that make the return or destruction of the PHI infeasible.

IV. MISCELLANEOUS.

- A. Amendment. Amendments to this Agreement may be necessary to comply with modifications to HIPAA. Covered Entity and Business Associate agree to use good-faith efforts to develop and execute any amendments to this Agreement as may be required for compliance with HIPAA. This Agreement may be amended or modified only in writing signed by Covered Entity and Business Associate.
- B. Severability. In the event any provision of this Agreement is held to be unenforceable for any reason, the unenforceability thereof shall not affect the remainder of the Agreement, which shall remain in full force and effect and enforceable in accordance with its terms.
- C. Indemnification and Limitation of Liability. Business Associate shall indemnify, defend and hold Covered Entity harmless, from and against any and all claims, actions, liabilities, damages, costs and expenses arising from any the use or disclosure of PHI in violation of the terms of this Agreement or breach of this Agreement directly caused by Business Associate. In no event shall Business Associate's indemnification obligations under this Agreement include indemnification for (a) special, incidental, or punitive damages, (b) any actual or

perceived reputational harm, (c) loss of business opportunities or profits, (d) attorneys' fees, or (e) damages stemming from Covered Entity's failure to comply with its independent legal obligations. This provision will survive termination of this Agreement.

- D. No Third Party Beneficiaries. Nothing expressed or implied in this Agreement is intended to confer, nor shall anything herein actually confer, upon any person other than Covered Entity, Business Associate and, to the extent specified above, their respective parent entities, subsidiaries, affiliates, facilities, insurers, employees, directors, officers, subcontractors, agents or other members of their respective workforces, successors or assigns, any rights, remedies, obligations or liabilities whatsoever.
- E. Waiver. No provision of this Agreement or any breach thereof shall be deemed waived unless such waiver is in writing and signed by the party claimed to have waived such provision or breach. No waiver of a breach shall constitute a waiver of any different or subsequent breach.
- F. Assignment. Neither Party may assign (whether by operation or by law or otherwise) any of its rights or delegate or subcontract any of its obligations under this Agreement without the prior written consent of the other party. Notwithstanding the foregoing, Covered Entity shall have the right to assign its rights and obligations hereunder to any entity that is an affiliate or successor of Covered Entity, without the prior approval of Business Associate.
- G. Counterparts. This Agreement may be executed in multiple counterparts, each of which will be deemed an original but all of which together will constitute one and the same instrument. Facsimile or electronic signatures shall be treated as original signatures.
- H. Construction. This Agreement shall be construed as broadly as necessary to implement and comply with HIPAA. Any ambiguity in this Agreement shall be interpreted to permit compliance with HIPAA.
- I. Entire Agreement. This Agreement shall constitute the sole and exclusive agreement between Covered Entity and Business Associate with respect to the matters set forth herein, and Covered Entity and Business Associate agree this Agreement amends, restates and supersedes any prior business associate agreement, Underlying Contract language or other agreement or understanding concerning the matters addressed herein.

IN WITNESS WHEREOF, Covered Entity and Business Associate have executed this Agreement as of the date first set forth above.

BUSINESS ASSOCIATE:

CHC MANAGEMENT SERVICES, LLC

By: ^{DocuSigned by:} Martin Mann
Name: Martin Mann
Title: Senior Vice President, Strategic Development

COVERED ENTITY:

PEACEHEALTH SOUTHWEST, LLC

By its two initial Members:

LPNT IRF DEVELOPMENT 75, LLC

By: ^{DocuSigned by:} Martin Mann
Name: Martin Mann
Title: Senior Vice President, Strategic Development

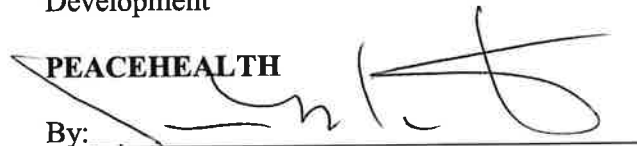
PEACEHEALTH
By: 
Name: Darrin Montalvo
Title: EVP Chief Financial and Growth Officer

Exhibit 10
Development Agreement

DEVELOPMENT AGREEMENT

THIS DEVELOPMENT AGREEMENT ("**Agreement**") is entered into as of the ___ day of _____, 202__ ("**Agreement Date**") by and between PMB _____ LLC, a _____ limited liability company ("**Developer**"), and PEACEHEALTH SOUTHWEST, LLC, a Washington limited liability company ("**Company**").

RECITALS:

A. Company intends to lease and operate a new specialty hospital together with all appurtenant improvements and facilities or rights thereto in Vancouver, Clark County, Washington (collectively, the "**Project**").

B. PeaceHealth, a Washington nonprofit corporation ("**Ground Lessor**") owns a parcel of land in Vancouver, Clark County, Washington, which is more particularly described on **Exhibit A**, attached hereto and made a part hereof ("**Land**") on which the Project will be located.

C. Subject to the satisfaction of certain conditions set forth herein, Developer has agreed to (i) enter into a ground lease with Ground Lessor for the Land and (ii) facilitate the design, development, financing and construction of the Project on the Land pursuant to the terms of this Agreement, and (iii) lease the Project to Company pursuant to the terms of that Lease Agreement attached hereto as **Exhibit K** ("**Project Lease**").

D. The parties are entering into this Agreement to set forth the full terms of their agreement concerning the design, development, financing and construction of the Project by Developer.

NOW, THEREFORE, in consideration of the agreements hereinafter set forth, the parties hereto agree as follows:

1. **Definitions.** For purposes of this Agreement, each of the following terms, when used with an initial capital letter, shall have the meaning ascribed to it in this Section:

(i) "**Adjusted Project Costs**" means the Project Costs, unless there is any unused Contingency Amount existing upon Final Completion, in which event the "Adjusted Project Costs" shall mean the Project Costs less any unused Contingency Amount applied in accordance with the terms of **Section 6(d)** below.

(ii) "**Affiliate**" means, with respect to any party, all Persons that, directly or indirectly, control, are controlled by, or are under common control with such party. As used in the preceding sentence, the terms "control", "controlled by" and "under common control with" mean the possession of the power to direct or cause the direction of the management and policies of an entity, whether through the ownership of voting securities, by contract or otherwise. Notwithstanding the foregoing, none of the following persons shall be considered an "Affiliate" of Company or any of its Affiliates: (a) individuals serving as officers, directors or managers of Company or any of its Affiliates; or (b) any Person that directly or indirectly owns equity securities of Lifepoint, 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 Lifepoint and its Subsidiaries.

(iii) "**Allowance**" or "**Allowances**" have the meaning ascribed to said terms in **Section 6(a)**.

(iv) “**Applicable Laws**” means all applicable governmental laws, statutes, orders, ordinances, codes, rulings, common law, regulations, directives and decrees, now in force or hereafter enacted.

(v) “**Approved Contractors**” has the meaning ascribed to said term in Section 3(a).

(vi) “**Approved Plans and Specifications**” has the meaning ascribed to said term in Section 2(b)(iv).

(vii) “**Architect**” shall mean _____, a(n) _____, or any other architect approved in writing by Company to be retained to design the Project.

(viii) “**Audit**” has the meaning ascribed to said term in Section 6(f).

(ix) “**Business Days**” means Monday through Friday, excluding holidays on which national banking associations are authorized to be closed in Vancouver, Washington.

(x) “**Change Order**” means (i) any written change or modification to the Final Plans and Specifications for the Project executed by Developer and Company, excluding Minor Deviations, (ii) any change to the Final Project Budget executed by Company and Developer, or (iii) any change to the Projected Substantial Completion Date or Outside Final Completion Date executed by Company and Developer.

(xi) “**Change Request Form**” means a written request for Change Order in the form attached hereto as Exhibit H and incorporated by reference herein.

(xii) “**Closing Conditions**” means, collectively, all of the following conditions: (a) the submission by Developer and Company of executed counterparts of the Project Documents into escrow with Title Company to be released upon and dated as of the date of Closing and the recording of the Ground Lease Memorandum; (b) Company’s written waiver of its right to terminate this Agreement pursuant to the terms of Section 2(d) due to a Material Site Defect; (c) Company’s approval of the Design Development Documents in accordance with the terms of Section 2(b)(iii); (d) Company’s approval of the Design Interim Project Budget in accordance with the terms of Section 2(b)(iii); (e) Developer’s written waiver of its right to terminate this Agreement pursuant to the terms of Section 2(e) due to a Material Site Defect; (f) Developer’s receipt of all Permits for the Project (including, without limitation, any Permits required to replat the Land if Developer seeks to replat the Land); (g) Company’s receipt of approval of a Certificate of Need (“**CON**”) for the Project from the Department; and (h) Developer securing financing for the construction of the Project on commercially reasonable terms satisfactory to Developer or waiver of this condition by Developer.

(xiii) “**Closing Date**” means the day following the date that all of the Closing Conditions are satisfied or waived; provided, however, if such date is a Saturday, Sunday or holiday, then such Closing Date shall be the next Business Day following the satisfaction or waiver of all of the Closing Conditions.

(xiv) “**Company Delay**” means the time period of a delay in the completion of Developer’s obligations under this Agreement that are due solely to (a) Company’s failure to meet any of its time deadlines set forth herein, (b) Company’s failure to respond to requests for Change Orders within its time deadlines set forth in Section 5 hereof, or (c) the performance of any other work on the Project by any contractors, architects, or any other consultants employed by Company; provided, Developer shall not be entitled to assert a Company Delay on the basis set forth in subsection (a) if, pursuant to this Agreement,

Company is deemed to have approved a request received from Developer; provided, further, Developer shall not be entitled to assert a Company Delay on the basis set forth in subsection (c) unless Developer notifies Company, in writing, of the matter giving rise to Company Delay within ten (10) Business Days after it becomes aware of such matter and the full extent of such delay.

(xv) “**Company Delay Costs**” has the meaning ascribed to said term in Section 3(c).

(xvi) “**Company Reimbursement Obligations**” has the meaning ascribed to said term in Section 14(b).

(xvii) “**CON Delay**” means the time period of a delay in the completion of Developer’s obligations under this Agreement that are solely due to acts or omissions of Department in processing, reviewing, making a decision on, and approving permits for the Project.

(xviii) “**Contingency Amount**” has the meaning ascribed to said term in Section 2(b)(v).

(xix) “**Construction Contract**” has the meaning ascribed to said term in Section 3(a).

(xx) “**Construction Documents**” means complete drawings, bid documents, specifications, reports, and all other data setting forth in detail the requirements for the construction of the Project prepared by Architect and other consultants.

(xxi) “**Construction Interim Project Budget**” has the meaning ascribed to said term in Section 2(b)(v).

(xxii) “**Contractor**” means a general contractor reasonably approved by Developer and Company, in writing.

(xxiii) “**Contractor Correction Period**” has the meaning ascribed to said term in Section 9(b).

(xxiv) “**Contractor Warranty**” has the meaning ascribed to said term in Section 9(b).

(xxv) “**Cost Overruns**” has the meaning ascribed to said term in Section 4(a)(ii).

(xxvi) “**Cost Variation**” has the meaning ascribed to said term in Section 6(f).

(xxvii) “**County**” means Clark County, Washington.

(xxviii) “**Deciding Architect**” has the meaning ascribed to said term in Section 6(f).

(xxix) “**Delay Costs**” has the meaning ascribed to said term in Section 4(a)(ii).

(xxx) “**Department**” means the Washington State Department of Health.

(xxxix) “**Design Development Documents**” shall mean (a) the drawings and other documents prepared by Architect and other consultants sufficient to illustrate and describe the development of the Special Use Permit Documents and shall consist of drawings and other documents including plans, sections, elevations, typical construction details, and diagrammatic layouts of building systems to fix and describe the size and character of the Project as to architectural, structural, mechanical and electrical systems, and such other elements as may be appropriate, and (b) outline specifications prepared by Architect that identify major materials and systems and establish in general their quality levels for the Project, all of

which are more particularly described in the plans and specifications referenced in **Exhibit F** attached hereto.

(xxxii) “**Design Interim Project Budget**” has the meaning ascribed to said term in Section 2(b)(iii).

(xxxiii) “**Developer Correction Period**” has the meaning ascribed to said term in Section 9(a).

(xxxiv) “**Development Fee**” means a development fee in the amount of _____ (___%) of the Project Costs (excluding the Development Fee itself), as the same shall be more specifically reflected on the Final Project Budget.

(xxxv) “**Due Diligence Materials**” means all of the title insurance commitments and policies (and related documents), surveys, subdivisions plats, environmental assessments, geotechnical assessments and soils reports, zoning letters, site engineering and other due diligence materials obtained by Developer related to the Land.

(xxxvi) “**Due Diligence Period**” shall mean the period commencing on the Agreement Date and expiring thirty (30) days thereafter.

(xxxvii) “**Existing Consultant Agreements**” means those agreements previously entered into by Lifepoint, any Affiliate of Lifepoint, or Company with Architect or any consultants in connection with the potential development of the Land or any inspections, analysis and due diligence related to the Land that are listed on **Exhibit B**, which shall be assigned to Developer on the Closing Date.

(xxxviii) “**Final Completion**” means the proper and full completion of all of the work required by this Agreement and the Final Plans and Specifications (including all work reasonably inferable from the Final Plans and Specifications as being necessary to produce the intended results and consistent with the original scope set forth therein), including, without limitation: (a) satisfactory operation of all Contractor installed equipment and systems; (b) completion or correction of all Punch List Items; (c) delivery to Company (or the availability thereof at the Project) of all maintenance and operations manuals and all warranties and guarantees (and assignments thereof, to the extent available); (d) delivery to Company (or the availability thereof at the Project) of as-built plans and specifications; (e) removal of all rubbish, tools, scaffolding and surplus materials from the Land that are related to the initial construction of the Project; (f) correction of all property damage that is the responsibility of Developer pursuant to this Agreement and the Project Lease; (g) provision of a final, updated and recertified ALTA property survey; and (h) Company has received final unconditional lien waivers and lien releases from Developer, Contractor, and all subcontractors and materialmen.

(xxxix) “**Final Plans and Specifications**” has the meaning ascribed to said term in Section 2(b)(v).

(xl) “**Final Project Budget**” means the final budget for the development of the Project based on the Construction Documents that have been approved by Company as described in Section 2(b)(vi).

(xli) “**Force Majeure Event**” means unforeseeable causes beyond Developer’s control and without its fault or negligence, including, without limitation, governmental action or inaction, acts of God, underground conditions not known and not reasonably anticipatable, fires, floods, strikes, freight embargoes, unusually severe weather conditions not reasonably anticipatable, but excepting delays caused

by (a) acts or omissions of Developer's contractors, subcontractors, material or equipment suppliers, architects or engineers, (b) the failure or inability of Developer to provide sufficient funds to pay the costs of construction, (c) a Pandemic Delay, (d) a Supply Chain Delay, or (e) a CON Delay.

(xlii) "**Ground Lease**" means that Ground Lease Agreement dated as of the date hereof by and between Ground Lessor and Developer as to the Land.

(xliii) "**Ground Lease Memorandum**" means that Memorandum of the Ground Lease Agreement dated as of the date hereof by and between Ground Lessor and Developer.

(xliv) "**Ground Lessor**" has the meaning ascribed to said term in the Recitals.

(xlv) "**Guarantors**" means Ground Lessor and Lifepoint Guarantor, individually, and collectively.

(xlvi) "**Incurred Project Costs**" has the meaning ascribed to said term in Section 4(a)(ii).

(xlvii) "**Land**" has the meaning ascribed to said term in the Recitals.

(xlviii) "**Lifepoint**" means LifePoint Health, Inc., a Delaware corporation.

(xlix) "**Lifepoint Guarantor**" means LifePoint Holdings 2, LLC, a Delaware limited liability company.

(l) "**Liquidated Damages**" has the meaning ascribed to said term in Section 4(c).

(li) "**Material Site Defect**" means any title defect, adverse environmental condition, adverse soil condition or Applicable Laws, including zoning, that will have a material adverse effect on the ability to construct the Project and utilize the same for its intended purpose that is revealed by the Due Diligence Materials or other results of the inspections, analysis and due diligence related to the Land.

(lii) "**Maximum Project Costs**" means the Project Costs approved in writing by the parties that do not exceed the aggregate amount of the total costs set forth in the Final Project Budget, as the same may be modified in accordance with the express terms of this Agreement.

(liii) "**Minor Deviations**" means minor deviations from the Final Plans and Specifications that do not materially affect the aesthetics or functionality of the Project and result from workmanship that is within normal construction tolerances for high quality hospital and medical buildings recently built by skilled, experienced and reputable contractors in the Portland, Oregon metropolitan area, but not any deviations resulting from a substitution of materials, a change in design, or a failure to install any component of the Final Plans and Specifications. By way of example, and not limitation, variations in the placement, but not the type or number, of electrical outlets, and variations in the location of interior walls by a few inches that do not adversely affect the mechanical systems or floor plan are Minor Deviations.

(liv) "**Outside Final Completion Date**" means the date which is sixty (60) days after the date when Substantial Completion occurs, as it may be amended by Change Order or Company Delay.

(lv) "**Pandemic Delay**" means any unforeseeable delay arising from an epidemic or pandemic including, without limitation, any unforeseeable delay arising out of (a) any government-

mandated shutdown of construction activities with respect to the Project, (b) the unavailability or reduced availability of Contractor's or any subcontractor's labor workforce as a result of members of said workforce testing positive or quarantine requirements for COVID-19, or (c) the unavailability or reduced availability of any private inspectors to perform required inspections of the construction in progress, but excepting delays caused by (i) Developer's failure to reasonably anticipate or plan for the effect of (or cause Contractor to reasonably anticipate or plan for the effect of) delays arising from an epidemic or pandemic, (ii) a Force Majeure Event, (iii) a Supply Chain Delay, or (iv) a CON Delay.

(lvi) "**Permits**" has the meaning ascribed to said term in Section 2(c).

(lvii) "**Person**" any individual, sole proprietorship, partnership, limited liability company, joint venture, trust, unincorporated organization, association, corporation, institution, or entity, including, without limitation, any governmental body, agency, or department.

(lviii) "**Project**" has the meaning ascribed to said term in the Recitals.

(lix) "**Project Cost Materials**" has the meaning ascribed to said term in Section 6(e).

(lx) "**Project Cost Statement**" has the meaning ascribed to said term in Section 6(g).

(lxi) "**Project Costs**" means all costs actually paid or incurred by Developer in connection with the feasibility analysis, financing, design and construction of the Project, including, without limitation, (a) construction costs for the Project, (b) all architectural fees and all other design fees due, (c) all feasibility studies, testing costs, zoning cost, and surveys, (d) all professional fees, permitting fees, impact fees, plan review fees, (e) all site and construction testing, geotechnical reports, (f) all construction financing costs associated with development of the Project, (g) all state and local real property transfer taxes due in connection with the Ground Lease, the Project Lease, or any recording of the memoranda thereof, and (h) all costs associated with acquisition of the Land; provided, however, in no event shall Project Costs include (1) any cost of the type described on Exhibit C, attached hereto, or (2) any costs that exceed the Maximum Project Costs.

(lxii) "**Project Delay Claim Request**" means the form set forth in Exhibit J attached hereto.

(lxiii) "**Project Development Budget**" means the maximum budget for the Project, which budget is attached hereto as Exhibit C-1.

(lxiv) "**Project Documents**" means, collectively, the following: (a) this Agreement; (b) the Ground Lease; (c) the Ground Lease Memorandum; (d) Project Lease; (e) the memorandum of lease in the form attached to the Project Lease; and (f) the Existing Consultant Agreements.

(lxv) "**Project Lease**" has the meaning ascribed to said term in the Recitals.

(lxvi) "**Projected Substantial Completion Date**" means a date that is no more than _____ months following the commencement of construction of the Project by Developer, as extended or modified by any Change Order or Company Delay.

(lxvii) "**Property**" has the meaning ascribed to said term in Section 4(a)(ii).

(lxviii) “**Punch List Items**” means minor details of construction, installation, decoration, mechanical adjustments and items that will not materially interfere with Company’s use of the Project or activities therein.

(lxix) “**Reimbursable Expenses**” shall mean the Project Costs that are of the type described in the Reimbursable Expenses Budget and are paid or incurred by Developer as of the termination of this Agreement.

(lxx) “**Reimbursable Expenses Budget**” means the budget prepared by Developer and Company setting forth their preliminary estimates of the Reimbursable Expenses which is attached hereto as **Exhibit D**.

(lxxi) “**Revised Substantial Completion Date**” has the meaning ascribed to said term in **Section 4(a)(iii)**.

(lxxii) “**Special Use Permit**” means, collectively, the approvals for the Project issued by the County, including the approvals for the conditional use, site plan, environmental review, and all related construction activity.

(lxxiii) “**Special Use Permit Documents**” means the drawings and other documents including a site plan and preliminary building plans, sections and elevations, and preliminary selections of major building systems and construction materials submitted to the applicable governmental authorities by Company for approval in connection with the Project.

(lxxiv) “**Subsidiary**” of any Persons means, with respect to any Person, any partnership, corporation, trust, limited liability company, or other entity, the majority of whose equity interest is owned, directly or indirectly, by such Person.

(lxxv) “**Substantial Completion**” shall mean the stage in the progress of the work relating to the construction of the Project when: (a) Architect’s certificate of Substantial Completion with respect to the Project has been delivered to Developer, Company and the authority having jurisdiction; (b) the Project has received a final certificate of occupancy; (c) the Project’s mechanical, electrical, plumbing, heating, air conditioning and other systems are fully operational, (d) any Punch List Items and known defects and deficiencies in the Project can be completed and corrected within fifteen (15) days, (e) the completion of any unfinished portion of the Project and correction of any known defects and deficiencies in the Work will not interfere with the normal business operations to be conducted by Company in or about the Project, (f) the completion and delivery of those items outlined under the “State Inspection Manual” heading within the Project Closeout Checklist set forth in **Exhibit G** attached hereto and made a part hereof; and (g) all Work requiring inspection or certification as to compliance with applicable building codes and zoning ordinances by any governmental agency has been completed and all requisite certificates, approvals and other necessary authorizations have been obtained for the Work.

(lxxvi) “**Supply Chain Delay**” means any unforeseeable delay arising from (a) the availability of the applicable equipment, materials, or supplies for the Project from suppliers, (b) transportation of the applicable equipment, materials, or supplies for the Project, or (c) material supply chain disruption including factory shutdowns or slowdowns and shipping/transportation shutdowns or slowdowns, but excepting delays caused by (i) Developer’s failure to reasonably anticipate and plan for the effect of (or cause Contractor to reasonably anticipate and plan for the effect of) long lead times and overseas supply chains when procuring the applicable equipment, materials, or supplies for the Project, (ii) a Force Majeure Event, (iii) a Pandemic Delay, or (iv) a CON Delay.

(lxxvii) “**Target Closing Date**” means _____, 20__.

(lxxviii) “**Title Company**” shall mean First American Title Insurance Company – National Commercial Services, which has an office located at 9255 Towne Center Drive, Suite 200, San Diego, CA 92121.

(lxxix) “**Weather Delay Claim Request**” means the form set forth in **Exhibit I** attached hereto.

(lxxx) “**Withheld Amount**” has the meaning ascribed to said term in Section 14(a).

2. Due Diligence Period.

(a) Inspections/Due Diligence.

(i) Developer shall perform or cause to be performed all of the inspections, analysis and due diligence related to the Land set forth on **Exhibit E**, together with any additional inspections requested by or approved by Company during the Due Diligence Period. If requested by Company, in writing, Developer agrees to contract with firms or individuals specified by Company to perform any investigations, testing, analysis and due diligence with respect to the Land, subject to Developer’s reasonable approval, the costs of which shall be Reimbursable Expenses. On the Closing Date, Developer shall reimburse Company (or, as applicable, Lifepoint or any Affiliate of Lifepoint) for the costs incurred by Company (or, as applicable, Lifepoint or any Affiliate of Lifepoint) under the Existing Consultant Agreements through the Agreement Date. Developer shall assume all payment obligations under the Existing Consultant Agreements for costs incurred thereunder after the Agreement Date, if any. Developer shall obtain, in advance, Company’s approval of (i) the parties performing such work, and (ii) any agreement with consultants engaged to perform such work. Developer shall furnish Company with copies of all Due Diligence Materials within ten (10) Business Days after the same are obtained by Developer. Developer shall use commercially reasonable efforts to have any and all Due Diligence Materials certified to Company, in addition to any other parties reasonably requested by Company; provided, Developer shall ensure that Company has the right to rely on the geotechnical reports obtained by Developer and that the same do not contain limitations on the liability of the preparer for errors or omissions contained therein or associated therewith, unless the same are approved by Company, in writing. Company agrees to respond to Developer’s requests for approvals under this subsection within ten (10) Business Days after Developer’s written request; provided, however, if Company fails to provide Developer with written notice of its objection within ten (10) Business Days, then Company shall be deemed to have approved the same.

(ii) Except to the extent caused by the negligence or willful misconduct of Company, or its agents, employees, contractors or representatives, Developer shall hold Company harmless from all claims for injury or property damage arising out of any of Developer’s activities on the Land and all costs and expenses, including, without limitation, reasonable attorneys’ fees incurred in connection therewith. The provisions of this Section shall survive the termination of this Agreement.

(b) Plans and Budget Approval Process. Developer and Company shall fulfill their respective obligations in connection with the preparation and approval of the plans and specifications and budgets for the Project in accordance with the terms of this Section 2(b).

(i) Following the Agreement Date, Developer shall promptly engage Architect (who may have already engaged a civil engineer) and any other necessary consultants to prepare working drawings and specifications for the Project, including all related utility, parking, driveway,

landscape, drainage, exterior signage and other site improvements to be located on the Land. Developer shall obtain, in advance, Company's approval of any agreement with Architect or other consultants engaged to design the Project. Company agrees to respond to Developer's requests for approvals under this Section 2(b)(i) within five (5) Business Days after Developer's written request; provided, however, if Company fails to provide Developer with written notice of its objection within five (5) Business Days, then Company shall be deemed to have approved the same. In addition, promptly after the Agreement Date, Developer shall work to develop interest in the Project among Company approved bidders and begin preparing a request for proposal from whom it will actively solicit bids.

(ii) If a Special Use Permit is required, Company must approve the Special Use Permit Documents. Developer will submit the Special Use Permit Documents to Contractor for preliminary budget estimates based thereon.

(iii) Developer shall cause the Architect to complete the Design Development Documents by _____. Once the Design Development Documents have been prepared and provided to Company, if Company has any objections or comments with respect to the Design Development Documents, it shall notify Developer within ten (10) Business Days after receipt thereof; provided, however, if Company fails to provide Developer with written notice of its objection within said ten (10) Business Days, then Company shall be deemed to have approved the same. Developer shall submit the Design Development Documents to the Contractor, if it has been selected, and require Contractor to provide pricing based on the Design Development Documents no later than thirty (30) days after the Design Development Documents are provided. Once the subcontractor and Contractor bids and/or updated pricing for the construction of the Project based on the Design Development Documents are received by Developer, it shall promptly provide copies of the same to Company. Within ten (10) Business Days of Developer's receipt of the pricing from the Contractor based upon the Design Development Documents, Developer shall prepare and deliver to Company in writing an updated budget in the same format as the Project Development Budget using the updated pricing information based upon the Design Development Documents ("**Design Interim Project Budget**"). If the Design Interim Project Budget exceeds the Project Development Budget, Developer shall deliver to Company at the same time as the Design Interim Project Budget any reasonable recommendations to value engineer the Project or otherwise modify the scope of the Project to reduce the Design Interim Project Budget to a level specified by Company; provided, however, if Company requests Developer to reduce hard construction costs by more than Two Hundred Fifty Thousand and No/100 Dollars (\$250,000.00) through value engineering, then each day of delay resulting from such value engineering shall be deemed to be delay as a result of a Force Majeure Event. Likewise, in such event, Developer shall cause Architect and its consultants to prepare a similar list of potential changes and value engineering recommendations. In such event, Architect, Contractor, Company and Developer shall meet to review each other's recommendations for value engineering or modification to the scope of the Project within ten (10) Business Days after the bids are delivered to Company, and Developer shall cause Architect to incorporate any reasonable value engineering or changes in the scope of the Project requested by or approved by Company, in writing. Following such value engineering exercise, to the extent required within ten (10) Business Days of the completion of the value engineering exercise, Developer shall submit to Company a revised draft of the Design Interim Project Budget incorporating any savings resulting from the changes and value engineering for its review and approval, which approval will not be unreasonably withheld, conditioned or delayed, so long as the same is consistent with and does not exceed the amount set forth in the Project Development Budget; provided, however, if Company fails to provide Developer with written notice of its objection within said ten (10) Business Days, then Company shall be deemed to have approved the same. The Design Interim Project Budget approved by Company may contain a contingency line item not to exceed five percent (5%) of the total costs set forth in Design Interim Project Budget.

(iv) Developer shall cause Architect to further develop the Design Development Documents to the Construction Documents level of preparation and deliver the same to Company and Developer for their review no later than four (4) months after Company approves or is deemed to have approved the Design Development Documents under Section 2(b)(iii) above. If Company has any objections to the Construction Documents, it shall provide comments to Developer and Architect within ten (10) Business Days after the same are delivered to Company; provided, however, if Company fails to provide Developer with written notice of its objection within said ten (10) Business Days, then Company shall be deemed to have approved the same. Once the revised Construction Documents have been approved by Company, in writing, the approved plans and specifications shall be the “**Final Plans and Specifications**.”

(v) Once the Final Plans and Specifications are approved, Developer shall work with Company, Architect and Contractor to prepare the bidding package, and will require responses from the Contractor no later than sixty (60) days after Developer’s receipt of Department approval of the Approved Plans and Specifications. Within ten (10) Business Days after receipt of the bid packages, Developer shall submit for Company’s approval a revised Design Interim Project Budget that allocates the contingency line item amongst the other line items in the budget as necessary to reflect the costs set forth in the bids based upon the Construction Documents (“**Construction Interim Project Budget**”) and submit the same to Company for its review and approval, which will not be unreasonably withheld, conditioned or delayed; provided, if applicable, Developer shall be entitled to continue to include a contingency line item in the Construction Interim Project Budget so long as it does not exceed three and one half percent (3.5%) of the Construction Interim Project Budget, excluding land purchase costs, which shall be the total amount of contingency combined between the Contractor and Developer (“**Contingency Amount**”). Company agrees to respond to Developer’s requests for approvals under this subsection within ten (10) Business Days after Developer’s written request; provided, however, if Company fails to provide Developer with written notice of its objection within ten (10) Business Days, then Company shall be deemed to have approved the same.

(vi) Once the Construction Interim Project Budget has been approved by Company, such approved budget shall be the “**Final Project Budget**.” Any use of the Contingency Amount up to Five Thousand and 00/100 Dollars (\$5,000.00) shall require prior written notice to Company. Any use of the Contingency Amount in excess of Five Thousand and 00/100 Dollars (\$5,000.00) shall require the prior written consent of Company, which shall not be unreasonably conditioned, delayed or denied. Developer’s use of the Contingency Amount will be submitted in writing by using the Change Request Form.

(vii) Company’s approval of the Final Plans and Specifications shall constitute only an approval of the aesthetic features of the Project described in the drawings, and Company’s acknowledgment that floor plan and the spatial relationship of the various parts of the plan are satisfactory to it, and shall not be construed as an approval of the character or quality of the architectural, structural or engineering design of the Project or any of its components, or an acknowledgment that the design complies with Applicable Laws. No such approval shall constitute a waiver of any warranties or guaranties set forth in this Agreement or release Developer or Architect from liability for any errors or omissions. Except as otherwise expressly provided herein (including, without limitation, Section 2(a)(i)), all costs, fees and expenses of preparation of drawings and specifications related to the Project (including, without limitation, the Final Plans and Specifications) by Architect and any other consultants shall be paid by Developer. Developer shall cause Architect and other design consultants to agree in writing that: (i) the Final Plans and Specifications are for the benefit of Developer and Company; (ii) Company and Developer have the right to use the Final Plans and Specifications in connection with the operation, maintenance, renovation and repair of the Project; and (iii) Developer and Company are third-party beneficiaries of the agreements

between Developer and Architect and other consultants pertaining to the Project and Architect's and other consultant's duties in connection with the design and construction of the Project.

(c) Developer agrees to use commercially reasonable efforts to obtain all approvals and building permits from Department and any other applicable governmental authorities allowing Developer to construct the Project in accordance with the Final Plans and Specifications ("**Permits**") as quickly as reasonably possible.

(d) Company shall have the right to terminate this Agreement by providing written notice to Developer prior to the Closing Date, if (i) a Material Site Defect is discovered and not remedied to Company's satisfaction, in its reasonable discretion, (ii) the CON is not approved, (iii) Permits are not obtained despite the parties' good faith efforts to obtain the same, (iv) Company does not approve the Design Development Documents in accordance with the terms of Section 2(b)(iii), or (v) Company does not approve the Design Interim Project Budget in accordance with the terms of Section 2(b)(iii).

(e) Developer shall have the right to terminate this Agreement by providing written notice to Company prior to the Closing Date, if (i) a Material Site Defect is discovered and not remedied to Developer's satisfaction, in its reasonable discretion, (ii) the CON is not approved, (iii) Permits are not obtained despite the parties' good faith efforts to obtain the same, (iv) Company does not approve the Design Development Documents in accordance with the terms of Section 2(b)(iii), or (v) Company does not approve the Design Interim Project Budget in accordance with the terms of Section 2(b)(iii).

3. Construction of the Project

(a) Approved Contractors. Developer shall contract with the Contractor for the construction of the Project. Developer shall obtain Company's approval of the construction contract ("**Construction Contract**") with Contractor, which will not be unreasonably withheld so long as the same is consistent with the terms of this Agreement. Unless otherwise approved by Company, in writing, the Construction Contract with Contractor shall be on a cost plus basis with a guaranteed maximum price that is consistent with the Final Project Budget; provided, if the Final Project Budget is not approved at such time, then the guaranteed maximum price shall be consistent with the Project Development Budget or Design Interim Project Budget, as applicable, so long as the Construction Contract provides that it will be revised so that the guaranteed maximum price is consistent with the Final Project Budget when approved. Developer shall obtain Company's written approval of all work or services performed prior to determination and approval of the guaranteed maximum price, as set forth above, prior to allowing the performance of such work or services to commence, such approval not to be unreasonably withheld. Developer shall also obtain Company's written approval of all subcontractors performing work or providing services costing in excess of Fifty Thousand and No/100 Dollars (\$50,000.00) in connection with the development and construction of the Project prior to allowing any such subcontractors to start work thereon (the Contractor and the subcontractors approved by Company pursuant to this Section are collectively referred to as the "**Approved Contractors**"). If Company has reasonable objection to a subcontractor requiring approval under this Section 3(a) proposed by Developer, Developer shall propose another to whom Company has no reasonable objection. If the proposed but rejected subcontractor was reasonably capable of performing the applicable work, the applicable line items in the Final Project Budget shall be increased or decreased by the difference, if any, occasioned by such change, and an appropriate Change Order shall be issued before commencement of the substitute subcontractor's work. However, no increase in the Final Project Budget shall be allowed for such change unless Developer has acted promptly and responsively in submitting names as required. Company agrees to respond to Developer's requests for approvals under this Subsection within ten (10) Business Days after Developer's written request; provided, however, if Company fails to provide Developer with written notice of its objection within ten (10) Business Days, then Company shall be deemed to have approved the same.

(b) Commencement/Completion. Following the Agreement Date, Developer shall promptly cause the Contractor to secure all Permits for the Project. Within forty-five (45) days after the Closing Date, Developer shall cause the Contractor to commence construction on the Project and thereafter, to perform the work needed to complete the Project. Developer shall cause the Contractor to construct the Project in strict accordance with the Final Plans and Specifications, excluding Minor Deviations. Developer shall achieve Substantial Completion no later than the Projected Substantial Completion Date. Unless Company agrees otherwise, in writing, it shall not be required to take delivery of the Project until the Projected Substantial Completion Date.

(c) Company Delay. If any of the dates by which Developer is required to perform an action set forth in this Agreement is delayed as a result of a Company Delay, then the dates Developer's and Company's subsequent actions set forth in this Agreement shall be extended by the time period of such Company Delay. Notwithstanding the foregoing, to the extent delay in Substantial Completion beyond the Projected Substantial Completion Date is caused by a Company Delay, then Company shall pay to Developer an amount equal to the actual costs incurred by Developer during the Company Delay Period in connection with continuing to carry its construction loan for the Project following the Projected Substantial Completion Date (collectively, "Company Delay Costs"). Company shall pay the Company Delay Costs within thirty (30) days after Developer's written demand, which demand shall include reasonable supporting documentation for the Company Delay Costs and shall be made prior to or at the same as the delivery of the Project Cost Statement; provided, Company may elect to have the Company Delay Costs added to the Adjusted Project Costs in lieu of making such payment by providing written notice to Developer; provided, however, in no event shall the Company Delay Costs be duplicative of any Project Costs. To the extent any such Company Delay is alleged under clause (d) of Section 1(xiv), Developer shall deliver any written demand for Company Delay Costs under this Section 3(c) to Ground Lessor in addition to Company.

(d) Force Majeure Events.

(i) If Developer shall be delayed in punctually performing any obligation or satisfying any condition under this Agreement as a result of a Force Majeure Event, then the time to perform such obligation or satisfy such condition shall be extended by the period of delay caused by such Force Majeure Event provided that (A) Developer satisfies the conditions set forth in Section 3(i), (B) Developer uses commercially reasonable efforts to minimize the duration of such delay, and (C) in no event shall the Projected Substantial Completion Date be extended by more than one hundred twenty (120) days, in the aggregate, as a result of delays caused by Force Majeure Events, except if the Project is damaged by fire or other casualty prior to the date when Substantial Completion occurs, then the Projected Substantial Completion Date shall be extended by the period of any reasonable delay in completing construction caused by such fire or other casualty so long as Developer diligently seeks to mitigate the effect of such damage. This paragraph shall apply to all Force Majeure Events except for weather-related delays or delays associated with third-party remonstrators that are contemplated in Section 3(d)(ii) and 3(d)(iii).

(ii) Any delays caused by unusual severe weather conditions shall be considered a Force Majeure Event only if Developer (A) satisfies the conditions set forth in Section 3(i), (B) Developer demonstrates that the weather condition at issue is more severe than one would reasonably expect to encounter at the Land based on historical conditions over the past five (5) years as established by the National Weather Service, and (C) Developer provides Company with a completed copy of the Weather Delay Claim Request.

(iii) Any delays caused by third-party remonstrations in Developer's efforts to obtain any necessary zoning approvals for the Land and the Project from applicable governmental authorities shall be considered a Force Majeure Event only if Developer satisfies the conditions set forth in

Section 3(i). In no event shall the Projected Substantial Completion Date be extended by more than sixty (60) days for a delay pursuant to this Section 3(d)(iii).

(e) Pandemic Delay. Developer shall, or shall cause its Contractor to, make reasonable efforts to plan for any potential Pandemic Delays and to take reasonable steps to mitigate the potential effects of any Pandemic Delay. If Developer shall be delayed from punctually performing any obligation or satisfying any condition under this Agreement as a result of a Pandemic Delay, then the time to perform such obligation or satisfy such condition shall be extended by the period of delay caused by such Pandemic Delay provided that (i) Developer satisfies the conditions set forth in Section 3(i), (ii) Developer uses commercially reasonable efforts to minimize the duration of such delays, and (iii) in no event shall the Projected Substantial Completion Date be extended by more than ninety (90) days for a single Pandemic Delay event.

(f) Supply Chain Delay. Developer shall, or shall cause its Contractor to, make reasonable efforts to plan for any potential Supply Chain Delays and to take reasonable steps to mitigate the potential effects of any Supply Chain Delay by reasonably anticipating and accounting for long lead times or overseas supply chains when procuring the applicable equipment, materials, or supplies for the Project. If Developer shall be delayed from punctually performing any obligation or satisfying any condition under this Agreement as a result of a Supply Chain Delay, then the time to perform such obligation or satisfy such condition shall be extended by the period of delay caused by such Supply Chain Delay provided that (i) Developer satisfies the conditions set forth in Section 3(i), (ii) Developer uses commercially reasonable efforts to minimize the duration of such delays, and (iii) in no event shall the Projected Substantial Completion Date be extended by more than ninety (90) days for a single Supply Chain Delay.

(g) CON Delay. If any of the dates by which Developer is required to perform an action set forth in this Agreement is delayed as a result of a CON Delay, then the time to perform such obligation or satisfy such condition shall be extended by the period of delay caused by such CON Delay provided that (i) Developer satisfies the conditions set forth in Section 3(i), and (ii) Developer uses commercially reasonable efforts to minimize the duration of such delays.

(h) Multiple Delay Events. To the extent that Developer is entitled to claim the existence of a Pandemic Delay or the existence of a Supply Chain Delay, whether at different points in time or at the same time, Developer will be permitted to claim a maximum delay to the Projected Substantial Completion Date of one hundred twenty (120) days, in the aggregate during the term of this Agreement, for a Pandemic Delay or a Supply Chain Delay.

(i) Conditions Precedent to Claiming a Delay. Any delay in Developer's efforts to complete the Project shall be considered a Force Majeure Event, Pandemic Delay, Supply Chain Delay, or a CON Delay, as applicable, and documented by Change Order only if: (i) Developer notifies Company in writing, promptly, and in no event later than ten (10) Business Days, of the occurrence of the event giving rise to the cause for the delay; (ii) the notification identifies the time critical trades which will be delayed by the event and the effect on the schedule; (iii) the notification includes a completed copy of the Project Delay Claim Request, or for weather-related delays, a completed copy of the Weather Delay Claim Request; (iv) Developer demonstrates to Company's reasonable satisfaction that such delay will in fact cause a "critical path" delay; and (v) the delay could not have been reasonably anticipated or accounted for when Developer entered into this Agreement. Upon Developer providing reasonable documentation to Company evidencing the occurrence of any such delay and its effect on (A) the critical path of the construction schedule and (B) the Final Project Budget, Company shall not unreasonably withhold, delay or condition approval of a Change Order recognizing the demonstrated effect of the delay on the construction schedule and Final Project Budget; provided, however, in no event will Company be obligated to enter into a Change

Order or otherwise be obligated to grant Developer an extension of time for any delay beyond the time limitations applicable to Force Majeure Events, Pandemic Delays, Supply Chain Delays or CON Delays, as applicable, and in no event will Company be obligated to approve an increase to the Final Project Budget beyond the Maximum Project Cost.

(j) Progress Meetings. Beginning with the commencement of work on the Project, Developer shall hold monthly progress meetings with Company at the Land, or at such other time and place as is reasonably acceptable to Company. At such meetings, the progress of work on the Project shall be recorded in detail with reference to the approved project schedule, and all problems or other issues relating to the Project shall be discussed, including methods for resolution. If requested by Company, the Contractor, or any of its subcontractors performing work on the Project, shall have a competent representative present at such meetings to report on the condition of its work and to provide information regarding the performance of future work. Developer shall cause the Contractor to keep minutes of each meeting held pursuant to this Section and shall circulate the minutes of each meeting to Company and Developer (and other Persons as may be appropriate) no later than ten (10) Business Days after the meeting is concluded.

(k) Punch List. Prior to Substantial Completion, Company and Developer shall inspect the Project and prepare a list of Punch List Items identified by such inspection, all of which shall be repaired or completed (as the case may be) by Developer, at its sole cost and expense, within fifteen (15) days after the date when Substantial Completion occurs in a manner that does not materially interfere with Company's use of the Project or activities therein.

(l) Final Completion. Developer shall cause Final Completion to occur no later than the Outside Final Completion Date. When Developer determines that Final Completion has occurred, it shall notify Company in writing.

(m) Liens. Developer will not create or permit to be created or to remain, and will promptly discharge, at its sole cost and expense, any lien, encumbrance or charge upon the Land, any other land owned by Company or Ground Lessor or any part of either, which arises by reason of any labor, services or materials furnished or claimed to have been furnished to Developer or by reason of the development, design or construction of the Project. If any such lien is filed against the Property, any other land or improvements owned by Company or Ground Lessor, and/or any part of the foregoing, Developer shall, within thirty (30) days after notice of the filing thereof cause such lien to be released or discharged with respect to the Property and/or such other land or improvements. Nothing contained in this Section 3(m) shall be construed as constituting the consent or request of Company, expressed or implied, to or for the performance by any contractor, laborer, materialman, or vendor of any labor or services or for the furnishing of any materials for any construction, alteration, addition, repair or demolition of or to the Project or any part thereof.

(n) Insurance. From the commencement of construction until Final Completion of the Project, Developer shall maintain or cause its contractors and subcontractors to maintain general liability and other types of insurance satisfactory to Company and insuring Developer against all hazards normally insured against in the construction industry, which shall specifically include (without limitation) builder's risk insurance in an amount equal to 100% of the replacement cost of the Project which shall not be less than the Maximum Project Cost. Developer's commercial general liability insurance shall, at a minimum, (i) have limits of at least \$2,000,000 for each occurrence involving personal injury or death of any Person, and \$1,000,000 for each occurrence involving property damage, (ii) include coverage for completed operations and products liability, (iii) include broad form contractual liability coverage, and (iv) name Company and Ground Lessor as additional insureds. Developer shall furnish Company with policies or certificates evidencing such coverage prior to commencement of construction if requested. In addition, if Developer fails to maintain the insurance required hereunder, Developer shall indemnify, defend (through

attorneys reasonably acceptable to Company) and hold harmless Company and its Affiliates, officers, directors, owners, members, agents and employees from and against all claims and associated lawsuits, damages, losses, liabilities, costs and expenses (including, without limitation, reasonable attorneys' fees actually incurred) that would have been covered by an insurer had Developer maintained the insurance required hereunder.

(o) Bonds. If required by Company, in writing, Developer agrees to cause any Approved Contractor to obtain a payment and performance bond in a form that is reasonably acceptable to Company. If possible, Developer shall cause any payment and performance bond that it elects to obtain or is required by Company, to name Company as a dual obligee (i.e., such bond shall be issued so that Company is also a beneficiary thereof). The cost of any bond that is required by Company shall be included in Project Costs and the applicable line item of the Final Project Budget shall be increased by such costs to the extent the same are not already taken into account therein.

(p) Standard of Care. Developer shall perform the work and services required by this Agreement in accordance with the degree of professional care, skill, judgment, and diligence usually exercised by project developers regularly developing and operating development projects similar in scope and complexity to the Project in the Portland, Oregon metropolitan area. Developer shall fully and faithfully discharge its obligations and responsibilities hereunder and shall devote sufficient time and attention to ensure the full, prompt, and professional discharge of its duties under this Agreement. Developer will deal at arm's-length with all third parties.

4. Remedies for Late Delivery.

(a) If Substantial Completion has not occurred by the Projected Substantial Completion Date, then Company shall have all of the following rights and remedies:

(i) If Substantial Completion has not occurred by the date that is thirty (30) days after the Projected Substantial Completion Date, then Company shall have the right to enter upon the Land and take possession of all materials and equipment located thereon and, at its cost and expense, complete the Project in accordance with the Final Plans and Specifications. If requested by Company, Developer shall assign and/or shall cause the Contractor to assign any and all construction trade contracts and agreements with the Contractor and/or the subcontractors. Developer shall reimburse to Company upon demand for (i) all actual, documented costs and expenses incurred by Company in completing the Project, and (ii) all other costs and expenses incurred by Company in connection with its exercise of the foregoing rights, including, without limitation, reasonable attorneys' fees and expenses, together with interest thereon from the date incurred until paid; provided any amount that Developer is required to reimburse Company under this Subsection may be included within Project Costs, so long as the same would constitute Project Costs and are not excluded from Project Costs under the other provisions hereof.

(ii) If Substantial Completion has not occurred by the date that is thirty (30) days after the Projected Substantial Completion Date, then Company shall have the right, but not an obligation, to purchase all of Developer's right, title and interest in and to the Land and the Project, including, without limitation, all of Developer's interest in the Ground Lease (together, the "**Property**"). The purchase price shall be equal to (a) the sum of (1) the amounts actually paid by Developer for the Land (in addition to any third-party closing costs associated with Developer's acquisition of the ground leasehold interest in the Site, plus (2) the amounts actually paid by Developer to the Contractor, contractors and subcontractors, material and equipment suppliers, architects, engineers and other consultants which have been incurred directly in connection with the design and construction of the Project that fit within the definition of Project Costs ("**Incurred Project Costs**"), less (b) Cost Overruns (as hereinafter defined). For purposes hereof: (i) the term "**Cost Overruns**" shall mean and refer to the amount (if any) by which (A)

the sum of the costs that Company will be required to incur to complete the Project (excluding the Incurred Project Costs and the Delay Costs) plus the Incurred Project Costs exceed (B) the Maximum Project Costs; and (ii) “**Delay Costs**” shall mean and refer to any additional costs that Company will incur to complete the Project that are solely due to delays caused by Force Majeure Events, Pandemic Delays, Supply Chain Delays, or an CON Delay Events. The closing of the purchase shall take place on the date which is thirty (30) days after the date the purchase option is exercised as provided above, unless such day is a Saturday, Sunday, or holiday, in which event the closing shall be on the next Business Day thereafter. At least ten (10) days prior to the closing, Developer shall furnish Company with a detailed breakdown of the amounts which are included in the calculation of the purchase price. The purchase price shall be paid in full at the closing, although Company may, at its option, use all or any portion of the purchase price as may be necessary to discharge any mortgages or other liens or encumbrances affecting the Property. If the aggregate amount required to pay and discharge all such mortgages, liens and encumbrances exceeds the purchase price, Developer shall pay or reimburse Company all such additional sums and obtain full release and discharge of such mortgages, liens and encumbrances. At the closing, Developer shall convey to Company by such written recordable instruments as Company may reasonably require all of Developer’s right, title and interest to the Property, free and clear of all mortgages, deeds of trust, liens and other encumbrances whatsoever, excepting real estate taxes not yet due and payable.

(iii) Subject to the other terms of this subparagraph 4(a)(iii), Company shall have the right to receive from Developer, and Developer shall pay to Company, as liquidated damages for such delay an amount equal to the product obtained by multiplying (i) Three Thousand Dollars (\$3,000.00), by (ii) the number of calendar days between the Projected Substantial Completion Date and the date that the Project actually achieves Substantial Completion. To the extent Substantial Completion is delayed beyond the Projected Substantial Completion Date directly as a result of any Company Delay, but only to such extent, Developer shall not be required to pay liquidated damages pursuant to this subparagraph as result of such delay, except if Contractor is liable to Developer for any liquidated damages under the terms of the Construction Contract as a result of any such delay, then Developer shall pay Company the amount of such liquidated damages to the extent received from Contractor; provided, Developer shall use commercially reasonable efforts to recover such liquidated damages from Contractor, and if Developer is unable to recover such liquidated damages from Contractor after using commercially reasonable efforts, Developer agrees to assign its rights to such liquidated damages to Company, if requested. However, if Company enters the Land to complete the Project pursuant to the remedy provided in Section 4(a)(i) above, then Developer shall only pay to Company the foregoing liquidated damages until the earlier of the date that Substantial Completion occurs or the Revised Substantial Completion Date. For purposes hereof, the “**Revised Substantial Completion Date**” shall be the date that Company should reasonably be expected to achieve Substantial Completion of the Project as mutually agreed to by Company and Developer; provided, if Company and Developer do not agree on a Revised Substantial Completion Date by the date which is thirty (30) days after Company elects to exercise its remedy under Section 4(a)(i) above, then Company and Developer shall appoint a mutually acceptable, independent contractor or architect to establish the Revised Substantial Completion Date. If Company elects the remedy provided in Section 4(a)(ii), then Company shall not be entitled to any liquidated damages pursuant to this Section 4(a)(iii).

(iv) Company shall have the right to obtain specific performance and injunctive relief to cause Developer to comply with the terms of this Agreement; provided, if specific performance or other injunctive relief is not a remedy available to Company or enforceable against Developer due to Developer’s actions (including, without limitation, any voluntary or involuntary bankruptcy of Developer), or Developer fails to diligently comply with any final unappealable court order granting Company specific performance or injunctive relief requiring Developer to complete its obligations to construct the Project, then Company shall have the right to terminate this Agreement by providing written notice to Developer and pursue any other rights or remedies Company may have available under this

Agreement, or at law or in equity. Company shall not be required to post a bond or other security if it is seeking to obtain specific performance or other injunctive or equitable relief.

(v) Except as expressly set forth herein, the rights and remedies under this Agreement shall not be mutually exclusive. The exercise of one or more of the rights and remedies under this Agreement shall not preclude the exercise of any other right or remedy or any other remedy available at law or equity.

(b) If, following Substantial Completion, Developer fails to cause Final Completion to occur by the Outside Final Completion Date, then Company shall have the right to receive from Developer, and Developer shall pay to Company, as liquidated damages for such delay an amount equal to the product obtained by multiplying (i) One Thousand and No/100 Dollars (\$1,000.00), by (ii) the number of calendar days between the Outside Final Completion Date and the date that the Project actually achieves Final Completion. To the extent Developer is entitled to an extension of time to achieve Final Completion as a result of a Change Order or Company Delay, but only to such extent, Developer shall not be required to pay liquidated damages pursuant to this subparagraph as result of such delay, except if Contractor is liable to Developer for any liquidated damages under the terms of the Construction Contract as a result of any such delay, then Developer shall pay Company the amount of such liquidated damages to the extent received from Contractor under the Construction Contract.

(c) The liquidated damages provided for in Section 4(a)(iii) and 4(b) above (collectively, the “**Liquidated Damages**”) are not intended as a penalty hereunder, but are a reasonable approximation of the damages that will be suffered by Company because of such delay. Developer shall pay the amount of Liquidated Damages to Company within ten (10) days after demand by Company. If Developer fails to pay the Liquidated Damages to Company within the time frame set forth above, then, in addition to any other remedies available to Company under this Agreement, Company may elect to abate Monthly Rent under the Project Lease from the Commencement Date thereunder until Company has recouped the entire amount of the Liquidated Damages. Developer and Company acknowledge that the actual amount of damages that Company would suffer as a result of any delay in completion are difficult to determine, and that the Liquidated Damages set forth in this Section 4 are a reasonable estimate of the damages that Company would suffer as the result of a delay. The amount of Liquidated Damages set forth in this Section relates only to Company’s damages for delay in completion of the Project pursuant to the project schedule, and does not limit the amount of damages to which Company may be entitled as a result of any other failure on the part of Developer to perform its obligations in accordance with this Agreement. During the bidding process conducted by Developer pursuant to the terms of Section 2(b), Developer shall advise Company of any effect that the Liquidated Damages will have on the costs charged by the contractors engaged to work on the Project. Company may reduce the amounts of the Liquidated Damages set forth in this Section 4 if it determines that a reduction will result in material savings in Project Costs; provided, Company shall have the right to make such determination in its sole and absolute discretion, and shall have no obligation to do so.

5. Change Orders.

(a) Other than Minor Deviations, Developer will not make or approve any changes to the Final Plans and Specifications or the Project, unless the same is documented by Change Order that has been approved in writing by Company in accordance with the terms of this Section 5, which approval may be granted or withheld by Company in its sole and absolute discretion. If Company requests any changes to the Final Plans and Specifications, Developer shall (or Company shall cause Lifepoint or its Affiliate to) promptly cause the necessary changes to be made by Architect, except suggested changes that (i) violate Applicable Laws, (ii) violate sound architectural or engineering practices, (iii) will result in the costs falling within any line item of the Final Project Budget exceeding the amount of such line item (after taking into

account any increase in such line items expressly approved by Company, in writing, in accordance with the terms of Section 5(b), or (iv) will delay completion of the Project beyond the Projected Substantial Completion Date (after taking into account any extensions of time approved by Company, in writing, in accordance with the terms of Section 5(b)).

(b) If Company requests a change in the Final Plans and Specifications, then, within fifteen (15) Business Days after such request, Developer shall provide Company with a fixed bid setting forth the required net increases or decreases in the applicable line items of the Final Project Budget on account of any Change Order being considered by Company and the delay, if any, in Substantial Completion that will result therefrom. The applicable line items of the Final Project Budget shall be adjusted only to the extent required to reflect the actual, reasonable and substantiated increase or decrease in the costs of construction caused thereby. If Company accepts any such fixed bid, in writing, the same shall be binding and conclusively establish the net increase or decrease in the applicable line items of the Final Project Budget. Company agrees to either accept or reject such proposal within ten (10) Business Days after its receipt of the same. In addition, if any Change Order requested by Company delays Substantial Completion of the Project, then (1) the Projected Substantial Completion Date shall be extended by the period of such delay, and (2) the date when Substantial Completion occurs shall be deemed to be the date Substantial Completion would have occurred but for such delay. Developer shall retain Architect or another architect that is reasonably acceptable to Company to prepare all plans, specifications and other materials requested by Company in connection with any Change Order that Company is considering.

(c) If Developer believes that a Change Order is (i) required to clarify a discrepancy, error or omission in the Final Plans or Specifications, (ii) required by any governmental authority having jurisdiction over the Project, or (iii) in the best interest of Company or the Project, then it shall submit the request for the same to Company, which request must contain a description of the changes and set forth the required net increases or decreases in the applicable line items of the Final Project Budget on account of any Change Order being considered and the delay, if any, in Substantial Completion that will result therefrom. Company agrees to respond to any such Developer initiated Change Orders within ten (10) Business Days after the same are delivered to Company. Any and all change requests must include the completed Change Request Form and supporting documentation from each company requesting a change in value. Supporting documentation must identify a subtotal of the labor, material, and overhead/profit.

(d) If a Change Order is initiated and approved by Company pursuant to the terms of Section 5(b), which change must be approved by Developer (and which approval will not be unreasonably withheld or delayed), or initiated by Developer and approved by Company pursuant to Section 5(c) (and which approval will not be unreasonably withheld or delayed), then Developer and Company shall execute a written Change Order setting forth any adjustments to the Final Project Budget and the Projected Substantial Completion Date; provided, Developer agrees to allow Company to utilize the Contingency Amount (unless the Contingency Amount has been exhausted) to the extent reasonably available to cover any anticipated increased costs resulting from a Change Order in lieu of increasing the Final Project Budget, which shall be reflected in the applicable Change Order. Developer agrees that any amounts set forth in any Change Order approved by both Developer and Company shall constitute the full and entire amount of any increase or decrease to the Final Project Budget caused by such approved additional work, including, without limitation, all costs related to any acceleration, delay, loss of efficiency, inconvenience, or other costs, expenses or damages which had been or may be incurred by Developer as a result of the Change Order work.

(e) Notwithstanding anything to the contrary herein, under no circumstances shall the Final Project Budget be increased, by Change Order or otherwise, for costs incurred due to the fault, breaches or negligence of Developer, its Contractor, any of their respective subcontractors and consultants (including, without limitation, any architects, engineers or other design professionals retained to discharge

general contractor's design obligations), including, without limitation, costs of correcting damaged, defective or non-conforming work, disposal and replacement of materials and equipment incorrectly ordered or supplied, making good damaged property not forming part of the work, or any increased costs resulting from any design professional's errors or omissions.

6. Allowances, Development Fee, Project Costs and Contingency Amount.

(a) If the Final Plans and Specifications provide for work to be performed or materials supplied based on an allowance (each, an "**Allowance**" and collectively, the "**Allowances**"), Contractor shall obtain written bids for the purchase or installation of each component of the Final Plans and Specifications that are specified as allowances from at least three (3) licensed subcontractors who have been approved by Company, in writing. Such bids shall be made on either a "stipulated sum" or "guaranteed maximum price" basis and shall not provide for any variations from the Final Plans and Specifications, unless such variations have been approved by Company, in writing. Unless Company agrees otherwise, in writing, Developer shall cause Contractor to retain the subcontractor that is the low bidder to perform the work for such Allowances; provided, however, if a subcontractor bids on two (2) or more components of the Project and the aggregate amount of the subcontractor's bid for the components is lower than aggregate amount of the lowest bids for each of the components, then Contractor may retain the subcontractor to install the components. For purposes of determining the lowest bid, the maximum price under a "guaranteed maximum price" bid will be deemed to be the amount of the bid.

(b) Developer shall receive the Development Fee. The Development Fee is a Project Cost that will be paid out of Developer's construction loan like any other Project Cost. The Development Fee will be paid to Developer as follows: (i) thirty percent (30%) of the Development Fee will be paid on the Closing Date; (ii) fifty percent (50%) of the Development Fee will be paid in equal monthly installments during the construction period; and (iii) the remaining twenty percent (20%) of the Development Fee will be paid upon Final Completion. Payment of the Development Fee will be in the form of an allocated draw from Developer's construction loan or from Developer's own financing sources; no portion of the Development Fee will be sourced from Company.

(c) Developer shall be responsible for the payment of all costs incurred in connection with the development and construction of the Project pursuant to the terms of this Agreement, including, without limitation, the Development Fee. Any funds provided for in the Final Project Budget may be reallocated to cover shortfalls in either hard or soft costs; provided, Developer agrees to consult with Company prior to utilizing any of the Contingency Amount set forth in the Final Project Budget, and agrees to give good faith consideration of Company's recommendations concerning the use of the same, including any recommendations for value engineering or other changes that might help to retain the Contingency Amount for future use. Project Costs shall not include any cost in excess of the Maximum Project Costs, as the same may be changed from time to time in compliance with the express terms of this Agreement. If the costs incurred by Developer in fulfilling its obligations under this Agreement exceed the Maximum Project Costs, as may be adjusted pursuant to the terms of this Agreement, Developer shall be solely responsible for paying the same without inclusion in Project Costs, it being acknowledged and agreed that such overruns are the sole risk of Developer.

Any unused Contingency Amount shall be applied first toward any additional costs resulting from Change Orders. Thereafter, Company shall be solely entitled to any additional unused Contingency Amount remaining upon Final Completion.

(d) Developer will keep full and detailed accounts and books setting forth the Project Costs and other records necessary for proper accounting and financial management of the construction of the Project, in a manner reasonably acceptable to Company. The parties acknowledge and agree that the

Project will be managed on an open book basis where all accounting and financial information related to the construction of the Project will be shared with Company, including, without limitation, records and accounts, complete documentation supporting accounting entries, books, correspondence, instructions, drawings, receipts, subcontracts, subcontractor's proposals, purchase orders, vouchers, memoranda and other data relating to the Project (collectively, "**Project Cost Materials**").

(e) At any time following the Agreement Date and through and until a date that is ninety (90) days after the Project Cost Statement is received by Company, Company, its agents or employees will have the right, at Company's expense, to review and to audit ("**Audit**") the Project Cost Materials maintained and created by Developer for the Project. If Company exercises its right to perform an Audit, within thirty (30) days of the request, Developer will produce Project Cost Materials in a format reasonably acceptable to Company. If, as a result of an Audit, Company believes any costs, fees, or charges on the Project were not allocated, charged or paid in accordance with the Final Project Budget or the terms of this Agreement (each, a "**Cost Variation**"), Company shall have the right to ask Developer to correct each Cost Variation. Such request by Company shall be in writing to Developer pursuant to the notice provisions set forth in this Agreement. At the time that Company makes a request to correct a Cost Variation, Company shall provide Developer with an explanation of its position, along with documentation to support its position. Unless Developer disputes a Cost Variation, Developer agrees to (a) correct each Cost Variation, issue an updated Project Cost Statement in subsection (g) below, and to the extent that the "Monthly Rent" has been set under the Project Lease, adjust the "Monthly Rent" under the Project Lease to reflect the actual Adjusted Project Costs and (b) to reimburse Company for the cost of the Audit. If Developer disputes a Cost Variation, then Developer shall send written notice to Company with an explanation of its position, along with documentation to support its position. If Company and Developer are unable to resolve the dispute within ten (10) days, either party may elect, by sending written notice to the other party, to have the dispute decided by a licensed architect as provided in this Section. Upon the election by either party to resolve the dispute by a licensed architect, Company or Developer will within thirty (30) days thereafter mutually appoint an architect licensed in the State of Washington who will review the dispute and rule in favor of either Company or Developer ("**Deciding Architect**"). The Deciding Architect must have at least ten (10) years of full-time commercial architectural experience with projects comparable to the Project. The Deciding Architect may not have any material financial or business interest in common with either of the parties. If Company or Developer are not able to agree upon a Deciding Architect within such thirty (30) days, each party will within fifteen (15) days thereafter separately select an architect meeting the criteria set forth above, which two architects will, within fifteen (15) days of their selection, mutually appoint a third architect meeting the criteria set forth above to be the Deciding Architect. Within thirty (30) days of the appointment (by either method) of the Deciding Architect, Company and Developer will submit to the Deciding Architect their respective position on the relevant issue. Within twenty (20) days of receiving each party's submittal, the Deciding Architect will review each party's submittal (and such other information as the Deciding Architect deems necessary) and will determine, in total and without modification or adjustment, whether Cost Variations occurred pursuant to this Agreement. If the Deciding Architect timely receives one party's submittal, but not both, the deciding Architect must designate the submitted proposal as the winning position. If the Deciding Architect rules in favor of Company, Developer shall take such actions as required by the Deciding Architect and (i) if the aggregate Cost Variations exceed Ten Thousand and No/100 Dollars (\$10,000.00), each of Company and Developer shall pay one-half (1/2) of the costs and expenses of the Deciding Architect and (ii) if the aggregate Cost Variations exceed Twenty Thousand and No/100 Dollars (\$20,000.00), Developer shall pay all costs and expenses of the Deciding Architect and Company's costs associated with the Audit. If the Deciding Architect rules in favor of Developer, Company shall take such actions as required by the Deciding Architect and shall pay all costs and expenses of the Deciding Architect.

(f) Within ninety (90) days after the date when Substantial Completion occurs, Developer shall furnish Company with a written statement ("**Project Cost Statement**") setting forth the

total Project Costs and any unused Contingency Amount, if any, and the Adjusted Project Costs, broken down into the expense categories set forth in the Final Project Budget, which is certified as true, correct and complete by Developer. Company shall have a period of ninety (90) days after its receipt of the Project Cost Statement to perform an Audit and to notify Developer, in writing, of any objections that Company has to the Project Cost Statement or to any Cost Variations. If Company elects to perform an Audit, Developer will promptly produce the requested Project Cost Materials in a format reasonably acceptable to Company. The process for performing the Audit and addressing any Cost Variations shall be consistent with the process outlined in Section 6(f) of this Agreement.

7. Inspection of Construction.

(a) Company shall have the right, but not the obligation, at its cost and expense, to hire consultants to inspect work being performed in connection with the Project and Developer shall require its Contractor to make the Land, or any portion thereof, available to Company or its consultants upon reasonable notice for such inspections. Developer acknowledges and agrees that neither Company nor any consultant hired by Company are under any obligation to inspect any work performed in connection with the Project or discover defects or deficiencies in such work; provided, however, if Company or its consultants do discover defects or deficiencies in the development and construction of the Project, Company shall promptly notify Developer of same (but Company's failure to do so will not relieve Developer of its responsibilities hereunder). The inspection or observation of work being performed in connection with the Project by Company, or any consultants retained by Company, shall not in any way constitute an acceptance of defective or improper work and shall not make Company, or consultants retained by Company, responsible for the means, methods, sequences or techniques to perform any work related to the Project. Similarly, the failure of Company, or any consultants retained by Company, to discover or give notice of any defects, deficiencies or other problems with respect to work being performed in connection with the Project shall not constitute a waiver or acceptance thereof and shall not in any way affect or reduce Developer's responsibilities under the terms of this Agreement.

(b) Developer shall furnish Company with a copy or make available to Company all inspection reports, engineer's analysis, test results, construction logs, requests for information, and other materials related to the construction of the Project in its possession or control. In addition, subsequent to Substantial Completion and during the initial occupancy and use of the Project, Developer (at such times as are mutually agreed upon with Company) shall conduct a complete review, demonstration, commissioning, start up and operational debugging of all mechanical and electrical systems of the Project and shall also review the operation and maintenance of such systems with Company's maintenance personnel. Without limiting the generality of the foregoing, Developer agrees to perform and satisfy or cause Contractor to perform and satisfy any commissioning or "start-up" requirements set forth in the Final Plans and Specifications. Prior to the review and demonstration, and until Company notifies Developer otherwise, Developer shall be responsible for the maintenance and operation of the systems, and Company shall not be deemed to have accepted the work for the purposes of Developer's warranties and exclusions thereof. Subsequent to this review, Developer, with reasonable promptness and with no cost to Company, shall make all adjustments or corrections and shall balance all systems to make all systems and Contractor installed equipment perform as required by the Final Plans and Specifications. If necessary or requested by Company, Developer shall require or cause the Contractor to require the subcontractor's supply and materialmen responsible for any such equipment or systems to participate and review and perform any required adjustments, corrections or balancing.

8. Representations and Warranties.

(a) Developer represents and warrants to Company that:

(i) All actions required by law or otherwise to authorize the execution and delivery of this Agreement by Developer, the performance by Developer of its obligations hereunder and the consummation of the transactions contemplated hereby, have been taken.

(ii) There is no litigation or proceeding pending or, to the best of Developer's knowledge, threatened against Developer at law or in equity before any court or other governmental agency which would have a material adverse effect on Developer or its ability to perform its obligations under this Agreement.

(iii) Neither the execution and delivery of this Agreement, nor the performance by Developer of its obligations hereunder nor the consummation of the transactions contemplated hereby will violate or be in conflict with any provision of, or result in the breach of, or constitute a default under or acceleration of, or require any consent under any law, or any order, writ, injunction or decree of any court, governmental agency or arbitration tribunal, or any contract, agreement or instrument by which Developer or its assets or properties are bound.

(b) Company represents and warrants to Developer that:

(i) All actions required by law or otherwise to authorize the execution and delivery of this Agreement by Company, the performance by Company of its obligations hereunder and the consummation of the transactions contemplated hereby, have been taken.

(ii) There is no litigation or proceeding pending or, to the best of Company's knowledge, threatened against Company at law or in equity before any court or other governmental agency which would have a material adverse effect on Company or its ability to perform its obligations under this Agreement.

(iii) Neither the execution and delivery of this Agreement, nor the performance by Company of its obligations hereunder nor the consummation of the transactions contemplated hereby will violate or be in conflict with any provision of, or result in the breach of, or constitute a default under or acceleration of, or require any consent under any law, or any order, writ, injunction or decree of any court, governmental agency or arbitration tribunal, or any contract, agreement or instrument by which Company or the assets or properties of Company are bound.

9. Project Warranties.

(a) Developer warrants to Company that (i) the Project will be constructed in strict accordance with the Final Plans and Specifications, excluding Minor Deviations, (ii) all materials and equipment furnished will be new, unless otherwise specified in the Final Plans and Specifications, (iii) all the work in connection with the Project will be of good quality, free from faults and material defects, except for those inherent in the quality of the work the Final Plans and Specifications require or permit, (iv) as of the date when Substantial Completion occurs, water, sewer, electricity, gas, broadband service and telephone service will be provided to the Project in the capacities required by the Final Plans and Specifications, and (v) as of the date when Substantial Completion occurs, the Project shall be in compliance in all material respects with all Applicable Laws. Without limiting the generality of the foregoing, if within one (1) year after the date Final Completion occurs or the terms of any applicable special warranty required by the Final Plans and Specifications ("**Developer Correction Period**"), the Project or any part or element

thereof is found to be defective or not in strict accordance with the Final Plans and Specifications, excluding Minor Deviations, then Developer shall correct or cause Contractor to correct the same promptly after receipt of written notice from Company to do so, unless Company has previously given Developer a written acceptance of such condition; provided, the Developer Correction Period for any work performed after Substantial Completion occurs to correct a defect shall expire no earlier than the later of (i) one (1) year after the date the correction of such defect is finally completed or (ii) one (1) year after the date Final Completion occurs. Unless such condition is specifically referred to therein, Company's acceptance of the Project shall not be deemed to be written acceptance of any such condition.

(b) In addition to the warranty provided by Developer in Section 9(a), Developer shall require the Contractor to provide a separate warranty ("**Contractor Warranty**") that expressly benefits Company, and warrants that (i) the Project will be constructed in strict accordance with the Final Plans and Specifications, excluding Minor Deviations, (ii) all materials and equipment furnished will be new, unless otherwise specified in the Final Plans and Specifications, (iii) all the work in connection with the Project will be of good quality, free from faults and material defects, except for those inherent in the quality of the work the Final Plans and Specifications require or permit, and (iv) the Project shall be in compliance in all material respects with all Applicable Laws, including by way of example, but not as a limitation, environmental, zoning, building and land use laws, codes and regulations. Without limiting the generality of the foregoing, the Contractor Warranty shall also provide that if within one (1) year after the date Final Completion occurs or the terms of any applicable special warranty required by the Final Plans and Specifications ("**Contractor Correction Period**"), the Project or any part or element thereof is found to be defective or not in strict accordance with the Final Plans and Specifications, excluding Minor Deviations, then Contractor shall correct the same promptly after receipt of written notice from Company to do so, unless Company has previously given Contractor a written acceptance of such condition; provided, the Contractor Correction Period for any work performed after the date Substantial Completion occurs to correct a defect shall expire no earlier than the later of (i) one (1) year after the date the correction of such defect is finally completed or (ii) one (1) year after the date Final Completion occurs. Unless such condition is specifically referred to therein, Company's acceptance of the Project shall not be deemed to be written acceptance of any such condition. Notwithstanding the existence of a separate Contractor Warranty, Developer shall not be released from its obligations under this Agreement, and Company's remedies shall not be limited, or exclusive, to a claim under the Contractor Warranty.

(c) All guarantees or warranties of equipment, materials, fixtures or work related to the Project issued by any manufacturer, contractor, subcontractor or supplier shall also, to the extent assignable and/or transferable, run to the benefit of Developer and Company. Developer shall deliver to Company in an electronic format or make available at the Project a clean, readable copy of all such guarantees and warranties, and Developer shall also deliver to Company or make available at the Project a clean, complete and readable copy of each related manufacturer's, contractor's, subcontractor's or supplier's instructions, maintenance manuals, replacements lists, detailed drawings and any technical requirements necessary to operate and maintain the Project. Failure of the manufacturers to guarantee products will not relieve Developer of its obligations herein. Without limiting the generality of the foregoing, Developer shall ensure that the warranties detailed in the Final Plans and Specifications are validly issued for the Project and run, to the extent assignable and/or transferable, to the benefit of both Developer and Company. If any subcontractor performing work in connection with the construction of the Project is not required to furnish a longer warranty under the Final Plans and Specifications, Developer shall obtain a one (1) year warranty from such subcontractor assuring that the work is free from defects not inherent in the quality required or permitted under the Final Plans and Specifications, which warranty must be freely assignable to Company and commence upon the date when Substantial Completion occurs. To the extent any required warranties are not transferable or assignable to Company, Developer shall remain responsible for enforcing the terms thereof throughout the time period of the applicable warranty. In connection with its approval of the Final Plans and Specifications, Company shall have the right to review

the warranties required thereunder and Company may condition its approval of the Final Plans and Specifications on such warranties meeting commercially reasonable requirements. Notwithstanding any benefit to both Developer and Company, or assignment or transfer of warranty to Company, Developer shall not be released from its obligations under this Agreement, and Company's remedies shall not be limited, or exclusive, to a claim against a manufacturer, contractor, subcontractor or supplier.

(d) In addition, Developer shall provide or shall cause Contractor to provide all bonds, letters of credit, warranties and guarantees required by any governmental authority or utility provider to the Land that are required in connection with the work described in the Final Plans and Specifications, and shall remain solely responsible for the correction of any such components constructed by Developer that are required by any governmental authority or utility provider; provided, if any claims or demands are made upon any such bonds, letters of credit, warranties or guarantees relating to such improvements, then Company shall indemnify, defend and hold harmless Developer from such claims, but only if, and only to the extent the claims are based on damages to such components that are caused by Company's abuse or misuse.

(e) Notwithstanding anything to the contrary set forth in this Agreement, if Developer fails to comply with the terms of Section 9 of this Agreement in terms of correcting or curing any defect or non-compliance with work performed by the Contractor, and provided that Developer has not provided Company with a Contractor Warranty that is directly enforceable by Company in its name, then Company shall be entitled to take action, whether legal action or otherwise, in Developer's name to enforce Developer's warranty rights under the Construction Contract for the sole purpose of causing Contractor to correct or cure any defect or non-compliance with the work performed by Contractor.

10. Brokers. Developer and Company each represent to the other that no brokerage commissions or other fees or compensation are or will be due to any Person in connection with this Agreement or the transactions contemplated herein. Each party hereto agrees to indemnify and hold the other parties harmless from any and all claims of any Person whatsoever who claims to have been employed or performed any service in connection with the transactions contemplated by this Agreement at the instance of the indemnifying party.

11. Successors and Assigns; Assignment. Except as otherwise provided in this Section 11, neither Developer nor Company shall assign or transfer this Agreement or delegate any of its obligations or duties hereunder without the prior written consent of the other parties, which shall not be unreasonably withheld, conditioned, or delayed. Notwithstanding the foregoing and without Company's consent, (but with prior notice), either Company (in connection with a permitted assignment under the Project Lease) or Developer may assign this Agreement to an Affiliate of such party.

12. Miscellaneous.

(a) This Agreement shall be governed and construed in all respects in accordance with the laws of the State of Washington without reference to its choice of law rules. The parties acknowledge that personal jurisdiction upon proper service will be valid in the State of Washington, and that venue of all actions arising out of or related to this Agreement shall be proper only in the county where the Land is located, and shall be brought in the appropriate state court for such venue. In the event of any judicial, arbitration or other adversarial proceeding between the parties concerning this Agreement, the prevailing party shall be entitled to recover all of its reasonable attorneys' fees and other costs in addition to any other relief to which it may be entitled.

(b) The parties are and shall be independent contractors to one another and nothing herein shall be deemed to cause this Agreement or any of the other agreements entered into pursuant to this Agreement to create an agency, partnership or joint venture between or among Developer and Company.

(c) All exhibits referred to in this Agreement are attached hereto and are incorporated into and made fully a part of this Agreement.

(d) All notices required or permitted hereunder shall be in writing and shall be deemed given if addressed to the respective party as set forth below, unless another address shall have been designated in the manner provided herein, and delivered by hand, by nationally-recognized overnight courier or by registered or certified mail, postage prepaid:

If to Company: PeaceHealth Southwest, LLC
c/o LifePoint Health, Inc.
330 Seven Springs Way
Brentwood, TN 37027
Attn: John C. Haralson, SVP, Joint Venture & Strategic Services

with a required copy to: LifePoint Health, Inc.
330 Seven Springs Way
Brentwood, TN 37027
Attn: AVP, Real Estate

If to Developer: PMB _____ LLC
329 South Highway 101, Suite 160
Solana Beach, CA 92075
Attn: Rebecca Gemmel

(e) This Agreement (including the exhibits attached hereto) constitute the entire agreement between the parties with respect to the development of the Land and construction of the Project and supersedes all prior oral or written negotiations and communications by or on behalf of the parties, and no variance or modification hereof shall be valid and enforceable, except by supplemental agreement in writing, executed and approved in the same manner of this Agreement.

(f) Any amendments to this Agreement will be effective only if in writing and signed by Company and Developer.

(g) The parties agree that time is of the essence with regard to this Agreement.

(h) The captions and headings in this Agreement are for convenience only and in no way define, limit or describe the scope or intent of any of the provisions of this Agreement.

(i) This Agreement may be executed in any number of counterparts, each of which shall for all purposes be deemed to be an original and all of which together shall constitute one and the same agreement of the parties.

(j) The presentation of this Agreement for review by Developer does not constitute an offer on the part of Company to enter into the transactions described herein and this Agreement will become effective and legally binding only when it has been signed by a duly authorized officer or representative of each of the parties and delivered to the other parties.

(k) Any provision of this Agreement expressly creating obligations extending beyond the term of this Agreement will survive the expiration or termination of this Agreement, regardless of the reason of such termination.

(l) Except to the extent caused by the negligence or willful misconduct of Company or any of its agents, employees, contractors or representatives, Developer shall indemnify, defend (through attorneys reasonably acceptable to Company) and hold harmless Company, Ground Lessor, and their respective officers, directors, owners, members, agents and employees from and against all third-party claims and associated lawsuits, damages, losses, liabilities, costs and expenses (including, without limitation, reasonable attorneys' fees actually incurred) arising or resulting from (i) Developer's performance of its obligations hereunder, including, without limitation, any dispute between Developer and any contractor, subcontractor, supplier, Person (excluding Company and Ground Lessor) related to the construction of the Project, and (ii) any negligence or willful misconduct on or about the Land or the Project.

13. Confidentiality of Agreements. The parties hereto shall hold in confidence the information contained in this Agreement and each of them hereby acknowledges and agrees that all information related to this Agreement, not otherwise known to the public, is confidential and proprietary and is not to be disclosed to third Persons without the prior written consent of each of the parties except: (a) to the extent necessary to comply with Applicable Law or the valid order of any governmental agency or any court of competent jurisdiction; (b) as part of its normal reporting or review procedure, to its auditors, advisors, consultants, and attorneys; (c) to the extent necessary to obtain appropriate insurance, to its insurance agent; (d) to the extent necessary to complete a business transaction, to equity partners, investors, potential purchasers of the Project, lenders, accountants, advisors, attorneys, brokers and consultants; or (e) as necessary to enforce its rights and perform its agreements and obligations under this Agreement. Developer shall treat all non-public information obtained as part of this engagement as confidential and shall not, without written authorization from Company, release or share such information with any third party, except as may be required by Applicable Law. The provisions of this Section shall survive the termination or expiration of this Agreement.

14. Payment of Reimbursable Expenses.

(a) If this Agreement is terminated by Company or Developer prior to the Closing Date, Company shall reimburse Developer for the Reimbursable Expenses incurred in connection with the Project through the date of termination, to the extent that the same fall within the line items and expense categories set forth in the Reimbursable Expenses Budget. Reimbursable Expenses shall not include (i) any costs that exceed the Reimbursable Expenses Budget, or (ii) any costs paid to Affiliates of Developer. In addition, the Reimbursable Expenses shall not include any costs incurred by Developer as a result of Developer's misconduct or breach of an agreement, unless such costs are expressly approved by Company in writing. Developer shall provide Company with monthly statements setting forth the Reimbursable Expenses incurred with respect to such statements for informational purposes only. If applicable, Company shall make the payments required hereunder no later than fifteen (15) days after the latter of (i) Developer's submission of a written request for reimbursement together with any evidence of such costs that may be reasonably requested by Company, and (ii) Developer's delivery of all Due Diligence Materials and any drawings or specifications prepared pursuant to the terms of Section 2 hereof to Company to the extent the same have been prepared. Notwithstanding the foregoing, if this Agreement is terminated as a result of Developer's failure to comply with the terms of this Agreement, Company shall be entitled to withhold its reasonable estimate of such damages not to exceed ten percent (10%) of the Reimbursable Expenses incurred ("**Withheld Amount**"). Notwithstanding the foregoing, Company's retainage of the Withheld Amount shall not preclude Company from suing Developer for monetary damages resulting from Developer's failure to comply with the terms of this Agreement; provided, however, in no event shall Company be entitled to indirect, consequential or punitive damages. Furthermore, Company's retainage of

the Withheld Amount shall not be deemed as a waiver by Developer for reimbursement of the Withheld Amount.

(b) Ground Lessor and Lifepoint Guarantor, each hereby absolutely, unconditionally, and irrevocably guarantee on a several basis, but not a joint basis, to Developer the prompt and complete performance of such guarantor's pro rata share of all of Company's obligations set forth in Section 14(a) ("**Company Reimbursement Obligations**"). Guarantors shall be liable for the Company Reimbursement Obligations as a primary obligor, and it shall not be necessary for Developer (and Guarantors hereby waive any rights which Guarantors may have to require Developer) to institute suit or exhaust its remedies against Company or any other Person with respect to the Company Reimbursement Obligations to enforce the guaranty set forth in this Section 14(b). The guaranty set forth herein is a continuing guaranty of payment and performance and not a guaranty of collection. The fact that at any time or from time to time the Company Reimbursement Obligations may be increased, reduced, or otherwise altered shall not release, discharge, or otherwise impair the obligation of Guarantors to Developer to guarantee the prompt and complete payment and performance of the Company Reimbursement Obligations. The obligations of Guarantors hereunder shall not be diminished or released in any manner by reason of any bankruptcy or other insolvency proceeding of Developer or Company or any order entered or action taken therein. Notwithstanding the foregoing, Ground Lessor shall only be responsible for _____ (___%) of the Company Reimbursement Obligations, and Lifepoint Guarantor shall only be responsible for _____ (___%) of the Company Reimbursement Obligations.

(c) The provisions of this Section 14 shall survive the termination of this Agreement.

15. Closing. Upon the execution of this Agreement, the Ground Lease and the Project Lease attached hereto shall be executed by the parties thereto and submitted into escrow with the Title Company to be released on the Closing Date. The parties shall use good faith efforts to cause the Closing Date to occur on or before the Target Closing Date; provided, if the Closing Date does not occur by the Target Closing Date, then either Developer or Company shall have the right to terminate this Agreement by providing written notice to the other at any time prior to the earlier of (i) the satisfaction of the Closing Conditions, or (ii) sixty (60) days after the Target Closing Date, in which event the Title Company shall return to the respective parties the those documents submitted into escrow by such party and neither party shall have any obligations under this Agreement except those that expressly survive the termination.

(signatures are on the following page)

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

DEVELOPER:

_____,
a _____ limited liability company

By: PMB LLC, a California limited liability company,
its Manager

By: _____

Name: _____

Title: _____

COMPANY:

PEACEHEALTH SOUTHWEST, LLC,
a Washington limited liability company

By: _____

Name: _____

Title: _____

The undersigned execute this Agreement solely for the purposes set forth in Section 14 above.

By: _____

Name: _____

Title: _____

By: _____

Name: _____

Title: _____

EXHIBIT A

DESCRIPTION OF LAND

PARCEL I:

BEGINNING AT THE SOUTHEAST CORNER OF LOT 2, BLOCK 2 OF "GROVES ADDITION" ACCORDING TO THE PLAT THEREOF RECORDED UNDER BOOK "C" OF PLATS AT PAGE 13, RECORDS OF CLARK COUNTY, WASHINGTON; THENCE SOUTH 87°50'02" EAST, ALONG THE NORTHERLY RIGHT-OF-WAY LINE OF E. 33RD ST. FOR A DISTANCE OF 228.47 FEET TO THE TRUE POINT OF BEGINNING; THENCE NORTH 02°09'58" EAST, FOR A DISTANCE OF 101.22 FEET; THENCE SOUTH 87°46'28" EAST, FOR A DISTANCE OF 254.75 FEET; THENCE ALONG THE ARC OF A 29.00 FOOT RADIUS TANGENT CURVE TO THE LEFT, THE LONG CHORD OF WHICH BEARS NORTH 47°09' 11" EAST, FOR A CHORD DISTANCE OF 41.06 FEET THROUGH A CENTRAL ANGLE OF 90°08'42" FOR AN ARC DISTANCE OF 45.63 FEET; THENCE NORTH 02°04'50" EAST, FOR A DISTANCE OF 48.04 FEET; THENCE SOUTH 87°52'24" EAST, FOR A DISTANCE OF 30.67 FEET; THENCE NORTH 02°08'32" EAST, FOR A DISTANCE OF 79.22 FEET; THENCE NORTH 87°36'49" WEST, FOR A DISTANCE OF 35.05 FEET; THENCE NORTH 02°09'47" EAST, FOR A DISTANCE OF 91.95 FEET; THENCE ALONG THE ARC OF A 9.00 FOOT RADIUS TANGENT CURVE TO THE LEFT, THE LONG CHORD OF WHICH BEARS NORTH 42°46'01" WEST, FOR A CHORD DISTANCE OF 12.71 FEET THROUGH A CENTRAL ANGLE OF 89°51'35" FOR AN ARC DISTANCE OF 14.12 FEET; THENCE NORTH 87°41'48" WEST, FOR A DISTANCE OF 184.27 FEET; THENCE SOUTH 01°56'25" WEST, FOR A DISTANCE OF 66.48 FEET; THENCE NORTH 88°50'00" WEST, FOR A DISTANCE OF 8.53 FEET; THENCE SOUTH 47°11'08" WEST, FOR A DISTANCE OF 15.20 FEET; THENCE NORTH 02°05'56" EAST, FOR A DISTANCE OF 5.85 FEET; THENCE NORTH 24°42'37" WEST, FOR A DISTANCE OF 40.61 FEET; THENCE NORTH 80°29'18" WEST, FOR A DISTANCE OF 193.74 FEET; THENCE NORTH 32°16'53" WEST, FOR A DISTANCE OF 31.90 FEET TO THE SOUTH LINE OF A 15.00 FOOT ALLEY AS SHOWN ON THE PLAT OF "CHUMASERO HEIGHTS" ACCORDING TO THE PLAT THEREOF RECORDED UNDER BOOK "D" OF PLAT AT PAGE 51 RECORDS OF CLARK COUNTY, WASHINGTON; THENCE SOUTH 87°46'31" EAST, ALONG SAID SOUTH LINE FOR A DISTANCE OF 343.53 FEET; THENCE NORTH 02°06'08" EAST, FOR A DISTANCE OF 15.00 FEET; THENCE SOUTH 87°46'31" EAST, FOR A DISTANCE OF 30.00 FEET; THENCE NORTH 02°06'08" EAST, FOR A DISTANCE OF 99.98 FEET TO THE SOUTHERLY RIGHT-OF-WAY LINE OF E. 35TH ST.; THENCE SOUTH 87°46'31" EAST, ALONG THE SOUTHERLY RIGHT-OF-WAY LINE OF E. 35TH ST. FOR A DISTANCE OF 197.82 FEET TO THE WESTERLY RIGHT-OF-WAY LINE OF MAIN ST.; THENCE SOUTH 12°19'34" WEST, ALONG THE WESTERLY RIGHT-OF-WAY LINE OF MAIN ST. FOR A DISTANCE OF 192.22 FEET; THENCE NORTH 77°20'07" WEST, ALONG SAID WESTERLY RIGHT-OF-WAY LINE FOR A DISTANCE OF 10.69 FEET; THENCE SOUTH 12°39'53" WEST, ALONG SAID WESTERLY RIGHT-OF-WAY LINE FOR A DISTANCE OF 90.62 FEET; THENCE NORTH 87°43'54" WEST, ALONG SAID WESTERLY RIGHT-OF-WAY LINE FOR A DISTANCE OF 5.08 FEET; THENCE SOUTH 12°39'53" WEST, ALONG SAID WESTERLY RIGHT-OF-WAY LINE FOR A DISTANCE OF 9.99 FEET; THENCE SOUTH 77°20'07" EAST, ALONG SAID WESTERLY RIGHT-OF-WAY LINE FOR A DISTANCE OF 5.00 FEET; THENCE SOUTH 12°39'53" WEST, ALONG SAID WESTERLY RIGHT-OF-WAY LINE FOR A DISTANCE OF 49.13 FEET; THENCE SOUTH 77°20'07" EAST, ALONG SAID WESTERLY RIGHT-OF-WAY LINE FOR A DISTANCE OF 10.18 FEET; THENCE SOUTH 15°17'31" WEST, ALONG SAID WESTERLY RIGHT-OF-WAY LINE FOR A DISTANCE OF 132.00 FEET; THENCE SOUTH 53°44'16" WEST, FOR ALONG SAID WESTERLY RIGHT-OF-WAY LINE FOR A DISTANCE OF 37.30 FEET TO THE NORTHERLY RIGHT-OF-WAY LINE OF E 33RD ST.; THENCE NORTH 87°50'02" WEST, ALONG THE NORTHERLY RIGHT-OF-WAY LINE OF E 33RD ST. FOR A DISTANCE OF 288.64 FEET TO THE TRUE POINT OF BEGINNING.

PARCEL II:

THAT PARCEL OF LAND LOCATED IN A PORTION OF THE NORTHEAST QUARTER OF SECTION 22, TOWNSHIP 2 NORTH, RANGE 1 EAST, WILLAMETTE MERIDIAN, CLARK COUNTY, WASHINGTON, DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHEAST CORNER OF LOT 2, BLOCK 2 OF "GROVES ADDITION" ACCORDING TO THE PLAT THEREOF RECORDED UNDER BOOK "C" OF PLATS AT PAGE 13, RECORDS OF CLARK COUNTY, WASHINGTON; THENCE SOUTH 87°50'02" EAST, ALONG THE NORTHERLY RIGHT-OF-WAY LINE OF E. 33RD ST. FOR A DISTANCE OF 228.47 FEET; THENCE NORTH 02°09'58" EAST, FOR A DISTANCE OF 101.22 FEET; THENCE SOUTH 87°46'28" EAST, FOR A DISTANCE OF 78.50 FEET TO THE TRUE POINT OF BEGINNING; THENCE CONTINUING SOUTH 87°46'28" EAST, FOR A DISTANCE OF 176.25 FEET; THENCE ALONG THE ARC OF A 29.00 FOOT RADIUS TANGENT CURVE TO THE LEFT, THE LONG CHORD OF WHICH BEARS NORTH 47°09'11" EAST, FOR A CHORD DISTANCE OF 41.06 FEET THROUGH A CENTRAL ANGLE OF 90°08'42" FOR AN ARC DISTANCE OF 45.63 FEET; THENCE NORTH 02°04'50" EAST, FOR A DISTANCE OF 48.04 FEET; THENCE SOUTH 87°52'24" EAST, FOR A DISTANCE OF 30.67 FEET; THENCE NORTH 02°08'32" EAST, FOR A DISTANCE OF 79.22 FEET; THENCE NORTH 87°36'49" WEST, FOR A DISTANCE OF 35.05 FEET; THENCE NORTH 02°09'47" EAST, FOR A DISTANCE OF 91.95 FEET; THENCE ALONG THE ARC OF A 9.00 FOOT RADIUS TANGENT CURVE TO THE LEFT, THE LONG CHORD OF WHICH BEARS NORTH 42°46'01" WEST, FOR A CHORD DISTANCE OF 12.71 FEET THROUGH A CENTRAL ANGLE OF 89°51'35" FOR AN ARC DISTANCE OF 14.12 FEET; THENCE NORTH 87°41'48" WEST, FOR A DISTANCE OF 184.27 FEET; THENCE SOUTH 01°56'25" WEST, FOR A DISTANCE OF 66.48 FEET; THENCE NORTH 88°50'00" WEST, FOR A DISTANCE OF 8.53 FEET; THENCE SOUTH 47°11 '08" WEST, FOR A DISTANCE OF 15.20 FEET; THENCE SOUTH 02°05'56" WEST, FOR A DISTANCE OF 96.06 FEET; THENCE SOUTH 87°50'26" EAST, FOR A DISTANCE OF 7.13 FEET; THENCE SOUTH 01°36'01" WEST, FOR A DISTANCE OF 14.95 FEET; THENCE SOUTH 86°59'23" EAST, FOR A DISTANCE OF 4.08 FEET; THENCE SOUTH 02°09'54" WEST, FOR A DISTANCE OF 69.22 FEET TO THE TRUE POINT OF BEGINNING

PARCEL III:

BEGINNING AT THE SOUTHEAST CORNER OF LOT 2, BLOCK 2 OF "GROVES ADDITION" ACCORDING TO THE PLAT THEREOF RECORDED UNDER BOOK "C" OF PLATS AT PAGE 13, RECORDS OF CLARK COUNTY, WASHINGTON; THENCE NORTH 02°08'49" EAST, ALONG THE EAST LINE AND THE NORTHERLY EXTENSION THEREOF OF SAID LOT 2 FOR A DISTANCE OF 105.88 FEET TO THE NORTHERLY LINE OF A 5.88 FOOT ALLEY AS SHOWN ON SAID "GROVES ADDITION"; THENCE NORTH 87°50'02" WEST, ALONG THE NORTH LINE OF SAID ALLEY FOR A DISTANCE OF 249.96 FEET TO THE EASTERLY RIGHT-OF-WAY LINE OF W. WASHINGTON ST.; THENCE NORTH 02° 12'57" EAST, ALONG SAID RIGHT-OF-WAY LINE FOR A DISTANCE OF 269.03 FEET TO THE SOUTH LINE OF A 15.00 FOOT ALLEY AS SHOWN ON THE PLAT OF "CHUMASERO HEIGHTS" ACCORDING TO THE PLAT THEREOF RECORDED UNDER BOOK "D" OF PLATS AT PAGE 51, RECORDS OF CLARK COUNTY, WASHINGTON; THENCE SOUTH 87°46'31" EAST, ALONG THE SOUTH LINE OF SECOND MENTIONED ALLEY FOR A DISTANCE OF 316.70 FEET; THENCE SOUTH 32°16'53" EAST, FOR A DISTANCE OF 31.90 FEET; THENCE SOUTH 80°29'18" EAST, FOR A DISTANCE OF 193.74 FEET; THENCE SOUTH 24°42'37" EAST, FOR A DISTANCE OF 40.61 FEET; THENCE SOUTH 02°05'56" WEST, FOR A DISTANCE OF 8.01 FEET; THENCE NORTH 87°51'45" WEST, FOR A DISTANCE OF 42.86 FEET; THENCE NORTH 02° 10'39" EAST, FOR A DISTANCE OF 33.97 FEET; THENCE NORTH 87°49'21" WEST, FOR A DISTANCE OF 221.21 FEET; THENCE SOUTH 02° 11 '46" WEST, FOR A DISTANCE

OF 128.67 FEET; THENCE SOUTH 87°46'52" EAST, FOR A DISTANCE OF 93.10 FEET; THENCE SOUTH 01°57'06" WEST, FOR A DISTANCE OF 31.10 FEET; THENCE SOUTH 87°50'55" EAST, FOR A DISTANCE OF 34.59 FEET; THENCE SOUTH 02°08'01" WEST, FOR A DISTANCE OF 28.66 FEET; THENCE SOUTH 87°46'35" EAST, FOR A DISTANCE OF 39.59 FEET; THENCE NORTH 02° 14'41" EAST, FOR A DISTANCE OF 28.71 FEET; THENCE SOUTH 87°44'34" EAST, FOR A DISTANCE OF 36.29 FEET; THENCE NORTH 01°42'17" EAST, FOR A DISTANCE OF 39.14 FEET; THENCE SOUTH 87°57'02" EAST, FOR A DISTANCE OF 47.44 FEET; THENCE SOUTH 02°02'58" WEST, FOR A DISTANCE OF 7.12 FEET; THENCE SOUTH 87° 18'04" EAST, FOR A DISTANCE OF 13.37 FEET; THENCE SOUTH 87°50'26" EAST, FOR A DISTANCE OF 7.13 FEET; THENCE SOUTH 01 °36'01" WEST, FOR A DISTANCE OF 14.95 FEET; THENCE SOUTH 86°59'23" EAST, FOR A DISTANCE OF 4.08 FEET; THENCE SOUTH 02°09'54" WEST, FOR A DISTANCE OF 69.22 FEET; THENCE NORTH 87°46'28" WEST, FOR A DISTANCE OF 78.50 FEET; THENCE SOUTH 02°09'58" RIGHT-OF-WAY LINE OF E. WEST, FOR A DISTANCE OF 101.22 FEET TO THE NORTHERLY 33RD ST; THENCE NORTH 87°50,02" WEST, ALONG THE NORTHERLY RIGHT-OF-WAY LINE OF E. 33RD ST. FOR A DISTANCE OF 228.47 FEET TO THE TRUE POINT OF BEGINNING.

PARCEL IV:

THAT PARCEL OF LAND LOCATED IN A PORTION OF THE NORTHEAST QUARTER OF SECTION 22, TOWNSHIP 2 NORTH, RANGE 1 EAST, WILLAMETTE MERIDIAN, CLARK COUNTY, WASHINGTON, DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHEAST CORNER OF LOT 2, BLOCK 2 OF "GROVES ADDITION" ACCORDING TO THE PLAT THEREOF RECORDED UNDER BOOK "C" OF PLATS AT PAGE 13, RECORDS OF CLARK COUNTY, WASHINGTON; THENCE NORTH 02°08'49" EAST, ALONG THE EAST LINE AND THE NORTHERLY EXTENSION THEREOF OF SAID LOT 2 FOR A DISTANCE OF 105.88 FEET TO THE NORTHERLY LINE OF A 5.88 FOOT ALLEY AS SHOWN ON SAID "GROVES ADDITION"; THENCE NORTH 87°50'02" WEST, ALONG THE NORTH LINE OF SAID ALLEY FOR A DISTANCE OF 249.96 FEET TO THE EASTERLY RIGHT-OF-WAY LINE OF W. WASHINGTON ST.; THENCE NORTH 02°12'57" EAST, ALONG SAID RIGHT-OF-WAY LINE FOR A DISTANCE OF 269.03 FEET TO THE SOUTH LINE OF A 15.00 FOOT ALLEY AS SHOWN ON THE PLAT OF "CHUMASERO HEIGHTS" ACCORDING TO THE PLAT THEREOF RECORDED UNDER BOOK "D" OF PLATS AT PAGE 51, RECORDS OF CLARK COUNTY, WASHINGTON; THENCE SOUTH 87°46'31" EAST, ALONG THE SOUTH LINE OF SECOND MENTIONED ALLEY FOR A DISTANCE OF 316.70 FEET; THENCE SOUTH 32° 16'53" EAST, FOR A DISTANCE OF 31.90 FEET; THENCE SOUTH 80°29'18" EAST, FOR A DISTANCE OF 193.74 FEET; THENCE SOUTH 24°42'37" EAST, FOR A DISTANCE OF 40.61 FEET; THENCE SOUTH 02°05'56" WEST, FOR A DISTANCE OF 8.01 FEET TO THE TRUE POINT OF BEGINNING; THENCE NORTH 87°51'45" WEST, FOR A DISTANCE OF 42.86 FEET; THENCE NORTH 02°10'39" EAST, FOR A DISTANCE OF 33.97 FEET; THENCE NORTH 87°49'21" WEST, FOR A DISTANCE OF 221.21 FEET; THENCE SOUTH 02°11 '46" WEST, FOR A DISTANCE OF 128.67 FEET; THENCE SOUTH 87°46'52" EAST, FOR A DISTANCE OF 93.10 FEET; THENCE SOUTH 01°57'06" WEST, FOR A DISTANCE OF 31.10 FEET; THENCE SOUTH 87°50'55" EAST, FOR A DISTANCE OF 34.59 FEET; THENCE SOUTH 02°08'01" WEST, FOR A DISTANCE OF 28.66 FEET; THENCE SOUTH 87°46'35" EAST, FOR A DISTANCE OF 39.59 FEET; THENCE NORTH 02°14'41" EAST, FOR A DISTANCE OF 28.71 FEET; THENCE SOUTH 87°44'34" EAST, FOR A DISTANCE OF 36.29 FEET; THENCE NORTH 01°42'17" EAST, FOR A DISTANCE OF 39.14 FEET; THENCE SOUTH 87°57'02" EAST, FOR A DISTANCE OF 47.44 FEET; THENCE SOUTH 02°02'58" WEST, FOR A DISTANCE OF 7.12 FEET; THENCE SOUTH 87°18'04" EAST, FOR A DISTANCE OF 13.37 FEET; THENCE NORTH 02°05'56" EAST, FOR A DISTANCE OF 93.90 FEET TO THE TRUE POINT OF BEGINNING.

APN: 008760-000 AND 008760-001 AND 011251-000 AND 011252-000 AND 011277-000 AND
011277-003 AND 986028-420 AND 986028-421.

EXHIBIT B

EXISTING CONSULTANT AGREEMENTS

[to be added]

EXHIBIT C

PROJECT COST EXCLUSIONS

Notwithstanding anything to the contrary contained herein, Project Costs shall not include: (i) costs incurred to correct construction or design defects or the Project's non-compliance with Applicable Laws; (ii) costs of repairs and replacements actually reimbursed by or paid under warranties or guaranties; (iii) depreciation and similar "non-cash" costs; (iv) income, profits, estate, succession, gift and inheritance taxes; (v) fines, penalties, default interest and late charges; (vi) costs arising as a result of Developer's, or any of its Affiliates' breach of an agreement, negligence or misconduct; or (vii) amounts charged by or paid to Developer or any of its respective Affiliates, for time and effort in overseeing the design, planning, development and construction of the Project, except the Development Fee and the approved Developer internal costs set forth in **Exhibit C-1** and included within the Final Project Budget.

EXHIBIT C-1

PROJECT DEVELOPMENT BUDGET

[to be added]

EXHIBIT D

REIMBURSABLE EXPENSES BUDGET

Description	Costs
Total Budget	

EXHIBIT E

REQUIRED DUE DILIGENCE

At a minimum, Developer shall perform and/or review (as the case may be) the following inspections, analysis and due diligence related to the Land in connection with its investigations set forth in Section 2(a) of this Agreement:

1. An ALTA survey of the Land which meets the “Minimum Standard Detail Requirements for ALTA/NSPS Land Title Surveys” jointly established and adopted by ALTA and NSPS in 2021.
2. Developer shall obtain a Phase I Environmental Site Assessment of the Land a Phase I environmental assessment of the Land which meets the American Society for Testing and Materials standards for Environmental Site Assessments (E 1527-05) and is based on examinations conducted no more than ninety (90) days prior to the date Agreement Date.
3. A reasonably comprehensive geotechnical investigation of the Land.
4. A zoning analysis of the Land, including, without limitation, an analysis of bulk requirements, permitted uses and parking requirements.
5. An analysis of all utilities available to the Land, including, without limitation, capacity availability and their locations.
6. An analysis of any potential development limitations applicable to the Land, including, without limitation, areas of archeological significance, burial grounds, protected habitats, wetlands and flood prone areas.

EXHIBIT E-1

DUE DILIGENCE MATERIALS

Engineering and architectural plans and specifications, drawings, site plans, studies, surveys and as-built plans and specifications of the Land, as built plans for each of the tenant occupied spaces.

Title policies, title commitments and copies of recorded documents.

Surveys, subdivision plats and recombination plats.

Loan documents, if any, relating to debt encumbering the Land.

Real estate tax bills and assessments for the Land for the current year and past two (2) years, along with information regarding tax contests.

Tax increment financing, special assessments, and other public financing related documents.

Development related filings, comprehensive development plans, site plans and planned unit development documents.

Declarations, reciprocal easement agreements and association documents (CC&R's, bylaws, etc.).

Documents relating to outstanding lawsuits affecting the Land.

Environmental reports (phase I and phase II), notices of violation of environmental laws, environmental operating permits, asbestos reports, records relating to USTs and ASTs, mold reports and environmental operating permits.

Wetlands, flood plain, flood zone and jurisdictional waters information, reports and permits.

Endangered species reports and tree surveys.

Cultural resource and historical preservation information, record of gravesites and burial ground, and archeological reports and surveys.

Geotechnical, engineering and soil boring information and reports.

Traffic and other similar studies conducted for the Land and surrounding areas, traffic signal, decel and curb cut requirements and information.

Notices of violation issued against the Land.

Documents relating to threatened or pending condemnation proceedings.

Design Development Drawings

The Phase I Environmental Site Assessment of the Land a Phase I environmental assessment of the Land which meets the American Society for Testing and Materials standards for Environmental Site Assessments (E 1527-05) and is based on examinations conducted no more than ninety (90) days prior to the date Agreement Date.

A reasonably comprehensive geotechnical investigation of the Land.

EXHIBIT F

DESIGN DEVELOPMENT DOCUMENTS

[to be added]

EXHIBIT G

PROJECT CLOSEOUT CHECKLIST

- State Inspection Manual
 - a). Building Permit
 - b). Health Department Inspection
 - c). Food Service Inspection
 - d). Final Inspection Certificates of Building, Mech, Elec, Plumb.
 - e). Fire Marshal Final Certificate
 - f). Fire System Certification
 - g). Fire pump Flow Test
 - h). Med Gas Certification
 - i). Electrical Grounding Reports
 - j). Lightning Protection Certification
 - k). Generator Startup Log & Testing Report
 - l). Flame Spread Documentation

- Execution of Final Change Order

- Certificate of Substantial Completion

- Copy of Final Certificate of Occupancy

- A Final Job Cost Reconciliation Report that identifies Final Job Cost (Example needed)
Ledger to be Itemized by the Following Contracted Sections:
 - a). General Conditions - Original Amount Plus Change Orders (list out each one)
 - b). General Requirements - Original Amount Plus Change Orders (list out each one)
 - c). Self-Perform Work - Original Amount Plus Change Orders (list out each one)
 - d). Cost of Work by Division - Original Amount Plus Change Orders (list out each one)
 - e). Fee - Original Amount Plus Change Orders (list out each one)

- Final lien waiver from contractor and subcontractors

-

- Letter addressed to the Facility outlining the procedures for warranty and callback work.

Warranties assigned to Company and Developer from Contractor and Subcontractor as specified in the contract Documents.

Copy of Transmittals to the Facility that show distribution of:

- Attic Stock
- As-Builts
- Color Roof Plans with Square Footage of Roof Area
- O&M's - MEP, Elevator, Roof, Doors, Auto Operators, Windows, Fire Alarm, etc.
- Training videos and documentation of training classes (subject, date, time, etc.)
- Warranties/Guarantees - Air Handlers, Chillers, Cooling Towers, Elevators, VAV's, Switchgear, ATS, Generator, Roof, Waterproofing, etc.

Evidence of GC insurance coverage for 1 year from the date Substantial Completion occurs for "defective work."

Approval of final commissioning

Test Reports / Proof of Operation

- Fire Damper Test Log
- Food Service License
- Kitchen Hood Fire Suppression
- All Kitchen Equipment
- Nurse Call Test Report
- Signed & Completed Punch List
- Pharmacy Hood Certificate

EXHIBIT H

CHANGE REQUEST FORM

- VALUE ENGINEERING
- TENANT REQUEST -Joint
- Venture
- OWNER REQUEST
- FIELD CONDITIONS
- CODES/INSPECTOR REQ
- DESIGN
- ERRORS/OMISSIONS
- ALLOWANCES
- OTHER

CHANGE REQUEST

Change Request # _____

Date: _____

Project: _____

Location: _____

Contractor: _____

Detailed Explanation for Request

Actual Construction Cost for this Change: _____ \$0 _____
to Project

- Fund with Contingency
- Add/Deduct

Reason Change is Needed: _____

Project Duration Will Change By: _____ 0 _____ days. Thereafter, Projected Substantial Completion Date is _____, if executed.

AUTHORIZATION

Proceed with construction change: Yes _____ No _____
Incorporate Into a Future Tenant Change Order: Yes _____ No _____

By: _____ **Date Approved:** _____

Authorized Representative for Developer

By: _____ **Date Approved:** _____

Authorized Representative for Company (Over \$5,000)

Note: A COMPLETE COST BREAKDOWN ITEMIZING ALL QUANTITIES, LABOR COST, MATERIAL COST, SUB COST, ETC. SHALL BE ATTACHED. Must have Company's signature and date on contractor change requests prior to any work proceeding.

EXHIBIT I

WEATHER DELAY CLAIM REQUEST

CHANGE REQUEST – WEATHER DELAY CLAIM REQUEST

Change Request # _____

Date Submitted: _____

Project: _____

Location: _____

Contractor: _____

Detailed Explanation of Event & Critical Trade(s) Impacted

Checklist of Required Documentation

- Written Notification of Event from Developer, no later than 10 business days after occurrence
- Signed Weather Delay Log(s)
- National Weather Service Documentation of Adverse Weather Condition
- Original Project Schedule – highlighting the critical trades impacted
- Proposed Project Schedule – adjusted for proposed Weather Delay
- Refer to Specification, Development Agreement and Contract for other specific requirements

Will Projected Substantial Completion Date be effected by this requested change? **NO**
YES

Project Duration Will Change by: days. Thereafter, Projected Substantial Completion Date is _____, if executed.

Prepared by: _____ Title: _____

AUTHORIZATION

Proceed with schedule change: Yes _____ No _____

By: _____

Date Approved: _____

Authorized Representative for Developer

By: _____

Date Approved: _____

Authorized Representative for Company

WEATHER DELAY LOG

Indicate which condition is being claimed: Precipitation

Month: _____ Year: _____

5-Year History
As established by the National Weather Service
(NOAA)

Example	Day	2017	2018	2019	2020	2021	Job Site Condition	Claimed Day
	1							
	2							
	3							
	4							
	5							
	6							
	7							
	8							
	9							
	10							
	11							
	12							
	13							
	14							
	15							
	16							
	17							
	18							
	19							
	20							
	Totals							

Totals

Number of Standard Baseline Weather Delay Days for This Month (Refer to Spec) _____

Number of Claimed Weather Delay Days in Excess of the Base Line _____

Number of Allowable Weather Delay Days None

Notes:

- Contractor can only claim days which exceed the 5-year monthly average as a delay only if the critical path has been effected.
- Complete a separate log for each additional month that adverse weather occurred and is being claimed

- Complete a separate log for temperature/precipitation if applicable
-

Signed: _____

Date: _____

EXHIBIT J

PROJECT DELAY CLAIM REQUEST

CHANGE REQUEST – PROJECT DELAY CLAIM REQUEST

Change Request # _____

Date Submitted: _____

Project: _____

Location: _____

Contractor: _____

Detailed Explanation of Event & Critical Trade(s) Impacted

Checklist of Required Documentation

- Written Notification of Event from Developer, no later than 10 business days after occurrence
- Documentation of delay
- Original Project Schedule – highlighting the critical trades impacted
- Proposed Project Schedule – adjusted for proposed delay
- Refer to Specification, Development Agreement and Contract for other specific requirements

Will Projected Substantial Completion Date be effected by this requested change? YES NO

Project Duration Will Change by: ___ days. Thereafter, SC date is _____, if executed.

Prepared by: _____ Title: _____

AUTHORIZATION

Proceed with schedule change: Yes _____ No _____

By: _____

Date Approved: _____

Authorized Representative for Developer

By: _____

Date Approved: _____

Authorized Representative for Company

EXHIBIT K PROJECT LEASE

(please see lease agreements in Exhibit 12 of the CN application))

Exhibit 11
Joint Venture/LLC Agreement

**LIMITED LIABILITY COMPANY AGREEMENT
OF
PEACEHEALTH SOUTHWEST, LLC**

THE UNITS OF MEMBERSHIP INTEREST PRESENTED HEREBY (THE “UNITS”) HAVE NOT BEEN REGISTERED WITH OR APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR THE WASHINGTON DIVISION OF SECURITIES. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. THE OFFER AND SALE OF THE UNITS HEREUNDER ARE MADE PURSUANT TO ONE OR MORE EXEMPTIONS FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), AND PROVISIONS UNDER APPLICABLE WASHINGTON LAW RELATING TO THE OFFER AND SALE OF SECURITIES.

NO TRANSFER OF THESE UNITS OR ANY INTEREST THEREIN MAY BE MADE EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT AND UNLESS QUALIFIED OR REGISTERED WITH APPLICABLE STATE SECURITIES REGULATORY AGENCIES, UNLESS THE ISSUER HAS RECEIVED AN OPINION OF COUNSEL SATISFACTORY TO IT THAT SUCH TRANSFER DOES NOT REQUIRE REGISTRATION AND QUALIFICATION. THE TRANSFERABILITY OF THE UNITS IS RESTRICTED PURSUANT TO THE PROVISIONS CONTAINED HEREIN, AND IT IS NOT ANTICIPATED THAT THERE WILL BE A MARKET FOR THE UNITS.

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**LIMITED LIABILITY COMPANY AGREEMENT
OF
PEACEHEALTH SOUTHWEST, LLC**

THIS LIMITED LIABILITY COMPANY AGREEMENT (this “*Agreement*”) of **PeaceHealth Southwest, LLC**, a Washington limited liability company (the “*Company*”), is made and entered into effective as of September 25, 2023 (the “*Effective Date*”), by and between **LPNT IRF Development 75, LLC**, a Delaware limited liability company (“*Lifepoint*”), and **PeaceHealth**, a Washington nonprofit corporation (“*PeaceHealth*”). **LifePoint Rehab, LLC**, a Delaware limited liability company (“*Guarantor*”) joins in this Agreement solely for the purpose of agreeing to be bound by Section 14.15.

WHEREAS, the Company was formed under and pursuant to the Act by the filing of the Articles of Formation on September 19, 2023; and

WHEREAS, the parties hereto desire to enter into this Agreement to govern the affairs of the Company and its business; and

WHEREAS, PeaceHealth is entering into this Agreement to further its charitable purposes by providing healthcare services in a manner that will promote health for the communities served by the Company as further set forth herein; and

WHEREAS, the parties hereto intend for the Company to operate in a manner consistent with Section 501(c)(3) of the Code and for the furtherance of PeaceHealth’s charitable purposes to take priority over any conflicting duty of the Board of Directors to operate the Company for the financial benefit of the Members.

NOW, THEREFORE, in consideration of the promises and mutual covenants, terms and conditions contained herein, and for other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereby agree as follows:

**ARTICLE 1
DEFINITIONS**

Section 1.1 Definitions.

When used in this Agreement, the following terms shall have the meanings set forth below, and all terms used in this Agreement that are not defined in this Article 1 shall have the meanings given such terms elsewhere in this Agreement:

“*Act*” means the Washington Limited Liability Company Act, as amended and as in effect from time to time.

“*Acquiring Member*” shall have the meaning set forth in Section 10.1(b).

“*Adjusted Capital Account Deficit*” means with respect to any Member, the deficit balance, if any, in such Member’s Capital Account as of the end of the relevant Tax Year, after giving effect to the following adjustments: (i) credit to such Capital Account any amounts which

such Member is obligated to restore pursuant to any provision of this Agreement or is deemed to be obligated to restore pursuant to the penultimate sentences of Sections 1.704-2(g)(1) and 1.704-2(i)(5) of the Regulations; and (ii) debit to such Capital Account the items described in Sections 1.704-1(b)(2)(ii)(d)(4), 1.704-1(b)(ii)(d)(5) and 1.704-1(b)(2)(ii)(d)(6) of the Regulations. This definition of Adjusted Capital Account Deficit is intended to comply with provisions of Section 1.704-1(b)(2)(ii)(d) of the Regulations and shall be interpreted consistently therewith.

“**Affiliate**” means with respect to any specified Person, any other Person that directly or through one or more intermediaries controls or is controlled by or is under common control with the specified Person.

“**Applicable Income Tax**” means, with respect to a Defaulting Member for a Tax Year, the product of the (i) Tax Rate and (ii) the federal taxable income of the Company allocated to such Member with respect to such Tax Year, provided that such taxable income shall be calculated without regard to any income or gain realized in connection with a direct or indirect sale of substantially all of the assets of the Company and shall be calculated minus any excess taxable loss allocable to such Member that has not been previously offset by income allocated to such Member.

“**ARU**” means PeaceHealth’s existing 14-bed acute rehabilitation unit located at Southwest Medical Center.

“**Articles of Formation**” or “**Articles**” means the Articles of Formation of the Company filed with the Washington Secretary of State on September 19, 2023, as it may from time to time be further amended.

“**Bankruptcy**” means, with respect to any Person, the occurrence of any of the following events: (i) the filing by such Person of a petition in bankruptcy or for relief under applicable bankruptcy laws; (ii) the filing against such Person of any such petition (unless such petition is dismissed within ninety (90) days from the date of filing thereof); (iii) entry against such Person of an order for relief under applicable bankruptcy laws; (iv) written admission by such Person of its inability to pay its obligations and liabilities as they mature, or an assignment by such Person for the benefit of creditors; or (v) appointment of a trustee, conservator or receiver for the property or affairs of such Person.

“**Board**” or “**Board of Directors**” means the Board of Directors of the Company, consisting of the Directors appointed by the Members pursuant to Section 6.2. The “Board” or “Board of Directors” does not refer to the Boards of PeaceHealth or Lifepoint.

“**Board Committee**” has the meaning set forth in Section 6.12.

“**Budget**” means the written statement of estimated revenues, estimated expenses, estimated capital expenditures and estimated cash flows for the Company, as the case may be, for any fiscal year, which will be presented by the Manager to the Board of Directors for approval pursuant to the Management Agreement.

“**Business**” means the construction and development, after receiving all necessary Certificates of Need and other governmental approvals, of an inpatient rehabilitation facility

consisting of fifty (50) beds (or such other number as determined by the Board of Directors) located in the Vancouver, Washington general market (the “*IRF*”) and thereafter, upon receipt of all required governmental approvals and the opening of the IRF, the ownership and operation of the IRF and any other lines of business entered into by the Company pursuant to, and only as permitted by, this Agreement.

“*Call Window*” means any one or more of the periods in clauses (i)-(xi) below. If commencement of a Call Window involves notice to PeaceHealth of an event or occurrence, the Call Window will not begin until PeaceHealth has received written notice thereof, regardless of any knowledge or awareness that PeaceHealth may have of such event or occurrence. If PeaceHealth has not received such notice but otherwise has knowledge or awareness of such event or occurrence, PeaceHealth will have the right to exercise the Call Right without waiting to receive such notice. An Exercise Notice sent under such circumstances will be deemed to have been sent within the Call Window. Not sending an Exercise Notice under such circumstances will not waive any Call Right or Call Window.

(i) At any time in the event that any applicable federal or state law or regulation creates a material risk of a federal or state investigation or other action that is reasonably expected to result in a significant sanction or penalty based on the terms of this Agreement or would prohibit any party from billing for or receiving payment for any services provided by the parties, or makes it unlawful for either Member or its direct or indirect parent to own a direct or indirect interest in the Company or the Business, in each case as determined by PeaceHealth in good faith based on a reasonable opinion of legal counsel to PeaceHealth, which counsel has recognized experience in the area of healthcare regulations.

(ii) Upon PeaceHealth’s reasonable, good faith determination that (x) the continuing ownership of a Membership Interest by Lifepoint or any of its Affiliates jeopardizes the tax-exempt status of PeaceHealth or (y) the continuing ownership of a Membership Interest by Lifepoint or any of its Affiliates conflicts with the Ethical Values.

(iii) In the event the Management Agreement is terminated for any reason.

(iv) In the event that PeaceHealth’s continued status as a Member of the Company will, in the reasonable opinion of counsel to PeaceHealth, cause PeaceHealth to be in default under its then existing credit facilities.

(v) In the event of Lifepoint’s Bankruptcy.

(vi) The six (6)-month period commencing upon the exclusion of Lifepoint or any of its Controlled Affiliates from participation in any “federal health care program” as defined in 42 U.S.C. § 1320a-7b(f) (including Medicare, Medicaid and similar or successor programs with or for the benefit of any government authority).

(vii) In the event of a Change of Control of Lifepoint other than as a result of a Transfer to a Lifepoint Permitted Transferee.

(viii) In the event Lifepoint or one of its Limited Affiliates materially breaches this Agreement or the Management Agreement (taking into account any applicable grace period),

as determined by PeaceHealth in good faith based on the advice of qualified legal counsel. The parties acknowledge that for the purpose of this subsection (viii), PeaceHealth's internal legal counsel is deemed to be qualified legal counsel.

(ix) In the event of a Deadlock.

(x) The sixty (60)-day period following (A) any Encumbrance on Lifepoint's Membership Interest being noticed for foreclosure or Lifepoint's Membership Interest is scheduled, intended, or proposed to be Transferred as a consequence of a foreclosure on the Encumbrance; or (B) any judgment is obtained in any legal or equitable proceeding against Lifepoint and the Transfer of any of its Membership Interest is contemplated under legal process as a result of such judgment; or (C) pursuant to any other form of legal or equitable proceeding or process Lifepoint's Membership Interest, or any portion thereof, is contemplated to be sold or otherwise Transferred either voluntarily or involuntarily other than as a result of a Transfer to a Lifepoint Permitted Transferee.

(xi) In the event that Lifepoint is convicted of felony criminal charges.

"Capital Account" means the capital account to be maintained for each of the Members pursuant to Section 3.5.

"Capital Contribution" means, with respect to a Member, the amount of money, and the Fair Market Value of other property contributed by such Member to the capital of the Company in respect of such Member's Membership Interest, reduced (if not already taken into account in calculating Fair Market Value) by the amount of any liabilities of such Member that (i) the Company assumes (under the standards provided in the last sentence of Section 1.704-1(b)(2)(iv)(c) of the Regulations) in connection with the transaction or (ii) are secured by the property when it is contributed to the Company (and, therefore, the Company takes the property subject to such liabilities), excluding the extent to which such secured liabilities are included in clause (i) of this definition of Capital Contribution or exceed the Fair Market Value of the contributed property.

"Cash Available for Distribution" means all cash receipts of the Company less (i) all accounts payable and other current liabilities of the Company, and (ii) such reserves established by the Board for such time period as the Board in its reasonable and good faith judgment deems appropriate for improvements, replacements, or repairs to Company properties or for anticipated service-line expenditures, Company expenses or debt repayments. Cash Available for Distribution shall also include any other Company funds, including, without limitation, any amounts previously set aside as reserves by the Board, no longer deemed by the Board in its reasonable and good faith judgment necessary for the conduct of the Company's business.

"Change of Control" means, with respect any Person, the occurrence of any of the following: (i) any consolidation or merger with or into any other entity or Person, or any other reorganization, in which the equity holders of such Person or Affiliates of said equity holders immediately prior to such consolidation, merger or reorganization, retain or receive on account of their securities less than fifty percent (50%) of the surviving entity's voting power immediately after such consolidation, merger or reorganization; (ii) any transaction or series of related

transactions in which in excess of fifty percent (50%) of such Person's voting power is acquired by a Person or a group of Persons that are not Affiliates of such Person immediately prior to such acquisition; (iii) the granting to any Person, other than an Affiliate of such Person, for monetary consideration or otherwise, of the right to solely appoint or have sole approval of the selection or election in excess of fifty percent (50%) of such Person's voting power; (iv) a sale or other disposition of all or substantially all of the assets of such Person, or more than fifty percent (50%) of the operating assets of such Person, to an entity that is not an Affiliate of such Person immediately prior to the sale or other disposition; (v) the approval of the governing body of such Person of a plan of complete or substantial liquidation of such Person; or (vi) the entry into a management contract or agreement with a third party that is not an Affiliate of such Person providing for joint operation or the operation by such third party of all or substantially all of such Person's assets.

"Charity Policy" means the charity care policy which is referenced as part of the Community Benefit Standard and is consistent with the level and policies of charity care services provided by PeaceHealth under the PeaceHealth charity care policy attached hereto as Exhibit 1, as the same may be revised from time to time as provided herein.

"Code" means the Internal Revenue Code of 1986, as amended and as in effect from time to time.

"Community Benefit Activities" means the Community Benefit Standard activities that are conducted by the Company.

"Community Benefit Standard" means a standard pursuant to which the Company is operated in furtherance of PeaceHealth's charitable purposes, and pursuant to which:

(i) The Company shall adopt and implement a charity care policy which is consistent with the level and policies of charity care services provided by PeaceHealth under the PeaceHealth charity care policy attached hereto as Exhibit 1 (the "Charity Policy") and which reflects, in general, the charity care actually provided by PeaceHealth or its Affiliates, as PeaceHealth may direct from time to time, including, without limitation, in relation to providing care to insured and uninsured patients, or if greater, which is required by Sections 501(c)(3) of the Code or other applicable law. The Charity Policy shall be subject to change in accordance with Section 6.8(c);

(ii) The Company becomes and remains certified by the U.S. Department of Health and Human Services to provide services to all beneficiaries of Medicare, Medicaid, and other government payment programs, and provides services in a nondiscriminatory manner to such beneficiaries;

(iii) The Company maintains an open medical staff;

(iv) The Company provides public health programs of educational benefit to the communities it serves; and

(v) The Company generally promotes the health, wellness, and welfare of the communities it serves by providing quality healthcare services at reasonable cost.

“**Company Minimum Gain**” has the meaning of “partnership minimum gain” set forth in Regulations Sections 1.704-2(b)(2) and 1.704-2(d).

“**Company Property**” means all real and personal property owned by the Company and any improvements thereto, and shall include both tangible and intangible property.

“**Competing Facility**” means a healthcare facility or healthcare business which is engaged in a Prohibited Activity.

“**Compliance Issue**” shall mean any event relating to the business or operations of Company, form or structure of ownership of Company, or the performance by any Member of any term, covenant, condition or provision of this Agreement that is likely to expose Company or a Member to a material risk of non-compliance with applicable laws and regulations and governmental guidelines and pronouncements.

“**Conflict of Interest Policy**” means the Conflict of Interest Policy attached hereto as Exhibit 2.

“**Contribution Agreement**” means an agreement among the Company, Lifepoint and PeaceHealth pursuant to which Lifepoint contributes cash to the Company and PeaceHealth contributes assets identified on Exhibit 1 to the Contribution Agreement (such in-kind assets, the “**Assets**”) used in the operation of the ARU to the Company. The amount of Lifepoint’s cash contribution pursuant to the Contribution Agreement will be the amount necessary to achieve the initial Percentage Interests as set forth in Section 3.1 after taking into account PeaceHealth’s Capital Contribution in the Contribution Agreement based on the Fair Market Value of the Assets as determined by that certain fair market valuation conducted by VMG Health distributed July 7, 2023.

“**Control**” means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise, and “**Controlled**” has a correlative meaning.

“**Damages**” has the meaning set forth in Section 9.2.

“**Deadlock**” means the inability of the Board to attain Unanimous Approval of a proposed action or decision that requires Unanimous Approval only if (i) the proposed action or decision did not attain Unanimous Approval at three consecutive meetings of the Board duly called for the purpose of considering such action or decision and (ii) the result of the lack of Unanimous Approval is that the business and affairs of the Company can no longer be conducted to the advantage of all of the Members generally.

“**Defaulting Member**” shall have the meaning provided in Section 3.2(b).

“**Director**” means a Person appointed to the Board of Directors by a Member pursuant to Section 6.2.

“**Distribution**” means a distribution of cash or property by the Company to a Member.

“EBITDA” means earnings before interest, taxes, depreciation and amortization determined in accordance with GAAP consistently applied from year to year under the method of accounting adopted by the Company.

“Ethical Values” means PeaceHealth’s Ethical Policies and Statement of Common Values.

“Exercise Notice” means a written notice to exercise a Purchase Right in accordance with this Agreement.

“PeaceHealth Permitted Transferee” has the meaning set forth in Section 11.2(a).

“Encumbrance” means any lien (including a lien of any mortgage or deed of trust, mechanic’s or materialmen’s lien and judgment lien), charge, pledge, encumbrance, security interest, option, judgment or any other restriction or third party right of any kind.

“Fair Market Value” or **“FMV”** means the value of any property as determined in accordance with the process set forth in Section 11.5.

“GAAP” means United States generally accepted accounting principles, consistently applied.

“Indemnified Party” has the meaning set forth in Section 9.2.

“IRF” has the meaning set forth in the definition above for Business.

“Lifepoint” has the meaning set forth in the preamble hereto.

“Lifepoint Directors” has the meaning set forth in Section 6.2.

“Lifepoint Investment” at any time means the aggregate amount of all Capital Contributions made by Lifepoint.

“Lifepoint Percentage Interest” means at any time the result of dividing: (i) the Lifepoint Investment; by (ii) the sum of (A) the Lifepoint Investment and (B) the PeaceHealth Investment.

“Lifepoint Permitted Transferee” has the meaning set forth in 11.2(b).

“LifePoint” means LifePoint Health, Inc., a Delaware corporation.

“Limited Affiliate” means, with respect to any specified Person, any other Person that directly or through one or more intermediaries Controls or is Controlled by or is under common Control with the specified Person; *provided that* “Limited Affiliate” excludes (i) individuals serving as officers, directors or managers of a Member or officers, directors or managers of such Member’s Affiliates, and (ii) any Person that is not a Subsidiary of LifePoint or PeaceHealth.

“Manager” means CHC Management Services, LLC, an Affiliate of Lifepoint, which provides management services to the Company pursuant to a Management Agreement.

“Management Agreement” means a management agreement by which Manager provides management services to the Company in exchange for consideration set forth in such management agreement.

“Member” means each Person who executes a counterpart of this Agreement as a Member and each Person who hereafter becomes a Member pursuant to this Agreement.

“Member Nonrecourse Debt” has the meaning of “nonrecourse debt” set forth in Regulations Section 1.704-2(b)(4).

“Member Nonrecourse Debt Minimum Gain” means “partner nonrecourse debt minimum gain” as set forth in Regulations Sections 1.704-2(i)(2) and 1.704-2(i)(3).

“Member Nonrecourse Deductions” shall have the same meaning as “partner nonrecourse deductions” set forth in Regulations Section 1.704-2(i)(2).

“Membership Interest” means the ownership interest of a Member in the Company.

“Net Profit and Net Losses” with respect to any Tax Year (or other relevant period) of the Company, an amount equal to the Company’s taxable income or loss for such Tax Year (or other relevant period), determined in accordance with Section 703(a) of the Code (for this purpose, all items of income, gain, loss, or deduction required to be stated separately pursuant to Section 703(a)(1) of the Code shall be included in taxable income or loss), with the following adjustments:

(a) Any income of the Company that is exempt from U.S. federal income tax and not otherwise taken into account in computing Net Profit or Net Loss pursuant to this definition of Net Profit or Net Loss shall be added to such taxable income or loss;

(b) Any expenditures of the Company described in Section 705(a)(2)(B) of the Code or treated as Section 705(a)(2)(B) of the Code expenditures pursuant to Regulations Section 1.704-1(b)(2)(iv)(i), and not otherwise taken into account in computing Net Profit or Net Loss pursuant to this definition of Net Profit or Net Loss shall be subtracted from such taxable income or loss;

(c) In the event that the tax book value of an asset of the Company has been adjusted pursuant to Regulations Section 1.704-1(b)(2)(iv)(f), the amount of such adjustment shall be taken into account as gain or loss from the disposition of such asset for purposes of computing Net Profit or Net Loss;

(d) Gain or loss realized upon a sale, exchange or other disposition of any Company asset whose tax book value determined in accordance with Regulation Section 1.704-1(b) differs from its adjusted tax basis shall be computed by reference to the asset’s tax book value;

(e) If property other than cash has been contributed to the Company or the Capital Accounts of the Members have been adjusted pursuant to Regulations Section 1.704-1(b)(2)(iv)(f), depreciation, amortization, gain or loss with respect to assets of the Company shall be computed in accordance with Regulations Section 1.704-1(b)(2)(iv)(g); and

(f) To the extent an adjustment to the adjusted tax basis of any Company asset pursuant to Section 734(b) of the Code or Section 743(b) of the Code is required pursuant to Regulation Section 1.704-1(b)(2)(iv)(m) to be taken into account in determining Capital Accounts, the amount of such adjustment shall be treated as an item of gain or loss from the disposition of the asset and shall be taken into account for purposes of computing Net Profit or Net Loss.

Notwithstanding any other provision of this definition of Net Profit or Net Loss, any items which are specially allocated pursuant to Section 4.2 hereof shall not be taken into account in computing Net Profit or Net Loss. To the extent permitted by the Regulations, the amounts of the items of Company income, gain, loss, or deduction available to be specially allocated pursuant to Section 4.2 hereof shall be determined by applying rules analogous to those set forth in this definition of Net Profit or Net Loss.

“**Non-PR**” shall have the meaning set forth in Section 4.7(a).

“**Nondefaulting Member**” shall have the meaning provided in Section 3.2(b).

“**Nonrecourse Deductions**” shall have the meaning set forth in Regulations Section 1.704-2(b)(l).

“**Non-Recourse Party**” means, with respect to a Member, any of such Member’s former, current and future equityholders, controlling Persons, directors, officers, employees, agents, representatives, Affiliates, members, managers, general or limited partners, or assignees (or any former current or future equity holder, controlling person, director, officer, employee, agent, representative, Affiliate, member, manager, general or limited partner, or assignee of any of the foregoing).

“**Notice Member**” shall have the meaning set forth in Section 10.1(b).

“**Partnership Audit Procedures**” shall mean Subchapter C of Chapter 63 of Subtitle F of the Code, as modified by Section 1101 of the Bipartisan Budget Act of 2015, Pub. L. No. 114-74, and successor statutes thereto and any Regulations promulgated or official guidance issued thereunder.

“**Partnership Representative**” has the meaning set forth in Section 4.7(a).

“**PeaceHealth**” has the meaning set forth in the preamble hereto.

“**PeaceHealth Directors**” has the meaning set forth in Section 6.2.

“**PeaceHealth Investment**” at any time means the aggregate amount of all Capital Contributions made by PeaceHealth.

“**PeaceHealth Networks**” means PeaceHealth Networks, a Washington nonprofit corporation.

“PeaceHealth Percentage Interest” means at any time the result of dividing: (i) the PeaceHealth Investment; by (ii) the sum of (A) the PeaceHealth Investment and (B) the Lifepoint Investment.

“Percentage Interest” means, with respect to Lifepoint, the Lifepoint Percentage Interest, and with respect to PeaceHealth, the PeaceHealth Percentage Interest.

“Permitted Transferee” has the meaning set forth in 0(b).

“Person” means any individual, corporation, limited liability company, partnership, trust, unincorporated association or other entity.

“Prohibited Activity” shall have the meaning set forth in Section 10.1(b).

“Proprietary Information” has the meaning set forth in Section 10.2.

“Purchase Right” means the Call Right or the Put Right, as applicable.

“Put Window” means any one or more of the periods in clauses (i)-(x) below. If commencement of a Put Window involves notice to Lifepoint of an event or occurrence, the Put Window will not begin until Lifepoint has received written notice thereof, regardless of any knowledge or awareness that Lifepoint may have of such event or occurrence. If Lifepoint has not received such notice but otherwise has knowledge or awareness of such event or occurrence, Lifepoint will have the right to exercise the Put Right without waiting to receive such notice. An Exercise Notice sent under such circumstances will be deemed to have been sent within the Put Window. Not sending an Exercise Notice under such circumstances will not waive any Put Right or Put Window.

(i) At any time in the event that any applicable federal or state law or regulation creates a material risk of a federal or state investigation or other action that is reasonably expected to result in a significant sanction or penalty based on the terms of this Agreement or would prohibit any party from billing for or receiving payment for any services provided by the parties, or makes it unlawful for either Member or its direct or indirect parent to own a direct or indirect interest in the Company or the Business, in each case as determined by Lifepoint in good faith based on a reasonable opinion of legal counsel to the Company, which counsel has recognized experience in the area of healthcare regulations.

(ii) In the event the Management Agreement is terminated for any reason.

(iii) In the event that Lifepoint’s continued status as a Member of the Company will, in the reasonable opinion of counsel to Lifepoint, cause Lifepoint to be in default under its then existing credit facilities.

(iv) In the event of PeaceHealth’s Bankruptcy.

(v) The six (6)-month period commencing upon the exclusion of PeaceHealth or any of its Controlled Affiliates from participation in any “federal health care program” as

defined in 42 U.S.C. § 1320a-7b(f) (including Medicare, Medicaid and similar or successor programs with or for the benefit of any government authority).

(vi) In the event of a Change of Control of PeaceHealth other than as a result of a Transfer to a PeaceHealth Permitted Transferee.

(vii) In the event PeaceHealth or one of its Limited Affiliates materially breaches this Agreement or the Management Agreement (taking into account any applicable grace period), as determined by Lifepoint in good faith based on the advice of qualified legal counsel. The parties acknowledge that for the purpose of this subsection (vii), Lifepoint's internal legal counsel is deemed to be qualified legal counsel.

(viii) The sixty (60)-day period following (A) any Encumbrance on PeaceHealth's Membership Interest being noticed for foreclosure or PeaceHealth's Membership Interest is scheduled, intended, or proposed to be Transferred as a consequence of a foreclosure on the Encumbrance; or (B) any judgment is obtained in any legal or equitable proceeding against PeaceHealth and the Transfer of any of its Membership Interest is contemplated under legal process as a result of such judgment; or (C) pursuant to any other form of legal or equitable proceeding or process PeaceHealth's Membership Interest, or any portion thereof, is contemplated to be sold or otherwise Transferred either voluntarily or involuntarily other than as a result of a Transfer to a PeaceHealth Permitted Transferee.

(ix) In the event of a Deadlock.

(x) In the event that PeaceHealth is convicted of felony criminal charges.

“Qualified Appraiser” means a nationally recognized firm with extensive and referenceable experience providing fair market valuations of hospitals and health systems, which firm has demonstrable experience providing financial advisory services in the sale of hospitals and health systems and knowledge of current market conditions.

“Qualified Transaction” means one or more transactions or series of related transactions in which LifePoint, PeaceHealth Networks or one or more of their respective Subsidiaries, directly or indirectly, whether by the purchase of assets or equity interests, a merger, a consolidation or otherwise, purchases, acquires, leases or otherwise comes into the possession or control of more than one (1) healthcare facility or business and such transaction or series of related transactions includes one (1) or more Competing Facilities and such Competing Facilities do not represent more than fifteen percent (15%) of the combined net revenues of all of the healthcare facilities or businesses being purchased, acquired or leased in such transaction or series of transactions for the twelve (12)-month period ending on the closing date of such transaction or, if a series of related transactions, the closing date of the last transaction to close in such series.

“Real Property” means the real property mutually selected by the Members upon which the IRF will be located.

“Regulations” means all temporary and final income tax regulations promulgated under the Code.

“*Regulatory Allocations*” has the meaning set forth in Section 4.3.

“*Securities Act*” has the meaning set forth in Section 8.1(d).

“*Subsidiary*” of any Person means any partnership, corporation, trust, limited liability company or other entity, in which such Person holds, directly or indirectly, more than 50% of the total combined voting power through voting securities, contract or otherwise.

“*Tax Rate*” means the highest marginal Federal income tax rate applicable to an individual or corporation (whichever is higher) on income or gain of the category represented by such allocation (assuming the Member has no income or loss from other sources).

“*Tax Year*” means the calendar year, unless the Company elects or is required to have a taxable year other than the calendar year, in which case “Tax Year” shall mean the period that conforms to the taxable year of the Company.

“*Transfer*” means any involuntary or voluntary sale, lease, pledge, assignment, grant of a security interest, subcontract, dividend, merger, consolidation, gift or other disposition, direct or indirect, by operation of law or otherwise; any agreement or transaction through which any Person would or would reasonably be expected to acquire an economic or beneficial interest in the Company or all or any part of a Member’s Membership Interest; and any sale, transfer or other disposition of all or any part of a Member’s Membership Interest subject to a pledge, encumbrance, mortgage, or security interest pursuant to foreclosure, replevin action or other realization procedures.

“*Unanimous Approval*” means the affirmative consent or approval of the Directors holding, in the aggregate, one hundred percent (100%) of the total votes available as calculated under Section 6.5.

Section 1.2 Interpretation.

Unless the context shall require otherwise:

- (a) words importing the singular number or plural number shall include the plural number and singular number respectively;
- (b) words importing the masculine gender shall include the feminine and neuter genders and vice versa;
- (c) references to “Articles” and “Sections” are to the Articles or Sections of this Agreement;
- (d) the words “herein,” “hereof” and “hereunder” and words of similar import refer to this Agreement as a whole and not to any particular provision of this Agreement;
- (e) references to a “party” mean a party to this Agreement and include references to such party’s successors and permitted assigns;

- (f) references to a “third party” means a Person not party to this Agreement;
- (g) references to “include,” “includes,” and “including” shall be deemed to be followed by the phrase “without limitation”; and
- (h) reference in this Agreement to “herein,” “hereby” or “hereunder,” or any similar formulation, shall be deemed to refer to this Agreement as a whole.

ARTICLE 2 FORMATION

Section 2.1 Formation.

The Company was organized as an Washington limited liability company under and pursuant to the Act by the filing of Articles of Formation with the Washington Secretary of State.

Section 2.2 Name.

The name of the Company is PeaceHealth Southwest, LLC and all Company business shall be conducted in that name or such other names as the Company may select from time to time and that are in compliance with all applicable laws and this Agreement; provided, however, that the name of the Company and the name in which its business is conducted shall not include the name of any Member or any Affiliate of any Member or any tradenames, trademarks, service marks and other intellectual property associated with the business of any Member or any Affiliate of any Member without the written consent of that Member or its Affiliate. The Company shall file any fictitious name certificates and similar filings, and any amendments thereto, that the Board of Directors considers appropriate or advisable.

Section 2.3 Principal Office.

The initial principal office of the Company shall be located 400 NE Mother Joseph Pl, Vancouver, Washington 98664, or at such other place as the Board may designate from time to time upon ten (10) days’ notice to the Members. The Company may have additional places of business as the Board may from time to time deem advisable. The Company shall maintain records at its principal office or at such other location as required or permitted by the Act or this Agreement.

Section 2.4 Registered Agent & Office.

The name of the Company’s registered agent for service of process is Tom Karnes, and the address of the Company’s registered office in the State of Washington is 1115 SE 164th Avenue, Department 302, Vancouver, WA 98683-8002.

Section 2.5 Qualifications in Other Jurisdictions.

The Manager shall cause the Company to be qualified or registered in any jurisdiction in which the Company transacts business whenever the same may be so required under the laws of such jurisdiction.

Section 2.6 Purpose & Powers.

(a) **Purposes.** The purposes of the Company are (i) to develop, acquire and operate the Business and to further the charitable and tax-exempt purposes of PeaceHealth through the same; (ii) to operate the Company to promote health and provide access to care based on medical necessity and without regard to characteristics such as a person's race, religion, creed, national origin, gender, age, sexual orientation, physical or mental disability, payer source or ability to pay; (iii) to provide quality health care services based on medical necessity and in a manner that is consistent with the charitable purposes and the Ethical Values of PeaceHealth by promoting the health, wellness and welfare for a broad cross-section of the communities served by the Company including providing health care services to Medicare, Medicaid and other federal or state health care program beneficiaries; (iv) to operate the Company in accordance with the Community Benefit Standard; (v) to abide by the Conflict of Interest Policy; and (vi) to generally engage in such other business and activities and to do any and all other acts and things permitted under the Act and in furtherance of the purposes of the Company as set forth in this paragraph (subject to the provisions of this Agreement).

(b) **Operations in a Manner Consistent with PeaceHealth's Exempt Purposes.** The Company's operations shall be conducted and managed in a manner that will not (i) cause PeaceHealth to be subject to tax on unrelated business taxable income imposed by Section 511 of the Code without PeaceHealth's prior written approval, or (ii) adversely affect PeaceHealth's tax-exempt status under Section 501(c)(3) of the Code. Other than distributions to Members with respect to their Membership Interests and withdrawals or returns of capital as permitted or contemplated by this Agreement, no part of the net earnings of the Company shall be distributable to its Members, except that the Company is expressly authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth herein. No substantial part of the activities of the Company shall be carrying on of propaganda, or otherwise attempting to influence legislation, except to the extent permitted by law for an organization exempt from federal income tax under Section 501(c)(3) of the Code, or the corresponding section of any future federal tax code. The Company shall not participate in, or intervene in (including the publishing or distribution of statements) any political campaign on behalf of or in opposition to any candidate for public office. Notwithstanding any other provision of this Agreement, the Company shall not carry on any other activities not permitted to be carried on by an organization exempt from federal income tax under Section 501(c)(3) of the Code; provided that the Company may make distributions to its Members in accordance with ARTICLE 5.

(c) **Rules of Construction Related to Tax Exemption.** Whenever this Agreement refers to the tax-exempt status of an entity, or the tax-exempt nature of any income generated by the Company and allocated to an entity, the parties shall construe this Agreement to refer to tax-exemption under Section 501(c)(3) of the Code and to the lack of applicability of the unrelated business income tax to any income allocated to that entity. Any references to tax-exempt status of an entity or the tax-exempt nature of any income allocated to it shall apply equally to the entity, or any tax-exempt Affiliate of it.

(d) **Compliance with Ethical Values.** For so long as PeaceHealth or any of its Affiliates is a Member, the Company and Lifepoint acknowledge that the Company will operate in a manner that is consistent with PeaceHealth's Ethical Values.

(e) **Powers.** The Company shall have any and all powers that are necessary or desirable to carry out the aforesaid purposes, activities, and business of the Company, to the extent the same may be legally exercised by limited liability companies under the Act, subject to the provisions of this Agreement.

(f) All Members are aware of the requirements for and the limitations on the actions of the Company due to the tax-exempt status, charitable purposes and Ethical Values of PeaceHealth. Each Member agrees that, in keeping with the other provisions of this Section 2.6, and notwithstanding anything to the contrary, any decision of the Company, its Members or the Board (i) to forego an action that would be inconsistent with the Ethical Values or the charitable or tax-exempt status or purposes of PeaceHealth or (ii) to take an action that furthers charitable purposes over any profit-making motives of the Company shall not be a breach of the duty of loyalty or the duty of care or a breach of any other duty to the Company, its Members or its Board, notwithstanding that any such decision does not maximize the profits of the Company or is not or might be considered not to be in the best interests of the Company.

(g) The Company will establish, maintain and communicate financial assistance policies and procedures consistent with the financial assistance policies of PeaceHealth as PeaceHealth may direct from time to time.

(h) PeaceHealth will have the right to (i) audit the Company's compliance with this Section 2.6, the Integrity, Compliance and Privacy Program set forth in Section 2.13, the Community Benefit Standard and the Charity Policy, the Conflict of Interest Policy, the Company's finances, and the Company's policies and procedures governing the preparation, maintenance and review of accounting books and financial records; and (ii) cause the Board to discuss compliance with the recommendations resulting from such audits and potential actions to assure PeaceHealth that its concerns will be adequately addressed.

(i) Notwithstanding anything to the contrary, PeaceHealth (directly or through the PeaceHealth Representatives) may cause the Company and the Business to take or refrain from taking any action or decision that PeaceHealth deems reasonably necessary or appropriate to comply with this Section 2.6 or to prevent PeaceHealth from incurring unrelated business income tax, taking into account written advice of counsel with recognized experience in the area of tax-exempt organizations. Any modification, deletion or repeal of this Section 2.6 or any proposal to provide a service or procedure inconsistent with PeaceHealth's Ethical Values will require the prior written approval of PeaceHealth. In the event of a conflict between this Section 2.6 and any other provision of this Agreement, this Section 2.6 will control.

Section 2.7 Term.

The term of this Agreement shall commence on the date hereof and shall continue until terminated as described herein.

Section 2.8 Title to Company Property.

All Company Property shall be owned by the Company as an entity and no Member shall have any ownership interest in such Company Property in its individual name or right, and each Member Interest in the Company shall be personal property for all purposes. Except as otherwise provided in this Agreement, the Company shall hold all of its property in the name of the Company and not in the name of any Member.

Section 2.9 Insurance.

The Company shall, at its expense and at all times, maintain liability, property and directors & officers insurance in such amounts as shall be reasonably deemed adequate by the Board of Directors to cover the Company's business or as required by third party lenders, by the Act or other state, federal or local law.

Section 2.10 Entity Declaration.

The Company is not a general partnership or a limited partnership, and no Member shall be considered a partner of or with any other Member or any Affiliate of another Member for any purposes other than for federal and state income tax purposes.

Section 2.11 Tax Classification of the Company.

The Members intend and agree that as of the effective date of this Agreement the Company will be classified as a partnership for federal and applicable state and local income tax purposes. The Members further agree to assist the Company in filing any and all elections required to ensure that the Company is classified as a partnership for federal and state income tax purposes.

Section 2.12 Adoption of this Agreement.

The parties to this Agreement hereby adopt this Agreement pursuant to the Act as the limited liability company agreement of the Company, effective as of the date first set forth above.

Section 2.13 Compliance Matters.

(a) The Members recognize the need to conduct the operations of Company in accordance with the highest standards of business ethics and integrity and in compliance with all applicable laws and regulations and governmental guidelines and pronouncements.

(b) Company shall, on or before the date 120 days before the IRF's anticipated opening date, develop and implement an Integrity, Compliance and Privacy Program substantially based on the seven (7) elements of an effective compliance program as defined in the United States Federal Sentencing Guidelines, Chapter 8, Part B and all applicable elements of the Health Insurance Portability and Accountability Act of 1996, 45 CFR, Parts 160 and 164 with respect to any of its activities that relate to such standards. The compliance plan shall require that any material or significant Compliance Issues be brought promptly to the Board of Directors. Upon request from either Member or a member of the Board of Directors, Company's counsel or a

compliance officer shall cause a confidential report to be delivered to the Board of Directors on material compliance-related issues.

(c) In the event of a Compliance Issue, either Member (the “Complaining Member”) shall bring the matter to the attention of the Board of Directors. If the Board of Directors refuses to act or any action results in an unresolved Deadlock, then the Complaining Member shall have the right to cause Company or its Members either to take such action, or to refrain from taking such action, on any matter as necessary in order to avoid such material risk, such right being subject to the following conditions:

(i) The Managers appointed by the non-Complaining Member may require the Complaining Member to provide a legal opinion from an independent, qualified law firm supporting the Complaining Member’s position as a precondition to exercise of the Complaining Member’s rights hereunder.

(ii) For a period of sixty (60) days after the Complaining Member brings the Compliance issue to the Board of Directors (or such shorter time period as is necessary to allow the Company to meet any applicable deadlines with respect to such Compliance Issue), the Board of Directors shall meet on a regular basis in order to consider all reasonable approaches to resolution of the Compliance Issue with the objective of agreeing upon an alternative that minimizes, to the extent feasible, any adverse economic impact on any Member or Company.

(iii) If the Complaining Member and the non-Complaining Member appointed Managers fail to agree upon an alternative approach with respect to the Compliance Issue at the conclusion of such 60-day period (or other shorter period as may be required), the Complaining Member shall have the right to exercise its authority over the Compliance Issue and take such action as it deems necessary, by a written plan submitted to the Board of Directors, which plan shall be final and binding on the Board of Directors and Company and implemented within 30 days of its delivery.

(iv) The Complaining Member will have the right to compel dissolution of Company in the event the Compliance Issue cannot be resolved in the manner provided for above. The non-Complaining Member, however, may compel dissolution of Company if the resolution pursuant to Section 2.13(c)(iii) is not acceptable to the non-Complaining Member.

ARTICLE 3 CONTRIBUTIONS AND CAPITAL ACCOUNTS

Section 3.1 Initial Capital Accounts.

The initial Capital Accounts and Percentage Interests of the initial Members as of the date first set forth above shall be as follows:

<u>Member</u>	<u>Initial Capital Account</u>	<u>Initial Percentage Interest</u>
PeaceHealth	\$510	51%

Lifepoint

\$490

49%

Section 3.2 Additional Capital Contributions.

The Members shall make additional Capital Contributions to the Company as follows:

(a) *By Agreement of the Members.* Subject to the terms and conditions set forth in the Contribution Agreement, each Member will make the capital contributions set forth in the Contribution Agreement and then will contribute from time to time such additional money or other property as the Members may unanimously agree and as set forth in Section 6.7(t).

(b) *Failure of a Member to Contribute.* In the event that a Member (the “**Defaulting Member**”) fails to make any Capital Contribution required by Section 3.2(a) or as called for as permitted in this Agreement, or it makes any such Capital Contribution in an amount less than required (the “**Default Amount**”), and such failure continues and remains uncured for thirty (30) calendar days, then the other Member, if it has made all required Capital Contributions, (the “**Nondefaulting Member**”) will have the right and option to fund some or all of the Default Amount (a “**Cash Delinquency Contribution**”) as a loan to the Defaulting Member, by funding such amount directly to the Company (a “**Member Loan**”), and the Defaulting Member shall be treated as contributing the proceeds of such Member Loan to the Company as Defaulting Member’s required Capital Contribution. A Member Loan shall accrue interest (compounded annually) at a rate equal to 10% per annum. Interest due on any such Member Loan shall accrue monthly and shall be hereinafter referred to as the “**Member Loan Interest.**” Member Loan Interest shall accrue from the date the funds are actually received by the Company until the date that the Member Loan (including accrued and unpaid Member Loan Interest) is repaid in full. Notwithstanding anything to the contrary contained in this Agreement, at any time when any portion of a Member Loan (including accrued and unpaid Member Loan Interest) shall remain outstanding, any Distributions (net of any Applicable Income Taxes) otherwise distributable to or on account of a Defaulting Member shall be paid to the Nondefaulting Member who has funded the applicable Member Loan to the extent necessary to repay in full the outstanding balance of the applicable Member Loan (including accrued and unpaid Member Loan Interest), and such payment shall be applied first to the Member Loan Interest and then in reduction of the Member Loan principal balance. In this regard, the Defaulting Member hereby assigns its right to receive all Distributions (net of any Applicable Income Taxes) to the Nondefaulting Member until such time as the Member Loan Interest and Member Loan have been paid in full. For all purposes of this Agreement, any amounts so paid in accordance with the immediately preceding sentences shall be deemed to have been distributed to the Defaulting Member (with a corresponding reduction to its Capital Account) followed by the repayment to the Nondefaulting Member in repayment of the Member Loans. Any Member Loan will be recourse to the Defaulting Member’s right to Distributions pursuant to this Agreement. A Member Loan shall be due and payable in any event upon the sale, dissolution or merger of the Company or sale of all or substantially all of its assets. Notwithstanding anything to the contrary in the foregoing, repayment of any Member Loan (including any Member Loan Interest) to the Nondefaulting Member shall be the sole and absolute responsibility and obligation of the Defaulting Member and shall not be paid by the Company.

(c) *Member Loan Conversion.* If a Nondefaulting Member elects to make a Cash Delinquency Contribution as set forth in Section 3.2(b), then such Nondefaulting Member may

elect at any time, by delivering written notice to the Company and the Defaulting Member (“**Conversion Notice**”), to treat such Cash Delinquency Contribution (together with any outstanding accrued and unpaid Member Loan Interest) as an additional Capital Contribution to the Company. If a Nondefaulting Member timely delivers a Conversion Notice to the Company and the Defaulting Member, then effective on the date of such Conversion Notice, (i) such Nondefaulting Member will be deemed to have acquired from the Defaulting Member that portion of its Percentage Interest (and corresponding membership interest) as shall equal its Percentage Interest immediately prior to the date of the Conversion Notice multiplied by a fraction (x) the numerator of which is the sum of the unpaid principal balance of the Member Loan and the outstanding accrued and unpaid Member Loan Interest and (y) the denominator of which is the aggregate amount of all Capital Contributions previously made by the Defaulting Member (including the deemed contribution made under clause (b) above as a result of the Member Loan); (ii) the Capital Account balance of such Nondefaulting Member shall be increased, and the Capital Account balance of such Defaulting Member shall be decreased by an amount equal to the Capital Account balance of the Defaulting Member corresponding to the Percentage Interest deemed purchased by the Nondefaulting Member; (iii) the Member Loan (together with any outstanding accrued and unpaid Member Loan Interest) will be deemed to have been satisfied); and (iv) the Company will adjust each Member’s Percentage Interest to account for the Nondefaulting Member’s acquisition (i.e., calculated assuming the total capital contributions of the Defaulting Member are reduced, and the total capital contributions of the Nondefaulting members are increased, by an amount equal to the unpaid principal balance of the Member Loan] and the outstanding accrued and unpaid Member Loan Interest. By way of example: if the Defaulting Member has contributed \$100,000 and has a Percentage Interest of 50%, the amount of the Deficiency is \$50,000 which is fully funded by the Nondefaulting Member, and the full balance of the corresponding Member Loan is outstanding at the time of the Conversion Notice (with no unpaid interest), the Percentage Interest the Nondefaulting Member is deemed to have acquired from the Defaulting Member is 16.67% (calculated $50\% \times ((\$50,000)/(\$100,000 + \$50,000))$). Assuming the Nondefaulting Member had a Percentage Interest of 50%, the resulting for the Nondefaulting Member and the Defaulting Member would be 66.67% and 33.33%, respectively.

Section 3.3 No Third Party Benefit.

The provisions of Section 3.1 and Section 3.2 hereof are not intended to be for the benefit of any creditor or other person (other than a Member in its capacity as a Member) to whom any debts, liabilities or obligations are owed by, or who otherwise has any claim against, the Company or any of the Members; and no such creditor or other person shall by reason of any such foregoing provisions make any claim in respect of any debt, liability or obligation (or otherwise) against the Company or any of the Members.

Section 3.4 Value of Capital Contributions.

The value of any property contributed to the Company by a Member shall be the FMV of such property (determined as of the time of contribution, without regard to Section 7701(g) of the Code, and net of any liabilities secured by such property that the Company assumes or to which the Company’s ownership of the property is subject).

Section 3.5 Maintenance of Capital Accounts.

The Company shall establish and maintain a Capital Account for each Member according to Section 704 of the Code and applicable Regulations. Each Member's Capital Account shall be adjusted as set forth below:

(a) *Increase in Capital Accounts.* Each Member's Capital Account shall be increased by: (1) the amount of any cash actually contributed by the Member to the capital of the Company; (2) the gross FMV of any other property which the Member contributes to the capital of the Company; (3) the Member's share of Net Profits and of any separately allocated items of income or gain pursuant to this Agreement; and (4) the amount of any Company liabilities assumed by such Member or that are secured by any property distributed to such Member.

(b) *Decrease in Capital Accounts.* Each Member's Capital Account shall be decreased by: (1) the amount of any cash distributed to the Member by the Company; (2) the gross FMV of any property distributed to the Member, determined as of the time of distribution, without regard to Section 7701(g) of the Code; and (3) the Member's share of Net Losses and of any separately allocated items of deduction or loss pursuant to this Agreement; and (4) the amount of liabilities of such Member assumed by the Company or that are secure by any property contributed by such Member to the Company.

(c) *Revaluation.* The property of the Company shall be revalued to equal its gross FMV in connection with any event described in Section 1.704-1(b)(2)(iv)(f) of the Regulations. In connection with any such revaluation, the Capital Account balances of the Members shall be correspondingly adjusted pursuant to Regulations Section 1.704-1(b)(2)(iv)(f), clause (c) of the definition of Net Profit or Net Loss and the allocation provisions of Article 4.

(d) *Transfers.* Each Member's Capital Account shall reflect all Membership Interests owned by such Member. Upon a transfer of all or a part of a Membership Interest, the transferee shall succeed to the Capital Account of the transferor to the extent that such Capital Account relates to the transferred Membership Interest (or portion thereof). Any reference in this Agreement to a Capital Contribution of, or distribution or allocation to, a Member that has succeeded any other Member shall include any Capital Contribution, distributions or allocations previously made by or to the former Member on account of the Membership Interest of such former Member transferred to such successor Member.

(e) *Other Adjustments.* Each Member's Capital Account shall be otherwise adjusted so as to conform to the requirements of Section 704(b) and (c) of the Code and the Regulations issued thereunder.

Section 3.6 Compliance with Section 704(b) of the Code.

The provisions of this ARTICLE 3 as they relate to the maintenance of Capital Accounts are intended, and shall be construed in a manner consistent with the requirements to cause the allocations of profits, losses, income, gain and credit pursuant to ARTICLE 4 to be in accordance with each Member's Percentage Interest under the Regulations promulgated under Section 704(b) of the Code, in light of the distributions made pursuant to ARTICLE 5 and the Capital Contributions made pursuant to this ARTICLE 3.

Section 3.7 No Negative Capital Account Restoration.

Notwithstanding anything to the contrary in this Agreement, no Member shall be obligated to contribute cash or property to restore a negative Capital Account during the existence or at the dissolution and termination of the Company and the negative Capital Account shall not be considered a debt owed to the Company or any other Person for any other purposes.

Section 3.8 Interest on Capital Contributions.

No Member shall be entitled to interest on its Capital Contribution.

Section 3.9 Withdrawal or Reduction of Capital Contributions.

No Member shall receive from the Company a return of any portion of its Capital Contribution unless the return is approved by the Board of Directors. Except as otherwise provided in this Agreement, or as determined by the Board, (i) a Member shall have no right to require that distributions to such Member consist of any specific item or items of Company Property, and (ii) the Members shall only have the right to receive cash in return for their respective Capital Contributions.

**ARTICLE 4
ALLOCATIONS**

Section 4.1 Allocations of Net Profits and Net Losses.

Except as otherwise required by this ARTICLE 4 and subject to Section 12.4, for each Tax Year (or other relevant period) of the Company, after adjusting each Member's Capital Account for all Capital Contributions and distributions during such Tax Year (or other relevant period), the Company's Net Profits and Net Losses shall be allocated among the Members in a manner such that, as of the end of such Tax Year (or other relevant period), the Capital Account of each Member shall be equal to (a) the amount which would be distributed to such Member, determined as if the Company were to sell all of its assets for the tax book value thereof (as determined for purposes of Regulations Section 1.704-1(b)(2)(iv)(g) including taking into account any adjustments to tax book values for such Tax Year, or other relevant period), all Company liabilities were satisfied in accordance with their terms (limited with respect to each nonrecourse liability to the tax book value of the assets securing such liability) and the net proceeds thereof were distributed pursuant to Section 12.4(e) hereof, minus (b) the sum of such Member's share of Company Minimum Gain and Member Nonrecourse Debt Minimum Gain immediately prior to the hypothetical transfer.

Section 4.2 Special Allocations.

The following regulatory allocations shall be made in the following order:

(a) *Minimum Gain Chargeback.* Except as otherwise provided in Section 1.704-2(f) of the Regulations, notwithstanding any other provision of this ARTICLE 4, if there is a net decrease in Company Minimum Gain during any Tax Year (or other relevant period), each Member shall be specially allocated items of Company income and gain for such Tax Year (or other relevant period) (and, if necessary, subsequent Tax Years (or other relevant periods)) in an amount equal

to such Member's share of the net decrease in Company Minimum Gain, determined in accordance with Section 1.704-2(g) of the Regulations. Allocations pursuant to the previous sentence shall be made in proportion to the respective amounts required to be allocated to each Member pursuant thereto. The items to be so allocated shall be determined in accordance with Sections 1.704-2(f)(6) and 1.704-2(j)(2) of the Regulations. This Section 4.2(a) is intended to comply with the minimum gain chargeback requirement in Section 1.704-2(f) of the Regulations and shall be interpreted consistently therewith.

(b) *Member Nonrecourse Debt Minimum Gain Chargeback.* Except as otherwise provided in Section 1.704-2(i)(4) of the Regulations, notwithstanding any other provision of this ARTICLE 4, if there is a net decrease in Member Nonrecourse Debt Minimum Gain attributable to a Member Nonrecourse Debt during any Tax Year (or other relevant period), each Member who has a share of the Member Nonrecourse Debt Minimum Gain attributable to such Member Nonrecourse Debt, determined in accordance with Section 1.704-2(i)(5) of the Regulations, shall be specially allocated items of Company income and gain for such Tax Year (or other relevant period) (and, if necessary, subsequent Tax Years (or other relevant periods)) in an amount equal to such Member's share of the net decrease in Member Nonrecourse Debt Minimum Gain attributable to such Member Nonrecourse Debt, determined in accordance with Section 1.704-2(i)(4) of the Regulations. Allocations pursuant to the previous sentence shall be made in proportion to the respective amounts required to be allocated to each Member pursuant thereto. The items to be so allocated shall be determined in accordance with Sections 1.704-2(i)(4) and 1.704-2(j)(2) of the Regulations. This Section 4.2(b) is intended to comply with the minimum gain chargeback requirement in Section 1.704-2(i)(4) of the Regulations and shall be interpreted consistently therewith.

(c) *Qualified Income Offset.* In the event that, in any Tax Year of the Company, any Member unexpectedly receives any adjustments, allocations or distributions described in Sections 1.704-1(b)(ii)(d)(4), 1.704-1(b)(2)(ii)(d)(5) or 1.704-1(b)(2)(ii)(d)(6) of the Regulations resulting in, or increasing, an Adjusted Capital Account Deficit for such Member, items of Company income and gain shall be specially allocated to each such Member in an amount and manner sufficient to eliminate, to the extent required by the Regulations, the Adjusted Capital Account Deficit of such Member as quickly as possible, provided that an allocation pursuant to this Section 4.2(c) shall be made only if and to the extent that such Member would have an Adjusted Capital Account Deficit after all other allocations provided for in this ARTICLE 4 have been tentatively made as if this Section 4.2(c) were not in this Agreement. This Section 4.2(c) is intended to comply with the qualified income offset requirement in Regulations Section 1.704-1(b)(2)(ii)(d) and shall be interpreted consistently therewith.

(d) *Gross Income Allocation.* In the event any Member has a deficit Capital Account at the end of any Tax Year (or other relevant period) that is in excess of the sum of (i) the amount such Member is obligated to restore pursuant to any provision of this Agreement and (ii) the amount such Member is deemed to be obligated to restore pursuant to the next to last sentences of Regulation Sections 1.704-2(g)(1) and 1.704-2(i)(5), such Member shall be specially allocated items of Company income and gain in the amount of such excess as quickly as possible; provided that an allocation pursuant to this Section 4.2(d) shall be made only if and to the extent that such Member would have a deficit Capital Account in excess of such sum after all other allocations

provided for in this ARTICLE 4 have been made as if this Section 4.2(c) and this Section 4.2(d) were not in this Agreement.

(e) *Nonrecourse Deductions.* Nonrecourse Deductions for any Tax Year (or other relevant period) shall be specially allocated to the Members in accordance with their respective Percentage Interests.

(f) *Member Nonrecourse Deductions.* Any Member Nonrecourse Deductions for any Tax Year (or other relevant period) shall be specially allocated to the Member who bears the economic risk of loss with respect to the Member Nonrecourse Debt to which such Member Nonrecourse Deductions are attributable in accordance with Section 1.704-2(i)(1) of the Regulations.

(g) *Section 754 Adjustments.* To the extent an adjustment to the adjusted tax basis of any Company Property, pursuant to Sections 1.704-1(b)(2)(iv)(m)(2) or 1.704-1(b)(2)(iv)(m)(4) of the Regulations, is to be taken into account in determining Capital Accounts as the result of a distribution to a Member in complete liquidation of its Membership Interest, the amount of such adjustment to Capital Accounts shall be treated as an item of income or gain (if the adjustment increases the basis of the asset) or loss or deduction (if the adjustment decreases such basis) and such income, gain, loss, and deductions shall be specially allocated to the Members in accordance with Section 1.704-1(b)(2)(iv)(m) of the Regulations.

Section 4.3 Curative Allocations.

The allocations set forth in Section 4.2(a) through Section 4.2(g) and Section 4.4 (collectively, the “*Regulatory Allocations*”) are intended to comply with certain requirements of the Regulations. It is the intent of the Members that, to the extent possible, all Regulatory Allocations shall be offset in the current Tax Year (or other relevant period) or future Tax Years (or other relevant periods) either with other Regulatory Allocations or with special allocations of other items of Company income, gain, loss or deduction pursuant to this Section 4.3. Therefore, notwithstanding any other provision of this ARTICLE 4 (other than the Regulatory Allocations), the Company shall make such offsetting special allocations of Company income, gain, loss or deduction in whatever manner the Board of Directors determines appropriate so that, after such offsetting allocations are made, each Member’s Capital Account balance is, to the extent possible, equal to the Capital Account balance such Member would have had if the Regulatory Allocations were not part of the Agreement and all Company items were allocated pursuant to Section 4.1 and Section 12.4.

Section 4.4 Loss Limitation.

Notwithstanding the foregoing provisions of Section 4.1, the Net Losses (or items of expense or deduction or loss) allocated pursuant to Section 4.1 shall not exceed the maximum amount of losses that can be allocated without causing any Member to have an Adjusted Capital Account Deficit at the end of any Tax Year (or other relevant period). In the event some but not all of the Members would have Adjusted Capital Account Deficits as a consequence of an allocation of Net Loss pursuant to Section 4.1, the limitation set forth in this Section 4.4 shall be applied on a Member-by-Member basis so as to allocate the maximum permissible Net Losses to

each Member under Section 1.704-1(b)(2)(ii)(d) of the Regulations. All Net Losses (or items of expense or deduction or loss) in excess of the limitation set forth in this Section 4.4 shall be allocated to the other Members in accordance with the positive balances in such Members' Capital Accounts so as to allocate the maximum permissible losses to each Member under Section 1.704-1(b)(2)(ii)(d) of the Regulations.

Section 4.5 Other Allocation Rules.

(a) For purposes of determining the profits, losses, or any other items allocable to any period, profits, losses, and any such other items shall be determined on a daily, monthly, or other basis, as determined by the Board using the interim "closing of the books" method under Section 706 of the Code and the Regulations thereunder, where there is a change in any Member's Interest during the Tax Year, whether (a) by sale, exchange or transfer, (b) admission of a new member, or (c) withdrawal or redemption of a Member.

(b) Solely for purposes of determining a Member's proportionate share of the "excess nonrecourse liabilities" of the Company within the meaning of Section 1.752-3(a)(3) of the Regulations, the Members' interests in Company profits are in proportion to their respective Percentage Interests.

Section 4.6 Tax Allocations; Section 704(c) of the Code.

(a) Except as otherwise provided in this Section 4.6, all items of Company income, gain, loss, and deduction for income tax purposes shall be allocated among the Members in the same manner as they share correlative items of the Company's Net Profits and Net Losses as computed for purposes of maintaining Capital Accounts for the relevant Tax Year (or other relevant period).

(b) Notwithstanding the foregoing allocations of items of Company income, gain, loss and deduction, in accordance with Section 704(c) of the Code and the Regulations thereunder, income, gain, loss, and deduction with respect to any property contributed to the capital of the Company that has a Fair Market Value (as set forth herein or as otherwise agreed by the contributing Member and the Board) that differs from its adjusted basis for federal income tax purposes at the time of such contribution, items of income, gain, loss, and deduction with respect to any such property shall be allocated among the Members so as to take account of any variation between the adjusted basis of such property to the Company for federal income tax purposes and such Fair Market Value of such property in the manner intended by Section 704(c) of the Code and the Regulations promulgated thereunder. If the tax book value of any Company Property is adjusted pursuant to Section 3.5(c), subsequent allocations of income, gain, loss and deduction with respect to such property shall take account of any variation between the adjusted gross basis of such property for federal income tax purposes and its tax book value in the same manner as under Section 704(c) of the Code and the Regulations promulgated thereunder.

(c) Allocations pursuant to this Section 4.6 are solely for purposes of federal, state and local taxes and shall not affect, or in any way be taken into account in computing, any Member's Capital Account, share of Net Profit or Net Loss or other items or distributions pursuant to any other provision of this Agreement. The "traditional method," as defined in Section 1.704-3 of the

Regulations, shall be used for any adjustments and calculations made under Section 704(c) of the Code.

Section 4.7 Partnership Representative.

(a) Lifepoint is designated as the “partnership representative” of the Company for federal income tax purposes under Section 6223 of the Partnership Audit Procedures (and any comparable provisions of state or local tax law) (the “**Partnership Representative**”). Lifepoint will designate an individual, approved by PeaceHealth, through whom it will exclusively act as the Partnership Representative (the “**Designed Individual**”). The Partnership Representative shall use its reasonably best efforts to perform all acts required in such Person’s role as the Partnership Representative. The Partnership Representative shall keep the Board and the Members fully informed of all audit, administrative or judicial activity related to taxes and shall promptly provide to the Board and the Members copies of all non-ministerial correspondence to and from tax authorities pertinent to Company affairs. Without limiting the generality of the foregoing, in the event of an examination of the Company’s affairs by any federal, state or local tax authority (a “**Tax Audit**”) or a resulting administrative or judicial proceeding (a “**Tax Proceeding**”) the Partnership Representative shall promptly notify each Member, and each Person who was a Member during the reviewed taxable year, of the commencement of the Tax Audit or Tax Proceeding, and shall keep each such Person reasonably informed of material developments in such Tax Audit or Tax Proceeding, including the time and place of any examination or hearing. Each Member (and each Person who was a Member during the reviewed taxable year) shall have the right to participate in all Tax Audits and Tax Proceedings, to the extent permitted under applicable law. All reasonable costs and expenses incurred by the Partnership Representative in connection with an audit of a Company income tax return by the Internal Revenue Service or other government taxing agency shall be borne by the Company.

(b) Notwithstanding anything to the contrary in this Agreement, PeaceHealth shall have sole authority regarding any matter that could, in the reasonable opinion of PeaceHealth, adversely affect its or any of its Affiliates’ tax-exempt status under Section 501(c)(3) or 170(c) of the Code or cause PeaceHealth or any of its Affiliates to act other than exclusively in furtherance of its respective tax-exempt purposes. Without limiting the generality of the foregoing, the Partnership Representative shall exercise its best efforts to minimize the financial burden of any audit adjustment to the Company and PeaceHealth and, to the extent applicable, take into account the status of PeaceHealth as a tax-exempt entity (as described in Code Sections 501(c)(3) and 168(h)(2)), including, as part of its exercise of its best efforts, to request a modification of the imputed underpayment under Code Section 6225 and the Regulations thereunder and comparable provisions of state and local law based upon the tax-exempt status of PeaceHealth to the extent not previously taken into account in determining the imputed underpayment. Unless otherwise determined by PeaceHealth, the Partnership Representative shall timely make the election under Code Section 6226 (and any comparable provisions of state or local law) upon the receipt by the Company of any notice of final partnership adjustment in which a Company Level Tax would be imposed. Subject to the foregoing and the prior written consent of PeaceHealth, the Partnership Representative may cause the Company to make any available elections under the Partnership Audit, as such provisions may be amended from time to time. Further, notwithstanding anything herein to the contrary, without the written consent of PeaceHealth, not extend the statute of limitations, file a request for administrative adjustment, file suit relating to any Company tax

refund or deficiency or enter into any settlement agreement relating to tax items of the Company with any taxing authority..

(c) Lifepoint shall cease to be the Partnership Representative upon ceasing to be a Member, at which point its Designated Individual shall also resign. The Member not then serving as the Partnership Representative (including PeaceHealth) (the “*Non-PR*”) may also remove the Person serving as the Partnership Representative (including Lifepoint) and its Designated Individual if, in the reasonable written opinion of counsel to the Non-PR, the actions or failures to act of the Partnership Representative are either not in compliance with Section 4.7(b) or are likely to adversely affect the Non-PR or the Company. Any successor Partnership Representative shall be appointed by the Non-PR. Notwithstanding anything in this Agreement to the contrary, but subject to the obligations, limitations and approval rights for PeaceHealth set forth in this Section 4.7, the Board is authorized to amend this Section 4.7: (i) to take into account any final Regulations or other pronouncements issued by the Treasury Department that affect the matters set forth in this Section 4.7(a) through (c), (ii) to take into account any comparable state or local tax provisions, (iii) to enable the Company to comply with the Partnership Audit Procedures (iv) to make any elections, or (v) to take any other action available thereunder.

(d) In the event that the Company is required to pay any imputed underpayment, penalty, addition to tax, or additional adjustment amount pursuant to the Partnership Audit Procedures (a “Company Level Tax”), then (subject to any valid election of the Company under Section 6226 of the Code) each Person that was a Member in the applicable reviewed taxable year, within the meaning of Section 6225(d)(1) of the Code, shall make a payment to the Company in an amount equal to the portion of such adjustment amount allocable to such Person (which share shall be reasonably determined by the Partnership Representative); provided, however, that if such Person is also a Member at the time the Company pays such adjustment amount, the Company may instead withhold from amounts due to such Member from the Company such Member’s allocable share of the adjustment amount and any such amount withheld shall be treated as having been distributed by the Company to such Member and then paid by such Member to the Company; and provided further that in determining a Person’s share of a Company Level Tax, the Partnership Representative shall take into account (by reducing the amount so allocated to such Person) any modifications to the Company Level Tax attributable to such Person under Section 6225(c) of the Code. For the avoidance of doubt, no payment made to the Company pursuant to this Section 4.7(d) shall be treated as a Capital Contribution. Notwithstanding anything in this Agreement to the contrary, all rights and obligations of a Member under this Section 4.7(d) shall survive both the Member’s ceasing to be a partner of the Company for federal income tax purposes and/or the termination, dissolution, liquidation and winding up the dissolution of the Company. Each Person’s obligation to repay the Company under this Section 4.7(d) shall apply to such Person’s successors in interest.

Section 4.8 Tax Elections.

Except as otherwise provided herein, the Board shall have sole discretion to make any determination regarding tax elections it deems advisable on behalf of the Company.

ARTICLE 5 DISTRIBUTIONS

Section 5.1 Distributions.

No later than forty-five (45) days after the end of each Tax Year of the Company, (i) the Company (acting through its Manager) shall prepare in accordance with GAAP a statement of cash flows for the immediately preceding fiscal quarter; and (ii) subject to applicable law, the Company (acting through its Manager) shall make a cash distribution in the aggregate amount of its Cash Available for Distribution to the Members in accordance with their respective Percentage Interests.

Section 5.2 Liquidating Distributions.

Upon the liquidation of the Company, the assets of the Company shall be distributed in accordance with Section 12.4.

Section 5.3 Amounts Withheld.

The Company is authorized to withhold from payments and distributions, or with respect to allocations to the Members, and to pay over to any federal, state and local government, any amounts required to be so withheld pursuant to the Code or any provisions of any other federal, state or local law, and shall allocate any such amounts to the Members with respect to which such amount was withheld. All amounts withheld pursuant to the Code or any provision of any state or local tax law with respect to any payment, distribution or allocation to the Members shall be treated as amounts paid or distributed, as the case may be, to the Members with respect to which such amount was withheld pursuant to this Section 5.3 for all purposes under this Agreement.

ARTICLE 6 BOARD OF DIRECTORS

Section 6.1 Board of Directors.

The Company is a manager-managed limited liability company under the meaning of the Act and the manager is the Board of Directors. The Board of Directors may delegate management of the Company to the Manager pursuant to and in accordance with the provisions of this Agreement and the Management Agreement.

Section 6.2 Number and Election of Directors.

The number of Directors constituting the entire Board of Directors shall be six. Three (3) Directors shall be appointed by Lifepoint (the “*Lifepoint Directors*”), and three (3) Directors shall be appointed by PeaceHealth (the “*PeaceHealth Directors*”). Each Lifepoint Director must be an employee of Lifepoint or one of its Affiliates, and each PeaceHealth Director must be an employee of PeaceHealth or one of its Affiliates or otherwise appropriately qualified to serve as a Director.

Section 6.3 Term; Resignation and Removal.

Each Director shall serve until his or her resignation, death or removal. A Director may resign at any time by giving written notice to the other Directors or to the Members. Such resignation shall take effect at the time specified therein or, if no time is specified, then on delivery and, unless otherwise specified therein, the acceptance of such resignation by the Board of Directors or the Members shall not be needed to make it effective. A Director may be removed, at any time, with or without cause, by the Member entitled to appoint such Director. Any vacancy created by the resignation, death or removal of a Director shall be filled by the Member entitled to appoint such Director.

Section 6.4 Meetings of the Board.

The Board shall meet at least quarterly at such time, place and dates as shall be established by the Board and publicized among all Directors, and at such other times as the Board shall determine from time to time. Any Director may call a meeting of the Board by giving not less than ten (10) calendar days' prior written notice to all Directors by facsimile, telephone or delivery of written notice. The Board shall cause written minutes to be prepared of all actions taken by the Board.

Section 6.5 Manner of Acting; Quorum.

The affirmative vote of holders of a majority of the votes held by the Directors shall be the act of the Board, unless a Unanimous Approval is required by Section 6.7 to authorize an action. Except as otherwise provided in this Section 6.5, four (4) Directors present in person or by proxy will constitute a quorum for the transaction of business at any meeting of the Board; provided that a quorum for a meeting of the Board must include at least two (2) Lifepoint Directors and two (2) PeaceHealth Directors. Notwithstanding the foregoing, if at least two (2) Lifepoint Directors are not present in person or by proxy at two consecutive duly called meetings and the PeaceHealth Directors use commercially-reasonable efforts to accommodate any scheduling conflicts of the Lifepoint Directors, then a quorum for the next meeting of the Board will not require the presence of a Lifepoint Director and can be satisfied by the presence of three (3) PeaceHealth Directors. For the avoidance of doubt, no action requiring Unanimous Approval shall be taken at any meeting at which at least two (2) Lifepoint Directors are not present. With respect to each matter to be acted upon by the Board, the Lifepoint Directors shall vote as a bloc and together have that number of votes equal to the product of one thousand (1,000) multiplied by the total Lifepoint Percentage Interest at the time of the Board Action, and the PeaceHealth Directors shall vote as a bloc and together have that number of votes equal to the product of one thousand (1,000) multiplied by the total PeaceHealth Percentage Interest at the time of the Board action. If any Director is not present at a meeting of the Board, the voting power attributable to such absent Director shall automatically be allocated to the other Directors appointed by the same Member who appointed the absent Director.

Section 6.6 Electronic Communications.

Directors may participate in a meeting by means of conference telephone or similar communications equipment provided that all participants in the meeting can hear each other, and

such participation in a meeting shall constitute presence in person at the meeting. If all the participants are participating by conference telephone or similar communications equipment, the meeting shall be deemed to be held at the principal place of business of the Company.

Section 6.7 Unanimous Approval Requirements.

Except as set forth in Section 2.6 and Section 6.8, the Company shall not take or approve any of the following actions unless such action is approved by Unanimous Approval:

- (a) Merger or consolidation of the Company with or into any other entity;
- (b) Sale of all or substantially all of the assets of the Company;
- (c) Changing the name of the Company;
- (d) Changing or reorganizing the Company from a limited liability company to another legal form;
- (e) Amendment, addition, deletion, repeal or restatement, in whole or in part, of this Agreement (except for ministerial amendments);
- (f) Approval of the Budget, provided that the Budget submitted by the Manager to the Board for approval is not approved by the Board on or before the 1st day of any fiscal year of the Company, the prior year's Budget will carry over to that fiscal year, increased by the annual increase in the Consumer Price Index for All Urban Consumers for the Vancouver, Washington area, for the subsequent fiscal year, until a new Budget for that fiscal year is approved by the Board of Directors.
- (g) Any non-Budgeted capital expense in excess of \$250,000 cumulative per year;
- (h) Non-Budgeted purchases of equipment in excess of \$250,000;
- (i) Any non-Budgeted loan, guarantee, debt or other borrowing by the Company of \$250,000 or more (excluding accounts payable or other current liabilities incurred in the ordinary course of business);
- (j) Any loan by the Company of any of its funds to any person or entity, including any of the Members or any of the owners thereof;
- (k) The removal, addition, admission, or substitution of any Member of the Company;
- (l) The approval of all strategic plans for the Company and any proposed actions that are inconsistent with such strategic plans;
- (m) Any limit or extension of the term of the Company;
- (n) The approval of all non-Budgeted contracts, leases (whether operating or capital), or other agreements of the Company for which \$250,000 or more will be expended over the life of the contract, lease or other agreement, in each case;

(o) The commencement, prosecution, defense, settlement, compromise or dismissal of any lawsuit or other judicial or administrative proceedings (including investigations) affecting the Company or the Members (as it relates to their respective interest in the Company) which has an amount in controversy or settlement value of \$100,000 or more;

(p) The distribution of any assets of the Company, other than cash as contemplated in this Agreement to the Members;

(q) Any contract between the Company and any of its Members or their respective Affiliates;

(r) The non-participation by the Company in any health care program paid for, in whole or in part, by any federal, state, country or local government;

(s) The entry by the Company into any new line of business or business purpose other than as described in this Agreement;

(t) Any decision to call for capital contributions from the Members;

(u) Any transfer of any ownership interest in the Company (other than in accordance with ARTICLE 11);

(v) The selection and removal of the third-party independent accountants and attorneys for the Company;

(w) The setting of the annual targets for any clinical, quality or financial metrics to be set by the Board under the Management Agreement (the “*Annual Reporting Metrics*”); provided that if the Board cannot agree on the targets on or before the 1st day of any fiscal year of the Company, the prior year’s targets will carry over to that fiscal year, until new targets for that fiscal year is approved by the Board of Directors.

(x) The appointment, removal and replacement of the Chief Executive Officer of the IRF or any change to or reduction of the Chief Executive Officers’s powers or duties to a level that is not consistent with those of a similar situated executive; and

(y) The dissolution of the Company, the filing of a petition with respect to the Company requesting or consenting to an order for relief under the federal bankruptcy laws, or other actions with respect to the Company as a result of insolvency or the inability to pay debts generally as such debts become due.

Notwithstanding anything to the contrary, except for setting Annual Reporting Metrics under item (w) above, any decision specifically requiring action or inaction on the part of the Company regarding the enforcement, renewal, extension, termination, modification with respect to any Management Agreement will only require the affirmative vote of the PeaceHealth Directors.

Section 6.8 Community Benefit Activities and Decisions.

(a) In exercising its duties hereunder, the Board of Directors will cause the Company to be operated in accordance with Sections 501(c)(3) of the Code and in furtherance of PeaceHealth's exempt purposes, including specifically with respect to the Community Benefit Standard and the provisions of Section 2.6 of this Agreement; provided that the Company may make distributions to its Members in accordance with ARTICLE 5. The Board of Directors' duty to operate the Company in such manner overrides any duty of the Board of Directors to operate the Company for the financial benefit of the Members. Accordingly, in the event of a conflict between any such duties, the Board of Directors shall operate the Company to further PeaceHealth's charitable purposes and satisfy the Community Benefit Standard without regard to the consequences for maximizing profitability.

(b) The Board of Directors shall not cause the Company to engage in any activities or take any action which is inconsistent with the tax-exempt status of PeaceHealth or would create unrelated business taxable income to PeaceHealth. All Members and Directors are aware of the limitations on the activities of the Company under this Section 6.8 and agree that the decision of the Board of Directors to (i) forego an action or activity which would be inconsistent with the tax-exempt status of PeaceHealth or (ii) take an action which furthers the tax-exempt, charitable purposes over any profit-making motives of the Company, shall not be a breach of the duty of loyalty or any other duty of the Board of Directors to the Company or its Members.

(c) Subject to Section 2.6, the PeaceHealth Directors shall have the right to make decisions on matters the PeaceHealth Directors deem are necessary to ensure the Company operates in accordance with Section 501(c)(3) of the Code (except for distributions to Members with respect to their Membership Interests and withdrawals or returns of capital as permitted or contemplated by this Agreement) and in furtherance of PeaceHealth's charitable purposes, including the administration of the Charity Policy, to direct the administration of the Charity Policy, and to initiate and enforce matters regarding the same. Furthermore, Subject to Section 2.6, the PeaceHealth Directors shall have the right to initiate, modify, amend, supplement and approve activities the PeaceHealth Directors deem are required for the Company to operate in a manner that is consistent with Section 501(c)(3) of the Code (except for distributions to Members with respect to their Membership Interests and withdrawals or returns of capital as permitted or contemplated by this Agreement) and in furtherance of PeaceHealth's charitable purposes, including specifically the Community Benefit Activities which the PeaceHealth Directors believe are necessary or appropriate to further the Community Benefit Standard, and such decision shall be within the control of the PeaceHealth Directors. Prior to taking any action pursuant to this Section, the PeaceHealth Directors will consult with and seek advice from the Lifepoint Directors and the Manager with respect to any contemplated activities or actions, and will provide reasonably detailed information to the Lifepoint Directors and the Manager regarding the proposed activities or actions, and the reasons such actions or activities are to be implemented.

Section 6.9 Powers of Individual Directors.

No individual Director shall have any authority to act on behalf of or bind the Company except as such Director may be authorized by the Board of Directors. No Director shall take any action on behalf of or bind the Company in contravention of the decision of the Board of Directors.

Section 6.10 Fiduciary Duties of Directors.

A Director shall have no liability by reason of being or having been a Director of the Company so long as the Director (i) acted in good faith, (ii) acted in a manner reasonably believed to be in the best interests of the Company, and (iii) was neither grossly negligent nor engaged in willful misconduct or fraud. In performing their duties, the Directors shall be entitled to rely on information, opinions, reports or statements, including financial statements and other financial data, in each case prepared or presented by (i) one or more agents or employees of the Company, or (ii) counsel, public accountants or other similar persons engaged by the Company, as to matters that the Board of Directors reasonably believes to be within such Person's professional or expert competence. Subject to the provisions of Section 6.8, it shall not be considered a conflict of interest or a breach of fiduciary duty by any Director for such Director to act in accordance with the interests of, or the direction of, the Member that appointed such Director, even if such act is considered by the other Member to be contrary to the interests of the other Member or of the Company.

Section 6.11 Compensation of Directors.

A Director shall not receive any fees or other compensation for serving as a Director of the Company. A Director shall, however, be entitled to be reimbursed for customary and reasonable expenses incurred by such Director in attending meetings of the Board of Directors.

Section 6.12 Board Committees.

The Board of Directors shall have the authority to appoint committees of the Board ("**Board Committees**") as the Board deems necessary or appropriate.

Section 6.13 Officers.

(a) Subject to Section 6.7, the Company may have officers with such duties and responsibilities as the Board of Directors may determine from time to time. Subject to Section 6.7, any such officer serves as the pleasure of the Board of Directors. Any two or more offices may be held by the same person.

(b) Each officer shall hold office until the earlier of his or her death, removal (subject to Section 6.7) or resignation.

(c) Subject to Section 6.7, an officer serves at the pleasure of the Board and the Board may remove an officer at any time with or without cause. The Board may also eliminate any officer position at any time. The removal of an officer is without prejudice to the contractual rights of the officer, if any. Any officer may resign at any time and for any reason. In the event of a vacancy in any office because of death, resignation or removal, the Board shall elect a successor to such office, subject to Section 6.7.

(d) An officer shall discharge the duties of an office in good faith, in a manner the officer reasonably believes to be in the best interests of the Company and with the care an ordinarily prudent person in a like position would exercise under similar circumstances. In discharging his or her duties, an officer is entitled to rely on information, opinions, reports or

statements, including financial statements and other financial data, if prepared or presented by one or more officers or employees of the Company whom the officer reasonably believes to be reliable and competent in the matters presented or legal counsel, public accountants or other persons as to matters the officer reasonably believes are within the person's professional or expert competence. An officer is not acting in good faith if he or she has actual knowledge concerning the matter in question that makes reliance otherwise permitted unwarranted. An officer is not liable for action taken as an officer, or any failure to take any action if he or she performed the duties of his or her office in compliance with this subsection. A person exercising the principal functions of an office or to whom some or all of the duties and powers of an office are delegated is considered an officer for purposes of this section.

ARTICLE 7 MANAGER

Section 7.1 Manager.

The Company shall enter into a Management Agreement with the Manager prior to the opening of the IRF. All rights and obligations of the Manager shall be subject to the terms of such Management Agreement. The Company shall obtain a fair market value analysis from a Qualified Appraiser of the management fee payable under the Management Agreement.

Section 7.2 Compensation of Manager.

The Manager shall be compensated for its services as manager pursuant to the terms of the Management Agreement, and the Company shall reimburse the Manager for expenses incurred by it to the extent set forth in the Management Agreement.

ARTICLE 8 MEMBERS

Section 8.1 Representations and Warranties.

Each Member (including any transferee Member) represents and warrants to the other Members as follows:

(a) such party has all requisite corporate or limited liability company, as applicable, power and authority and full legal capacity to enter into and deliver this Agreement and to perform all of its obligations hereunder; all acts or proceedings required to be taken by each Member to authorize the execution, delivery, and performance of this Agreement have been duly and properly taken;

(b) such party is not excluded from participating in the Medicare, Medicaid or other governmental payment program;

(c) this Agreement has been duly executed and delivered by such party and constitutes the legal, valid and binding obligation of such party, enforceable against such party in accordance with its terms except to the extent that such enforceability may be limited by bankruptcy, insolvency, or other similar laws relating to creditors' rights generally and by general principles

of equity. No approval, authorization, consent, or other order or action of or filing with any court, administrative agency, governmental body or other person is required for the execution, delivery, and performance of this Agreement by such Member;

(d) such party (i) acknowledges that its Membership Interests have not been registered under Securities Act of 1933 (the “*Securities Act*”) or any state securities laws (ii) is acquiring its Membership Interests hereunder for its own account, for investment, and not with a view to, or for resale in connection with, any distribution thereof, and has no present intention of selling or otherwise transferring its Membership Interests or any interest therein, (iii) is an “accredited investor,” as that term is defined in the Securities Act, and the rules and regulations promulgated thereunder; and

(e) the execution and delivery by such party of this Agreement, the consummation of all of the transactions contemplated hereby and the performance by such party of all of its obligations hereunder, will not violate, conflict with, or result in the breach of, or constitute a default under, any agreement or commitment to which such party is a party or by which such party or its assets is bound.

(f) *Reasonable Covenant.* Each Member hereby expressly acknowledges, represents and warrants that he or she is a sophisticated investor, that he or she understands the terms, conditions and waivers set forth in ARTICLE 10 and that the provisions of ARTICLE 10 are reasonable as they apply to such Member.

Section 8.2 Conflicts of Interest.

Except as otherwise provided by this Agreement or any other agreement between the Company and a Member, a Member may have other business interests and may engage in other activities in addition to those relating to the Company. Neither the Company nor any other Member shall have any right pursuant to this Agreement to share or participate in such other business interests or activities or to the income or proceeds derived therefrom. Except as otherwise provided by this Agreement or any other agreement between the Company and a Member, a Member shall incur no liability to the Company or any other Member as a result of engaging in any other business interests or activities. Subject to the terms of this Agreement, the Company or a Subsidiary may transact business with a Member or an Affiliate of a Member, or an officer or an agent thereof, provided the terms of those transactions are no less favorable than those the Company or subsidiary could obtain from unrelated third parties and the parties comply with the Conflict of Interest Policy. The Company hereby adopts, and shall cause each subsidiary to adopt the Conflict of Interest Policy.

Section 8.3 Lack of Authority.

Except as otherwise expressly provided herein, no Member has the authority or power to act for or on behalf of the Company in its capacity as a Member, to do any act that would be binding on the Company, or to incur any expenditures on behalf of the Company.

Section 8.4 Member Meetings.

(a) *Meetings.* No annual meeting of the Members shall be required. Special meetings of the Members may be called by any Member. Meetings of the Members shall be held at the principal office of the Company unless otherwise agreed to by all Members.

(b) *Notice.* Notice of any meeting of the Members shall be given by the Member calling the meeting. Such notice must be provided to all Members no fewer than ten (10) days and no more than sixty (60) days prior to the date of the meeting. Notices shall be delivered in the manner set forth in Section 14.2 and shall specify the purpose or purposes for which the meeting is called. The attendance of a Member at any meeting shall constitute a waiver of notice of such meeting, except where a Member attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

(c) *Quorum.* Members holding at least seventy-five percent (75%) of the outstanding Percentage Interests entitled to vote are present in person or represented by proxy shall constitute a quorum for transaction of business at any meeting of the Members, provided that if Members holding less than seventy-five (75%) of the outstanding Percentage Interests entitled to vote are present at said meeting, such Members may adjourn the meeting at any time without further notice. The Members will use good faith efforts to attend all meetings so that a sufficient number of Members will be present to constitute a quorum. Notwithstanding the foregoing, for so long as PeaceHealth and Lifepoint are the only Members of the Company, Members holding at least one hundred percent (100%) of the outstanding Percentage Interests entitled to vote are present in person or represented by proxy shall constitute a quorum for transaction of business at any meeting of the Members.

(d) *Manner of Acting.* Unless a higher vote is expressly required pursuant to the terms of this Agreement, the act of Members holding at least fifty-one (51%) of the Percentage Interests shall be the act of the Members, unless the act of a greater number is required by the Act, the Articles of Formation or this Agreement. In all matters submitted to the Members for voting, such Member shall vote in proportion to its Percentage Interest

(e) *Action Without Meeting.* Any action required to be taken at a meeting of the Members or any other action which may be taken at a meeting of the Members may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by Members having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all of the Members were present and voting. Prompt notice of the taking of the action without a meeting by less than unanimous consent shall be given in writing to those Members who did not consent in writing.

(f) *Telephonic Meetings.* The Members may participate in and act at any meeting of Members through the use of a conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other. Participation in such meeting shall constitute attendance and presence in person at the meeting of the person or persons so participating.

(g) *Proxies.* Each Member entitled to vote at a meeting of Members or to express consent or dissent to action in writing without a meeting may authorize another Person or Persons to act for him by proxy. Such proxy shall be delivered to the principal offices of the Company or the meeting prior to the taking of any action based in whole or in part upon the authorization of such proxy, but no proxy shall be valid after eleven (11) months from the date of its execution, unless otherwise provided in the proxy.

ARTICLE 9 INDEMNIFICATION

Section 9.1 Liability of Members and Directors.

No Member shall be obligated to make any contribution to the capital of the Company other than as specifically provided herein. No Member or Director (including a Person having more than one such capacity) shall be liable to third parties for any debts, obligations or liabilities of the Company or of each other, whether arising in tort, contract or otherwise, solely by reason of being a Member or Director, or acting (or omitting to act) in such capacity, or participating (as an employee, consultant, contractor or otherwise) in the conduct of the business of the Company.

Section 9.2 Indemnification of Members and Directors.

(a) The Company shall indemnify, defend and hold harmless each Member, Director, and officers and their respective heirs, beneficiaries, legal representatives, Affiliates, officers, directors, attorneys and employees (each, an “*Indemnified Party*”), from and against any and all actual or alleged losses, claims, damages, liabilities, costs and/or expenses (collectively, “*Damages*”) of any nature whatsoever, including without limitation attorneys’ fees, arising out of or in connection with any action taken or omitted by a Member or Director pursuant to authority granted by or otherwise in connection with this Agreement; provided, however, that no indemnification may be made to or on behalf of any Indemnified Party to the extent such indemnification would constitute an unlawful distribution under Section 25.15.231 of the Act or if a judgment or other final adjudication adverse to the Indemnified Party establishes, or it is established by one of the means set forth in Section 9.4, (i) that the Indemnified Party’s Damages arise from a breach of such Indemnified Party’s duty of loyalty to the Company or its members in its capacity as a member or manager of the Company; (ii) that the Indemnified Party’s acts were committed in knowing violation of law, in bad faith or were the result of willful or reckless misconduct or gross negligence, or (iii) that the Indemnified Party personally gained in fact a financial profit or other advantage to which such Indemnified Party was not legally entitled in its capacity as a member or manager of the Company. Any indemnity under this Section 9.2 shall be paid out of, and to the extent of, Company assets only, including insurance proceeds if available.

(b) The Board of Directors shall be authorized, on behalf of Company, to enter into indemnity agreements from time to time with any Person entitled to be indemnified by Company hereunder, upon such terms and conditions as the Board of Directors deems appropriate in its reasonable business judgment. The Board of Directors may purchase insurance with respect to its indemnity obligation as provided in Section 9.6 hereof.

Section 9.3 Advancement of Expenses.

All expenses reasonably incurred by an Indemnified Party in connection with a threatened or actual action or proceeding with respect to which such Person is or may be entitled to indemnification under this Article 9 shall be advanced or promptly reimbursed by the Company to such Indemnified Party in advance of the final disposition of such action or proceeding upon receipt of an undertaking by such Indemnified Party or on such Indemnified Party's behalf to repay the amount of such advances, if any, as to which such Indemnified Party is ultimately found not to be entitled to indemnification or, where indemnification is granted, to the extent such advances exceed the indemnification to which such Indemnified Party is entitled.

Section 9.4 Approval of Indemnification Payments.

Indemnification payments by the Company hereunder may be made only following a determination that the Indemnified Party did not act in bad faith, in knowing violation of law, or engage in willful or reckless misconduct or gross negligence in the performance of duty with respect to the matters in question. If a judgment or other final adjudication adverse to the Indemnified Party establishes that the Indemnified Party acted in bad faith or was liable or guilty by reason of willful or reckless misconduct or gross negligence in the performance of duty, such adjudication shall be conclusive. If there shall be no judgment or final adjudication, the determination shall be made by a written legal opinion of independent legal counsel jointly selected by the Members.

Section 9.5 Contractual Article.

No repeal or amendment of this ARTICLE 9, insofar as it reduces the extent of the indemnification of any Person who could be an Indemnified Party shall, without the written consent of such Person, be effective as to such Person with respect to any event, act or omission occurring or allegedly occurring prior to the (a) date of such repeal or amendment if on that date such Person is not serving in any capacity for which such Person could be an Indemnified Party or (b) the 30th day following delivery to such Person of written notice of such amendment as to any capacity in which such Person is serving on the date of such repeal or amendment for which such Person could be an Indemnified Party. No amendment of the Act shall, insofar as it reduces the permissible extent of the right of indemnification of an Indemnified Party under this ARTICLE 9, be effective as to such Indemnified Party with respect to any event, act or omission occurring or allegedly occurring prior to the effective date of such amendment. This ARTICLE 9 shall be binding on any successor to the Company, including any limited liability company, corporation or other entity which acquires all or substantially all of the Company's assets.

Section 9.6 Insurance.

The Company may, but need not, maintain insurance insuring the Company, Members or Persons entitled to indemnification under this ARTICLE 9 for liabilities against which they are entitled to indemnification under this ARTICLE 9 or insuring such Persons for liabilities against which they are not entitled to indemnification under this ARTICLE 9.

Section 9.7 Non-Exclusivity.

The indemnification provided by this ARTICLE 9 shall not be deemed exclusive of any other rights to which any Person covered hereby may be entitled other than pursuant to this Article 9. The Company, upon approval by the Board of Directors, is authorized to enter into agreements with any such Person or Persons providing them rights to indemnification or advancement of expenses in addition to the provisions heretofore provided in this Article 9 to the full extent permitted by law.

Section 9.8 Indemnification of Employees or Agents.

The Company may, on approval of the Board of Directors, indemnify and advance expenses to an employee or agent of the Company to the same extent and subject to the same conditions under which the Company may indemnify and advance expenses to a Member or Director, under this Article 9; and the Company may indemnify and advance expenses to Persons who are not or were not Members or Directors, employees or agents of the Company, but who are or were serving at the request of the Company as a manager, director, officer, partner, venturer, proprietor, trustee, employee, agent or similar functionary of another foreign or domestic limited liability company, corporation, partnership, joint venture, sole proprietorship, trust, employee benefit plan or other enterprise against any liability asserted against him and incurred by him in such a capacity or arising out of such Person's status as such a Person to the same extent that the Company may indemnify and advance expenses to a Member or Director under this ARTICLE 9.

ARTICLE 10 OTHER ACTIVITIES; CONFIDENTIALITY

Section 10.1 Other Activities.

(a) The Members and their Affiliates shall not be obligated to present any development or investment opportunity or prospective economic advantage to the Company or any other Member even if such opportunity or prospective economic advantage is of the character that, if presented to the Company or the other Members, could be taken by the Company or the other Members, and each Member and their Affiliates may engage or invest in, and devote their time to, any other business venture or activity of any nature and description (independently or with others). Neither the Company nor any other Member shall have any right, by virtue of this Agreement or the relationship created hereby, in or to such other venture or activity of any Member (or to the income or proceeds derived therefrom), and the pursuit thereof. Each Member hereby waives any and all rights and claims that it may otherwise have against any other Member as a result of any such permitted activities.

(b) Notwithstanding the foregoing provisions of Section 10.1(a), so long as it is a Member of the Company and for a two-year period after a party is no longer a Member of the Company and other than (i) its interest in the IRF and the Business pursuant to this Agreement and (ii) as a result of a Qualified Transaction, a Member and its Limited Affiliates shall not, without the prior written consent of the other Member, directly or indirectly own, manage, operate, participate in, lease (as lessor or lessee), develop, or hold a financial interest in (each, a "**Prohibited Activity**") any inpatient rehabilitation facility or licensed or specifically designated rehabilitation

beds within a general acute care hospital located within (i) the following Washington counties: Clark, Cowlitz, Skamania, and Wahkiakum, and (ii) the following Oregon counties: Columbia. This Section 10.1(b) shall not apply to (i) a Member's Prohibited Activities existing as of the date of this Agreement that are set forth on Schedule 10.1(b) (provided, however that the foregoing exception shall not apply to the ARU as of and after the date the IRF receives its first patient other than with respect to residual ARU patients) ; or (ii) ownership of less than 1% of the voting stock of a publicly-held company which owns or operates one or more healthcare facilities.

Section 10.2 Confidential Information.

(a) For purposes of this Agreement, the term “*Proprietary Information*” shall mean all information disclosed to a Member by the Company or by a Member to the Company or another Member that the Company or any Member treats or maintains as confidential, proprietary, restricted or otherwise as not to be disclosed generally, whether received by the recipient prior or subsequent to the signing of this Agreement and whether or not pertaining to the Company's or such Member's business. “Proprietary Information” includes, but is not limited to, information, data, ideas, concepts, practice management techniques, processes, methods, research, trade secrets, financial information, plans for business or product development, or marketing strategies, and contracts, including any and all existing or subsequent corrections, modifications, revisions, updates, and new releases of any of the foregoing, in whatever form, manner or medium recorded (if recorded), and all copies thereof as have been or may be provided to a Member by or on behalf of the Company or to the Company by or on behalf of a Member or any of their respective agents, employees, representatives, contractors or Affiliates or from any other source.

(b) Each Member acknowledges that the Company and the other Member have expended substantial sums and devoted substantial resources in creating the Proprietary Information, that the Company and each Member has substantial proprietary interests in its Proprietary Information and that the Proprietary Information contains valuable confidential information and trade secrets of the Company and the applicable Member. Each Member and the Company covenants and agrees to maintain in strictest confidence the Proprietary Information, using at least the same degree of care with which it holds its own confidential and proprietary information, which degree shall be not less than a reasonable degree of care. Each Member and the Company covenants and agrees that neither it nor any of its agents, shareholders, members, employees, representatives, contractors or Limited Affiliates, shall disclose any Proprietary Information to any third person except those who are bound to maintain the confidentiality of such Proprietary Information nor, without the prior written consent of the Company and/or the appropriate Member, shall use any Proprietary Information for any purpose other than in connection with the Company's business. Each Member covenants and agrees that neither it nor any of its agents, shareholders, members, employees, representatives, contractors or Limited Affiliates, shall sell, assign, lease, license, disclose, give or otherwise transfer the Proprietary Information or any copy thereof to any other Person except in strict accordance with this Agreement or as may be otherwise required by law or judicial process. Each Member shall safeguard any and all copies of the Proprietary Information provided to it against any unauthorized disclosure and shall take all steps necessary to ensure that the provisions of this Agreement are not violated by any Person, including the Company.

(c) The obligations imposed on a Member and the Company by this Section 10.2 shall not apply with respect to information contained within the Proprietary Information (i) that was known to such Member or the Company prior to the formation of the Company (other than information disclosed to such Member or the Company in connection with the negotiations involving the formation of the Company and the execution of this Agreement), (ii) that is or shall become available to such Member from Persons other than those who are under a legal obligation (to the Company or otherwise) to maintain the confidentiality thereof or not disclose the same to such Member or the Company, (iii) that is or shall fall within the public domain through no fault or act or omission of such Member or the Company or persons who received access to the Proprietary Information by or through such Member or the Company, or (iv) that is required to be disclosed by law.

(d) This Section 10.2 shall survive termination or expiration of this Agreement.

Section 10.3 Nonsolicitation Covenant.

Each Member's personnel introduced to the other Member have been or will be recruited at a significant time and expense and each Member has a compelling interest in maintaining its relationships and expectancy of future relationships with such individuals. Accordingly, each Member agrees that during the period in which it is a Member of the Company and for a period of twelve (12) months thereafter, neither that Member nor its Limited Affiliates shall, directly or indirectly, solicit, recruit, or seek to employ or enter into an employment or independent contractor relationship with any employee of, or any other individual under contract with, the other Member, the Company or their Limited Affiliates, or enter into any other type of agreement whereby such employee or independent contractor would perform services for compensation, either directly or indirectly, for the Member, the Company or any of their Limited Affiliates. Nothing in this Section 10.3 shall restrict a Member or its Limited Affiliates from the right to recruit or solicit generally in the media or hire an employee or contractor of the other Member, the Company or their Limited Affiliates who answers any advertisement or who applies for hire without having been recruited or solicited, directly or indirectly, by the hiring Member or its Limited Affiliates. This Section 10.3 shall not apply to any Member following the dissolution of the Company pursuant to ARTICLE 12.

Section 10.4 Non-Disparagement.

Each Member further agrees that such Member shall not make or cause to be made, and such Member agrees to cause its Limited Affiliates not to make or cause to be made, any written (including, but not limited to, any e-mails, internet postings, remarks or statements) or verbal assertions, statements or other communications regarding Company's business or its operations or the IRF that may be in any manner whatsoever defamatory, detrimental or unfavorable to Company, its business, or the IRF. Each Member agrees that these confidentiality and non-disparagement covenants shall apply while such Member is a Member and for a period of two (2) years thereafter.

Section 10.5 Rights and Remedies Upon Breach.

The Company and each Member agrees that if it or the Company breaches any of the provisions of this ARTICLE 10, the Company and the other Member shall have the right and remedy to have the provisions of this ARTICLE 10 specifically enforced by any court having jurisdiction, it being acknowledged and agreed that the scope of the provisions of this ARTICLE 10 are reasonable in light of such Member's relationship to the Company and in light of the Company's relationship to each Member and the confidential and proprietary information to which such Member and the Company has and in the future will have access, and that any such breach will cause irreparable injury to the Company and its Members and that any damages will not provide adequate remedy to the Company and its Members, and that compliance with such provisions will not be an unreasonable hardship on the Company or such Member. Each of such remedies shall be independent of the other and severally enforceable and all of which shall be in addition to and not in lieu of any other rights and remedies available to the Company or the other Member under law or in equity.

Section 10.6 Severability.

If any court determines that any of the provisions of this ARTICLE 10 is invalid or unenforceable, the remainder of this ARTICLE 10 shall not thereby be affected and shall be given full effect, without regard to the invalid portions. Further, if any court determines that any of the provisions of this ARTICLE 10 is unenforceable because of the duration of such provision or the area covered thereby, such court shall have the power to reduce the duration or area of such provision and, in its reduced form, such provision shall then be enforceable and shall be enforced.

ARTICLE 11 TRANSFER OF MEMBERSHIP INTERESTS

Section 11.1 Company's Restriction on Transfers.

(a) The Company shall neither cause nor permit the Transfer of any Membership Interest to be made on its books unless the Transfer is permitted by this Agreement and has been made in accordance with its terms. A Transfer or attempt to Transfer is deemed to occur whenever a Unit is Transferred or is attempted to be Transferred, whether voluntarily, involuntarily, by operation of law or otherwise, regardless of whether any change in record ownership occurs. Any purported Transfer of Membership Interests in violation of this Agreement shall be null and void ab initio and of no legal effect whatsoever and such purported transferee shall not have any rights (whether economic, voting or otherwise) with respect to Company. If by operation of law or otherwise a Transfer is effective despite this Section 11.1, then each Person that succeeds to any part of such Membership Interest will be a mere assignee of such Membership Interest and will not be a Member or have any voting rights or other rights or privileges of a Member, unless and until duly admitted as a Member in accordance with this Agreement. The parties hereby acknowledge and agree to the reasonableness of the prohibitions in this Article 11 in view of the purposes of the Company and the relationship of the Members.

(b) Notwithstanding any other provision of this Agreement to the contrary, no Transfer of any Member's Membership Interest to a Person other than the other Member will be effective

unless each such transferee, as a precondition to the Transfer, becomes a party to this Agreement by dating and executing a copy of this Agreement and delivering it to the parties. In such event, such Person will be bound, as of the date of such execution and delivery, by all of the terms and conditions hereof as they apply to the Member whose Membership Interest has been transferred.

(c) Notwithstanding anything to the contrary contained in this Agreement, no Transfer of any Membership Interest shall be consummated if the Transfer would violate any provision of this Agreement or any other agreement by which the Company is bound. The Company shall not enter into any agreements with third parties restricting the transfer of Membership Interests by the existing Members as of the original date of this Agreement without the prior written approval of the Member to be restricted.

Section 11.2 Permitted Transfers.

(a) Except as set forth in Section 11.3, PeaceHealth may not Transfer all or any portion of any Membership Interest now or hereafter owned by it except for the following Transfers to the following Persons (each, a “*PeaceHealth Permitted Transferee*”), and only after compliance with the provisions of Section 11.2(c):

- (i) any Transfer to Lifepoint;
- (ii) any Transfer to any Person with the prior written consent of Lifepoint;
- (iii) any Transfer to any Person which is, both immediately before and immediately after such Transfer, a Limited Affiliate of PeaceHealth;
- (iv) any Transfer resulting from a direct or indirect Change of Control of PeaceHealth;
- (v) any Transfer resulting from a pledge of PeaceHealth’s Membership Interest required by PeaceHealth’s credit facility; or

(b) Except as set forth in Section 11.3, Lifepoint may not Transfer all or any portion of any Membership Interest now or hereafter owned by it except for the following Transfers to the following Persons (each, a “*Lifepoint Permitted Transferee*” and, with a PeaceHealth Permitted Transferee, each a “*Permitted Transferee*”), and only after compliance with the provisions of Section 11.2(d):

- (i) any Transfer to PeaceHealth;
 - (ii) any Transfer to any Person with the prior written consent of PeaceHealth;
- or
- (iii) any Transfer to any Person which is, both immediately before and immediately after such Transfer, a Limited Affiliate of Lifepoint
 - (iv) any Transfer resulting from a direct or indirect Change of Control of LifePoint; or

(v) any Transfer resulting from a pledge of Lifepoint's Membership Interest required by LifePoint's credit facility.

(c) Notwithstanding any other provision of this Agreement to the contrary, no Transfer of the PeaceHealth Percentage Interest to a PeaceHealth Permitted Transferee will be effective unless each such PeaceHealth Permitted Transferee, as a precondition to the Transfer, becomes a party to this Agreement by dating and executing a copy of this Agreement and delivering it to each Member. In such event, such PeaceHealth Permitted Transferee will be bound, as of the date of such execution and delivery, by all of the terms and conditions hereof as they apply to PeaceHealth.

(d) Notwithstanding any other provision of this Agreement to the contrary, no Transfer of Lifepoint's Percentage Interest to any Lifepoint Permitted Transferee will be effective unless each such Lifepoint Permitted Transferee, as a precondition to the Transfer, becomes a party to this Agreement by dating and executing a copy of this Agreement and delivering it to each Member. In such event, such Lifepoint Permitted Transferee will be bound, as of the date of such execution and delivery, by all of the terms and conditions hereof as they apply to Lifepoint.

Section 11.3 Right of First Offer.

(a) Notwithstanding the restrictions set forth in Section 11.2, if a Member (the "**Transferring Member**") wishes to Transfer all (but not less than all) of its Membership Interest at any time in a bona fide transaction with a Person other than a Permitted Transferee, then the Transferring Member will first give to the other Member (the "**Acquiring Member**") notice of such intention (the "**Offering Notice**"). The Offering Notice will state the name of the proposed transferee, the proposed purchase price and all of the terms and conditions of the proposed Transfer, and the Offering Notice will constitute the Transferring Member's offer to sell all of its Membership Interest to the Acquiring Member. Upon receipt of the Offering Notice, the Acquiring Member will then have the option, exercisable by notice given to the Transferring Member within 60 days following the date on which the Acquiring Member received the Offering Notice (the "**Offer Period**"), to purchase all of the Membership Interest of the Transferring Member at the purchase price set forth in the Offering Notice, and on the same terms and conditions stated in the Offering Notice; provided that the closing of said purchase shall occur at the time specified in Section 11.3(b). If, upon the expiration of the Offer Period, the Acquiring Member has not exercised its right to purchase the Transferring Member's Membership Interest, then the Transferring Member will be free to Transfer all (but not less than all) of its Membership Interest, but only (a) to the same Transferee stated in the Offering Notice; (b) upon terms and conditions no more favorable to transferee than those stated in its Offering Notice; and (c) after compliance with the provisions of Section 11.1; provided that any such Transfer must be completed within 60 days following the expiration of the Offer Period, and if it is not so completed, then the Membership Interest of the Transferring Member will again be restricted by, and may not be Transferred without full compliance with, the restrictions set forth in this Agreement, including the procedures set forth in this Section 11.3.

(b) The closing of the purchase of Membership Interest under this Section 11.3 (the "**ROFO Closing**") will occur at a place and time selected by the Member purchasing the Membership Interest; provided that the ROFO Closing shall occur within one hundred twenty (120) days of the date the purchasing Member exercised its option to purchase the Membership

Interest. At the ROFO Closing, the Member purchasing the Membership Interest will deliver to the Member Transferring such Membership Interest the price set forth in the applicable Offering Notice, by wire transfer of immediately available funds, against delivery by the Member Transferring such Membership Interest of (a) a written representation and warranty of such Member to the other Member that such Person has and is delivering good title to all of the Membership Interest, free and clear of all Encumbrances (other than those created by this Agreement); (b) evidence that all necessary transfer taxes, if any, have been paid; and (c) the written resignation of the Managers appointed by the Member Transferring such Membership Interest and of all representatives of such Member serving as a director, officer or, in any other capacity, of the Company.

Section 11.4 Purchase Rights.

(a) On the terms and subject to the conditions of this Agreement, PeaceHealth will have the right and option under this Section 11.4(a) (the “**Call Right**”), but will have no obligation, to purchase all, but not less than all, of Lifepoint’s Membership Interest, and Lifepoint agrees, upon exercise of the Call Right, to sell to PeaceHealth all of Lifepoint’s Membership Interest, free and clear of Encumbrances. To exercise the Call Right, PeaceHealth must deliver an Exercise Notice to Lifepoint within a Call Window. The Exercise Notice must include the statement that PeaceHealth exercises the Call Right for all, but not less than all, of Lifepoint’s Membership Interest. An Exercise Notice in substantially the form attached as Exhibit 3 will be deemed to meet the requirements of this Section. Upon delivery of an Exercise Notice, Lifepoint will have the binding obligation to sell to PeaceHealth all of Lifepoint’s Membership Interest, free and clear of Encumbrances, and PeaceHealth will have the binding obligation to purchase such Lifepoint Membership Interest.

(b) On the terms and subject to the conditions of this Agreement, Lifepoint will have the right and option under this Section 11.4(b) (the “**Put Right**”), but will have no obligation, to sell to PeaceHealth all, but not less than all, of Lifepoint’s Membership Interest, free and clear of Encumbrances, and PeaceHealth agrees, upon exercise of the Put Right, to purchase all of Lifepoint’s Membership Interest. To exercise the Put Right, Lifepoint must deliver an Exercise Notice to PeaceHealth within a Put Window. The Exercise Notice must include the statement that Lifepoint exercises the Put Right for all, but not less than all, of Lifepoint’s Membership Interest. An Exercise Notice in substantially the form attached as Exhibit 4 will be deemed to meet the requirements of this Section. Upon delivery of an Exercise Notice, Lifepoint will have the binding obligation to sell to PeaceHealth all of Lifepoint’s Membership Interest, free and clear of Encumbrances, and PeaceHealth will have the binding obligation to purchase such Lifepoint Membership Interest.

(c) Prior to exercising a Purchase Right pursuant to clauses (vi), (vii) and (vii) of the definition of Call Window by PeaceHealth, or pursuant to the Put Window by Lifepoint, and prior to delivering the applicable Exercise Notice, PeaceHealth or Lifepoint must deliver to the other a written notice, including a description of issues that, if addressed to the reasonable satisfaction of the party giving the notice, would cause such party to forego exercise of its Purchase Right. As soon as reasonably practicable after receipt of such notice, PeaceHealth and Lifepoint will direct their respective CEOs and/or executive vice presidents to meet and confer in commercially reasonable efforts to address the matters described in the notice at a mutually agreeable time and

place (the “*Meet and Confer*”). A Meet and Confer does not obligate anyone to agree to any compromise or resolution that a party does not determine, in its sole and absolute discretion, to be a satisfactory compromise or resolution. The Meet and Confer will be considered a settlement negotiation for the purpose of all applicable federal and state laws protecting statements, disclosures or conduct in such context, and any offer in compromise or other statements or conduct made at or in connection with any Meet and Confer will be protected under such laws, including under applicable rules of evidence. Any agreement resulting from the Meet and Confer must be contained in a writing signed by PeaceHealth and Lifepoint and may include steps for one or more parties to take, deadlines for performance and other terms mutually agreeable to PeaceHealth and Lifepoint.

Section 11.5 Valuation.

(a) PeaceHealth and Lifepoint will attempt in good faith to agree upon the fair market value of the Lifepoint Membership Interest (the “*Valuation*”) within fourteen (14) days after delivery of the Exercise Notice or such longer period as PeaceHealth and Lifepoint may agree in writing. The parties agree that “fair market value” will be determined consistent with law, regulations and guidance from the Internal Revenue Service and the Centers for Medicare and Medicaid Services, including, as applicable, not taking into account the volume or value of referrals between or among any of the parties. The method for establishing “fair market value” will include an applicable discount for lack of marketability, but will not include any discount for minority interest.

(b) If PeaceHealth and Lifepoint agree upon a Valuation in a writing signed by PeaceHealth and Lifepoint, then such Valuation will be binding for all purposes of this Agreement.

(c) If PeaceHealth and Lifepoint do not agree upon the Valuation within the time period described in Section 11.6(a) (the “*Disputed Valuation*”), then PeaceHealth or Lifepoint may give notice (an “*Appraisal Notice*”) to the other setting forth such party’s election to determine the Disputed Valuation as follows:

(i) PeaceHealth and Lifepoint will attempt in good faith to agree upon one Qualified Appraiser. If PeaceHealth and Lifepoint do not agree upon one Qualified Appraiser within ten (10) Business Days after delivery of the Appraisal Notice, then, within fifteen (15) Business Days after delivery of the Appraisal Notice, PeaceHealth and Lifepoint each will appoint its own appraiser and instruct the two appraisers to agree upon one Qualified Appraiser. If PeaceHealth or Lifepoint fails to select its appraiser within the time required, then the appraiser selected by the other party will be the Qualified Appraiser. If the two appraisers do not agree on the Qualified Appraiser within twenty (20) Business Days after delivery of the Appraisal Notice, then PeaceHealth and Lifepoint will select one of their appraisers as the Qualified Appraiser by a single coin toss held on the following Business Day.

(ii) PeaceHealth and Lifepoint each will submit to the Qualified Appraiser such party’s proposal for the Disputed Valuation (each, a “*Proposal*”) within five (5) Business Days after selection of the Qualified Appraiser. Each Proposal will remain secret until the Qualified Appraiser has received both Proposals, at which time the Qualified Appraiser will inform each party of the other’s Proposal. No Proposal may be amended after submission to the Qualified

Appraiser. The parties will instruct the Qualified Appraiser to compare the Proposals and, within twenty-one (21) days after their submission, to determine which Proposal the Qualified Appraiser believes to be the resolution most closely in accordance with the relevant provisions of this Agreement and the applicable facts and to order such Proposal to be the final Valuation with respect to the Disputed Valuation. The Qualified Appraiser may only select one of the Proposals, may not modify either of the Proposals and may not make any other determination of the Disputed Valuation. The Qualified Appraiser may ask the parties for additional information but will not hold a hearing. If only one party submits a Proposal within the time required, the Qualified Appraiser will order such Proposal to be the final Valuation with respect to the Disputed Valuation. The Qualified Appraiser will not have any authority, power or right to alter, add or subtract from any provision of this Agreement.

(d) The Valuation determined under Section 11.6(b) or Section 11.6(c) will be final and binding on all of the parties for purposes of an event requiring a determination of the Valuation under this Agreement, and may be enforced by judgment entered in any court of competent jurisdiction. This Section 3.4 will be specifically enforceable.

(e) The costs and expenses of the Qualified Appraiser will be borne equally by PeaceHealth and Lifepoint. If there are additional appraisers besides the Qualified Appraiser, then PeaceHealth and Lifepoint each will bear the costs and expenses of the appraiser it selects.

(f) Whenever the Valuation must be determined to be able to exercise any rights under this Agreement, each period of time to exercise such right will be tolled until determination of the Valuation.

Section 11.6 Purchase Right Closing.

(a) At the closing of the purchase of Lifepoint's Membership Interest under the Purchase Rights set forth in Section 11.4 (the "**Purchase Right Closing**"), Lifepoint will sell the Lifepoint Membership Interest to PeaceHealth, and PeaceHealth will purchase the Lifepoint Membership Interest from Lifepoint, in exchange for a cash payment equal to the Valuation for the Lifepoint Membership Interest (the "**Purchase Price**"), or at PeaceHealth's option, by delivery of a promissory note, in an amount equal to the Valuation, bearing interest at the prime rate of interest as published in The Wall Street Journal, plus 1% with 36 equal amortizable payments of principal and interest (the "**Note**"). The deferred balance may be prepaid at any time without penalty.

(b) The closing of the Purchase Right Closing will occur at a time and place designated in the Exercise Notice by the party exercising the Purchase Right on the later of the following (the "**Purchase Right Closing Date**"): (i) the date designated in such Exercise Notice and (ii) twenty-one (21) days after the agreement upon or other determination of the Valuation.

(c) At the Purchase Right Closing, PeaceHealth will deliver or cause to be delivered the payments described in Section 11.6(a) by one or more wire transfers of immediately available funds to the account designated by Lifepoint, or at PeaceHealth's option the Note; and Lifepoint will deliver to PeaceHealth (i) a written representation and warranty of such Member to the other Member that Lifepoint has and is delivering good title to all of the Membership Interest, free and

clear of all Encumbrances (other than those created by this Agreement); (ii) evidence that all necessary transfer taxes, if any, have been paid; and (iii) the written resignation of the Lifepoint Managers and of all Lifepoint's representatives serving as a director, officer or, in any other capacity, of the Company.

(d) Subject to the terms and conditions of this Agreement and applicable law, each of the parties will act in good faith and use their respective commercially reasonable efforts to take, or cause to be taken, all actions, and to do, or cause to be done, all things necessary, proper or advisable to consummate and make effective the transactions contemplated herein as soon as reasonably practicable after the delivery of the Exercise Notice, including such actions or things as the other party may reasonably request.

(e) In the event of the exercise of a Purchase Right, each party to this Agreement grants a power of attorney to the party exercising such Purchase Right, with full power of substitution, with respect to the matters set forth herein, including transfer of the Lifepoint Membership Interest and termination of agreements, and in accordance with the terms and provisions of this Agreement or to take any action reasonably necessary to effect this Agreement. The power of attorney granted hereunder will authorize the party exercising such Purchase Right to execute and deliver the documentation referred to in Section 11.6 on behalf of any other party; provided that such power of attorney will take effect only at such time as any such party fails to execute and deliver any required document within five (5) business days of a request by the party exercising such Purchase Right. The power of attorney granted pursuant to this Section 11.6(e) is given in consideration of the agreements and covenants of the parties in connection with the transactions contemplated by this Agreement and, as such, each is coupled with an interest and will be irrevocable unless and until this Agreement terminates or expires pursuant to the terms hereof.

ARTICLE 12 WITHDRAWAL, DISSOLUTION AND WINDING UP

Section 12.1 Member Withdrawal.

No Member may withdraw from the Company prior to the dissolution and winding up of the Company without the unanimous vote or written consent of the Members entitled to vote, unless all of such Member's Membership Interest has been transferred pursuant to the terms of this Agreement. In the event that a Member withdraws from the Company in violation of this Agreement, such Member shall be liable to the Company for damages for breach of this Agreement and the Company shall have no obligation whatsoever to make any special distribution or payments under the Act to such Member as a result of such withdrawal.

Section 12.2 Dissolution.

The Company shall be dissolved and its affairs wound up, only upon the first to occur of the following events: (a) the unanimous vote or written consent of Members entitled to vote; (b) the entry of a decree of judicial dissolution under Section 25.15.274 the Act; (c) involuntary proceedings are commenced against the Company under any provision of any federal or state law relating to bankruptcy or insolvency; (d) unless otherwise mutually agreed and approved by the Members, failure to secure (i) approval from the Washington State Department of Health to

establish and operate a Certificate of Need with respect to the IRF and (ii) any necessary approvals or notices to the Washington Attorney General, as applicable; and (e) upon delivery of written notice by PeaceHealth to Lifepoint if the Company has not entered into definitive agreements for the lease and development of a site for the IRF by December 31, 2026.

Section 12.3 Winding Up.

Upon the dissolution of the Company, the Manager shall wind up the Company's affairs and satisfy the Company's liabilities. During this period, the Manager shall continue to operate the Company and all of the provisions of this Agreement and the Management Agreement shall remain in effect. The Manager shall notify all known creditors and claimants of the dissolution of the Company in accordance with the Act.

Section 12.4 Final Distribution.

The proceeds from the liquidation of the Company's assets shall be distributed as follows:

- (a) to the payment of all liquidating expenses, including accounting and legal fees, and all costs of sale;
- (b) to creditors of the Company in satisfaction of the liabilities of the Company, whether by payment or by establishment of adequate reserves;
- (c) to the Members for liabilities of the Company to such Members in their capacity as creditors of the Company;
- (d) to the establishment of any reserves which the Manager may deem reasonably necessary for any contingent or unforeseen liabilities or obligations of the Company arising out of or in connection with the Company, which reserves may, at the option of the Manager, be paid over by the Manager to an escrow agent, to be held by it for the purpose of disbursing such reserves in payment of any of the aforementioned contingencies, and, at the expiration of such period as the Manager shall deem advisable, for distributing the balance thereunder remaining in the manner hereinafter provided; and
- (e) to the Members in accordance with their respective Percentage Interests. It is intended that the allocation provisions of ARTICLE 4 will produce final Capital Account balances of the Members that would permit liquidating distributions, if those distributions were made in accordance with final Capital Account balances (instead of being made in the order of priorities set forth in this Section 12.4(e)), to be made in a manner identical to the order of priorities set forth Section 12.4(e). To the extent that the allocation provisions of ARTICLE 4 would fail to produce the intended final Capital Account balances, Net Profit and Net Loss and individual items of income, gain, loss or deduction of the Company if required to fulfill the intent of this Section 12.4) shall be reallocated among the Members for the Tax Year of the liquidation (and, if necessary and to the extent that the reallocation of corresponding tax items is permissible under the Code and Regulations, prior and subsequent Tax Years) so as to cause the balances in the Capital Accounts of the Members to be in the intended amounts.

ARTICLE 13
BOOKS, RECORDS AND ACCOUNTING

Section 13.1 Books and Records.

(a) The Company shall keep or cause to be kept complete and accurate books and records as required under the Act as well as supporting documentation of transactions, with respect to the conduct of the Company's business and the conduct of each subsidiary's business. The Company will adopt policies and procedures governing the preparation, maintenance and review of accounting books and financial records reasonably acceptable to all Members.

(b) The Company will afford to the officers and authorized representatives and agents of the Members reasonable access to and the right reasonably to inspect the Company's premises, facilities and books and records, including its financial and operating information; provided, however, that: (i) such right of inspection will not extend to books and records and other information that pertains to Affiliates of either Member in which the other Member has no direct or indirect equity interest (except that PeaceHealth will be afforded reasonable access to and the right to inspect the records of the Manager relating to the Manager's performance of management services to Company under the Management Agreement and any fees charged and costs assessed by Manager in connection with the Management Agreement) and (ii) all agreements and covenants heretofore made by the Members with respect to the protection of confidential information will continue in full force and effect with respect to confidential information of the Company. The foregoing will not be deemed or construed in any way to limit or restrict any rights or entitlements which the Members may have under applicable law to inspect, review and/or have access to the premises, facilities, books, records and employees of the Company.

(c) The Company shall maintain at its principal office all of the following:

(i) A current list of the full name and last known business address of each Member set forth in alphabetical order, together with the Capital Contributions, Capital Account and Percentage Interest of each Member;

(ii) A current list of the full name and last known business and residence address of each person serving as a representative, Manager, Director, member of a Board Committee, or officer;

(iii) A copy of the Articles and any and all amendments thereto together with executed copies of any powers of attorney pursuant to which the Articles or any amendments thereto have been executed;

(iv) Copies of Company's federal, state and local income tax or information returns and reports, if any, for the three (3) most recent Tax Years;

(v) A copy of this Agreement and any and all amendments thereto together with executed copies of any powers of attorney pursuant to which this Agreement or any amendments thereto have been executed;

(vi) Copies of the financial statements of Company, if any, for the three (3) most recent Tax Years; and

(vii) Company's books and records as they relate to the internal affairs of Company for at least the current and past three (3) Tax Years.

The Company may delegate its obligations under this Section 13.1(c) to the Manager.

Section 13.2 Financial Information and PeaceHealth Benefit Report.

(a) Within thirty (30) calendar days after the end of each month, the Company shall deliver to the Members internal unaudited financial statements, showing the revenues and expenditures, and the assets and liabilities, of Company for that period.

(b) Within one hundred twenty (120) calendar days after the close of each fiscal year of the Company, the Company shall deliver to the Members annual audited consolidated financial statements of the Company audited by such firm of independent accountants as the Company may determine. The Company and the Members shall cooperate in all reasonable respects with the accounting firm(s) in providing access to the Company's books and records for the purposes contemplated by this Section 13.2.

(c) Upon PeaceHealth's reasonable request, the Company shall provide periodic reports of activities in furtherance of the Community Benefit Standard accomplished by the Company.

Section 13.3 Tax Information.

For each Tax Year, the Company shall send or shall cause to be sent to each Person who was a Member at any time during such Tax Year, on or before 15th day of the 3^d month of the following Tax Year, the tax information concerning the Company which is necessary for preparing the Persons' income tax returns or information returns for that Tax Year.

Section 13.4 Bank Account.

All receipts, funds and income of the Company shall be deposited in an account or accounts in the name of the Company in such bank or banks as shall be designated by the Board of Directors. All such bank accounts shall be owned by the Company, and the signatories for such bank accounts shall be persons designated by the Board of Directors. The Board of Directors may commingle the monies and funds of the Company with monies and funds of any other entity only pursuant to an appropriate cash management arrangement.

Section 13.5 Accounting Decisions and Reliance on Others.

All decisions as to accounting matters, except as otherwise specifically set forth herein, shall be made by the Board of Directors. The Board of Directors may rely upon the advice of their accountants as to whether such decisions are in accordance with accounting methods followed for federal income tax purposes. Notwithstanding the foregoing, the Company shall be taxed as a

partnership for federal income tax purposes, but is not intended to be operated or treated as a partnership for purposes of Section 303 of the federal Bankruptcy Code.

Section 13.6 Company Assets.

The credit and assets of the Company shall be used solely for the benefit of the Company and shall not otherwise be used to further the personal gain of any of the Members. Title to and ownership of all of the assets of the Company shall at all times be vested in and stand in the name of the Company. The Board of Directors shall execute, file and record such documents which may become necessary to reflect the Company's ownership of such property in such public offices as may be required.

ARTICLE 14 MISCELLANEOUS PROVISIONS

Section 14.1 Amendment of the Articles of Formation or this Agreement.

Without limiting the power of the Board of Directors, and subject to the provisions of Section 6.5, the Articles of Formation and this Agreement may be amended by the vote or written consent of all Members.

Section 14.2 Notices.

Any notice, demand or communication required, permitted or desired to be given hereunder will be in writing and will be deemed effectively given when personally delivered, when received by facsimile transmission or overnight courier, or five (5) days after being deposited in the United States mail, with postage prepaid thereon, by certified or registered mail, return receipt requested, in each case addressed as follows:

PeaceHealth
1115 SE 164th Ave., Dept. 302
Vancouver, WA 98683
Attn: General Counsel

LPNT IRF Development 75, LLC
c/o LifePoint Health
330 Seven Springs Way
Brentwood, Tennessee 37027
Attn: General Counsel

or to such other address, and to the attention of such other Person or officer as any party may designate by notice given in like manner.

Section 14.3 Insurance.

The Company shall carry and maintain in force such insurance as the Manager determines from time to time to be appropriate for the protection of the Company's assets. The premiums for such insurance shall be a cost and expense of the Company.

Section 14.4 Merger of Prior Agreements.

This Agreement, together with any Management Agreement, the Contribution Agreement and any Purchased Services Agreement between the Company and PeaceHealth, the letter to PeaceHealth Health from Lifepoint Healthcare, LLC regarding the Proposed Joint Venture dated December 27, 2018, as amended, together with such other ancillary documents, certificates or other instruments executed in connection with any such agreement, contain the sole and entire agreement and understanding of the parties with respect to its subject matter as of the effective date hereof. The parties specifically acknowledge that in entering into and executing this Agreement, the parties rely solely upon the representations and agreements contained herein and therein and no others. Any and all prior discussions, negotiations, representations, commitments, and understandings relating thereto are hereby merged in this Agreement.

Section 14.5 Governing Law.

This Agreement will be governed by and construed in accordance with the laws of the State of Washington without regard to its principles of conflicts of laws. Venue of any action to enforce the terms of this Agreement shall be in Washington.

Section 14.6 Waiver.

No consent or waiver, express or implied, by any Member to, or of any breach or default by, another or the performance by another of its obligations under this Agreement shall be deemed or construed to be a consent or waiver to or of any other breach or default in the performance by such other party of the same or any other obligation of such Member under this Agreement.

Section 14.7 Severability.

If any provisions of this Agreement or the application of the provisions of this Agreement to any person or circumstance shall be invalid or unenforceable to any extent, the remainder of this Agreement and the application of such provisions to other persons or circumstances shall not be affected thereby and shall be enforced to the extent permitted by law.

Section 14.8 Captions.

The captions used in this Agreement are inserted for convenience only and are not part of this Agreement.

Section 14.9 Inferences.

Inasmuch as this Agreement is the result of negotiations among sophisticated parties of equal bargaining power represented by counsel, no inference in favor of, or against, any party will be drawn from the fact that any portion of this Agreement has been drafted by or on behalf of such party.

Section 14.10 Further Actions.

Each party will execute, acknowledge, deliver, file, record and publish such certificates, instruments, agreements and other documents, and take all such further action as may be required by law or deemed by the Company to be necessary or useful in furtherance of the Members' intentions underlying this Agreement and not inconsistent with the terms hereof.

Section 14.11 Specific Performance; Injunctive Relief.

Each Member agrees with the other Members that the other Members would be irreparably damaged if any of the provisions of this Agreement are not performed in accordance with their specific terms and that monetary damages would not provide an adequate remedy in such event. Accordingly, it is agreed that, in addition to any other remedy to which the non-breaching Members may be entitled, at law or in equity, the non-breaching Members shall be entitled to injunctive relief to prevent breaches of the provisions of this Agreement and specifically to enforce the terms and provisions hereof in any action instituted in any court of the United States or any state thereof having subject matter jurisdiction thereof.

Section 14.12 Binding Agreement.

Subject to express provisions herein to the contrary, this Agreement will inure to the benefit of and be binding upon the parties hereto and their respective legal representatives, successors and permitted assigns, and the rights and obligations of the parties hereunder will survive the Transfer of substantially all of the capital stock or assets of any party or a change in control of any party. No party may assign any of its rights or obligations under this Agreement without the express written consent of both Members.

Section 14.13 No Rights Created in Third Persons.

Except with respect to an action for specific performance or injunctive relief in accordance with Section 14.11, nothing contained in this Agreement will be construed as giving rise to any right to enforce its provisions to any Person not a party to this Agreement under any legal theory. Notwithstanding anything in this Agreement to the contrary, any liability arising out of this Agreement will be limited to the parties to this Agreement and no Non-Recourse Party will have any liability hereunder. No brokers were used in connection with the activities contemplated hereby and no broker's fees are required to be paid.

Section 14.14 Counterparts Execution.

This Agreement may be executed in one or more counterparts each of which, when executed and delivered, shall be an original but all of which together shall constitute one and the same agreement.

Section 14.15 Development and Other Costs.

Any and all of the costs and/or expenses of either of the Members relative to the drafting, development, execution, preparation to perform and/or performance of the agreements referred to in Section 14.4 and/or in connection with becoming a Member, shall be borne solely and

exclusively by said Member except as specifically provided for to the contrary. For clarification, each Member shall bear its own business and legal counsel fees in connection with the preparation and performance of said agreements, along with all costs associated with said Member's investment in and/or contribution(s) to the Company and/or qualifying itself (and/or its Affiliates) to be in a position to perform as a party to said agreements.


Section 14.16 Guaranty.

Guarantor hereby absolutely, unconditionally and irrevocably guarantees to PeaceHealth the full, complete and timely performance by Lifepoint of its obligations under this Agreement. In the event Lifepoint fails to perform its obligations, Guarantor agrees to assume all responsibility for the full, complete and timely performance of Lifepoint's obligations under this Agreement in strict accordance with the terms of this Agreement. It shall not be necessary for PeaceHealth, in order to enforce performance by Guarantor, first or contemporaneously, to institute suit or pursue or exhaust any rights or remedies against Lifepoint. Guarantor hereby waives, and agrees not to assert or take advantage of, to the fullest extent permitted by law presentment, demand, protest, diligence, notice of dishonor, notice of nonperformance, notice of non-payment, notice of acceptance and all other notice and other formalities which may be required by statute, rule of law or otherwise to preserve intact PeaceHealth's rights against Guarantor under this guaranty.

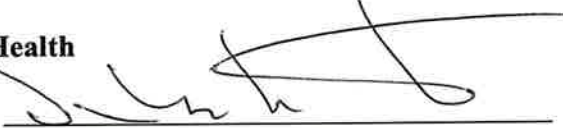
[Signatures appear on the following page]

IN WITNESS WHEREOF, the parties have caused this Limited Liability Company Agreement to be executed by their duly authorized officers, all as of the date and year first above written,


LPNT IRF Development 75, LLC

By:  _____
Name: Martin Mann
Title: Senior Vice President, Strategic Development

PeaceHealth

By:  _____
Name: Darrin Montalvo
Title: EVP Chief Financial and Growth Officer

LifePoint Rehab, LLC (solely for the purpose of being bound by Section 14.16 of this Agreement)

By:  _____
Name: Martin Mann
Title: Senior Vice President, Strategic Development

[Signature Page to Operating Agreement]

315907126.7

**Exhibit 1
Charity Care Policy**

See attached.

**Exhibit 2
Conflict of Interest Policy**

See attached.

**Schedule 10.1(b)
Grandfathered Facilities**

PeaceHealth Grandfathered Facilities	Lifepoint Grandfathered Facilities
The ARU	None

EXHIBIT 1

Status Active PolicyStat ID 11730393



PeaceHealth

Origination 5/31/2007

Last 8/23/2022

Approved

Effective 9/1/2022

Next Review 8/22/2025

Owner Jason Friend: Dir
Revenue Cycle
(Pat Access)

Area Revenue Cycle

Applicability PeaceHealth
Systemwide

Tags Policy

Financial Assistance Policy

SCOPE

This policy applies to all PeaceHealth settings and services in the location(s) checked below:

- ✓ Ambulatory Surgery Center
- ✓ Cottage Grove Medical Center
- ✓ Ketchikan Medical Center
- ✓ Ketchikan Long Term Care
- ✓ Peace Harbor Medical Center
- ✓ Peace Island Medical Center
- ✓ PeaceHealth Home & Community
- ✓ PeaceHealth Laboratories
- ✓ PeaceHealth Medical Group
- ✓ Sacred Heart RiverBend
- ✓ Sacred Heart University District
- ✓ Southwest Medical Center
- ✓ St. John Medical Center
- ✓ St. Joseph Medical Center
- ✓ System Services Center
- ✓ United General Medical Center

PURPOSE

The purpose of this policy is to provide information about Financial Assistance programs offered by PeaceHealth that assist guarantors, provide patients with medical management, and support the financial stability of PeaceHealth

POLICY

It is the Policy of PeaceHealth to ensure a socially just practice for providing emergency or other medically necessary care and comply with federal and state laws and regulations relating to emergency medical services and patient financial assistance, including but not limited to Section 1867 of the Social

1. Financial Assistance Overview

- a. Signage and brochures informing patients and/or guarantors of PeaceHealth's financial counseling programs and financial assistance are available at appropriate access areas, including registration, and are also available in electronic format on peacehealth.org.
- b. Financial assistance information is provided at least annually to community agencies such as local health departments, Medicaid offices, social service agencies, and physician practices.
- c. Guarantors may apply for financial assistance at any time. If applicable, extraordinary collection actions (ECAs) will be suspended while an application is being reviewed.
- d. In accordance with PeaceHealth policy, federal law, and RCW 70.170.060(2), emergent care (including care for people in active labor) is never delayed or denied due to an assistance determination or requests for financial information regarding ability to pay. (Emergency Medical Treatment and Labor Act [EMTALA] Compliance Policy #ADM-0733)
- e. Financial Assistance is secondary to all available sources of payment including, but not limited to:
 - i. Insurance
 - ii. Third party liability payers
 - iii. Government programs
 - iv. Outside agency programs
 - v. Health savings accounts
- f. Financial Assistance is granted to applicants receiving emergent or medically necessary care.
- g. For emergent or medically necessary care furnished in Oregon or Alaska, Financial Assistance is granted to all eligible patients that reside in the states of Washington, Oregon and Alaska.
- h. Information regarding PeaceHealth's billing and collections practices, including the description of actions PeaceHealth hospitals may take in the event of nonpayment, can be found in the separate Patient Billing and Collections Policy and Procedure which is available free of charge on peacehealth.org or a free mailed copy can be requested by calling Customer Service at 877-202-3597.

2. Limit on Charges for Guarantors Eligible for Financial Assistance

- a. Guarantors eligible for financial assistance under the Financial Assistance Policy will not be personally responsible for more than the amounts generally billed (AGB), as defined in Treasury Regulation Section 1.501(r)-1(b)(1), by the applicable PeaceHealth hospital for the emergency or medically necessary services received.
- b. PeaceHealth calculates each hospital facility's amounts generally billed (AGB) by

using the "look-back" method which uses claims for emergency and other medically necessary care from Medicare and all commercial insurers over a 12-month period.

- c. A free copy of the AGB calculation description and percentages will be provided via mail upon request. Requests may be made in person at any Patient Registration department or by calling Customer Service at 877-202-3597.

3. Financial Assistance Application Process

- a. Financial Assistance applications are included with each patient statement, or can be obtained by request at all Registration areas, via MyPeaceHealth, by downloading an application from peacehealth.org, or by contacting Customer Service at 877-202-3597.
- b. Consideration for financial assistance occurs once a complete application has been submitted to PeaceHealth.
- c. Information required for a complete application:
 - i. List of family members in household
 - ii. Household gross monthly income (income before taxes and deductions)
 - iii. Signature and date
 - iv. Acceptable documentation of income attached
- d. Acceptable documentation of income must include one of the following:
 - i. A "W-2" withholding statement
 - ii. Pay stubs
 - iii. An income tax return from the most recently filed calendar year
 - iv. Form approving or denying eligibility (non-covered charges) for Medicaid and/or state-funded medical assistance, or, in the alternative, from any payer, such as charges for days beyond a length of stay limit, the patient's benefits have been exhausted, balance from restricted coverage, Medicaid-pending accounts, and payer denials
 - v. Forms approving or denying unemployment compensation
 - vi. Written statements from employers or welfare agencies
 - vii. In the absence of the above forms of income documentation, a written and signed statement from the Guarantor will be accepted as proof of income
- e. Assets are not considered as part of the PeaceHealth process for approving or denying Financial Assistance
- f. Completed applications can be sent to PeaceHealth Patient Financial Services:
 - i. By Mail: P.O. Box 748632 Los Angeles, CA 90065
 - ii. By Fax: 360-729-3047
- g. If an incomplete application is received, a letter is sent explaining what is required to complete the application.
 - i. If requested information is not returned within 30 days, the application is

denied.

- ii. Additional time to secure required documentation may be granted upon request.

- h. Financial Assistance is granted in accordance with the following table based on income and family size:

Federal Poverty Percentages		Financial Assistance Allowance
From	To	
0	300%	100%
301	350%	85%
351	400%	70%

- i. Complete applications are processed within 14 calendar days of receipt.
- j. If approved, a letter is sent including the amount of assistance applied to outstanding guarantor balances and the dates of service for which eligible services will be covered.
- k. If denied, a letter is sent including the reason for denial and instructions for appealing.
- l. The Vice President of Revenue Cycle or designee has the authority to make final determination and exceptions.

4. Financial Assistance Appeals

- a. Responsible parties may appeal the determination of eligibility for financial assistance by submitting additional written information, such as income verification or explanations of extenuating circumstances, to PeaceHealth Patient Financial Services within 30 days of the denial notification.
- b. Collection activities for accounts under appeal are pended until a determination is made.
- c. Appeal determination will be made, and notification sent, within 30 days.
- d. The Vice President of Revenue Cycle or designee has the authority to make the final determination for all appeals.
- e. For PeaceHealth facilities located in the state of Washington, when a financial assistance application is denied and the appeal upheld, a copy of the paperwork is provided to the Washington State Department of Health.

5. Presumptive Financial Assistance Eligibility

- a. Other sources of information, such as estimated income and family size provided by a predictive model, may be used to make an individual assessment of financial need.
 - i. This information will enable PeaceHealth to proactively assist patients with financial obligations by utilizing the best estimates available in the absence of information provided directly by the patient.
 - ii. Presumptive screening provides benefit to the community by enabling

PeaceHealth to systematically identify financially needy patients who may not have been able to complete a traditional application or provide appropriate documentation.

- b. For the purpose of helping financially needy patients, PeaceHealth may utilize a third-party to review the patient's information to assess financial need.
 - i. This review utilizes a healthcare industry-recognized, predictive model that is based on public record databases.
 - 1. The model incorporates public record data to calculate a socio-economic and financial capacity score that includes estimates for income, resources, and liquidity.
 - 2. The model's rule set is designed to assess each patient to the same standards and is calibrated against historical financial assistance approvals for PeaceHealth.
 - 3. The predictive model enables PeaceHealth to assess whether a patient is characteristic of other patients who have historically qualified for financial assistance under the traditional application process.
 - 4. Information from the predictive model may be used by PeaceHealth to grant presumptive eligibility in cases where there is an absence of information provided directly by the patient. Where efforts to confirm coverage availability have been unsuccessful, the predictive model provides a systematic method to grant presumptive eligibility to financially needy patients.
 - c. In the event a patient does not qualify for the highest level of financial assistance under the presumptive rule set, the patient may still provide the requisite information and be considered under the traditional financial assistance application process.
 - d. In addition to the use of the predictive model outlined above, presumptive financial assistance will also be provided at the 100% charity care level in the following situations:
 - i. Deceased patients where PeaceHealth has verified there is no estate and no surviving spouse.
 - ii. Patients who are eligible for Medicaid from another state in which PeaceHealth is not a participating provider and does not intend to become a participating provider.
 - iii. Patients who qualify for other government assistance programs, such as food stamps, subsidized housing, or Women Infants and Children Program (WIC).
 - iv. Patients who are confirmed to be homeless with no available source of payment.
 - e. If a patient is deemed unable to pay through any of the above described means, PeaceHealth will cease and desist collection efforts that are underway and adjust

the account balance to zero through either bad debt (Medicare) or presumptive charity (all other coverages or lack thereof).

6. Additional Assistance Provided

- a. Uninsured Discount
 - i. Patients without insurance, or insured patients receiving services not covered by insurance, are awarded an uninsured discount.
 - ii. In accordance with PeaceHealth Uninsured Discount Policy, uninsured discounts are granted only for emergent or medically necessary care.
- b. PeaceHealth will assist patients or their guarantors in identifying and applying for available assistance programs including Medicaid and coverage available on the Washington Health Benefit Exchange

7. Providers Subject to PeaceHealth's Financial Assistance Policy

- a. PeaceHealth's decision to provide financial assistance in no way affects the guarantor's financial obligations to physicians or other healthcare providers, unless such physicians or other healthcare providers are providing care to patients pursuant to a contract with PeaceHealth that requires accepting financial assistance decisions made by PeaceHealth.
- b. A list of non-PeaceHealth physicians or other healthcare providers who have agreed to comply with the Financial Assistance Policy and Procedure can be found by visiting peacehealth.org or by calling Customer Service at 877-202-3597 and requesting a copy.

DEFINITIONS

Extenuating Circumstances/Catastrophic: Consideration of additional factors in determining the patient portion of an account qualifying for less than 100% coverage under the Financial Assistance Policy. Factors include: remaining balance after all reductions, household income, and medical status of patient/family.

Extraordinary Collection Actions (ECA): (i) actions requiring a legal or judicial process, including but not limited to placing a lien on property, attaching bank accounts, filing civil action under contract law, or garnishing wages; and (ii) reporting adverse information to a credit agency/bureau. PeaceHealth or its contracted collection agencies may take the listed actions for unpaid accounts subject to any court-required approvals.

Financial Assistance: A PeaceHealth program through which emergent, medically necessary, and some preventative services are provided by PeaceHealth at a reduced cost or without charge when it has been determined that payment for those services cannot be obtained through insurance, outside agencies, or private means.

Financial Counseling: A process of working with our patients in a compassionate and caring manner to identify options for resolving their PeaceHealth financial obligations.

Guarantor: A person age 18 or over, regardless of marital status, who has legal financial responsibility for

services provided.

Household: Persons related by birth, marriage, or adoption residing in the home.

- A household does not include any of the following people:
- Roommates
- Guarantor's unmarried partner, unless they have a child together and the child is the patient

Income: Total cash receipts before taxes derived from wages and salaries, welfare payments, Social Security payments, strike benefits, unemployment or disability benefits, child support, alimony, and net earnings from business and investment activities paid to members of the household.

Indigent Persons: Patients or their guarantors who qualify for charity care pursuant to the PeaceHealth Financial Assistance policy, and who have exhausted any third-party coverage.

Medically Necessary Care: Care that, in accordance with clinically accepted parameters, is reasonably calculated to:

- Prevent the onset or worsening of an illness, condition, or disability;
- Establish a diagnosis;
- Provide palliative, curative, or restorative treatment for physical, behavioral, and/or mental health conditions; and/or
- Assist the individual to achieve or maintain functional capacity in performing daily activities, taking into account both the functional capacity of the individual and those functional capacities that are appropriate for individuals of the same age.

Each service is performed in accordance with national standards of medical practice generally accepted at the time the services are rendered, and must be sufficient in amount, duration, and scope to reasonably achieve its purpose. Course of treatment may include observation only, or when appropriate, no treatment at all.

Patient: An individual receiving care at PeaceHealth.

Service Area: The state in which the PeaceHealth entity/provider is located.

HELP

Further information may be obtained by contacting Patient Financial Services.

RELATED MATERIAL

- [Patient Billing and Collections Policy](#)
- [Emergency Medical Treatment and Labor Act Compliance Policy](#)
- [Emergency Medical Treatment and Labor Act Compliance Procedure](#)
- Forms:
 - [Financial Assistance Application](#)

• Plain Language Summary

Formerly known as document number 900.1.262.

All Revision Dates

8/23/2022, 7/1/2019, 7/1/2016, 10/17/2014, 6/18/2014, 2/1/2014, 11/13/2009

Approval Signatures

Step Description	Approver	Date
PeaceHealth System Board of Directors	Shaina Hogan: Dir Policy Admin	9/1/2022
WA DOH	Jason Friend: Dir Revenue Cycle (Pat Access)	7/21/2022
NCPSC	Shaina Hogan: Dir Policy Admin	7/21/2022
Sys VP Revenue Cycle	Krista Touros: CFO Northwest Jason Friend: Dir Revenue Cycle (Pat Access)	7/18/2022 7/14/2022

EXHIBIT 2

315907126.5

PeaceHealth Southwest, LLC
Conflict of Interest Policy
September 25, 2023

SCOPE:

This Policy applies to all **Covered Persons** employed by or associated with PeaceHealth Southwest, LLC (the “Company”).

PURPOSE:

Unidentified or unmanaged Conflicts of Interest can lead to problematic and risky influences that can result in inappropriate decisions that can improperly benefit people or organizations and compromise the best interests of the Company and our patients. Additionally, improper Conflicts of Interest can breach the trust placed in the Company by those we serve. The Company recognizes that even the perception of a potential Conflict of Interest can damage both the Company’s reputation.

Unidentified or unmanaged Conflicts of Interest can heighten a variety of risks, including concerns under the Anti-Kickback Statute, the Stark Law, IRS requirements, nonprofit corporation law, and other civil, criminal and administrative provisions applicable to our work. Therefore, this Conflict of Interest policy is established to protect the integrity and sanctity of the Company’s decision making, to avoid decisions clouded by improper influence. This Policy aims to ensure that decisions at the Company are based only on the best interest of carrying on the Company’s mission and benefitting the patients whom we serve.

POLICY:

To protect the sanctity of the Company’s decisions, all Covered Persons must avoid any perceived, apparent or actual Conflicts of Interest that could affect Covered Persons’ ability to make decisions based solely on the best interests of the Company and our patients. In carrying out duties to the Company’s, Covered Persons are required to put the Company’s and our patients’ interests before their own and others’ interests in compliance with this Policy, other internal policies, and applicable laws and regulations. The Company and all Covered Persons are required carry out this Policy by conforming to all the following specific standards and requirements.

Notwithstanding the foregoing or other contrary provision of this Policy, this Policy does not supersede or modify the rights and responsibilities of the Company’s Members or members of the Company’s Board of Directors (the “Board”) as set forth in the Company’s Limited Liability Company Agreement, as may be amended and restated from time to time (the “LLC Agreement”), or otherwise amend the LLC Agreement.

A. No Conflicts of Interest Without the Company's Consent

Covered Persons may not enter into or continue any Outside Relationships or Transactions that might reasonably create or appear to create a Conflict of Interest, except after full disclosure, evaluation, management, and the written consent of the Company's Board.

B. Select Covered Persons Required to Complete Conflict of Interest Survey

All Covered Persons are required to comply with this Policy. However, the Company recognizes that not all Covered Persons are in roles at the Company that are likely to influence the Company decisions. Therefore, to create an administratively efficient system for identifying Conflicts of Interest, and to avoid unnecessary and undue burdens, the Policy requires that a subset of Covered Persons identified by the Company's Board (the "Surveyed Persons") complete a detailed annual Conflict of interest survey related to potential outside interests (the "COI Survey").

C. Required Disclosures of Conflicts of Interest

All Surveyed Persons are required to:

1. Disclose, through completion and signed certification of the Company's COI Survey, all circumstances arising at any time that could be a perceived, apparent, or actual Conflict of Interest under this Policy;
2. Be inclusive, complete, accurate, detailed, and truthful in disclosing actual or potential Conflicts of Interest and in responding to the questions in the COI Survey;
3. Update their responses to the COI Survey whenever there are any developments that would require disclosure under this Policy or changes to their previous responses;
4. Comply with the Board's requests for the provision of all necessary information and documents related to Conflicts of Interest, including but not limited to communications, agreements, payments, IRS Forms 1099, and invoices.
5. Contact the Board if they have any questions or concerns relating to Conflicts of Interest.

Any Covered Person (whether a Surveyed Person or not) who becomes aware that the Company is contemplating a Transaction with a person or entity with which a Covered Person has an Outside Relationship, must immediately disclose the Conflict of Interest to the Board.

Because no Policy can address every potential Conflict of Interest, the Company expects Covered Persons to comply with the letter and spirit of this Policy and other related policies. If you are in doubt about whether any existing or proposed circumstances pose a perceived, apparent, or actual Conflict of Interest, you must disclose them.

D. Disclose Business Opportunities

A Covered Person who learns of a Business Opportunity that reasonably may be of interest to the Company must first disclose the opportunity to the Board. If the Board rejects the Business Opportunity in writing after disclosure and consideration, the person who learned of the Business Opportunity may take advantage of the opportunity for his or her own benefit, subject to the obligations set forth in this Policy. The Board will document all decisions made in this regard.

E. Prohibition from Using the Company's Confidential Information or the Company's Assets

Covered Persons may not use the Company's Confidential Information, or any other proprietary or privileged information obtained in the course of a Covered Person's association with the Company, for personal gain or disclose such information to others who do not have a need to know in connection with their work with the Company.

Except as otherwise permitted in another policy or by the Board in writing, intellectual property, proprietary and financial information, business addresses, information technology resources, and other the Company assets may not be used to carry on any other private business.

F. Persons with Conflicts of Interest Cannot Engage in Certain Company Decisions or Discernment

Unless otherwise approved by the Board in writing, all Covered Persons (whether a Surveyed Person or Not) with a Conflict of Interest associated with an Outside Relationship must:

1. Refrain from becoming involved in any meetings, discussions, communications, or evaluations that relate in any way to a Covered Person's Outside Relationship.
2. Refrain from ordering, prescribing, or recommending products, medications, services, or equipment for the Company or patients from or through another organization with which the Covered Person has an Outside Relationship.
3. If a Covered Person becomes involved in a communication in which the Covered Person might have a Conflict of Interest, the Covered Person is required to disclose the Conflict of Interest and refrain from discussing the matter further.
4. Notify the Board, so that the Conflict of Interest can be evaluated, and a Management Plan can be created if necessary.

G. Compliance with Management Plans

As a condition of continued employment, contractual, or other ongoing relationship with the Company, Covered Persons must comply with all Management Plans created by the Company in order to reduce or eliminate the risks associated with a Covered Person's Conflict of Interest. Management Plans may include (but are not limited to) requirements to:

- divest ownership interests relating to an Outside Relationship;
- discontinue employment or contractual relationships relating to an Outside Relationship;
- refrain from any self-dealing with respect to the Company;
- resign from any organizations or boards that create fiduciary or other duties that potentially conflict with the Company's interests; and
- refrain from participating in any Company discussions or decisions relating to doing business with an organization with which a Covered Person has an Outside Relationship.

H. Board Members Must Comply with Additional Requirements

Covered Persons who serve on the Board and who have a Conflict of Interest must abide by the following requirements related to the Conflict of Interest:

1. They must make a full disclosure of all material facts known to them about the Conflict of Interest and facts concerning the Transaction that might be relevant to the Company's deliberations or decision.
2. They must disclose any applicable Management Plan that has been implemented by the Board.
3. They must leave the meeting while the remaining members of the Board discuss the Conflict of Interest and the Management Plan and vote upon whether additional management is appropriate. A Covered Person with a potential Conflict of Interest may be counted for purposes of a quorum, however, as long as they were present at the outset of the meeting.
4. A Covered Person with a Conflict of Interest must, at a minimum, recuse himself or herself from the meeting during the discussion and any vote on the Transaction or arrangement.
5. Approval of the Transaction or arrangement requires a majority of non-interested members of the Board present to determine that: (i) The Transaction or arrangement is in the Company's best interest and for the Company's own benefit; (ii) the Transaction is fair and reasonable to the Company; and (iii) the Company cannot obtain a more advantageous Transaction or arrangement with reasonable efforts under the circumstances. If appropriate, the Board may appoint a non-interested person or committee to investigate alternatives.
6. The minutes of Board meetings in which a Transaction or arrangement involving a Conflict of Interest is addressed must include (i) Names of any Covered Persons who disclosed or otherwise were found to have an Outside Relationship or other Conflict of Interest, the nature of such, and whether the Board determined there was, in fact, a Conflict of Interest; and (ii) Names of those present for discussions and votes relating to the

Transaction or arrangement, the content of the discussions (including any alternatives to the proposed Transaction or arrangement), and a record of the vote.

VIOLATIONS OF THIS POLICY:

Consequences of violating this Policy may include, but are not limited to, suspension or termination of employment or other role with the Company, cessation or unwinding of the activity in question, and other appropriate actions.

DEFINITIONS:

“Business Opportunity” means any business or community opportunity that may be of interest to the Company about which a Covered Person becomes aware (i) that is closely related to the activities in which the Company is engaged or expects to be engaged, or (ii) in connection with the performance of the Covered Person’s functions at or with the Company.

“COI Survey” means the Conflict of Interest survey administered by the Board or its delegate, which contains a detailed set of questions and required disclosures related to potential outside interests and relationships that Surveyed Individuals are required to complete. Surveyed Persons must certify on the COI Survey that they have read, understood and agreed to comply with this Policy.

“Confidential Information” means all written and verbal information that is created by, held by, or disclosed to the Company to carry out the Company’s purpose.

“Conflict of Interest” means any circumstance or situation in which:

1. a Covered Person has an Outside Relationship, and the non-Company person or organization has, has had, or may have a business relationship with, or engage in a Transaction with the Company;
2. due to a Covered Person’s Outside Relationship, a Covered Person has or may feel a sense of duty or desire to consider either (i) the Covered Person’s own self-interests, or (ii) the interests of the person or organization associated with the Outside Relationship, when making decisions, or when influencing other Covered Persons to make decisions, for or on behalf of the Company;
3. a Covered Person’s ability to exercise independent judgment to make decisions solely in the best interests of the Company or the Company’s patients could be (or could be perceived to be) compromised due to either the Covered Person’s own self-interest or the Covered Person’s Outside Relationship;
4. the mere existence of a Covered Person’s Outside Relationship is, could be, or could be perceived to be, inconsistent with the interests of the Company or the Company’s patients; or

5. appropriating or aiding the appropriation of a Business Opportunity to oneself or to another person or organization to the detriment of the Company without first (i) disclosing the Business Opportunity to the Company, and (ii) obtaining a written consent from the Company to proceed with the opportunity.

In applying the definition of “Conflict of Interest”, the following concepts apply:

- A financial interest includes any ownership interest (equity interest, membership interest, stock, stock options, warrants, or contractual rights to acquire or receive ownership interests), compensation of anything of monetary value, including salaries, Gifts, consulting fees, honoraria or other payments, and royalty income or the right to receive future royalties under a patent, license, or copyright agreement.
- A fiduciary duty or interest includes serving as an executive, officer, board member, or in another position that includes responsibilities for a material segment of the governance, operation, or management of a business or organization.
- A familial interest includes a financial, fiduciary, or self interest in oneself or in another person or organization that has, has had, or may have a business relationship with or engage in a Transaction with the Company, if that financial, fiduciary or self-interest is held by a Family Member of a Covered Person.

However, as an exception to this definition, the following will not be considered Conflicts of Interest:

1. Having equity interests (stocks, stock options, etc.) in a publicly traded company that are held in a diversified mutual fund.
2. Having an equity interest in a publicly-traded company of less than \$5,000.

“Covered Person” includes:

1. Employees;
2. Non-employed medical directors;
3. Locum tenens and relief providers;
4. Members of the Board;
5. Representatives of any Company joint ventures or partially or wholly-owned Company subsidiaries;
6. Volunteers;
7. Trainees & Medical Students;

8. Any others designated by the Company's Board or leadership;
9. Contracted providers;
10. Medical staff members;
11. Officers, Board Members, and Directors of Affiliated Organizations, joint ventures; or partially or wholly-owned subsidiaries.

"Family Member" includes spouses, domestic partners, children, parents, grandparents, grandchildren, siblings, aunts, uncles, nieces, nephews, and in-laws, whether by blood, adoption, or marriage, and is to be construed broadly.

"Gifts" includes anything of value including funds, loans, sponsorship, stock, reimbursement, food, beverages, travel, lodging, entertainment, event tickets, services, gift cards, favors, educational materials, honoraria, royalties, or any other item or activity with tangible or intangible value.

"Management Plan" means a document administered by the Board which a Covered Person with a Conflict of Interest must follow, and which outlines the plans, safeguards, requirements and other measures required to actively reduce, mitigate, or eliminate an actual, potential, or perceived Conflict of Interest.

"Outside Relationship" means (i) a business, financial, fiduciary, familial, professional, personal, or other relationship between a Covered Person and another person or organization outside of the Company, (ii) that creates, or causes a Covered Person to feel a sense of a duty or desire to consider either the Covered Person's own self-interests or the interests of the other person or organization, (iii) when the Covered Person is making decisions for or influencing decisions to be made by Company. Company requires Covered Persons to make decisions involving Company based solely on the best interests of Company and Company's patients, without any competing influences from Outside Relationships.

"Surveyed Persons" means that subset of Covered Persons who, because of their potentially influential roles or responsibilities with the Company, are selected by the Board to be required to complete a COI Survey.

"Third Party" is an organization or person that competes with, does business with, or wants to do business with the Company.

"Transaction" includes a sale, purchase, joint venture, business arrangement, or lease; a written contract or oral agreement; provision of items or services; and legal proceedings.

Help: For questions about this Policy, or assistance with understanding your obligations under this Policy, please contact any member of the Board.

EXHIBIT 3

NOTICE

EXERCISE OF CALL RIGHT

LPNT IRF Development 75, LLC
c/o LifePoint Health
330 Seven Springs Way
Brentwood, Tennessee 37027
Attn: General Counsel

Reference is made to Section 11.4 of that certain Limited Liability Company Agreement of PeaceHealth Southwest, LLC, dated September 25, 2023 (“Agreement”), by and between PeaceHealth, a Washington nonprofit corporation (“PeaceHealth”), and LPNT IRF Development 75, LLC, a Delaware limited liability company (“Lifepoint”). Capitalized terms used without definition in this Notice have the meanings given in the Agreement.

PeaceHealth exercises the Call Right for all, but not less than all, of the Lifepoint’s Membership Interest. The Purchase Right Closing Date will be _____, _____. The Purchase Right Closing will occur at 9:00 AM Pacific Time.

Dated: _____, _____.

PEACEHEALTH

By: _____
Name:
Title:

EXHIBIT 4

NOTICE

EXERCISE OF PUT RIGHT

PeaceHealth
1115 SE 164th Ave., Dept. 302
Vancouver, WA 98683
Attn: General Counsel

Reference is made to Section 11.4 of that certain Limited Liability Company Agreement of PeaceHealth Southwest, LLC, dated September 25, 2023 (“Agreement”), by and between PeaceHealth, a Washington nonprofit corporation, and LPNT IRF Development 75, LLC, a Delaware limited liability company (“Lifepoint”). Capitalized terms used without definition in this Notice have the meanings given in the Agreement.

Lifepoint exercises the Put Right for all, but not less than all, of the Lifepoint’s Membership Interest. The Purchase Right Closing Date will be _____, _____. The Purchase Right Closing will occur at 9:00 AM Pacific Time.

Dated: _____, _____

LPNT IRF Development 75, LLC

By: _____
Name:
Title:

Exhibit 12
Lease Agreements

Ground Lease

GROUND LEASE AGREEMENT

THIS GROUND LEASE AGREEMENT (“**Agreement**”) is entered into as of the ___ day of _____, 202__ (“**Effective Date**”) by and between PEACEHEALTH, a Washington nonprofit corporation (“**Lessor**”), and PMB _____ LLC, a _____ limited liability company (“**Lessee**”).

RECITALS:

A. Lessor is the owner of the real property situated in the Vancouver, Clark County, Washington, more particularly described on **Exhibit A** attached hereto (“**Land**”).

B. Lessee desires to lease the Land, together with the rights of ingress and egress, air rights, and all other rights which are appurtenant to the Land (collectively, and together with the Land, the “**Premises**”) from Lessor upon the terms and conditions provided herein.

NOW, THEREFORE, in consideration of the premises and the mutual covenants and conditions hereinafter set forth and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

1. **Definitions.** In addition to the terms defined in the other provisions of this Agreement, the following terms have the meanings ascribed to them in this Section:

a. “**Affiliate**” means, with respect to any party, all Persons that, directly or indirectly, control, are controlled by, or are under common control with such party. As used in the preceding sentence, the terms “control,” “controlled by,” and “under common control with” mean the possession of the power to direct or cause the direction of the management and policies of an entity, whether through the ownership of voting securities, by contract or otherwise.

b. “**AHLA**” means the American Health Law Association.

c. “**Allocated Loan Amount**” has the meaning ascribed to said term in Section 10(a)(iii)(3).

d. “**Applicable Laws**” means all applicable governmental laws, statutes, orders, ordinances, codes, rulings, regulations, and decrees, now in force or hereafter enacted.

e. “**Appraised Value**” means ninety percent (90%) of Lessee’s Estate (which will be calculated assuming the Improvements have been completed, and an occupancy rate equal to the greater of ninety-five percent (95%) or the actual occupancy rate, and utilizing such other assumptions and directives as are customarily applied).

f. “**Appraiser**” means an appraiser certified as an MAI Appraiser with a nationally recognized firm or a firm recognized in the Portland, Oregon metropolitan area, familiar with valuing hospital buildings, and with at least ten (10) years’ experience as a commercial real estate appraiser.

g. “**Base Rent**” has the meaning ascribed to said term in Section 4.

h. “**Business Days**” means Monday through Friday, excluding holidays on which national banking associations are authorized to be closed in Vancouver, Washington.

- i. “**Closing**” has the meaning ascribed to said term in Section 39(b).
- j. “**Closing Date**” has the meaning ascribed to said term in the Development Agreement.
- k. “**Condemning Authority**” has the meaning ascribed to said term in Section 11(b)(i).
- l. “**Development Agreement**” means that Development Agreement dated as of the date hereof, by and between Lessee and Tenant (as tenant under the Facility Lease), as to the development and construction of the Improvements.
- m. “**Environmental Laws**” has the meaning ascribed to said term in Section 38(a)
- n. “**Event of Default**” has the meaning ascribed to said term in Section 14.
- o. “**Facility Lease**” means that Lease Agreement (the agreed form of which is attached to the Development Agreement) by and between Lessee, as landlord, and Tenant, as tenant, whereby Lessee agrees to lease all of the Premises and the Improvements to Tenant.
- p. “**Facility Lease Assignment**” has the meaning ascribed to said term in Section 39(e).
- q. “**Fair Market Purchase Price**” has the meaning ascribed to said term in Section 39(b).
- r. “**Fair Market Rental Rate**” shall mean the annual fair market rental value (quoted on an absolute net basis and for the proposed portion of the Initial Term) for the Premises, as vacant, unimproved land encumbered by this Agreement, subject to the Permitted Encumbrances and any other instruments, covenants, conditions, restrictions, easements, and matters affecting title to the Premises.
- s. “**FMRR Determinations**” has the meaning ascribed to said term in Section 4(a).
- t. “**FMV Adjustment Date**” means the tenth (10th) anniversary of the Payment Date, and each subsequent date which is ten (10) years after the prior FMV Adjustment Date, during the Term.
- u. “**Force Majeure Event**” means any strike, lockout, labor dispute, embargo, flood, earthquake, storm, lightning, fire, casualty, epidemic, pandemic, act of God, war, national emergency, civil disturbance or disobedience, riot, sabotage, terrorism, restraint by court order, closure by government order, or other occurrence beyond the reasonable control of the party in question; provided, however, Lessor or Lessee’s lack of funds shall not constitute a Force Majeure Event.
- v. “**Ground Lease Assignment**” has the meaning ascribed to said term in Section 39(e).
- w. “**Hazardous Substances**” means all hazardous or toxic substances, materials, wastes, pollutants and contaminants that are listed, defined or regulated under Applicable Laws pertaining to the environment, including, without limitation, the Comprehensive Environmental Response, Compensation, and Liability Act, 42 U.S.C.A. §§ 9601 to 9675, the Hazardous Materials Transportation Authorization Act of 1994, 49 U.S.C.A. § 5101 et seq., the Resource Conservation and Recovery Act, 42 U.S.C.A. §§ 6921 to 6939e, the Federal Water Pollution Control Act, 33 U.S.C.A. §§ 1251 to 1387, the Clean Air Act, 42 U.S.C.A. §§ 7401 to 7671q, the Emergency Planning and Community Right To Know Act, 42 U.S.C.A. §§ 11001 to 11050, the Toxic Substances Control Act, 15 U.S.C.A. §§ 2601 to 2692, the Solid Waste Disposal Act, 42 U.S.C.A. §§ 6901 to 6992k, the Oil Pollution Act, 33 U.S.C.A. §§ 2701 to

2761, and the Environmental Laws of the State of Washington, as the same may be amended. For purposes hereof, “Hazardous Substances” shall include (A) pathological waste, (B) blood, (C) sharps, and (D) wastes from medical procedures contaminated with blood, excretions, secretions, or tissue.

x. “**Impositions**” shall mean all charges or burdens of every kind and nature incurred in the use, occupancy, ownership (but only of the Improvements), operation, or possession of the Land and/or the Improvements, without particularizing any known name, and whether any of the foregoing is general or special, ordinary or extraordinary, or foreseen or unforeseen.

y. “**Improvements**” means the Initial Improvements and any other improvements located on the Land from time-to-time, but excluding any personal property of Tenant, or any other subtenant of the Premises.

z. “**Initial Improvements**” the inpatient rehabilitation and associated improvements that Lessee will plan, design, and construct, or will cause to be planned, designed, and constructed, on the Land, as described on **Exhibit B** attached hereto.

aa. “**Initial Term**” has the meaning ascribed to said term in Section 3.

bb. “**Invalid Sale**” has the meaning ascribed to said term in Section 38(d).

cc. “**Land**” has the meaning ascribed to said term in the Recitals.

dd. “**Lease ROFO**” has the meaning ascribed to said term in Section 41(a).

ee. “**Lease ROFO Offer**” has the meaning ascribed to said term in Section 41(a).

ff. “**Lease ROFR**” has the meaning ascribed to said term in Section 41(b).

gg. “**Lease ROFR Offer**” has the meaning ascribed to said term in Section 41(b).

hh. “**Leasehold Mortgage**” has the meaning ascribed to said term in Section 10.

ii. “**Leasehold Mortgagee**” has the meaning ascribed to said term in Section 10.

jj. “**Lessee’s Estate**” shall mean the (i) the leasehold estate in the Premises vested in Lessee created by this Agreement, (ii) Lessee’s fee interest in the Improvements, and (iii) all other of Lessee’s rights and easements appurtenant to the Premises and Improvements.

kk. “**Lessee’s Property**” has the meaning ascribed to said term in Section 38(c).

ll. “**Lessor Mortgage**” has the meaning ascribed to said term in Section 9.

mm. “**Lessor Mortgagee**” has the meaning ascribed to said term in Section 9.

nn. “**Lifepoint**” means LifePoint Health, Inc., a Delaware corporation.

oo. “**MAI Appraiser**” means an individual who holds the Member Appraisal Institute (MAI) designation conferred by, and is an independent member of, the American Institute of Real Estate Appraisers (or its successor organization or, if there is no successor organization, the organization and designation most similar).

pp. **“Market Value”** of the leasehold estate or the fee estate means, as of the date of any determination, the present fair market value of such estate or interest (including any improvements thereon) as of such date, as if no taking by a Condemning Authority had occurred, without adjustment for the taking, this Agreement had not been terminated, taking into account the benefits and burdens of the Lease, the remaining Term, and all other matters affecting the leasehold estate or the fee estate, as applicable, discounted to present value.

qq. **“Marketing Period”** shall mean the period commencing upon the earlier of (i) the date that is twelve (12) months before the Facility Lease expires (provided Tenant has no remaining options to extend the term of the Facility Lease), or (ii) the date Tenant delivers notice to Lessee of its intent to not extend the term of the Facility Lease (or the date Tenant’s failure to exercise such extension option is considered a waiver of such option under the Facility Lease), and expiring upon the date that is six (6) months after the expiration of the Facility Lease; provided that if the termination of the Facilities Lease is due to a default by Tenant, then total Marketing Period shall be deemed to be six (6) months commencing from the date of the default giving rise to the termination.

rr. **“Offer”** has the meaning ascribed to said term in Section 38(a).

ss. **“Parent Entity”** has the meaning ascribed to said term in Section 37(e).

tt. **“Qualified Property Manager”** shall mean a reputable and experienced professional management organization which manages, together with its Affiliates, at least four (4) hospitals or long-term care facilities with a combined square footage of at least 200,000 square feet. For purposes hereof, PMB Real Estate Service, Inc., or Lifepoint, together with their respective Affiliates, shall be considered a Qualified Property Manager.

uu. **“Payment Date”** means the first (1st) day of the calendar month following the Rent Commencement Date.

vv. **“Permitted Encumbrances”** means those encumbrances described on Exhibit C attached hereto.

ww. **“Permitted Portfolio Financing”** means those financing arrangements by Lessee which encumbers other real property assets of Lessee or its Affiliates in addition to Lessee’s Estate (and which may be cross collateralized accordingly), in accordance with the terms of this Agreement.

xx. **“Permitted Uses”** means any or all of the following purposes and uses incidental thereto: (i) the construction, maintenance, repair, replacement, and operation of a rehabilitation or behavioral health hospital, long term acute care hospital and/or medical office building; (ii) the provision of inpatient rehabilitation services, behavioral health services, skilled nursing, and long-term acute care hospital services, in such combination as Lessee shall determine, (iii) the provision of medical services and activities related thereto to patients admitted at the Premises primarily for behavioral health services, inpatient rehabilitation hospital services, or long-term acute care hospital services (collectively, the **“Permitted Ancillary Uses”**), including, without limitation, (A) diagnostic and treatment services, tests and procedures by physicians and other health care professionals, (B) medical imaging, including, without limitation, the operation of CT scanners, MRIs, X-Rays and other imaging equipment, (C) the operation of a medical clinic, (D) laboratory, (E) the provision of occupational therapy, physical therapy, speech therapy, respiratory therapy and wellness services, (F) food service, (G) retail sales, including, without limitation, the sale of durable medical products and other health care related products, (H) pharmacy; and (iv) general office uses (subject in each case to receipt of all necessary approvals from the City and County in which

the Premises is located and other governmental agencies having jurisdiction over the Premises and uses therein).

yy. **“Person”** means any individual, sole proprietorship, partnership, limited liability company, joint venture, trust, unincorporated organization, association, corporation, institution, or entity, including, without limitation, any governmental body, agency, or department.

zz. **“Precluded Transferee”** shall mean and include: (1) any Person that is engaged in the ownership, operation, lease, or management of any of the following: an acute care general hospital, a medical surgical hospital, or a specialty hospital (each, a **“Prohibited Facility”**); (2) any Person which is an Affiliate of any Person described in clause (1) above; or (3) any Person excluded from participation any federal health care program; provided, however, Precluded Transferee shall not mean (i) Lessor, an Affiliate of Lessor, or any entity in which Lessor has an ownership interest, and/or (ii) Lifepoint or an Affiliate of Lifepoint. Notwithstanding the foregoing or anything else in this Agreement to the contrary, a Precluded Transferee shall not include (u) an independent physician group or physician group practice so long as it does not use any branding of a Precluded Transferee and is not a medical foundation or employed model physician group affiliated with a Precluded Transferee, (v) a Transferee or other Person which is engaged in the ownership, operation, lease, or management of a post-acute care hospital, behavioral health hospital, long-term acute care hospital, or an inpatient rehabilitation center or facility on the Premises immediately prior to the applicable sale, transfer, or assignment of Lessee’s Estate, (w) a lender that in its ordinary course of business provides debt and/or equity financing for real estate projects including health care real estate projects, (x) any Transferee and to the extent that the Transferee owns a Prohibited Facility then such Transferee will not be considered a Precluded Transferee so long as it is a passive owner of a Prohibited Facility that is leased to unaffiliated operators, doctors, and/or health care systems and it is not the operator of such Prohibited Facility, (y) a Transferee, notwithstanding the fact that it has an Affiliate that is a Precluded Transferee, if neither the business of such Transferee nor its Affiliate involves the operation or management of a Prohibited Facility and is otherwise a passive owner of a Prohibited Facility; provided, however, the provision of property management or contract operations services for a property that is owned or leased by a Precluded Transferee or its Affiliate will not be deemed to be “management” or “operation” of a Prohibited Facility for the purposes hereof, and/or (z) a Transferee that is a Real Estate Investment Trust (**“REIT”**) or any Affiliate of a REIT (**“REIT Affiliate”**) that owns both the building and participates in the health care operations of a Prohibited Facility under an arrangement permitted by the REIT Investment Diversification and Empowerment Act (RIDEA) of 2007 (e.g., an arrangement where a REIT Affiliate owns a Prohibited Facility under a RIDEA structure, such that it owns the building and improvements and participates in the health care operations at the Prohibited Facility through an executed arm’s length management contract with an eligible independent contractor (**“EIK”**) as defined within IRS.

aaa. **“Premises”** has the meaning ascribed to said term in the Recitals.

bbb. **“Prohibited Services”** has the meaning ascribed to said term in Section 8(a).

ccc. **“Publicly Traded Parent”** has the meaning ascribed to said term in Section 17(b)(ii).

ddd. **“Purchase Contract”** has the meaning ascribed to said term in Section 37(a).

eee. **“Purchase Option”** has the meaning ascribed to said term in Section 39(a).

fff. **“Purchase Option Date”** shall mean (i) the seventh (7th) anniversary of the Rent Commencement Date, (ii) on any date that Tenant is permitted to exercise the Superior Purchase Option

during the term of the Facility Lease subject to the terms and conditions set forth in the Facility Lease, or (iii) at any time during the Marketing Period (so long Lessor complies with Section 8(b) in terms of providing notice of its election of the Purchase Option).

ggg. “**Purchase Price**” has the meaning ascribed to said term in Section 39(b).

hhh. “**Purchase ROFO**” has the meaning ascribed to said term in Section 37(a).

iii. “**Purchase ROFR**” has the meaning ascribed to said term in Section 38(a).

jjj. “**Renewal Period**” has the meaning ascribed to said term in Section 3.

kkk. “**Rent Commencement Date**” means the same date as the Commencement Date set forth in the Facility Lease.

lll. “**Rental Rate Escalator**” means _____ of the Base Rent then in effect.

mmm. “**Restrictions Conditions**” means (i) the original Lessor entity hereunder (or any successor or assign of such original Lessor pursuant to a merger, reorganization, consolidation, or other similar transaction involving all or substantially all of the assets of such original Lessor) owns and/or operates an acute care general hospital facility within a ten (10) mile radius of the Premises, and (ii) no default by Tenant under the Facility Lease beyond any applicable notice and cure period has occurred.

nnn. “**Sale Transaction**” has the meaning ascribed to said term in Section 37(a).

ooo. “**Superior Purchase Option**” has the meaning ascribed to said term in Section 39(g).

ppp. “**Superior ROFO Right**” has the meaning ascribed to said term in Section 37(g).

qqq. “**Superior ROFR Right**” has the meaning ascribed to said term in Section 38(g).

rrr. “**Taking Award**” means any award(s) paid or payable to either Party or any Leasehold Mortgage holder because of or as compensation for a taking, including (a) an award for the Premises, the Improvements and any other improvements on the Premises that are subject to the taking, (b) the full amount paid or payable by the Condemning Authority for the estate that is subject to the taking, (c) any interest on such award, and (d) any other sums payable on account of such taking.

sss. “**Taxes**” shall mean all taxes, assessments and governmental charges, whether federal, state, county or municipal, and whether they be by taxing districts or authorities presently taxing the Land and the Improvements, or by others, subsequently created or otherwise and any other taxes, association dues and assessments attributable to the Land, the Improvements or their operation, or Lessee’s interest in the Premises or rents generated or charged under this Agreement, whether any of the foregoing is general or special, ordinary or extraordinary, or foreseen or unforeseen. “Taxes” does not include, federal and state income taxes, franchise taxes, inheritance, estate, gift, excise, corporation, net profits, succession, capital gains, or any similar tax for which Lessor becomes liable and/or which may be imposed upon or assessed against Lessor.

ttt. “**Tenant**” means PeaceHealth Southwest, LLC, a Washington limited liability company.

uuu. “**Term**” means the Initial Term and any Renewal Periods.

vvv. **“Third Appraiser”** has the meaning ascribed to said term in Section 4(b).

www. **“Title Policy”** has the meaning ascribed to said term in Section 39(d).

xxx. **“Transaction Statement”** has the meaning ascribed to said term in Section 37(a).

yyy. **“Transferee”** means an assignee of this Agreement or purchaser of the Improvements.

zzz. **“Use Restrictions”** has the meaning ascribed to said term in Section 8(b).

2. Lease of Premises. Lessor does hereby grant, demise, and lease unto Lessee, and Lessee does hereby hire and lease from Lessor, the Premises on an “as is” basis, subject only to the Permitted Encumbrances, pursuant to the terms and conditions hereinafter set forth in this Agreement. Notwithstanding the foregoing, Lessor represents and warrants to Lessee that (a) Lessor is the fee owner of the Premises, free and clear of all liens, mortgages and other encumbrances other than the Permitted Encumbrances, (b) there are no existing requirements to obtain the consent of any other party, options, rights of first refusal, rights of first offer, or any other claims to possession or use of the Premises, and (c) Lessor has delivered all studies, reports, evaluations, and other documents related to the Premises in Lessor’s possession or control (but Lessor is not representing or warranting the accuracy of any such studies, reports, evaluations, or other documents). Except as otherwise expressly set forth in this Agreement or any other written agreement between Lessor and Lessee, Lessor shall not be obligated to provide any services to the Premises or make any improvements to the Land and shall have no obligation to pay for any costs required to make the Improvements accessible to water, sewer, electricity, or other utilities. At all times during the Term, title to any and all Improvements shall remain solely in Lessee, and Lessee alone shall be entitled to deduct all depreciation in Lessee’s income tax returns for any such Improvements. Upon expiration of the Term, by passage of time or otherwise (subject to the rights of any Leasehold Mortgagee), any Improvements shall become the property of Lessor, without payment by Lessor or any other consideration by Lessor, and without any representation or warranty by Lessee except as set forth in the following sentence; and Lessee shall thereupon execute and deliver documents or instruments reasonably requested by Lessor to effect such conveyance. Lessee warrants and agrees that upon the expiration of the Term, the Premises shall be free and clear of (i) any monetary liens or encumbrances created or incurred by Lessee, other than the lien for real property taxes not yet due and payable, and (ii) exceptions to title other than (a) the Permitted Encumbrances, (b) any instruments, covenants, conditions, restrictions, easements, and matters affecting title which are in existence as of the Effective Date, and (c) those instruments, covenants, conditions, restrictions, easements, and matters affecting title, including any leases for the Improvements, hereafter approved in writing (or deemed approved by operation of this Agreement) by Lessor.

3. Term. The term of this Agreement shall commence on the Effective Date and end at 11:59 p.m. local time on the last day of the month of the _____ anniversary of the Rent Commencement Date (“**Initial Term**”), unless otherwise extended or sooner terminated pursuant to the terms and provisions of the Agreement. Lessee shall have _____ options to extend the Initial Term, or the previous Renewal Period, as applicable, each for an additional _____ years (each, a “**Renewal Period**”). Any of such options shall be exercised by Lessee giving Lessor written notice thereof at least six (6) months prior to the date on which such Renewal Period will commence; provided, that at the expiration of the Initial Term, or the previous Renewal Period, if applicable, this Agreement is then in full force and effect and no material default by Lessee then exists of which Lessee has received notice and has not been cured within the applicable cure period.

4. Rent and Additional Impositions.

a. Base Rent. The initial annual lease payments for the Premises (“**Base Rent**”) shall be equal to _____ per annum, with the first installment being payable on the Payment Date and each subsequent installment being payable on the anniversary of the Payment Date. Base Rent for any partial calendar month shall be prorated. On the anniversary of the Payment Date and each anniversary thereafter (other than an FMV Adjustment Date), the amount of Base Rent shall be increased by the Rental Rate Escalator. Lessor and Lessee acknowledge and agree that adjusting the Base Rent amount on each anniversary of the Payment Date is designed to ensure the Base Rent remains consistent with fair market value.

b. Periodic Adjustment of Base Rent. On each FMV Adjustment Date, Lessor and Lessee shall adjust Base Rent and the Rental Rate Escalator then in effect to the then Fair Market Rental Rate using the following process. At least six (6) months prior to the FMV Adjustment Date, Lessor shall notify Lessee in writing of its good faith determination of the Fair Market Rental Rate. Lessee shall have the right to object to Lessor’s determination of the Fair Market Rental Rate by written notice given to Lessor within fifteen (15) Business Days after receipt of Lessor’s determination. If Lessee objects to Lessor’s determination of the Fair Market Rental Rate, Lessor and Lessee will thereafter work together in good faith for fifteen (15) Business Days to resolve the dispute. If the parties are unable to resolve the dispute within fifteen (15) Business Days after Lessor’s receipt of Lessee’s objection notice, then the Fair Market Rental Rate shall be determined pursuant to the provisions set forth hereafter. Within fifteen (15) days after the expiration of the fifteen (15) Business Day dispute resolution period, Lessor and Lessee shall each appoint an Appraiser and shall notify the other party of the Appraiser so selected. If either party fails to so appoint an Appraiser on or before the day specified in the preceding sentence, the Person appointed as the Appraiser by one party may appoint an Appraiser to represent the party having failed to appoint an Appraiser within ten (10) days after the expiration of such period. The two Appraisers appointed in either manner shall then proceed to work together in good faith to jointly determine the Fair Market Rental Rate. In the event the two Appraisers cannot agree, each will simultaneously submit to the other, in a sealed envelope, such Appraiser’s good faith determination of the Fair Market Rental Rate (collectively referred to as the “**FMRR Determinations**”). If the higher of the FMRR Determinations is not more than one hundred five percent (105%) of the lower of the FMRR Determinations, then the Fair Market Rental Rate will be the average of the two FMRR Determinations. If the Fair Market Rental Rate is not resolved pursuant to the foregoing sentence, then within fifteen (15) days after their exchange of FMRR Determinations, the two Appraisers shall select a third Appraiser (the “**Third Appraiser**”). Within fifteen (15) Business Days after his or her appointment, the Third Appraiser shall select which of the FMRR Determinations of the first two Appraisers most closely reflects the Fair Market Rental Rate, and such FMRR Determination will be binding upon Lessor and Lessee. Lessor and Lessee agree to be bound by the determination of the Fair Market Rental Rate of the Premises by the Appraisers in accordance with the foregoing process. Each party shall be responsible for the fees and disbursements of its Appraiser and attorneys, and the parties shall share equally the fees and disbursements of the Third Appraiser. Further, determination of the Fair Market Rental Rate shall also involve an evaluation and adjustment, if necessary, of the Rental Rate Escalator set forth in Section 4(a) to ensure that it remains commercially reasonable. On the date that the Fair Market Rental Rate has been established, Lessor and Lessee will execute an amendment to this Agreement to memorialize the new Base Rent amount.

If Lessor fails to notify Lessee in writing of its good faith determination of the Fair Market Rental Rate at least six (6) months prior to the FMV Adjustment Date in accordance with this Section 4(b), then within sixty (60) days following the expiration of six-month period, Lessee may determine the Fair Market Rental Rate and notify Lessor as to said Fair Market Rental Rate in accordance with the foregoing paragraph. If Lessor objects to Lessee’s determination of the Fair Market Rental Rate, then Lessor and Lessee will thereafter work together in good faith for fifteen (15) Business Days to resolve the dispute. If

the parties are unable to resolve the dispute within fifteen (15) Business Days after Lessee's receipt of Lessor's objection notice, then the Fair Market Rental Rate shall be determined pursuant to the appraisal process set forth in the foregoing paragraph.

Notwithstanding anything to the contrary contained herein, in no event shall the Fair Market Rental Rate determined on the FMV Adjustment Date exceed the Base Rent payable as of that FMV Adjustment Date by more than ten percent (10%).

c. Additional Rent. It is intended by Lessor and Lessee that the amounts paid by Lessee to Lessor pursuant to this Agreement will allow Lessor to realize net rental income equal to the amounts set forth in Section 4(a), and therefore, in addition to the lease payments specified in Section 4(a), Lessee shall reimburse Lessor for all Taxes and Impositions related to the Premises commencing on the Rent Commencement Date except to the extent any such Taxes and/or Impositions are paid directly by Lessee to any such third party. Lessee shall make all necessary arrangements with the applicable taxing authorities to have invoices for Impositions sent directly to Lessee and, if necessary, Lessor shall, at the request of Lessee and at no cost to Lessor, reasonably cooperate in making such arrangements. If Lessor shall receive after the Rent Commencement Date any invoices for Taxes or Impositions, Lessor shall promptly forward the same to Lessee. If Taxes or Impositions are paid by Lessor, Lessor shall invoice Lessee within thirty (30) days of determination of the amount of the Taxes or Impositions, as applicable, and Lessee shall pay such amount to Lessor within thirty (30) days of receipt of the invoice and supporting documentation from Lessor, provided Lessee is in agreement with the invoiced amounts.

(i) Lessee must pay before delinquency, in the manner set forth in this Agreement, all Taxes and Impositions that, at any time from and after the Rent Commencement Date and throughout the Term, are assessed, levied, imposed upon or become due and payable with respect to the Land or any part thereof or the Improvements. Lessor hereby represents and warrants that the Premises constitute two separate tax parcels and are not considered part of a larger tract for Tax purposes. If for any reason, the Premises is not, at any time during the Term, the two, separate tax parcels defined as of the Effective Date, Lessor and Lessee shall cooperate with each other to ensure the timely payment of the Taxes and the equitable allocation of the tax bills related thereto between Lessor and Lessee such that Lessee pays (or reimburses Lessor for) the Taxes attributable to the Land and the Improvements and the remainder of each such tax bill attributable to property owned by Lessor other than the Land and the Improvements is timely paid (either directly or by reimbursement of Lessee) by Lessor. If Lessor is not (or would not be) subject to payment of Taxes and Impositions either at the beginning or end of the Term (but for this Agreement) on the Premises and/or the Improvements, Lessee shall pay all such Taxes and Impositions imposed in the fiscal tax year which includes the Rent Commencement Date or the date of expiration or earlier termination of the Term, as applicable, all Taxes and Impositions relating to a period of which only a part is included within the Term will be prorated as between Lessor and Lessee based on the actual number of days in such period so that Lessor shall pay that proportion of such Taxes and Impositions which are part of such period included in the period of time prior to the Rent Commencement Date or after the expiration or termination of this Agreement bears to such period, and Lessee shall pay the remainder thereof. In no event shall Lessee ever be obligated to pay any Taxes or Impositions with respect to any facilities or improvements not located on the Land.

(ii) If the Land and the Improvements are taxed as a separate tax parcel(s), Lessee may contest the amount or validity of any Taxes by appropriate legal proceedings, diligently pursued provided that: (i) Lessee makes all such contested payments (which may be made by Lessee under protest if Lessee so desires) or bond over such payments (if permitted by law) before they become delinquent; (ii) neither the Land nor the Improvements nor any part thereof nor any interest therein is placed in any danger of being sold, forfeited, lost or interfered with by virtue of any such contest; (iii) Lessee has furnished such security, if any, as may be required in the said contest proceedings; and (iv) all expenses (including, without

limitation, any fees, penalty or interest) which are assessed or incurred in connection with or as a result of any such proceedings are paid by Lessee. Any such contest as to the validity or amount of any Tax, or assessed valuation on which such Tax was computed or based, whether before or after payment, may be made by Lessee in the name of Lessee, or, if required by law, in the name of Lessor or both Lessor and Lessee, and Lessor agrees that it will, at Lessee's expense, cooperate with Lessee in any such contest to such extent as Lessee may reasonably request, it being understood, however, that Lessor shall not be subject to any liability for the payment of any costs or expenses in connection with any proceeding brought by Lessee, and Lessee shall indemnify, defend and save Lessor harmless from any such costs or expenses. If the Land and the Improvements are not taxed as a separate tax parcel(s), then Lessee shall not have the right to contest or review the amount or validity of any such Taxes, but Lessor shall, upon Lessee's request (and subject to Lessor's consent, which will not be unreasonably withheld) pursue any contest or review of the amount of any Tax on the Land and the Improvements, at Lessee's expense. If the Land and the Improvements are not taxed as a separate tax parcel(s) and during the Term Lessor contests the amount or validity of any taxes which include the Taxes by appropriate legal proceedings and the Taxes with respect to the Premises or the Improvements are reduced as a result thereof, Lessee must reimburse Lessor within thirty (30) days after demand for Lessee's pro rata share of the expenses incurred by Lessor in connection with any such contest proceeding. Tenant under the Facility Lease shall have the right to contest Taxes, which right shall be the same as Lessee's, as set forth above, subject to the terms of the Facility Lease.

(iii) Nothing herein shall prohibit Lessee from passing through to Tenant the Taxes and Impositions herein described. Notwithstanding anything to the contrary in this Section 4, Lessee shall not be required to physically pay Base Rent, Taxes, or Impositions to Lessor so long as Tenant pays the same directly to Lessor for all applicable periods in accordance with the terms of this Agreement and the Facility Lease.

(iv) Notwithstanding the foregoing, nothing contained in this Agreement shall require Lessee to pay any gift, franchise, estate, inheritance, succession, capital gains, or transfer tax of Lessor, or any tax on net income, excess profits, or net revenue of Lessor.

5. Place and Method of Payment. The Base Rent, or any additional sums which may be due and payable to Lessor under the terms and provisions of this Agreement, shall be payable by Lessee in readily available funds (including by wire or ACH transfer to an account designated by Lessor in writing) at Lessor's notice address set forth in Section 21 below, or such other location as Lessor shall designate in writing to Lessee at least thirty (30) days in advance.

6. Proof of Payment. The burden of proof of payment of the Base Rent, or any additional sums which may be due and payable to Lessor under the terms and provisions of this Agreement, in the case of a dispute or controversy shall at all times be upon Lessee.

7. Alterations.

a. Lessee Alterations. At any time during the Term, and subject to Section 7(b) below, Lessee may construct the Improvements and make alterations to any portion of the Improvements and the Premises at Lessee's sole cost and expense, provided that the alterations are constructed expeditiously, with new materials, in a good and workmanlike manner, and in accordance with all requirements imposed by law and this Agreement. All alterations made in accordance with this Section 7(a) shall become part of the Improvements and shall remain the property of Lessee during the Term of this Agreement. Lessee shall submit to Lessor a copy of the working drawings and specifications with respect to any alterations or additions affecting the exterior portions of the Improvements not less than seven (7) days prior to the commencement of construction thereof or, as to the Initial Improvements, promptly following the completion of the Initial Improvements.

b. Liens. Lessee will not create or permit to be created or to remain, and will promptly discharge, at its sole cost and expense, any lien, encumbrance or charge upon the Premises, or any part thereof, which arises out of the use or occupancy of the Premises or the Improvements by Lessee or by reason of any labor or materials furnished or claimed to have been furnished to Lessee or by reason of the construction of the Improvements, or by reason of any construction, addition, alteration or repair of any part of the Improvements and all such liens are expressly prohibited. If any such lien is filed against the Premises, or any part thereof, Lessee shall, within thirty (30) days after Lessee receives notice of the filing thereof, cause such lien to be released or discharged by payment or bonding.

8. Use of Premises.

a. Permitted Uses. Lessee shall have the right to use the Premises for the development of the Improvements, which will be used and occupied for any or all of the Permitted Uses. Notwithstanding the foregoing or any other provision set forth herein to the contrary, if no portion of the Improvements is leased by Lessor or an Affiliate (defined below) of Lessor, then Lessee shall be entitled to use the Premises and the Improvements for any lawful purpose; provided, however, until any of the Restrictions Conditions first cease to be satisfied, in no event shall the Premises be used for the following purposes (collectively, the "**Prohibited Services**"):

- i. the commercial sale or distribution of alcoholic beverages (except as an ancillary or complementary use);
- ii. a sexually oriented or adult entertainment business, club, or establishment;
- iii. for the selling, marketing, leasing, advertising, displaying, exhibiting or distributing of pornographic materials, products, or media, sexually oriented materials, products, or media, or materials, products or media involving or depicting nudity or sexual, obscene or lewd acts; provided however, in no event does this prohibit the distribution or displaying of medical or pharmaceutical resources, literature or products;
- iv. a birthing center;
- v. a clinical laboratory;
- vi. diagnostic or therapeutic testing services, including, without limitation, diagnostic radiology and diagnostic imaging services, fluoroscopy, computerized tomography (CT), mammography and breast diagnostics, nuclear medicine testing; and magnetic resonance imaging;
- vii. chemotherapy;
- viii. cardiac catheterization;
- ix. a facility for multi-specialty cancer treatment or comprehensive cancer center;
- x. a pharmacy;
- xi. any procedure involving the administration of general anesthesia or intravenous sedation;

- xii. outpatient surgeries that require general anesthesia or intravenous sedation (including, without limitation, an ambulatory surgery center);
- xiii. pathology laboratory or x-ray or ultrasound services;
- xiv. other than the Permitted Uses, any facility that requires a license or certificate issued by a federal or state licensing or certifying authority.

Notwithstanding the foregoing, the prohibited uses outlined in Section 8(a)(v), (vi), (x), (xiii) shall not be interpreted to prohibit Lessee, Tenant, or any other tenant or occupant of the Improvements from providing any Prohibited Services on the Premises to the extent either (I) the Prohibited Services are provided by Lessee, Tenant, or any other tenant or occupant of the Improvements in the ordinary course of providing any service that is a Permitted Use, (II) any Prohibited Service must be provided within the Premises for Lessee, Tenant, or any other tenant or occupant to provide any service that is a Permitted Use, or (III) such Prohibited Services (1) are the kind usually and customarily provided in a physician's office, (2) are provided to such physician's own patients (or the patients of any physician within such physician's group), and (3) are merely ancillary and incidental to such physician's primary medical practice and do not constitute the physician's primary medical practice or specialty or constitute the predominant services rendered by the physician to the physician's patients. Further, to the extent any of the Permitted Ancillary Uses or any Prohibited Services are ordinarily provided within behavioral health hospitals and must be provided on the Premises for Tenant to operate a behavioral health facility on the Premises, Lessee, Tenant, and any other tenant or occupant of the Improvements is expressly permitted to provide the Permitted Ancillary Uses or Prohibited Services.

b. Marketing Period. During the Marketing Period, the following terms shall apply:

i. Lessee will use commercially reasonable efforts to identify a replacement tenant to occupy all of the Premises on terms (which terms are subject to the express terms of this Agreement) that are acceptable to Lessee in its sole discretion;

ii. Lessor shall use commercially reasonable efforts to assist Lessee in identifying a replacement tenant to occupy all of the Premises on terms that are acceptable to Lessee, provided that Lessor will not be required to modify any of the terms of this Agreement for any proposed tenant or leasing arrangement, including, without limitation, the restrictions that prohibit a Precluded Transferee from occupying space within the Premises or serving as the tenant thereunder and any proposed leasing arrangement will be subject to the use restrictions described in Section 8(a); and

iii. Lessor shall have the option, at any time during the Marketing Period, to exercise the Purchase Option, and to the extent exercised, the Purchase Price will be determined in accordance with Section 39(b).

If, during the Marketing Period, Lessee was unable to enter into a new lease for all of the Premises on terms acceptable to Lessee, then, upon the expiration of the Marketing Period, the Prohibited Services restrictions set out in Section 8(a)(iv)–(xiv) and the restrictions prohibiting a Precluded Transferee from acquiring the Premises and serving as the “Lessee” or from otherwise owning, operating, or occupying the Premises (collectively, the “**Use Restrictions**”) will automatically terminate and Lessee will be permitted to develop, operate, sell, transfer, assign, or lease its interest in this Agreement and/or the Premises (with no Precluded Transferee restriction) and/or operate, use, occupy or enter into a lease for the Premises without being subject to the Prohibited Services restrictions in Section 8(a)(iv)–(xiv) (with no Precluded Transferee restriction). If the Use Restrictions automatically terminate upon the expiration of the Marketing Period, then at the request of Lessee, Lessor agrees to enter into an amendment to this Agreement

memorializing the termination of the Use Restrictions. Notwithstanding anything to the contrary contained in this Agreement, the Use Restrictions will automatically terminate and Lessee will be permitted to developer, operate, sell, transfer, assign, or lease its interest in this Agreement and/or the Premises (with no Precluded Transferee restriction) and/or operate, use, occupy, or enter into a lease for the Premises without being subject to the Prohibited Services restrictions in Section 8(a)(iv)–(xiv) (with no Precluded Transferee restriction), following such time as any of the Restrictions Conditions first cease to be satisfied.

c. Signage. No signs containing any trademark, service mark, trade name, logo or graphic design owned by or associated with any Precluded Transferee shall be put, placed or otherwise displayed in or on the Premises or the Improvements without the prior written approval of Lessor, which approval may be withheld in each's sole discretion. All signs and lettering shall conform in all respects to all Applicable Laws and any sign and/or lettering standards established by Lessor provided to Lessee prior to the date of this Agreement; provided, however, Lessor may update said standards during the Term upon written notice to Lessee and any additional signs and lettering installed by or on behalf of Lessee thereafter shall be subject to such updated standards (provided that such updated standards must not limit the number of signs that Lessee may install in or on the Premises or the Improvements). Notwithstanding anything else to the contrary contained herein, Lessee shall have the right to install any directional or safety signage in or on the Premises that Lessee deems necessary in its sole discretion without the consent of Lessor.

9. Lessor's Financing. Lessor shall have the right to encumber its interest in the Premises by one or more mortgages, deeds of trust, assignment of rents and leases, security agreements or otherwise (a "Lessor Mortgage"); provided, however, any lender holding a Lessor Mortgage ("Lessor Mortgagee") shall agree, in writing, to enter into a commercially reasonable nondisturbance and attornment agreement pursuant to which Lessor Mortgagee will (a) recognize the rights of Lessee (and any successor-holder of Lessee's leasehold interest by reason of the making of a new lease entered into between Lessor and any Leasehold Mortgagee or its nominee) and agree that it shall not disturb Lessee's (or any successor-holder of Lessee's leasehold interest by reason of the making of a new lease entered into between Lessor and any Leasehold Mortgagee or its nominee) right to use the Premises if Lessor Mortgagee exercises any remedies in the Lessor Mortgage due to a default thereunder by Lessor provided that Lessee (or any successor-holder of Lessee's leasehold interest by reason of the making of a new lease entered into between Lessor and any Leasehold Mortgagee or its nominee) continues to perform all of its obligation under this Agreement (or any new lease) in a timely manner and no default under this Agreement remains uncured past any applicable notice, grace and/or cure periods, and (b) recognize the rights of any Leasehold Mortgagee holding a Leasehold Mortgage (as well as any purchaser at a foreclosure sale and any deed-in-lieu or similar transferee) and agree that any Lessor Mortgage will be subject and subordinate to all of the rights and interests of Lessee under this Agreement and the rights of any Leasehold Mortgage (as well as any purchaser at a foreclosure sale and any deed-in-lieu or similar transferee). At any time that a Lessor Mortgage exists, a Lessor Mortgagee shall be required to provide Lessee and any Leasehold Mortgagee with any notice of default under the Lessor Mortgage.

10. Lessee's Financing.

a. Requirements. Lessee shall have the right during the Term to subject all or part of Lessee's Estate to one or more mortgages, deeds of trust, assignments of lease, security agreements or other methods of financing or refinancing (each, a "Leasehold Mortgage"), for the purpose of securing a leasehold mortgage loan from one or more lenders (each, a "Leasehold Mortgagee") to finance or refinance the costs and expenses of constructing, developing, or owning the Improvements or any renovations thereof and the acquisition of any fixtures, equipment or other property of Lessee used at the Premises and/or the Improvements; subject to the following terms and conditions:

(i) The loan secured by a Leasehold Mortgage shall be made by a commercial or savings bank, national or state bank, foreign bank agency licensed in the State of Washington, trust company, savings and loan institution, insurance company, educational institution, pension fund, retirement fund, welfare fund, charitable foundation, credit union, real estate investment trust, investment bank, or an opportunity fund or investment partnership controlled by an entity that otherwise constitutes a permitted lender under this Section 10(a)(i) authorized to do business in the State of Washington and shall be non-participating, except with another institution of the character herein set forth;

(ii) Except in connection with Permitted Portfolio Financings, no Leasehold Mortgage may secure any indebtedness unrelated to Lessee's Estate or serve as cross-collateral for any loan made to Lessee that is secured by real property other than Lessee's Estate; and

(iii) Except in connection with Permitted Portfolio Financings, the aggregate principal amount of all loans outstanding at any one time that are secured by one or more Leasehold Mortgages shall not exceed the greater of (a) the Appraised Value, (b) the stated principal amount of any existing Leasehold Mortgage that was obtained in accordance with the provisions of subsection (a), or (c) the Project Costs (as defined in the Facility Lease). The foregoing calculation will only be made at such time that Lessee intends to subject all or part of Lessee's Estate to a Leasehold Mortgage. If the parties cannot agree on the Appraised Value within fifteen (15) days after Lessee delivers written notice to Lessor of Lessee's intent to subject Lessee's Estate to a Leasehold Mortgage, then the Appraised Value of Lessee's Estate shall be determined by Appraisers in accordance with the following provisions:

(1) Each party shall designate in writing an Appraiser within ten (10) days of the expiration of the 15-day period described in the foregoing paragraph, and shall notify the other party of the Appraiser so selected. If either party fails to so appoint an Appraiser on or before the end of such ten-day period, the Person appointed as the Appraiser by one party may appoint an Appraiser to represent the party having failed to appoint an Appraiser within ten (10) days after the expiration of such period. Within thirty (30) days after their appointment, the two Appraisers so selected shall determine the Appraised Value of Lessee's Estate. If the two Appraisers cannot agree on the determination by that date, then within fifteen (15) days thereafter they shall select a third, independent Appraiser who is similarly qualified and has not been engaged by either Lessor or Lessee in the prior five (5) years. The Third Appraiser shall choose the Appraised Value determination of the Appraiser equal to such Third Appraiser's independent determination of the Appraised Value. If the Third Appraiser's appraisal is not equal to one (1) of the appraisals of the first two appraisers, then the average of the two (2) closest appraisals shall be deemed to be the Appraised Value of Lessee's Estate. The parties shall use commercially reasonable efforts to cause the Appraisers to render a prompt written decision as to the Appraised Value of Lessee's Estate by not later than thirty (30) days after selection of the Third Appraiser. The parties shall share equally in the costs of the Appraisers.

(2) The Appraisers shall notify each party of its determination in writing. Both Lessor and Lessee shall be bound by the determination of the Appraisers in accordance with the provisions of this Section 10(a)(iii) and the determination shall be enforceable against each party.

(3) If one or more Leasehold Mortgages are being used to secure Permitted Portfolio Financings, as a condition to Lessee obtaining the same, Lessee and Leasehold Mortgagee will establish an amount of the loan that is reasonably allocable to the Premises ("**Allocated Loan Amount**") and the Allocated Loan Amount, along with any other loans secured by Leasehold Mortgages, shall not exceed the Appraised Value.

b. No Assignment. The execution and delivery of any such Leasehold Mortgage shall not be deemed to constitute an assignment or transfer of this Agreement, nor shall the holder of any

Leasehold Mortgage be deemed (prior to a foreclosure judgment or acceptance of a deed-in-lieu of foreclosure, and the subsequent taking of possession as hereinafter provided) an assignee or transferee of this Agreement so as to require such holder to assume the performance of any of the terms, covenants or conditions on the part of Lessee to be performed hereunder.

c. Notice to Lessor. Lessee shall promptly (i) notify Lessor in writing of the name and address of any Leasehold Mortgagee, (ii) deliver to Lessor a true, accurate and complete copy of the Leasehold Mortgage, (iii) notify Lessor in writing of a Lessor default pursuant to Section 14(c), and (iv) shall endeavor to cause each Leasehold Mortgagee to send copies of all notices of default that are sent to Lessee to Lessor.

d. Notice to Leasehold Mortgagee. If Lessee shall be in default under this Agreement and the applicable grace period for cure by Lessee shall have expired, prior to any exercise of Lessor's remedies hereunder, Lessor shall send to Leasehold Mortgagee at its address as provided in writing to Lessor by Lessee, a copy of written notice of default; provided, however, that the failure to give such notice shall not subject Lessor to any liability to Leasehold Mortgagee, Lessee or any other person or entity, but such notice shall not be effective against the Leasehold Mortgagee unless and until written notice shall have been given to such Leasehold Mortgagee and such Leasehold Mortgagee is afforded the opportunity to cure the default in accordance with this Section 10(d). Subject to Section 10(g) below, Leasehold Mortgagee shall have thirty (30) days after delivery of the written notice from Lessor within which to cure or remove the default, and if the default cannot with reasonable diligence be cured within the 30-day period, then Leasehold Mortgagee shall have a reasonable time thereafter to effect such cure, provided that Leasehold Mortgagee commences to cure the same within the 30-day period and thereafter pursues the curing of the default with reasonable diligence. Notwithstanding any other provision of this Agreement, (a) Lessor shall not terminate this Agreement due to Lessee's default unless Lessor shall have first given a copy of the written notice of default to Leasehold Mortgagee and unless Leasehold Mortgagee shall have failed to cure or remove, or cause to be cured or removed, the default, within the time required by this Section 10(d), and (b) Leasehold Mortgagee may cure but is not required or obligated to cure any Lessee default.

e. Acceptance of Cure. Lessor will accept performance by Leasehold Mortgagee of any covenant, agreement or obligation of Lessee contained in this Agreement with the same effect as though performed by Lessee.

f. New Lease. If this Agreement is terminated for any reason, including, without limitation, any termination following Leasehold Mortgagee's failure to cure a default as permitted in Section 10(d), or in the event of the rejection or disaffirmance of this Agreement pursuant to bankruptcy laws or other laws affecting creditors' rights, Lessor will enter into a new lease of the Premises with Leasehold Mortgagee, or any party designated by the Leasehold Mortgagee, within thirty (30) days after the request of Leasehold Mortgagee referred to below. The new lease shall be effective as of the date of termination, rejection or disaffirmance of this Agreement, and shall be upon the same terms and provisions contained in this Agreement (including the amount of the Base Rent, Impositions and/or Taxes, and other sums due from Lessee hereunder), except the elimination of any requirements that have been fulfilled by Lessee prior thereto. To obtain a new lease, Leasehold Mortgagee must make a written request to Lessor for the new lease within thirty (30) days after Leasehold Mortgagee is notified (by written notice) of the effective date of termination, rejection or disaffirmance of this Agreement, as the case may be, and the written request must be accompanied by a copy of the new lease, duly executed and acknowledged by Leasehold Mortgagee or the party designated by Leasehold Mortgagee as Lessee. In addition, as a condition to entering into such new lease, Leasehold Mortgagee (or the party designated by Leasehold Mortgagee to be the tenant under such new lease) must cure all defaults under this Agreement that can be cured by the payment of money (including, without limitation, repair and maintenance obligations) and pay to Lessor all Base Rent and other sums that would have been due and payable by Lessee under this Agreement but

for the rejection, disaffirmance, or termination. If Leasehold Mortgagee, or the party so designated by the Leasehold Mortgagee, shall have entered into a new lease with Lessor pursuant to this Section 10(f), then any default under this Agreement that cannot be cured by the payment of money shall be deemed cured. Any new lease made pursuant to this Section 10(f) shall be senior and superior to any other encumbrances on the Premises or the Improvements except for Permitted Encumbrances. Leasehold Mortgagee's rights under this Section 10(f) are in addition to, and not limited by, Leasehold Mortgagee's right to cure under Section 10(d). From the effective date of termination, rejection, or disaffirmance of this Agreement to the date of execution and delivery of such new lease or the expiration of the period during which Leasehold Mortgagee may make a request, Leasehold Mortgagee may, upon payment of the Base Rent and any other sums as may be due from Lessee, use and enjoy the leasehold estate created by this Agreement in accordance with the terms of this Agreement. Nothing in this Agreement will require any Leasehold Mortgagee to enter into a new lease pursuant to this Section 10(f).

g. Delay for Foreclosure. If Lessor has given Leasehold Mortgagee notice of Lessee's default under Section 10(d) and Leasehold Mortgagee desires to cure Lessee's default but is unable to do so while Lessee is in possession of the Premises or the Improvements, or if Lessor has elected to terminate this Agreement and Leasehold Mortgagee desires to obtain a new lease pursuant to Section 10(f) but has not yet acquired Lessee's Estate, then Leasehold Mortgagee shall have the right to postpone the specified date for effecting a cure of this Agreement or obtaining a new lease for a period reasonably sufficient to enable Leasehold Mortgagee or its designee to acquire Lessee's interest in this Agreement by foreclosure of its Leasehold Mortgage or otherwise, as long as Leasehold Mortgagee pays Lessor the Base Rent and any other sums due under this Agreement during the postponement. Leasehold Mortgagee shall exercise the right to extend the cure period or the date for obtaining a new lease by giving Lessor written notice prior to the last date that Leasehold Mortgagee would otherwise be entitled to elect to cure or obtain a new lease and by tendering to Lessor any Base Rent and other charges or other sums then in default.

h. No Surrender; No Modification. If any Leasehold Mortgage is in effect, Lessor will not accept a voluntary surrender or cancellation of this Agreement. If any Leasehold Mortgage is in effect, this Agreement shall not be modified or amended without the prior written consent of Leasehold Mortgagee. Leasehold Mortgagee shall not be bound by any amendment of this Agreement unless Leasehold Mortgagee has consented to the same.

i. Nonliability for Covenants. The provisions of this Section 10 are for the benefit of Leasehold Mortgagee and may be relied upon and shall be enforceable by Leasehold Mortgagee. Neither Leasehold Mortgagee nor any other holder or owner of the indebtedness secured by the Leasehold Mortgage or otherwise shall be liable upon the covenants, agreements or obligations of Lessee contained in this Agreement, unless and until Leasehold Mortgagee or that holder or owner acquires Lessee's Estate and no performance by or on behalf of a Leasehold Mortgagee of Lessee's obligations hereunder shall cause such Leasehold Mortgagee to be deemed to be a "mortgagee in possession" unless and until such Leasehold Mortgagee acquires Lessee's Estate.

j. Certain Conditions; Rights of Lessor. Lessee shall use commercially reasonable efforts to obtain from Leasehold Mortgagee a written agreement with Lessor in recordable form as follows: (i) that the Leasehold Mortgagee will give Lessor written notice of any default by Lessee under such Leasehold Mortgage for which the applicable grace period for cure by Lessee shall have expired, and that Lessor will have the option, but not the obligation, to cure said default within such 30-day period if it shall so choose, unless such default is of such a nature that it cannot be completely cured within such 30-day period, in which event Lessor shall have such longer period as shall be reasonably necessary to cure such default if Lessor shall so choose, up to a maximum of six (6) months, provided Lessor commences such cure within such 30-day period and thereafter diligently prosecutes such cure to completion. Lessee hereby

consents to any cure by Lessor of any default by Lessee under a Leasehold Mortgage. Lessor, however, shall have no obligation to cure any default under a Leasehold Mortgage.

k. No Subordination of Fee. Nothing contained in this Agreement shall be construed as a subordination of Lessor's fee interest in the Land, or its reversionary interest in the Premises or the Improvements, to any Leasehold Mortgage. Except as to new leases entered into between Lessor and Leasehold Mortgagee pursuant to this Section, upon the expiration or termination of this Agreement, any Leasehold Mortgage of Lessee's interest in the Premises or the Improvements shall be null and void. Lessor shall not be liable for the payment of the sum secured by any Leasehold Mortgage, nor for any expenses in connection with the same, and Lessor shall not be required to take any affirmative action of any kind whatsoever with respect to such Leasehold Mortgage except as otherwise provided in this Section 10. Notwithstanding the foregoing, upon Lessee's written request to Lessor, Lessor agrees that it will promptly execute and deliver to Lessee, a commercially reasonable form of recognition and attornment agreement for the benefit of Leasehold Mortgagee.

l. No Merger. There shall be no merger of this Agreement or of the leasehold estate hereby created with the fee estate in the Premises or any part thereof by reason of the fact that the same Person may acquire or hold, directly or indirectly, this Agreement or the leasehold estate hereby created or any interest in this Agreement or in such leasehold estate as well as the fee estate in the Premises or any interest in such fee estate.

m. Modification of Agreement. In the event of any financing pursuant to a Leasehold Mortgage or a sale of the Improvements and related assignment of Lessee's interest in this Agreement pursuant to the terms and conditions of this Agreement, Lessor shall, at Lessee's request, review and consider any modifications to this Agreement proposed by Lessee or Leasehold Mortgagee to confirm the rights and remedies of Leasehold Mortgagee under the Leasehold Mortgage ("**Lender Lease Modification**"). Any proposed Lender Lease Modification shall be subject to Lessor's approval, not to be arbitrarily withheld. Lessor's obligations, to the extent expressly stated and limited by this Section 10(m), shall be contingent and conditioned on Lessee not being in default under this Agreement (beyond the expiration of any applicable notice and cure period) at the time of Lessee's request or at the time any Lender Lease Modification would become effective. Notwithstanding the foregoing, Lessor shall be entitled to withhold its approval of any Lender Lease Modification, for any reason or no reason whatsoever, if Lessor determines, in good faith, that any proposed Lender Lease Modification would likely result in (i) a material decrease in Lessor's rights, remedies or benefits, as described in or contemplated by this Agreement; (ii) a material increase in Lessor's obligations or potential liability, as described in or contemplated by this Agreement; (iii) a material decrease in Lessee's obligations or potential liability, as described in or contemplated by this Agreement; (iv) affect the Base Rent or any other monetary obligation of Lessee under this Agreement; or (v) affect Lessor's present fee interest in the Land or reversionary interest in the Improvements. Lessor's obligations under this Section 10(m) shall be further conditioned on Lessee reimbursing Lessor for Lessor's reasonable costs, including Lessor's reasonable attorneys' fees incurred in connection with Lessor's performance under this Section 10(m) within ten (10) days after the date of Lessor's written demand therefor.

n. Effect of Foreclosure. Subject to the following sentence, foreclosure of any Leasehold Mortgage, or any sale thereunder, whether by judicial proceedings or by virtue of any power contained in the Leasehold Mortgage, or any conveyance of the leasehold estate created by this Agreement from Lessee to Leasehold Mortgagee through, or in lieu of, foreclosure or other appropriate proceedings in the nature thereof, shall not require the consent of Lessor or constitute a breach of or a default under this Agreement, and, upon such foreclosure, sale or conveyance, Lessor shall recognize Leasehold Mortgagee, or any other foreclosure sale purchaser, as Lessee hereunder. If the Leasehold Mortgagee becomes Lessee under this Agreement, Leasehold Mortgagee shall be liable for the obligations of Lessee under this

Agreement only for the period of time that Leasehold Mortgagee remains Lessee and, provided all prior defaults under this Agreement have theretofore been cured (to the extent capable of cure by Leasehold Mortgagee) and Leasehold Mortgagee is not then in default under this Agreement, Leasehold Mortgagee shall have the right to assign this Agreement thereafter. If Leasehold Mortgagee or other third party shall acquire Lessee's interest in this Agreement as a result of a judicial or non-judicial foreclosure under any mortgage, or by means of a deed in lieu of foreclosure, or through settlement of or arising out of any pending or contemplated foreclosure action, such Leasehold Mortgagee or such other third party purchaser shall thereafter have the right to further assign or transfer this Agreement to an assignee in accordance with Section 17 and subject to all of the other provisions of this Agreement. Upon such acquisition of Lessee's interest in this Agreement as described in the preceding sentence by Leasehold Mortgagee, Lessor shall immediately execute and deliver a new lease of the Premises to Leasehold Mortgagee upon the written request therefor by Leasehold Mortgagee given not later than one hundred twenty (120) days after Leasehold Mortgagee's acquisition of Lessee's interest in this Agreement. Such new lease shall be identical in form and content to the provisions of this Agreement, except with respect to the parties thereto, the term thereof (which shall be co-extensive with the remaining term hereof), and the elimination of any requirements that have been fulfilled by Lessee prior thereto, and such new lease shall have priority equal to the priority of this Agreement. Upon execution and delivery of such new lease, Lessor shall cooperate with the new Lessee, at the sole expense of said new Lessee, in taking such action as may be necessary to cancel and discharge this Agreement and to remove Lessee named herein from the Premises.

o. Bankruptcy.

(i) If Leasehold Mortgagee is prohibited by any process or injunction issued by any court or by reason of any action by any court having jurisdiction of any bankruptcy or insolvency proceeding involving Lessee from commencing or prosecuting foreclosure or other appropriate proceedings in the nature thereof, the times specified in this Agreement for commencing or prosecuting such foreclosure or other proceedings shall be extended for the period of such prohibition, provided that Leasehold Mortgagee shall have fully cured any default in the payment of any monetary obligations of Lessee under this Agreement and shall continue to pay currently such monetary obligations as and when the same are due.

(ii) In the event of any proceeding by either Lessor or Lessee under the United States Bankruptcy Code as now or hereafter in effect, if this Agreement is rejected in connection with a bankruptcy proceeding by Lessee or a trustee in bankruptcy for Lessee, such rejection shall be deemed an assignment by Lessee to Leasehold Mortgagee of Lessee's interests under this Agreement, and this Agreement shall not terminate and Leasehold Mortgagee shall have all rights of Lessee under this Agreement as if such bankruptcy proceeding shall not have occurred, unless, within thirty (30) days following such rejection of this Agreement, Leasehold Mortgagee notifies Lessor in writing that it rejects such deemed assignment. If any court of competent jurisdiction shall determine that this Agreement is terminated, notwithstanding the terms of the preceding sentence, in connection with such proceeding, then at the request of Leasehold Mortgagee, Lessor will enter into a new lease for the Premises with Leasehold Mortgagee as set forth in Section 10(f) above.

11. Casualty and Condemnation.

a. Casualty.

(i) If all or any portion of the Improvements shall be destroyed or damaged by fire or other casualty during the Term, no rent shall abate during such period, whether the Improvements are leasable or not, and Lessee shall promptly and diligently rebuild or repair (or, if the Facility Lease is in place and Tenant is required to rebuild or repair thereunder, cause Tenant to rebuild or repair pursuant to

the terms of the Facility Lease) the Improvements to substantially its former condition; provided, Lessee shall have the right to terminate this Agreement (A) following the twelfth (12th) anniversary of the substantial completion of the Improvements, if the repair and restoration work is expected to be more than three hundred sixty-five (365) days after the date of the fire or other casualty, (B) if such damage or destruction would entitle Tenant to terminate the Facility Lease, (C) such damage or destruction occurs during the last five (5) years of the Term, or (D) if Tenant elects to terminate the Facility Lease as a result of such damage or destruction.

(ii) If Lessee elects to terminate this Agreement, Lessee shall demolish and remove the remaining portion of the Improvements from the Land and complete such other work as necessary to render the Premises in a safe, clean and paved and/or landscaped condition.

(iii) If this Agreement is not terminated pursuant to this Section 11(a), all insurance proceeds payable as a result of such fire or other casualty shall be paid to Lessee (unless (1) required to be paid to any Leasehold Mortgagee in accordance with the terms of a Leasehold Mortgage or (2) required to be paid to Tenant under the Facility Lease).

(iv) Upon any termination of this Agreement pursuant to this Section 11(a), regardless of the amount of insurance proceeds available and/or remaining, Lessee shall satisfy and cause to be released any Leasehold Mortgages, liens or other monetary encumbrances placed or suffered to be placed on the Improvements and Lessee's leasehold interest in the Premises by Lessee. Furthermore, upon any termination of this Agreement pursuant to Section 11(a)(ii) above, any insurance proceeds that are payable as a result of the fire or other casualty shall be applied as follows: (A) first, toward the payment and satisfaction of any Leasehold Mortgages; (B) second, toward the payment and satisfaction of any other liens or other monetary encumbrances placed or suffered to be placed on the Improvements and Lessee's leasehold interest in the Premises by Lessee; (C) third, towards the actual costs, fees, and expenses, if any, paid to third parties in connection with the adjustment of the loss (which costs, fees and expenses will be reimbursed to the party incurring such expenses); (D) fourth, toward the amounts incurred to demolish and remove any remaining portion of the Improvements from the Premises and render the Premises in a safe, clean and paved and/or landscaped condition, received as a result of such damage or destruction (which amounts will be reimbursed to Lessee if Lessee has previously paid such amounts); and (E) fifth, any remaining balance to Lessee. Lessee's obligations and Lessor's rights under this Section 11(a) shall survive the termination of this Agreement pursuant to the termination rights described in this Section 11. Base Rent and all other charges under this Agreement shall be prorated as of the date of any termination pursuant to this Section 11(a).

(v) The provisions of this Agreement, including this Section 11(a), constitute an express agreement between Lessor and Lessee with respect to any and all damage to, or destruction of, all or any part of the Premises, and any statute or regulation of the state in which the Premises is located with respect to any rights or obligations concerning damage or destruction in the absence of an express agreement between the parties, and any other statute or regulation, now or hereafter in effect, shall have no application to this Agreement or any damage or destruction to all or any part of the Premises.

b. Condemnation.

(i) Unless this Agreement is terminated pursuant to Section 11(b)(ii) below, if a portion of the Premises shall be permanently taken by condemnation or other eminent domain proceedings pursuant to any law, general or special, by an authority ("Condemning Authority") having the power of eminent domain, or is sold to a Condemning Authority under threat of the exercise of that power, this Agreement shall continue, and Base Rent shall be reduced to the amount determined by multiplying the Base Rent then being paid by a fraction, the numerator of which is the fair market value of

the Premises after the taking, and the denominator of which is the fair market value of the Premises immediately prior to the taking. In the event a portion of the Premises shall be temporarily taken by a Condemning Authority by condemnation or other eminent domain proceedings pursuant to any law, Lessee will be entitled to receive the entire net award payable by reason of such temporary taking.

(ii) If a portion of the Premises is so taken or sold, and that portion in Lessee's reasonable judgment is material to Lessee's use and occupancy of the Premises, or if all of the Premises is so taken or sold, or if the Facility Lease terminates due to a taking of the Premises, Lessee may elect, in Lessee's sole and absolute discretion, to terminate this Agreement by giving written notice to Lessor. This Agreement shall then terminate on the day following the vesting of title in the Condemning Authority, and Lessee will be discharged from any responsibility to restore the Improvements or the Land. If Lessee does not exercise its option to terminate this Agreement pursuant to the foregoing, or if a part of the Premises shall be taken under circumstances under which Lessee will have no such option, Lessee shall have the sole responsibility for either (A) restoring the Improvements to a complete architectural unit, or (B) demolishing and removing the Improvements from the Land and doing such other work as necessary to render the Land in a safe, clean and paved and/or landscaped condition. If Lessee elects to demolish and remove the Improvements and not rebuild the Improvements, then following the demolition and removal from the Land of the Improvements and the completion of such other work as necessary to render the Land in a safe, clean, and paved and/or landscaped condition, either Lessor or Lessee may terminate this Agreement by delivering written notice thereof to the other. Upon termination of this Agreement pursuant to any provision of this Section 11(b)(ii), Lessee shall satisfy and cause to be released any mortgages (including any Leasehold Mortgage), liens or other monetary encumbrances placed or suffered to be placed on the Premises by Lessee. Base Rent and all other charges under this Agreement shall be prorated as of the date of any termination pursuant to this Section 11(b).

(iii) In the event of a permanent taking or sale described in this Section, any "Taking Award" shall be allocated in the following order: (a) to the holder of any Leasehold Mortgage to satisfy Lessee's obligations thereunder; (b) to the restoration costs incurred pursuant to Section 11(b)(ii)(A) and (B) above (and such amount will be reimbursed to Lessee if Lessee has previously paid such amounts); (c) to Lessor, that portion of the Taking Award equal to the Market Value of the fee estate at the time of the taking; (d) to Lessee, subject to the rights of all Leasehold Mortgage holders, that portion of the Taking Award equal to the Market Value of the leasehold estate at the time of the taking; and (e) after deductions of the amounts stated in above, to Lessee and Lessor, subject to the rights of the Leasehold Mortgage holder, the remaining balance of the Taking Award, if any, between Lessor and Lessee in the same respective proportions as the amounts described above bear to the total Taking Award. Subject to the consent of the Leasehold Mortgage holder, if Lessee and Lessor are unable to agree on the allocation of the Taking Award, Lessor and Lessee shall request the Condemning Authority, if not prohibited by law, make separate Taking Awards to Lessor and Lessee in accordance with the allocation provided above. Nothing contained herein shall be construed to impair any rights of the Leasehold Mortgage holder to any condemnation proceeds that would otherwise be payable to Lessee.

(iv) The provisions of this Agreement will determine the rights and obligations of the parties in connection with any condemnation, but as between Lessee and any Leasehold Mortgagee, the Leasehold Mortgage will control.

12. No Waste. Lessee covenants and agrees not to commit, allow, or permit any Person to commit any physical waste of any nature on the Premises.

13. Insurance.

a. General Liability. Lessee shall and hereby agrees and covenants to obtain and maintain at its sole cost and expense insurance naming Lessor as an additional insured party which protects Lessor and Lessee against claims, suits, judgments, or awards of monetary damages for personal injury or property damage under a policy or policies of general liability insurance with minimum limits of \$3,000,000 per occurrence and \$6,000,000 in the aggregate, for bodily injury and property damages. The coverage limits required herein may be satisfied by any combination of primary and excess or umbrella policies.

b. Fire and Extended Coverage Insurance. Lessee, at its sole cost and expense, shall procure and keep in effect at all times during the Term, fire and extended coverage insurance in an amount not less than the full replacement value of the Improvements and the property of Lessee located on the Premises (exclusive of foundations, footings, excavations and improvements and alterations performed by or for Tenant).

c. General Insurance Requirements. All insurance provided for by Lessee in this Agreement shall be obtained and maintained through insurance carriers licensed or authorized to do business in the State of Washington having a Best's rating of not less than A-VIII, or an equivalent rating if the Best's rating system ceases to be commonly used as an industry standard. Lessee shall provide Lessor with at least thirty (30) days' prior written notice of any notice of cancellation or termination received by Lessee except for non-payment of premium. Lessee shall furnish to Lessor an insurance certificate renewing, continuing or obtaining new insurance coverage for the policy in the appropriate amount within thirty (30) days of the cancellation or expiration of any policy of insurance which Lessee is obligated to obtain and maintain in accordance with the terms and provisions of this Agreement.

d. Mutual Waiver of Subrogation. Lessor and Lessee, on behalf of themselves and all others claiming under them, waive all claims and rights of recovery against each other, for loss or damage to their respective property (including, without limitation, the Premises, the Improvements, and all personal property and fixtures located thereon or therein) arising from any risk actually covered by the insurance coverage required under this Agreement or that would have been covered had the applicable party maintained the insurance required under this Agreement. Lessor and Lessee each, on behalf of their respective insurance companies insuring the property of either Lessor or Lessee against any such loss, waive any right of subrogation that it may have against Lessor or Lessee, as the case may be. To the extent of any conflict between the preceding sentence and any other provision of this Agreement, the provision of the preceding sentence shall control. The foregoing waivers of subrogation and rights of recovery will be operative only as long as available in the State of Washington and provided they do not invalidate any such policy. Lessor and Lessee shall each secure with respect to each property insurance policy maintained by it which is applicable to the Premises, the Improvements, or any fixtures or personal property located thereon or therein, to the extent available in the State of Washington and provided the same does not invalidate any such policy, an appropriate policy provision or endorsement by which each insurance company waives subrogation against the other party. If either party so requests, the other party shall deliver satisfactory evidence of such waiver of subrogation by the other party's insurer(s).

e. Occupancy by Lessor. Notwithstanding anything to the contrary in this Section 13, so long as Lessor or an Affiliate of Lessor has a membership interest in Tenant, Lessee shall not be required to maintain the insurance required by Section 13 so long as Tenant maintains the coverage required by the Facility Lease.

14. Default or Breach.

a. Lessee's Default. Any of the following occurrences or acts shall constitute an event of default ("**Event of Default**") by Lessee under this Agreement: (a) Lessee fails to pay when due Base Rent, additional rent or any other amount to be paid under this Agreement by Lessee, and the failure continues for ten (10) days after written notice from Lessor; (b) Lessee fails to perform or observe any other covenant or condition to be performed or complied with by Lessee under this Agreement, and the failure continues for thirty (30) days after written notice by Lessor to Lessee, or, if the default complained of is of such a nature that it cannot reasonably be completely cured or remedied within such 30-day period, Lessee fails to commence to cure the default during the 30-day period, or does not thereafter diligently prosecute such remedy or cure to completion; (c) Lessee shall file a petition in bankruptcy or for reorganization or for an arrangement pursuant to any federal or state bankruptcy law or any similar federal or state law, or shall be adjudicated a bankrupt or shall make an assignment for the benefit of creditors or shall admit in writing its inability to pay its debts generally as they become due, or if a petition or answer proposing the adjudication of Lessee as a bankrupt or its reorganization pursuant to any federal or state bankruptcy law or any similar federal or state law shall be filed in any court and Lessee shall consent to or acquiesce in the filing thereof or such petition or answer shall not be discharged or denied within ninety (90) days after the occurrence of any of the foregoing; or (d) a receiver, trustee or liquidator of Lessee or of all or substantially all of the assets of Lessee or of the Premises or Lessee's Estate shall be appointed in any proceeding brought by Lessee, or if any such receiver, trustee or liquidator shall be appointed, not be discharged within ninety (90) days after such appointment, or if Lessee shall consent to or acquiesce in such appointment. Notwithstanding the foregoing, no default by Lessee under this Agreement that arises out of the actions, omissions, or breach of the Facility Lease by Tenant (including without limitation the failure to pay amounts applicable to Base Rent hereunder) shall be deemed an Event of Default hereunder. Further, upon the occurrence of an Event of Default hereunder, Lessor shall provide Tenant with a copy of the notice of default sent to Lessee and provide Tenant with an opportunity to cure the default within the same time period provided to Lessee.

b. Remedies. If an Event of Default shall have happened, Lessor shall be entitled to all rights and remedies available at law or in equity and Lessor shall be entitled to recover and collect from Lessee all actual damages that may be available under the laws of the state in which the Premises is located, including, without limitation, reasonable attorneys' fees. Furthermore, if the Event of Default constitutes Lessee's breach of a material covenant or condition of this Agreement, Lessor shall have the right, subject to the rights of any Leasehold Mortgagee, to terminate the leasehold estate of Lessee under this Agreement by delivering written notice of such termination to Lessee, provided that Lessor shall have given Lessee prior written notice of at least sixty (60) days of the existence of the Event of Default which constitutes Lessee's breach of a material covenant or condition of this Agreement and Lessee shall have failed to cure such default to the reasonable satisfaction of Lessor within such sixty (60) day notice period. Notwithstanding the foregoing to the contrary, if Lessee commences actions directly related to curing such a default within the sixty (60) day notice period and diligently pursues the correction of such default until it is completely remedied, then this Agreement shall not be subject to early termination by Lessor. If Lessee has failed to cure such Event of Default prior to the expiration of such sixty (60) day period, then the rights and privileges of Lessee under this Agreement and Lessee's leasehold estate in the Premises shall expire and terminate on the date set forth in such notice as fully and completely and with the same effect as if such date were the date herein fixed for the expiration of the Term of this Agreement, and all rights of Lessee hereunder shall expire and terminate, but Lessee shall remain liable for the payment of Base Rent and other sums and amounts payable herein which shall have accrued or otherwise become due and payable prior to the date of termination. In addition, Lessor may elect, as one of its remedies, to seek injunctive relief for certain violations of this Agreement that will cause irreparable harm to Lessor such as a Transfer to a Precluded Transferee or a violation of the Permitted Use provisions herein. No expiration or termination of Lessee's leasehold estate in the Premises, by operation of law or otherwise, shall relieve Lessee of its liabilities and obligations hereunder which shall have arisen prior to such termination, all of which shall survive such expiration or termination.

c. Lessor's Default. Lessor shall be deemed to be in default under this Agreement if Lessor fails to perform or observe any covenant or condition to be performed or complied with by Lessor under this Agreement, and the failure continues for thirty (30) days after written notice by Lessee to Lessor, or, if the default complained of is of such a nature that it cannot reasonably be completely cured or remedied within such 30-day period, Lessor fails to commence to cure the default during the 30-day period, or does not thereafter diligently prosecute such remedy or cure to completion. In the event of any such default by Lessor under this Agreement, Lessee shall be entitled to all rights and remedies available at law or in equity, and Lessee may (but shall have no obligation to) perform such covenant or condition. If Lessee performs any obligation of Lessor pursuant to the foregoing, Lessor must reimburse the costs incurred by Lessor in performing the same.

d. Remedies Not Exclusive. No right or remedy conferred upon or reserved to Lessor or Lessee in this Agreement or otherwise available at law or in equity is intended to be exclusive of any other right or remedy. Each and every right and remedy shall be cumulative and in addition to any other right or remedy given under this Agreement or existing at law or in equity.

15. Indemnity.

a. Indemnity by Lessee. Lessee shall indemnify and hold harmless Lessor and its officers, directors, partners, members, shareholders, employees and agents from any and all claims, demands, costs, expenses, liability or damages of any nature to the extent arising from (i) any material breach by Lessee of this Agreement or (ii) any willful misconduct or negligent act or omission of Lessee or its employees, officers, directors, contractors and/or agents; in each case except to the extent such claims, demands, costs, expenses, liability or damages are directly related to the willful misconduct or negligent acts or omissions of Lessor, its employees, officers, directors, partners, members, shareholders, contractors and/or agents.

b. Indemnity by Lessor. Lessor shall indemnify and hold harmless Lessee and its officers, directors, partners, members, shareholders, employees and agents from any and all claims, demands, costs, expenses, liability or damages of any nature to the extent arising from (i) any material breach by Lessor of this Agreement or (ii) any willful misconduct or negligent act or omission of Lessor or its employees, officers, directors, contractors and/or agents; in each case, except to the extent such claims, demands, costs, expenses, liability or damages are directly related to the willful misconduct or negligent acts or omissions of Lessee, its employees, officers, directors, partners, members, shareholders, contractors and/or agents.

c. Survival of Indemnification Obligations. The indemnification obligations of Lessor and Lessee set forth in this Section 15 shall survive the expiration or termination of this Agreement.

16. Waiver of Default or Breach. Lessee acknowledges and understands that Lessor's waiver of a default or breach of any of the covenants and obligations required to be performed by Lessee under the terms and provisions of this Agreement shall not be construed to be a waiver of any succeeding default or breach of the same or any other covenants or obligation.

17. Assignment and Subletting.

a. Transfers or Assignment by Lessee. Lessee shall have the right to sell, assign, or transfer, in whole or in part, Lessee's Estate, provided Lessee complies with the terms of this Section 17 and the other terms of this Agreement. In the event of a sale or conveyance by Lessee of Lessee's Estate, the same shall operate to release Lessee from any and all liability under this Agreement arising after the

date of such sale, transfer, or assignment provided the assignee assumes, in writing, the obligations and liabilities of Lessee under this Agreement for the benefit of Lessor.

b. Precluded Transferee.

(i) Notwithstanding Section 17(a), until any of the Restrictions Conditions first cease to be satisfied Lessee shall not sell, transfer, or assign Lessee's Estate to any Precluded Transferee without the prior written consent of Lessor, which consent shall be in Lessor's sole discretion. Furthermore, except as otherwise provided in Section 17(b)(ii) of this Agreement, until any of the Restrictions Conditions first cease to be satisfied in no event shall: (1) Lessee's interest in Lessee's Estate be owned, directly or indirectly, by any Precluded Transferee; or (2) any ownership interests (including, without limitation, stock membership interest, partnership interests, or limited partnership interests) or voting rights in Lessee be held, directly or indirectly, by any Precluded Transferee. For purposes hereof, a direct or indirect ownership interest in Lessee, Lessee's interest in Lessee's Estate or voting rights of Lessee shall mean that such Precluded Transferee (1) holds, directly or indirectly, an ownership or voting interest in Lessee and/or in the Premises and/or (2) holds an ownership or voting interest in any entity that holds, directly or indirectly, an ownership or voting interest in Lessee and/or in Lessee's Estate.

(ii) Lessor acknowledges that Lessee may be owned, and may in the future be owned, in whole or in part, directly or indirectly, by one or more publicly traded entities (each, a "**Publicly Traded Parent**"). Notwithstanding anything to the contrary in this Agreement, the ownership of the stock or other interests in a Publicly Traded Parent by a Precluded Transferee shall not be deemed a violation of the provisions of this Agreement.

c. Sublease Restrictions. Lessee may, either voluntarily or by operation of law, lease or sublease all or any portion of the Premises (including, without limitation, entering into leases for space in the Improvements following the expiration or sooner termination of the Facility Lease) without Lessor's prior written consent. Notwithstanding the foregoing, until any of the Restrictions Conditions first cease to be satisfied in no event shall Lessee or any Affiliate of Lessee cause or permit any lease or sublease resulting, directly or indirectly, in a Precluded Transferee obtaining any right, title, or interest in the use, occupancy, ownership, operation, or possession of any portion of the Premises, or in the Prohibited Services being provided on the Premises.

d. Leasehold Mortgage. Notwithstanding anything to the contrary set forth above, Lessor's consent shall not be necessary with respect to any Leasehold Mortgage that complies with the provisions of Section 10(a) hereof or with respect to any acquisition of all or part Lessee's Estate upon foreclosure by a Leasehold Mortgagee or by a transfer in lieu of foreclosure; provided, however, that until any of the Restrictions Conditions first cease to be satisfied no such Leasehold Mortgage, assignment, transfer or other conveyance to or by the Leasehold Mortgagee shall be to a Precluded Transferee.

18. Maintenance of Improvements on the Premises. Lessee shall maintain and operate or cause Tenant to maintain and operate the Premises and the Improvements in a manner equivalent to other first class hospital/medical buildings in the Portland, Oregon metropolitan area; provided, however, nothing in this Section 18 or otherwise in this Agreement shall require Tenant to continuously operate within the Premises so long as Tenant continues to pay Rent and otherwise comply with all other terms and conditions of this Agreement. All necessary repairs or improvements to the Premises shall be the sole responsibility of Lessee, except to the extent such repairs are necessitated as a result of the Lessor's negligence or willful misconduct (in which case Lessee shall complete such repairs and Lessor will reimburse Lessee the actual costs thereof within thirty (30) days following Lessee's written demand).

19. Zoning or Environmental Laws. Lessee shall and hereby covenants and agrees to abide by and conform, in all material respects, to all applicable covenants and conditions contained in the Permitted Encumbrances, and any and all laws, regulations, or ordinances of any governmental or quasi-governmental authority applicable to the Premises and/or the Improvements. Lessor shall and hereby covenants and agrees to abide by and conform, in all material respects, to all applicable covenants and conditions contained in the Permitted Encumbrances, and any and all laws, regulations, or ordinances of any governmental or quasi-governmental authority applicable to Lessor as owner of the Land.

20. Utilities. Lessor agrees to join in with Lessee in connection with any easements and otherwise reasonably cooperate, at Lessor's sole cost, with all actions that may be reasonably necessary for Lessee to obtain and maintain the utilities (including poles, lines, conduits, and other related equipment), drainage, storm and sanitary sewers required for the use of the Premises as a site for the Improvements. Except as expressly provided for herein, Lessor shall not, without the prior written consent of Lessee (which may be given or withheld in Lessee's sole and absolute discretion), grant, impose, or otherwise agree to any new or additional easements, encumbrances, restrictive covenants, exclusive uses, rights, or privileges which affect the Premises or that will restrict, prohibit, or impair Lessee's use of the Premises under this Agreement. Lessee shall be responsible for providing all utility services and any costs associated therewith in establishing and providing such utilities serving the Premises, all of which shall be in Lessee's, Tenant's, or such other occupant's name and Lessee shall or shall cause Tenant or such other occupant of the Premises to promptly pay all charges accruing during the Term of this Agreement for water, electricity, gas, power, heating, telephone, sanitary service, and all other utilities and services. Lessee has the right to grant, with the written consent of Lessor (which shall not be unreasonably withheld, conditioned, and/or delayed), to public entities or public service corporations, for the purpose of serving only the Improvements, easement agreements, rights-of-way, sub-ground leases and/or licenses on or over the Land, for utility poles, lines, conduits, and other related equipment, and for other utilities and municipal or special district services. Lessee, or third parties other than Lessor, will bear all costs and expenses incurred in connection with any such easements, rights-of-way, subleases and/or licenses, including, without limitation, any construction costs, costs of management, or relocation. Upon receipt of a written request from Lessee, to the extent required to grant any easements or rights-of-way, sub-ground leases, or licenses, Lessor agrees to execute any agreement, in a form reasonably acceptable to Lessor, evidencing the same.

21. Notices. All notices, consents, approvals and other communications that may be or are required to be given by either Lessor or Lessee under this Agreement shall be properly made only if in writing and sent to the address of Lessor and Lessee, as applicable, set forth below, as the same is modified in accordance herewith, by hand delivery, U.S. Certified Mail (Return Receipt Requested) or nationally recognized overnight delivery service:

If to Lessor: _____

Attn: _____

If to Lessee: PMB _____ LLC
329 South Highway 101, Suite 160
Solana Beach, CA 92075
Attn: Rebecca Gemmel

Either party may change its address for notices by giving written notice to the other party in accordance with this provision. Notices shall be deemed received on the date of actual delivery; provided if either Lessor or Lessee refuses to accept the delivery of any notice, such notice shall be deemed to have been actually delivered on the date of such refusal.

22. Records. Upon the written request of the Secretary of the U.S. Department of Health and Human Services, the U.S. Comptroller General of the Government Accounting Office, or their authorized representatives, Lessee and Lessor shall make available this Agreement and all books, documents, and records necessary to certify the nature and extent of Lessee's and Lessors, as applicable, costs with respect to this Agreement and the Premises for a period of four (4) years after performing its duties hereunder. If Lessee or Lessor, as applicable, carries out any of its duties under this Agreement through a subcontract worth \$10,000 or more over a 12-month period, the subcontract will also contain an access clause to permit access by the Secretary, Comptroller General, and their authorized representatives to such subcontractor's books and records.

23. Regulatory Matters.

a. Intent. Lessor and Lessee enter into this Agreement with the intent of conducting their relationship and implementing the agreements contained herein in full compliance with applicable federal, state, and local law, including without limitation, the Medicare/Medicaid Anti-Kickback statute (the "Anti-Kickback Law") and, to the extent applicable, Section 1877 of the Social Security Act (the "Stark Law"), as amended. Notwithstanding any unanticipated effect of any of the provisions of this Agreement, neither party will intentionally conduct itself under the terms of this Agreement in a manner that would constitute a violation of the Anti-Kickback Law or the Stark Law.

b. Change in Law. If any legislation, regulation, or government policy is passed or adopted, the effect of which would cause either party to be in violation of such laws due to the existence of any provision of this Agreement, then Lessor and Lessee agree to negotiate in good faith for a period of ninety (90) days to modify the terms of this Agreement to comply with Applicable Law.

c. Acknowledgments. The parties hereto acknowledge and agree that (a) the Premises leased hereunder do not exceed that which are reasonable and necessary for Lessee's legitimate business purpose; (b) the rental amount charged under this Agreement shall be consistent with fair market value, and is not determined in a manner that takes into account the volume or value of any referrals or other business generated between the parties; and (c) this arrangement would be commercially reasonable even if no referrals were made between the parties. Nothing in this Agreement, whether written or oral, nor any consideration in connection herewith, requires the referral of any patient. This Agreement is not intended to influence the judgment of Lessor or Lessee in choosing the medical facility appropriate for the proper treatment of patients. Lessee and Lessor shall not receive any compensation or remuneration in exchange for referrals. The parties hereto support a patient's right to select the medical facility of his or her choice. The parties specifically do not intend to violate the federal (or any state's versions of the) Stark Law and Anti-Kickback Statute and intend, to the extent the Stark Law is applicable, to meet the requirements of the Lease Exception set forth at 42 CFR 411.357(a), and to the extent possible, of the Lease Safe Harbor set forth at 42 CFR 1001.952(b).

d. Certifications.

(i) Lessee certifies that, as of the Effective Date of this Agreement, it is not a health care provider.

(ii) Lessor certifies that, as of the Effective Date of this Agreement, no member of his or her immediate family (or if Lessor is a corporate entity, then no principal of Lessor) has entered into a financial relationship, including an employment relationship, with Lessee or an Affiliate of Lessee related to the provision of designated health services as defined in Section 1877 of the Social Security Act or that, if such relationship exists, it has been disclosed to and approved by Lessee. Lessor

agrees to give Lessee five (5) Business Days written notice if Lessor obtains actual knowledge that such a relationship is created during the Term of this Agreement. For purposes of this paragraph, “immediate family” is defined to mean spouse; natural or adoptive parent, child, or sibling; stepparent, stepchild, stepbrother, stepsister; father-in-law, mother-in-law, daughter-in-law, son-in-law, brother-in-law, sister-in-law; grandparent, grandchild and spouse of a grandparent or grandchild.

e. Exclusion.

(i) Lessee hereby represents and warrants that as of the Effective Date, Lessee is not, and at no time has been, excluded from participation in any federally funded health care program, including Medicare and Medicaid. Lessee hereby agrees to notify Lessor within three (3) business days of obtaining actual knowledge of any threatened, proposed, or actual exclusion of Lessee from any federally funded health care program, including Medicare and Medicaid. If Lessee is excluded from participation in any federally funded health care program during the Term, or if at any time after the Effective Date of this Agreement it is determined that Lessee is in breach of this Section 23(e), Lessor shall, as of the effective date of such exclusion or breach, have the rights and remedies set forth in Section 23(g) of this Agreement.

(ii) Lessor hereby represents and warrants that as of the Effective Date, Lessor is not, and at no time has been, excluded from participation in any federally funded health care program, including Medicare and Medicaid. Lessor hereby agrees to notify Lessee within three (3) business days of obtaining actual knowledge of any threatened, proposed, or actual exclusion of Lessor from any federally funded health care program, including Medicare and Medicaid. If Lessor is excluded from participation in any federally funded health care program during the Term, or if at any time after the Effective Date of this Agreement it is determined that Lessor is in breach of this Section 23(e), Lessee shall, as of the effective date of such exclusion or breach, have the rights and remedies set forth in Section 23(g) of this Agreement.

f. Certain Adverse Events. Notwithstanding anything to the contrary contained in this Agreement, if the performance by either party hereto of any term, covenant, condition, or provision of this Agreement has been reasonably determined by health care counsel in a written opinion to jeopardize the licensure of Lessor, Lessee, or an Affiliate of Lessor or Lessee, their participation in or the payment or reimbursement from, Medicare, Medicaid program, Blue Cross, or other reimbursement or payment programs, or their full accreditation by the Joint Commission, as applicable, or any other state or nationally recognized accreditation organization, or the tax-exempt status of Lessor, Lessee, or an Affiliate of Lessor or Lessee, as applicable, any of their property or financing (or the interest income thereon, as applicable), or will prevent or prohibit any physician, or any other health care professionals or their patients from utilizing Lessor or Lessee, or any of their services, or if for any other reason said performance violates any statute, ordinance, or is deemed illegal, or is deemed unethical by any recognized body, agency, or association in the medical or hospital fields, Lessor and Lessee shall have the rights and remedies set forth in Section 23(g) of this Agreement.

g. Notice; Resolution. Upon the occurrence of any of the events referenced in Section 23(e) or Section 23(f) of this Agreement, the party affected by the occurrence of such events shall deliver written notice of the matter at issue to the other party, and Lessor and Lessee agree to promptly engage in good faith negotiations to resolve the matter through an amendment to this Agreement. If the parties are unable to resolve the matter through an amendment to this Agreement within thirty (30) days thereafter, and the parties do not otherwise agree upon a course of action to resolve the matter within the same thirty (30) day period, then the parties agree to submit the matter to binding arbitration with the AHLA for resolution pursuant to the AHLA Rules of Procedure for Arbitration at a mutually agreeable location, and judgment on any award rendered by such arbitrators may be entered in any court having jurisdiction thereof. Lessor and Lessee agree that a matter submitted to arbitration will be arbitrated before a panel of three (3) arbitrators, appointed in accordance with the AHLA Rules of Procedure for Arbitration.

24. Burdens and Benefits. The burdens and benefits created and existing by the terms and provisions of this Agreement shall be binding upon and inure to the benefit of the respective heirs, personal representatives, successors and assigns of the respective parties to this Agreement.

25. Captions, Recitals and Gender. The captions for each paragraph and/or section of this Agreement are inserted only as a matter of convenience and for reference and in no way define, limit, or describe the scope or intent of the terms and provisions of this Agreement. The recitals set forth prior to the numbered paragraphs and/or sections of this Agreement are an integral part of the terms and provisions of this Agreement and are incorporated herein by reference. Whenever nouns or pronouns are used in this Agreement, the nouns or pronouns shall be construed according to their proper gender and number according to the context of this Agreement.

26. Severability. If any term or provision of this Agreement shall, or the application of any term or provision of this Agreement to any Person or circumstance shall, to an extent, be deemed invalid or unenforceable, the remainder of the terms and provisions of this Agreement, and the application of such remaining terms and provisions of this Agreement to any Person or circumstance, shall not thereby be affected and shall remain valid and enforceable to the fullest extent permitted by Applicable Laws.

27. Entire Agreement. This Agreement, and any other writings or agreements executed simultaneously to the execution of this Agreement, contain all the terms, provisions, conditions and agreements made by and between the parties to this Agreement and there are no oral or written representations, statements or warranties of any nature claimed to have been made by any party which are not set forth in this Agreement or any agreement executed simultaneously with the execution of this Agreement.

28. Governing Law. The terms and provisions of this Agreement shall be governed by, construed with, and interpreted in accordance with the laws of the State of Washington without reference to the principles of conflict of laws.

29. Memorandum of Agreement. On the Closing Date, Lessor and Lessee shall execute and thereafter promptly record a memorandum of this Agreement in the form attached as **Exhibit D**; provided the cost of recording such memorandum shall be borne by the requesting party. This Agreement shall not be recorded in its entirety unless Lessor and Lessee agree otherwise, in writing.

30. Preparation of Agreement. The terms and provisions of this Agreement have been prepared jointly by the parties to this Agreement and no term or provision in this Agreement should be construed adversely against either party on the basis that this document was prepared only by one party to this Agreement.

31. Force Majeure. If Lessor or Lessee is delayed in performing any of its obligations under this Agreement due to a Force Majeure Event, then the period of time that Lessor or Lessee, as applicable, has to perform the obligation shall be extended by the period of such delay; provided, however, the provisions of this Section 31 shall not operate to (i) excuse, extend or abate Lessee's obligation to pay any Base Rent, (ii) excuse Lessor's or Lessee's inability to perform its obligations hereunder because of inadequate finances, or (iii) excuse Lessee's failure to fulfill its obligations under the Development Agreement except if such event is also a force majeure event or otherwise qualifies for an extension of time to fulfill said obligations pursuant to the Development Agreement.

32. Quiet Enjoyment. So long as Lessee pays all amounts required hereunder and performs all of its obligations under this Agreement (or is excused from such payment and performance in accordance

with the express terms of this Agreement), Lessee shall have the peaceful and quiet enjoyment of the Premises and the Improvements during the Term, without hindrance from Lessor or anyone claiming by, under or through Lessor, subject however, to all of the covenants, warranties, and representations under this Agreement.

33. Duty of Lessee to Furnish Information. Within ten (10) Business Days after written request from Lessor, Lessee agrees that it will, at reasonable times and in a reasonable manner, at the request of Lessor allow Lessor or its agents and representatives to examine, inspect, and/or copy any and all leases relating to the Improvements, assignments, deeds of trust, mortgages, or other instruments or information which Lessor should reasonably have a right to know to confirm and to enforce its rights under this Agreement; provided, however, the disclosure of all such documents pursuant to this Section shall be subject to Section 35.

34. Duty of Lessor to Furnish Statements and Letters of Estoppel. Within ten (10) Business Days after written request from Lessee or any Leasehold Mortgagee, Lessor agrees that it will, at reasonable times and in a reasonable manner, disclose to any party at interest the status of the leasehold between the parties, that is to say, if any sublessee, assignee, mortgagee, transferee or any other party having a proper and lawful interest in dealing with Lessee calls upon Lessee or Lessor to have furnished to it the status of the leasehold, such information will be provided. This requires Lessor to disclose (a) that the leasehold is or is not in full force and effect; (b) that the rental payments are current or otherwise; (c) the precise amount of rent payable by Lessee under this Agreement; (d) whether any default has occurred under this Agreement, and if so specifying the nature of such default; (e) whether there have been any modifications to this Agreement, and if so providing copies of such modifications; and (f) any and all other information or disclosures which a party dealing with Lessee or Leasehold Mortgagee should reasonably have a right to know and to have confirmed.

35. Confidentiality. The parties hereto shall hold in confidence the information contained in this Agreement and each of them hereby acknowledges and agrees that all information related to this Agreement, not otherwise known to the public, is confidential and proprietary and is not to be disclosed to third Persons without the prior written consent of each of the parties except: (a) to the extent necessary to comply with Applicable Laws or the valid order of any governmental agency or any court of competent jurisdiction; (b) as part of its normal reporting or review procedure, to its auditors, advisors, consultants, and attorneys; (c) to the extent necessary to obtain appropriate insurance, to its insurance agent; (d) to the extent necessary to complete a business transaction, to accountants, advisors, attorneys, brokers and consultants; or (e) as necessary to enforce its rights and perform its agreements and obligations under this Agreement. Lessee and Lessor shall treat all non-public information obtained as part of this engagement as confidential and shall not, without written authorization from the other, release or share such information with any third party, except as may be required by Applicable Laws. Lessee and Lessor each agree that, prior to reporting any actual or perceived violation of law to any governmental entity, even if required by law to do so, they will first discuss any potential legal or compliance matter with the other party's legal counsel and, unless otherwise required by Applicable Laws, provide the other party with an opportunity to investigate and appropriately report any compliance matter brought to the other party's attention. The provisions of this Section shall survive the termination or expiration of this Agreement.

36. Cooperation in Permitting; Additional Easements.

a. Cooperating in Permitting. The parties hereto covenant to execute and/or join in, as applicable, all applications and other documentation, as required, and cooperate in good faith and in a timely manner with all reasonable requests of the other party in connection with all applications, approvals, permitting, and other governmental or quasi-governmental requirements that may be required from time to time to authorize and complete the development of or construction on the Premises. Lessee may commence

its efforts to obtain such permits and approvals immediately upon the Effective Date; provided, however, that Lessee (through its efforts) shall apply for and obtain only such permits and approvals as are consistent with the development of and construction on the Land in accordance with the permitted uses set forth in this Agreement. So long as Lessor or an Affiliate of Lessor has a membership interest in Tenant and Tenant is a party to the Development Agreement and Facility Lease, Lessee shall not be required to secure Lessor's approval of the site plan and construction drawings for the Initial Improvements and the same shall be deemed approved if Tenant has approved the same under the Facility Lease and/or Development Agreement.

b. Additional Easements by Lessor. Lessee hereby acknowledges that for the duration of the Term, subject to the prior written consent of Lessee (which consent may not be unreasonably withheld, conditioned, or delayed), Lessor has the right to create easements across the Premises for the benefit of Lessor, any Affiliate of Lessor, or any agent, employee, representative, invitee, successor, or assign thereof; provided, however, that (a) any time Lessor desires to create any such easement, Lessor shall notify Lessee in writing of such proposed easement and easement area, and (b) at the time Lessee's consent to such easement is requested, Lessor or an Affiliate of Lessor shall deliver, or cause a benefitted party of such easement to deliver, to Lessee a survey certified to both parties showing (i) the area of the proposed easement; (ii) that such easement shall not encroach on any existing or planned Improvements, building pads, buildings, or other significant structures, or prohibit the construction of other ancillary structures adjacent to Improvements, building pads, or otherwise unduly burden the development of or construction on the Premises in accordance with the permitted uses set forth in this Agreement; and (iii) that such easement shall not materially adversely affect the marketability, use, or operation of the Premises in accordance with the permitted uses set forth in this Agreement.

c. Staging and Construction Areas. To the extent necessary or desirable for the construction of the Improvements (including any off-site improvements), Lessor will grant temporary easements over such portions of any land owned by Lessor, to be delineated in a separate temporary construction easement or license agreement in a commercially reasonable form furnished by Lessor.

d. Common Usage. It is possible that the Premises and Improvements will share certain common usages, including but not limited to access, ingress/egress, parking, loading docks, etc. with areas adjacent to the Land which are owned by Lessor. Lessor and Lessee agree to reasonably cooperate in good faith in granting any and all necessary easements between the Land, and Premises, and such adjacent areas owned by Lessor which are necessary or desirable in connection with the operation or development of the Improvements.

37. Right of First Opportunity to Purchase.

a. Grant of Right. Throughout the Term, Lessor shall have a continuing right of first opportunity (“**Purchase ROFO**”) if Lessee desires to sell, transfer, or convey Lessee’s Estate to an arm’s length third party (a “**Sale Transaction**”). Prior to entering into any Sale Transaction, Lessee shall send a written statement (a “**Transaction Statement**”) to Lessor detailing the terms and conditions upon which Lessee is willing to enter into such Sale Transaction. Lessor shall have thirty (30) days after its receipt of a Transaction Statement to notify Lessee, in writing, if it is interested in purchasing Lessee’s Estate on the terms and conditions set forth in the Transaction Statement. If Lessor timely notifies Lessee that it desires to exercise its Purchase ROFO, Lessee and Lessor shall endeavor, in good faith and with reasonable diligence, to negotiate and enter into a binding agreement with respect to such Sale Transaction, containing the terms and conditions set forth in said Transaction Statement, as the same may be modified by mutual agreement of Lessee and Lessor (a “**Purchase Contract**”). Lessee shall not market the Sale Transaction or engage in negotiations, discussions, or other communications regarding any Sale Transaction with a Person other than Lessor for a period of thirty (30) days after Lessor’s exercise of the Purchase ROFO in connection therewith. The rights granted to Lessor hereunder shall be ongoing and shall not be affected by Lessor’s failure to exercise the Purchase ROFO on one or more occasions.

b. Decline of Right. If (i) Lessor does not respond in a timely fashion to any Transaction Statement, (ii) Lessor notifies the Lessee that it is not interested in purchasing Lessee’s Estate upon the terms set forth in any Transaction Statement, or (iii) the parties do not enter into a Purchase Contract within thirty (30) days after the exercise of the Purchase ROFO, then, for a period of one (1) year thereafter, Lessee may sell Lessee’s Estate to a third party so long as (a) the economic terms of the Sale Transaction are not substantially less favorable to Lessee than those set out in the Transaction Statements and (b) Lessee has complied with the terms of Section 38 (Lessor’s Purchase ROFR); provided, if the amount Lessee will receive from any Sale Transaction is expected to exceed ninety-five percent (95%) of the amount the Lessee would have received under the terms set forth in the Transaction Statement, then the economic terms of the Sale Transaction shall be deemed to be as favorable to Lessee as those described in the Transaction Statement. Notwithstanding anything to the contrary in this Section 37, any proposed sale, transfer, or conveyance of Lessee’s Estate will be subject to the terms of Section 38 (Lessor’s Purchase ROFR) regardless of whether Lessor waived its right or failed to exercise its right to purchase Lessee’s Estate under this Section 37.

c. Change of Terms. If there is a change in the terms and conditions of any Sale Transaction which is materially less favorable to Lessee, Lessee shall be required to submit a new Transaction Statement (and, as applicable a copy of the applicable contract or amendment to the contract with such changed terms and conditions) to Lessor in accordance with the terms of this Section 37 prior to entering into such Sale Transaction with a third party and Lessor may exercise the Purchase ROFO, within the time period set forth above, in connection therewith. In addition, if Lessee does not enter into a contract for the Sale Transaction detailed in any Transaction Statement within one (1) year after Lessor’s receipt of such Transaction Statement, then Lessee must resubmit such Transaction Statement to Lessor in accordance with this Section 37 prior to entering into such Sale Transaction with a third party and Lessor may exercise the Purchase ROFO in connection therewith.

d. Limitations on Terms. No Transaction Statement shall (i) include any property interest other than Lessee’s Estate, (ii) contain any provisions that are intended to frustrate or defeat the Purchase ROFO, or (iii) restrict or prevent Lessor from using any portion the Premises or Improvements for the purposes permitted under this Agreement.

e. Inapplicability. The Purchase ROFO shall not be applicable to the following transactions: (i) transfers of ownership interests in Lessee resulting from the death of the holder thereof;

(ii) the issuance or transfer of stock, units, shares, or other securities by an entity which controls, or owns an ownership interest in Lessee (“**Parent Entity**”), whether through public or private offerings, including, without limitation, the issuance of or transfer of stock, units, shares, or other securities by Lessee or an Affiliate of Lessee, so long as such Parent Entity owns material assets other than its ownership interests in Lessee; (iii) the transfer of an ownership interest in Lessee pursuant to a merger, reorganization, consolidation, or other similar transaction involving substantially all the assets of Lessee to an Affiliate of Lessee; (iv) the transfer of an ownership interest in Lessee to an Affiliate of Lessee; (v) an assignment of Lessee’s Estate to an entity which is subleasing Lessee’s Estate back to Lessee or to an Affiliate of Lessee pursuant to a “sale/leaseback” transaction; or (vi) any foreclosure or transfer in lieu of foreclosure by any Leasehold Mortgagee with respect to the Leasehold Mortgage or, following any such foreclosure or transfer in lieu of foreclosure, any transfer described in the foregoing clauses (i) through (v); provided, however, if any transaction described in this Section 37(e) shall directly result in greater than 50% of the voting interests in Lessee being vested in a Precluded Transferee, then the Purchase ROFO shall be available to Lessor pursuant to Section 37(a).

f. Portfolio Transfer. If Lessee desires to sell, transfer, or convey its interest in Lessee’s Estate as part of a portfolio transfer of assets owned by Lessee, an Affiliate of Lessee, and/or by a Parent Entity, the Transaction Statement shall (i) expressly state that Lessee, an Affiliate of Lessee and/or its Parent Entity desire to include Lessee’s Estate as part of such a portfolio transfer, (ii) be limited to Lessee’s Estate, (iii) state the portion of the purchase price of said portfolio reasonably allocated to Lessee’s Estate, and (iv) include reasonable supporting evidence and documentation showing the foregoing allocation.

g. Rights Subordinate to Rights in the Facility Lease. Notwithstanding anything herein to the contrary, for so long as the Facility Lease remains in effect, the parties agree that the Purchase ROFO shall be subject and subordinate to any right of first opportunity provided to Tenant under the Facility Lease (“**Superior ROFO Right**”) and Lessor shall have no right to exercise its rights pursuant to this Section unless and until Tenant has waived or has been deemed to have waived any right of first opportunity under the Facility Lease. Notwithstanding the foregoing, Lessor acknowledges and agrees that Lessee shall have the right to provide a Transaction Statement simultaneously to Lessor under this Agreement and to Tenant under the Facility Lease, and in no event shall any response periods of Lessor hereunder be extended or modified by any action or inaction on the part of Tenant with respect to the Superior ROFO Right.

38. Right of First Refusal to Purchase.

a. Grant of Right. Throughout the Term, Lessor shall have a continuing right of first refusal to acquire Lessee’s Estate. If Lessee desires to enter into any transaction whereby Lessee will transfer its interest in Lessee’s Estate, (i) Lessee shall provide Lessor with a binding contract setting forth all the terms and conditions of said transaction (an “**Offer**”) and (ii) Lessor shall have the right (“**Purchase ROFR**”) to acquire Lessee’s Estate on the terms of the Offer. Lessor shall have thirty (30) days from its receipt of any Offer within which to exercise the Purchase ROFR. If Lessor does not notify Lessee that Lessor is exercising the Purchase ROFR within such 30-day period, then Lessee may proceed with the transfer of Lessee’s Estate in strict accordance with the terms of such Offer; provided if there are any changes in such Offer, a new “Offer” will be deemed to have been made and Lessee will not be entitled to transfer Lessee’s Estate until Lessor has complied with the terms of this Section 38 with respect to such new Offer. If Lessor exercises the Purchase ROFR, Lessee and Lessor shall enter into a purchase contract on substantially the same terms as those contained in the Offer. The rights granted to Lessor hereunder shall be ongoing and shall not be affected by Lessor’s failure to exercise the Purchase ROFR on one or more occasions.

b. Offer Restrictions. No Offer shall (i) provide for any non-cash consideration to be received by Lessee as part of the purchase price for Lessee's Estate, (ii) include any property interest that is not a part of Lessee's Estate (e.g. a bulk sale), (iii) contain any provisions that are intended to frustrate or defeat the Purchase ROFR or that only the proposed transferee is reasonably capable of satisfying, (iv) restrict the use of or otherwise encumber the Premises (or any portion thereof), or (v) require any alterations, additions, changes or improvements to the Premises or Improvements. Any provisions of an Offer that violate the terms of this Section 38(b) shall be of no force or effect as between Lessee and Lessor and Lessor need not match such provisions. In addition, Lessee shall not enter into transaction under which it will transfer a portion, but not all, of Lessee's Estate.

c. Effect of Non-Exercise. If Lessor does not exercise the Purchase ROFR in connection with any Offer, this Agreement (including, without limitation, the rights granted Tenant under this Section 38) shall remain in full force and effect and Lessee and its successors and assigns (including, without limitation, any purchaser of the Premises) shall remain bound hereby. Lessee and Lessor agree that any transfer of Lessee's Estate shall be made expressly subject to all the terms, covenants, and conditions of this Agreement.

d. Invalid Sale. Any transfer of Lessee's Estate in violation of the terms of this Section 38 (an "**Invalid Sale**") shall, at the option of Lessor, be null and void. Lessor shall have the right to purchase Lessee's Estate upon the terms and conditions of any Invalid Sale. The payment of any Rent to a Person who acquires Lessee's Estate or Lessor's treatment of such Person as the "Lessee" under this Agreement shall not be deemed to be a waiver of Lessor's rights under this Section 38.

e. Applicability. For purposes hereof, if Lessee is an entity (including, without limitation, a corporation, general partnership, limited partnership, or limited liability company), the transfer of a majority of the ownership interests (e.g. stock, partnership interests, or membership interest) or voting rights in Lessee or any other arrangement that has substantially the same effect as a sale of Lessee's Estate shall be deemed to be a transfer of Lessee's Estate and shall be subject to this Section 38; provided, however, the Purchase ROFR shall not be applicable to the following transactions (i) transfers of ownership interests in Lessee resulting from the death of the holder thereof, (ii) the issuance or transfer of stock, units, shares, or other securities by a Parent Entity, whether through public or private offerings (including, without limitation, the issuance of or transfer of stock, units, shares, or other securities by Lessee or an Affiliate of Lessee), so long as such Parent Entity owns material assets other than its ownership interests in Lessee, (iii) the transfer of an ownership interest in Lessee pursuant to a merger, reorganization, consolidation, or other similar transaction involving substantially all the assets of Lessee to an Affiliate of Lessee, (iv) the transfer of an ownership interest in Lessee or an Affiliate of Lessee, or (v) any foreclosure or transfer in lieu of foreclosure by any Leasehold Mortgagee with respect to the Leasehold Mortgage or, following any such foreclosure or transfer in lieu of foreclosure, any transfer described in the foregoing clauses (i) through (iv); provided, however, if any such transaction described in this Section 38(e) shall directly result in greater than 50% of the voting interests in Lessor being vested in a Precluded Transferee, then Lessor's Purchase ROFR shall be available to Lessor pursuant to this Section 38.

f. Portfolio Transfer. If Lessee intends to sell, transfer, or convey Lessee's Estate as part of a portfolio transfer of assets owned by Lessee, an Affiliate of Lessee and/or by a Parent Entity, the Offer shall (i) expressly state that Lessee, an Affiliate of Lessee, and/or its Parent Entity intend to include Lessee's Estate as part of such a portfolio transfer, (ii) be limited to Lessee's Estate, (iii) state the portion of the purchase price of said portfolio reasonably allocated to Lessee's Estate, and (iv) include reasonable supporting evidence and documentation showing the foregoing allocation.

g. Rights Subordinate to Rights in the Facility Lease. Notwithstanding anything herein to the contrary, for so long as the Facility Lease remains in effect, the parties agree that the Purchase

ROFR shall be subject and subordinate to any right of first refusal provided to Tenant under the Facility Lease (“**Superior ROFR Right**”) and Lessor shall have no right to exercise its rights pursuant to this Section unless and until Tenant has waived or has been deemed to have waived any right of first refusal under the Facility Lease. Notwithstanding the foregoing, Lessor acknowledges and agrees that Lessee shall have the right to provide an Offer simultaneously to Lessor under this Agreement and to Tenant under the Facility Lease, and in no event shall any response periods of Lessor hereunder be extended or modified by any action or inaction on the part of Tenant with respect to the Superior ROFR Right.

39. Purchase Option.

a. Grant of Option. On the Purchase Option Date, Lessor shall have the right and option to purchase Lessee’s Estate from Lessee (“**Purchase Option**”) upon and in accordance with the provisions of this Section 39. If Lessor desires to exercise the Purchase Option it may do so by giving written notice to Lessee at least one hundred eighty (180) days prior to the applicable Purchase Option Date. Except as provided herein, the Purchase Option, once exercised, shall be a binding contract for the purchase and sale of Lessee’s Estate, on and subject to the terms and conditions set forth herein.

b. Purchase Price. Subject to the prorations and adjustments set forth herein, if Lessor elects to exercise the Purchase Option, then the purchase price (“**Purchase Price**”) for Lessee’s Estate shall be equal to the greater of (i) either (A) the total initial cost of the Improvements not to exceed the Adjusted Project Costs, plus the cost of any capital expenditure and the cost of improvements in the Premises that are paid for by Lessee after Final Completion occurs plus the amounts actually paid by Lessee to acquire the Land in addition to any third-party closing costs associated therewith, or (B) if Lessee’s Estate have been sold to a bona fide third-party purchaser between the Commencement Date of the Facility Lease and the date that the Purchase Option is exercised, the purchase price paid by the most recent third party purchaser in addition to any third party closing costs associated therewith plus the costs of any improvements in the Premises or capital expenditures for the Premises that are paid for by Lessee; and (ii) ninety-eight and one-half percent (98.5%) of the fair market value of Lessee’s Estate in accordance with Section 39(c) below (“**Fair Market Purchase Price**”), which Fair Market Purchase Price determination shall (I) be calculated assuming the Improvements have been completed, and an occupancy rate equal to one hundred percent (100%), and utilizing such other assumptions and directives as are customarily applied, and (II) include the cost of any capital expenditure and the cost of any improvements on the Premises that are paid for by Lessee and not reimbursed by Tenant under the Facility Lease after Final Completion. At the closing and consummation of the purchase and sale of Lessee’s Estate (“**Closing**”), Lessor shall pay the Purchase Price to Lessee, in immediately available funds.

c. Fair Market Purchase Price. During the ten (10) Business Day period after the exercise of the Purchase Option, Lessor and Lessee shall endeavor in good faith to agree upon a mutually acceptable Appraiser. If Lessor and Lessee reach agreement on one (1) Appraiser, then they shall jointly engage the Appraiser, and each shall pay one-half of the appraisal fee.

(i) If Lessor and Lessee fail to reach agreement on one (1) Appraiser during such ten (10) Business Day period, then no later than ten (10) Business Days after the lapse of such ten (10) Business Day period, each shall select and engage one (1) Appraiser and notify the other of the Appraiser selected. Each party shall pay the appraisal fee of its Appraiser.

(ii) The single Appraiser or the two (2) Appraisers, as the case may be, shall determine the Fair Market Purchase Price as required herein, and shall furnish each party a written determination of such Fair Market Purchase Price within ten (10) Business Days after the Appraiser’s appointment. If the parties have agreed upon a single Appraiser, the single Appraiser’s appraisal shall be binding on the parties. If each party has selected an Appraiser, and if the determinations of the two (2)

Appraisers are within ten percent (10%) of each other (based on ten percent (10%) of the average of the determinations), the Fair Market Purchase Price binding on the parties shall be the average of the two (2) determinations. If only one (1) party selects an Appraiser and timely notifies the other party of its selection, and such party's Appraiser gives such notice within the ten (10) Business Day period, the determination of the Fair Market Purchase Price made by that Appraiser shall be deemed to be the Fair Market Purchase Price and likewise shall be binding on the parties.

(iii) If the two (2) Appraisers do not agree within ten percent (10%) on the Fair Market Purchase Price within ten (10) days after both Appraisers notify the parties of their respective determination of the Fair Market Purchase Price, each party will cause the Appraiser selected by it to select by mutual agreement a Third Appraiser. If the Appraiser selected by only one (1) party supplies the name of an Appraiser during such ten (10) day period, the Appraiser named by such Appraiser shall be the Third Appraiser. In either case, each party shall pay one-half of the appraisal fee of the Third Appraiser.

(iv) Within ten (10) Business Days from the date of this appointment, the Third Appraiser shall make a determination of Fair Market Purchase Price. If the Third Appraiser's appraisal is equal to one (1) of the appraisals of the first two (2) appraisals, then the Third Appraiser's appraisal shall be deemed to be the Fair Market Purchase Price and shall be binding on the parties. If the Third Appraiser's appraisal is not equal to one (1) of the appraisals of the first two (2) Appraisers, then the average of the two (2) closest appraisals shall be deemed to be the Fair Market Purchase Price and shall be binding on the parties.

Lessor shall have the right to terminate and cancel its exercise of the Purchase Option by providing written notice to Lessor within ten (10) days after its receipt of notice of the determination of the Fair Market Purchase Price, in which event this Agreement shall remain in full force and effect until the expiration or earlier termination of the Term and Lessor shall reimburse Lessee for Lessee's portion of appraisal expenses related to determination of the Fair Market Purchase Price.

d. Title Insurance. Lessor's obligations to purchase Lessee's Estate may be, at Lessor's option, conditioned on Lessor receiving an owner's policy of title insurance in the amount of the Purchase Price ("Title Policy"). The Title Policy shall: (i) be based on a title commitment of the leasehold interest prepared by a title insurance company of Lessor's choosing; and (ii) insure Lessor's good and valid leasehold interest in the Premises, subject only to the Permitted Encumbrances. If Lessor is unable to obtain the Title Policy or the same does not satisfy the requirements of this Section, then Lessor may, as its sole and exclusive remedy, terminate and cancel its exercise of the Purchase Option within forty five (45) days after the determination of the Fair Market Purchase Price, in which event this Agreement shall remain in full force until the expiration or earlier termination of the Term, as if the Purchase Option had never been exercised, but the Purchase Option shall no longer be of any force or effect and Lessor shall reimburse Lessee for Lessee's portion of appraisal expenses related to determination of the Fair Market Purchase Price. If Lessor fails to terminate the exercise of the Purchase Option within such forty-five (45) day period, then Lessor's right to terminate the exercise of the Purchase Option shall be deemed waived.

e. Closing. The time and date of the Closing and the exact location thereof shall be determined by Lessor and reasonably acceptable to Lessee, provided Lessor shall give Lessee at least ten (10) Business Days advance written notice of the date, time, and location of the Closing, and provided further that the Closing shall occur no later than thirty (30) days after the applicable Purchase Option Date. At the Closing, Lessee shall deliver the following items to Lessor, properly executed and notarized: (i) an Assignment and Assumption of the Ground Lease, assigning all Lessee's right, title, and interest, as Lessee, to Lessor, free of liens and subject only to the Permitted Encumbrances ("Ground Lease Assignment"); (ii) an Assignment and Assumption of the Facility Lease, assigning all Lessee's right, title and interest, as landlord, to Lessor, free of liens and subject only to the Permitted Encumbrances ("Facility Lease").

Assignment"); (iii) an owner's affidavit, in form and content, sufficient to have the mechanics' and materialmen's exception, rights of parties in possession exception, and any other standard exceptions removed from the Title Policy and the gap insured; and (iv) all other documents, instruments, certificates, and affidavits that are necessary to consummate the transaction contemplated by this Section. At or prior to Closing, Lessee shall cause all monetary liens affecting Lessee's Estate to be released and discharged, except for any monetary liens arising or resulting from Lessor's affirmative acts.

f. Closing Costs and Prorations. At Closing, Lessor shall pay the cost of recording the Ground Lease Assignment and Facility Lease Assignment, all transfer taxes assessed as a result of the conveyance of Lessee's Estate to Lessor, any Title Policy and Lessor's legal fees, and Lessee shall pay for Lessee's legal fees. Other costs and expenses of Closing shall be paid by Lessor. Lessee and Lessor acknowledge that as long as the Tenant is leasing the Premises and is required to pay the Taxes levied or assessed against the Premises, real property taxes and governmental assessments (general and special) will not be prorated between the parties at Closing.

g. Rights Subordinate to Rights in the Facility Lease. Notwithstanding anything herein to the contrary, for so long as the Facility Lease remains in effect, the parties agree that the Purchase Option set forth herein shall be subject and subordinate to the purchase option provided to Tenant under the Facility Lease ("**Superior Purchase Option**") and Lessor shall have no right to exercise its rights pursuant to this Section unless and until Tenant has waived or has been deemed to have waived its Purchase Option under the Facility Lease. Notwithstanding the foregoing, Lessor acknowledges and agrees that Lessor shall be required to exercise its Purchase Option simultaneously with any exercise by Tenant of the Superior Purchase Option, and in no event shall any response periods of Lessor hereunder be extended or modified by any action or inaction on the part of Tenant with respect to the Superior Purchaser Option.

40. Recognition of Operator. Lessor and Lessee acknowledge and agree the Improvements are being constructed for the benefit of Tenant so that Tenant is permitted to provide health care services on the Premises in accordance with the terms of this Agreement and the Facility Lease. Under this Agreement, Lessor has an option to acquire Lessee's Estate under certain circumstances. Likewise, under the Facility Lease, Tenant has similar rights to acquire Lessee's Estate under certain circumstances. It is the intent of Lessor and Tenant that this Agreement remain in place if either party exercises its right to acquire Lessee's Estate. Therefore, as a condition to Lessor and Lessee entering into this Agreement, Lessor agrees to execute, at no cost and expense to Lessee or Tenant, a commercially reasonable form of recognition agreement pursuant to which (i) Lessor agrees to be bound by the no-merger provision of this Agreement as set forth in Section 10(l), and agrees that this Agreement shall not be modified at any time in a way that would result in the ability to merge this Agreement or the leasehold estate hereby created with the fee estate in the Premises by reason of the fact that the same Person may acquire or hold both interests and (ii) Lessor agrees to recognize Tenant as the tenant under this Agreement in the event the Facility Lease is no longer in place as a result of Tenant's exercise of its right to purchase Lessee's Estate.

41. Right of First Opportunity and Right of First Refusal to Sublease.

a. Right of First Opportunity to Sublease. If at any time during the Term, Tenant is no longer leasing the Premises under the Facility Lease or under this Agreement, Lessor shall have a continuing right of first opportunity ("**Lease ROFO**") to sublease the Premises from Lessee. Accordingly, if Lessee desires to offer the Premises for sublease, Lessee shall provide Lessor with written notice setting forth the terms and conditions on which the Premises will be offered to sublet (a "**Lease ROFO Offer**"). Lessor shall have thirty (30) days from its receipt of any Lease ROFO Offer which to exercise the Lease ROFO. If Lessor does not notify Lessee that Lessor is exercising the Lease ROFO within such 30-day period, then Lessee may proceed with marketing the Premises on substantially similar terms to the terms contained in the Lease ROFO Offer. The rights granted to Lessor hereunder shall be ongoing and shall not

be affected by Lessor's failure to exercise the Lease ROFO on one or more occasions. If the Lessor exercises the Lease ROFO, then the parties shall enter into a sublease on the terms and conditions set forth in the Lease ROFO Offer.

b. Right of First Refusal to Sublease. If at any time during the Term, Tenant is no longer leasing the Premises under the Facility Lease or under this Agreement, Lessor shall have a continuing right of first refusal to sublease the entire Premises from Lessee as part of a single sublease. Accordingly, if Lessee desires to enter into any transaction whereby Lessee will sublease the entire Premises as part of a single sublease to a new third party that is not affiliated with Lessor, (i) Lessee shall provide Lessor with a lease setting forth the terms and conditions of said transaction (a "Lease ROFR Offer") and (ii) Lessor shall have the right ("Lease ROFR") to lease the entire Premises from Lessee on the terms of the Lease ROFR Offer. Lessor shall have thirty (30) days from its receipt of any Lease ROFR Offer which to exercise the Lease ROFR. If Lessor does not notify Lessee that Lessor is exercising the Lease ROFR within such 30-day period, then Lessee may proceed with the sublease to the unrelated third party provided that such sublease shall be subject to the terms and conditions of this Agreement. If there are any material changes in such Lease ROFR Offer, a new "Lease ROFR Offer" will be deemed to have been made and Lessee will not be entitled to sublease the Premises until Lessee has complied with this Section with respect to such new Lease ROFR Offer. The rights granted to Lessor hereunder shall be ongoing and shall not be affected by Lessor's failure to exercise the Lease ROFR on one or more occasions. If the Lease ROFR is exercised, then the parties shall enter into a sublease on the terms and conditions set forth in the Lease ROFR Offer.

42. Counterparts. This Agreement may be executed by the parties in separate counterparts, and the executed counterparts shall be deemed by the parties as a single executed and binding document. A facsimile or electronic version (including via PDF or DocuSign) of any signature hereto shall be deemed an original for all purposes.

43. Miscellaneous.

a. Hazardous Substances. Lessee shall not use the Premises or any part thereof to generate, manufacture, refine, treat, transport, store, handle, dispose of, transfer, produce or process any Hazardous Substances, except in compliance with all applicable federal, state, and local statutes, ordinances, laws and regulations, requirements, permits, guidance, or orders intended to protect human health or the environment, including, without limitation, environmental, land use and occupational and health and safety laws, regulations, requirements, permits, statutes, by laws and regulations (collectively, "Environmental Laws"). Further, Lessee hereby covenants and agrees to indemnify and save harmless Lessor from any and all losses, costs, claims, damages, liabilities, expenses, or injuries to the extent arising from any Hazardous Substances which are brought on to the Premises by Lessee. Notwithstanding the foregoing, Lessor warrants that the Premises shall be free and clear of all Hazardous Substances on the Effective Date, and Lessor shall indemnify and hold Lessee harmless for from any and all losses, costs, claims, damages, liabilities, expenses (including, without limitation, remediation expenses), or injuries to the extent arising from (i) any Hazardous Substances which are/were existing on the Premises on or prior to the Effective Date, or (ii) any Hazardous Substances which are brought on to the Premises by any Person other than Lessee (including, without limitation, those brought on to the Premises by Lessor and any Hazardous Substances which migrate to the Premises from other land, whether or not owned by Lessor). Lessor and Lessee's indemnification obligations under this Section 43(a) shall survive the expiration or earlier termination of this Agreement for a period of two (2) years.

b. Lessor Representations and Warranties. Lessor hereby represents and warrants to Lessee: (i) Lessor is a valid entity duly organized under the laws of the State of Delaware and authorized to do business in the State of Washington; (ii) the person executing this Agreement is fully authorized to do so and all necessary approvals have been obtained; (iii) the execution hereof shall constitute the binding

agreement of Lessor; (iv) to the knowledge of Lessor, no portion of the Premises is in any violation of any Applicable Laws; (v) Lessor holds good and marketable fee title to the Premises; (vi) the execution hereof shall not constitute a breach or violation of any law or any agreement to which Lessor is a party; and (vii) Lessor has not sold, leased or otherwise conveyed any portion of the Premises for any period beginning on the Effective Date and continuing through the Term hereof.

c. Lessor's Waiver Lien on Personal Property. Lessor hereby expressly waives any right which it may have to impose any and all liens, whether statutory, constitutional, possessory, or otherwise, that Lessor may, now or hereafter, have with respect to any of Lessee's property, including, without limitation, trade fixtures, furnishings, equipment, inventory, records, and any other documentation generated in the conduct of Lessee's business (collectively, "Lessee's Property"). This Agreement does not grant a contractual lien or any other security interest to Lessor or in favor of Lessor with respect to Lessee's Property, and Lessor hereby expressly waives any such lien, whether arising by contract or by statute.

d. Holdover. If Lessee retains possession of the Premises after the expiration or earlier termination of this Agreement, Lessee shall be a tenant at sufferance at one hundred fifty percent (150%) of the Base Rent for the Premises in effect upon the date of such expiration or earlier termination, and otherwise upon the terms, covenants and conditions herein specified, so far as applicable. Acceptance by Lessor of Base Rent after such expiration or earlier termination shall not result in a renewal of this Agreement, nor shall such acceptance create a month-to-month tenancy. In the event a month-to-month tenancy is created by operation of law, either party shall have the right to terminate such month-to-month tenancy upon thirty (30) days' prior written notice to the other, whether or not said notice is given on the Base Rent paying date. This Section 43(d) shall in no way constitute a consent by Lessor to any holding over by Lessee upon the expiration or earlier termination of this Agreement, nor limit Lessor's remedies in such event. In no event shall Lessee be liable for consequential damages in connection with a holdover.

e. Lessor Approval. If Lessor has approval rights pursuant to this Agreement, if Lessor does not respond to Lessee's notice/request for approval within thirty (30) days (or such other timeframe if specifically set forth in such approval provision), then Lessee shall have the right to give Lessor a second notice/request for such approval, and, if Lessor fails to respond to such second notice/request within ten (10) Business Days of its receipt of the same, then Lessor shall be deemed to have granted such approval. Lessee acknowledges that such second notice/request shall state in boldface that the failure to respond by Lessor within such ten (10) Business Day period shall constitute a deemed approval.

f. Lessee Approval. If Lessee has approval rights pursuant to this Agreement, if Lessee does not respond to Lessor's notice/request for approval within thirty (30) days (or such other timeframe if specifically set forth in such approval provision), then Lessor shall have the right to give Lessee a second notice/request for such approval, and, if Lessee fails to respond to such second notice/request within ten (10) Business Days of its receipt of the same, then Lessee shall be deemed to have granted such approval. Lessor acknowledges that such second notice/request shall state in boldface that the failure to respond by Lessee within such ten (10) Business Day period shall constitute a deemed approval.

g. No Brokers. Lessor and Lessee each (i) represents and warrants to the other that it has not dealt with any real estate broker, finder or listing agent in connection with this Agreement, and (ii) agrees to indemnify, defend, and hold harmless the other from and against any claim for a commission fee or other compensation made by a broker, finder or listing agent with whom it has dealt (or allegedly dealt). The provisions of this Section 43(g) shall survive the expiration or termination of this Agreement.

h. Relationship of Parties. The relationship of Lessor and Lessee is solely that of independent third parties engaged in an arm's length transaction. Nothing contained in this Agreement shall

be deemed or constructed as creating a partnership, joint venture, agency or other similar relationship between Lessor and Lessee.

i. Performance by Tenant or Leasehold Mortgagee. Lessor hereby acknowledges and agrees that the Tenant (or Leasehold Mortgagee pursuant to Section 10(e) herein) shall be permitted to perform any covenant, agreement, and/or obligation of Lessee hereunder, and Lessor shall accept such performance from the Tenant (or Leasehold Mortgagee pursuant to Section 10(e) herein) as if performed directly by Lessee, provided, however, any modifications of, or approvals required under this Agreement shall still require the consent of Lessee.

j. Exhibits. Lessor and Lessee acknowledge and agree that all exhibits referenced in this Agreement are attached hereto and incorporated herein by reference.

k. Termination of Development Agreement. The parties acknowledge and agree that the Closing Date (as defined in the Development Agreement) has not occurred as of the Effective Date. If either party to the Development Agreement elects to terminate the Development Agreement pursuant to the terms and conditions set forth in the Development Agreement on or prior to the Closing Date thereunder, then this Agreement shall terminate automatically as if this Agreement was never executed, and the parties shall not be required to sign any document or notice to memorialize such termination. However, at any time after the termination of this Agreement pursuant to this Section, either party shall, upon written request of the other, provide the requesting party with a written confirmation of said termination. If this Agreement is so terminated, neither party hereto will have any further rights or obligations under, or in any way relating to, this Agreement or against each other notwithstanding the initial execution and delivery of this Agreement. This subsection shall survive the termination of this Agreement.

(signatures on the following page)

IN WITNESS WHEREOF, Lessor and Lessee have duly executed this Agreement as of the Effective Date.

LESSOR:

PEACEHEALTH

By: _____

Printed: _____

Title: _____

LESSEE:

PMB _____ LLC

By: PMB LLC
its Manager

By: _____

Name: _____

Title: _____

EXHIBIT A

DESCRIPTION OF LAND

PARCEL I:

BEGINNING AT THE SOUTHEAST CORNER OF LOT 2, BLOCK 2 OF "GROVES ADDITION" ACCORDING TO THE PLAT THEREOF RECORDED UNDER BOOK "C" OF PLATS AT PAGE 13, RECORDS OF CLARK COUNTY, WASHINGTON; THENCE SOUTH 87°50'02" EAST, ALONG THE NORTHERLY RIGHT-OF-WAY LINE OF E. 33RD ST. FOR A DISTANCE OF 228.47 FEET TO THE TRUE POINT OF BEGINNING; THENCE NORTH 02°09'58" EAST, FOR A DISTANCE OF 101.22 FEET; THENCE SOUTH 87°46'28" EAST, FOR A DISTANCE OF 254.75 FEET; THENCE ALONG THE ARC OF A 29.00 FOOT RADIUS TANGENT CURVE TO THE LEFT, THE LONG CHORD OF WHICH BEARS NORTH 47°09' 11" EAST, FOR A CHORD DISTANCE OF 41.06 FEET THROUGH A CENTRAL ANGLE OF 90°08'42" FOR AN ARC DISTANCE OF 45.63 FEET; THENCE NORTH 02°04'50" EAST, FOR A DISTANCE OF 48.04 FEET; THENCE SOUTH 87°52'24" EAST, FOR A DISTANCE OF 30.67 FEET; THENCE NORTH 02°08'32" EAST, FOR A DISTANCE OF 79.22 FEET; THENCE NORTH 87°36'49" WEST, FOR A DISTANCE OF 35.05 FEET; THENCE NORTH 02°09'47" EAST, FOR A DISTANCE OF 91.95 FEET; THENCE ALONG THE ARC OF A 9.00 FOOT RADIUS TANGENT CURVE TO THE LEFT, THE LONG CHORD OF WHICH BEARS NORTH 42°46'01" WEST, FOR A CHORD DISTANCE OF 12.71 FEET THROUGH A CENTRAL ANGLE OF 89°51'35" FOR AN ARC DISTANCE OF 14.12 FEET; THENCE NORTH 87°41'48" WEST, FOR A DISTANCE OF 184.27 FEET; THENCE SOUTH 01°56'25" WEST, FOR A DISTANCE OF 66.48 FEET; THENCE NORTH 88°50'00" WEST, FOR A DISTANCE OF 8.53 FEET; THENCE SOUTH 47°11'08" WEST, FOR A DISTANCE OF 15.20 FEET; THENCE NORTH 02°05'56" EAST, FOR A DISTANCE OF 5.85 FEET; THENCE NORTH 24°42'37" WEST, FOR A DISTANCE OF 40.61 FEET; THENCE NORTH 80°29'18" WEST, FOR A DISTANCE OF 193.74 FEET; THENCE NORTH 32°16'53" WEST, FOR A DISTANCE OF 31.90 FEET TO THE SOUTH LINE OF A 15.00 FOOT ALLEY AS SHOWN ON THE PLAT OF "CHUMASERO HEIGHTS" ACCORDING TO THE PLAT THEREOF RECORDED UNDER BOOK "D" OF PLAT AT PAGE 51 RECORDS OF CLARK COUNTY, WASHINGTON; THENCE SOUTH 87°46'31" EAST, ALONG SAID SOUTH LINE FOR A DISTANCE OF 343.53 FEET; THENCE NORTH 02°06'08" EAST, FOR A DISTANCE OF 15.00 FEET; THENCE SOUTH 87°46'31" EAST, FOR A DISTANCE OF 30.00 FEET; THENCE NORTH 02°06'08" EAST, FOR A DISTANCE OF 99.98 FEET TO THE SOUTHERLY RIGHT-OF-WAY LINE OF E. 35TH ST.; THENCE SOUTH 87°46'31" EAST, ALONG THE SOUTHERLY RIGHT-OF-WAY LINE OF E. 35TH ST. FOR A DISTANCE OF 197.82 FEET TO THE WESTERLY RIGHT-OF-WAY LINE OF MAIN ST.; THENCE SOUTH 12°19'34" WEST, ALONG THE WESTERLY RIGHT-OF-WAY LINE OF MAIN ST. FOR A DISTANCE OF 192.22 FEET; THENCE NORTH 77°20'07" WEST, ALONG SAID WESTERLY RIGHT-OF-WAY LINE FOR A DISTANCE OF 10.69 FEET; THENCE SOUTH 12°39'53" WEST, ALONG SAID WESTERLY RIGHT-OF-WAY LINE FOR A DISTANCE OF 90.62 FEET; THENCE NORTH 87°43'54" WEST, ALONG SAID WESTERLY RIGHT-OF-WAY LINE FOR A DISTANCE OF 5.08 FEET; THENCE SOUTH 12°39'53" WEST, ALONG SAID WESTERLY RIGHT-OF-WAY LINE FOR A DISTANCE OF 9.99 FEET; THENCE SOUTH 77°20'07" EAST, ALONG SAID WESTERLY RIGHT-OF-WAY LINE FOR A DISTANCE OF 5.00 FEET; THENCE SOUTH 12°39'53" WEST, ALONG SAID WESTERLY RIGHT-OF-WAY LINE FOR A DISTANCE OF 49.13 FEET; THENCE SOUTH 77°20'07" EAST, ALONG SAID WESTERLY RIGHT-OF-WAY LINE FOR A DISTANCE OF 10.18 FEET; THENCE SOUTH 15°17'31" WEST, ALONG SAID WESTERLY RIGHT-OF-WAY LINE FOR A DISTANCE OF 132.00 FEET; THENCE SOUTH 53°44'16" WEST, FOR ALONG SAID WESTERLY RIGHT-OF-WAY LINE FOR A DISTANCE OF 37.30 FEET TO THE NORTHERLY RIGHT-OF-WAY LINE OF E 33RD ST.; THENCE NORTH 87°50'02" WEST, ALONG THE NORTHERLY RIGHT-OF-WAY LINE OF E 33RD ST. FOR A DISTANCE OF 288.64 FEET TO THE TRUE POINT OF BEGINNING.

PARCEL II:

THAT PARCEL OF LAND LOCATED IN A PORTION OF THE NORTHEAST QUARTER OF SECTION 22, TOWNSHIP 2 NORTH, RANGE 1 EAST, WILLAMETTE MERIDIAN, CLARK COUNTY, WASHINGTON, DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHEAST CORNER OF LOT 2, BLOCK 2 OF "GROVES ADDITION" ACCORDING TO THE PLAT THEREOF RECORDED UNDER BOOK "C" OF PLATS AT PAGE 13, RECORDS OF CLARK COUNTY, WASHINGTON; THENCE SOUTH 87°50'02" EAST, ALONG THE NORTHERLY RIGHT-OF-WAY LINE OF E. 33RD ST. FOR A DISTANCE OF 228.47 FEET; THENCE NORTH 02°09'58" EAST, FOR A DISTANCE OF 101.22 FEET; THENCE SOUTH 87°46'28" EAST, FOR A DISTANCE OF 78.50 FEET TO THE TRUE POINT OF BEGINNING; THENCE CONTINUING SOUTH 87°46'28" EAST, FOR A DISTANCE OF 176.25 FEET; THENCE ALONG THE ARC OF A 29.00 FOOT RADIUS TANGENT CURVE TO THE LEFT, THE LONG CHORD OF WHICH BEARS NORTH 47°09'11" EAST, FOR A CHORD DISTANCE OF 41.06 FEET THROUGH A CENTRAL ANGLE OF 90°08'42" FOR AN ARC DISTANCE OF 45.63 FEET; THENCE NORTH 02°04'50" EAST, FOR A DISTANCE OF 48.04 FEET; THENCE SOUTH 87°52'24" EAST, FOR A DISTANCE OF 30.67 FEET; THENCE NORTH 02°08'32" EAST, FOR A DISTANCE OF 79.22 FEET; THENCE NORTH 87°36'49" WEST, FOR A DISTANCE OF 35.05 FEET; THENCE NORTH 02°09'47" EAST, FOR A DISTANCE OF 91.95 FEET; THENCE ALONG THE ARC OF A 9.00 FOOT RADIUS TANGENT CURVE TO THE LEFT, THE LONG CHORD OF WHICH BEARS NORTH 42°46'01" WEST, FOR A CHORD DISTANCE OF 12.71 FEET THROUGH A CENTRAL ANGLE OF 89°51'35" FOR AN ARC DISTANCE OF 14.12 FEET; THENCE NORTH 87°41'48" WEST, FOR A DISTANCE OF 184.27 FEET; THENCE SOUTH 01°56'25" WEST, FOR A DISTANCE OF 66.48 FEET; THENCE NORTH 88°50'00" WEST, FOR A DISTANCE OF 8.53 FEET; THENCE SOUTH 47°11 '08" WEST, FOR A DISTANCE OF 15.20 FEET; THENCE SOUTH 02°05'56" WEST, FOR A DISTANCE OF 96.06 FEET; THENCE SOUTH 87°50'26" EAST, FOR A DISTANCE OF 7.13 FEET; THENCE SOUTH 01°36'01" WEST, FOR A DISTANCE OF 14.95 FEET; THENCE SOUTH 86°59'23" EAST, FOR A DISTANCE OF 4.08 FEET; THENCE SOUTH 02°09'54" WEST, FOR A DISTANCE OF 69.22 FEET TO THE TRUE POINT OF BEGINNING

PARCEL III:

BEGINNING AT THE SOUTHEAST CORNER OF LOT 2, BLOCK 2 OF "GROVES ADDITION" ACCORDING TO THE PLAT THEREOF RECORDED UNDER BOOK "C" OF PLATS AT PAGE 13, RECORDS OF CLARK COUNTY, WASHINGTON; THENCE NORTH 02°08'49" EAST, ALONG THE EAST LINE AND THE NORTHERLY EXTENSION THEREOF OF SAID LOT 2 FOR A DISTANCE OF 105.88 FEET TO THE NORTHERLY LINE OF A 5.88 FOOT ALLEY AS SHOWN ON SAID "GROVES ADDITION"; THENCE NORTH 87°50'02" WEST, ALONG THE NORTH LINE OF SAID ALLEY FOR A DISTANCE OF 249.96 FEET TO THE EASTERLY RIGHT-OF-WAY LINE OF W. WASHINGTON ST.; THENCE NORTH 02° 12'57" EAST, ALONG SAID RIGHT-OF-WAY LINE FOR A DISTANCE OF 269.03 FEET TO THE SOUTH LINE OF A 15.00 FOOT ALLEY AS SHOWN ON THE PLAT OF "CHUMASERO HEIGHTS" ACCORDING TO THE PLAT THEREOF RECORDED UNDER BOOK "D" OF PLATS AT PAGE 51, RECORDS OF CLARK COUNTY, WASHINGTON; THENCE SOUTH 87°46'31" EAST, ALONG THE SOUTH LINE OF SECOND MENTIONED ALLEY FOR A DISTANCE OF 316.70 FEET; THENCE SOUTH 32°16'53" EAST, FOR A DISTANCE OF 31.90 FEET; THENCE SOUTH 80°29'18" EAST, FOR A DISTANCE OF 193.74 FEET; THENCE SOUTH 24°42'37" EAST, FOR A DISTANCE OF 40.61 FEET; THENCE SOUTH 02°05'56" WEST, FOR A DISTANCE OF 8.01 FEET; THENCE NORTH 87°51'45" WEST, FOR A DISTANCE OF 42.86 FEET; THENCE NORTH 02° 10'39" EAST, FOR A DISTANCE OF 33.97 FEET; THENCE NORTH 87°49'21" WEST, FOR A DISTANCE OF 221.21 FEET; THENCE SOUTH 02° 11 '46" WEST, FOR A DISTANCE

OF 128.67 FEET; THENCE SOUTH 87°46'52" EAST, FOR A DISTANCE OF 93.10 FEET; THENCE SOUTH 01°57'06" WEST, FOR A DISTANCE OF 31.10 FEET; THENCE SOUTH 87°50'55" EAST, FOR A DISTANCE OF 34.59 FEET; THENCE SOUTH 02°08'01" WEST, FOR A DISTANCE OF 28.66 FEET; THENCE SOUTH 87°46'35" EAST, FOR A DISTANCE OF 39.59 FEET; THENCE NORTH 02° 14'41" EAST, FOR A DISTANCE OF 28.71 FEET; THENCE SOUTH 87°44'34" EAST, FOR A DISTANCE OF 36.29 FEET; THENCE NORTH 01°42'17" EAST, FOR A DISTANCE OF 39.14 FEET; THENCE SOUTH 87°57'02" EAST, FOR A DISTANCE OF 47.44 FEET; THENCE SOUTH 02°02'58" WEST, FOR A DISTANCE OF 7.12 FEET; THENCE SOUTH 87° 18'04" EAST, FOR A DISTANCE OF 13.37 FEET; THENCE SOUTH 87°50'26" EAST, FOR A DISTANCE OF 7.13 FEET; THENCE SOUTH 01 °36'01" WEST, FOR A DISTANCE OF 14.95 FEET; THENCE SOUTH 86°59'23" EAST, FOR A DISTANCE OF 4.08 FEET; THENCE SOUTH 02°09'54" WEST, FOR A DISTANCE OF 69.22 FEET; THENCE NORTH 87°46'28" WEST, FOR A DISTANCE OF 78.50 FEET; THENCE SOUTH 02°09'58" RIGHT-OF-WAY LINE OF E. WEST, FOR A DISTANCE OF 101.22 FEET TO THE NORTHERLY 33RD ST; THENCE NORTH 87°50,02" WEST, ALONG THE NORTHERLY RIGHT-OF-WAY LINE OF E. 33RD ST. FOR A DISTANCE OF 228.47 FEET TO THE TRUE POINT OF BEGINNING.

PARCEL IV:

THAT PARCEL OF LAND LOCATED IN A PORTION OF THE NORTHEAST QUARTER OF SECTION 22, TOWNSHIP 2 NORTH, RANGE 1 EAST, WILLAMETTE MERIDIAN, CLARK COUNTY, WASHINGTON, DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHEAST CORNER OF LOT 2, BLOCK 2 OF "GROVES ADDITION" ACCORDING TO THE PLAT THEREOF RECORDED UNDER BOOK "C" OF PLATS AT PAGE 13, RECORDS OF CLARK COUNTY, WASHINGTON; THENCE NORTH 02°08'49" EAST, ALONG THE EAST LINE AND THE NORTHERLY EXTENSION THEREOF OF SAID LOT 2 FOR A DISTANCE OF 105.88 FEET TO THE NORTHERLY LINE OF A 5.88 FOOT ALLEY AS SHOWN ON SAID "GROVES ADDITION"; THENCE NORTH 87°50'02" WEST, ALONG THE NORTH LINE OF SAID ALLEY FOR A DISTANCE OF 249.96 FEET TO THE EASTERLY RIGHT-OF-WAY LINE OF W. WASHINGTON ST.; THENCE NORTH 02°12'57" EAST, ALONG SAID RIGHT-OF-WAY LINE FOR A DISTANCE OF 269.03 FEET TO THE SOUTH LINE OF A 15.00 FOOT ALLEY AS SHOWN ON THE PLAT OF "CHUMASERO HEIGHTS" ACCORDING TO THE PLAT THEREOF RECORDED UNDER BOOK "D" OF PLATS AT PAGE 51, RECORDS OF CLARK COUNTY, WASHINGTON; THENCE SOUTH 87°46'31" EAST, ALONG THE SOUTH LINE OF SECOND MENTIONED ALLEY FOR A DISTANCE OF 316.70 FEET; THENCE SOUTH 32° 16'53" EAST, FOR A DISTANCE OF 31.90 FEET; THENCE SOUTH 80°29'18" EAST, FOR A DISTANCE OF 193.74 FEET; THENCE SOUTH 24°42'37" EAST, FOR A DISTANCE OF 40.61 FEET; THENCE SOUTH 02°05'56" WEST, FOR A DISTANCE OF 8.01 FEET TO THE TRUE POINT OF BEGINNING; THENCE NORTH 87°51'45" WEST, FOR A DISTANCE OF 42.86 FEET; THENCE NORTH 02°10'39" EAST, FOR A DISTANCE OF 33.97 FEET; THENCE NORTH 87°49'21" WEST, FOR A DISTANCE OF 221.21 FEET; THENCE SOUTH 02°11 '46" WEST, FOR A DISTANCE OF 128.67 FEET; THENCE SOUTH 87°46'52" EAST, FOR A DISTANCE OF 93.10 FEET; THENCE SOUTH 01°57'06" WEST, FOR A DISTANCE OF 31.10 FEET; THENCE SOUTH 87°50'55" EAST, FOR A DISTANCE OF 34.59 FEET; THENCE SOUTH 02°08'01" WEST, FOR A DISTANCE OF 28.66 FEET; THENCE SOUTH 87°46'35" EAST, FOR A DISTANCE OF 39.59 FEET; THENCE NORTH 02°14'41" EAST, FOR A DISTANCE OF 28.71 FEET; THENCE SOUTH 87°44'34" EAST, FOR A DISTANCE OF 36.29 FEET; THENCE NORTH 01°42'17" EAST, FOR A DISTANCE OF 39.14 FEET; THENCE SOUTH 87°57'02" EAST, FOR A DISTANCE OF 47.44 FEET; THENCE SOUTH 02°02'58" WEST, FOR A DISTANCE OF 7.12 FEET; THENCE SOUTH 87°18'04" EAST, FOR A DISTANCE OF 13.37 FEET; THENCE NORTH 02°05'56" EAST, FOR A DISTANCE OF 93.90 FEET TO THE TRUE POINT OF BEGINNING.

APN: 008760-000 AND 008760-001 AND 011251-000 AND 011252-000 AND 011277-000 AND
011277-003 AND 986028-420 AND 986028-421.

EXHIBIT B

DESCRIPTION OF THE INITIAL IMPROVEMENTS

[to be added]

EXHIBIT C

PERMITTED ENCUMBRANCES

[to be added]

EXHIBIT D

MEMORANDUM OF AGREEMENT

(please see attached)

RECORDING REQUESTED BY AND
WHEN RECORDED, MAIL TO:

329 South Highway 101, Suite 160
Solana Beach, CA 92075
Attn: Rebecca Gemmel

SPACE DIRECTLY ABOVE RESERVED FOR

RECORDER'S USE

MEMORANDUM OF GROUND LEASE AGREEMENT

THIS MEMORANDUM OF GROUND LEASE AGREEMENT (this "**Memorandum**") is made and entered into the ___ day of _____, 202__, by and between PEACEHEALTH SOUTHWEST, LLC, a Washington limited liability company ("**Lessor**"), and PMB _____ LLC, a _____ limited liability company ("**Lessee**"), with reference to the following facts:

A. Lessor is the owner of that certain real property located in the Vancouver, Clark County, Washington, and more particularly described in **Exhibit 1** attached hereto ("**Property**").

B. Pursuant to the terms of a Ground Lease Agreement dated as of the date hereof ("**Ground Lease**") by and between Lessor and Lessee, Lessor has agreed to lease the Property to Lessee, subject to the terms set forth in the Ground Lease.

C. This Memorandum is being executed and recorded to evidence the Ground Lease and shall not be construed to limit, amend, or modify the provisions of the Ground Lease in any respect.

NOW, THEREFORE, the parties hereto hereby agree as follows:

1. **Ground Lease of the Property.** Lessor hereby leases the Property to Lessee, and Lessee hereby leases the Property from Lessor, all subject to and on terms and conditions more fully set forth in the Ground Lease. The Ground Lease is incorporated herein by this reference.

2. **Initial Term; Extensions.** The initial term of the Ground Lease is for a period of time commencing on the Effective Date set forth in the Ground Lease, and expiring at 11:59 pm (_____ time) on the last day of the of the month of the _____ anniversary of the Rent Commencement Date (as defined in the Ground Lease). Thereafter, Lessee has _____ options to extend the initial term of the Ground Lease for a period of _____ years each.

3. **Purchase Rights.** Pursuant to the terms of the Ground Lease, Lessor has (i) a right to first opportunity to purchase, (ii) a right of first refusal to purchase, (iii) and purchase option as to Lessee's leasehold interest in the Property upon the occurrence of certain conditions precedent that are more particularly described in the Ground Lease.

4. Purposes; Conflicts. This Memorandum is prepared for the purpose of recording and providing notice of the Ground Lease, and in no way modifies the express provisions of the Ground Lease. Third parties are advised that the provisions of the Ground Lease itself shall be controlling with respect to all matters set forth herein. In the event of any discrepancy between the provisions of the Ground Lease and this Memorandum, the provisions of the Ground Lease shall take precedence and prevail over the provisions of this Memorandum.

5. Counterparts. The parties agree this Memorandum may be executed in multiple originals, each of which shall be considered an original for all purposes and, collectively, shall be considered to constitute this Memorandum.

(signatures on the following pages)

IN WITNESS WHEREOF, Lessor and Lessee have caused this Memorandum to be executed as of the Effective Date.

LESSOR:

PEACEHEALTH

By: _____

Printed: _____

Title: _____

STATE OF _____)

COUNTY OF _____)

This instrument was acknowledged before me on _____, 202__ by _____ as _____ of PeaceHealth Southwest, LLC, a Washington limited liability company.

Notary Public

Printed

(Seal, if any)

My commission expires: _____

LESSEE:

PMB _____ LLC

By: PMB LLC,
its Manager

By: _____

Printed: _____

Title: _____

STATE OF _____)

COUNTY OF _____)

This instrument was acknowledged before me on _____, 202__ by
_____ as _____ of PMB _____, LLC, a
_____ limited liability company.

Notary Public

Printed

(Seal, if any)

My commission expires: _____

EXHIBIT 1

DESCRIPTION OF PREMISES

PARCEL I:

BEGINNING AT THE SOUTHEAST CORNER OF LOT 2, BLOCK 2 OF "GROVES ADDITION" ACCORDING TO THE PLAT THEREOF RECORDED UNDER BOOK "C" OF PLATS AT PAGE 13, RECORDS OF CLARK COUNTY, WASHINGTON; THENCE SOUTH 87°50'02" EAST, ALONG THE NORTHERLY RIGHT-OF-WAY LINE OF E. 33RD ST. FOR A DISTANCE OF 228.47 FEET TO THE TRUE POINT OF BEGINNING; THENCE NORTH 02°09'58" EAST, FOR A DISTANCE OF 101.22 FEET; THENCE SOUTH 87°46'28" EAST, FOR A DISTANCE OF 254.75 FEET; THENCE ALONG THE ARC OF A 29.00 FOOT RADIUS TANGENT CURVE TO THE LEFT, THE LONG CHORD OF WHICH BEARS NORTH 47°09' 11" EAST, FOR A CHORD DISTANCE OF 41.06 FEET THROUGH A CENTRAL ANGLE OF 90°08'42" FOR AN ARC DISTANCE OF 45.63 FEET; THENCE NORTH 02°04'50" EAST, FOR A DISTANCE OF 48.04 FEET; THENCE SOUTH 87°52'24" EAST, FOR A DISTANCE OF 30.67 FEET; THENCE NORTH 02°08'32" EAST, FOR A DISTANCE OF 79.22 FEET; THENCE NORTH 87°36'49" WEST, FOR A DISTANCE OF 35.05 FEET; THENCE NORTH 02°09'47" EAST, FOR A DISTANCE OF 91.95 FEET; THENCE ALONG THE ARC OF A 9.00 FOOT RADIUS TANGENT CURVE TO THE LEFT, THE LONG CHORD OF WHICH BEARS NORTH 42°46'01" WEST, FOR A CHORD DISTANCE OF 12.71 FEET THROUGH A CENTRAL ANGLE OF 89°51'35" FOR AN ARC DISTANCE OF 14.12 FEET; THENCE NORTH 87°41'48" WEST, FOR A DISTANCE OF 184.27 FEET; THENCE SOUTH 01°56'25" WEST, FOR A DISTANCE OF 66.48 FEET; THENCE NORTH 88°50'00" WEST, FOR A DISTANCE OF 8.53 FEET; THENCE SOUTH 47°11'08" WEST, FOR A DISTANCE OF 15.20 FEET; THENCE NORTH 02°05'56" EAST, FOR A DISTANCE OF 5.85 FEET; THENCE NORTH 24°42'37" WEST, FOR A DISTANCE OF 40.61 FEET; THENCE NORTH 80°29'18" WEST, FOR A DISTANCE OF 193.74 FEET; THENCE NORTH 32°16'53" WEST, FOR A DISTANCE OF 31.90 FEET TO THE SOUTH LINE OF A 15.00 FOOT ALLEY AS SHOWN ON THE PLAT OF "CHUMASERO HEIGHTS" ACCORDING TO THE PLAT THEREOF RECORDED UNDER BOOK "D" OF PLAT AT PAGE 51 RECORDS OF CLARK COUNTY, WASHINGTON; THENCE SOUTH 87°46'31" EAST, ALONG SAID SOUTH LINE FOR A DISTANCE OF 343.53 FEET; THENCE NORTH 02°06'08" EAST, FOR A DISTANCE OF 15.00 FEET; THENCE SOUTH 87°46'31" EAST, FOR A DISTANCE OF 30.00 FEET; THENCE NORTH 02°06'08" EAST, FOR A DISTANCE OF 99.98 FEET TO THE SOUTHERLY RIGHT-OF-WAY LINE OF E. 35TH ST.; THENCE SOUTH 87°46'31" EAST, ALONG THE SOUTHERLY RIGHT-OF-WAY LINE OF E. 35TH ST. FOR A DISTANCE OF 197.82 FEET TO THE WESTERLY RIGHT-OF-WAY LINE OF MAIN ST.; THENCE SOUTH 12°19'34" WEST, ALONG THE WESTERLY RIGHT-OF-WAY LINE OF MAIN ST. FOR A DISTANCE OF 192.22 FEET; THENCE NORTH 77°20'07" WEST, ALONG SAID WESTERLY RIGHT-OF-WAY LINE FOR A DISTANCE OF 10.69 FEET; THENCE SOUTH 12°39'53" WEST, ALONG SAID WESTERLY RIGHT-OF-WAY LINE FOR A DISTANCE OF 90.62 FEET; THENCE NORTH 87°43'54" WEST, ALONG SAID WESTERLY RIGHT-OF-WAY LINE FOR A DISTANCE OF 5.08 FEET; THENCE SOUTH 12°39'53" WEST, ALONG SAID WESTERLY RIGHT-OF-WAY LINE FOR A DISTANCE OF 9.99 FEET; THENCE SOUTH 77°20'07" EAST, ALONG SAID WESTERLY RIGHT-OF-WAY LINE FOR A DISTANCE OF 5.00 FEET; THENCE SOUTH 12°39'53" WEST, ALONG SAID WESTERLY RIGHT-OF-WAY LINE FOR A DISTANCE OF 49.13 FEET; THENCE SOUTH 77°20'07" EAST, ALONG SAID WESTERLY RIGHT-OF-WAY LINE FOR A DISTANCE OF 10.18 FEET; THENCE SOUTH 15°17'31" WEST, ALONG SAID WESTERLY RIGHT-OF-WAY LINE FOR A DISTANCE OF 132.00 FEET; THENCE SOUTH 53°44'16" WEST, FOR ALONG SAID WESTERLY RIGHT-OF-WAY LINE FOR A DISTANCE OF 37.30 FEET TO THE NORTHERLY RIGHT-OF-WAY LINE OF E 33RD ST.; THENCE NORTH 87°50'02" WEST, ALONG THE NORTHERLY RIGHT-OF-WAY LINE OF E 33RD ST. FOR A DISTANCE OF 288.64 FEET TO THE TRUE POINT OF BEGINNING.

PARCEL II:

THAT PARCEL OF LAND LOCATED IN A PORTION OF THE NORTHEAST QUARTER OF SECTION 22, TOWNSHIP 2 NORTH, RANGE 1 EAST, WILLAMETTE MERIDIAN, CLARK COUNTY, WASHINGTON, DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHEAST CORNER OF LOT 2, BLOCK 2 OF "GROVES ADDITION" ACCORDING TO THE PLAT THEREOF RECORDED UNDER BOOK "C" OF PLATS AT PAGE 13, RECORDS OF CLARK COUNTY, WASHINGTON; THENCE SOUTH 87°50'02" EAST, ALONG THE NORTHERLY RIGHT-OF-WAY LINE OF E. 33RD ST. FOR A DISTANCE OF 228.47 FEET; THENCE NORTH 02°09'58" EAST, FOR A DISTANCE OF 101.22 FEET; THENCE SOUTH 87°46'28" EAST, FOR A DISTANCE OF 78.50 FEET TO THE TRUE POINT OF BEGINNING; THENCE CONTINUING SOUTH 87°46'28" EAST, FOR A DISTANCE OF 176.25 FEET; THENCE ALONG THE ARC OF A 29.00 FOOT RADIUS TANGENT CURVE TO THE LEFT, THE LONG CHORD OF WHICH BEARS NORTH 47°09'11" EAST, FOR A CHORD DISTANCE OF 41.06 FEET THROUGH A CENTRAL ANGLE OF 90°08'42" FOR AN ARC DISTANCE OF 45.63 FEET; THENCE NORTH 02°04'50" EAST, FOR A DISTANCE OF 48.04 FEET; THENCE SOUTH 87°52'24" EAST, FOR A DISTANCE OF 30.67 FEET; THENCE NORTH 02°08'32" EAST, FOR A DISTANCE OF 79.22 FEET; THENCE NORTH 87°36'49" WEST, FOR A DISTANCE OF 35.05 FEET; THENCE NORTH 02°09'47" EAST, FOR A DISTANCE OF 91.95 FEET; THENCE ALONG THE ARC OF A 9.00 FOOT RADIUS TANGENT CURVE TO THE LEFT, THE LONG CHORD OF WHICH BEARS NORTH 42°46'01" WEST, FOR A CHORD DISTANCE OF 12.71 FEET THROUGH A CENTRAL ANGLE OF 89°51'35" FOR AN ARC DISTANCE OF 14.12 FEET; THENCE NORTH 87°41'48" WEST, FOR A DISTANCE OF 184.27 FEET; THENCE SOUTH 01°56'25" WEST, FOR A DISTANCE OF 66.48 FEET; THENCE NORTH 88°50'00" WEST, FOR A DISTANCE OF 8.53 FEET; THENCE SOUTH 47°11 '08" WEST, FOR A DISTANCE OF 15.20 FEET; THENCE SOUTH 02°05'56" WEST, FOR A DISTANCE OF 96.06 FEET; THENCE SOUTH 87°50'26" EAST, FOR A DISTANCE OF 7.13 FEET; THENCE SOUTH 01°36'01" WEST, FOR A DISTANCE OF 14.95 FEET; THENCE SOUTH 86°59'23" EAST, FOR A DISTANCE OF 4.08 FEET; THENCE SOUTH 02°09'54" WEST, FOR A DISTANCE OF 69.22 FEET TO THE TRUE POINT OF BEGINNING

PARCEL III:

BEGINNING AT THE SOUTHEAST CORNER OF LOT 2, BLOCK 2 OF "GROVES ADDITION" ACCORDING TO THE PLAT THEREOF RECORDED UNDER BOOK "C" OF PLATS AT PAGE 13, RECORDS OF CLARK COUNTY, WASHINGTON; THENCE NORTH 02°08'49" EAST, ALONG THE EAST LINE AND THE NORTHERLY EXTENSION THEREOF OF SAID LOT 2 FOR A DISTANCE OF 105.88 FEET TO THE NORTHERLY LINE OF A 5.88 FOOT ALLEY AS SHOWN ON SAID "GROVES ADDITION"; THENCE NORTH 87°50'02" WEST, ALONG THE NORTH LINE OF SAID ALLEY FOR A DISTANCE OF 249.96 FEET TO THE EASTERLY RIGHT-OF-WAY LINE OF W. WASHINGTON ST.; THENCE NORTH 02° 12'57" EAST, ALONG SAID RIGHT-OF-WAY LINE FOR A DISTANCE OF 269.03 FEET TO THE SOUTH LINE OF A 15.00 FOOT ALLEY AS SHOWN ON THE PLAT OF "CHUMASERO HEIGHTS" ACCORDING TO THE PLAT THEREOF RECORDED UNDER BOOK "D" OF PLATS AT PAGE 51, RECORDS OF CLARK COUNTY, WASHINGTON; THENCE SOUTH 87°46'31" EAST, ALONG THE SOUTH LINE OF SECOND MENTIONED ALLEY FOR A DISTANCE OF 316.70 FEET; THENCE SOUTH 32°16'53" EAST, FOR A DISTANCE OF 31.90 FEET; THENCE SOUTH 80°29'18" EAST, FOR A DISTANCE OF 193.74 FEET; THENCE SOUTH 24°42'37" EAST, FOR A DISTANCE OF 40.61 FEET; THENCE SOUTH 02°05'56" WEST, FOR A DISTANCE OF 8.01 FEET; THENCE NORTH 87°51'45" WEST, FOR A DISTANCE OF 42.86 FEET; THENCE NORTH 02° 10'39" EAST, FOR A DISTANCE OF 33.97 FEET; THENCE NORTH 87°49'21" WEST, FOR A DISTANCE OF 221.21 FEET; THENCE SOUTH 02° 11 '46" WEST, FOR A DISTANCE

OF 128.67 FEET; THENCE SOUTH 87°46'52" EAST, FOR A DISTANCE OF 93.10 FEET; THENCE SOUTH 01°57'06" WEST, FOR A DISTANCE OF 31.10 FEET; THENCE SOUTH 87°50'55" EAST, FOR A DISTANCE OF 34.59 FEET; THENCE SOUTH 02°08'01" WEST, FOR A DISTANCE OF 28.66 FEET; THENCE SOUTH 87°46'35" EAST, FOR A DISTANCE OF 39.59 FEET; THENCE NORTH 02° 14'41" EAST, FOR A DISTANCE OF 28.71 FEET; THENCE SOUTH 87°44'34" EAST, FOR A DISTANCE OF 36.29 FEET; THENCE NORTH 01°42'17" EAST, FOR A DISTANCE OF 39.14 FEET; THENCE SOUTH 87°57'02" EAST, FOR A DISTANCE OF 47.44 FEET; THENCE SOUTH 02°02'58" WEST, FOR A DISTANCE OF 7.12 FEET; THENCE SOUTH 87° 18'04" EAST, FOR A DISTANCE OF 13.37 FEET; THENCE SOUTH 87°50'26" EAST, FOR A DISTANCE OF 7.13 FEET; THENCE SOUTH 01 °36'01" WEST, FOR A DISTANCE OF 14.95 FEET; THENCE SOUTH 86°59'23" EAST, FOR A DISTANCE OF 4.08 FEET; THENCE SOUTH 02°09'54" WEST, FOR A DISTANCE OF 69.22 FEET; THENCE NORTH 87°46'28" WEST, FOR A DISTANCE OF 78.50 FEET; THENCE SOUTH 02°09'58" RIGHT-OF-WAY LINE OF E. WEST, FOR A DISTANCE OF 101.22 FEET TO THE NORTHERLY 33RD ST; THENCE NORTH 87°50,02" WEST, ALONG THE NORTHERLY RIGHT-OF-WAY LINE OF E. 33RD ST. FOR A DISTANCE OF 228.47 FEET TO THE TRUE POINT OF BEGINNING.

PARCEL IV:

THAT PARCEL OF LAND LOCATED IN A PORTION OF THE NORTHEAST QUARTER OF SECTION 22, TOWNSHIP 2 NORTH, RANGE 1 EAST, WILLAMETTE MERIDIAN, CLARK COUNTY, WASHINGTON, DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHEAST CORNER OF LOT 2, BLOCK 2 OF "GROVES ADDITION" ACCORDING TO THE PLAT THEREOF RECORDED UNDER BOOK "C" OF PLATS AT PAGE 13, RECORDS OF CLARK COUNTY, WASHINGTON; THENCE NORTH 02°08'49" EAST, ALONG THE EAST LINE AND THE NORTHERLY EXTENSION THEREOF OF SAID LOT 2 FOR A DISTANCE OF 105.88 FEET TO THE NORTHERLY LINE OF A 5.88 FOOT ALLEY AS SHOWN ON SAID "GROVES ADDITION"; THENCE NORTH 87°50'02" WEST, ALONG THE NORTH LINE OF SAID ALLEY FOR A DISTANCE OF 249.96 FEET TO THE EASTERLY RIGHT-OF-WAY LINE OF W. WASHINGTON ST.; THENCE NORTH 02°12'57" EAST, ALONG SAID RIGHT-OF-WAY LINE FOR A DISTANCE OF 269.03 FEET TO THE SOUTH LINE OF A 15.00 FOOT ALLEY AS SHOWN ON THE PLAT OF "CHUMASERO HEIGHTS" ACCORDING TO THE PLAT THEREOF RECORDED UNDER BOOK "D" OF PLATS AT PAGE 51, RECORDS OF CLARK COUNTY, WASHINGTON; THENCE SOUTH 87°46'31" EAST, ALONG THE SOUTH LINE OF SECOND MENTIONED ALLEY FOR A DISTANCE OF 316.70 FEET; THENCE SOUTH 32° 16'53" EAST, FOR A DISTANCE OF 31.90 FEET; THENCE SOUTH 80°29'18" EAST, FOR A DISTANCE OF 193.74 FEET; THENCE SOUTH 24°42'37" EAST, FOR A DISTANCE OF 40.61 FEET; THENCE SOUTH 02°05'56" WEST, FOR A DISTANCE OF 8.01 FEET TO THE TRUE POINT OF BEGINNING; THENCE NORTH 87°51'45" WEST, FOR A DISTANCE OF 42.86 FEET; THENCE NORTH 02°10'39" EAST, FOR A DISTANCE OF 33.97 FEET; THENCE NORTH 87°49'21" WEST, FOR A DISTANCE OF 221.21 FEET; THENCE SOUTH 02°11 '46" WEST, FOR A DISTANCE OF 128.67 FEET; THENCE SOUTH 87°46'52" EAST, FOR A DISTANCE OF 93.10 FEET; THENCE SOUTH 01°57'06" WEST, FOR A DISTANCE OF 31.10 FEET; THENCE SOUTH 87°50'55" EAST, FOR A DISTANCE OF 34.59 FEET; THENCE SOUTH 02°08'01" WEST, FOR A DISTANCE OF 28.66 FEET; THENCE SOUTH 87°46'35" EAST, FOR A DISTANCE OF 39.59 FEET; THENCE NORTH 02°14'41" EAST, FOR A DISTANCE OF 28.71 FEET; THENCE SOUTH 87°44'34" EAST, FOR A DISTANCE OF 36.29 FEET; THENCE NORTH 01°42'17" EAST, FOR A DISTANCE OF 39.14 FEET; THENCE SOUTH 87°57'02" EAST, FOR A DISTANCE OF 47.44 FEET; THENCE SOUTH 02°02'58" WEST, FOR A DISTANCE OF 7.12 FEET; THENCE SOUTH 87°18'04" EAST, FOR A DISTANCE OF 13.37 FEET; THENCE NORTH 02°05'56" EAST, FOR A DISTANCE OF 93.90 FEET TO THE TRUE POINT OF BEGINNING.

APN: 008760-000 AND 008760-001 AND 011251-000 AND 011252-000 AND 011277-000 AND
011277-003 AND 986028-420 AND 986028-421.

Facility Lease

LEASE AGREEMENT

THIS LEASE AGREEMENT (this "**Lease**") is entered into as of the ___ day of _____, 20__ ("**Effective Date**") by and between PMB _____ LLC, a _____ limited liability company ("**Landlord**"), and PEACEHEALTH SOUTHWEST, LLC, a Washington limited liability company ("**Tenant**").

RECITALS:

A. Landlord, as "Developer," and Tenant, as "Company," have entered into that certain Development Agreement dated _____, 20__ ("**Development Agreement**"), that contemplates a transaction where (i) Landlord will ground lease the certain real property located in Vancouver, Clark County, Washington, as more particularly described on **Exhibit A** ("**Land**"), from PeaceHealth, a Washington nonprofit corporation ("**Ground Lessor**"), pursuant to that Ground Lease Agreement dated _____, 202__ ("**Ground Lease**") and (ii) construct the Building (as defined below).

B. Once Landlord has fulfilled its obligations to construct the Building (as hereinafter defined) and related improvements pursuant to the terms of the Development Agreement, Tenant desires to (i) lease the Land, (ii) lease the Building, (iii) lease all other improvements now or hereafter located on the Land (the Building and such other improvements shall hereinafter be referred to as the "**Improvements**"), and (iv) lease all other rights and easements appurtenant to the Land and the Improvements (collectively, the "**Premises**"), subject to and in accordance with the terms hereof.

NOW, THEREFORE, FOR \$10.00 paid Landlord by Tenant, the covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Landlord and Tenant agree as follows:

1. Definitions and Construction.

(a) Definitions. In addition to the terms defined in the other provisions of this Lease, the following terms have the meanings ascribed to them in this Section 1(a):

(i) "**Adjusted Project Costs**" has the meaning ascribed to said term in the Development Agreement.

(ii) "**Affiliate**" means, with respect to any party, all Persons that, directly or indirectly, control, are controlled by, or are under common control with such party. As used in the preceding sentence, the terms "control", "controlled by" and "under common control with" mean the possession of the power to direct or cause the direction of the management and policies of an entity, whether through the ownership of voting securities, by contract or otherwise. Notwithstanding the foregoing, none of the following persons shall be considered an "Affiliate" of Tenant or any of its Affiliates: (a) individuals serving as officers, directors or managers of Tenant or any of its Affiliates; or (b) any Person that directly or indirectly owns equity securities of Lifepoint, 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 Lifepoint and its Subsidiaries.

(iii) "**AHLA**" means the American Health Lawyers Association.

(iv) "**Alterations**" means any alterations, additions, changes or improvements to the Premises, including any expansion of the Premises.

(v) “**Alterations Threshold Amount**” initially means an amount equal to Two Hundred Fifty Thousand and No/100 Dollars (\$250,000.00); provided, on each January 1 during the Term, the then Alterations Threshold Amount shall increase by three percent (3%).

(vi) “**Applicable Laws**” means all applicable governmental laws, statutes, orders, ordinances, codes, rulings, regulations and decrees, now in force or hereafter enacted.

(vii) “**Appraiser**” means an appraiser certified as an MAI Appraiser with a nationally recognized firm or a firm recognized in the Portland, Oregon metropolitan area, familiar with valuing hospital buildings, and with at least ten (10) years’ experience as a commercial real estate appraiser.

(viii) “**Building**” shall mean the _____ story building containing approximately _____ square feet of rentable area to be located on the Land, as the same is modified, from time to time.

(ix) “**Business Days**” means Monday through Friday, excluding holidays on which national banking associations are authorized to be closed in Vancouver, Washington.

(x) “**Capital Item**” has the meaning ascribed to said term in Section 7(a)(ii).

(xi) “**Capital Item Contribution**” has the meaning ascribed to said term in Section 7(a)(ii).

(xii) “**Capital Item Threshold Amount**” initially means an amount equal to Fifty Thousand and No/100 Dollars (\$50,000.00); provided, on each January 1 during the Term, the then Capital Item Threshold Amount shall increase by three percent (3%).

(xiii) “**Closing**” means closing and consummation of the purchase and sale of the Landlord’s interest in the Premises pursuant to the Purchase Option as provided herein.

(xiv) “**Commencement Date**” means the date which is exactly thirty (30) days following the date Substantial Completion occurs; provided, in no event shall the Commencement Date be deemed to have occurred prior to the Projected Substantial Completion Date (as defined in the Development Agreement).

(xv) “**Commencement Date Agreement**” has the meaning ascribed to said term in Section 4(a).

(xvi) “**Competitor Facility**” means any acute care general hospital, medical/surgical hospital, specialty hospital or other hospital facility, behavioral health hospital or facility, inpatient rehabilitation hospital or facility, extended care facility, rehabilitation center or facility, emergency center, inpatient surgery center or facility, respiratory therapy center or facility or inhalation therapy center or facility, or physician practice or physician group practice.

(xvii) “**Construction Defect**” has the meaning ascribed to said term in Section 15.

(xviii) “**Default Notice**” has the meaning ascribed to said term in Section 13(b).

(xix) “**Development Agreement**” has the meaning ascribed to said term in the recitals above.

(xx) “**Dispute Notice**” has the meaning ascribed to said term in Section 7(a)(ii).

(xxi) “**Disqualified Person**” means: (i) any Person engaged in the ownership, operation, lease, or management of a Competitor Facility; (ii) any Excluded Person; (iii) any Person that otherwise engages in activities that are directly competitive with Tenant or, for so long as Lifepoint or any of its Affiliates has an equity interest in Tenant, Lifepoint or any of its Affiliates; or (iv) any Person which is an Affiliate of any Person described in the foregoing clause (i); provided, however, Disqualified Person shall not mean Tenant, Lifepoint, or any of their respective Affiliate(s) for so long as each has an equity interest in Tenant. Notwithstanding the foregoing, a Disqualified Person shall not include (x) a Transferee if such Transferee is only a passive owner of a Competitor Facility, so long as neither such Transferee nor any Affiliate thereof is the operator of any such facility meaning that it merely leases any such facilities owned by it to unaffiliated operators, doctors and/or healthcare systems without the right to receive profits or revenues from the operation or management of healthcare services at such facilities; or (y) a Transferee, notwithstanding the fact that it has an Affiliate that is a Disqualified Person, if neither the business of such Transferee nor its Affiliate involves the operation or management of a Competitor Facility and is otherwise a passive owner as described in clause (x) above; provided, the provision of property management services for a property that is owned or leased by a Competitor Facility will not be deemed to be “management” of a Competitor Facility for purposes hereof; or (z) a Transferee that is a REIT or any Affiliate of a REIT that owns both the building and participates in the health care operations of a Competitor Facility under an arrangement permitted by the REIT Investment Diversification and Empowerment Act (RIDEA) of 2007 (e.g., an arrangement where an Affiliate of a REIT owns a Competitor Facility under a RIDEA structure, such that it owns the building improvements and participates in the health care operations at the Competitor Facility through an executed arm’s length management contract with an eligible independent contractor as defined within IRS §856(d)(8)(B) and/or the Affiliate of a REIT owns no more than a 35% interest in an eligible independent contractor or skilled nursing management company).

(xxii) “**Excluded Person**” shall mean a health care provider who has been identified on the List of Parties Excluded from Federal Procurement and Nonprocurement Programs (“EPLS”, located at <https://www.sam.gov/content/exclusions>) by designation of the U.S. Department of Health and Human Services (or its successor agency) or other federal agency declaring that the Person is excluded from receiving federal contracts or certain types of federal financial and nonfinancial assistance and benefits in any federal health care program including Medicare, Medicaid, CHAMPUS, and any other plan or program that provides health benefits, either directly or through insurance, or otherwise is funded directly in whole or in part by the United States government or a state health care program.

(xxiii) “**Expansion Premises**” has the meaning ascribed to said term in Section 8(c).

(xxiv) “**Extension Option**” has the meaning ascribed to said term in Section 3(c)(i).

(xxv) “**Fair Market Rental Rate**” has the meaning ascribed to said term in Section 3(c)(ii).

(xxvi) “**Fair Market Value**” has the meaning ascribed to said term in Section 24(b).

(xxvii) “**Final Completion**” has the meaning ascribed to said term in the Development Agreement.

(xxviii) “**Final Plans and Specifications**” has the meaning ascribed to said term in the Development Agreement.

(xxix) “**Force Majeure Event**” means any strike, lockout, labor dispute, embargo, flood, earthquake, storm, lightning, fire, casualty, epidemic, pandemic, act of God, war, national emergency, civil disturbance or disobedience, riot, sabotage, terrorism, restraint by court order, closure by government order, or other occurrence beyond the reasonable control of the party in question; provided, however, Landlord’s or Tenant’s lack of funds shall not constitute a Force Majeure Event.

(xxx) “**Foreclosure Purchaser**” has the meaning ascribed to said term in Section 19(b).

(xxxii) “**Future Plans and Specifications**” has the meaning ascribed to said term in Section 7(b).

(xxxiii) “**Ground Lease**” has the meaning ascribed to said term in the recitals above.

(xxxiv) “**Ground Lease Assignment**” has the meaning ascribed to said term in Section 24(e).

(xxxv) “**Ground Lease Rent**” means any and all payments under Section 4 of the Ground Lease.

(xxxvi) “**Ground Lessor**” has the meaning ascribed to said term in the recitals above.

(xxxvii) “**Hazardous Substances**” means all hazardous or toxic substances, materials, wastes, pollutants and contaminants that are listed, defined or regulated under Applicable Laws pertaining to the environment, including, without limitation, the Comprehensive Environmental Response, Compensation, and Liability Act, 42 U.S.C.A. §§ 9601 to 9675, the Hazardous Materials Transportation Authorization Act of 1994, 49 U.S.C.A. § 5101 et seq., the Resource Conservation and Recovery Act, 42 U.S.C.A. §§ 6921 to 6939e, the Federal Water Pollution Control Act, 33 U.S.C.A. §§ 1251 to 1387, the Clean Air Act, 42 U.S.C.A. §§ 7401 to 7671q, the Emergency Planning and Community Right To Know Act, 42 U.S.C.A. §§ 11001 to 11050, the Toxic Substances Control Act, 15 U.S.C.A. §§ 2601 to 2692, the Solid Waste Disposal Act, 42 U.S.C.A. §§ 6901 to 6992k, the Oil Pollution Act, 33 U.S.C.A. §§ 2701 to 2761, and the environmental laws of the State of Washington, as the same may be amended. For purposes hereof, “Hazardous Substances” shall include (A) pathological waste, (B) blood, (C) sharps, and (D) wastes from medical procedures contaminated with blood, excretions, secretions or tissue.

(xxxviii) “**Improvements**” has the meaning ascribed to said term in the recitals above.

(xxxix) “**Initial Term**” has the meaning ascribed to said term in Section 3(a).

(xl) “**Invalid Sale**” has the meaning ascribed to said term in Section 23(d).

(xli) “**Land**” has the meaning ascribed to said term in the recitals above.

(xlii) “**Landlord Default**” has the meaning ascribed to said term in Section

(xlii) “**Landlord’s Alternative Maintenance**” has the meaning ascribed to said term in Section 7(a)(ii).

(xliii) “**Lease Termination Memorandum**” has the meaning ascribed to said term in Section 24(e).

(xliv) “**Leasehold Estate**” has the meaning ascribed to said term in Section 13(a).

(xlv) “**Leasehold Mortgage Notice**” has the meaning ascribed to said term in Section 13(a).

(xlvi) “**Leasehold Mortgage**” has the meaning ascribed to said term in Section 13(a).

(xlvii) “**Leasehold Mortgages**” has the meaning ascribed to said term in Section 13(a).

(xlviii) “**Lifepoint**” means LifePoint Health, Inc., a Delaware corporation.

(xlix) “**Lifepoint Guarantor**” means LifePoint Holdings 2, LLC, a Delaware limited liability company.

(l) “**MAI Appraiser**” means an individual who holds the Member Appraisal Institute (MAI) designation conferred by, and is an independent member of, the American Institute of Real Estate Appraisers (or its successor organization or, if there is no successor organization, the organization and designation most similar).

(li) “**Maximum Project Value**” means the value of the Improvements as determined by the Adjusted Project Cost amount, together with the actual cost of any Alterations, and to the extent applicable, the cost of completing the Expansion Premises.

(lii) “**Mechanical Systems**” means the mechanical, electrical, plumbing, heating, air conditioning, sprinkler, fire protection and other building systems serving the Premises.

(liii) “**Mechanical Systems Alterations Threshold Amount**” initially means an amount equal to Fifty Thousand and No/100 Dollars (\$50,000.00); provided, on each January 1 during the Term, the then Mechanical Systems Alterations Threshold Amount shall increase by three percent (3%).

(liv) “**Monetary Liens**” means monetary judgments, mortgages, deeds of trust, deeds to secure debt, security interests and other similar encumbrances affecting the Landlord’s interest in the Premises; provided, however, Monetary Liens shall not include those judgments, mortgages, deeds of trust, deeds to secure debt, security interests, and other similar encumbrances arising or resulting from Tenant’s affirmative acts or omissions or those only affecting Ground Lessor’s interest in the Land that is expressly permitted under the Ground Lease.

(lv) “**Monthly Rent**” has the meaning ascribed to said term in Section 4(a).

(lvi) “**Mortgage**” has the meaning ascribed to said term in Section 19(a).

(lvii) “**Mortgagee**” has the meaning ascribed to said term in Section 19(a).

(lviii) “**New Lease**” has the meaning ascribed to said term in Section 13(c).

- (lix) “**Offer**” has the meaning ascribed to said term in Section 23(a).
- (lx) “**REIT**” means a Real Estate Investment Trust.
- (lxi) “**Right of First Opportunity**” has the meaning ascribed to said term in Section 22(a).
- (lxii) “**Right of First Refusal**” has the meaning ascribed to said term in Section 23(a).
- (lxiii) “**Parent Entity**” means an entity which controls, or owns an ownership interest in Landlord.
- (lxiv) “**Permitted Exceptions**” means (i) the Ground Lease and the Permitted Encumbrances (as defined in the Ground Lease) described therein, (ii) title encumbrances caused by Tenant, (iii) reasonable utility easements required as a part of Landlord’s development of the Premises pursuant to the terms of the Development Agreement, (iv) any encumbrances approved by Tenant or Ground Lessor, in writing, or caused by Tenant’s affirmative acts, and (v) liens for property taxes that are not yet delinquent.
- (lxv) “**Permitted Uses**” means any or all of the following purposes and uses incidental thereto: (i) the construction, maintenance, repair, replacement, and operation of a rehabilitation or behavioral health hospital and/or medical office building; (ii) the provision of inpatient rehabilitation services, behavioral health services, and long-term acute care hospital services, in such combination as Tenant shall reasonably determine, (iii) the provision of medical services and activities related thereto to patients admitted at the Premises primarily for behavioral health services, inpatient rehabilitation hospital services, or long-term acute care hospital services, including, without limitation, (A) diagnostic and treatment services, tests and procedures by physicians and other health care professionals, (B) medical imaging, including, without limitation, the operation of CT scanners, MRIs, X-Rays and other imaging equipment, (C) the operation of a medical clinic, (D) laboratory, (E) the provision of occupational therapy, physical therapy, speech therapy, respiratory therapy and wellness services, (F) food service, (G) retail sales, including, without limitation, the sale of durable medical products and other health care related products, (H) pharmacy; and (iv) general office uses (subject in each case to receipt of all necessary approvals from the Ground Lessor, if required under the Ground Lease, and the City and County in which the Premises is located and other governmental agencies having jurisdiction over the Buildings and uses therein).
- (lxvi) “**Person**” means any individual, sole proprietorship, partnership, limited liability company, joint venture, trust, unincorporated organization, association, corporation, institution or entity, including, without limitation, any governmental body, agency or department.
- (lxvii) “**Premises**” has the meaning ascribed to said term in the recitals above.
- (lxviii) “**Premises Property Insurance**” has the meaning ascribed to said term in Section 9(a)(i).
- (lxix) “**Project Costs**” has the meaning ascribed to said term in the Development Agreement.
- (lxx) “**Property Taxes**” means any form of real estate tax or assessment or service payments in lieu thereof, any license fee, commercial rental tax, or other similar charge or tax (other than inheritance, personal income, estate, franchise, transfer, excise, gift or capital gains taxes) imposed (i)

upon the Premises by any governmental authority having the power to so charge or tax and (ii) upon Landlord, as ground lessee, under the Ground Lease.

(lxxi) “**Publicly Traded Parent**” has the meaning ascribed to said term in Section 25(b)(ii).

(lxxii) “**Purchase Contract**” has the meaning ascribed to said term in Section 22(a).

(lxxiii) “**Purchase Option**” has the meaning ascribed to said term in Section 24(a).

(lxxiv) “**Purchase Option Date**” shall mean (i) the seventh (7th) anniversary of the Commencement Date, (ii) the last day of the Initial Term, and (iii) the last day of any Renewal Period; provided however that (A) in the event that at any time Tenant fails to exercise any Right of First Refusal presented by Landlord pursuant to Section 24 below, then, if the next Purchase Date is less than seven (7) years following the date purchaser acquired the Premises after Tenant fails to exercise its Right of First Refusal, the next Purchase Option Date shall be extended to the seventh (7th) anniversary of such purchaser acquisition date, and (B) as a condition to exercising the Purchase Options for either of the first two (2) Renewal Periods, Tenant shall have exercised the next succeeding Extension Options.

(lxxv) “**Purchase Price**” has the meaning ascribed to said term in Section 24(b).

(lxxvi) “**Renewal Notice**” has the meaning ascribed to said term in Section 3(c).

(lxxvii) “**Renewal Period**” has the meaning ascribed to said term in Section 3(c).

(lxxviii) “**Rent**” means the Monthly Rent, additional rent, and other sums that Tenant is required to pay Landlord under this Lease.

(lxxix) “**Rent Adjustment Date**” means the first day of the month following the anniversary of the Commencement Date, and each anniversary of such date thereafter during the Term; provided, if the Commencement Date is the first day of the month, then the Rent Adjustment Date shall be on each anniversary thereof.

(lxxx) “**Rent Constant**” means _____ percent (____ %).

(lxxxii) “**Rental Offsets**” has the meaning ascribed to said term in Section 27(h).

(lxxxiii) “**Rental Rate Escalator**” has the meaning ascribed to said term in Section 4(a).

(lxxxiiii) “**Restoration Period**” has the meaning ascribed to said term in Section 10(a).

(lxxxv) “**Restoration Work**” has the meaning ascribed to said term in Section 10(a).

(lxxxvi) “**Right of First Opportunity**” has the meaning ascribed to said term in Section 22(a).

23(a). (lxxxvi) “**Sale Transaction**” has the meaning ascribed to said term in Section

(lxxxvii) “**SNDA**” has the meaning ascribed to said term in Section 19(a).

(lxxxviii) “**Structural Support**” means the structural elements of the Building, including, without limitation, exterior walls, roof, elevator shafts, footings, foundations, structural portions of load-bearing walls, structural floors and subfloors, and structural columns and beams.

(lxxxix) “**Subsidiary**” of any Persons means, with respect to any Person, any partnership, corporation, trust, limited liability company, or other entity, the majority of whose equity interest is owned, directly or indirectly, by such Person.

(xc) “**Substantial Completion**” has the meaning ascribed to said term in the Development Agreement.

14(a). (xci) “**Tenant Default**” has the meaning ascribed to said term in Section

(xcii) “**Tenant Liens**” has the meaning ascribed to said term in Section 8(b).

(xciii) “**Tenant’s Signs**” has the meaning ascribed to said term in Section 5(d).

(xciv) “**Term**” means the Initial Term and any Renewal Period.

3(c)(iv). (i) “**Third Appraiser**” has the meaning ascribed to said term in Section

(ii) “**Title Policy**” has the meaning ascribed to said term in Section 24(d).

Section 22(a). (iii) “**Transaction Statement**” has the meaning ascribed to said term in

(iv) “**Transferee**” means an assignee of Landlord’s interest in this Lease or purchaser of Landlord’s interest in the Premises.

(b) Construction. Whenever the context may require, any pronoun used in this Lease shall include the masculine, feminine and neuter forms. All references to articles, sections and paragraphs shall be deemed references to the articles, sections and paragraphs of this Lease, unless the context shall indicate otherwise. The terms “hereof,” “hereunder,” “herein” and similar expressions refer to this Lease as a whole and not to any particular article, section or paragraph. The titles of the articles, sections and paragraphs of this Lease are for convenience only and shall not affect the meaning of any provision hereof. Landlord and Tenant have agreed to the particular language of this Lease, and any question regarding the meaning of this Lease shall not be resolved by a rule providing for interpretation against the party who caused the uncertainty to exist or against the draftsman. FOR PURPOSES OF THIS LEASE, TIME SHALL BE CONSIDERED OF THE ESSENCE.

2. Demise. Landlord hereby leases the Premises to Tenant, and Tenant hereby leases the Premises from Landlord, upon the terms and conditions set forth in this Lease.

3. Term.

(a) Subject to the other provisions hereof, the term of this Lease shall commence on the Commencement Date and expire at 11:59 pm (Vancouver, Washington time) on the last day of the _____ full calendar month after the Commencement Date (“**Initial Term**”), unless renewed or extended in accordance herewith. When the Commencement Date of this Lease has been determined, Tenant shall execute, acknowledge and deliver to Landlord the Commencement Date Agreement.

(b) Early Occupancy. Landlord agrees to deliver exclusive possession of the Premises on the date Substantial Completion occurs. If Tenant uses or occupies the Premises prior to the Commencement Date, Tenant shall comply with and be bound by all of the terms of this Lease, except Tenant shall not be required to pay any Rent prior to the Commencement Date.

(c) Extension Options.

(i) Landlord hereby grants Tenant _____ extension options (such options being individually referred to as an “**Extension Option**” and collectively referred to as the “**Extension Options**”), each of which, if exercised, shall extend the Initial Term of this Lease for an additional _____ years (each a “**Renewal Period**”). Tenant may exercise an Extension Option by giving written notice to Landlord at any time during the then-current Term so long as Tenant is not currently in default beyond any applicable notice and cure period hereunder and the Premises are being used for the Permitted Uses; provided if Tenant does not exercise an Extension Option by the date that is fourteen (14) months prior to the date the then-current Term is then set to expire, then (i) Landlord shall send a written notice (a “**Renewal Notice**”) to Tenant reminding Tenant of its rights under this Section 3(c), and (ii) Tenant must exercise an Extension Option within sixty (60) days after Tenant’s receipt of said Renewal Notice. If Tenant does not timely exercise the Extension Option, Tenant will cease to have any right to extend the Term pursuant to this Section 3(c). Any exercise by Tenant of an Extension Option that would extend the Term of this Lease beyond the expiration of the initial term of the Ground Lease or any renewal term thereunder shall only be effective for the period of time that exists under the initial term of the Ground Lease or any renewal term thereunder until such time as Landlord exercises its extension option under the Ground Lease; provided, further, to the extent that any extension option must be exercised under the Ground Lease in order for Tenant to benefit from the entirety of an Extension Option under this Lease, Tenant shall be permitted to cause Landlord to exercise such Extension Option but only to the extent necessary to comply with this Section.

(ii) Each Renewal Period shall be on the same terms, covenants and conditions set forth in this Lease except that Monthly Rent during each Renewal Period shall be a rate equal to the fair market base rental rate then in effect for facilities similar in design and size and located in similar communities within the Western portion of the United States based upon the current and bona fide market rates being offered in “arm’s length” transactions at the time that each Renewal Period is to commence (“**Fair Market Rental Rate**”); provided, however, if Tenant constructs any Expansion Premises under Section 8(c) below, Landlord will not be entitled to charge Monthly Rent on the Expansion Premises during any Renewal Period. Determination of the Fair Market Rental Rate shall take into account all concessions, allowances and other inducements common in the Market at the commencement of each Renewal Period for comparable tenants extending or renewing the term of their lease for space in comparable facilities. Further, determination of the Fair Market Rental Rate shall also involve an evaluation and adjustment, if necessary, of the Rental Rate Escalator (as defined below), to ensure that it remains commercially reasonable.

(iii) For purposes of determining the Fair Market Rental Rate for the Premises, Landlord and Tenant agree to use the following process. Within thirty (30) days after receipt of Tenant’s notice exercising each Extension Option, Landlord shall notify Tenant of its determination of the

Fair Market Rental Rate. Tenant shall have the right to object to Landlord's determination of the Fair Market Rental Rate by notice given to Landlord within thirty (30) days after receipt of Landlord's determination. If Tenant objects to Landlord's determination of the Fair Market Rental Rate, and if the parties are unable to resolve the dispute within thirty (30) days after Landlord's receipt of Tenant's objection notice, then the Fair Market Rental Rate shall be determined pursuant to the provisions of the following paragraph (d).

(iv) Within ten (10) Business Days after the expiration of the thirty (30) day dispute resolution period, Landlord and Tenant shall endeavor in good faith to agree upon a mutually acceptable Appraiser. If Tenant and Landlord reach agreement on one (1) Appraiser, then they shall jointly engage the Appraiser, and each shall pay one-half of the appraisal fee. If Tenant and Landlord fail to reach agreement on one (1) Appraiser during such ten (10) Business Day period, then no later than ten (10) Business Days after the lapse of such ten (10) Business Day period, each shall select and engage one (1) Appraiser and notify the other of the Appraiser selected. Each party shall pay the appraisal fee of its Appraiser.

A. The single Appraiser or the two (2) Appraisers, as the case may be, shall determine the Fair Market Rental Rate as required herein, and shall furnish each party a written determination of such Fair Market Rental Rate within ten (10) Business Days after the Appraiser's appointment. If the parties have agreed upon a single Appraiser, the single Appraiser's appraisal shall be binding on the parties. If each party has selected an Appraiser, and if the determinations of the two (2) Appraisers are within ten percent (10%) of each other (based on ten percent (10%) of the average of the determinations), the Fair Market Rental Rate binding on the parties shall be the average of the two (2) determinations. If only one (1) party selects an Appraiser and timely notifies the other party of its selection, and such party's Appraiser gives such notice within the ten (10) Business Day period, the determination of Fair Market Rental Rate made by that Appraiser shall be deemed to be the Fair Market Rental Rate and likewise shall be binding on the parties.

B. If the two (2) Appraisers do not agree within ten percent (10%) on the Fair Market Rental Rate within ten (10) days after both Appraisers notify the parties of their respective determination of Fair Market Rental Rate, each party will cause the Appraiser selected by it to select by mutual agreement the name of one (1) Appraiser having the qualifications set forth above ("**Third Appraiser**"). If the Appraiser selected by only one (1) party supplies the name of an Appraiser during such ten (10) day period, the Appraiser named by such Appraiser shall be the "Third Appraiser." In either case, each party shall pay one-half of the appraisal fee of the Third Appraiser.

C. Within ten (10) Business Days from the date of this appointment, the Third Appraiser shall make a determination of Fair Market Rental Rate. If the Third Appraiser's appraisal is equal to one (1) of the appraisals of the first two (2) appraisals, the Third Appraiser's appraisal shall be deemed to be the Fair Market Rental Rate and shall be binding on the parties. If the Third Appraiser's appraisal is not equal to one (1) of the appraisals of the first two (2) Appraisers, then the average of the two (2) closest appraisals shall be deemed to be the Fair Market Rental Rate and shall be binding on the parties.

D. To the extent any Appraiser provides the Fair Market Rental Rate in a range, the midpoint of said range shall be used for purposes of calculating the Fair Market Rental Rate pursuant to this Section 3(c).

E. The rental rate escalator that will be applied to the Fair Market Rental Rate shall be evaluated simultaneously at the time when the parties attempt to establish the Fair Market Rental Rate using the process described in this Section 3(c).

4. Rent.

(a) Monthly Rent.

(i) Throughout the Term, Tenant shall pay Landlord monthly rent ("**Monthly Rent**") for the Premises in accordance with the terms of this Section. Initially, the Monthly Rent shall be one-twelfth (1/12th) of the product obtained by multiplying the Adjusted Project Costs by the Rent Constant. By way of illustration only, if the Adjusted Project Costs are \$100,000,000, it would result in the initial Monthly Rent being \$ _____.

(ii) At least thirty (30) days prior to the Commencement Date, Landlord shall notify Tenant, in writing, of Landlord's best estimate of the Adjusted Project Costs and the Monthly Rent shall be initially calculated based on such estimate. Pursuant to the Development Agreement, Landlord shall furnish Tenant with a final, written statement of Adjusted Project Costs and the Monthly Rent shall be recalculated based thereon; provided Tenant shall have the right to dispute any Project Costs or Adjusted Project Costs in accordance with the Development Agreement and the Monthly Rent shall be recalculated again once such dispute is resolved pursuant thereto. Within thirty (30) days after any recalculation of the Adjusted Project Costs, Landlord or Tenant, as applicable, shall make any payments necessary to cause Tenant to have paid the correct Monthly Rent with respect to prior periods. As soon as the Adjusted Project Costs are finally known, Landlord and Tenant shall complete and exchange executed copies of an updated Commencement Date Agreement in the form attached hereto as **Exhibit B** ("**Commencement Date Agreement**") that memorializes the Commencement Date, the Adjusted Project Costs amount, the Monthly Rent amount, and the Rent Adjustment Date. Notwithstanding anything to the contrary, for purposes of calculating the Monthly Rent, in no event will the actual Project Costs exceed the Maximum Project Costs (as defined in the Development Agreement).

(iii) On each Rent Adjustment Date, the Monthly Rent shall increase by _____ (_____%) ("**Rental Rate Escalator**"). The Monthly Rent shall be paid by Tenant, in advance, on the first (1st) day of each month during the Term. The Monthly Rent shall be prorated for any partial month during the Term. If the Commencement Date is not on the first (1st) day of a calendar month, the prorated amount of the first installment of Monthly Rent shall be due on the first (1st) day of the first (1st) full calendar month of the Initial Term (together with the payment for the second installment of Monthly Rent).

(b) Property Taxes.

(i) Subject to the other terms hereof, (1) Tenant shall pay all Property Taxes that are allocable to periods falling within the Term directly to the applicable taxing authority and (2) Landlord shall pay all Property Taxes that are allocable to periods outside the Term. Landlord shall promptly forward to Tenant all assessments, notices and tax bills related to Property Taxes. Provided Landlord timely delivers any applicable tax bills for Property Taxes, Tenant shall pay such Property Taxes owed at least ten (10) days prior to any delinquency date for such Property Taxes owed hereunder, subject

to the terms hereof. Within ten (10) Business Days of Tenant's receipt of a written request from Landlord, Tenant shall provide Landlord with written evidence of the payment of all Property Taxes that Tenant is responsible for paying under this Section. In no event shall Tenant be responsible for any increase in Property Taxes or assessments attributable to a change of ownership involving the Premises during the initial five (5) year period during the Term. So long as Landlord timely delivered any applicable tax bill for Property Taxes to Tenant in accordance with this Section 4(b), Tenant shall indemnify, defend and hold Landlord harmless from and against penalties or interest attributable to Tenant's failure to timely pay the Property Taxes, in which case, Tenant shall be solely responsible for payment of that interest and/or penalty.

(ii) Landlord hereby represents and warrants that the Premises constitute a single, separate tax parcel and are not considered part of a larger tract for Property Tax purposes. If for any reason, the Premises is not, at any time during the Term, a single, separate tax parcel, then Tenant shall be responsible for the Property Taxes determined in accordance with the Ground Lease.

(iii) Tenant shall have the right in its own name, or in Landlord's name where appropriate, to contest the amount or legality of any Property Taxes. Landlord agrees to execute any instruments reasonably required to allow any such contest, and Landlord agrees to cooperate and assist with any such contest; provided Landlord shall not be required to incur any out-of-pocket costs in connection therewith. If Tenant contests the amount or legality of any Property Taxes, then, so long as the payment of such Property Taxes may legally be held in abeyance, the time within which Tenant must pay the same shall be extended until such contest is completed, provided Tenant shall be responsible for any penalty imposed by the taxing authority as a result thereof.

(c) Operating Expenses. Except as otherwise expressly provided herein, Tenant shall be responsible for all costs and expenses, maintenance, repair, replacement (other than replacement costs that are Landlord's responsibility under this Lease) and operation of the Premises, (which includes all corridors, restrooms, lobbies and any other accessible areas in the Premises, all landscaped areas, all parking areas and all other exterior areas) during the Term of this Lease. Except as otherwise expressly provided for herein, Tenant shall contract directly with any vendor or suppliers providing services to Tenant or the Premises, and shall be responsible for paying such vendors or suppliers. If requested by Landlord, Tenant agrees to use commercially reasonable efforts to cause any such service contracts that are required to operate the Building to be assigned to Landlord or terminated upon expiration or earlier termination of the Term.

(d) Payment. Except as otherwise expressly provided herein, all Rent shall be paid by Tenant without deduction, demand, notice or offset. Tenant shall deliver all Rent to Landlord at the address specified in Section 20 or such other place as Landlord may designate to Tenant by written notice.

(e) Late Charges. If Tenant fails to pay any installment of Rent due under this Lease within thirty (30) days after receiving written notice from Landlord, then Tenant shall pay Landlord a late charge equal to One Hundred Dollars (\$100.00) for each day between the date such payment was due and the date it is actually paid. The parties agree that the provisions of this Section are reasonable and shall not be deemed (i) a consent by Landlord to late payments, (ii) a penalty, (iii) a waiver of Landlord's right to insist on the timely payment of Rent, or (iv) a waiver or limitation of the rights and remedies available to Landlord on account of the late payment of any Rent.

(f) Rental Taxes. If (i) a tax (but not a general income or excise tax) is levied directly on any of the Rent, or (ii) a sales or use tax (but not a general income or excise tax) is imposed on Landlord that is measured or based, in whole or part, on any of the Rent, then Tenant shall reimburse Landlord for such tax within thirty (30) days after Landlord's written demand therefor.

5. Use and Operation.

(a) Use. Tenant shall have the right to use (and allow others to use) the Premises for any or all of the Permitted Uses. Tenant may not use the Premises for any purpose other than the Permitted Uses, unless Tenant obtains Landlord's prior written consent, which consent shall not be unreasonably withheld, qualified or delayed. Tenant shall conduct its operations and activities on the Premises, and maintain and repair the Premises, at all times in material compliance with all Applicable Laws. Tenant shall have the right to contest the enforcement or attempted enforcement of any Applicable Law, in which case Tenant shall not be deemed to have defaulted under or breached this Lease as a result of its failure to comply with any Applicable Law until a final and unappealable court order against Tenant has been entered enforcing the same and the period of time reasonably necessary to effect compliance therewith has passed; provided, Tenant shall indemnify, defend and hold harmless Landlord from and against any claims or associated liabilities (including court costs, litigation expenses and reasonable attorney's fees) resulting from the same. So long as Tenant complies with the provisions of Section 8(a) and continues to timely pay Rent and is otherwise not in default beyond any applicable notice and cure period hereunder, Tenant shall have the right to expand, modify, reconfigure, relocate, reduce or discontinue its operations in the Premises, from time to time, as Tenant determines appropriate, in its sole and absolute discretion. Landlord shall cooperate and assist, at no cost to Tenant, with Tenant's efforts to obtain all permits, licenses and other governmental approvals required for Tenant's operations in the Premises, which shall be at Tenant's expense. Tenant, at its sole expense, shall use and occupy the Premises for Tenant's specific use in compliance in all material respects with all Applicable Laws.

(b) No Waste. Tenant shall not commit or allow any waste to be committed on any portion of the Premises by Tenant or any of its Affiliates, employees, agents, contractors or representatives.

(c) Hazardous Substances.

(i) Except as otherwise permitted under Section 5(c)(ii) below, Tenant shall not use, nor permit the use of any Hazardous Substance in the construction, operation or renovation of the Improvements, including any storage, handling, release, emission, discharge, generation, abatement, disposition or transportation of any Hazardous Substance, in violation of any Applicable Law.

(ii) Tenant may only store, use, handle and generate Hazardous Substances at the Premises in connection with the Permitted Uses and in compliance with all Applicable Laws. If any Hazardous Substance is released, discharged, disposed of or left to remain on or about the Premises by Tenant, or any of Tenant's Affiliates, employees, agents, contractors or representatives, Tenant shall promptly, properly and in compliance with Applicable Laws, cleanup, remove or remediate the Hazardous Substances that were released, discharged, disposed of, or left to remain on or about from the Premises, at Tenant's expense and sole risk. Tenant shall indemnify, defend and hold harmless Landlord and its directors, officers, employees, agents, and Affiliates from and against all third-party claims, demands, liabilities, losses, damages, costs, or expenses for any loss, including bodily injury (including death), personal injury, property damage, attorney's fees and costs, and associated lawsuits, governmental actions, liabilities and expenses (including, without limitation, legal fees; the costs of notice to any other Person; the costs of environmental or technical risk assessment; any cleanup or remedial costs; the costs of any monitoring, sampling or analysis) to the extent arising as a result of Tenant's and/or Tenant's Affiliates', employees', agents', contractors' or representatives' release or claimed release of any Hazardous Substances on or about the Premises during the Term in violation of Applicable Laws, or Tenant's failure to comply with any Environmental Laws with respect to the Premises, except to the extent any such release is caused by the acts or omissions of Landlord or any of Landlord's Affiliates, employees, agents, contractors or representatives. Tenant's indemnification obligations under this Section 5(c)(ii) shall survive the expiration or earlier termination of this Lease; provided, however, if (i) Tenant provides a Phase I Environmental Site Assessment from a duly licensed and qualified environmental engineer (which engineer shall be subject to Landlord's reasonable prior written approval) to Landlord that is certified to Landlord

and Landlord's Mortgagee within sixty (60) days prior to date of the expiration or earlier termination of this Lease, and (ii) such Phase I Environmental Site Assessment does not conclude further investigation is recommended or any recognized environmental condition exists on or about the Premises arising as a result of Tenant's and/or Tenant's Affiliates', employees', agents', contractors' or representatives' release or claimed release of any Hazardous Substances on or about the Premises during the Term in violation of Applicable Laws, or Tenant's failure to comply with any Environmental Laws with respect to the Property, then Tenant's indemnification obligations under this subsection shall terminate on the earlier of (1) the date which is two (2) years following the expiration or earlier termination of this Lease or (2) the date on which a new lease or other possessory or space use arrangement for the Premises becomes mutually executed by Landlord and such new tenant or other occupant of the Premises. Upon the expiration or earlier termination of this Lease, Tenant shall remove all Hazardous Substances being kept on the Premises by Tenant in accordance with Applicable Laws, with the exception of fuels and equipment integral to the operation of the Building.

(iii) Landlord shall indemnify, defend and hold harmless Tenant (and its directors, officers, employees, agents, and Affiliates) from and against all third-party claims, demands, liabilities, losses, damages, costs, or expenses for any loss, including bodily injury (including death), personal injury, property damage, attorney's fees and costs, and associated lawsuits, governmental actions, liabilities and expenses (including, without limitation, legal fees; the costs of notice to any other Person; the costs of environmental or technical risk assessment; any cleanup or remedial costs; the costs of any monitoring, sampling or analysis) to the extent arising as a result of Landlord's and/or Landlord's Affiliates' employees', agents', contractors' or representatives' release or claimed release of any Hazardous Substances in violation of Applicable Laws on or about the Premises during the period of time between the effective date of the Development Agreement and the expiration or earlier termination of the Term hereof. Landlord's indemnification obligations under this Section 5(c)(iii) shall survive the expiration or earlier termination of this Lease for a period of two (2) years.

(d) Signage. Tenant may install any and all signs, banners and other advertising materials (collectively, "Tenant's Signs") on the Premises (interior and exterior) that are permitted under Applicable Laws and the Ground Lease; provided Tenant shall repair any damage to the Premises caused by the installation or removal of the Tenant's Signs.

6. Utilities. During the Term, all utilities shall be placed in Tenant's name and Tenant shall pay for all utility services provided to the Premises, including, without limitation, electricity, gas, water, sewer and telephone service, directly to the provider of the utility service. Unless due to Landlord's negligence, misconduct, or breach of this Lease, Landlord shall not be liable to Tenant as a result of a disruption of any utility service to the Premises and any such disruption shall not relieve Tenant from its obligations and liabilities under this Lease; provided if any utility service to the Premises is disrupted due solely to Landlord's failure to fulfill a responsibility under this Lease or the Development Agreement (including, without limitation, the correction of defects that are Landlord's responsibility under the Development Agreement), to such an extent that Tenant cannot, in its reasonable judgment, operate its business in the Premises for a period of more than forty-eight (48) hours, then the Rent shall abate during the entire period of such disruption.

7. Maintenance and Repair.

(a) Tenant Repairs.

(i) Tenant, at Tenant's sole cost and expense, shall perform all repairs, maintenance and replacements required to keep the Premises in good working order and condition, except Landlord shall be responsible for performing any maintenance, repairs or replacements that are Landlord's responsibility under this Lease. Without limiting the generality of the foregoing, Tenant acknowledges that

Tenant's obligations under this Section include the maintenance, repair and replacement of Structural Support, Mechanical Systems, landscaping, driveways and parking areas and such additional maintenance as may be necessary because of damages by Persons other than Tenant, its agents, employees, invitees or visitors (except damages by Landlord and its directors, officers, employees, agents, and Affiliates). All such repairs and replacements required to be made by Tenant pursuant to the terms of this Section shall be made in a good and workmanlike manner utilizing materials and workmanship that equal or exceed those utilized in connection with the initial construction of the Improvements and in compliance with all Applicable Laws. All such work which may affect the Structural Support must be approved by the Building's engineer, at Tenant's expense; provided, Landlord's Building engineer will not unreasonably withhold, condition or delay any such approval, and if Landlord's Building engineer fails to give Tenant written notice of its objection to any such repair within ten (10) Business Days, then Landlord and the Building's engineer shall be deemed to have approved the same. All work affecting the roof of the Building must be performed by Landlord's roofing contractor or such other roofing contractor that is approved by the roof manufacturer, and no such work will be permitted if it would void or reduce the warranty on the roof. Landlord shall use reasonable efforts to enforce all warranties issued by third parties that are related to portions of the Premises to be maintained by Tenant under the terms of this Section 7(a), including, without limitation, warranties issued by manufacturers, suppliers, contractors and subcontractors. In addition, Landlord shall ensure that any warranties that are related to portions of the Premises to be maintained by Tenant under the terms of this Section 7(a), run to the benefit of (and are enforceable by) both Landlord and Tenant, to the extent required under the terms of the Development Agreement. Notwithstanding anything to the contrary contained herein, Tenant shall not be required to repair or replace portions of the Premises that remain functional but are subject only to ordinary wear and tear.

(ii) With respect to those repairs, replacements or renewals reasonably made by Tenant in accordance with this Section 7(a) during the last five (5) years of the Term and classified as capital expenditures, in accordance with generally accepted accounting principles in the United States, generally applied to the ownership and management of specialty hospitals (each a "**Capital Item**"), if this Lease expires or terminates (for any reason other than a default by Tenant) prior to the agreed-upon expected useful life of any Capital Item, then Landlord shall reimburse Tenant in an amount equal to the approved cost expended by Tenant for such Capital Item, multiplied by the percentage of the agreed-upon expected useful life of the Capital Item that extends beyond the termination/expiration date of this Lease, measured from the date of Tenant's full completion of and payment for the Capital Item ("**Capital Item Contribution**"). Landlord shall pay any such reimbursement to Tenant within thirty (30) days after the expiration/termination of this Lease and payment by Tenant of all Rent due, and Landlord's receipt from Tenant of a request for payment that details each applicable Capital Item, as well as the approved cost and then-remaining portion of the agreed expected useful life of each such Capital Item. Prior to incurring the cost of any Capital Item during the last five (5) years of the Term that is estimated to exceed the Capital Item Threshold Amount, Tenant shall give written notice to Landlord of such Capital Item (a "**Capital Item Notice**"). If Landlord reasonably believes that any such Capital Item estimated to exceed the Capital Item Threshold Amount is not necessary, Landlord shall have a period of fifteen (15) Business Days after its receipt of the Capital Item Notice for such Capital Items to notify Tenant, in writing, that Landlord objects to such Capital Item; provided if Landlord fails to give Tenant written notice of its objection to any Capital Item within such fifteen (15) Business Day period, then Landlord shall be deemed to have consented to the same. If Landlord timely objects to any Capital Item that Tenant desires to undertake during the last five (5) years of the Term that is estimated to exceed the Capital Item Threshold Amount, (i) Tenant shall retain a qualified engineer or consultant, who is reasonably acceptable to Landlord, to determine whether such Capital Item is reasonably necessary or advisable, and (ii) such engineer's or consultant's determination shall be final and binding on Landlord and Tenant. If Landlord objects to a Capital Item that is estimated to exceed the Capital Item Threshold Amount and such engineer or consultant determines the same is reasonably necessary or desirable, then Landlord shall pay the fees charged by such engineer or consultant. Otherwise, Tenant shall be responsible for paying the fees of any engineer or consultant retained to review

the need for any Capital Item pursuant hereto. If Landlord timely objects to a Capital Item in the last two (2) years of the Term, Landlord shall propose an alternative repair or replacement in lieu of Tenant's proposed Capital Item with such objection, which shall be an adequate alternative to the Capital Item proposed by Tenant to allow Tenant's use and occupancy of the Premises at the levels required by Tenant's use ("**Landlord's Alternative Maintenance**"). If Landlord and Tenant are not able to agree upon the appropriate repair within three (3) Business Days thereafter, Tenant shall have the option of either (i) performing Landlord's Alternative Maintenance with the costs thereof being allocated in accordance with the terms hereof, or (ii) performing the repairs and replacements set forth in the Capital Item Notice, in which event Tenant shall pay the difference in the costs between the Landlord's Alternative Maintenance and the repairs or replacements described in the Capital Item Notice, subject to the other terms hereof. If Tenant chooses to perform the repairs and replacements set forth in the Capital Item Notice and pay the additional amounts set forth above, then Tenant shall have the right to seek reimbursement for such amounts through arbitration conducted in accordance with the terms of this Section 7(a)(ii). If it is determined through arbitration that the repairs or replacements set forth in the Capital Item Notice were appropriate and necessary for the continued occupancy and use of the Premises at the levels required by Tenant's use, then Landlord shall reimburse Tenant for the additional costs paid hereunder. Any dispute arising or related to this Section 7(a)(ii) shall be resolved by binding arbitration conducted in accordance with the expedited procedures of the Commercial Rules of the American Arbitration Association ("**AAA**") and the rules set forth in this Section. If Tenant decides to dispute the costs it has paid under subsection (ii) above, it shall send written notice to Landlord and to the AAA specifying, in detail, the nature of the dispute and its position regarding the same (a "**Dispute Notice**"). The following special rules shall apply to any arbitration proceeding commenced pursuant to this Section: (i) the arbitration shall be conducted in the Portland, Oregon metropolitan area; (ii) the AAA shall select a single arbitrator who is an engineer knowledgeable in building maintenance to decide the dispute, and (iii) the parties shall use their best efforts to ensure any arbitration hearing shall commence within thirty (30) days after the delivery of the Dispute Notice. The costs of the arbitration shall be paid by the non-prevailing party.

(b) Landlord Repairs. Landlord shall, at Landlord's sole cost and expense, promptly after notice from Tenant, (i) correct any failures or patent or latent defects in the construction of the Improvements constructed or installed by Landlord pursuant to and consistent with Landlord's obligations (warranty and otherwise) set forth in Development Agreement; (ii) repair and/or replace any damage suffered to any other portions of the Premises to the extent resulting from any patent or latent defects, or failures, described in clause (i), (iii) make any alterations, additions or improvements to the Premises to comply with all Applicable Laws in effect on the date(s) the Improvements that were constructed or installed by Landlord were completed as described in the Final Plans and Specifications for the initial Improvements, and in the applicable plans and specifications for any future Improvements constructed or to be constructed by or on behalf of Landlord ("**Future Plans and Specifications**"), and (iv) repair any damage to the Premises to the extent caused by or on behalf of Landlord, Landlord's Affiliates, employees, agents, contractors or representatives. In addition, to the extent any warranty that is required under the Final Plans and Specifications, the Development Agreement, or any Future Plans and Specifications is not assignable to Tenant, Landlord shall remain responsible for enforcing the same during the duration of such warranty. All such repairs, replacements, alterations, additions and improvements required to be made by or on behalf of Landlord shall be made in a good and workmanlike manner utilizing materials and workmanship that equal or exceed those utilized in connection with the initial construction of the Improvements, in compliance with all Applicable Laws, and consistent with the quality contemplated by the initial construction of the applicable Improvements. Landlord shall also use commercially reasonable efforts to perform all maintenance, repairs and replacements that are Landlord's responsibility under this Section 7(b) in a manner that does not materially interfere with Tenant's use and enjoyment of the Premises.

(c) Delivery of Warranties/Operating Manuals. On or before the Commencement Date, and from time-to-time as applicable for future Improvements, Landlord shall deliver to Tenant clean,

readable copies of all guarantees and warranties issued in connection with the development of the Premises and all manufacturer's, contractor's, subcontractor's and supplier's instructions, maintenance manuals, replacements lists, detailed drawings and any technical requirements necessary to operate and maintain the Premises. Notwithstanding anything to the contrary contained in this Lease, Tenant shall not be required to make any repairs to the extent covered by applicable policies of insurance or warranties.

8. Alterations and Improvements.

(a) Tenant Alterations.

(i) In compliance with Applicable Laws, Tenant may: (i) install all medical equipment that Tenant deems necessary or desirable in connection with the Permitted Uses provided such equipment does not exceed load bearing capacities of the Building's floor and ceiling, whether now existing or hereafter developed, including, without limitation, position emission tomography (PET) scanners, computed tomography (CT) scanners, MRIs, linear accelerators, and surgical robotic equipment; and (ii) make any Alterations required to allow the use and operation of such medical equipment in the Premises; provided Tenant shall not alter the Structural Support without obtaining Landlord's approval; provided, however, in all instances Tenant shall provide Landlord with a copy of plans and specifications and schedule related to such Alterations (collectively, the "**Alteration Construction Documents**") prior to commencing any Alterations. In addition, subject to the other terms hereof, without obtaining Landlord's approval, Tenant may make (i) changes to floor coverings, wall coverings, paint and other cosmetic changes to the Premises, (ii) interior, non-structural Alterations costing less than the Alterations Threshold Amount in any calendar year, and (iii) non-material exterior Alterations to the Building and the other Improvements.

(ii) Except as otherwise expressly provided in Section 8(a)(i), Tenant shall not make any Alterations unless Landlord has approved such Alterations, in writing, which approval will not be unreasonably withheld, conditioned or delayed, and, as to Alterations that do not affect the Structural Support or the Mechanical Systems, if Landlord fails to give Tenant written notice of its objection to any such Alteration request within ten (10) Business Days, then Landlord shall be deemed to have approved the same. All Alterations must be timely completed by Tenant in a good and workmanlike manner and in compliance with the Alteration Construction Documents and Applicable Laws, and Landlord may cure any defective performance by Tenant (at Tenant's expense) at any time thirty (30) days after Landlord provides notice thereof.

(iii) If (i) an Alteration affects the Structural Support or (ii) an Alteration to the Mechanical Systems exceeds the Mechanical Systems Alterations Threshold Amount, then such Alteration must be approved by Landlord's Building engineer, at Tenant's expense; provided, Landlord's Building engineer will not unreasonably withhold, condition or delay any such approval, and if Landlord's Building engineer fails to give Tenant written notice of its objection to any such repair within ten (10) Business Days, then Landlord's Building engineer shall be deemed to have approved the same.

(iv) If Landlord consents, in writing, to Tenant installing any facilities on or making any Alterations to the roof of the Building, Tenant shall: (i) not void or violate any roof warranty; (ii) follow the roof manufacturer's recommendations and requirements; and (iii) ensure the installation or alteration does not damage the roof or exceed the load bearing capacity of the roof. All Alterations affecting the roof of the Building must be performed by Landlord's roofing contractor or such other roofing contractor that is approved by the roof manufacturer.

(b) Liens. Notice is hereby given that Landlord will not be liable for any work, services, materials or labor furnished to Tenant during the Term, and no mechanic's, materialmen's or other lien arising or resulting from Tenant's failure to pay any amounts owed by Tenant (collectively, "**Tenant Liens**") shall attach to Landlord's interest in the Premises; provided, Tenant's Liens shall not include, and

Tenant shall have no liability or responsibility for, liens arising out of work, services, material or labor performed by or on behalf of Landlord or that is Landlord's responsibility under the terms of this Lease, including, without limitation, the maintenance, repair and replacement obligations set forth in Section 7(b) above. Tenant shall keep the Premises free and clear of all Tenant Liens. If Tenant fails to discharge any Tenant Liens encumbering the Premises (by posting a bond or other method) within thirty (30) days after receiving notice of a Tenant Lien, Landlord may (but shall not be obligated to) cause such Tenant Liens to be released and discharged, in which event Tenant shall reimburse Landlord for all reasonable costs that Landlord incurs in connection therewith, including, without limitation, reasonable attorneys' fees.

(c) Expansion Option. If Tenant desires to expand the Building after the Commencement Date, Landlord agrees to work with Tenant in good faith to accommodate any Building expansion plans after Tenant provides written notice of its desire to expand the Building (such area of expansion being the "Expansion Premises"). Thereafter, Landlord and Tenant shall negotiate an amendment to this Lease setting forth mutually acceptable terms under which Landlord will build or cause to be built the Expansion Premises, including, without limitation, the Monthly Rent amount for the Expansion Premises. If Landlord and Tenant are unable to agree upon the terms of an amendment to address the conditions under which Landlord will build or cause to be built the Expansion Premises within thirty (30) days after Tenant notifies Landlord of its desire to build the Expansion Premises, then (i) subject to Tenant's compliance with the terms of Section 8(a), Tenant shall be entitled to construct the Expansion Premises itself (provided that Tenant receives the written approval of Mortgagee to the extent such approval is required under the SNDA), and if Tenant elects to construct the Expansion Premises itself, (a) Landlord will not be entitled to charge Monthly Rent on the Expansion Premises during the Term, (b) the Expansion Premises will be considered a permitted Alteration, (c) Tenant shall be responsible for obtaining any and all permits, licenses and other governmental approvals required for the construction of the Expansion Premises, or (ii) if the anticipated cost of the development and construction of the Expansion Premises is greater than Five Million Dollars (\$5,000,000) (as established by reasonable documentation provided by Tenant to Landlord, which documentation shall include the final plans and specifications and permits and approvals for the Expansion Premises), Tenant shall be entitled to exercise its Purchase Option pursuant to Section 24 of this Lease; provided, however, in no event shall Tenant be entitled to exercise such Purchase Option prior to the second anniversary of the Commencement Date. The Expansion Premises shall become a part of the Premises when the same are completed.

9. Insurance and Indemnity.

(a) Tenant's Insurance.

(i) During the Term, Tenant shall, at Tenant's expense maintain property insurance on the Premises (including, without limitation, all appurtenant structures, if applicable) in the amount of 100% of the replacement costs of the Premises (including, without limitation, all buildings, structures, fixtures and improvements forming a part thereof), written on an "all risk" basis ("Premises Property Insurance"), which policy shall include coverage for catastrophe such as windstorm up to the full replacement cost of the Premises and earthquake and flood, up to the Maximum Project Value. For purposes of this Lease, the "replacement cost" of the Premises shall mean the full replacement cost of the Premises at the time of casualty, but in no event less than the Maximum Project Value. The Premises Property Insurance shall name Ground Lessor, Landlord, and Mortgagee (as defined in Section 19(a)) as loss payees as their interests may appear. In addition to the Premises Property Insurance, Tenant shall, at Tenant's expense, obtain and keep in force at all times during the Term, a policy or policies of property insurance covering loss or damage to any and all of the personal property, trade fixtures, furnishings, and Tenant's business contents at the Premises in the amount equal to their actual cash value, which shall cover risk of loss or damage normally covered in an "all risk" policy as such term is used in the insurance industry. The proceeds of the Premises Property Insurance shall be used for repair or replacement of the Premises

and shall be paid solely to Landlord or any mortgagee or beneficiary under a deed of trust holding a lien encumbering the Premises to be held and applied to the costs of restoring the Premises and made available to Tenant as it incurs such costs; provided, if requested by Tenant, Landlord agrees that the proceeds of the Premises Property Insurance will be escrowed with a third party reasonably acceptable to Landlord. The terms and conditions governing the release of the escrowed insurance proceeds shall allow Tenant to draw on the escrowed funds monthly, as and when the costs of restoring the Premises are incurred by Tenant, and otherwise be reasonably acceptable to Landlord. Tenant shall be responsible for the amount of all deductibles. Additionally, Tenant shall maintain coverages as follows:

(1) Liability Coverage. Tenant shall, at Tenant's expense maintain a policy of commercial general liability insurance, insuring Tenant, and as additional insureds, Landlord, Ground Lessor, and any Mortgagee (as defined in Section 19(a)), against liability arising out of the ownership, use, occupancy, or maintenance of the Premises or from any other cause covered by a commercial general liability insurance policy applicable to Tenant's operations at the Premises, known or unknown. Such insurance shall be primary and non-contributory and shall provide coverage on an occurrence basis with a per occurrence limit of not less than \$5,000,000 for each policy year, which limit may be satisfied by any combination of primary and excess or umbrella per occurrence policies.

(2) Workers Compensation. Throughout the performance of any work, alterations or improvements that Tenant shall perform or cause to be performed in the Premises, Tenant, shall cause to be carried, worker's compensation insurance in statutory limits.

(3) Business Interruption. Business interruption insurance with a commercially reasonable deductible that is sufficient to pay continuing expenses (including rent) for a period of at least twelve (12) months.

(4) Automobile Insurance. Commercial automobile liability insurance insuring bodily injury and property damage arising from all owned, non-owned and hired vehicles, if any, with minimum limits of liability of \$1,000,000 combined single limit, per accident.

(ii) All insurance required to be carried by Tenant hereunder shall be issued by one or more insurance companies reasonably acceptable to Landlord, having an AM Best's minimum rating of A- and financial size of XIII or better. In addition, Tenant shall name Landlord, Landlord's managing agent, and any mortgagee requested by Landlord, as additional insureds under its commercial general liability, excess and umbrella policies. On or before the Commencement Date (or the date of any earlier entry or occupancy by Tenant), and thereafter, within thirty (30) days prior to the expiration of each such policy, Tenant shall endeavor to furnish Landlord with certificates of insurance in the form of ACORD 25 (or other evidence of insurance reasonably acceptable to Landlord), evidencing all required coverages, and that with the exception of workers compensation insurance, such insurance is primary and non-contributory. Upon Tenant's receipt of a request from Landlord, Tenant shall provide Landlord with copies of its applicable declarations page for the policies required hereunder. If Tenant fails to carry such insurance and furnish Landlord with such certificates of insurance, Landlord may obtain such insurance on Tenant's behalf and Tenant shall reimburse Landlord upon demand for the cost thereof as Additional Rent. Landlord reserves the right from time to time to require Tenant to obtain higher minimum amounts or different types of insurance if it becomes customary for other landlords of similar buildings in the area to require similar sized tenants in similar industries to carry insurance of such higher minimum amounts or of such different types; provided, Tenant shall not be required to make such adjustment more than once every five (5) years during the Term or increase the then-current minimum amounts by more than ten percent (10%).

(b) Indemnities.

(i) Tenant agrees, as part of the material consideration for this Lease, to indemnify, and hold harmless Landlord from all third-party claims and associated actions, lawsuits, demands, costs, expenses and liabilities whatsoever (including reasonable attorneys' fees, on account of any such real or claimed damage or liability, and for all liens) arising from bodily injury (including death), personal injury or property damage occurring in, or at any portion of Premises, during the Term or arising out of Tenant's use, occupancy or enjoyment of any portion of the Premises, or any repairs or alterations which Tenant may make upon the Premises, except to the extent caused by the negligence or willful misconduct of Landlord or any of Landlord's Affiliates, employees, agents, contractors or representatives.

(ii) Landlord agrees, as part of the material consideration for this Lease, to indemnify and hold harmless Tenant from all third-party claims and associated actions, lawsuits, demands, costs, expenses and liabilities whatsoever (including reasonable attorneys' fees, on account of any such real or claimed damage or liability, and for all liens) arising from bodily injury (including death), personal injury or property damage occurring in or at any portion of the Premises from any negligent acts, or willful misconduct of Landlord or Landlord's Affiliates, except to the extent caused by the negligence or willful misconduct of Tenant or any of Tenant's Affiliates, employees, agents, contractors or representatives.

(c) Waiver of Claims/Subrogation Rights. Notwithstanding anything to the contrary contained herein, Landlord and Tenant each hereby waives all claims that it may have against the other party (and such other party's owners, directors, officers, employees, agents, contractors and representatives) for losses and damages that are actually covered by its property insurance or that would have been covered had it maintained the insurance required under this Lease; provided the foregoing waiver shall not apply if it would have the effect of invalidating, but only to the extent of such effect, any insurance coverage of Landlord or Tenant. Landlord and Tenant shall cause the insurers issuing their property insurance to waive all of their subrogation rights against the other party (and such other party's owners, directors, officers, employees, agents, contractors and representatives), and each party shall supply the other with appropriate evidence confirming that such waiver is in effect. For the purposes of this Section, each party shall be deemed to be insured against losses and damages that are within the deductible of any of its insurance policies. The provisions of this Section shall apply to claims regardless of cause or origin, including, without limitation, claims arising due to negligence.

10. Fire & Casualty.

(a) Restoration. Unless this Lease is terminated pursuant to Section 10(b), if the Premises are damaged by fire or other casualty after the Commencement Date, Tenant shall be responsible for performing all repairs and replacements (collectively, "**Restoration Work**") required to fully restore the Premises to the condition existing immediately prior to such fire or casualty in accordance with the terms hereof; provided, (i) Tenant may make any Alterations to the Premises permitted under Section 8(a), and (ii) Tenant may make any Alterations to the Premises that are required by Applicable Laws. Upon (i) receipt of the insurance proceeds from the Premises Property Insurance and (ii) securing all necessary approvals required by Applicable Laws (including any approvals required by the HCAI and any other organization that licenses, certifies, and accredits hospitals and health care facilities), Tenant shall commence and diligently prosecute completion of the Restoration Work, which shall be completed in a good and workmanlike manner, using new materials, and in a manner that complies with Applicable Laws. Within forty-five (45) days after the Premises are damaged by fire or other casualty, Tenant shall furnish Landlord with a written statement from a reputable architect or general contractor setting forth such architect's or general contractor's best estimate of the period of time ("**Restoration Period**") required to fully restore the Premises. The provisions of this Lease, including this Section 10, constitute an express agreement between Landlord and Tenant with respect to any and all damage to, or destruction of, all or any part of the Premises, and any statute or regulation of the state in which the Premises is located with respect to any rights or obligations concerning damage or destruction in the absence of an express agreement

between the parties, and any other statute or regulation, now or hereafter in effect, shall have no application to this Lease or any damage or destruction to all or any part of the Premises.

(b) Termination. If the Premises are damaged by fire or other casualty and less than thirty-six (36) months remain on the then-current Term and the Restoration Period for such damage is estimated to be more than three hundred sixty-five (365) days after the date of the fire or other casualty, then Tenant may terminate this Lease by giving written notice to Landlord within sixty (60) days after the occurrence of such damage. Tenant shall not have the right to terminate this Lease as a result of damages caused by fire or other casualty at any time on or prior to the date which is thirty-six (36) months prior to the expiration of the then-current Term. If the Premises are damaged by a fire or other casualty and this Lease is terminated as a result thereof, then (i) Landlord shall have the right to require that Tenant demolish the Building and remove any debris resulting therefrom, and (ii) Tenant shall pay Landlord an amount equal to the insurance proceeds received by Tenant as a result of such damage to the Premises (or which would have been available if Tenant had carried the insurance required under this Lease in the event that Tenant has failed to provide such insurance coverage), plus the amount of any deductible carried by Tenant under its insurance policy, less (i) any demolition costs incurred by Tenant, (ii) the unamortized cost of any Alterations paid for by Tenant (calculated by amortizing the cost of such Alterations over their useful life in accordance with Tenant's standard accounting procedures), (iii) any Capital Item Contribution, and (iv) all other expenses incurred by Tenant that are otherwise reimbursable by insurance proceeds.

(c) Abatement. Tenant shall not be entitled to any abatement of Rent during any period when the Premises are rendered untenable or unusable, in whole or in part, as a result of any damage to the Premises caused by fire or other casualty, except the Rent shall abate in proportion to the area of the Premises that is not reasonably usable as a result of such fire or other casualty, to the extent the same was caused by the negligent acts, willful misconduct or breach of this Lease by Landlord, any of its Affiliates, or any of their agents, employees, contractor or representatives.

11. Eminent Domain.

(a) Termination. In the event of a taking of all or substantially all of the Premises by condemnation, this Lease shall automatically terminate, and all Rent shall cease effective as of the date possession of the same is actually taken. If any portion of the Premises is taken by condemnation such that the Premises shall become impractical for Tenant to use for the Permitted Use, then Tenant may terminate this Lease by giving written notice to Landlord within sixty (60) days after Tenant is notified of such taking, in writing.

(b) Restoration. If this Lease is not terminated after a taking of any portion of the Premises, Landlord shall diligently restore the same as close as possible to the condition and functionality prior to such taking and Landlord shall be entitled to use all condemnation awards paid on account of such taking to pay the cost of the restoration work, with any remaining funds being allocated to Landlord and Tenant on a pro rata basis in accordance with the terms of Section 11(c); provided in no event shall Landlord be required to spend more than the amount of such condemnation awards to restore the Premises. If this Lease is not terminated as a result of any condemnation, then the Rent shall be equitably abated for the remainder of the Term, and the Rent shall also be equitably abated while Landlord performs any restoration work required under this Section.

(c) Awards. Landlord shall be entitled to receive the entire award paid on account of a taking of all or any portion of the Premises by condemnation, except Tenant shall be entitled to make a separate claim for the taking of Tenant's trade fixtures, personal property, dislocation damages/moving expenses, the unamortized value of any Alterations paid for by Tenant, and the Capital Item Contribution.

12. Assignment and Subletting.

(a) General. Tenant may, without obtaining the prior consent of Landlord, (i) assign this Lease to any Person so long as Tenant provides Landlord with ten (10) days' prior written notice and/or (ii) sublet the Premises without any obligation to provide notice to Landlord; provided, in the event of any such sublease or assignment of Tenant's right, title and interest in and to this Lease, the Person named as Tenant in this Lease shall remain primarily liable hereunder. Any assignee shall execute and deliver an assignment and assumption agreement whereby such assignee assumes and agrees to perform and observe all of the covenants and agreements of Tenant under this Lease. This Lease shall inure to the benefit of and be binding upon any permitted successor or assign of either party.

(b) Release. Notwithstanding anything in Section 12.01(a) to the contrary, if the guaranties provided by Lifepoint Guarantor and Ground Lessor pursuant to Section 26.01 below have expired or otherwise terminated, Landlord's prior written consent (which shall not be unreasonably withheld, conditioned, or delayed) to the assignment of this Lease by Tenant shall be required unless the net worth of the assignee (as reasonably established by Tenant and with evidence of such net worth delivered to Landlord at five (5) Business Days prior to the effective date of such assignment) at the time to such assignment is equal to or greater than Fifty Million and No/100 Dollars (\$50,000,000.00).

13. Leasehold Mortgages.

(a) General. Tenant shall have the right to enter into mortgages, deeds of trust, deeds to secure debt, security deeds, financing statements and other security agreements (collectively, "**Leasehold Mortgages**") encumbering Tenant's interest in this Lease and the leasehold estate created hereby (collectively, the "**Leasehold Estate**"), without obtaining Landlord's consent provided that such Leasehold Mortgages do not violate the terms of the SNDA. Tenant shall furnish Landlord with a written notice (a "**Leasehold Mortgage Notice**") containing the name, address, contact person, and telephone number of any Person to whom Tenant grants a Leasehold Mortgage (such a Person being referred to as a "**Leasehold Mortgagee**"). Within ten (10) days after Tenant's written request, Landlord shall acknowledge, in writing, its receipt of any Leasehold Mortgage Notice that has been delivered to Landlord. Whenever Landlord shall send Tenant any written notice of default related to this Lease, Landlord shall send a duplicate copy of such notice to each Leasehold Mortgagee; provided that Tenant has provided Landlord with the notice address for any such Leasehold Mortgagee.

(b) Cure Rights. Upon a Leasehold Mortgagee's receipt of written notice of a Tenant Default from Landlord (a "**Default Notice**"), the Leasehold Mortgagee shall have the right, but not the obligation, to cure such Tenant Default on behalf of Tenant. Landlord shall not have the right to terminate this Lease on account of any Tenant Default if a Leasehold Mortgagee cures such Tenant Default within sixty (60) days after the Leasehold Mortgagee receives a Default Notice describing such Tenant Default; provided, however, if a Tenant Default reasonably cannot be cured within such sixty (60) day period, then the Leasehold Mortgagee shall have such additional time to cure the Tenant Default as is reasonably necessary, but in no event longer than one hundred twenty (120) days after the Leasehold Mortgagee receives a Default Notice, provided Leasehold Mortgagee has commenced such cure within said sixty (60) day period and diligently pursues the same. Landlord agrees to accept a Leasehold Mortgagee's cure of any Tenant Default. If a Leasehold Mortgagee reasonably cannot cure any Tenant Default until it obtains possession of the Premises, then Landlord may not terminate this Lease due to such Tenant Default so long as (i) the Leasehold Mortgagee commences the foreclosure of its lien on the Leasehold Estate within sixty (60) days after the Leasehold Mortgagee receives a Default Notice describing such Tenant Default (provided such 60 day period shall be tolled during any period when an automatic stay is in effect under applicable bankruptcy laws), (ii) the Leasehold Mortgagee completes such foreclosure with reasonable diligence, (iii) the Leasehold Mortgagee pays, upon Landlord's written demand, all delinquent Rent due and owing under this Lease (excluding fines, penalties, late fees and default interest), and (iv) the Leasehold

Mortgagee cures such Tenant Default following the completion of such foreclosure with reasonable diligence.

(c) Bankruptcy. If this Lease is terminated as a result of a Tenant Default or rejection of this Lease pursuant to Section 365(a) of the Bankruptcy Code, 11 U.S.C. §365(a) or any successor statute, then, upon a Leasehold Mortgagee's request made within sixty (60) days after such termination, Landlord shall enter into a new lease (a "New Lease") with the Leasehold Mortgagee upon terms and conditions identical to those of this Lease for what would have been the full remaining Term of this Lease had the same not been so terminated, with all remaining extension or renewal rights, so long as the Leasehold Mortgagee pays all of the Rent then due and owing under this Lease. Any New Lease shall have the same priority as this Lease.

(d) Foreclosure Sale. Any sale of the Leasehold Estate in any foreclosure proceedings instituted by a Leasehold Mortgagee (or the assignment or transfer of this Lease and the Leasehold Estate by Tenant in lieu of any such foreclosure) shall be deemed to be a permitted assignment of the Leasehold Estate, and Landlord shall recognize the Person acquiring the Leasehold Estate pursuant to the foregoing as the "Tenant" under this Lease. In addition, any Leasehold Mortgagee who takes title to the Leasehold Estate or enters into a New Lease with Landlord shall have the right to assign the Leasehold Estate or such New Lease or sublet all or a portion of the Premises without obtaining Landlord's consent subject to and in accordance with Section 12 hereof.

(e) Leasehold Mortgagee Liability. No Leasehold Mortgagee, simply by virtue of its lien on the Leasehold Estate, shall be deemed to have assumed any of the obligations or liabilities of Tenant under this Lease. A Leasehold Mortgagee (or its assignee or Affiliate) who takes title to the Leasehold Estate or enters into a New Lease shall be responsible for the performance of the Tenant's obligations under this Lease or the New Lease, as applicable, to the extent the same first arise during the period of time, but only during the time period, that it is the tenant under this Lease or the New Lease, and such responsibility shall terminate upon its sale, transfer or assignment of this Lease or the New Lease, as applicable. Except as expressly provided above, the purchaser at any foreclosure sale of the Leasehold Estate shall be deemed to have agreed to perform all of the Tenant's obligations under this Lease first arising from and after the date of such foreclosure sale. Neither a Leasehold Mortgagee who takes title to the Leasehold Estate or enters into a New Lease nor a purchaser of the Leasehold Estate at a foreclosure sale shall be responsible for any losses or damages that Landlord suffers as a result of any default by Tenant under this Lease that exists at the time it takes title to the Leasehold Estate or enters into the New Lease; provided, however, if such Leasehold Mortgagee or purchaser does not pay any Rent that is then due and owing under this Lease (excluding fines, penalties, late fees and default interest) or does not remedy any then outstanding conditions that constitute a Tenant Default, then Landlord may terminate this Lease or the New Lease as provided in Section 14(b).

(f) Protection Agreement. If a Leasehold Mortgagee requests, in writing, that Landlord enter into any agreement designed to protect the Leasehold Mortgagee's interest in the Leasehold Estate or memorialize the terms of this Section 13, Landlord agrees to enter into such agreement upon terms and conditions reasonably acceptable to Landlord.

(g) Limitations. No Leasehold Mortgage shall at any time include Landlord's right, title and interest in and to the Premises, nor shall any Leasehold Mortgage subordinate or be deemed to subordinate the fee title to the Premises or Landlord's interest in the Lease to the security interest created by such Leasehold Mortgage. It is the intention and agreement of the parties hereto that during the entire term of this Lease, Landlord's right, title and interest in and to the Premises shall not be subject to any liens or encumbrances of any kind or nature created by Tenant. Nothing contained in any Leasehold Mortgage

shall release or be deemed to release Tenant from the full performance of this Lease or be deemed to be a waiver of any rights of Landlord hereunder.

14. Defaults.

(a) Tenant Default. The following shall each be deemed to be a default by Tenant under this Lease (a "Tenant Default"):

(i) Tenant's failure to pay any Rent when due, unless such failure is cured by Tenant within ten (10) days after it receives written notice from Landlord; provided, however, Landlord shall not be required to provide written notice under this Section 14(a)(i) due to Tenant's failure to timely pay Monthly Rent on more than three (3) occasions in any twelve (12) month period; or

(ii) Tenant's failure to comply with any of the terms of this Lease other than those related to the payment of Rent, unless such failure is cured within thirty (30) days after Tenant receives written notice from Landlord; provided if such failure cannot reasonably be cured within the aforementioned thirty (30) day period, then no Tenant Default shall be deemed to have occurred so long as Tenant commences to cure such failure within thirty (30) days after receiving written notice from Landlord and diligently pursues completion of such cure within a reasonable time thereafter; or

(iii) (A) the filing by or against Tenant of a petition (voluntarily or involuntarily) seeking to have Tenant declared bankrupt or insolvent, unless the petition is dismissed within ninety (90) days after its filing, (B) the appointment of a receiver or trustee for all or substantially all of Tenant's assets, or (C) the assignment of all or substantially all of Tenant's assets for the benefit of its creditors.

(b) Remedies. Upon the occurrence of any Tenant Default, Landlord may, in addition to any other remedies expressly provided under this Lease but in lieu of any other remedies provided at law or in equity:

(i) Enter upon the Premises and do whatever Tenant is obligated to do under the terms of this Lease, and Tenant agrees to reimburse Landlord for all reasonable costs and expenses that Landlord incurs in effecting compliance with Tenant's obligations under this Lease; or

(ii) Without terminating this Lease, enter upon and take possession of the Premises, expel or remove Tenant, and relet the Premises and receive the rent therefor. If Landlord elects to exercise the remedy provided under this Section 14(b)(ii), Landlord shall be entitled to recover from Tenant (A) any reasonable costs and expenses that Landlord incurs to effect compliance with Tenant's obligations under this Lease through the date the Premises are relet, (B) the reasonable costs Landlord incurs to recover possession of the Premises from Tenant, including, without limitation, reasonable attorneys' fees, (C) the reasonable brokerage commissions, advertising costs and other similar expenses Landlord incurs to relet the Premises, and (D) an amount equal to the difference between the Monthly Rent and other sums that Tenant is required to pay hereunder during the remainder of the then-current Term (calculated without taking into account any unexercised Extension Option) and the rent received by Landlord on account of such reletting during said period (or if Landlord takes possession of the Premises for its own benefit, the fair rental value thereof), which amount shall be paid monthly, in arrears. If Landlord is successful in reletting the Premises at a rental in excess of that agreed to be paid by Tenant pursuant to the terms of this Lease, the parties agree that Landlord shall be entitled to retain such excess, but the same shall be applied to reduce the amounts Tenant owes Landlord hereunder, including, without limitation, costs and expenses that Landlord incurs to effect compliance with Tenant's obligations under this Lease, the costs Landlord incurs to recover possession of the Premises, the brokerage commissions, advertising costs and other similar expenses Landlord incurs to relet the Premises, and future rental deficiencies; or

(iii) Terminate this Lease upon thirty (30) days' notice to Tenant, in which event Tenant shall immediately surrender the Premises to Landlord, and if Tenant fails to do so, Landlord may enter upon and take possession of the Premises and expel or remove Tenant. If this Lease is terminated pursuant to this subparagraph, Landlord shall be entitled to collect from Tenant: (A) any unpaid Rent that was due and owing prior to such termination, (B) any reasonable costs and expenses that Landlord incurs to effect compliance with Tenant's obligations under this Lease through the date of such termination, (C) the reasonable costs Landlord incurs to recover possession of the Premises from Tenant, including, without limitation, reasonable attorneys' fees, and (D) any other actual damages that Landlord reasonably incurs as a result of the termination of this Lease, provided such other damages shall not exceed an amount equal to the present value (calculated by discounting the amount to the present at a rate equal to the lesser of twelve percent (12%) per annum or the maximum rate permitted under Applicable Laws) of the difference between the Monthly Rent and other sums that Tenant would have been required to pay hereunder during the remainder of the then-current Term (calculated without taking into account any unexercised Extension Option) and fair rental value of the Premises during said period (after taking into account the amount of time reasonably necessary to relet the Premises and the reasonable costs of reletting the Premises, i.e. reasonable brokerage commissions, advertising costs and other similar expenses).

Forbearance by Landlord to enforce one or more of the remedies herein provided upon a Tenant Default shall not be deemed or construed to constitute a waiver of Landlord's right to enforce any such remedies with respect to any subsequent Tenant Default. Landlord shall use reasonable efforts to mitigate the damage arising from any Tenant Default; provided, if Tenant believes Landlord has not mitigated its damages, Tenant shall have the burden of proving the same.

15. Landlord's Default. If (i) Landlord defaults under or breaches any of its obligations under (a) this Lease, or (b) the Development Agreement to remedy any defect, deficiency or violation of Applicable Law related to the Premises (a "**Construction Defect**"), and (ii) Landlord does not cure such default or breach (or cause the same to be cured) within thirty (30) days after Landlord receives written notice thereof from Tenant, then the same shall constitute a "**Landlord Default**" and Tenant shall have the right (but not the obligation) to attempt to cure such Landlord Default; provided if any such default or breach cannot reasonably be cured within thirty (30) days and Landlord commences to cure the same within the thirty (30) days after receiving written notice from Tenant, then no Landlord Default shall be deemed to have occurred so long as Landlord diligently and continuously cures such default or breach within not more than one hundred eighty (180) days, unless such cure period is extended, in writing, by Tenant in its reasonable discretion, unless such default is caused by the Ground Lessor under the Ground Lease. Notwithstanding the foregoing, in cases of emergency or where Landlord's failure to perform its obligations under this Lease or where any Construction Defect or other default or breach threatens to result in damage to any portion of the Premises or Tenant's property therein or threatens to cause a material interference with Tenant's business operations in the Premises, then Tenant shall have the right (but not the obligation) to perform such obligations or cure such Construction Defect or other default or breach, without the necessity of giving Landlord advance notice or affording it an opportunity to cure the same. If Tenant endeavors to cure any default or breach by Landlord (including, without limitation, any Construction Defect) pursuant to this Section, Landlord shall reimburse Tenant for the reasonable costs Tenant incurs in connection therewith. Landlord shall pay any amounts that it owes Tenant under this Section 15 within thirty (30) days after Tenant's written demand for the same along with reasonable documentation supporting such expenses; provided if Landlord fails to pay any amounts that Landlord owes Tenant under this Section within such thirty (30) day period, then Tenant may deduct the same from the next installments of Monthly Rent due under this Lease. Tenant shall also have all other remedies available at law or in equity on account of any Landlord Default.

Except as otherwise provided in this Lease, if Landlord shall fail to perform any term, condition, covenant, or obligation required to be performed by it under this Lease and if Tenant shall, as a consequence

thereof, recover a money judgment against Landlord, Tenant agrees that it shall look solely to Landlord's (i) right, title and interest in and to the Premises, including, without limitation, all rights under the Ground Lease, (ii) the rents and other revenues generated by the Premises, (iii) the proceeds from the sale of the Premises, (iv) insurance proceeds paid on account of any damage to the Premises, and (v) condemnation awards paid on account of any taking of the Premises, for the collection of such judgment. Tenant further agrees that no other assets of Landlord shall be subject to levy, execution, or other process for the satisfaction of Tenant's judgment. Tenant's rights under this Section are subject to the rights of any holder of any mortgage or beneficiary under a deed of trust encumbering the Premises. In no event shall any of the members, shareholders, partners, executives, officers or representatives of Landlord or any Affiliate of Landlord be personally liable for the actions of Landlord under this Lease.

16. Quiet Enjoyment. Subject to the other terms of this Lease, Landlord covenants that so long as Tenant timely pays all Rent and performs its obligations hereunder, Tenant shall peacefully and quietly have, hold and enjoy the Premises throughout the Term, without any hindrance, molestation or ejection whatsoever.

17. Right of Entry. Landlord shall have the right to enter the Premises to: (i) conduct inspections; (ii) perform maintenance, repairs and replacements that are its responsibility under this Lease; (iii) show the Premises to prospective purchasers of the Building and lenders; and (iv) show the Premises to prospective tenants during the last six (6) months of the then-current Term; provided Landlord shall not materially interfere with Tenant's use and enjoyment of the Premises. Except in cases of emergency, Landlord shall (a) give Tenant at least twenty-four (24) hours advance notice before entering upon the Premises, (b) use reasonable efforts to schedule such entry at a time that is reasonably acceptable to Tenant, and (c) be escorted by Tenant to protect patient privacy and any confidential health information.

18. Surrender. Upon the expiration or earlier termination of this Lease: (i) Tenant shall quit and surrender possession of the Premises to Landlord, and (ii) provide Landlord with the keys or combinations for all locks in the Premises. Before surrendering possession of the Premises to Landlord, Tenant shall, at its expense, remove all of its furnishings, trade fixtures, Tenant's Signs and other personal property from the Premises, and Tenant shall promptly repair all material damage to the Premises resulting from the removal of such items. If Tenant fails to remove any of the foregoing items from the Premises by the expiration or termination of this Lease, then Landlord may deem such items abandoned and dispose of the same in any manner Landlord sees fit; provided such removal and disposal does not interfere with other activities or operations being conducted on adjoining properties. Tenant shall reimburse Landlord, upon demand, for all commercially reasonable costs incurred by Landlord to remove and dispose of such items, including, without limitation, the cost of repairing any material damage to the Premises caused by the removal of such items.

19. Subordination, Non-Disturbance and Attornment.

(a) Subordination. This Lease shall be subject and subordinate to any first in priority mortgage, deed of trust, deed to secure debt, security deed, financing statement or other security interests now or hereafter encumbering Landlord's interest in the Premises (individually, a "**Mortgage**" and collectively the "**Mortgages**"), including, without limitation, all renewals, modifications, consolidations, replacements, amendments, supplements and extensions thereof; provided, as a condition to such subordination, the holder of the Mortgage ("**Mortgagee**") must agree, in writing and pursuant to a form attached hereto as Exhibit E ("**SNDA**") not to disturb Tenant's possession of the Premises and the rights and privileges granted to Tenant under this Lease so long as there is no outstanding Tenant Default. Notwithstanding anything herein to the contrary, if any Mortgagee elects, in writing, to have Tenant's interest in this Lease superior to its Mortgage, then by notice to Tenant from such Mortgagee, this Lease shall be deemed superior to such Mortgage, whether this Lease was executed before or after the same.

Within thirty (30) days after receipt of an invoice and reasonable supporting documentation therewith, the requesting party shall reimburse the responding party for the actual, out-of-pocket fees (including attorney fees) it incurs for its review and response to any statement requested pursuant to this Section 19(a).

(b) Attornment. If Landlord's interest in the Premises is transferred to a Mortgagee or any purchaser at a foreclosure sale (a "**Foreclosure Purchaser**"), Tenant shall be bound to such Mortgagee or Foreclosure Purchaser under the terms of this Lease and Tenant shall attorn to such Mortgagee or Foreclosure Purchaser, as the landlord hereunder, unless this Lease is terminated by Tenant pursuant to the terms hereof. The foregoing provision shall be self-operative; provided, however, Tenant shall, upon written demand, execute documentation confirming the matters set forth in this Section so long as such documentation is in a form reasonably acceptable to Tenant. Any Mortgagee or Foreclosure Purchaser succeeding to the interest of Landlord in the Premises shall not be (i) bound by any payment of Rent made by Tenant more than one (1) month in advance (unless otherwise required hereunder), or (ii) liable due to any act or omission of a prior landlord (including, without limitation, Landlord) except that which remains continuing and uncured after the transfer to Foreclosure Purchaser.

20. Notices.

(a) All notices, consents, approvals and other communications that may be or are required to be given by either Landlord or Tenant under this Lease shall be in written form and shall be given by either: (a) mailing the notice by certified or registered United States mail, return receipt required, postage prepaid, addressed to Landlord or Tenant, as applicable, or (b) nationally recognized overnight delivery service (e.g. FedEx, United Parcel Service) with charges prepaid or charged to the sender's account, addressed to Landlord or Tenant, as applicable, at:

If to Tenant: PeaceHealth Southwest, LLC
 c/o LifePoint Health, Inc.
 330 Seven Springs Way
 Brentwood, TN 37027
 Attn: John C. Haralson, SVP, Joint Venture & Strategic Services

with a required copy to: LifePoint Health, Inc.
 330 Seven Springs Way
 Brentwood, TN 37027
 Attn: AVP, Real Estate

and to: _____

Attn: _____

If to Landlord: PMB _____ LLC
 329 South Highway 101, Suite 160
 Solana Beach, CA 92075
 Attn: Rebecca Gemmel

(b) Either party may change its address for notices by giving written notice to the other party in accordance with this provision. Notices shall be deemed received on the date of actual delivery; provided if either Landlord or Tenant refuses to accept the delivery of any notice, such notice shall be deemed to have been actually delivered on the date of such refusal.

(c) Where Landlord's approval or consent is required hereunder, and such approval or consent is deemed provided if Landlord fails to respond to a written request from Tenant within a certain time period, the Landlord shall only be deemed to have approved or consented to such request if such written request from Tenant contains the following language in bold, all caps, and in at least size 14 font: "LANDLORD'S FAILURE TO RESPOND TO THIS REQUEST WITHIN THE TIME PERIOD SET OUT IN THE LEASE SHALL RESULT IN LANDLORD'S DEEMED APPROVAL OR CONSENT TO SUCH REQUEST."

21. Representations and Warranties.

(a) Landlord's Representations. Landlord hereby represents and warrants to Tenant, as of the Effective Date, that: (i) Landlord is a limited liability company validly existing under the laws of the State of Delaware; (ii) Landlord has all power and authority necessary for Landlord to execute and deliver this Lease and perform all of Landlord's obligations under this Lease and the Development Agreement; (iii) the execution, delivery and performance of this Lease by Landlord does not conflict with or result in a violation of any judgment, order or decree of any court or arbiter or any contract, agreement or other instrument to which Landlord is a party; (iv) Landlord has not filed or threatened to file any voluntary petition in bankruptcy or sought to reorganize its affairs under the Bankruptcy Code of the United States or any other federal, state or local law related to bankruptcy, insolvency or relief for debtors, Landlord has not been adjudicated as bankrupt or insolvent, or Landlord has not had an involuntary petition filed against it under the Bankruptcy Code of the United States or any other federal, state or local law related to bankruptcy, insolvency or relief for debtors; (v) to Landlord's knowledge, there are no lawsuits, arbitration proceedings or other similar actions pending or threatened against or affecting the Premises; (vi) upon completion of the Improvements in accordance with the terms of the Development Agreement, Landlord will be the owner of the Improvements located thereon, subject to the terms of the Ground Lease, free and clear of all easements, liens, claims, encumbrances and other exceptions to title, except for the Permitted Exceptions and any Mortgage pursuant to the terms and conditions of Section 19; (vii) there are no pending or, to Landlord's knowledge, threatened governmental actions, investigations or proceedings that will adversely affect the Premises (including, without limitation, condemnation or eminent domain proceedings, plans to modify an adjacent road or proposed assessments); (viii) upon completion of the Improvements in accordance with the terms of the Development Agreement, water, sewer, electricity, gas, broadband and telephone service will be provided to the Premises in compliance with the Development Agreement; (ix) to Landlord's knowledge, no Hazardous Substances have been discharged, disbursed, released, stored, treated, generated, disposed of, incorporated into or allowed to escape on, under or about the Premises; (x) Landlord has not granted any other Person an option to purchase, right of first offer to purchase, right of first refusal to purchase or any other purchase option to purchase Landlord's interest in the Premises; and (xi) Landlord is not and will not become a Person with whom U.S. persons are prohibited from doing business with under Applicable Laws, including, without limitation, the regulations of the Office of Foreign Asset Control ("OFAC") of the Department of Treasury (e.g. OFAC's Specially Designated and Blocked Persons list), Executive Order 13224, and the USA Patriot Act.

(b) Tenant's Representations. Tenant hereby represents and warrants to Landlord, as of the Effective Date, that: (i) Tenant is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Washington; (ii) Tenant has all power and authority necessary for Tenant to execute and deliver this Lease and perform all of Tenant's obligations under this Lease and the Development Agreement; (iii) the execution, delivery and performance of this Lease by Tenant does not conflict with or result in a violation of any judgment, order or decree of any court or arbiter or any contract, agreement or other instrument; (iv) Tenant has not filed or threatened to file any voluntary petition in bankruptcy or sought to reorganize its affairs under the Bankruptcy Code of the United States or any other federal, state or local law related to bankruptcy, insolvency or relief for debtors, Tenant has not been adjudicated as bankrupt or insolvent, or Tenant has not had an involuntary petition filed against it under the

Bankruptcy Code of the United States or any other federal, state or local law related to bankruptcy, insolvency or relief for debtors; and (v) Tenant is not and will not become a Person with whom U.S. persons are prohibited from doing business with under Applicable Laws, including, without limitation, the regulations of the OFAC of the Department of Treasury (e.g. OFAC's Specially Designated and Blocked Persons list), Executive Order 13224, and the USA Patriot Act.

22. Right of First Opportunity.

(a) Right of First Opportunity. Throughout the Term, as the same is extended, Tenant shall have a continuing right of first opportunity ("**Right of First Opportunity**") in the event Landlord desires to sell, transfer or convey its interest in the Premises, including without limitation, its interests as lessee under the Ground Lease, to an arm's length third party (a "**Sale Transaction**"). Prior to entering into any Sale Transaction, Landlord shall send a written statement (a "**Transaction Statement**") to Tenant detailing the terms and conditions upon which Landlord is willing to enter into such Sale Transaction, which such terms and conditions shall include, without limitation, the value, if any, attributable under the Sale Transaction, to (a) any Capital Item Contribution, and (b) any Expansion Premises constructed by Tenant pursuant to Section 8(c) or the value of any rental income received from such Expansion Premises. Tenant shall have thirty (30) days after its receipt of a Transaction Statement to notify Landlord, in writing, if it is interested in purchasing Landlord's interest in the Premises on the terms and conditions set forth in the Transaction Statement. If Tenant timely notifies Landlord that it desires to exercise its Right of First Opportunity, Landlord and Tenant shall endeavor, in good faith and with reasonable diligence, to negotiate and enter into a binding agreement with respect to such Sale Transaction, containing the terms and conditions set forth in said Transaction Statement, as the same may be modified by mutual agreement of Landlord and Tenant (a "**Purchase Contract**"). The purchase price under any such Purchase Contract shall not include the value, if any, of (a) any Capital Item Contribution, and (b) any Expansion Premises constructed by Tenant pursuant to Section 8(c) or the value of any rental income received from such Expansion Premises. Landlord shall not market the Sale Transaction or engage in negotiations, discussions or other communications regarding any Sale Transaction with a Person other than Tenant for a period of thirty (30) days after Tenant's exercise of the Right of First Opportunity in connection therewith. The rights granted to Tenant hereunder shall be ongoing and shall not be affected by Tenant's failure to exercise the Right of First Opportunity on one or more occasions.

(b) Decline of Right. If (i) Tenant does not respond in a timely fashion to any Transaction Statement, (ii) Tenant notifies the Landlord that it is not interested in purchasing the Landlord's interest in the Premises upon the terms set forth in any Transaction Statement, or (iii) the parties do not enter into a Purchase Contract within thirty (30) days after the exercise of the Right of First Opportunity, then, for a period of one (1) year thereafter, Landlord may sell its interest in the Premises to a third party so long as (a) the economic terms of the Sale Transaction are not substantially less favorable to Landlord than those set out in the Transaction Statements, and (b) Landlord has complied with the terms of Section 23 (Tenant's Right of First Refusal); provided, if the amount Landlord will receive from any Sale Transaction is expected to exceed ninety-five percent (95%) of the amount the Landlord would have received under the terms set forth in the Transaction Statement, then the economic terms of the Sale Transaction shall be deemed to be as favorable to Landlord as those described in the Transaction Statement. Notwithstanding anything to the contrary in this Section 22, any proposed sale, transfer or conveyance of Landlord's interest in the Premises will be subject to the terms of Section 23 (Tenant's Right of First Refusal) and regardless of whether Tenant waived its right or failed to exercise its right to purchase Landlord's interest in the Premises under this Section 22.

(c) Change of Terms. If there is a change in the terms and conditions of any Sale Transaction which is materially less favorable to Landlord, Landlord shall be required to submit a new Transaction Statement (and, as applicable a copy of the applicable contract or amendment to the contract

with such changed terms and conditions) to Tenant in accordance with the terms of this Section 22 prior to entering into such Sale Transaction with a third party and Tenant may exercise the Right of First Opportunity, within the time period set forth above, in connection therewith. In addition, if Landlord does not enter into a contract for the Sale Transaction detailed in any Transaction Statement within one (1) year after Tenant's receipt of such Transaction Statement, then Landlord must resubmit such Transaction Statement to Tenant in accordance with the terms of this Section 22 prior to entering into such Sale Transaction with a third party and Tenant may exercise the Right of First Opportunity in connection therewith.

(d) Limitations on Terms. No Transaction Statement shall (i) include any property interest other than Landlord's interest in the Premises, together with its interest as lessee under the Ground Lease, (ii) contain any provisions that are intended to frustrate or defeat the Right of First Opportunity; or (iii) restrict or prevent Tenant from using any portion of the Premises for the purposes permitted under this Lease.

(e) Inapplicability. Tenant's Right of First Opportunity shall not be applicable in the event of any of the following transactions: (i) transfers of ownership interests in Landlord resulting from the death of the holder thereof; (ii) the issuance or transfer of stock, units, shares or other securities by an entity which controls, or owns an ownership interest in Landlord (a "**Parent Entity**"), whether through public or private offerings, including without limitation, the issuance of or transfer of stock, units, shares, or other securities by Landlord or an Affiliate of Landlord, so long as such Parent Entity owns material assets other than its ownership interests in Landlord; (iii) the transfer of an ownership interest in Landlord pursuant to a merger, reorganization, consolidation, or other similar transaction involving substantially all of the assets of Landlord to an Affiliate of Landlord; (iv) the transfer of an ownership interest in Landlord to an Affiliate of Landlord; or (v) an assignment to an entity which is subleasing back to Landlord or its Affiliate or any entity in which Landlord has an ownership interest, the entire Premises pursuant to a "sale/leaseback" transaction; provided, however, in the event that any such transaction described in this Section 22(e) shall directly result in greater than 50% of the voting interests in Landlord being vested in a Disqualified Person (as that term is hereinafter defined), then Tenant's Right of First Opportunity shall be available to Tenant pursuant to Section 22(a).

(f) Portfolio Transfer. If Landlord desires to sell, transfer, or convey its interest in the Premises as part of a portfolio transfer of assets owned by Landlord, an Affiliate of Landlord, and/or by a Parent Entity, the Transaction Statement shall (i) expressly state that Landlord, an Affiliate of Landlord and/or its Parent Entity desire to include Landlord's interest in the Premises as part of such a portfolio transfer, (ii) be limited to Landlord's interest in the Premises, (iii) state the portion of the purchase price of said portfolio reasonably allocated to Landlord's interest in the Premises, and (iv) include reasonable supporting evidence and documentation showing the foregoing allocation.

23. Right of First Refusal.

(a) Right of First Refusal. Throughout the Term, Tenant shall have a continuing right of first refusal to acquire the Landlord's interest in the Premises, including without limitation, its interests as lessee under the Ground Lease. Accordingly, if Landlord desires to enter into any transaction whereby Landlord will transfer its interest in the Premises, (i) Landlord shall provide Tenant with a binding contract setting forth all of the terms and conditions of said transaction (an "**Offer**"), and (ii) Tenant shall have the right ("**Right of First Refusal**") to acquire Landlord's interest in the Premises on the terms of the Offer. Tenant shall have thirty (30) days from its receipt of any Offer within which to exercise the Right of First Refusal. If Tenant exercises its Right of First Refusal, the Offer shall be deemed to include a credit towards the purchase price that is payable by Tenant in an amount equal to the value, if any, that is attributable under the Offer, to (i) any Capital Item Contribution, and (ii) any Expansion Premises constructed by Tenant

pursuant to Section 8(c) or the value of any rental income received from such Expansion Premises. In the event Tenant does not notify Landlord that Tenant is exercising the Right of First Refusal within thirty (30) days after Tenant's receipt of any Offer, Landlord may proceed with the transfer of its interest in the Premises in strict accordance with the terms of such Offer; provided if there are any changes in such Offer, a new "Offer" will be deemed to have been made and Landlord will not be entitled to transfer its interest in the Premises until Landlord has complied with all of the terms of this Section 23 with respect to such new Offer. If Tenant exercises the Right of First Refusal, Landlord and Tenant shall enter into a purchase contract on substantially the same terms as those contained in the Offer. The rights granted to Tenant hereunder shall be ongoing and shall not be affected by Tenant's failure to exercise the Right of First Refusal on one or more occasions.

(b) Offer Restrictions. No Offer shall (i) provide for any non-cash consideration to be received by Landlord as part of the purchase price for its interest in the Premises, (ii) include any property interest that is not a part of the Premises or Landlord's interest in the Premises (e.g. a bulk sale), (iii) contain any provisions that are intended to frustrate or defeat the Right of First Refusal or that only the proposed transferee is reasonably capable of satisfying, (iv) restrict the use of or otherwise encumber the Premises (or any portion thereof), or (v) require any alterations, additions, changes or improvements to the Premises. Any provisions of an Offer that violate the terms of this Section 23(b) shall be of no force or effect as between Landlord and Tenant and Tenant need not match such provisions. In addition, Landlord shall not enter into transaction under which it will transfer a portion, but not all, of Landlord's interest in the Premises.

(c) Effect of Non-Exercise. If Tenant does not exercise the Right of First Refusal in connection with any Offer, this Lease (including, without limitation, the rights granted Tenant under this Section 23) shall remain in full force and effect and Landlord and its successors and assigns (including, without limitation, any purchaser of the Premises) shall remain bound hereby. Landlord and Tenant agree that any transfer of Landlord's interest in the Premises shall be made expressly subject to all of the terms, covenants and conditions of this Lease.

(d) Invalid Sale. Any transfer of Landlord's interest in the Premises in violation of the terms of this Section 23 (an "**Invalid Sale**") shall, at the option of Tenant, be null and void. Tenant shall have the right to purchase Landlord's interest in the Premises upon the terms and conditions of any Invalid Sale. The payment of any Rent to a Person who acquires Landlord's interest in the Premises or Tenant's treatment of such Person as the "Landlord" under this Lease shall not be deemed to be a waiver of Tenant's rights under this Section 23.

(e) Applicability. For purposes hereof, if Landlord is an entity (such as, by way of example and not limitation, a corporation, general partnership, limited partnership or limited liability company) the transfer of a majority of the ownership interests (e.g. stock, partnership interests or membership interest) or voting rights in Landlord or any other arrangement that has substantially the same effect as a sale of the Premises shall be deemed to be a transfer of Landlord's interest in the Premises and shall be subject to the terms of this Section 23, excluding (i) transfers of ownership interests in Landlord resulting from the death of the holder thereof, (ii) the issuance or transfer of stock, units, shares or other securities by a Parent Entity, whether through public or private offerings, including without limitation, the issuance of or transfer of stock, units, shares, or other securities by Landlord or an Affiliate of Landlord, so long as such Parent Entity owns material assets other than its ownership interests in Landlord, (iii) the transfer of an ownership interest in Landlord pursuant to a merger, reorganization, consolidation, or other similar transaction involving substantially all of the assets of Landlord to an Affiliate of Landlord, or (iv) the transfer of an ownership interest in Landlord or an Affiliate of Landlord; provided, however, if any such transaction described in this Section 23(e) shall directly result in greater than 50% of the voting interests in

Landlord being vested in a Disqualified Person, then Tenant's Right of First Refusal shall be available to Tenant pursuant to this Section 23.

(f) Portfolio Transfer. If Landlord intends to sell, transfer or convey its interest in the Premises as part of a portfolio transfer of assets owned by Landlord, an Affiliate of Landlord and/or by a Parent Entity, the Offer shall (i) expressly state that Landlord, an Affiliate of Landlord, and/or its Parent Entity intend to include Landlord's interest in the Premises as part of such a portfolio transfer, (ii) be limited to Landlord's interest in the Premises, (iii) state the portion of the purchase price of said portfolio reasonably allocated to Landlord's interest in the Premises, and (iv) include reasonable supporting evidence and documentation showing the foregoing allocation.

24. Purchase Option.

(a) Grant of Option. On the Purchase Option Date, Tenant shall have the right and option to purchase the Landlord's interest in the Premises, including without limitation, its interest as lessee under the Ground Lease, from Landlord ("**Purchase Option**") upon and in accordance with the provisions of this Section 24. If Tenant desires to exercise the Purchase Option it may do so by giving written notice to Landlord at least one hundred eighty (180) days prior to the applicable Purchase Option Date. Except as provided herein, the Purchase Option, once exercised, shall be a binding contract for the purchase and sale of the Landlord's interest in the Premises, including without limitation, its interest as lessee under the Ground Lease, on and subject to the terms and conditions set forth herein.

(b) Purchase Price. Subject to the prorations and adjustments set forth herein, if Tenant elects to exercise the Purchase Option, the purchase price ("**Purchase Price**") for the Landlord's interest in the Premises shall be equal to the greater of (i) either (A) the total initial cost of the Improvements, not to exceed the Adjusted Project Costs, plus any Capital Item Contribution and the unamortized cost of Alterations to the Premises paid for by Landlord after Final Completion occurs pursuant to a subsequent written agreement between Landlord and Tenant or pursuant to Sections 7(a)(ii) or 8(c), plus the amounts actually paid by Landlord to acquire the Land in addition to any third-party closing costs associated therewith, or (B) if the Land, the Improvements and Landlord's interest in the Premises have been sold to a bona fide third-party purchaser between the Commencement Date and the date that the Purchase Option is exercised, the purchase price paid by the most recent third-party purchaser in addition to any third-party closing costs associated therewith plus any Capital Item Contribution and the unamortized cost of Alterations to the Premises paid for by Landlord after such sale and made pursuant a subsequent written agreement between Landlord and Tenant or pursuant to Sections 7(a)(ii) or 8(c); and (ii) ninety-eight and one-half percent (98.5%) of the fair market value of the Landlord's interest in the Premises determined in accordance with Section 24(c) ("**Fair Market Value**") which fair market value determination shall (1) be calculated assuming the Improvements have been completed, and an occupancy rate equal to one hundred percent (100%), and utilizing such other assumptions and directives as are customarily applied and (2) include any Capital Item Contribution and the unamortized cost of Alterations to the Premises paid for by Landlord after Final Completion occurs pursuant to a subsequent written agreement between Landlord and Tenant or pursuant to Sections 7(a)(ii) or 8(c). At the Closing, Tenant shall pay the Purchase Price to Landlord, in immediately available funds.

(c) Fair Market Value. If Tenant funds any Alteration or Expansion Premises, the value of such Alteration or Expansion Premises will not be considered when determining Fair Market Value. During the ten (10) Business Day period after the exercise of the Purchase Option, Tenant and Landlord shall endeavor in good faith to agree upon a mutually acceptable Appraiser. If Tenant and Landlord reach agreement on one (1) Appraiser, then they shall jointly engage the Appraiser, and each shall pay one-half of the appraisal fee.

(i) If Tenant and Landlord fail to reach agreement on one (1) Appraiser during such ten (10) Business Day period, then no later than ten (10) Business Days after the lapse of such ten (10) Business Day period, each shall select and engage one (1) Appraiser and notify the other of the Appraiser selected. Each party shall pay the appraisal fee of its Appraiser.

(ii) The single Appraiser or the two (2) Appraisers, as the case may be, shall determine the Fair Market Value as required herein, and shall furnish each party a written determination of such Fair Market Value within ten (10) Business Days after the Appraiser's appointment. If the parties have agreed upon a single Appraiser, the single Appraiser's appraisal shall be binding on the parties. If each party has selected an Appraiser, and if the determinations of the two (2) Appraisers are within ten percent (10%) of each other, the Fair Market Value binding on the parties shall be the average of the two (2) determinations. If only one (1) party selects an Appraiser and timely notifies the other party of its selection, and such party's Appraiser gives such notice within the ten (10) Business Day period, the determination of Fair Market Value made by that Appraiser shall be deemed to be the Fair Market Value and likewise shall be binding on the parties.

(iii) If the two (2) Appraisers do not agree within ten percent (10%) on the Fair Market Value within ten (10) days after both Appraisers notify the parties of their respective determination of Fair Market Value, each party will cause the Appraiser selected by it to select by mutual agreement a Third Appraiser. If the Appraiser selected by only one (1) party supplies the name of an Appraiser during such ten (10) day period, the Appraiser named by such Appraiser shall be the "Third Appraiser." In either case, each party shall pay one-half of the appraisal fee of the Third Appraiser.

(iv) Within ten (10) Business Days from the date of this appointment, the Third Appraiser shall make a determination of Fair Market Value. If the Third Appraiser's appraisal is equal to one (1) of the appraisals of the first two (2) appraisals, the Third Appraiser's appraisal shall be deemed to be the Fair Market Value and shall be binding on the parties. If the Third Appraiser's appraisal is not equal to one (1) of the appraisals of the first two (2) Appraisers, then the average of the two (2) closest appraisals shall be deemed to be the Fair Market Value and shall be binding on the parties.

Tenant shall have the right to terminate and cancel its exercise of the Purchase Option by providing written notice to Landlord within ten (10) days after its receipt of notice of the determination of the Fair Market Value, in which event this Lease shall remain in full force and effect until the expiration or earlier termination of the Term and Tenant shall reimburse Landlord for Landlord's portion of appraisal expenses related to determination of the Fair Market Value.

(d) Title Insurance. Tenant's obligations to purchase Landlord's interest in the Premises is conditioned on Tenant receiving a leasehold title policy in the amount of the Purchase Price ("**Title Policy**"). The Title Policy shall: (i) be based on a title commitment of the Land prepared by a title insurance company of Tenant's choosing, and (ii) insure Tenant's good and valid leasehold interest in the Premises, subject only to the Permitted Exceptions. If Tenant is unable to obtain the Title Policy or the same does not satisfy the requirements of this Section 24(d), Tenant may, as its sole and exclusive remedy, terminate and cancel its exercise of the Purchase Option within forty five (45) days after the determination of Fair Market Value, in which event this Lease shall remain in full force until the expiration or earlier termination of the Term, as if the Purchase Option had never been exercised, but the Purchase Option shall no longer be of any force or effect and Tenant shall reimburse Landlord for Landlord's portion of appraisal expenses related to determination of the Fair Market Value. If Tenant fails to terminate the exercise of the Purchase Option within such forty-five (45) day period, Tenant's right to terminate the exercise of the Purchase Option shall be deemed waived.

(e) Closing. The time and date of the Closing and the exact location thereof shall be determined by Tenant and reasonably acceptable to Landlord, provided Tenant shall give Landlord at least ten (10) Business Days advance written notice of the date, time and location of the Closing, and provided further that the Closing shall occur no later than thirty (30) days after the applicable Purchase Option Date. At the Closing, Landlord shall deliver the following items to Tenant, properly executed and notarized: (i) an Assignment and Assumption of the Ground Lease, assigning all of Landlord's right, title, and interest in the Ground Lease to Tenant, free of liens and subject only to the Permitted Exceptions ("**Ground Lease Assignment**"); (ii) an agreement, in form and substance reasonably acceptable to Landlord and Tenant, terminating this Lease; (iii) if a memorandum of this Lease has been recorded pursuant to Section 27(s) herein, an agreement, in recordable form, terminating any such memorandum ("**Lease Termination Memorandum**"), (iv) an owner's affidavit, in form and content, sufficient to have the mechanics' and materialmen's exception, rights of parties in possession exception and any other standard exceptions removed from the Title Policy and the gap insured; and (v) all other documents, instruments, certificates and affidavits that are necessary to consummate the transaction contemplated by this Section 24, including, without limitation, a settlement sheet and an IRS §1445 certificate. At or prior to Closing, Landlord shall cause any and all Monetary Liens.

(f) Closing Costs and Prorations. At Closing, Tenant shall pay the cost of recording the Ground Lease Assignment and the Lease Termination Memorandum, the cost of Tenant's Title Policy and Tenant's legal fees, and Landlord shall pay all transfer taxes assessed as a result of the conveyance of the Landlord's interest in the Premises to Tenant, Landlord's legal fees, any recording fees to release any Monetary Liens created by acts or omissions of Landlord, and all other costs customary for a seller to pay. Other costs and expenses of Closing shall be split by the parties. Landlord and Tenant acknowledge that Tenant is required to pay the Property Taxes levied or assessed against the Premises. Accordingly, real property taxes and governmental assessments (general and special) will not be prorated between the parties at Closing.

25. Transfer or Assignment of Landlord's Interest.

(a) Transfers or Assignment by Landlord. Following the Commencement Date, Landlord shall have the right to assign or transfer, in whole or in part, every feature of its right and obligations hereunder and the Premises, provided it complies with the terms of this Section 25 and the other terms of this Lease. In the event of a sale or conveyance by Landlord of the Premises, the same shall operate to release Landlord from any and all liability under this Lease arising after the date of such sale, transfer, or assignment; provided the assignee assumes, in writing, the obligations and liabilities of Landlord under this Lease for the benefit of Tenant. Tenant's right to quiet possession of the Premises shall not be disturbed so long as Tenant shall pay the Rent and observe and perform all of the provisions of this Lease to be observed and performed by Tenant, subject to any applicable notice and cure period, unless this Lease is terminated pursuant to specific provisions contained herein. Landlord shall not assign this Lease or sell the Premises to any Disqualified Person or otherwise violate the terms of this Lease.

(b) Disqualified Person.

(i) Except as otherwise provided in Section 25.(b)(ii) of this Lease, in no event shall: (i) Landlord's interest in the Premises be owned by any Disqualified Person, directly or indirectly; or (ii) any of the ownership interests (such as, without limitation, stock membership interest, partnership interests or limited partnership interests), or voting rights in Landlord be held by any Disqualified Person, directly or indirectly. For purposes hereof, a direct or indirect ownership interest in Landlord, Landlord's interest in the Premises or voting rights of Landlord shall mean that such Disqualified Person (A) holds an ownership or voting interest in Landlord, directly or indirectly, (B) holds an ownership or voting interest in any entity that, directly or indirectly, holds an ownership or voting interest in Landlord,

(C) holds an ownership interest in the Premises, directly or indirectly, or (D) holds an ownership or voting interest in any entity that, directly or indirectly, holds an ownership interest in the Premises.

(ii) Tenant acknowledges that Landlord may be owned, and may in the future be owned, in whole or in part, directly or indirectly, by one or more publicly traded entities (each, whether one or more, now or in the future, and whether a direct or indirect owner of Landlord, a “**Publicly Traded Parent**”). Notwithstanding anything to the contrary contained in this Lease, the ownership of the stock or other interests in a Publicly Traded Parent by a Disqualified Person shall not be deemed a violation of the provisions of this Lease.

26. Guaranty. Simultaneous to the execution of this Lease, Lifepoint Guarantor, and Ground Lessor shall execute the form of Guaranty Agreement set forth in **Exhibit C** attached hereto.

27. Miscellaneous Provisions.

(a) Consents. UNLESS OTHERWISE EXPRESSLY STATED HEREIN, WHENEVER LANDLORD’S OR TENANT’S CONSENT IS REQUIRED UNDER THIS LEASE, SUCH CONSENT SHALL NOT BE UNREASONABLY WITHHELD, QUALIFIED, OR DELAYED.

(a) Cooperation. Upon Tenant’s request, and at no cost or expense to Landlord, Landlord agrees to cooperate with, assist and join in Tenant’s efforts to obtain all governmental permits, licenses and approvals that Tenant deems necessary or desirable for Tenant’s use and enjoyment of the Premises for any of the Permitted Uses or any other uses approved by Landlord, including, without limitation, any Alterations undertaken by or on behalf of Tenant in accordance with Section 8(a).

(b) Financial Statements. At any time after the Commencement Date, if requested by Landlord (which Landlord may request no more than once per calendar quarter during the Term), Tenant shall furnish to Landlord (i) unaudited financial statements prepared for such fiscal year with respect to Tenant, including a balance sheet and operating statement as of the end of such fiscal year, and (ii) liquidity projections for the then-current fiscal year. At Tenant’s option, the financial statements may be prepared internally by accounting professionals employed by Lifepoint or Ground Lessor or a public accounting firm selected by Tenant.

(c) Records. Upon the written request of the Secretary of the U.S. Department of Health and Human Services, the U.S. Comptroller General of the Government Accounting Office, or their authorized representatives, Landlord shall make available this Lease and all books, documents, and records necessary to certify the nature and extent of Landlord’s costs with respect to this Lease and the Premises for a period of four (4) years after performing its duties hereunder. If Landlord carries out any of its duties under this Lease through a subcontract worth \$10,000 or more over a 12-month period, Landlord will exercise commercially reasonable efforts to ensure that the subcontract will also contain an access clause to permit access by the Secretary, Comptroller General, and their authorized representatives to such subcontractor’s books and records.

(d) Regulatory Matters.

(i) Landlord and Tenant enter into this Lease with the intent of conducting their relationship and implementing the agreements contained herein in full compliance with applicable federal, state and local law, including without limitation, the Medicare/Medicaid Anti-Kickback statute (“**Anti-Kickback Statute**”) and Section 1877 of the Social Security Act (“**Stark Law**”), as amended. Notwithstanding any unanticipated effect of any of the provisions of this Lease, neither party will intentionally conduct itself under the terms of this Lease in a manner that would constitute a violation of the Anti-Kickback Statute or the Stark Law. Without limiting the generality of the foregoing, Landlord and

Tenant expressly agree that nothing contained in this Lease shall require either party to refer any patients to the other, or to any Affiliate or subsidiary of the other.

(ii) If any legislation, regulation or government policy is passed or adopted, the effect of which would cause either party to be in violation of such laws due to the existence of any provision of this Lease, then Landlord and Tenant agree to negotiate in good faith for a period of ninety (90) days to modify the terms of this Lease to comply with Applicable Law.

(iii) To the extent the following is applicable, the parties hereto acknowledge and agree that (a) the Premises leased hereunder do not exceed that which are reasonable and necessary for Tenant's legitimate business purpose and are used exclusively by Tenant during the Term; (b) the rental charges over the Term are set in advance, are consistent with fair market value, and are not determined in a manner that takes into account the volume or value of any referrals or other business generated between the parties; and (c) this arrangement would be commercially reasonable even if no referrals were made between the parties. Nothing in this Lease, whether written or oral, nor any consideration in connection herewith requires the referral of any patient. This Lease is not intended to influence the judgment of Tenant in choosing the medical facility appropriate for the proper treatment of patients. Tenant shall not receive any compensation or remuneration in exchange for referrals. The parties hereto support a patient's right to select the medical facility of his or her choice. The parties specifically do not intend to violate the federal (or any state's versions of the) Stark Law and Anti-Kickback Statute and intend to meet the requirements of the Lease Exception set forth at 42 CFR 411.357(a), and to the extent possible, of the Lease Safe Harbor set forth at 42 CFR 1001.952(b).

(iv) Landlord certifies that, as of the Effective Date of this Lease, no member of his or her immediate family (or if Landlord is a corporate entity, then no principal of Landlord has a member of his or her immediate family that) has entered into a financial relationship, including an employment relationship, with Tenant or an Affiliate of Tenant related to the provision of designated health services as defined in Section 1877 of the Social Security Act or that, if such relationship exists, it has been disclosed to and approved by Tenant. Landlord agrees to give Tenant five (5) Business Days written notice if such a relationship is created during the Term of this Lease. For purposes of this paragraph, "immediate family" is defined to mean any of the following: spouse; natural or adoptive parent, child or sibling; stepparent, stepchild, stepbrother, stepsister; father-in-law, mother-in-law, daughter-in-law, son-in-law, brother-in-law, sister-in-law; grandparent, grandchild and spouse of a grandparent or grandchild. Notwithstanding anything to the contrary contained in this Lease, the ownership of the stock or other interests in a Publicly Traded Parent shall not be deemed a principal of Landlord for purposes of this Section.

(v) Landlord hereby represents and warrants that Landlord is not, and at no time has been, an Excluded Person. Landlord hereby agrees to notify Tenant immediately of any threatened, proposed, or actual exclusion of Landlord from any federally funded health care program, including Medicare and Medicaid or to the extent that Landlord becomes an Excluded Person. If Landlord becomes an Excluded Person during the Term, or if at any time after the Effective Date of this Lease it is determined that Landlord is in breach of this Section, Tenant shall, as of the effective date of such exclusion or breach, have the rights and remedies set forth in Section 27(e)(vii) of this Lease.

(vi) Notwithstanding anything to the contrary contained in the Lease, if the performance by either party hereto of any term, covenant, condition, or provision of this Lease jeopardizes the licensure of Tenant or an Affiliate of Tenant, its participation in or the payment or reimbursement from, Medicare, Medicaid program, Blue Cross, or other reimbursement or payment programs, or its full accreditation by the Joint Commission, as applicable, or any other state or nationally recognized accreditation organization, or the tax-exempt status of Tenant or an Affiliate of Tenant, any of its property

or financing (or the interest income thereon, as applicable), or will prevent or prohibit any physician, or any other health care professionals or their patients from utilizing Tenant or any of its services, or if for any other reason said performance should be in violation of any statute, ordinance, or be otherwise deemed illegal, or be deemed unethical by any recognized body, agency, or association in the medical or hospital fields, Tenant shall have the rights and remedies set forth in Section 27(e)(vii) of this Lease.

(vii) Upon the occurrence of any of the events referenced in Section 27(e)(v) or (vi) of this Lease or any potential violation of the Anti-Kickback Statute and/or Stark Law, Tenant shall give Landlord written notice of the matter at issue, and Tenant and Landlord agree to promptly engage in good faith negotiations to resolve the matter through an amendment to this Lease. If the parties are unable to resolve the matter through an amendment to this Lease within thirty (30) days after Tenant's written notice to Landlord thereof, and the parties do not otherwise agree upon a course of action to resolve the matter within the same thirty (30) day period, then the parties agree to submit the matter to binding arbitration with AHLA for resolution pursuant to the AHLA Rules of Procedure for Arbitration at a mutually agreeable location, and judgment on any award rendered by such arbitrators may be entered in any court having jurisdiction thereof. Tenant and Landlord agree that a matter submitted to arbitration will be arbitrated before a panel of three (3) arbitrators, appointed in accordance with the AHLA Rules of Procedure for Arbitration.

(e) [intentionally omitted]

(f) Estoppel Certificates. Within fifteen (15) Business Days after its receipt of a written request from the other party, Landlord or Tenant, as applicable, shall execute and deliver to the other party or its designee a written statement in the form attached hereto as **Exhibit F**. Within thirty (30) days after receipt of an invoice and reasonable supporting documentation therewith, the requesting party shall reimburse the responding party for the actual, out-of-pocket fees (including attorney fees) it incurs for its review and response to any statement requested pursuant to this Section 27(g).

(g) Offset. If Landlord fails to pay Tenant any amounts that Landlord owes Tenant under this Lease, after the applicable notice and cure period set forth in this Lease, Tenant may deduct such amounts with interest thereon (the "**Rental Offsets**") from the Rent and retain the same; provided, however, the total Rental Offsets in any calendar year shall not exceed fifteen percent (15%) of the total Monthly Rent payable during such calendar year and the Rental Offsets in any month shall not exceed fifteen percent (15%) on the Monthly Rent payable during such month

(h) Force Majeure. If Landlord or Tenant is delayed in performing any of its obligations under this Lease due to a Force Majeure Event, then the period of time that Landlord or Tenant, as applicable, has to perform the obligation shall be extended by the period of such delay; provided, however, the provisions of this Section shall not operate to (i) excuse, extend or abate Tenant's obligation to pay any Rent, (ii) excuse Landlord's or Tenant's inability to perform its obligations hereunder because of inadequate finances, or (iii) excuse Landlord's failure to fulfill its obligations under the Development Agreement and deliver exclusive possession of the Premises to Tenant except if such event is also a "Force Majeure Event" as defined under the Development Agreement.

(i) Landlord's Liens. Landlord hereby waives any and all liens, whether statutory, constitutional, possessory or otherwise, that Landlord may, now or hereafter, have with respect to any of Tenant's property, including, without limitation, trade fixtures, furnishings, accounts receivable and equipment.

(j) Holdover. If Tenant retains possession of the Premises after the expiration or earlier termination of this Lease, Tenant shall be a tenant at sufferance at one hundred fifty percent (150%) of the Monthly Rent for the Premises in effect upon the date of such expiration or earlier termination, and

otherwise upon the terms, covenants and conditions herein specified, so far as applicable. Acceptance by Landlord of Rent after such expiration or earlier termination shall not result in a renewal of this Lease, nor shall such acceptance create a month-to-month tenancy. If a month-to-month tenancy is created by operation of law, either party shall have the right to terminate such month-to-month tenancy upon thirty (30) days' prior written notice to the other, whether or not said notice is given on the Monthly Rent paying date. This Section 27(k) shall in no way constitute a consent by Landlord to any holding over by Tenant upon the expiration or earlier termination of this Lease, nor limit Landlord's remedies in such event. In no event shall Tenant be liable for consequential damages in connection with a holdover.

(k) No Brokers. Landlord and Tenant each (i) represents and warrants to the other that it has not dealt with any real estate broker, finder or listing agent in connection with this Lease, and (ii) agrees to indemnify, defend and hold harmless the other from and against any claim for a commission, fee or other compensation made by a broker, finder or listing agent with whom it has dealt (or allegedly dealt). The provisions of this Section 27(l) shall survive the expiration or termination of this Lease.

(l) Successors and Assigns. This Lease shall be binding on Landlord, Tenant and their respective successors and assigns.

(m) Relationship of Parties. The relationship of Landlord and Tenant is solely that of independent third parties engaged in an arm's length transaction. Nothing contained in this Lease shall be deemed or constructed as creating a partnership, joint venture, agency or other similar relationship between Landlord and Tenant.

(n) Severability. If any provision of this Lease is found by a court of competent jurisdiction to be illegal, invalid or unenforceable, the remainder of this Lease will not be affected, and in lieu of each provision that is found to be illegal, invalid or unenforceable, the parties will add a provision as a part of this Lease that is as similar to the illegal, invalid or unenforceable provision as may be possible and be legal, valid and enforceable.

(o) Entire Agreement. This Lease constitutes the entire agreement between the parties with respect to the Premises, and all prior negotiations and understandings shall be deemed incorporated herein. This Lease may only be amended or modified by a written instrument signed by both Landlord and Tenant.

(p) No Waiver. No waiver by Landlord or Tenant of any provision or breach of this Lease shall be deemed to have been made unless the same is in writing, and no waiver of any provision or breach of this Lease shall be deemed a waiver of any other provisions or breach. Landlord's or Tenant's consent to or approval of any act shall not be deemed to render unnecessary the obtaining of Landlord's or Tenant's consent to or approval of any subsequent act.

(q) Submission. The submission of this Lease does not constitute an offer, and this document shall become effective and binding only upon the execution and delivery hereof by both Landlord and Tenant. Furthermore, copies of this Lease that have not been executed and delivered by both Landlord and Tenant shall not serve as a memorandum or other writing evidencing an agreement between the parties.

(r) Memorandum of Lease. This Lease shall not be recorded in the public records. Notwithstanding the foregoing, simultaneous to the execution of this Lease, Landlord and Tenant shall execute and thereafter promptly record a memorandum of this Lease in the form attached as **Exhibit D**; provided the cost of recording such memorandum shall be borne by the requesting party.

(s) Attorney Fees. In the event of any lawsuit between the parties arising from or relating to this Lease, the prevailing party in such lawsuit shall be entitled to recover its reasonable costs,

expenses and attorneys' fees from the non-prevailing party therein, including without limitation, court costs, professional fees and other litigation expenses through all appellate levels and in bankruptcy court. This Section 27(t) shall survive the expiration or termination of this Lease.

(t) Exhibits. Landlord and Tenant acknowledge and agree that all exhibits referenced in this Lease are attached hereto and incorporated herein by reference.

(u) Governing Law, Venue and Jurisdiction. This Lease shall be governed by the laws of the State of WASHINGTON. Landlord and Tenant stipulate and agree that any lawsuit or other legal action arising from or relating to this Lease (or any agreement formed pursuant to the terms hereof) shall only be commenced, and such jurisdiction and venue shall only be valid, in state court of the county where the Land is located.

(v) WAIVER OF TRIAL BY JURY. EACH OF LANDLORD AND TENANT ACKNOWLEDGES THAT IT HAS HAD THE ADVICE OF COUNSEL OF ITS CHOICE WITH RESPECT TO ITS RIGHTS TO TRIAL BY JURY UNDER THE CONSTITUTION OF THE UNITED STATES AND THE STATE OF WASHINGTON. TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, EACH OF LANDLORD AND TENANT HEREBY EXPRESSLY WAIVES ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION (i) ARISING UNDER THIS LEASE (OR ANY AGREEMENT FORMED PURSUANT TO THE TERMS HEREOF) OR (ii) IN ANY MANNER CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF LANDLORD AND TENANT WITH RESPECT TO THIS LEASE (OR ANY AGREEMENT FORMED PURSUANT TO THE TERMS HEREOF) OR ANY OTHER INSTRUMENT, DOCUMENT OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION HERewith, OR THE TRANSACTIONS RELATED HERETO OR THERETO, IN EACH CASE WHETHER NOW EXISTING OR HERINAFTER ARISING, AND WHETHER SOUNDING IN CONTRACT OR TORT OR OTHERWISE. EITHER PARTY MAY FILE A COPY OF THIS SECTION WITH ANY COURT AS CONCLUSIVE EVIDENCE OF THE CONSENT OF EACH SUCH PARTY TO THE WAIVER OF ITS RIGHT TO TRIAL BY JURY.

(w) Confidentiality. The parties hereto shall hold in confidence the information contained in this Lease and each of them hereby acknowledges and agrees that all information related to this Lease, not otherwise known to the public, is confidential and proprietary and is not to be disclosed to third Persons without the prior written consent of each of the parties except: (a) to the extent necessary to comply with Applicable Law or the valid order of any governmental agency or any court of competent jurisdiction; (b) as part of its normal reporting or review procedure, to its auditors, advisors, consultants, and attorneys; (c) to the extent necessary to obtain appropriate insurance, to its insurance agent; (d) to the extent necessary to complete a business transaction, to accountants, advisors, attorneys, brokers and consultants; or (e) as necessary to enforce its rights and perform its agreements and obligations under this Lease. Landlord shall treat all non-public information obtained as part of this engagement as confidential and shall not, without written authorization from Tenant, release or share such information with any third party, except as may be required by Applicable Law. Landlord agrees that, prior to reporting any actual or perceived violation of law to any governmental entity, even if required by law to do so, Landlord will first discuss any potential legal or compliance matter with Tenant's legal counsel and, unless otherwise required by Applicable Law, provide Tenant with an opportunity to investigate and appropriately report any compliance matter brought to Tenant's attention by Landlord. The provisions of this Section 27(x) shall survive the termination or expiration of this Lease.

(x) Washington-Specific Provisions. With respect to any of the Premises located in the State of Washington, Landlord and Tenant agree as follows:

(i) In compliance with RCW 4.24.115 as in effect on the date of this Lease, to the extent, if at all, that any provisions of this Lease pursuant to which Landlord or Tenant (for purposes of this Section, the “**Indemnitor**”) agrees to indemnify (including any provision, or payment of costs, of any defense of) the other (for purposes of this Section, the “**Indemnitee**”) against liability for damages arising out of bodily injury to persons or damage to property relative to the construction, alteration or repair of, addition to, subtraction from, improvement to, or maintenance of, any building, road, or other structure, project, development or improvement attached to real estate (including the Premises), including moving or demolition in connection therewith, is found to be within the scope of RCW 4.24.115, or in any way subject to, or conditioned upon consistency with, the provisions of RCW 4.24.115 for its enforceability, then such provision (regardless of whether it makes reference to this or any other limitation provision): (i) shall not apply to damages caused by or resulting from the sole negligence of the Indemnitee, its agents or employees and (ii) to the extent caused by or resulting from the concurrent negligence of (x) the Indemnitee or the Indemnitee’s agents or employees, and (y) the Indemnitor or the Indemnitor’s agents or employees, shall apply only to the extent of the Indemnitor’s negligence; provided, however, the limitations on indemnity set forth in this Section shall automatically and without further act by either Landlord or Tenant be deemed amended so as to remove any of the restrictions contained in this Section no longer required by then Applicable Law.

(ii) Solely for the purpose of effectuating Tenant’s indemnification obligations under this Lease, and not for the benefit of any third parties (including but not limited to employees of Tenant), Tenant specifically and expressly waives any immunity that may be granted it under the Washington State Industrial Insurance Act, Title 51 RCW, if applicable. Furthermore, the indemnification obligations under this Lease shall not be limited in any way by any applicable limitation on the amount or type of damages, compensation or benefits payable to or for any third party under worker compensation acts, disability benefit acts or other employee benefit acts now or hereafter in effect in the State of Washington. The parties acknowledge that the foregoing provisions of this paragraph have been specifically and mutually negotiated between the parties.

(iii) Should Landlord reenter any facility under any provisions of this Lease relating to a Tenant Default hereunder, Landlord shall not be deemed to have terminated this Lease, or the liability of Tenant to pay the Rent thereafter accruing, or to have terminated Tenant’s liability for damages under any of the provisions of this Lease, by any such reentry or by any action, in unlawful detainer or otherwise, to obtain possession of such facility, unless Landlord shall have notified Tenant in writing that Landlord had elected to terminate this Lease. Tenant further covenants that the service by Landlord of any notice pursuant to the unlawful detainer statutes of the State of Washington and/or the surrender of possession pursuant to such notice shall not (unless Landlord elects to the contrary at the time of or at any time subsequent to the serving of such notices and such election is evidenced by a written notice to Tenant) be deemed to be a termination of this Lease.

(iv) On or before the Effective Date, the Washington State Department of Health (“**WSDH**”) issued a Certificate of Need (“**CON**”) to Landlord and Tenant in order to construct the Improvements and to permit Tenant to operate a specialty hospital within the Improvements. To the extent that Landlord or Tenant elect to (i) sell, transfer, assign or convey their respective interests in the Premises or this Lease, (ii) participate in a transaction that will result in a change of ownership in either of their respective entities, (iii) change the operations within the Improvements, (iv) expand or modify the Improvements, or (v) participate in any other transaction that triggers a review by the WSDH of the CON (each of the foregoing shall be considered a “**CHOW**”), Landlord and Tenant shall cooperate with one another in order to memorialize the CHOW, to the extent necessary, to ensure the CON remains in effect. In terms of cooperation, Landlord and Tenant agree to review and respond to questions from the WSDH, prepare and file applications with the WSDH and participate in meetings and hearings with the WSDH to

complete the CHOW. The party initiating the CHOW shall be responsible for reimbursing the other party for any out of pocket expenses incurred to assist with the CHOW process.

(v) Notwithstanding anything to the contrary contained elsewhere in this Lease, Tenant shall have no right or authority to cause or allow any of the Premises or the Landlord's estate or interest therein or in and to this Lease to be subjected to any lien.

28. Ground Lease.

(a) Compliance with Ground Lease. Landlord shall not do anything or suffer or permit anything to be done that would result in a default by Landlord under the Ground Lease or an early termination of the Ground Lease. In addition, Landlord shall satisfy all of its obligations and liabilities under the Ground Lease to the extent the same arise or relate to periods outside the Term or are not Tenant's responsibility under this Lease. In the event of a default by Ground Lessor under the Ground Lease, Landlord shall take all action reasonably necessary to enforce the terms of the Ground Lease against Ground Lessor. During the Term, Landlord shall not cancel or terminate the Ground Lease, and Landlord shall neither amend nor modify the Ground Lease nor enter into any other agreement with Ground Lessor that would contravene or conflict with Landlord's obligations under this Lease or that would affect Tenant's rights and responsibilities under this Lease.

(b) Ground Lease Monthly Rent. Commencing on the Commencement Date and continuing throughout the remainder of the Term, Tenant shall be responsible for the payment of the Ground Lease Rent that Landlord owes Ground Lessor under the terms of the Ground Lease, as the same may be reduced or abated pursuant to the terms of the Ground Lease. Tenant shall pay such Ground Lease Rent directly to Ground Lessor in accordance with the terms of the Ground Lease. If Landlord receives any bills, invoices, or other payment requests from Ground Lessor related to the Ground Lease Rent or other amounts that Landlord owes Ground Lessor under the Ground Lease, Landlord shall immediately deliver the same to Tenant. Notwithstanding anything to the contrary contained herein, in no event shall Tenant be: (i) required to pay any Ground Lease Rent that is allocable or related to periods outside the Term; or (ii) obligated to pay any amounts that Landlord owes Ground Lessor as a result of any late payment or default by Landlord under the Ground Lease except if the late payment or default is a result of Tenant's default under this Lease.

(c) Ground Lease Terms. Except as otherwise expressly provided in this Lease, Tenant shall perform and be bound by all of Landlord's obligations under the Ground Lease to the extent, but only to the extent, such obligations first arise and relate to periods within the Term and shall not do anything or suffer or permit anything to be done that would result in a default by Landlord under the Ground Lease or an early termination of the Ground Lease. In no event shall Tenant be responsible for: (i) curing any default by Landlord existing under the Ground Lease as of the Commencement Date; (ii) repairing, or paying for the cost of repairing, any damage to the Premises to the extent caused by any act, negligence or misconduct of Landlord, excluding ordinary wear and tear; (iii) any indemnification obligation of Landlord under the Ground Lease arising or resulting from an event or matter that does not occur during the Term or from any act, negligence or misconduct of Landlord, Ground Lessor or any of their Affiliates, agents, employees, contractors or representatives; or (iv) liable as a result of any matter or event that does not first occur during the Term, except to the extent any such liability is exasperated by the negligent or intentional actions of Tenant during the Term (in which case Tenant's liability shall not exceed the extent to which its negligent or intentional actions exasperated such matter). If Landlord shall fail to make any payment or perform any act required to be made or performed by Landlord under the Ground Lease, and such default is neither an obligation of Tenant hereunder nor caused by Tenant and is not cured by Landlord by the first to occur of (i) one half of the period specified in the Ground Lease for curing such default, or (ii) five (5) days prior to the expiration of such Ground Lease cure period, then Tenant may (but shall not be obligated to), without

waiving or releasing any obligation hereunder, make such payment or perform such act for the account and at the expense of Landlord, and may take any and all such actions as Tenant in its reasonable discretion deems necessary or appropriate to accomplish such cure. If Tenant reasonably incurs any expense in remedying such default, Tenant shall be entitled to recover from Landlord such costs within ten (10) Business Days after delivering written notice to Landlord, which notice shall be accompanied by reasonable evidence or substantiation of the costs to be recovered. Notwithstanding anything contained herein or in the Ground Lease that may appear to be to the contrary, Landlord and Tenant hereby agree that, to the extent that the Ground Lease imposes obligations on the lessee thereunder that conflict with the obligations of Tenant under this Lease, the obligations imposed by such Ground Lease shall supersede the obligations imposed by this Lease except as specifically provided herein. For the purposes of this provision, obligations “conflict” only when and to the extent that the performance of one obligation prevents or substantially limits the performance of another obligation.

(d) Ground Lease Consents. If Tenant desires to take any action and the Ground Lease requires that Landlord obtain the consent of Ground Lessor before undertaking such action, Tenant may contact Ground Lessor directly for such consent and Landlord agrees to cooperate and assist Tenant in connection with obtaining any such consents; provided Landlord shall not be required to incur any out-of-pocket costs in connection therewith without reimbursement from Tenant and such consent shall not impair Landlord’s rights under the Ground Lease or modify Landlord’s obligations under the Ground Lease. Each such consent obtained directly from Ground Lessor shall specifically provide that the consent granted therein shall inure to the benefit of Landlord and not result in a default by Landlord under the Ground Lease.

(e) Bankruptcy. If the Ground Lease is rejected by Ground Lessor in a proceeding under the United States Bankruptcy Code or similar statutes relating to insolvency, possession of the Premises by Tenant shall be deemed to be possession of the Premises by Landlord and Tenant may exercise Landlord’s right to remain in possession of the Premises and the terms of such possession shall be governed by this Lease.

(f) Ground Lease Termination. Either Landlord or Tenant shall have the right to terminate this Lease if the Ground Lease is terminated in accordance with its terms, provided such termination shall not be deemed a waiver of any rights or remedies to which such party may be entitled as a result of a breach of this Lease and provided further, that nothing in this Section shall limit Landlord’s obligations under Section 28(a) of this Lease and Landlord shall not take any action that would result in an early termination of the Ground Lease. Notwithstanding the foregoing, neither Landlord or Tenant shall have the right to terminate this Lease if the terms and provisions of Section 10.f. of the Ground Lease applies.

(signatures on following page)

IN WITNESS WHEREOF, Landlord and Tenant have duly executed this Lease as of the Effective Date.

LANDLORD:

PMB _____ LLC,
a _____ limited liability company

By: PMB LLC, a California limited liability company,
its Manager

TENANT:

PEACEHEALTH SOUTHWEST,
a Washington limited liability company

EXHIBIT A

DESCRIPTION OF LAND

PARCEL I:

BEGINNING AT THE SOUTHEAST CORNER OF LOT 2, BLOCK 2 OF "GROVES ADDITION" ACCORDING TO THE PLAT THEREOF RECORDED UNDER BOOK "C" OF PLATS AT PAGE 13, RECORDS OF CLARK COUNTY, WASHINGTON; THENCE SOUTH 87°50'02" EAST, ALONG THE NORTHERLY RIGHT-OF-WAY LINE OF E. 33RD ST. FOR A DISTANCE OF 228.47 FEET TO THE TRUE POINT OF BEGINNING; THENCE NORTH 02°09'58" EAST, FOR A DISTANCE OF 101.22 FEET; THENCE SOUTH 87°46'28" EAST, FOR A DISTANCE OF 254.75 FEET; THENCE ALONG THE ARC OF A 29.00 FOOT RADIUS TANGENT CURVE TO THE LEFT, THE LONG CHORD OF WHICH BEARS NORTH 47°09' 11" EAST, FOR A CHORD DISTANCE OF 41.06 FEET THROUGH A CENTRAL ANGLE OF 90°08'42" FOR AN ARC DISTANCE OF 45.63 FEET; THENCE NORTH 02°04'50" EAST, FOR A DISTANCE OF 48.04 FEET; THENCE SOUTH 87°52'24" EAST, FOR A DISTANCE OF 30.67 FEET; THENCE NORTH 02°08'32" EAST, FOR A DISTANCE OF 79.22 FEET; THENCE NORTH 87°36'49" WEST, FOR A DISTANCE OF 35.05 FEET; THENCE NORTH 02°09'47" EAST, FOR A DISTANCE OF 91.95 FEET; THENCE ALONG THE ARC OF A 9.00 FOOT RADIUS TANGENT CURVE TO THE LEFT, THE LONG CHORD OF WHICH BEARS NORTH 42°46'01" WEST, FOR A CHORD DISTANCE OF 12.71 FEET THROUGH A CENTRAL ANGLE OF 89°51'35" FOR AN ARC DISTANCE OF 14.12 FEET; THENCE NORTH 87°41'48" WEST, FOR A DISTANCE OF 184.27 FEET; THENCE SOUTH 01°56'25" WEST, FOR A DISTANCE OF 66.48 FEET; THENCE NORTH 88°50'00" WEST, FOR A DISTANCE OF 8.53 FEET; THENCE SOUTH 47°11'08" WEST, FOR A DISTANCE OF 15.20 FEET; THENCE NORTH 02°05'56" EAST, FOR A DISTANCE OF 5.85 FEET; THENCE NORTH 24°42'37" WEST, FOR A DISTANCE OF 40.61 FEET; THENCE NORTH 80°29'18" WEST, FOR A DISTANCE OF 193.74 FEET; THENCE NORTH 32°16'53" WEST, FOR A DISTANCE OF 31.90 FEET TO THE SOUTH LINE OF A 15.00 FOOT ALLEY AS SHOWN ON THE PLAT OF "CHUMASERO HEIGHTS" ACCORDING TO THE PLAT THEREOF RECORDED UNDER BOOK "D" OF PLAT AT PAGE 51 RECORDS OF CLARK COUNTY, WASHINGTON; THENCE SOUTH 87°46'31" EAST, ALONG SAID SOUTH LINE FOR A DISTANCE OF 343.53 FEET; THENCE NORTH 02°06'08" EAST, FOR A DISTANCE OF 15.00 FEET; THENCE SOUTH 87°46'31" EAST, FOR A DISTANCE OF 30.00 FEET; THENCE NORTH 02°06'08" EAST, FOR A DISTANCE OF 99.98 FEET TO THE SOUTHERLY RIGHT-OF-WAY LINE OF E. 35TH ST.; THENCE SOUTH 87°46'31" EAST, ALONG THE SOUTHERLY RIGHT-OF-WAY LINE OF E. 35TH ST. FOR A DISTANCE OF 197.82 FEET TO THE WESTERLY RIGHT-OF-WAY LINE OF MAIN ST.; THENCE SOUTH 12°19'34" WEST, ALONG THE WESTERLY RIGHT-OF-WAY LINE OF MAIN ST. FOR A DISTANCE OF 192.22 FEET; THENCE NORTH 77°20'07" WEST, ALONG SAID WESTERLY RIGHT-OF-WAY LINE FOR A DISTANCE OF 10.69 FEET; THENCE SOUTH 12°39'53" WEST, ALONG SAID WESTERLY RIGHT-OF-WAY LINE FOR A DISTANCE OF 90.62 FEET; THENCE NORTH 87°43'54" WEST, ALONG SAID WESTERLY RIGHT-OF-WAY LINE FOR A DISTANCE OF 5.08 FEET; THENCE SOUTH 12°39'53" WEST, ALONG SAID WESTERLY RIGHT-OF-WAY LINE FOR A DISTANCE OF 9.99 FEET; THENCE SOUTH 77°20'07" EAST, ALONG SAID WESTERLY RIGHT-OF-WAY LINE FOR A DISTANCE OF 5.00 FEET; THENCE SOUTH 12°39'53" WEST, ALONG SAID WESTERLY RIGHT-OF-WAY LINE FOR A DISTANCE OF 49.13 FEET; THENCE SOUTH 77°20'07" EAST, ALONG SAID WESTERLY RIGHT-OF-WAY LINE FOR A DISTANCE OF 10.18 FEET; THENCE SOUTH 15°17'31" WEST, ALONG SAID WESTERLY RIGHT-OF-WAY LINE FOR A DISTANCE OF 132.00 FEET; THENCE SOUTH 53°44'16" WEST, FOR ALONG SAID WESTERLY RIGHT-OF-WAY LINE FOR A DISTANCE OF 37.30 FEET TO THE NORTHERLY RIGHT-OF-WAY LINE OF E 33RD ST.; THENCE NORTH 87°50'02" WEST, ALONG THE NORTHERLY RIGHT-OF-WAY LINE OF E 33RD ST. FOR A DISTANCE OF 288.64 FEET TO THE TRUE POINT OF BEGINNING.

PARCEL II:

THAT PARCEL OF LAND LOCATED IN A PORTION OF THE NORTHEAST QUARTER OF SECTION 22, TOWNSHIP 2 NORTH, RANGE 1 EAST, WILLAMETTE MERIDIAN, CLARK COUNTY, WASHINGTON, DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHEAST CORNER OF LOT 2, BLOCK 2 OF "GROVES ADDITION" ACCORDING TO THE PLAT THEREOF RECORDED UNDER BOOK "C" OF PLATS AT PAGE 13, RECORDS OF CLARK COUNTY, WASHINGTON; THENCE SOUTH 87°50'02" EAST, ALONG THE NORTHERLY RIGHT-OF-WAY LINE OF E. 33RD ST. FOR A DISTANCE OF 228.47 FEET; THENCE NORTH 02°09'58" EAST, FOR A DISTANCE OF 101.22 FEET; THENCE SOUTH 87°46'28" EAST, FOR A DISTANCE OF 78.50 FEET TO THE TRUE POINT OF BEGINNING; THENCE CONTINUING SOUTH 87°46'28" EAST, FOR A DISTANCE OF 176.25 FEET; THENCE ALONG THE ARC OF A 29.00 FOOT RADIUS TANGENT CURVE TO THE LEFT, THE LONG CHORD OF WHICH BEARS NORTH 47°09'11" EAST, FOR A CHORD DISTANCE OF 41.06 FEET THROUGH A CENTRAL ANGLE OF 90°08'42" FOR AN ARC DISTANCE OF 45.63 FEET; THENCE NORTH 02°04'50" EAST, FOR A DISTANCE OF 48.04 FEET; THENCE SOUTH 87°52'24" EAST, FOR A DISTANCE OF 30.67 FEET; THENCE NORTH 02°08'32" EAST, FOR A DISTANCE OF 79.22 FEET; THENCE NORTH 87°36'49" WEST, FOR A DISTANCE OF 35.05 FEET; THENCE NORTH 02°09'47" EAST, FOR A DISTANCE OF 91.95 FEET; THENCE ALONG THE ARC OF A 9.00 FOOT RADIUS TANGENT CURVE TO THE LEFT, THE LONG CHORD OF WHICH BEARS NORTH 42°46'01" WEST, FOR A CHORD DISTANCE OF 12.71 FEET THROUGH A CENTRAL ANGLE OF 89°51'35" FOR AN ARC DISTANCE OF 14.12 FEET; THENCE NORTH 87°41'48" WEST, FOR A DISTANCE OF 184.27 FEET; THENCE SOUTH 01°56'25" WEST, FOR A DISTANCE OF 66.48 FEET; THENCE NORTH 88°50'00" WEST, FOR A DISTANCE OF 8.53 FEET; THENCE SOUTH 47°11 '08" WEST, FOR A DISTANCE OF 15.20 FEET; THENCE SOUTH 02°05'56" WEST, FOR A DISTANCE OF 96.06 FEET; THENCE SOUTH 87°50'26" EAST, FOR A DISTANCE OF 7.13 FEET; THENCE SOUTH 01°36'01" WEST, FOR A DISTANCE OF 14.95 FEET; THENCE SOUTH 86°59'23" EAST, FOR A DISTANCE OF 4.08 FEET; THENCE SOUTH 02°09'54" WEST, FOR A DISTANCE OF 69.22 FEET TO THE TRUE POINT OF BEGINNING

PARCEL III:

BEGINNING AT THE SOUTHEAST CORNER OF LOT 2, BLOCK 2 OF "GROVES ADDITION" ACCORDING TO THE PLAT THEREOF RECORDED UNDER BOOK "C" OF PLATS AT PAGE 13, RECORDS OF CLARK COUNTY, WASHINGTON; THENCE NORTH 02°08'49" EAST, ALONG THE EAST LINE AND THE NORTHERLY EXTENSION THEREOF OF SAID LOT 2 FOR A DISTANCE OF 105.88 FEET TO THE NORTHERLY LINE OF A 5.88 FOOT ALLEY AS SHOWN ON SAID "GROVES ADDITION"; THENCE NORTH 87°50'02" WEST, ALONG THE NORTH LINE OF SAID ALLEY FOR A DISTANCE OF 249.96 FEET TO THE EASTERLY RIGHT-OF-WAY LINE OF W. WASHINGTON ST.; THENCE NORTH 02° 12'57" EAST, ALONG SAID RIGHT-OF-WAY LINE FOR A DISTANCE OF 269.03 FEET TO THE SOUTH LINE OF A 15.00 FOOT ALLEY AS SHOWN ON THE PLAT OF "CHUMASERO HEIGHTS" ACCORDING TO THE PLAT THEREOF RECORDED UNDER BOOK "D" OF PLATS AT PAGE 51, RECORDS OF CLARK COUNTY, WASHINGTON; THENCE SOUTH 87°46'31" EAST, ALONG THE SOUTH LINE OF SECOND MENTIONED ALLEY FOR A DISTANCE OF 316.70 FEET; THENCE SOUTH 32°16'53" EAST, FOR A DISTANCE OF 31.90 FEET; THENCE SOUTH 80°29'18" EAST, FOR A DISTANCE OF 193.74 FEET; THENCE SOUTH 24°42'37" EAST, FOR A DISTANCE OF 40.61 FEET; THENCE SOUTH 02°05'56" WEST, FOR A DISTANCE OF 8.01 FEET; THENCE NORTH 87°51'45" WEST, FOR A DISTANCE OF 42.86 FEET; THENCE NORTH 02° 10'39" EAST, FOR A DISTANCE OF 33.97 FEET; THENCE NORTH 87°49'21" WEST, FOR A DISTANCE OF 221.21 FEET; THENCE SOUTH 02° 11 '46" WEST, FOR A DISTANCE

OF 128.67 FEET; THENCE SOUTH 87°46'52" EAST, FOR A DISTANCE OF 93.10 FEET; THENCE SOUTH 01°57'06" WEST, FOR A DISTANCE OF 31.10 FEET; THENCE SOUTH 87°50'55" EAST, FOR A DISTANCE OF 34.59 FEET; THENCE SOUTH 02°08'01" WEST, FOR A DISTANCE OF 28.66 FEET; THENCE SOUTH 87°46'35" EAST, FOR A DISTANCE OF 39.59 FEET; THENCE NORTH 02° 14'41" EAST, FOR A DISTANCE OF 28.71 FEET; THENCE SOUTH 87°44'34" EAST, FOR A DISTANCE OF 36.29 FEET; THENCE NORTH 01°42'17" EAST, FOR A DISTANCE OF 39.14 FEET; THENCE SOUTH 87°57'02" EAST, FOR A DISTANCE OF 47.44 FEET; THENCE SOUTH 02°02'58" WEST, FOR A DISTANCE OF 7.12 FEET; THENCE SOUTH 87° 18'04" EAST, FOR A DISTANCE OF 13.37 FEET; THENCE SOUTH 87°50'26" EAST, FOR A DISTANCE OF 7.13 FEET; THENCE SOUTH 01 °36'01" WEST, FOR A DISTANCE OF 14.95 FEET; THENCE SOUTH 86°59'23" EAST, FOR A DISTANCE OF 4.08 FEET; THENCE SOUTH 02°09'54" WEST, FOR A DISTANCE OF 69.22 FEET; THENCE NORTH 87°46'28" WEST, FOR A DISTANCE OF 78.50 FEET; THENCE SOUTH 02°09'58" RIGHT-OF-WAY LINE OF E. WEST, FOR A DISTANCE OF 101.22 FEET TO THE NORTHERLY 33RD ST; THENCE NORTH 87°50,02" WEST, ALONG THE NORTHERLY RIGHT-OF-WAY LINE OF E. 33RD ST. FOR A DISTANCE OF 228.47 FEET TO THE TRUE POINT OF BEGINNING.

PARCEL IV:

THAT PARCEL OF LAND LOCATED IN A PORTION OF THE NORTHEAST QUARTER OF SECTION 22, TOWNSHIP 2 NORTH, RANGE 1 EAST, WILLAMETTE MERIDIAN, CLARK COUNTY, WASHINGTON, DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHEAST CORNER OF LOT 2, BLOCK 2 OF "GROVES ADDITION" ACCORDING TO THE PLAT THEREOF RECORDED UNDER BOOK "C" OF PLATS AT PAGE 13, RECORDS OF CLARK COUNTY, WASHINGTON; THENCE NORTH 02°08'49" EAST, ALONG THE EAST LINE AND THE NORTHERLY EXTENSION THEREOF OF SAID LOT 2 FOR A DISTANCE OF 105.88 FEET TO THE NORTHERLY LINE OF A 5.88 FOOT ALLEY AS SHOWN ON SAID "GROVES ADDITION"; THENCE NORTH 87°50'02" WEST, ALONG THE NORTH LINE OF SAID ALLEY FOR A DISTANCE OF 249.96 FEET TO THE EASTERLY RIGHT-OF-WAY LINE OF W. WASHINGTON ST.; THENCE NORTH 02°12'57" EAST, ALONG SAID RIGHT-OF-WAY LINE FOR A DISTANCE OF 269.03 FEET TO THE SOUTH LINE OF A 15.00 FOOT ALLEY AS SHOWN ON THE PLAT OF "CHUMASERO HEIGHTS" ACCORDING TO THE PLAT THEREOF RECORDED UNDER BOOK "D" OF PLATS AT PAGE 51, RECORDS OF CLARK COUNTY, WASHINGTON; THENCE SOUTH 87°46'31" EAST, ALONG THE SOUTH LINE OF SECOND MENTIONED ALLEY FOR A DISTANCE OF 316.70 FEET; THENCE SOUTH 32° 16'53" EAST, FOR A DISTANCE OF 31.90 FEET; THENCE SOUTH 80°29'18" EAST, FOR A DISTANCE OF 193.74 FEET; THENCE SOUTH 24°42'37" EAST, FOR A DISTANCE OF 40.61 FEET; THENCE SOUTH 02°05'56" WEST, FOR A DISTANCE OF 8.01 FEET TO THE TRUE POINT OF BEGINNING; THENCE NORTH 87°51'45" WEST, FOR A DISTANCE OF 42.86 FEET; THENCE NORTH 02°10'39" EAST, FOR A DISTANCE OF 33.97 FEET; THENCE NORTH 87°49'21" WEST, FOR A DISTANCE OF 221.21 FEET; THENCE SOUTH 02°11 '46" WEST, FOR A DISTANCE OF 128.67 FEET; THENCE SOUTH 87°46'52" EAST, FOR A DISTANCE OF 93.10 FEET; THENCE SOUTH 01°57'06" WEST, FOR A DISTANCE OF 31.10 FEET; THENCE SOUTH 87°50'55" EAST, FOR A DISTANCE OF 34.59 FEET; THENCE SOUTH 02°08'01" WEST, FOR A DISTANCE OF 28.66 FEET; THENCE SOUTH 87°46'35" EAST, FOR A DISTANCE OF 39.59 FEET; THENCE NORTH 02°14'41" EAST, FOR A DISTANCE OF 28.71 FEET; THENCE SOUTH 87°44'34" EAST, FOR A DISTANCE OF 36.29 FEET; THENCE NORTH 01°42'17" EAST, FOR A DISTANCE OF 39.14 FEET; THENCE SOUTH 87°57'02" EAST, FOR A DISTANCE OF 47.44 FEET; THENCE SOUTH 02°02'58" WEST, FOR A DISTANCE OF 7.12 FEET; THENCE SOUTH 87°18'04" EAST, FOR A DISTANCE OF 13.37 FEET; THENCE NORTH 02°05'56" EAST, FOR A DISTANCE OF 93.90 FEET TO THE TRUE POINT OF BEGINNING.

APN: 008760-000 AND 008760-001 AND 011251-000 AND 011252-000 AND 011277-000 AND
011277-003 AND 986028-420 AND 986028-421.

EXHIBIT B

COMMENCEMENT DATE AGREEMENT

_____, 20__

Re: Lease Agreement (“**Lease**”), dated _____, between PMB _____ LLC, a _____ limited liability company (“**Landlord**”), and PeaceHealth Southwest, LLC, a Washington limited liability company (“**Tenant**”). Capitalized terms used herein but not defined shall be given the meanings assigned to them in the Lease.

Ladies and Gentlemen:

Landlord and Tenant agree as follows:

1. **Condition of Premises.** Tenant has accepted possession of the Premises pursuant to the Lease; provided nothing herein shall be deemed to limit Tenant’s rights or remedies under the Lease or the Development Agreement (the “**Development Agreement**”) between Landlord and Tenant, dated _____, as a result of any defects or deficiencies therein. To Tenant’s actual knowledge, without additional investigation or inquiry, any improvements required by the terms of the Lease and the Development Agreement to be made by Landlord have been completed, except for the punchlist and other items described on **Exhibit A** hereto (the “Punchlist Items”).
2. **Commencement Date.** The Commencement Date of the Lease is _____, 20__.
3. **Expiration Date.** The Initial Term is scheduled to expire on the last day of the 180th full calendar month of the Initial Term, which date is _____, ____.
4. **Adjusted Project Costs.** The total amount of the Adjusted Project Costs is \$ _____.
5. **Initial Monthly Rent.** The initial Monthly Rent is \$ _____. The prorated amount of the first installment of the initial Monthly Rent is \$ _____ and shall be due, together with the second installment of the initial Monthly Rent, on _____, 20__.
6. **Rent Adjustment Date.** The first Rent Adjustment Date is _____, 20__.
7. **Ratification.** Tenant and Landlord hereby ratify and confirm its obligations under the Lease.
8. **Binding Effect; Governing Law.** Except as modified hereby, the Lease shall remain in full effect and this letter shall be binding upon Landlord and Tenant and their respective successors and assigns. If any inconsistency exists or arises between the terms of this letter and the terms of the Lease, the terms of this letter shall prevail. This letter shall be governed by the laws of the state in which the Premises are located.

(signatures on following page)

Please indicate your agreement to the above matters by signing this letter in the space indicated below and returning an executed original to us.

Sincerely,

By: _____

Printed: _____

Title: _____

ACKNOWLEDGED AND AGREED TO:

By: _____

Printed: _____

Title: _____

EXHIBIT C

GUARANTY

(please see attached)

EXHIBIT D

MEMORANDUM OF LEASE

(please see attached)

RECORDING REQUESTED BY AND
WHEN RECORDED, MAIL TO:

329 South Highway 101, Suite 160
Solana Beach, CA 92075
Attn: Rebecca Gemmel

SPACE DIRECTLY ABOVE RESERVED FOR RECORDER'S USE

MEMORANDUM OF LEASE AGREEMENT

THIS MEMORANDUM OF LEASE AGREEMENT (this "**Memorandum**") is made and entered into the ___ day of _____, 202__, by and between PMB _____ LLC, a _____ limited liability company ("**Landlord**"), and PEACEHEALTH SOUTHWEST, LLC, a Washington limited liability company ("**Tenant**"), with reference to the following facts:

A. Landlord and Tenant entered into that Lease Agreement dated as of the date hereof ("**Lease**"), whereby Landlord leased to Tenant and Tenant leased from Landlord certain land and a to-be-constructed specialty hospital located in Vancouver, Clark County, Washington, and more particularly described on **Exhibit 1** attached hereto and incorporated herein by this reference ("**Property**").

B. This Memorandum of Lease is being executed and recorded to evidence the Lease and shall not be construed to limit, amend or modify the provisions of the Lease in any respect

NOW, THEREFORE, the parties hereto hereby agree as follows:

1. **Lease of the Property.** Landlord hereby leases the Property to Tenant, and Tenant hereby leases the Property from Landlord, all subject to and on terms and conditions more fully set forth in the Lease. The Lease is incorporated herein by this reference.

2. **Initial Term; Extensions.** The initial term of the Lease is for a period of time commencing on the Commencement Date set forth in the Lease, and expiring at 11:59 pm (_____ time) on the last day of the _____ full calendar month after the Commencement Date. Thereafter, Tenant has _____ options to extend the initial Term of the Lease for a period of _____ years each.

3. **Right of First Opportunity.** Landlord granted to Tenant a right of first opportunity to purchase Landlord's interest in the Property on terms specified in Section 22 of the Lease.

4. **Right of First Refusal.** Landlord granted to Tenant a right of first refusal to purchase Landlord's interest in the Property on terms specified in Section 23 of the Lease.

5. **Purchase Option.** Tenant has a right to purchase Landlord's interest in the Property on terms specified in Section 24 of the Lease.

6. Transfer Restriction. During the Term of the Lease and subject to the terms specified in Section 25 of the Lease, Landlord shall not sell, transfer, or convey its interest in the Property to a Disqualified Person.

7. Conflicts. In the event of any conflict between this Memorandum and the Lease, the provisions of the Lease shall control.

8. Capitalized Terms. Capitalized terms not defined herein shall have the meaning ascribed to them in the Lease.

(signatures on the following pages)

IN WITNESS WHEREOF, Landlord and Tenant have caused this Memorandum to be executed as of the Effective Date.

LANDLORD:

PMB _____ LLC

By: PMB LLC,
its Manager

By: _____

Printed: _____

Title: _____

STATE OF _____)

COUNTY OF _____)

This instrument was acknowledged before me on _____, 202__ by _____ as _____ of PMB _____, LLC, a _____ limited liability company.

Notary Public

Printed

(Seal, if any)

My commission expires: _____

TENANT:

PEACEHEALTH SOUTHWEST, LLC

By: _____

Printed: _____

Title: _____

STATE OF _____)

COUNTY OF _____)

This instrument was acknowledged before me on _____, 202__ by _____ as _____ of PeaceHealth Southwest, LLC, a Washington limited liability company.

Notary Public

Printed

(Seal, if any)

My commission expires: _____

EXHIBIT 1

DESCRIPTION OF PREMISES

PARCEL I:

BEGINNING AT THE SOUTHEAST CORNER OF LOT 2, BLOCK 2 OF "GROVES ADDITION" ACCORDING TO THE PLAT THEREOF RECORDED UNDER BOOK "C" OF PLATS AT PAGE 13, RECORDS OF CLARK COUNTY, WASHINGTON; THENCE SOUTH 87°50'02" EAST, ALONG THE NORTHERLY RIGHT-OF-WAY LINE OF E. 33RD ST. FOR A DISTANCE OF 228.47 FEET TO THE TRUE POINT OF BEGINNING; THENCE NORTH 02°09'58" EAST, FOR A DISTANCE OF 101.22 FEET; THENCE SOUTH 87°46'28" EAST, FOR A DISTANCE OF 254.75 FEET; THENCE ALONG THE ARC OF A 29.00 FOOT RADIUS TANGENT CURVE TO THE LEFT, THE LONG CHORD OF WHICH BEARS NORTH 47°09' 11" EAST, FOR A CHORD DISTANCE OF 41.06 FEET THROUGH A CENTRAL ANGLE OF 90°08'42" FOR AN ARC DISTANCE OF 45.63 FEET; THENCE NORTH 02°04'50" EAST, FOR A DISTANCE OF 48.04 FEET; THENCE SOUTH 87°52'24" EAST, FOR A DISTANCE OF 30.67 FEET; THENCE NORTH 02°08'32" EAST, FOR A DISTANCE OF 79.22 FEET; THENCE NORTH 87°36'49" WEST, FOR A DISTANCE OF 35.05 FEET; THENCE NORTH 02°09'47" EAST, FOR A DISTANCE OF 91.95 FEET; THENCE ALONG THE ARC OF A 9.00 FOOT RADIUS TANGENT CURVE TO THE LEFT, THE LONG CHORD OF WHICH BEARS NORTH 42°46'01" WEST, FOR A CHORD DISTANCE OF 12.71 FEET THROUGH A CENTRAL ANGLE OF 89°51'35" FOR AN ARC DISTANCE OF 14.12 FEET; THENCE NORTH 87°41'48" WEST, FOR A DISTANCE OF 184.27 FEET; THENCE SOUTH 01°56'25" WEST, FOR A DISTANCE OF 66.48 FEET; THENCE NORTH 88°50'00" WEST, FOR A DISTANCE OF 8.53 FEET; THENCE SOUTH 47°11'08" WEST, FOR A DISTANCE OF 15.20 FEET; THENCE NORTH 02°05'56" EAST, FOR A DISTANCE OF 5.85 FEET; THENCE NORTH 24°42'37" WEST, FOR A DISTANCE OF 40.61 FEET; THENCE NORTH 80°29'18" WEST, FOR A DISTANCE OF 193.74 FEET; THENCE NORTH 32°16'53" WEST, FOR A DISTANCE OF 31.90 FEET TO THE SOUTH LINE OF A 15.00 FOOT ALLEY AS SHOWN ON THE PLAT OF "CHUMASERO HEIGHTS" ACCORDING TO THE PLAT THEREOF RECORDED UNDER BOOK "D" OF PLAT AT PAGE 51 RECORDS OF CLARK COUNTY, WASHINGTON; THENCE SOUTH 87°46'31" EAST, ALONG SAID SOUTH LINE FOR A DISTANCE OF 343.53 FEET; THENCE NORTH 02°06'08" EAST, FOR A DISTANCE OF 15.00 FEET; THENCE SOUTH 87°46'31" EAST, FOR A DISTANCE OF 30.00 FEET; THENCE NORTH 02°06'08" EAST, FOR A DISTANCE OF 99.98 FEET TO THE SOUTHERLY RIGHT-OF-WAY LINE OF E. 35TH ST.; THENCE SOUTH 87°46'31" EAST, ALONG THE SOUTHERLY RIGHT-OF-WAY LINE OF E. 35TH ST. FOR A DISTANCE OF 197.82 FEET TO THE WESTERLY RIGHT-OF-WAY LINE OF MAIN ST.; THENCE SOUTH 12°19'34" WEST, ALONG THE WESTERLY RIGHT-OF-WAY LINE OF MAIN ST. FOR A DISTANCE OF 192.22 FEET; THENCE NORTH 77°20'07" WEST, ALONG SAID WESTERLY RIGHT-OF-WAY LINE FOR A DISTANCE OF 10.69 FEET; THENCE SOUTH 12°39'53" WEST, ALONG SAID WESTERLY RIGHT-OF-WAY LINE FOR A DISTANCE OF 90.62 FEET; THENCE NORTH 87°43'54" WEST, ALONG SAID WESTERLY RIGHT-OF-WAY LINE FOR A DISTANCE OF 5.08 FEET; THENCE SOUTH 12°39'53" WEST, ALONG SAID WESTERLY RIGHT-OF-WAY LINE FOR A DISTANCE OF 9.99 FEET; THENCE SOUTH 77°20'07" EAST, ALONG SAID WESTERLY RIGHT-OF-WAY LINE FOR A DISTANCE OF 5.00 FEET; THENCE SOUTH 12°39'53" WEST, ALONG SAID WESTERLY RIGHT-OF-WAY LINE FOR A DISTANCE OF 49.13 FEET; THENCE SOUTH 77°20'07" EAST, ALONG SAID WESTERLY RIGHT-OF-WAY LINE FOR A DISTANCE OF 10.18 FEET; THENCE SOUTH 15°17'31" WEST, ALONG SAID WESTERLY RIGHT-OF-WAY LINE FOR A DISTANCE OF 132.00 FEET; THENCE SOUTH 53°44'16" WEST, FOR ALONG SAID WESTERLY RIGHT-OF-WAY LINE FOR A DISTANCE OF 37.30 FEET TO THE NORTHERLY RIGHT-OF-WAY LINE OF E 33RD ST.; THENCE NORTH 87°50'02" WEST, ALONG THE NORTHERLY RIGHT-OF-WAY LINE OF E 33RD ST. FOR A DISTANCE OF 288.64 FEET TO THE TRUE POINT OF BEGINNING.

PARCEL II:

THAT PARCEL OF LAND LOCATED IN A PORTION OF THE NORTHEAST QUARTER OF SECTION 22, TOWNSHIP 2 NORTH, RANGE 1 EAST, WILLAMETTE MERIDIAN, CLARK COUNTY, WASHINGTON, DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHEAST CORNER OF LOT 2, BLOCK 2 OF "GROVES ADDITION" ACCORDING TO THE PLAT THEREOF RECORDED UNDER BOOK "C" OF PLATS AT PAGE 13, RECORDS OF CLARK COUNTY, WASHINGTON; THENCE SOUTH 87°50'02" EAST, ALONG THE NORTHERLY RIGHT-OF-WAY LINE OF E. 33RD ST. FOR A DISTANCE OF 228.47 FEET; THENCE NORTH 02°09'58" EAST, FOR A DISTANCE OF 101.22 FEET; THENCE SOUTH 87°46'28" EAST, FOR A DISTANCE OF 78.50 FEET TO THE TRUE POINT OF BEGINNING; THENCE CONTINUING SOUTH 87°46'28" EAST, FOR A DISTANCE OF 176.25 FEET; THENCE ALONG THE ARC OF A 29.00 FOOT RADIUS TANGENT CURVE TO THE LEFT, THE LONG CHORD OF WHICH BEARS NORTH 47°09'11" EAST, FOR A CHORD DISTANCE OF 41.06 FEET THROUGH A CENTRAL ANGLE OF 90°08'42" FOR AN ARC DISTANCE OF 45.63 FEET; THENCE NORTH 02°04'50" EAST, FOR A DISTANCE OF 48.04 FEET; THENCE SOUTH 87°52'24" EAST, FOR A DISTANCE OF 30.67 FEET; THENCE NORTH 02°08'32" EAST, FOR A DISTANCE OF 79.22 FEET; THENCE NORTH 87°36'49" WEST, FOR A DISTANCE OF 35.05 FEET; THENCE NORTH 02°09'47" EAST, FOR A DISTANCE OF 91.95 FEET; THENCE ALONG THE ARC OF A 9.00 FOOT RADIUS TANGENT CURVE TO THE LEFT, THE LONG CHORD OF WHICH BEARS NORTH 42°46'01" WEST, FOR A CHORD DISTANCE OF 12.71 FEET THROUGH A CENTRAL ANGLE OF 89°51'35" FOR AN ARC DISTANCE OF 14.12 FEET; THENCE NORTH 87°41'48" WEST, FOR A DISTANCE OF 184.27 FEET; THENCE SOUTH 01°56'25" WEST, FOR A DISTANCE OF 66.48 FEET; THENCE NORTH 88°50'00" WEST, FOR A DISTANCE OF 8.53 FEET; THENCE SOUTH 47°11 '08" WEST, FOR A DISTANCE OF 15.20 FEET; THENCE SOUTH 02°05'56" WEST, FOR A DISTANCE OF 96.06 FEET; THENCE SOUTH 87°50'26" EAST, FOR A DISTANCE OF 7.13 FEET; THENCE SOUTH 01°36'01" WEST, FOR A DISTANCE OF 14.95 FEET; THENCE SOUTH 86°59'23" EAST, FOR A DISTANCE OF 4.08 FEET; THENCE SOUTH 02°09'54" WEST, FOR A DISTANCE OF 69.22 FEET TO THE TRUE POINT OF BEGINNING

PARCEL III:

BEGINNING AT THE SOUTHEAST CORNER OF LOT 2, BLOCK 2 OF "GROVES ADDITION" ACCORDING TO THE PLAT THEREOF RECORDED UNDER BOOK "C" OF PLATS AT PAGE 13, RECORDS OF CLARK COUNTY, WASHINGTON; THENCE NORTH 02°08'49" EAST, ALONG THE EAST LINE AND THE NORTHERLY EXTENSION THEREOF OF SAID LOT 2 FOR A DISTANCE OF 105.88 FEET TO THE NORTHERLY LINE OF A 5.88 FOOT ALLEY AS SHOWN ON SAID "GROVES ADDITION"; THENCE NORTH 87°50'02" WEST, ALONG THE NORTH LINE OF SAID ALLEY FOR A DISTANCE OF 249.96 FEET TO THE EASTERLY RIGHT-OF-WAY LINE OF W. WASHINGTON ST.; THENCE NORTH 02° 12'57" EAST, ALONG SAID RIGHT-OF-WAY LINE FOR A DISTANCE OF 269.03 FEET TO THE SOUTH LINE OF A 15.00 FOOT ALLEY AS SHOWN ON THE PLAT OF "CHUMASERO HEIGHTS" ACCORDING TO THE PLAT THEREOF RECORDED UNDER BOOK "D" OF PLATS AT PAGE 51, RECORDS OF CLARK COUNTY, WASHINGTON; THENCE SOUTH 87°46'31" EAST, ALONG THE SOUTH LINE OF SECOND MENTIONED ALLEY FOR A DISTANCE OF 316.70 FEET; THENCE SOUTH 32°16'53" EAST, FOR A DISTANCE OF 31.90 FEET; THENCE SOUTH 80°29'18" EAST, FOR A DISTANCE OF 193.74 FEET; THENCE SOUTH 24°42'37" EAST, FOR A DISTANCE OF 40.61 FEET; THENCE SOUTH 02°05'56" WEST, FOR A DISTANCE OF 8.01 FEET; THENCE NORTH 87°51'45" WEST, FOR A DISTANCE OF 42.86 FEET; THENCE NORTH 02° 10'39" EAST, FOR A DISTANCE OF 33.97 FEET; THENCE NORTH 87°49'21" WEST, FOR A DISTANCE OF 221.21 FEET; THENCE SOUTH 02° 11 '46" WEST, FOR A DISTANCE

OF 128.67 FEET; THENCE SOUTH 87°46'52" EAST, FOR A DISTANCE OF 93.10 FEET; THENCE SOUTH 01°57'06" WEST, FOR A DISTANCE OF 31.10 FEET; THENCE SOUTH 87°50'55" EAST, FOR A DISTANCE OF 34.59 FEET; THENCE SOUTH 02°08'01" WEST, FOR A DISTANCE OF 28.66 FEET; THENCE SOUTH 87°46'35" EAST, FOR A DISTANCE OF 39.59 FEET; THENCE NORTH 02° 14'41" EAST, FOR A DISTANCE OF 28.71 FEET; THENCE SOUTH 87°44'34" EAST, FOR A DISTANCE OF 36.29 FEET; THENCE NORTH 01°42'17" EAST, FOR A DISTANCE OF 39.14 FEET; THENCE SOUTH 87°57'02" EAST, FOR A DISTANCE OF 47.44 FEET; THENCE SOUTH 02°02'58" WEST, FOR A DISTANCE OF 7.12 FEET; THENCE SOUTH 87° 18'04" EAST, FOR A DISTANCE OF 13.37 FEET; THENCE SOUTH 87°50'26" EAST, FOR A DISTANCE OF 7.13 FEET; THENCE SOUTH 01 °36'01" WEST, FOR A DISTANCE OF 14.95 FEET; THENCE SOUTH 86°59'23" EAST, FOR A DISTANCE OF 4.08 FEET; THENCE SOUTH 02°09'54" WEST, FOR A DISTANCE OF 69.22 FEET; THENCE NORTH 87°46'28" WEST, FOR A DISTANCE OF 78.50 FEET; THENCE SOUTH 02°09'58" RIGHT-OF-WAY LINE OF E. WEST, FOR A DISTANCE OF 101.22 FEET TO THE NORTHERLY 33RD ST; THENCE NORTH 87°50,02" WEST, ALONG THE NORTHERLY RIGHT-OF-WAY LINE OF E. 33RD ST. FOR A DISTANCE OF 228.47 FEET TO THE TRUE POINT OF BEGINNING.

PARCEL IV:

THAT PARCEL OF LAND LOCATED IN A PORTION OF THE NORTHEAST QUARTER OF SECTION 22, TOWNSHIP 2 NORTH, RANGE 1 EAST, WILLAMETTE MERIDIAN, CLARK COUNTY, WASHINGTON, DESCRIBED AS FOLLOWS:

BEGINNING AT THE SOUTHEAST CORNER OF LOT 2, BLOCK 2 OF "GROVES ADDITION" ACCORDING TO THE PLAT THEREOF RECORDED UNDER BOOK "C" OF PLATS AT PAGE 13, RECORDS OF CLARK COUNTY, WASHINGTON; THENCE NORTH 02°08'49" EAST, ALONG THE EAST LINE AND THE NORTHERLY EXTENSION THEREOF OF SAID LOT 2 FOR A DISTANCE OF 105.88 FEET TO THE NORTHERLY LINE OF A 5.88 FOOT ALLEY AS SHOWN ON SAID "GROVES ADDITION"; THENCE NORTH 87°50'02" WEST, ALONG THE NORTH LINE OF SAID ALLEY FOR A DISTANCE OF 249.96 FEET TO THE EASTERLY RIGHT-OF-WAY LINE OF W. WASHINGTON ST.; THENCE NORTH 02°12'57" EAST, ALONG SAID RIGHT-OF-WAY LINE FOR A DISTANCE OF 269.03 FEET TO THE SOUTH LINE OF A 15.00 FOOT ALLEY AS SHOWN ON THE PLAT OF "CHUMASERO HEIGHTS" ACCORDING TO THE PLAT THEREOF RECORDED UNDER BOOK "D" OF PLATS AT PAGE 51, RECORDS OF CLARK COUNTY, WASHINGTON; THENCE SOUTH 87°46'31" EAST, ALONG THE SOUTH LINE OF SECOND MENTIONED ALLEY FOR A DISTANCE OF 316.70 FEET; THENCE SOUTH 32° 16'53" EAST, FOR A DISTANCE OF 31.90 FEET; THENCE SOUTH 80°29'18" EAST, FOR A DISTANCE OF 193.74 FEET; THENCE SOUTH 24°42'37" EAST, FOR A DISTANCE OF 40.61 FEET; THENCE SOUTH 02°05'56" WEST, FOR A DISTANCE OF 8.01 FEET TO THE TRUE POINT OF BEGINNING; THENCE NORTH 87°51'45" WEST, FOR A DISTANCE OF 42.86 FEET; THENCE NORTH 02°10'39" EAST, FOR A DISTANCE OF 33.97 FEET; THENCE NORTH 87°49'21" WEST, FOR A DISTANCE OF 221.21 FEET; THENCE SOUTH 02°11 '46" WEST, FOR A DISTANCE OF 128.67 FEET; THENCE SOUTH 87°46'52" EAST, FOR A DISTANCE OF 93.10 FEET; THENCE SOUTH 01°57'06" WEST, FOR A DISTANCE OF 31.10 FEET; THENCE SOUTH 87°50'55" EAST, FOR A DISTANCE OF 34.59 FEET; THENCE SOUTH 02°08'01" WEST, FOR A DISTANCE OF 28.66 FEET; THENCE SOUTH 87°46'35" EAST, FOR A DISTANCE OF 39.59 FEET; THENCE NORTH 02°14'41" EAST, FOR A DISTANCE OF 28.71 FEET; THENCE SOUTH 87°44'34" EAST, FOR A DISTANCE OF 36.29 FEET; THENCE NORTH 01°42'17" EAST, FOR A DISTANCE OF 39.14 FEET; THENCE SOUTH 87°57'02" EAST, FOR A DISTANCE OF 47.44 FEET; THENCE SOUTH 02°02'58" WEST, FOR A DISTANCE OF 7.12 FEET; THENCE SOUTH 87°18'04" EAST, FOR A DISTANCE OF 13.37 FEET; THENCE NORTH 02°05'56" EAST, FOR A DISTANCE OF 93.90 FEET TO THE TRUE POINT OF BEGINNING.

APN: 008760-000 AND 008760-001 AND 011251-000 AND 011252-000 AND 011277-000 AND
011277-003 AND 986028-420 AND 986028-421.

EXHIBIT E

FORM SUBORDINATION, NON-DISTURBANCE, AND ATTORNMENT AGREEMENT

(please see attached)

Prepared by/Return to:

Attn: _____

SUBORDINATION, NON-DISTURBANCE, AND ATTORNMEN T AGREEMENT

This SUBORDINATION, NON-DISTURBANCE, AND ATTORNMEN T AGREEMENT (“**Agreement**”), is entered into as of _____, 20__ (“**Effective Date**”) by and among _____, a(n) _____ (“**Tenant**”), _____, a(n) _____ (“**Landlord**”), and _____, a(n) _____ (“**Lender**”).

- F. Tenant is the holder of a leasehold estate in that real property more particularly described on **Exhibit A** (“**Property**”) under and pursuant to the provisions of that Lease Agreement dated as of the date hereof (as amended from time to time, the “**Lease**”), by and between Landlord and Tenant.

- G. The Property is or is to be encumbered by one or more mortgages, deeds of trust, deeds to secure debt, or similar security agreements (collectively, the “**Security Instrument**”) from Landlord, or its successor in interest.

- H. Tenant has agreed to subordinate the Lease to the Security Instrument and to the lien thereof and Lender has agreed to grant non disturbance to Tenant under the Lease on the terms and conditions hereinafter set forth.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which the parties hereby acknowledge, Lender, Landlord, and Tenant covenant and agree as follows:

- 1. **Subordination.** The Lease shall be subject and subordinate in all respects to the lien and terms of the Security Instrument, to any and all advances to be made thereunder, and to all renewals, modifications, consolidations, replacements, and extensions thereof.

2. Acknowledgements. Tenant acknowledges that except as expressly permitted by the Lease or this Agreement:

(a) Under the provisions of the Security Instrument, the Lease cannot be terminated by Landlord (either directly or by the exercise of any option which could lead to termination) without the prior written consent of Lender, or its successors and assigns.

(b) The interest of Landlord in the Lease has been assigned to Lender for the purposes specified in the Security Instrument.

(c) Lender, its successors and assigns, assume no duty, liability, or obligation whatever under the Lease or any extension or renewal thereof.

(d) Notwithstanding any provision in the Lease to the contrary, Tenant agrees that Landlord may disclose to Lender any financial or other information of Tenant disclosed to Landlord pursuant to or in connection with the Lease, provided that such disclosure shall be subject to Tenant's confidentiality requirements.

3. Right of Lender to Cure Defaults. If any default occurs under the Lease on the part of Landlord, which would give Tenant the right (or under which Tenant might claim the right) to cancel or terminate the Lease, prior to cancelling or terminating the Lease, Tenant shall notify Lender of Tenant's intent to cancel or terminate the Lease as a result of Landlord's default, and Lender shall have thirty (30) days from the date of such notice to cure any such default, or if such default is not reasonably capable of being cured in such period of time, Lender shall have the right within such time to commence remedying such default and shall diligently proceed to complete the same within sixty (60) days. If any such default is so cured, the Lease shall not be deemed to be in default, and Tenant's duties thereunder shall continue unabated. Nothing herein shall be deemed to be a duty on the part of Lender to cure any such default, but only a right on its behalf.

4. Attornment.

(a) If Lender succeeds to the interest of Landlord under such Lease, the Lease shall continue with the same force and effect as if Lender, as Landlord, and Tenant had entered into a Lease for a term equal to the then unexpired term of the Lease, containing the same terms, conditions, and covenants as those contained in the Lease, including, without limitation, any rights of renewal therein, and Tenant shall be bound to Lender under all of the provisions of the Lease for the remaining term thereof with the same force and effect as if Lender were the Landlord under the Lease, and Tenant hereby attorns and agrees to attorn to Lender as its landlord, such attornment to be effective and self-operative without the execution of any further instruments on the part of either of the parties hereto immediately upon the succession of Lender to the interest of Landlord under the Lease. Tenant shall be under no obligation to pay rent to Lender until Tenant receives written notice from Lender that an event of default under the Security Instrument has occurred, or that it has succeeded to the interest of Landlord under the Lease. Landlord and Tenant agree that, upon receiving such notice from Lender that includes a demand to pay rent directly to Lender, thereafter, Tenant shall pay all rents directly to Lender without any duty to inquire as to the validity of such notice or any duty to inquire as to whether a default actually exists under the Security Instrument. Landlord hereby irrevocably authorizes Tenant to make the foregoing payments to Lender upon such notice and demand and hereby releases and discharges Tenant from its obligations to make payments to Landlord under the Lease upon receipt of such notice and demand from Lender. Nothing contained herein shall in any manner limit or restrict the right of Lender to have a receiver appointed or to seek any other appropriate relief or remedy under the Security Instrument. The respective rights and obligations of Tenant and Lender upon such attornment and their relationship shall be as tenant and landlord respectively, for the remaining term of the Lease, including any renewal periods set forth in said Lease.

(b) Tenant agrees that it shall not, without the express consent of Lender, prepay any minimum base rental under the Lease to Landlord in excess of one (1) month's advance minimum base rental.

(c) If Lender succeeds to the interest of Landlord under the Lease, Lender agrees to be bound to Tenant under all of the terms, covenants, and conditions of the Lease and to perform the obligations of Landlord under the terms and conditions of the Lease; provided, however, Lender shall not be:

(i) liable for any act or omission of any prior landlord (including Landlord) except for any act or omission of the prior landlord (including Landlord) which remains continuing and uncured as of the date that Lender succeeds to the interest of Landlord.

(ii) subject to any offsets which Tenant might have against any prior landlord (including Landlord) except for any offset which was the result of an act or omission of the prior landlord (including Landlord) which remains continuing and uncured as of the date that Lender succeeded to the interest of Landlord.

(iii) bound by any prepayment of more than one (1) month's minimum base rental under the Lease to any prior landlord (including Landlord).

5. Tenant's Personal Property. It is expressly agreed among Lender, Landlord, and Tenant that in no event shall the Security Instrument cover or encumber any of Tenant's trade fixtures, equipment, furniture, and other personal property at any time placed in, on, or about the Property.

6. Notices. Whenever any notice, demand, or request is required or permitted hereunder, such notice, demand, or request shall be made in writing and shall be deemed to have been duly given and to be effective as provided in the notice section of the Lease, addressed as follows:

If to Lender: _____

Attn: _____

If to Landlord: _____

Attn: _____

If to Tenant: _____

Attn: _____

or such other address as any party may hereafter designate in writing to the other.

7. Binding Effect. This Agreement and all of the covenants, terms, conditions, and obligations herein contained are covenants running with the land and shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns and successors in title to the Property and successors in title to the Property.

8. Governing Law. The interpretation, validity, and enforcement of this Agreement shall be governed by and construed under the internal laws of the State or Commonwealth where the Property is located excluding any state law principles of conflict of laws.

9. Modifications. This Agreement can be modified only in writing duly executed by the parties.

10. Recording. The parties hereto agree that this Agreement may be recorded in the public records of the county where the Property is located.

11. Entire Agreement. This Agreement constitutes the entire agreement between Lender, Landlord, and Tenant regarding the subordination of the Lease to the Security Instrument and the rights and obligations of Lender, Landlord, and Tenant as to the subject matter of this Agreement.

12. Severability. If any provision of this Agreement is determined to be invalid, illegal, or unenforceable, such provision shall be considered severed from the rest of this Agreement and the remaining provisions shall continue in full force and effect as if such provision had not been included.

13. Counterparts. The parties agree this Agreement may be executed in multiple originals, each of which shall be considered an original for all purposes and, collectively, shall be considered to constitute this Agreement. The parties further agree signatures transmitted by facsimile or in Portable Document Format (pdf) may be considered an original for all purposes, including, without limitation, the execution and enforcement of this Agreement.

(signature pages to follow)

EXHIBIT F

FORM OF ESTOPPEL CERTIFICATE

(please see attached)

TENANT ESTOPPEL CERTIFICATE

Attn: _____

RE: Lease Agreement dated _____, 20__ (“**Lease**”) by and between _____,
a(n) _____ (“**Landlord**”), and _____, a(n)
_____ (“**Tenant**”), with respect to certain premises located at
_____.

The undersigned, as Tenant under the above-referenced Lease, hereby certifies to _____,
a(n) _____ (“**Beneficiary**”), that, as of the date hereof:

1. The copy of the Lease attached hereto and made a part hereof as **Exhibit 1** is a true, correct, and complete copy of the Lease, which Lease is in full force and effect and has not been modified or amended except as set forth in **Exhibit 1**.

2. As of the date hereof, the Monthly Rent (as defined in the Lease) due under the Lease is \$ _____. As of the date hereof, Monthly Rent has been paid through _____, 20__.

3. The current term of the Lease expires on _____, 20__.

4. To the Tenant’s actual knowledge, neither Landlord nor Tenant is in default under the Lease, and no circumstance exists which, with the giving of notice, the passage of time, or both, would constitute such a default.

5. That there are no actions, whether voluntary or otherwise, pending against Tenant under the bankruptcy laws of the United States or any state thereof.

Tenant acknowledges that Beneficiary will and shall be entitled to rely on the statements and agreements contained herein.

Dated: _____, 20__

TENANT:

By: _____
Name: _____
Title: _____

Facility Lease Guaranty

LEASE GUARANTY

THIS LEASE GUARANTY ("**Guaranty**") is entered into as of the ____ day of _____, 202__, by _____, a(n) _____ ("**Guarantor**"), in favor of _____, a(n) _____ ("**Beneficiary**").

RECITALS:

A. Beneficiary has agreed to lease real property described on **Exhibit 1** attached hereto and incorporated by reference herein and the improvements thereon to _____, a(n) _____ ("**Tenant**") under that Lease Agreement dated of even date herewith ("**Lease**").

B. Guarantor is an Affiliate of Tenant.

C. Beneficiary was only willing to enter into the Lease if Guarantor enters into this Guaranty.

D. Guarantor is willing to enter into this Guaranty because the execution of the Lease will directly benefit Guarantor.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Guarantor intending to be legally bound, agrees as follows:

Recitals and Defined Terms. The foregoing recitals are true and correct and are hereby incorporated by this reference. For purposes hereof, all capitalized terms not defined in this Guaranty but defined in the Lease shall have the meaning ascribed to them in the Lease.

Guaranty. Guarantor hereby unconditionally and irrevocably guarantees to the Beneficiary the prompt payment when and as due and payable, all rent and all other sums payable by Tenant under the Lease and the faithful and prompt performance when due of each and every one of the terms, conditions, covenants and obligations to be kept and performed by Tenant under the Lease (collectively, the "**Lease Obligations**") provided, however the maximum liability of Guarantor to Beneficiary under this Guaranty shall not exceed the amount equal to _____ (____%) of the total amount of the Lease Obligations.

Termination. This Guaranty shall terminate upon the earlier to occur of: (i) full payment of all Rent due under the Lease and the full performance of all of the terms, covenants and conditions set forth in the Lease to be kept, observed or performed by Tenant; or (ii) Tenant's EBITDARM for any Test Period being greater than an amount equal to ____ times the Monthly Rent payable over the applicable Test Period. As used herein, (a) "**EBITDARM**" shall mean earnings before interest, taxes, depreciation, amortization, rent, and management fees and shall be determined in accordance with GAAP for any Test Period; and (b) the term "**Test Period**" means with respect to any date, the _____ full calendar quarters immediately preceding the calendar quarter in which such date occurs. Such termination shall be automatic and the parties shall not be required to sign any document or notice to memorialize such termination. However, at any time after the termination of this Guaranty pursuant to this Section 3, Beneficiary shall, upon written request of Guarantor, provide Guarantor with a written release in form and substance satisfactory to Guarantor.

Release.

If Tenant assigns the Lease and is fully released from its obligations and liabilities under the Lease by written agreement from Beneficiary or by the express terms of the Lease, then Guarantor shall be fully released from its obligations and liabilities under this Guaranty. If Tenant assigns the Lease and is partially released from its obligations and liabilities under the Lease by written agreement from Beneficiary or by the express terms of the Lease (“**Released Obligations**”), Guarantor shall have no obligations or liabilities under this Guaranty with respect to the Released Obligations.

For purposes hereof: (i) an “Assumption Agreement” means a written agreement pursuant to which any person or entity assumes, in whole or in part, the obligations of Guarantor under this Guaranty for the benefit of Beneficiary; (ii) a “Qualified Replacement Guarantor” means any person or entity having a net worth in excess of Fifty Million and No/100 Dollars (\$50,000,000.00) at the time of execution of an Assumption Agreement or Substitute Guaranty (hereinafter defined); and (iii) a “Substitute Guaranty” means (A) an agreement, in substantially the form of this Guaranty, pursuant to which any person or entity guarantees, in whole or in part, the Lease Obligations for the benefit of Beneficiary, or (B) an agreement pursuant to which any person or entity agrees to assume the Guarantor’s obligations under this Guaranty. If a Qualified Replacement Guarantor executes an Assumption Agreement or Substitute Guaranty covering all of Guarantor’s obligations under this Guaranty (including, without limitation, in either such case, all accrued and future obligations), then Guarantor shall be released from its obligations and liabilities under this Guaranty. If a Qualified Replacement Guarantor executes an Assumption Agreement under which it partially assumes Guarantor’s obligations under this Guaranty or a Substitute Guaranty partially covering Guarantor’s obligations under this Guaranty, then Guarantor shall be released from its obligations and liabilities under this Guaranty, to the extent, but only to the extent, the same are assumed by such Qualified Replacement Guarantor or covered by such Substitute Guaranty. Any release of the Guarantor pursuant to this paragraph shall only be effective upon the delivery of an original of the applicable Assumption Agreement or Substitute Guaranty to Beneficiary together with a current balance sheet and monthly income statement evidencing the assignee constitutes a Qualified Replacement Guarantor.

Financial Reporting. Within thirty (30) days of Guarantor’s receipt of a written request from Beneficiary (which request may be made no more than once during any 12-month period while this Guaranty remains in effect), Guarantor shall furnish Beneficiary with a current balance sheet and monthly income statement for Guarantor.

No Impairment. To the extent permitted by applicable law and except as expressly set forth herein, Guarantor waives and relinquishes all rights and defenses of a guarantor or surety, now existing or hereafter arising, known or unknown, including, without limitation, (a) notice of acceptance of this Guaranty, (b) demand of payment, presentation and protest, (c) the benefit of any statute of limitations affecting the liability of Guarantor under this Guaranty or the enforcement of this Guaranty. Without limiting the generality of the foregoing, Guarantor’s liability under this Guaranty shall not be affected, diminished, limited or impaired by any of the following, whether with or without Guarantor’s knowledge or consent: (i) Beneficiary’s assertion or failure to assert against Tenant any of the rights or remedies reserved to Beneficiary under the Lease, at law or in equity; (ii) the extension of the time for payment of any rent or other sums owed by Tenant under the Lease; (iii) the extension of the time for performance of any of Tenant’s obligations under the Lease; (iv) any indulgence, forbearance or delay in enforcing Tenant’s obligations under the Lease; (v) any assignment of Beneficiary’s or Tenant’s interest in the Lease or any subletting of the Premises (or portion thereof); (viii) Beneficiary’s failure to file suit against Tenant (regardless of whether Tenant is becoming insolvent, is about to leave the state or any other circumstance); (ix) Beneficiary’s failure to give Guarantor notice of any default by Tenant under the Lease; (x) the availability of any defense that Tenant has to the validity or enforceability of any of the provisions of the Lease or any claims arising under the Lease, including, without limitation, defenses available to Tenant

under any laws relating to the insolvency, bankruptcy or relief for debtors (including, without limitation, the Bankruptcy Code, as amended); (xi) the termination of any relationship between Guarantor and Tenant; (xii) the merger, consolidation, cessation of business, dissolution or liquidation of Tenant; (xiii) Tenant's change of name or use of any name other than the name used to identify Tenant in this Guaranty; (xiv) the financial decline or bankruptcy of Tenant; (xv) any stay, extension, discharge or other relief that may be granted to Tenant by any court in proceedings under the Bankruptcy Code, or any amendments thereof, or under any other law, (xvi) Beneficiary's compromise or settlement, with or without release, of any other party; (xvii) the unenforceability of any liability, obligation or covenant against Tenant for any reason; or (xviii) any right of subrogation that Guarantor may have against Tenant. Until all Tenant's obligations under the Lease are fully performed, Guarantor (y) will have no right of subrogation against Tenant by reason of any payments or acts of performance by Guarantor under this Guaranty and (z) subordinates any liability or indebtedness of Tenant now or hereafter held by Guarantor to Tenant's obligations under, arising out of, or related to the Lease or Tenant's use or occupancy of the Premises.

Bankruptcy & Insolvency.

The liability of Guarantor under this Guaranty shall not be affected, delayed, limited or impaired, in whole or in part, by reason of the termination of the Lease, any extension of the Lease or any discharge of Tenant (or any of its liabilities or obligations) that are granted or ordered in any proceeding under the Bankruptcy Code, as amended, or other applicable laws.

If any amount applied by Beneficiary to the obligations of Tenant or Guarantor is subsequently challenged by a bankruptcy trustee or debtor-in-possession as an avoidable transfer on the grounds that the payment constituted a preferential payment or a fraudulent conveyance under any laws relating to the insolvency, bankruptcy or relief for debtors (including, without limitation, the Bankruptcy Code, as amended) or on other grounds, then any amounts that Beneficiary is required to repay shall become part of the obligations guaranteed by Guarantor. Beneficiary shall not be required to contest any such challenge.

Recovery. Beneficiary may proceed against any security, Guarantor, and/or any person or entity liable for satisfying such obligations and liabilities in such order as Beneficiary may elect. Guarantor shall not be entitled to require that Beneficiary marshal assets, and the benefit of any rule of law or equity to the contrary is hereby expressly waived by Guarantor. Beneficiary shall have the right, without affecting Guarantor's obligations under this Guaranty, to exercise rights of setoff against any asset and to collect any indebtedness of Tenant to Beneficiary not covered by this Guaranty. Any sums that Beneficiary receives from Tenant, whether by voluntary payment, offset or collection efforts, may be applied by Beneficiary to the obligations of Tenant under the Lease in such order as Beneficiary sees fit; provided, any amounts applied against the obligations covered by this Guaranty shall equally reduce the obligations of Guarantor under this Guaranty.

Successors and Assigns. The Guaranty shall be binding upon and inure to the benefit of the Guarantor, Beneficiary and their respective successors and assigns. Beneficiary shall have the right to assign and transfer this Guaranty to any assignee of the Lease (including, without limitation, assignments for collateral purposes). Beneficiary's successors and assigns shall have the rights, elections, remedies, privileges, discretions and powers granted under this Guaranty to Beneficiary and the right to rely upon this Guaranty in the same manner and with the same force and effect as if they were specifically named as the Beneficiary herein.

Entire Agreement/Amendment. This Guaranty constitutes the entire agreement and understanding of Guarantor and Beneficiary with respect to the subject matter hereof and supersedes all prior agreements,

understandings, letters, negotiations and discussions, whether oral or written. This Guaranty may be amended only by a written instrument executed by Guarantor and Beneficiary.

Severability. In the event any provision of this Guaranty shall be prohibited by or invalidated under applicable laws, the remaining provisions of this Guaranty shall remain fully effective.

No Waiver. No waiver of any provision of this Guaranty shall be deemed to have been made unless expressed in writing and signed by the party charged therewith. The failure of Beneficiary to insist in any one or more instances upon the strict performance of any of the provisions of this Guaranty or to take advantage of any of its rights under this Guaranty shall not be construed as a waiver of any such provisions or the relinquishment of any such rights, rather the same shall continue and remain in full force and effect. No delay or omission in the exercise of any remedy accruing upon the breach of this Guaranty shall impair such remedy or be construed as a waiver of such breach. The waiver by Beneficiary of any breach of this Guaranty shall not be deemed a waiver of any other breach of the same or any other provision hereof.

Construction. Whenever the context may require, any pronoun used in this Guaranty shall include the masculine, feminine and neuter forms. All references to articles, sections and paragraphs shall be deemed references to the articles, sections and paragraphs of this Guaranty, unless the context shall indicate otherwise. The terms "hereof", "hereunder" and similar expressions refer to this Guaranty as a whole and not to any particular article, section or paragraph contained herein. The titles of the articles, sections and paragraphs of this Guaranty are for convenience only and shall not affect the meaning of any provision hereof. Guarantor and Beneficiary have agreed to the particular language of this Guaranty, and any question regarding the meaning of this Guaranty shall not be resolved by a rule providing for interpretation against the party who caused the uncertainty to exist or against the draftsman. FOR PURPOSES OF THIS AGREEMENT, TIME SHALL BE CONSIDERED OF THE ESSENCE.

Attorneys' Fees. In the event any legal proceeding is commenced related to this Guaranty, the prevailing party in such proceeding shall be entitled to recover its reasonable attorneys' fees, court costs and litigation expenses from the non-prevailing party therein.

Governing Law. This Guaranty shall be governed by the laws of the State of _____.

Enforcement. Guarantor acknowledges that Beneficiary has made no oral statements to Guarantor that could be construed as a waiver of Beneficiary's right to enforce this Guaranty by all available legal means.

Notices. All notices and other communications hereunder shall be in writing and shall be deemed to have been duly given if personally delivered, by certified mail, return receipt requested or sent by a nationally recognized overnight courier to the parties at the following addresses:

If to Beneficiary: _____
329 South Highway 101, Suite 160
Solana Beach, CA 92075
Attn: Rebecca Gemmel

If to Guarantor: _____

Attn: _____

with a required copy to: _____

Attn: _____

Or to any such address as any party hereto shall designate to the other parties in writing.

(signatures on following pages)

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

By: _____

Name: _____

Title: _____

EXHIBIT 1

DESCRIPTION OF PROPERTY

See Exhibit A of Ground Lease

Exhibit 13
Clark County Assessor Documentation of Site Ownership

PROPERTY INFORMATION CENTER

Account Summary

Property Identification Number: 11251000 [MapsOnline](#)  [Fact Sheet](#) 


Property Type: Real

Property Status: Active

Site Address: 3400 MAIN ST, VANCOUVER, WA 98663 ([Situs Addresses](#))

Abbreviated Description: #43 #92 WM HOLSTEIN PRE EMP CL 1.27A

Tax Status: Regular

Property Owner PEACEHEALTH	Owner Mailing Address ATTN: LAURIE DOUGHER 1115 SE 164TH AVE STE 332 VANCOUVER WA , 98683 US	Property Site Address 3400 MAIN ST, VANCOUVER, WA 98663 Google Maps Street View
Administrative Data Info...	Electoral Data	Assessment Data Info...
Jurisdiction Vancouver	Board of County Councilors District 1	2023 Values for 2024 Taxes
Land Use Planning	Camas Council Ward n/a	Market Value as of January 1, 2023
Comprehensive Plan Designation PF	CPU Commissioner District 3	Land Value \$996,100.00
Comprehensive Plan Overlay(s) none	Election Precinct 101	Building Value \$18,819,800.00
Urban Growth Area Vancouver	Legislative District 49	Total Property \$19,815,900.00
Zoning Designation - Codes Higher Density Residential (R-22)	Library District Fort Vancouver Regional Library	Taxable Value Info...
Zoning Overlay(s) Office Development Overlay 20.525 Transit Overlay Tier Two 20.550	Port District Vancouver Port District 2	Total \$19,815,900.00
Miscellaneous	School District Board Director District No Director Districts	2022 Values for 2023 Taxes
Census Tract 419.00	Sewer Board District Vancouver	Market Value as of January 1, 2022
Drainage District n/a	State Weed Board District 1	Land Value \$730,400.00
Neighborhood Lincoln	Land Data	Building Value \$17,398,920.00
Park District A	Approximate Area Info... 55,321 sq. ft. 1.27 acres	Total Property \$18,129,320.00
Public Safety	Clark County Road Atlas  Page 8	Taxable Value Info...
Burning Allowed No	DOR Land Use Code Info... 65	Total \$0.00
EMS Response Area AMR	Section-Township-Range NE 1/4,S22,T2N,R1E	General
Fire District Vancouver	Subdivision PDF GROVES ADDITION	Assessor Neighborhood 9660
Increased Wildfire Danger Area No	Survey 038079 057170	Re-valuation Cycle 2
Police Jurisdiction VPD West District 1	Sales History	Notice of Value n/a
Schools	Date of Sale 05/16/2024	Property assessment value is valid as of the date printed on the linked notice of value. The notice of value will not reflect any updates to property value that occurred after the notice mail date. Please contact the Assessor's office if you have a question about your assessed value.
	Document Type D-QCD	
	Document Number	
	Excise Number 893797	
	Sale Amount \$625,000.00	

School District Name	Vancouver	Date of Sale	12/19/2012
Elementary School Attendance Area	Lincoln	Document Type	D-SWD
Middle School Attendance Area	Discovery	Document Number	4941070
High School Attendance Area	Hudsons Bay	Excise Number	689031
Transportation		Sale Amount	\$0.00
C-TRAN Public Transportation Benefit Area	Yes	Date of Sale	10/08/2008
Traffic Impact Fee (TIF) District	Columbia	Document Type	DEED
Transportation Analysis Zone	1541	Document Number	
Utilities		Excise Number	630788
CPU Lighting Utility District	n/a	Sale Amount	\$0.00
Last Street Sweeping	n/a	Date of Sale	09/25/2007
Sewer District	Vancouver	Document Type	D-QCD
Waste Collection Provider	n/a	Document Number	
Waste Collection Day	No Data	Excise Number	625699
Water District	Vancouver	Sale Amount	\$0.00
	The water service provider may be different from the indicated water district. Please contact the parcel's jurisdiction if you need to know the water service provider.	Date of Sale	09/11/2007
		Document Type	D-QCD
		Document Number	
		Excise Number	616805
		Sale Amount	\$0.00
		Date of Sale	09/07/2007
		Document Type	D-QCD
		Document Number	
		Excise Number	615965
		Sale Amount	\$0.00
		Date of Sale	07/16/1996
		Document Type	D-QCD
		Document Number	
		Excise Number	400052
		Sale Amount	\$0.00
		Date of Sale	01/01/1900
		Document Type	D-QCD
		Document Number	
		Excise Number	0
		Sale Amount	\$0.00
		Date of Sale	01/01/1900
		Document Type	D-QCD
		Document Number	
		Excise Number	689029

Sale Amount	\$0.00
<hr/>	
Date of Sale	01/01/1900
Document Type	D-CORR
Document Number	
Excise Number	658196
Sale Amount	\$0.00
<hr/>	
Date of Sale	01/01/1900
Document Type	D-QCD
Document Number	
Excise Number	0
Sale Amount	\$0.00
<hr/>	

If you have questions concerning the data on this page, please contact the Clark County Assessor’s Office. Main Phone: (564) 397-2391, Email: assessor@clark.wa.gov

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Exhibit 14
Contractor Estimate



August 6, 2024

To Whom it May Concern:

This letter provides a construction cost estimate for the above referenced project. By way of background, I am a VP of Development for PMB with prior experience in cost estimating, including the current NW Rehabilitations Hospital in Snohomish County, which will be ready for occupancy in the next month.

The PeaceHealth Southwest LLC CN application identifies the following construction related costs:

b. Utilities to Lot Line	\$350,000
c. Land Improvements	\$6,490,252
f. Building Construction	\$54,007,290
k. Site Preparation (includes demolition)	\$5,200,000
l. Supervision and Inspection of Site	\$3,548,277

Based on estimated supply chain and labor costs at the time of construction, I find these costs reasonable. Sales tax is excluded from the estimate.

Thank you for the opportunity to continue to support the development of this project. Please don't hesitate to reach out to me if you have any questions.

Thanks,

Nolan Weinberg
VP Development | PMB
(858) 922-8331 | nweinberg@pmbllc.com

**Exhibit 15
Equipment List**

Accessories, Furniture							
Control #	Item Name	Unit Price	Tot Price	Tot Qty	Room Qty	Ext. Price	Freight/Install
A-1	(A-1) Table Lamp	\$ 165.00	\$ 165.00	3		\$ 495.00	
A-3	(A-3) Marker Board	\$ 369.91	\$ 369.91	2		\$ 739.82	
A-4	(A-4) Combination Board	\$ 365.07	\$ 365.07	2		\$ 730.14	
A-5	(A-5) Visual Board	\$ 1,210.00	\$ 1,210.00	1		\$ 1,210.00	
A-6	(A-6) Outdoor Trash Can	\$ 1,870.00	\$ 1,870.00	4		\$ 7,480.00	
A-7	(A-7) Wall Clock	\$ 28.60	\$ 28.60	67		\$ 1,916.20	
A-8	(A-8) Planter Box	\$ 465.30	\$ 465.30	2		\$ 930.60	
A-9	(A-9) Signage Box	\$ 534.55	\$ 534.55	1		\$ 534.55	
A-10	(A-10) Wall Mounted Coat Rack	\$ 64.90	\$ 64.90	2		\$ 129.80	
A-12	(A-12) Board Room Data Box	\$ 660.00	\$ 660.00	1		\$ 660.00	
Subtotal						\$ 14,826.10	

Casegoods, Furniture							
Control #	Item Name	Unit Price	Tot Price	Tot Qty	Room Qty	Ext. Price	Freight/Install
CG-1L	(CG-1L) Bedside Cabinet-Left	\$ 599.50	\$ 599.50	27		\$ 16,186.50	
CG-1R	(CG-1R) Bedside Cabinet- Right	\$ 599.50	\$ 599.50	23		\$ 13,788.50	
CG-2	(CG-2) Short Cabinet	\$ 750.20	\$ 750.20	6		\$ 4,501.20	
CG-3	(CG-3) Bookcase	\$ 833.80	\$ 833.80	5		\$ 4,169.00	
CG-4	(CG-4) Twin Size Bed	\$ 726.00	\$ 726.00	2		\$ 1,452.00	
CG-5	(CG-5) Nightstand	\$ 656.70	\$ 656.70	1		\$ 656.70	
CG-6	(CG-6) Wardrobe	\$ 973.50	\$ 973.50	1		\$ 973.50	
CG-7	(CG-7) Credenza-Buffer	\$ 1,980.00	\$ 1,980.00	1		\$ 1,980.00	
CG-8	(CG-8) Full Size Bed	\$ 1,100.00	\$ 1,100.00	1		\$ 1,100.00	
CG-9	(CG-9) Metal Cabinet	\$ 1,320.00	\$ 1,320.00	1		\$ 1,320.00	
Subtotal						\$ 46,127.40	

Seating, Furniture							
Control #	Item Name	Unit Price	Tot Price	Tot Qty	Room Qty	Ext. Price	Freight/Install
CH-1	(CH-1) Vestibule Bench	\$ 1,415.70	\$ 1,415.70	1		\$ 1,415.70	
CH-2A	(CH-2A) Dining Chair, Armless	\$ 468.60	\$ 468.60	21		\$ 9,840.60	
CH-2B	(CH-2B) Dining Chair, Arms	\$ 468.60	\$ 468.60	17		\$ 7,966.20	
CH-4	(CH-4) Task Chair-Arms, Mesh	\$ 646.80	\$ 646.80	38		\$ 24,578.40	
CH-5A	(CH-5A) Lobby Club Chair A	\$ 1,708.30	\$ 1,708.30	4		\$ 6,833.20	
CH-5B	(CH-5B) Lobby Club Chair B	\$ 1,708.30	\$ 1,708.30	2		\$ 3,416.60	
CH-7	(CH-7) B.I. Patient Guest Chair	\$ 915.20	\$ 915.20	11		\$ 10,067.20	
CH-7B	(CH-7B) B.I. Patient Guest Chair,	\$ 1,097.80	\$ 1,097.80	1		\$ 1,097.80	
CH-8	Bariatric (CH-8) Patient Guest Chair	\$ 959.20	\$ 959.20	35		\$ 33,572.00	
CH-8B	(CH-8B) Patient Guest Chair, Bariatric	\$ 959.20	\$ 959.20	3		\$ 2,877.60	
CH-9L	(CH-9L) Recliner, Left	\$ 4,252.60	\$ 4,252.60	25		\$ 106,315.00	
CH-9R	(CH-9R) Recliner, Right	\$ 4,252.60	\$ 4,252.60	21		\$ 89,304.60	
CH-10L	(CH-10L) Recliner Bariatric, Left	\$ 3,476.00	\$ 3,476.00	2		\$ 6,952.00	
CH-10R	(CH-10R) Recliner Bariatric, Right	\$ 3,476.00	\$ 3,476.00	2		\$ 6,952.00	
CH-11	(CH-11) Task Chair-Armless,	\$ 716.10	\$ 716.10	22		\$ 15,754.20	
CH-14	(CH-14) Day Room Dining Chair	\$ 742.50	\$ 742.50	15		\$ 11,137.50	
CH-15A	(CH-15A) Day Room Club Chair	\$ 1,232.00	\$ 1,232.00	15		\$ 18,480.00	
CH-16S	(CH-16S) Task Stool-Armless,	\$ 643.50	\$ 643.50	2		\$ 1,287.00	
CH-19	(CH-19) Staff Lounge Chair	\$ 277.20	\$ 277.20	20		\$ 5,544.00	
CH-19S	(CH-19S) Staff Lounge Stool	\$ 358.60	\$ 358.60	6		\$ 2,151.60	
CH-21	(CH-21) General Stack Chair	\$ 466.40	\$ 466.40	5		\$ 2,332.00	
CH-21B	(CH-21B) Bariatric Stack Chair	\$ 643.50	\$ 643.50	1		\$ 643.50	
CH-22	(CH-22) Task Chair-Armless,	\$ 575.30	\$ 575.30	18		\$ 10,355.40	
CH-23	(CH-23) Office Guest Chair	\$ 764.50	\$ 764.50	14		\$ 10,703.00	
CH-25	(CH-25) Outdoor Bench	\$ 434.50	\$ 434.50	3		\$ 1,303.50	
CH-27	(CH-27) Conference Chair	\$ 743.05	\$ 743.05	10		\$ 7,430.50	
CH-29A	(CH-29A) B.I. Dining Chair, Arms	\$ 393.80	\$ 393.80	7		\$ 2,756.60	
CH-29B	(CH-29B) B.I. Dining Chair, Armless	\$ 393.80	\$ 393.80	6		\$ 2,362.80	
CH-32	(CH-32) Flip/Nest Chair	\$ 545.60	\$ 545.60	32		\$ 17,459.20	
CH-33	(CH-33) ADL & B.I. Club Chair	\$ 1,355.20	\$ 1,355.20	4		\$ 5,420.80	
CH-34	(CH-34) ADL & B.I. Loveseat	\$ 1,662.10	\$ 1,662.10	4		\$ 6,648.40	
CH-35	(CH-35) Dialysis Recliner	\$ 5,814.05	\$ 5,814.05	2		\$ 11,628.10	
Subtotal						\$ 444,587.00	

Desking, Furniture							
Control #	Item Name	Unit Price	Tot Price	Tot Qty	Room Qty	Ext. Price	Freight/Install
D-1	(D-1) Double Pedestal Desk	\$ 1,210.00	\$ 1,210.00	2		\$ 2,420.00	
D-2H	(D-2H) Hutch 72"	\$ 1,653.30	\$ 1,653.30	8		\$ 13,226.40	

D-3D	(D-3D) 3066 Desk, LH	\$ 1,097.80	\$ 1,097.80	6		\$ 6,586.80
D-4D	(D-4D) 3066 Desk, RH	\$ 1,097.80	\$ 1,097.80	3		\$ 3,293.40
D-5	(D-5) Pharmacy Desk	\$ 643.50	\$ 643.50	1		\$ 643.50
D-7R	(D-7R) 2442 Return, LH	\$ 1,095.60	\$ 1,095.60	3		\$ 3,286.80
D-8R	(D-8R) 2442 Return, RH	\$ 1,095.60	\$ 1,095.60	6		\$ 6,573.60
D-10	(D-10) Reception Station	\$ 2,178.00	\$ 2,178.00	1		\$ 2,178.00
Subtotal						\$ 38,208.50

Filing/Storage, Furniture						
Control #	Item Name	Unit Price	Tot Price	Tot Qty	Room Qty	Ext. Price
F-1A	(F-1A) Mobile Ped, BBF	\$ 539.00	\$ 539.00	45		\$ 24,255.00
F-2	(F-2) Lateral File - 2 Drawer	\$ 941.60	\$ 941.60	6		\$ 5,649.60
F-3	(F-3) Combo Storage	\$ 1,118.70	\$ 1,118.70	1		\$ 1,118.70
F-4	(F-4) Bookcase - 4 Shelves	\$ 688.60	\$ 688.60	1		\$ 688.60
Subtotal						\$ 31,711.90

Systems, Furniture						
Control #	Item Name	Unit Price	Tot Price	Tot Qty	Room Qty	Ext. Price
Tot Price						
Tot Qty						
Ext. Price						
Sales Tax						
S-1	(S-1) Track Mounted Workstation	\$ 3,404.50	\$ 3,404.50	5		\$ 17,022.50
S-3	(S-3) Frame & Tile Panel Systems	\$ 3,029.40	\$ 3,029.40	12		\$ 36,352.80
Subtotal						\$ 53,375.30

Tables, Furniture						
Control #	Item Name	Unit Price	Tot Price	Tot Qty	Room Qty	Ext. Price
T-1	(T-1) Dining Table 42x42x29	\$ 705.10	\$ 705.10	13		\$ 9,166.30
T-2	(T-2) End Table	\$ 572.00	\$ 572.00	11		\$ 6,292.00
T-3	(T-3) Dining Table 42x42x32	\$ 766.70	\$ 766.70	8		\$ 6,133.60
T-4	(T-4) Dining Table 18x72x42	\$ 862.40	\$ 862.40	2		\$ 1,724.80
T-5	(T-5) Speech Therapy H.A. Table	\$ 1,069.20	\$ 1,069.20	2		\$ 2,138.40
T-6	(T-6) Office Table 36" RD	\$ 1,084.88	\$ 1,084.88	1		\$ 1,084.88
T-7	(T-7) Outdoor Table & Chairs	\$ 1,447.60	\$ 1,447.60	3		\$ 4,342.80
T-8	(T-8) Board Room Table 48x144	\$ 2,283.60	\$ 2,283.60	1		\$ 2,283.60
T-9	(T-9) Console Table	\$ 2,031.70	\$ 2,031.70	1		\$ 2,031.70
T-10	(T-10) Dining Table 36x36x29	\$ 636.90	\$ 636.90	5		\$ 3,184.50
T-11	(T-11) Training Table 24x60	\$ 897.60	\$ 897.60	16		\$ 14,361.60
T-13	(T-13) Pull-Up Table	\$ 444.40	\$ 444.40	1		\$ 444.40
T-16	(T-16) Dining Table 30x36x29	\$ 636.90	\$ 636.90	1		\$ 636.90
Subtotal						\$ 53,825.48

Sub Total	\$ 682,661.67
Freight:	\$ 34,320.00
Installation:	\$ 62,700.00
Total	\$ 779,681.67

Medical Equipment						
Control #	Item Name	Unit Price	Tot Price	Tot Qty	Room Qty	Ext. Price
A5082	Dispenser: Paper Towel, Surface Mount	\$ 112.20		1	1	\$ 112.20
K4665	Oven: Domestic, Microwave, Countertop	\$ 291.50		1	1	\$ 291.50
K4301	Range: Allowance	\$ 163.90		1	1	\$ 163.90
F2014	Waste Can: Step-On	\$ 168.30		1	1	\$ 168.30
A5107	Dispenser, Glove: Triple Box	\$ 125.97		1	1	\$ 125.97
A5075	Dispenser: Soap, Wall Mount	\$ 53.16		1	1	\$ 53.16
K2515	Dishwasher: Built-In	\$ 1,050.50		1	1	\$ 1,050.50
K4700	Range: Electric	\$ 1,923.90		1	1	\$ 1,923.90
R7250	Refrigerator: Domestic with Freezer	\$ 1,479.50		1	1	\$ 1,479.50
M2300	Washer: Clothes	\$ 1,413.50		1	1	\$ 1,413.50
F2014	Waste Can: Step-On	\$ 168.30		1	1	\$ 168.30
A5082	Dispenser: Paper Towel, Surface Mount	\$ 112.20		1	1	\$ 112.20
M2400	Dryer: Laundry, Domestic	\$ 768.90		1	1	\$ 768.90
A5075	Dispenser: Soap, Wall Mount	\$ 53.16		1	1	\$ 53.16
M0512A	Television: 50-65 in, Flat Panel	\$ 768.90		1	1	\$ 768.90
A5210	Bracket: Television, Wall, Flat Panel	\$ 86.74		1	1	\$ 86.74
A5075	Dispenser: Soap, Wall Mount	\$ 53.16		1	1	\$ 53.16
A5090	Disposal: Sanitary Napkin, Surface Mount	\$ 111.47		1	1	\$ 111.47
F2014	Waste Can: Step-On	\$ 168.30		1	1	\$ 168.30
A5082	Dispenser: Paper Towel, Surface Mount	\$ 112.20		1	1	\$ 112.20
A5202	Dispenser: Toilet Paper, Surface Mount	\$ 43.26		1	1	\$ 43.26

F2550	Bin: Shredding, Secure	\$ -	1	1	\$ -
M4116	Monitor, Physiologic: Vital Signs, w/Stand	\$ 2,856.70	2	1	\$ 5,713.40
M4116	Monitor, Physiologic: Vital Signs, w/Stand	\$ 2,856.70	2	1	\$ 5,713.40
M4116	Monitor, Physiologic: Vital Signs, w/Stand	\$ 2,856.70	2	1	\$ 5,713.40
F2550	Bin: Shredding, Secure	\$ -	1	1	\$ -
F2550	Bin: Shredding, Secure	\$ -	1	1	\$ -
F2014	Waste Can: Step-On	\$ 168.30	1	1	\$ 168.30
F2014	Waste Can: Step-On	\$ 168.30	1	1	\$ 168.30
E0603	Shelf: Allowance	\$ 294.67	1	1	\$ 294.67
E0603	Shelf: Allowance	\$ 294.67	1	1	\$ 294.67
A5075	Dispenser: Soap, Wall Mount	\$ 53.16	1	1	\$ 53.16
A5075	Dispenser: Soap, Wall Mount	\$ 53.16	1	1	\$ 53.16
K1910	Table, Instrument: 30-36 inch	\$ 485.91	1	1	\$ 485.91
K1910	Table, Instrument: 30-36 inch	\$ 485.91	1	1	\$ 485.91
A5082	Dispenser: Paper Towel, Surface Mount	\$ 112.20	1	1	\$ 112.20
A5082	Dispenser: Paper Towel, Surface Mount	\$ 112.20	1	1	\$ 112.20
F2016	Waste Can: 44-55 Gallon	\$ 276.87	1	1	\$ 276.87
F2016A	Waste Can: Bio-Hazardous, 32-55 Gallon	\$ 268.18	1	1	\$ 268.18
M0512A	Television: 50-65 in, Flat Panel	\$ 768.90	1	1	\$ 768.90
F2010	Waste Can: Open Top	\$ 94.60	1	1	\$ 94.60
A5210	Bracket: Television, Wall, Flat Panel	\$ 86.74	1	1	\$ 86.74
A5075	Dispenser: Soap, Wall Mount	\$ 53.16	1	1	\$ 53.16
A5082	Dispenser: Paper Towel, Surface Mount	\$ 112.20	1	1	\$ 112.20
A5075A	Dispenser: Hand Sanitizer, Wall Mount	\$ 60.15	1	1	\$ 60.15
A5210	Bracket: Television, Wall, Flat Panel	\$ 86.74	1	1	\$ 86.74
F2010	Waste Can: Open Top	\$ 94.60	1	1	\$ 94.60
M0512A	Television: 50-65 in, Flat Panel	\$ 768.90	1	1	\$ 768.90
F0827	Table, Therapy: Adjustable Height	\$ 1,757.20	1	1	\$ 1,757.20
A5030	Bench: Transfer	\$ 59.05	1	1	\$ 59.05
M8240A	Bars, Parallel: Platform	\$ 327.80	1	1	\$ 327.80
M8240	Bars, Parallel: Motorized	\$ 14,934.70	1	1	\$ 14,934.70
M7660B	Defibrillator: Transport, Advisory	\$ 1,864.50	1	1	\$ 1,864.50
M8320B	Table, Mat: 72 inch	\$ 4,937.10	1	1	\$ 4,937.10
M7660	Cabinet, Storage, Clinical: Defibrillator	\$ 350.90	1	1	\$ 350.90
U0034	Unweighing System: Suspension, Ceiling Track	\$ 658.90	1	1	\$ 658.90
U0035	Positioning Device: Physical Therapy	\$ 100.31	1	1	\$ 100.31
A5075	Dispenser: Soap, Wall Mount	\$ 53.16	1	1	\$ 53.16
A5030A	Bench: Transfer	\$ 226.62	1	1	\$ 226.62
U0025	Positioning Device: Physical Therapy	\$ 377.94	1	1	\$ 377.94
U0205	Mirror: Allowance	\$ 13.61	1	1	\$ 13.61
A5108	Disposal, Sharps: Countertop	\$ 12.10	1	1	\$ 12.10
M0765	Regulator: Suction, Intermittent/Continuous	\$ 314.25	1	1	\$ 314.25
A5106	Disposal, Sharps: Wall Mount	\$ 3.51	1	1	\$ 3.51
A5075A	Dispenser: Hand Sanitizer, Wall Mount	\$ 60.15	1	1	\$ 60.15
M0750	Flowmeter: Oxygen	\$ 38.50	1	1	\$ 38.50
M0750	Flowmeter: Oxygen	\$ 38.50	1	1	\$ 38.50
A5107	Dispenser, Glove: Triple Box	\$ 125.97	1	1	\$ 125.97
M0750	Flowmeter: Oxygen	\$ 38.50	1	1	\$ 38.50
F2010	Waste Can: Open Top	\$ 94.60	1	1	\$ 94.60
F2010	Waste Can: Open Top	\$ 94.60	1	1	\$ 94.60
M3070	Hamper: Linen	\$ 196.47	1	1	\$ 196.47
M7010A	Bed: Electric	\$ 9,102.50	1	1	\$ 9,102.50
M3070	Hamper: Linen	\$ 196.47	1	1	\$ 196.47
M0765	Regulator: Suction, Intermittent/Continuous	\$ 314.25	1	1	\$ 314.25
A5075A	Dispenser: Hand Sanitizer, Wall Mount	\$ 60.15	1	1	\$ 60.15
M7010A	Bed: Electric	\$ 9,102.50	1	1	\$ 9,102.50
M4712	Wheelchair: Adult, Reclining	\$ 751.56	1	1	\$ 751.56
M3070	Hamper: Linen	\$ 196.47	1	1	\$ 196.47
A5108	Disposal, Sharps: Countertop	\$ 12.10	1	1	\$ 12.10
M7010A	Bed: Electric	\$ 9,102.50	1	1	\$ 9,102.50
M3070	Hamper: Linen	\$ 196.47	1	1	\$ 196.47
A5075A	Dispenser: Hand Sanitizer, Wall Mount	\$ 60.15	1	1	\$ 60.15
F2010	Waste Can: Open Top	\$ 94.60	1	1	\$ 94.60
A5108	Disposal, Sharps: Countertop	\$ 12.10	1	1	\$ 12.10
M3070	Hamper: Linen	\$ 196.47	1	1	\$ 196.47
A5106	Disposal, Sharps: Wall Mount	\$ 3.51	1	1	\$ 3.51
F2010	Waste Can: Open Top	\$ 94.60	1	1	\$ 94.60
M3070	Hamper: Linen	\$ 196.47	1	1	\$ 196.47
M7040	Table, Overbed: General	\$ 359.98	1	1	\$ 359.98
A5108	Disposal, Sharps: Countertop	\$ 12.10	1	1	\$ 12.10
A5108	Disposal, Sharps: Countertop	\$ 12.10	1	1	\$ 12.10
M0512	Television: 50-65 in, Flat Panel	\$ 1,314.50	1	1	\$ 1,314.50
A5108	Disposal, Sharps: Countertop	\$ 12.10	1	1	\$ 12.10
A5075	Dispenser: Soap, Wall Mount	\$ 53.16	1	1	\$ 53.16

A5082	Dispenser: Paper Towel, Surface Mount	\$ 112.20	1	1	\$ 112.20
M0750	Flowmeter: Oxygen	\$ 38.50	1	1	\$ 38.50
M0512	Television: 50-65 in, Flat Panel	\$ 1,314.50	1	1	\$ 1,314.50
A5075	Dispenser: Soap, Wall Mount	\$ 53.16	1	1	\$ 53.16
A5106	Disposal, Sharps: Wall Mount	\$ 3.51	1	1	\$ 3.51
A5075	Dispenser: Soap, Wall Mount	\$ 53.16	1	1	\$ 53.16
M7040	Table, Overbed: General	\$ 359.98	1	1	\$ 359.98
A5075	Dispenser: Soap, Wall Mount	\$ 53.16	1	1	\$ 53.16
A5075	Dispenser: Soap, Wall Mount	\$ 53.16	1	1	\$ 53.16
A5210	Bracket: Television, Wall, Flat Panel	\$ 86.74	1	1	\$ 86.74
A5106	Disposal, Sharps: Wall Mount	\$ 3.51	1	1	\$ 3.51
A5210	Bracket: Television, Wall, Flat Panel	\$ 86.74	1	1	\$ 86.74
A5107	Dispenser, Glove: Triple Box	\$ 125.97	1	1	\$ 125.97
M7010A	Bed: Electric	\$ 9,102.50	1	1	\$ 9,102.50
A5210	Bracket: Television, Wall, Flat Panel	\$ 86.74	1	1	\$ 86.74
F2010	Waste Can: Open Top	\$ 94.60	1	1	\$ 94.60
A5106	Disposal, Sharps: Wall Mount	\$ 3.51	1	1	\$ 3.51
A5108	Disposal, Sharps: Countertop	\$ 12.10	1	1	\$ 12.10
M4712	Wheelchair: Adult, Reclining	\$ 751.56	1	1	\$ 751.56
M3070	Hamper: Linen	\$ 196.47	1	1	\$ 196.47
M0512	Television: 50-65 in, Flat Panel	\$ 1,314.50	1	1	\$ 1,314.50
M4712	Wheelchair: Adult, Reclining	\$ 751.56	1	1	\$ 751.56
M4712	Wheelchair: Adult, Reclining	\$ 751.56	1	1	\$ 751.56
A5075	Dispenser: Soap, Wall Mount	\$ 53.16	1	1	\$ 53.16
A5082	Dispenser: Paper Towel, Surface Mount	\$ 112.20	1	1	\$ 112.20
A5082	Dispenser: Paper Towel, Surface Mount	\$ 112.20	1	1	\$ 112.20
M0512	Television: 50-65 in, Flat Panel	\$ 1,314.50	1	1	\$ 1,314.50
A5210	Bracket: Television, Wall, Flat Panel	\$ 86.74	1	1	\$ 86.74
M0765	Regulator: Suction, Intermittent/Continuous	\$ 314.25	1	1	\$ 314.25
A5210	Bracket: Television, Wall, Flat Panel	\$ 86.74	1	1	\$ 86.74
M0512	Television: 50-65 in, Flat Panel	\$ 1,314.50	1	1	\$ 1,314.50
M0765	Regulator: Suction, Intermittent/Continuous	\$ 314.25	1	1	\$ 314.25
F2010	Waste Can: Open Top	\$ 94.60	1	1	\$ 94.60
A5210	Bracket: Television, Wall, Flat Panel	\$ 86.74	1	1	\$ 86.74
A5075A	Dispenser: Hand Sanitizer, Wall Mount	\$ 60.15	1	1	\$ 60.15
M7040	Table, Overbed: General	\$ 359.98	1	1	\$ 359.98
M0765	Regulator: Suction, Intermittent/Continuous	\$ 314.25	1	1	\$ 314.25
M7040	Table, Overbed: General	\$ 359.98	1	1	\$ 359.98
A5106	Disposal, Sharps: Wall Mount	\$ 3.51	1	1	\$ 3.51
A5075A	Dispenser: Hand Sanitizer, Wall Mount	\$ 60.15	1	1	\$ 60.15
A5082	Dispenser: Paper Towel, Surface Mount	\$ 112.20	1	1	\$ 112.20
M0750	Flowmeter: Oxygen	\$ 38.50	1	1	\$ 38.50
A5075	Dispenser: Soap, Wall Mount	\$ 53.16	1	1	\$ 53.16
M0512	Television: 50-65 in, Flat Panel	\$ 1,314.50	1	1	\$ 1,314.50
A5075A	Dispenser: Hand Sanitizer, Wall Mount	\$ 60.15	1	1	\$ 60.15
A5082	Dispenser: Paper Towel, Surface Mount	\$ 112.20	1	1	\$ 112.20
M0750	Flowmeter: Oxygen	\$ 38.50	1	1	\$ 38.50
A5210	Bracket: Television, Wall, Flat Panel	\$ 86.74	1	1	\$ 86.74
M0750	Flowmeter: Oxygen	\$ 38.50	1	1	\$ 38.50
A5108	Disposal, Sharps: Countertop	\$ 12.10	1	1	\$ 12.10
F2010	Waste Can: Open Top	\$ 94.60	1	1	\$ 94.60
A5210	Bracket: Television, Wall, Flat Panel	\$ 86.74	1	1	\$ 86.74
A5107	Dispenser, Glove: Triple Box	\$ 125.97	1	1	\$ 125.97
M0765	Regulator: Suction, Intermittent/Continuous	\$ 314.25	1	1	\$ 314.25
M3070	Hamper: Linen	\$ 196.47	1	1	\$ 196.47
A5106	Disposal, Sharps: Wall Mount	\$ 3.51	1	1	\$ 3.51
A5075A	Dispenser: Hand Sanitizer, Wall Mount	\$ 60.15	1	1	\$ 60.15
A5082	Dispenser: Paper Towel, Surface Mount	\$ 112.20	1	1	\$ 112.20
A5107	Dispenser, Glove: Triple Box	\$ 125.97	1	1	\$ 125.97
M7040	Table, Overbed: General	\$ 359.98	1	1	\$ 359.98
M4712	Wheelchair: Adult, Reclining	\$ 751.56	1	1	\$ 751.56
A5210	Bracket: Television, Wall, Flat Panel	\$ 86.74	1	1	\$ 86.74
M0765	Regulator: Suction, Intermittent/Continuous	\$ 314.25	1	1	\$ 314.25
A5108	Disposal, Sharps: Countertop	\$ 12.10	1	1	\$ 12.10
M7010A	Bed: Electric	\$ 9,102.50	1	1	\$ 9,102.50
F2010	Waste Can: Open Top	\$ 94.60	1	1	\$ 94.60
M3070	Hamper: Linen	\$ 196.47	1	1	\$ 196.47
A5107	Dispenser, Glove: Triple Box	\$ 125.97	1	1	\$ 125.97
M3070	Hamper: Linen	\$ 196.47	1	1	\$ 196.47
M7010A	Bed: Electric	\$ 9,102.50	1	1	\$ 9,102.50
M7010A	Bed: Electric	\$ 9,102.50	1	1	\$ 9,102.50
M4712	Wheelchair: Adult, Reclining	\$ 751.56	1	1	\$ 751.56
A5107	Dispenser, Glove: Triple Box	\$ 125.97	1	1	\$ 125.97
M7040	Table, Overbed: General	\$ 359.98	1	1	\$ 359.98

A5075A	Dispenser: Hand Sanitizer, Wall Mount	\$ 60.15	1	1	\$ 60.15
M4712	Wheelchair: Adult, Reclining	\$ 751.56	1	1	\$ 751.56
M7010A	Bed: Electric	\$ 9,102.50	1	1	\$ 9,102.50
A5106	Disposal, Sharps: Wall Mount	\$ 3.51	1	1	\$ 3.51
F2010	Waste Can: Open Top	\$ 94.60	1	1	\$ 94.60
M0750	Flowmeter: Oxygen	\$ 38.50	1	1	\$ 38.50
A5075A	Dispenser: Hand Sanitizer, Wall Mount	\$ 60.15	1	1	\$ 60.15
A5210	Bracket: Television, Wall, Flat Panel	\$ 86.74	1	1	\$ 86.74
M0750	Flowmeter: Oxygen	\$ 38.50	1	1	\$ 38.50
F2010	Waste Can: Open Top	\$ 94.60	1	1	\$ 94.60
M7010A	Bed: Electric	\$ 9,102.50	1	1	\$ 9,102.50
A5106	Disposal, Sharps: Wall Mount	\$ 3.51	1	1	\$ 3.51
M7040	Table, Overbed: General	\$ 359.98	1	1	\$ 359.98
M7010A	Bed: Electric	\$ 9,102.50	1	1	\$ 9,102.50
M0512	Television: 50-65 in, Flat Panel	\$ 1,314.50	1	1	\$ 1,314.50
M0765	Regulator: Suction, Intermittent/Continuous	\$ 314.25	1	1	\$ 314.25
A5108	Disposal, Sharps: Countertop	\$ 12.10	1	1	\$ 12.10
F2010	Waste Can: Open Top	\$ 94.60	1	1	\$ 94.60
A5107	Dispenser, Glove: Triple Box	\$ 125.97	1	1	\$ 125.97
M0765	Regulator: Suction, Intermittent/Continuous	\$ 314.25	1	1	\$ 314.25
A5075A	Dispenser: Hand Sanitizer, Wall Mount	\$ 60.15	1	1	\$ 60.15
A5108	Disposal, Sharps: Countertop	\$ 12.10	1	1	\$ 12.10
A5075	Dispenser: Soap, Wall Mount	\$ 53.16	1	1	\$ 53.16
M0750	Flowmeter: Oxygen	\$ 38.50	1	1	\$ 38.50
M4712	Wheelchair: Adult, Reclining	\$ 751.56	1	1	\$ 751.56
A5210	Bracket: Television, Wall, Flat Panel	\$ 86.74	1	1	\$ 86.74
A5082	Dispenser: Paper Towel, Surface Mount	\$ 112.20	1	1	\$ 112.20
M7040	Table, Overbed: General	\$ 359.98	1	1	\$ 359.98
A5082	Dispenser: Paper Towel, Surface Mount	\$ 112.20	1	1	\$ 112.20
M0512	Television: 50-65 in, Flat Panel	\$ 1,314.50	1	1	\$ 1,314.50
A5082	Dispenser: Paper Towel, Surface Mount	\$ 112.20	1	1	\$ 112.20
A5106	Disposal, Sharps: Wall Mount	\$ 3.51	1	1	\$ 3.51
M0512	Television: 50-65 in, Flat Panel	\$ 1,314.50	1	1	\$ 1,314.50
A5075	Dispenser: Soap, Wall Mount	\$ 53.16	1	1	\$ 53.16
M7040	Table, Overbed: General	\$ 359.98	1	1	\$ 359.98
A5106	Disposal, Sharps: Wall Mount	\$ 3.51	1	1	\$ 3.51
M4712	Wheelchair: Adult, Reclining	\$ 751.56	1	1	\$ 751.56
M7010A	Bed: Electric	\$ 9,102.50	1	1	\$ 9,102.50
A5107	Dispenser, Glove: Triple Box	\$ 125.97	1	1	\$ 125.97
A5082	Dispenser: Paper Towel, Surface Mount	\$ 112.20	1	1	\$ 112.20
A5075	Dispenser: Soap, Wall Mount	\$ 53.16	1	1	\$ 53.16
M4712	Wheelchair: Adult, Reclining	\$ 751.56	1	1	\$ 751.56
M0765	Regulator: Suction, Intermittent/Continuous	\$ 314.25	1	1	\$ 314.25
A5075A	Dispenser: Hand Sanitizer, Wall Mount	\$ 60.15	1	1	\$ 60.15
M0512	Television: 50-65 in, Flat Panel	\$ 1,314.50	1	1	\$ 1,314.50
M0765	Regulator: Suction, Intermittent/Continuous	\$ 314.25	1	1	\$ 314.25
M0512	Television: 50-65 in, Flat Panel	\$ 1,314.50	1	1	\$ 1,314.50
A5107	Dispenser, Glove: Triple Box	\$ 125.97	1	1	\$ 125.97
M3070	Hamper: Linen	\$ 196.47	1	1	\$ 196.47
A5107	Dispenser, Glove: Triple Box	\$ 125.97	1	1	\$ 125.97
A5082	Dispenser: Paper Towel, Surface Mount	\$ 112.20	1	1	\$ 112.20
M7040	Table, Overbed: General	\$ 359.98	1	1	\$ 359.98
M0750	Flowmeter: Oxygen	\$ 38.50	1	1	\$ 38.50
A5107	Dispenser, Glove: Triple Box	\$ 125.97	1	1	\$ 125.97
M7040	Table, Overbed: General	\$ 359.98	1	1	\$ 359.98
A5075	Dispenser: Soap, Wall Mount	\$ 53.16	1	1	\$ 53.16
M4712	Wheelchair: Adult, Reclining	\$ 751.56	1	1	\$ 751.56
F2010	Waste Can: Open Top	\$ 102.25	3	1	\$ 306.74
A5210	Bracket: Television, Wall, Flat Panel	\$ 86.74	1	1	\$ 86.74
F2010	Waste Can: Open Top	\$ 94.60	1	1	\$ 94.60
M0512A	Television: 50-65 in, Flat Panel	\$ 768.90	1	1	\$ 768.90
M2070	Shelving: Wire, Stainless Steel, 72 inch	\$ 585.22	1	1	\$ 585.22
F2014	Waste Can: Step-On	\$ 168.30	1	1	\$ 168.30
F2014	Waste Can: Step-On	\$ 168.30	1	1	\$ 168.30
A5075A	Dispenser: Hand Sanitizer, Wall Mount	\$ 60.15	1	1	\$ 60.15
A5075A	Dispenser: Hand Sanitizer, Wall Mount	\$ 60.15	1	1	\$ 60.15
A5075A	Dispenser: Hand Sanitizer, Wall Mount	\$ 60.15	1	1	\$ 60.15
M2055B	Shelving: Wire, Chrome, 60 inch	\$ 538.59	1	1	\$ 538.59
F2014	Waste Can: Step-On	\$ 168.30	1	1	\$ 168.30
M2055B	Shelving: Wire, Chrome, 60 inch	\$ 538.59	1	1	\$ 538.59
M2055B	Shelving: Wire, Chrome, 60 inch	\$ 538.59	1	1	\$ 538.59
M2070	Shelving: Wire, Stainless Steel, 72 inch	\$ 585.22	1	1	\$ 585.22
M2055	Cart, Supply: Chrome, 48 inch	\$ 449.26	2	1	\$ 898.52
F2014	Waste Can: Step-On	\$ 168.30	1	1	\$ 168.30

M2070	Shelving: Wire, Stainless Steel, 72 inch	\$	585.22	1	1	\$	585.22
A5075A	Dispenser: Hand Sanitizer, Wall Mount	\$	60.15	1	1	\$	60.15
M2055B	Shelving: Wire, Chrome, 60 inch	\$	538.59	1	1	\$	538.59
F2014	Waste Can: Step-On	\$	180.40	1	1	\$	180.40
M2070	Shelving: Wire, Stainless Steel, 72 inch	\$	585.22	1	1	\$	585.22
A5082	Dispenser: Paper Towel, Surface Mount	\$	112.20	1	1	\$	112.20
R6200	Refrigerator: Undercounter w/ Freezer	\$	242.00	1	1	\$	242.00
F2014	Waste Can: Step-On	\$	168.30	1	1	\$	168.30
K1550	Coffee Maker: Automatic, 1-2 Warmer	\$	942.46	1	1	\$	942.46
A5075	Dispenser: Soap, Wall Mount	\$	53.16	1	1	\$	53.16
K4665	Oven: Domestic, Microwave, Countertop	\$	291.50	1	1	\$	291.50
A5075A	Dispenser: Hand Sanitizer, Wall Mount	\$	60.15	1	1	\$	60.15
A5075	Dispenser: Soap, Wall Mount	\$	53.16	1	1	\$	53.16
A5082	Dispenser: Paper Towel, Surface Mount	\$	112.20	1	1	\$	112.20
R7200	Refrigerator: Domestic with Freezer	\$	1,318.90	1	1	\$	1,318.90
F2014	Waste Can: Step-On	\$	180.40	1	1	\$	180.40
K4665	Oven: Domestic, Microwave, Countertop	\$	291.50	1	1	\$	291.50
K2515	Dishwasher: Built-In	\$	1,050.50	1	1	\$	1,050.50
K4700	Range: Electric	\$	1,087.90	1	1	\$	1,087.90
F2010	Waste Can: Open Top	\$	94.60	1	1	\$	94.60
A5075	Dispenser: Soap, Wall Mount	\$	53.16	1	1	\$	53.16
F2010	Waste Can: Open Top	\$	94.60	6	2	\$	1,135.20
F2010	Waste Can: Open Top	\$	102.25	1	1	\$	102.25
A5075A	Dispenser: Hand Sanitizer, Wall Mount	\$	60.15	1	1	\$	60.15
M0512A	Television: 50-65 in, Flat Panel	\$	768.90	1	1	\$	768.90
A5075A	Dispenser: Hand Sanitizer, Wall Mount	\$	60.15	1	1	\$	60.15
A5210	Bracket: Television, Wall, Flat Panel	\$	86.74	1	1	\$	86.74
M0512A	Television: 50-65 in, Flat Panel	\$	768.90	1	1	\$	768.90
A5210	Bracket: Television, Wall, Flat Panel	\$	86.74	1	1	\$	86.74
F2010	Waste Can: Open Top	\$	102.25	1	1	\$	102.25
F2010	Waste Can: Open Top	\$	94.60	1	1	\$	94.60
F2010	Waste Can: Open Top	\$	94.60	1	1	\$	94.60
A5082	Dispenser: Paper Towel, Surface Mount	\$	112.20	1	2	\$	224.40
A5202	Dispenser: Toilet Paper, Surface Mount	\$	43.26	1	2	\$	86.53
F2014	Waste Can: Step-On	\$	168.30	1	2	\$	336.60
A5075	Dispenser: Soap, Wall Mount	\$	53.16	1	2	\$	106.33
A5075	Dispenser: Soap, Wall Mount	\$	53.16	1	1	\$	53.16
A5082	Dispenser: Paper Towel, Surface Mount	\$	112.20	1	1	\$	112.20
A5075A	Dispenser: Hand Sanitizer, Wall Mount	\$	60.15	1	1	\$	60.15
F2014	Waste Can: Step-On	\$	180.40	1	1	\$	180.40
A5075	Dispenser: Soap, Wall Mount	\$	53.16	1	1	\$	53.16
F2014	Waste Can: Step-On	\$	180.40	1	1	\$	180.40
F2010	Waste Can: Open Top	\$	102.25	1	1	\$	102.25
F2014	Waste Can: Step-On	\$	168.30	1	1	\$	168.30
A5082	Dispenser: Paper Towel, Surface Mount	\$	112.20	1	1	\$	112.20
A5075	Dispenser: Soap, Wall Mount	\$	53.16	1	1	\$	53.16
M8769	Pump, Suction/Aspirator: General, Portable	\$	1,103.55	1	1	\$	1,103.55
A5082	Dispenser: Paper Towel, Surface Mount	\$	112.20	1	1	\$	112.20
M8769	Pump, Suction/Aspirator: General, Portable	\$	1,103.55	1	1	\$	1,103.55
A5082	Dispenser: Paper Towel, Surface Mount	\$	112.20	1	1	\$	112.20
A5075A	Dispenser: Hand Sanitizer, Wall Mount	\$	60.15	1	1	\$	60.15
A5075A	Dispenser: Hand Sanitizer, Wall Mount	\$	60.15	1	1	\$	60.15
M2055B	Shelving: Wire, Chrome, 60 inch	\$	538.59	2	1	\$	1,077.19
M4266B	Stand, IV: Stainless Steel	\$	412.50	4	1	\$	1,650.00
M4801	Chair, Clinical: Commode, Bariatric	\$	144.42	2	1	\$	288.84
X2100	Ultrasound, Imaging: Urology	\$	19,261.92	1	1	\$	19,261.92
M4116	Monitor, Physiologic: Vital Signs, w/Stand	\$	2,856.70	3	1	\$	8,570.10
M7905	Oximeter: Pulse, Fingertip	\$	418.00	1	1	\$	418.00
M4116	Monitor, Physiologic: Vital Signs, w/Stand	\$	2,856.70	1	1	\$	2,856.70
M2070	Shelving: Wire, Stainless Steel, 72 inch	\$	585.22	1	1	\$	585.22
M4266	Pump, Infusion: Controller, Modular	\$	1,650.00	4	1	\$	6,600.00
M4266A	Pump, Infusion: Single	\$	990.00	4	1	\$	3,960.00
M4801	Chair, Clinical: Commode, Bariatric	\$	144.42	2	1	\$	288.84
M4116	Monitor, Physiologic: Vital Signs, w/Stand	\$	2,856.70	3	1	\$	8,570.10
M4801	Chair, Clinical: Commode, Bariatric	\$	144.42	2	1	\$	288.84
M4270	Pump: Enteral	\$	437.25	4	1	\$	1,749.00
M4266B	Stand, IV: Stainless Steel	\$	412.50	4	1	\$	1,650.00
M7905	Oximeter: Pulse, Fingertip	\$	418.00	1	1	\$	418.00
M4270	Pump: Enteral	\$	437.25	4	1	\$	1,749.00
M4266	Pump, Infusion: Controller, Modular	\$	1,650.00	4	1	\$	6,600.00
M4266A	Pump, Infusion: Single	\$	990.00	4	1	\$	3,960.00
M2055B	Shelving: Wire, Chrome, 60 inch	\$	538.59	2	1	\$	1,077.19
M2055	Cart, Supply: Chrome, 48 inch	\$	449.26	1	1	\$	449.26
M2050	Shelving: Wire, Stainless Steel, 36 inch	\$	2,565.20	3	1	\$	7,695.60

M2055A	Shelving: Wire, Chrome, 48 inch	\$ 14.03	36	1	\$ 504.90
M2055	Cart, Supply: Chrome, 48 inch	\$ 353.10	36	1	\$ 12,711.60
M2050A	Shelving: Wire, Chrome, 36 inch	\$ 8.89	3	1	\$ 26.66
F0500	Cart, Housekeeping: Polymer	\$ 887.70	1	1	\$ 887.70
F0500	Cart, Housekeeping: Polymer	\$ 887.70	1	1	\$ 887.70
F0500	Cart, Housekeeping: Polymer	\$ 887.70	1	1	\$ 887.70
F0500	Cart, Housekeeping: Polymer	\$ 887.70	1	1	\$ 887.70
A5075	Dispenser: Soap, Wall Mount	\$ 53.16	1	1	\$ 53.16
A5107	Dispenser, Glove: Triple Box	\$ 125.97	1	1	\$ 125.97
A5108	Disposal, Sharps: Countertop	\$ 12.10	1	1	\$ 12.10
A5210	Bracket: Television, Wall, Flat Panel	\$ 86.74	1	1	\$ 86.74
A5075A	Dispenser: Hand Sanitizer, Wall Mount	\$ 60.15	1	1	\$ 60.15
A5106	Disposal, Sharps: Wall Mount	\$ 3.51	1	1	\$ 3.51
M7040	Table, Overbed: General	\$ 359.98	1	1	\$ 359.98
M7300	Dispenser: Personal Protection, Wall Mount	\$ 352.00	1	1	\$ 352.00
M0765	Regulator: Suction, Intermittent/Continuous	\$ 314.25	1	1	\$ 314.25
M0750	Flowmeter: Oxygen	\$ 38.50	1	1	\$ 38.50
M7010	Bed: Electric	\$ 6,490.00	1	1	\$ 6,490.00
M3070	Hamper: Linen	\$ 196.47	1	1	\$ 196.47
M0512	Television: 50-65 in, Flat Panel	\$ 1,314.50	1	1	\$ 1,314.50
A5082	Dispenser: Paper Towel, Surface Mount	\$ 112.20	1	1	\$ 112.20
M4707	Wheelchair: Adult, Standard	\$ 772.20	1	1	\$ 772.20
F2010	Waste Can: Open Top	\$ 94.60	1	1	\$ 94.60
A5107	Dispenser, Glove: Triple Box	\$ 125.97	1	1	\$ 125.97
A5082	Dispenser: Paper Towel, Surface Mount	\$ 112.20	2	1	\$ 224.40
F2014	Waste Can: Step-On	\$ 180.40	4	1	\$ 721.60
A5075	Dispenser: Soap, Wall Mount	\$ 53.16	2	1	\$ 106.33
A5075A	Dispenser: Hand Sanitizer, Wall Mount	\$ 60.15	2	1	\$ 120.30
R6200	Refrigerator: Undercounter w/ Freezer	\$ 242.00	1	1	\$ 242.00
A5075	Dispenser: Soap, Wall Mount	\$ 53.16	1	1	\$ 53.16
F2014	Waste Can: Step-On	\$ 180.40	1	1	\$ 180.40
F2017	Waste Can: Step-On	\$ 308.00	1	1	\$ 308.00
R6200A	Refrigerator: Commercial, Undercounter	\$ 4,101.90	1	1	\$ 4,101.90
R6200A	Refrigerator: Commercial, Undercounter	\$ 4,101.90	1	1	\$ 4,101.90
A5107	Dispenser, Glove: Triple Box	\$ 125.97	1	1	\$ 125.97
A5047A	Dispenser, Medication: Lock Module	\$ 2,310.00	1	1	\$ 2,310.00
A5075A	Dispenser: Hand Sanitizer, Wall Mount	\$ 60.15	1	1	\$ 60.15
A5075	Dispenser: Soap, Wall Mount	\$ 53.16	1	1	\$ 53.16
A5082	Dispenser: Paper Towel, Surface Mount	\$ 112.20	1	1	\$ 112.20
F2014	Waste Can: Step-On	\$ 180.40	1	1	\$ 180.40
A5047	Dispenser, Medication: Host (Main)	\$ 23,100.00	1	1	\$ 23,100.00
A5075A	Dispenser: Hand Sanitizer, Wall Mount	\$ 60.15	1	1	\$ 60.15
R6200A	Refrigerator: Commercial, Undercounter	\$ 4,101.90	1	1	\$ 4,101.90
A5075	Dispenser: Soap, Wall Mount	\$ 53.16	1	1	\$ 53.16
A5082	Dispenser: Paper Towel, Surface Mount	\$ 112.20	1	1	\$ 112.20
A5047A	Dispenser, Medication: Lock Module	\$ 2,310.00	1	1	\$ 2,310.00
A5108	Disposal, Sharps: Countertop	\$ 12.10	1	1	\$ 12.10
A5108	Disposal, Sharps: Countertop	\$ 12.10	1	1	\$ 12.10
A5075	Dispenser: Soap, Wall Mount	\$ 53.16	1	1	\$ 53.16
A5075A	Dispenser: Hand Sanitizer, Wall Mount	\$ 60.15	1	1	\$ 60.15
A5082	Dispenser: Paper Towel, Surface Mount	\$ 112.20	1	1	\$ 112.20
A5106	Disposal, Sharps: Wall Mount	\$ 3.51	1	1	\$ 3.51
A5075	Dispenser: Soap, Wall Mount	\$ 53.16	1	1	\$ 53.16
F2014	Waste Can: Step-On	\$ 180.40	1	1	\$ 180.40
A5107	Dispenser, Glove: Triple Box	\$ 125.97	1	1	\$ 125.97
A5108	Disposal, Sharps: Countertop	\$ 12.10	1	1	\$ 12.10
A5106	Disposal, Sharps: Wall Mount	\$ 3.51	1	1	\$ 3.51
F2014	Waste Can: Step-On	\$ 180.40	1	1	\$ 180.40
A5107	Dispenser, Glove: Triple Box	\$ 125.97	1	1	\$ 125.97
A5047	Dispenser, Medication: Host (Main)	\$ 23,100.00	1	1	\$ 23,100.00
A5106	Disposal, Sharps: Wall Mount	\$ 3.51	1	1	\$ 3.51
A5047A	Dispenser, Medication: Lock Module	\$ 2,310.00	1	1	\$ 2,310.00
A5106	Disposal, Sharps: Wall Mount	\$ 3.51	1	1	\$ 3.51
A5047	Dispenser, Medication: Host (Main)	\$ 23,100.00	1	1	\$ 23,100.00
A5047	Dispenser, Medication: Host (Main)	\$ 23,100.00	1	1	\$ 23,100.00
R6200A	Refrigerator: Commercial, Undercounter	\$ 4,101.90	1	1	\$ 4,101.90
A5107	Dispenser, Glove: Triple Box	\$ 125.97	1	1	\$ 125.97
A5108	Disposal, Sharps: Countertop	\$ 12.10	1	1	\$ 12.10
F2014	Waste Can: Step-On	\$ 180.40	1	1	\$ 180.40
A5075A	Dispenser: Hand Sanitizer, Wall Mount	\$ 60.15	1	1	\$ 60.15
A5047A	Dispenser, Medication: Lock Module	\$ 2,310.00	1	1	\$ 2,310.00
A5082	Dispenser: Paper Towel, Surface Mount	\$ 112.20	1	1	\$ 112.20
F2010	Waste Can: Open Top	\$ 94.60	1	1	\$ 94.60
A5210	Bracket: Television, Wall, Flat Panel	\$ 86.74	1	1	\$ 86.74

A5075A	Dispenser: Hand Sanitizer, Wall Mount	\$ 60.15	1	1	\$ 60.15
M0512A	Television: 50-65 in, Flat Panel	\$ 768.90	1	1	\$ 768.90
K4665	Oven: Domestic, Microwave, Countertop	\$ 291.50	1	1	\$ 291.50
F2014	Waste Can: Step-On	\$ 180.40	1	1	\$ 180.40
A5082	Dispenser: Paper Towel, Surface Mount	\$ 112.20	1	1	\$ 112.20
K4665	Oven: Domestic, Microwave, Countertop	\$ 291.50	1	1	\$ 291.50
A5075	Dispenser: Soap, Wall Mount	\$ 53.16	2	1	\$ 106.33
A5075A	Dispenser: Hand Sanitizer, Wall Mount	\$ 60.15	1	1	\$ 60.15
A5082	Dispenser: Paper Towel, Surface Mount	\$ 112.20	1	1	\$ 112.20
R4400F	Water Treatment System: Ice Maker, Wall Mount	\$ 550.00	1	1	\$ 550.00
R4400	Ice Machine: Dispenser, Nugget, Countertop	\$ 18,012.50	1	1	\$ 18,012.50
A5082	Dispenser: Paper Towel, Surface Mount	\$ 112.20	1	1	\$ 112.20
R7200	Refrigerator: Domestic with Freezer	\$ 1,318.90	1	1	\$ 1,318.90
R7200	Refrigerator: Domestic with Freezer	\$ 1,318.90	1	1	\$ 1,318.90
R7200	Refrigerator: Domestic with Freezer	\$ 1,318.90	1	1	\$ 1,318.90
R4400F	Water Treatment System: Ice Maker, Wall Mount	\$ 550.00	1	1	\$ 550.00
R4400	Ice Machine: Dispenser, Nugget, Countertop	\$ 18,012.50	1	1	\$ 18,012.50
A5075	Dispenser: Soap, Wall Mount	\$ 53.16	1	1	\$ 53.16
K4665	Oven: Domestic, Microwave, Countertop	\$ 291.50	1	1	\$ 291.50
F2014	Waste Can: Step-On	\$ 180.40	1	1	\$ 180.40
R7200	Refrigerator: Domestic with Freezer	\$ 1,318.90	1	1	\$ 1,318.90
K4665	Oven: Domestic, Microwave, Countertop	\$ 291.50	1	1	\$ 291.50
R4400	Ice Machine: Dispenser, Nugget, Countertop	\$ 18,012.50	1	1	\$ 18,012.50
A5075	Dispenser: Soap, Wall Mount	\$ 53.16	2	1	\$ 106.33
F2014	Waste Can: Step-On	\$ 180.40	1	1	\$ 180.40
R4400	Ice Machine: Dispenser, Nugget, Countertop	\$ 18,012.50	1	1	\$ 18,012.50
R4400F	Water Treatment System: Ice Maker, Wall Mount	\$ 550.00	1	1	\$ 550.00
A5082	Dispenser: Paper Towel, Surface Mount	\$ 112.20	1	1	\$ 112.20
F2014	Waste Can: Step-On	\$ 180.40	1	1	\$ 180.40
A5075	Dispenser: Soap, Wall Mount	\$ 53.16	2	1	\$ 106.33
R4400F	Water Treatment System: Ice Maker, Wall Mount	\$ 550.00	1	1	\$ 550.00
F2010	Waste Can: Open Top	\$ 94.60	1	1	\$ 94.60
A5082	Dispenser: Paper Towel, Surface Mount	\$ 112.20	1	1	\$ 112.20
A5075	Dispenser: Soap, Wall Mount	\$ 53.16	1	1	\$ 53.16
M4116	Monitor, Physiologic: Vital Signs, w/Stand	\$ 2,856.70	2	1	\$ 5,713.40
F2550	Bin: Shredding, Secure	\$ -	1	1	\$ -
F2010	Waste Can: Open Top	\$ 94.60	3	1	\$ 283.80
A5075	Dispenser: Soap, Wall Mount	\$ 53.16	1	1	\$ 53.16
M4116	Monitor, Physiologic: Vital Signs, w/Stand	\$ 2,856.70	2	1	\$ 5,713.40
F2010	Waste Can: Open Top	\$ 94.60	2	1	\$ 189.20
A5082	Dispenser: Paper Towel, Surface Mount	\$ 112.20	1	1	\$ 112.20
A5075	Dispenser: Soap, Wall Mount	\$ 53.16	1	1	\$ 53.16
A5075	Dispenser: Soap, Wall Mount	\$ 53.16	1	1	\$ 53.16
F2550	Bin: Shredding, Secure	\$ -	1	1	\$ -
F2010	Waste Can: Open Top	\$ 94.60	1	1	\$ 94.60
A5075	Dispenser: Soap, Wall Mount	\$ 53.16	1	1	\$ 53.16
F2550	Bin: Shredding, Secure	\$ -	1	1	\$ -
A5082	Dispenser: Paper Towel, Surface Mount	\$ 112.20	1	1	\$ 112.20
F2010	Waste Can: Open Top	\$ 94.60	1	1	\$ 94.60
A5082	Dispenser: Paper Towel, Surface Mount	\$ 112.20	1	1	\$ 112.20
M4116	Monitor, Physiologic: Vital Signs, w/Stand	\$ 2,856.70	2	1	\$ 5,713.40
F2010	Waste Can: Open Top	\$ 94.60	2	1	\$ 189.20
A5082	Dispenser: Paper Towel, Surface Mount	\$ 112.20	1	1	\$ 112.20
A5082	Dispenser: Paper Towel, Surface Mount	\$ 112.20	1	1	\$ 112.20
F2010	Waste Can: Open Top	\$ 102.25	1	1	\$ 102.25
F2010	Waste Can: Open Top	\$ 102.25	1	1	\$ 102.25
F2010	Waste Can: Open Top	\$ 102.25	1	1	\$ 102.25
F2010	Waste Can: Open Top	\$ 102.25	1	1	\$ 102.25
F2010	Waste Can: Open Top	\$ 102.25	1	1	\$ 102.25
F2010	Waste Can: Open Top	\$ 102.25	1	1	\$ 102.25
F2010	Waste Can: Open Top	\$ 102.25	2	1	\$ 204.49
F2010	Waste Can: Open Top	\$ 102.25	2	1	\$ 204.49
F2010	Waste Can: Open Top	\$ 102.25	1	1	\$ 102.25
F2010	Waste Can: Open Top	\$ 94.60	3	1	\$ 283.80
F2010	Waste Can: Open Top	\$ 94.60	2	1	\$ 189.20
A5075A	Dispenser: Hand Sanitizer, Wall Mount	\$ 60.15	1	1	\$ 60.15
F2010	Waste Can: Open Top	\$ 102.25	1	1	\$ 102.25
A5075	Dispenser: Soap, Wall Mount	\$ 53.16	1	1	\$ 53.16
F2010	Waste Can: Open Top	\$ 102.25	1	1	\$ 102.25
M2025	Cart, Cylinder: D&E, Multi	\$ 332.20	1	1	\$ 332.20
A5075	Dispenser: Soap, Wall Mount	\$ 53.16	1	1	\$ 53.16
M4707	Wheelchair: Adult, Standard	\$ 212.31	1	1	\$ 212.31
A5075A	Dispenser: Hand Sanitizer, Wall Mount	\$ 60.15	1	1	\$ 60.15
M3070	Hamper: Linen	\$ 196.47	1	1	\$ 196.47

M0750	Flowmeter: Oxygen	\$ 35.05	1	1	\$ 35.05
F2010	Waste Can: Open Top	\$ 102.25	1	1	\$ 102.25
M4707	Wheelchair: Adult, Standard	\$ 212.31	1	1	\$ 212.31
M0765	Regulator: Suction, Intermittent/Continuous	\$ 314.25	1	1	\$ 314.25
M4707	Wheelchair: Adult, Standard	\$ 212.31	1	1	\$ 212.31
M0750	Flowmeter: Oxygen	\$ 35.05	1	1	\$ 35.05
F2010	Waste Can: Open Top	\$ 102.25	1	1	\$ 102.25
M7010	Bed: Electric	\$ 5,940.00	1	1	\$ 5,940.00
M0750	Flowmeter: Oxygen	\$ 35.05	1	1	\$ 35.05
M0512	Television: 50-65 in, Flat Panel	\$ 1,314.50	1	1	\$ 1,314.50
A5075A	Dispenser: Hand Sanitizer, Wall Mount	\$ 60.15	1	1	\$ 60.15
M0512	Television: 50-65 in, Flat Panel	\$ 1,314.50	1	1	\$ 1,314.50
A5106	Disposal, Sharps: Wall Mount	\$ 3.51	1	1	\$ 3.51
M4707	Wheelchair: Adult, Standard	\$ 212.31	1	1	\$ 212.31
M3070	Hamper: Linen	\$ 196.47	1	1	\$ 196.47
A5075A	Dispenser: Hand Sanitizer, Wall Mount	\$ 60.15	1	1	\$ 60.15
M3070	Hamper: Linen	\$ 196.47	1	1	\$ 196.47
F2010	Waste Can: Open Top	\$ 102.25	1	1	\$ 102.25
M4707	Wheelchair: Adult, Standard	\$ 212.31	1	1	\$ 212.31
A5107	Dispenser, Glove: Triple Box	\$ 125.97	1	1	\$ 125.97
A5082	Dispenser: Paper Towel, Surface Mount	\$ 112.20	1	1	\$ 112.20
A5106	Disposal, Sharps: Wall Mount	\$ 3.51	1	1	\$ 3.51
M4707	Wheelchair: Adult, Standard	\$ 212.31	1	1	\$ 212.31
A5108	Disposal, Sharps: Countertop	\$ 0.94	1	1	\$ 0.94
A5210	Bracket: Television, Wall, Flat Panel	\$ 86.74	1	1	\$ 86.74
M7040	Table, Overbed: General	\$ 359.98	1	1	\$ 359.98
F2010	Waste Can: Open Top	\$ 102.25	1	1	\$ 102.25
M0512	Television: 50-65 in, Flat Panel	\$ 1,314.50	1	1	\$ 1,314.50
F2010	Waste Can: Open Top	\$ 102.25	1	1	\$ 102.25
M0750	Flowmeter: Oxygen	\$ 35.05	1	1	\$ 35.05
M7040	Table, Overbed: General	\$ 359.98	1	1	\$ 359.98
M0750	Flowmeter: Oxygen	\$ 35.05	1	1	\$ 35.05
A5082	Dispenser: Paper Towel, Surface Mount	\$ 112.20	1	1	\$ 112.20
A5106	Disposal, Sharps: Wall Mount	\$ 3.51	1	1	\$ 3.51
M3070	Hamper: Linen	\$ 196.47	1	1	\$ 196.47
A5107	Dispenser, Glove: Triple Box	\$ 125.97	1	1	\$ 125.97
M4707	Wheelchair: Adult, Standard	\$ 212.31	1	1	\$ 212.31
A5075	Dispenser: Soap, Wall Mount	\$ 53.16	1	1	\$ 53.16
A5106	Disposal, Sharps: Wall Mount	\$ 3.51	1	1	\$ 3.51
F2010	Waste Can: Open Top	\$ 102.25	1	1	\$ 102.25
M0750	Flowmeter: Oxygen	\$ 35.05	1	1	\$ 35.05
A5075A	Dispenser: Hand Sanitizer, Wall Mount	\$ 60.15	1	1	\$ 60.15
M7040	Table, Overbed: General	\$ 359.98	1	1	\$ 359.98
A5082	Dispenser: Paper Towel, Surface Mount	\$ 112.20	1	1	\$ 112.20
M0750	Flowmeter: Oxygen	\$ 35.05	1	1	\$ 35.05
A5108	Disposal, Sharps: Countertop	\$ 0.94	1	1	\$ 0.94
M0750	Flowmeter: Oxygen	\$ 35.05	1	1	\$ 35.05
M3070	Hamper: Linen	\$ 196.47	1	1	\$ 196.47
A5106	Disposal, Sharps: Wall Mount	\$ 3.51	1	1	\$ 3.51
M7040	Table, Overbed: General	\$ 359.98	1	1	\$ 359.98
A5082	Dispenser: Paper Towel, Surface Mount	\$ 112.20	1	1	\$ 112.20
M0765	Regulator: Suction, Intermittent/Continuous	\$ 314.25	1	1	\$ 314.25
M7010	Bed: Electric	\$ 5,940.00	1	1	\$ 5,940.00
M3070	Hamper: Linen	\$ 196.47	1	1	\$ 196.47
A5108	Disposal, Sharps: Countertop	\$ 0.94	1	1	\$ 0.94
A5082	Dispenser: Paper Towel, Surface Mount	\$ 112.20	1	1	\$ 112.20
A5082	Dispenser: Paper Towel, Surface Mount	\$ 112.20	1	1	\$ 112.20
M0750	Flowmeter: Oxygen	\$ 35.05	1	1	\$ 35.05
M3070	Hamper: Linen	\$ 196.47	1	1	\$ 196.47
M7010	Bed: Electric	\$ 5,940.00	1	1	\$ 5,940.00
M7010	Bed: Electric	\$ 5,940.00	1	1	\$ 5,940.00
A5107	Dispenser, Glove: Triple Box	\$ 125.97	1	1	\$ 125.97
M3070	Hamper: Linen	\$ 196.47	1	1	\$ 196.47
F2010	Waste Can: Open Top	\$ 102.25	1	1	\$ 102.25
F2010	Waste Can: Open Top	\$ 102.25	1	1	\$ 102.25
M3070	Hamper: Linen	\$ 196.47	1	1	\$ 196.47
M0512	Television: 50-65 in, Flat Panel	\$ 1,314.50	1	1	\$ 1,314.50
M0765	Regulator: Suction, Intermittent/Continuous	\$ 314.25	1	1	\$ 314.25
F2010	Waste Can: Open Top	\$ 102.25	1	1	\$ 102.25
M7040	Table, Overbed: General	\$ 359.98	1	1	\$ 359.98
F2010	Waste Can: Open Top	\$ 102.25	1	1	\$ 102.25
F2010	Waste Can: Open Top	\$ 102.25	1	1	\$ 102.25
A5107	Dispenser, Glove: Triple Box	\$ 125.97	1	1	\$ 125.97
M3070	Hamper: Linen	\$ 196.47	1	1	\$ 196.47

M0750	Flowmeter: Oxygen	\$ 35.05	1	1	\$ 35.05
A5082	Dispenser: Paper Towel, Surface Mount	\$ 112.20	1	1	\$ 112.20
M0750	Flowmeter: Oxygen	\$ 35.05	1	1	\$ 35.05
M0512	Television: 50-65 in, Flat Panel	\$ 1,314.50	1	1	\$ 1,314.50
A5082	Dispenser: Paper Towel, Surface Mount	\$ 112.20	1	1	\$ 112.20
M4707	Wheelchair: Adult, Standard	\$ 212.31	1	1	\$ 212.31
A5210	Bracket: Television, Wall, Flat Panel	\$ 86.74	1	1	\$ 86.74
M0750	Flowmeter: Oxygen	\$ 35.05	1	1	\$ 35.05
A5106	Disposal, Sharps: Wall Mount	\$ 3.51	1	1	\$ 3.51
M7040	Table, Overbed: General	\$ 359.98	1	1	\$ 359.98
M0765	Regulator: Suction, Intermittent/Continuous	\$ 314.25	1	1	\$ 314.25
A5075	Dispenser: Soap, Wall Mount	\$ 53.16	1	1	\$ 53.16
A5106	Disposal, Sharps: Wall Mount	\$ 3.51	1	1	\$ 3.51
M0512	Television: 50-65 in, Flat Panel	\$ 1,314.50	1	1	\$ 1,314.50
A5106	Disposal, Sharps: Wall Mount	\$ 3.51	1	1	\$ 3.51
A5075	Dispenser: Soap, Wall Mount	\$ 53.16	1	1	\$ 53.16
A5107	Dispenser, Glove: Triple Box	\$ 125.97	1	1	\$ 125.97
A5107	Dispenser, Glove: Triple Box	\$ 125.97	1	1	\$ 125.97
M0765	Regulator: Suction, Intermittent/Continuous	\$ 314.25	1	1	\$ 314.25
M0765	Regulator: Suction, Intermittent/Continuous	\$ 314.25	1	1	\$ 314.25
M4707	Wheelchair: Adult, Standard	\$ 212.31	1	1	\$ 212.31
M4707	Wheelchair: Adult, Standard	\$ 212.31	1	1	\$ 212.31
M7010	Bed: Electric	\$ 5,940.00	1	1	\$ 5,940.00
A5106	Disposal, Sharps: Wall Mount	\$ 3.51	1	1	\$ 3.51
M0512	Television: 50-65 in, Flat Panel	\$ 1,314.50	1	1	\$ 1,314.50
M7040	Table, Overbed: General	\$ 359.98	1	1	\$ 359.98
F2010	Waste Can: Open Top	\$ 102.25	1	1	\$ 102.25
M0765	Regulator: Suction, Intermittent/Continuous	\$ 314.25	1	1	\$ 314.25
F2010	Waste Can: Open Top	\$ 102.25	1	1	\$ 102.25
M0765	Regulator: Suction, Intermittent/Continuous	\$ 314.25	1	1	\$ 314.25
A5106	Disposal, Sharps: Wall Mount	\$ 3.51	1	1	\$ 3.51
A5210	Bracket: Television, Wall, Flat Panel	\$ 86.74	1	1	\$ 86.74
M7010	Bed: Electric	\$ 5,940.00	1	1	\$ 5,940.00
A5210	Bracket: Television, Wall, Flat Panel	\$ 86.74	1	1	\$ 86.74
A5075A	Dispenser: Hand Sanitizer, Wall Mount	\$ 60.15	1	1	\$ 60.15
M0512	Television: 50-65 in, Flat Panel	\$ 1,314.50	1	1	\$ 1,314.50
A5108	Disposal, Sharps: Countertop	\$ 0.94	1	1	\$ 0.94
M4707	Wheelchair: Adult, Standard	\$ 212.31	1	1	\$ 212.31
M0750	Flowmeter: Oxygen	\$ 35.05	1	1	\$ 35.05
A5075A	Dispenser: Hand Sanitizer, Wall Mount	\$ 60.15	1	1	\$ 60.15
M3070	Hamper: Linen	\$ 196.47	1	1	\$ 196.47
A5106	Disposal, Sharps: Wall Mount	\$ 3.51	1	1	\$ 3.51
M7040	Table, Overbed: General	\$ 359.98	1	1	\$ 359.98
M0750	Flowmeter: Oxygen	\$ 35.05	1	1	\$ 35.05
A5075	Dispenser: Soap, Wall Mount	\$ 53.16	1	1	\$ 53.16
A5210	Bracket: Television, Wall, Flat Panel	\$ 86.74	1	1	\$ 86.74
A5106	Disposal, Sharps: Wall Mount	\$ 3.51	1	1	\$ 3.51
M4707	Wheelchair: Adult, Standard	\$ 212.31	1	1	\$ 212.31
F2010	Waste Can: Open Top	\$ 102.25	1	1	\$ 102.25
M4707	Wheelchair: Adult, Standard	\$ 212.31	1	1	\$ 212.31
M7040	Table, Overbed: General	\$ 359.98	1	1	\$ 359.98
M0765	Regulator: Suction, Intermittent/Continuous	\$ 314.25	1	1	\$ 314.25
M0765	Regulator: Suction, Intermittent/Continuous	\$ 314.25	1	1	\$ 314.25
M0750	Flowmeter: Oxygen	\$ 35.05	1	1	\$ 35.05
M7010	Bed: Electric	\$ 5,940.00	1	1	\$ 5,940.00
A5210	Bracket: Television, Wall, Flat Panel	\$ 86.74	1	1	\$ 86.74
M7040	Table, Overbed: General	\$ 359.98	1	1	\$ 359.98
M4707	Wheelchair: Adult, Standard	\$ 212.31	1	1	\$ 212.31
A5082	Dispenser: Paper Towel, Surface Mount	\$ 112.20	1	1	\$ 112.20
A5106	Disposal, Sharps: Wall Mount	\$ 3.51	1	1	\$ 3.51
F2010	Waste Can: Open Top	\$ 102.25	1	1	\$ 102.25
A5210	Bracket: Television, Wall, Flat Panel	\$ 86.74	1	1	\$ 86.74
M7040	Table, Overbed: General	\$ 359.98	1	1	\$ 359.98
M7040	Table, Overbed: General	\$ 359.98	1	1	\$ 359.98
M7040	Table, Overbed: General	\$ 359.98	1	1	\$ 359.98
A5082	Dispenser: Paper Towel, Surface Mount	\$ 112.20	1	1	\$ 112.20
M0512	Television: 50-65 in, Flat Panel	\$ 1,314.50	1	1	\$ 1,314.50
A5210	Bracket: Television, Wall, Flat Panel	\$ 86.74	1	1	\$ 86.74
M3070	Hamper: Linen	\$ 196.47	1	1	\$ 196.47
A5107	Dispenser, Glove: Triple Box	\$ 125.97	1	1	\$ 125.97
M7040	Table, Overbed: General	\$ 359.98	1	1	\$ 359.98
A5106	Disposal, Sharps: Wall Mount	\$ 3.51	1	1	\$ 3.51
M4707	Wheelchair: Adult, Standard	\$ 212.31	1	1	\$ 212.31
M0750	Flowmeter: Oxygen	\$ 35.05	1	1	\$ 35.05

F2010	Waste Can: Open Top	\$	102.25	1	1	\$	102.25
A5210	Bracket: Television, Wall, Flat Panel	\$	86.74	1	1	\$	86.74
M4707	Wheelchair: Adult, Standard	\$	212.31	1	1	\$	212.31
M7010	Bed: Electric	\$	5,940.00	1	1	\$	5,940.00
M7040	Table, Overbed: General	\$	359.98	1	1	\$	359.98
M0765	Regulator: Suction, Intermittent/Continuous	\$	314.25	1	1	\$	314.25
M3070	Hamper: Linen	\$	196.47	1	1	\$	196.47
A5210	Bracket: Television, Wall, Flat Panel	\$	86.74	1	1	\$	86.74
A5106	Disposal, Sharps: Wall Mount	\$	3.51	1	1	\$	3.51
A5075	Dispenser: Soap, Wall Mount	\$	53.16	1	1	\$	53.16
M3070	Hamper: Linen	\$	196.47	1	1	\$	196.47
A5108	Disposal, Sharps: Countertop	\$	0.94	1	1	\$	0.94
A5082	Dispenser: Paper Towel, Surface Mount	\$	112.20	1	1	\$	112.20
A5075	Dispenser: Soap, Wall Mount	\$	53.16	1	1	\$	53.16
A5108	Disposal, Sharps: Countertop	\$	0.94	1	1	\$	0.94
M0750	Flowmeter: Oxygen	\$	35.05	1	1	\$	35.05
A5082	Dispenser: Paper Towel, Surface Mount	\$	112.20	1	1	\$	112.20
F2010	Waste Can: Open Top	\$	102.25	1	1	\$	102.25
A5107	Dispenser, Glove: Triple Box	\$	125.97	1	1	\$	125.97
M0512	Television: 50-65 in, Flat Panel	\$	1,314.50	1	1	\$	1,314.50
M3070	Hamper: Linen	\$	196.47	1	1	\$	196.47
M0765	Regulator: Suction, Intermittent/Continuous	\$	314.25	1	1	\$	314.25
A5075A	Dispenser: Hand Sanitizer, Wall Mount	\$	60.15	1	1	\$	60.15
F2010	Waste Can: Open Top	\$	102.25	1	1	\$	102.25
A5082	Dispenser: Paper Towel, Surface Mount	\$	112.20	1	1	\$	112.20
M7010	Bed: Electric	\$	5,940.00	1	1	\$	5,940.00
A5107	Dispenser, Glove: Triple Box	\$	125.97	1	1	\$	125.97
A5075	Dispenser: Soap, Wall Mount	\$	53.16	1	1	\$	53.16
M0512	Television: 50-65 in, Flat Panel	\$	1,314.50	1	1	\$	1,314.50
A5075	Dispenser: Soap, Wall Mount	\$	53.16	1	1	\$	53.16
A5075A	Dispenser: Hand Sanitizer, Wall Mount	\$	60.15	1	1	\$	60.15
M0512	Television: 50-65 in, Flat Panel	\$	1,314.50	1	1	\$	1,314.50
F2010	Waste Can: Open Top	\$	102.25	1	1	\$	102.25
A5082	Dispenser: Paper Towel, Surface Mount	\$	112.20	1	1	\$	112.20
M3070	Hamper: Linen	\$	196.47	1	1	\$	196.47
A5106	Disposal, Sharps: Wall Mount	\$	3.51	1	1	\$	3.51
A5075A	Dispenser: Hand Sanitizer, Wall Mount	\$	60.15	1	1	\$	60.15
M0750	Flowmeter: Oxygen	\$	35.05	1	1	\$	35.05
A5075	Dispenser: Soap, Wall Mount	\$	53.16	1	1	\$	53.16
M7040	Table, Overbed: General	\$	359.98	1	1	\$	359.98
M7040	Table, Overbed: General	\$	359.98	1	1	\$	359.98
A5075	Dispenser: Soap, Wall Mount	\$	53.16	1	1	\$	53.16
A5210	Bracket: Television, Wall, Flat Panel	\$	86.74	1	1	\$	86.74
M7010	Bed: Electric	\$	5,940.00	1	1	\$	5,940.00
M0512	Television: 50-65 in, Flat Panel	\$	1,314.50	1	1	\$	1,314.50
M0765	Regulator: Suction, Intermittent/Continuous	\$	314.25	1	1	\$	314.25
A5210	Bracket: Television, Wall, Flat Panel	\$	86.74	1	1	\$	86.74
A5108	Disposal, Sharps: Countertop	\$	0.94	1	1	\$	0.94
M3070	Hamper: Linen	\$	196.47	1	1	\$	196.47
M0512	Television: 50-65 in, Flat Panel	\$	1,314.50	1	1	\$	1,314.50
A5108	Disposal, Sharps: Countertop	\$	0.94	1	1	\$	0.94
A5075	Dispenser: Soap, Wall Mount	\$	53.16	1	1	\$	53.16
M3070	Hamper: Linen	\$	196.47	1	1	\$	196.47
M4707	Wheelchair: Adult, Standard	\$	212.31	1	1	\$	212.31
A5210	Bracket: Television, Wall, Flat Panel	\$	86.74	1	1	\$	86.74
A5075	Dispenser: Soap, Wall Mount	\$	53.16	1	1	\$	53.16
M3070	Hamper: Linen	\$	196.47	1	1	\$	196.47
M0512	Television: 50-65 in, Flat Panel	\$	1,314.50	1	1	\$	1,314.50
A5107	Dispenser, Glove: Triple Box	\$	125.97	1	1	\$	125.97
M3070	Hamper: Linen	\$	196.47	1	1	\$	196.47
M4707	Wheelchair: Adult, Standard	\$	212.31	1	1	\$	212.31
A5075	Dispenser: Soap, Wall Mount	\$	53.16	1	1	\$	53.16
M3070	Hamper: Linen	\$	196.47	1	1	\$	196.47
M0512	Television: 50-65 in, Flat Panel	\$	1,314.50	1	1	\$	1,314.50
F2010	Waste Can: Open Top	\$	102.25	1	1	\$	102.25
M0750	Flowmeter: Oxygen	\$	35.05	1	1	\$	35.05
A5075	Dispenser: Soap, Wall Mount	\$	53.16	1	1	\$	53.16
M3070	Hamper: Linen	\$	196.47	1	1	\$	196.47
A5107	Dispenser, Glove: Triple Box	\$	125.97	1	1	\$	125.97
A5210	Bracket: Television, Wall, Flat Panel	\$	86.74	1	1	\$	86.74
A5107	Dispenser, Glove: Triple Box	\$	125.97	1	1	\$	125.97
M4707	Wheelchair: Adult, Standard	\$	212.31	1	1	\$	212.31
M7010	Bed: Electric	\$	5,940.00	1	1	\$	5,940.00
A5075A	Dispenser: Hand Sanitizer, Wall Mount	\$	60.15	1	1	\$	60.15

M0512	Television: 50-65 in, Flat Panel	\$ 1,314.50	1	1	\$ 1,314.50
A5107	Dispenser, Glove: Triple Box	\$ 125.97	1	1	\$ 125.97
M0750	Flowmeter: Oxygen	\$ 35.05	1	1	\$ 35.05
A5107	Dispenser, Glove: Triple Box	\$ 125.97	1	1	\$ 125.97
A5082	Dispenser: Paper Towel, Surface Mount	\$ 112.20	1	1	\$ 112.20
A5106	Disposal, Sharps: Wall Mount	\$ 3.51	1	1	\$ 3.51
A5107	Dispenser, Glove: Triple Box	\$ 125.97	1	1	\$ 125.97
M0765	Regulator: Suction, Intermittent/Continuous	\$ 314.25	1	1	\$ 314.25
A5108	Disposal, Sharps: Countertop	\$ 0.94	1	1	\$ 0.94
A5108	Disposal, Sharps: Countertop	\$ 0.94	1	1	\$ 0.94
A5075	Dispenser: Soap, Wall Mount	\$ 53.16	1	1	\$ 53.16
A5210	Bracket: Television, Wall, Flat Panel	\$ 86.74	1	1	\$ 86.74
A5210	Bracket: Television, Wall, Flat Panel	\$ 86.74	1	1	\$ 86.74
M3070	Hamper: Linen	\$ 196.47	1	1	\$ 196.47
A5108	Disposal, Sharps: Countertop	\$ 0.94	1	1	\$ 0.94
M0512	Television: 50-65 in, Flat Panel	\$ 1,314.50	1	1	\$ 1,314.50
A5082	Dispenser: Paper Towel, Surface Mount	\$ 112.20	1	1	\$ 112.20
A5075A	Dispenser: Hand Sanitizer, Wall Mount	\$ 60.15	1	1	\$ 60.15
A5082	Dispenser: Paper Towel, Surface Mount	\$ 112.20	1	1	\$ 112.20
M0765	Regulator: Suction, Intermittent/Continuous	\$ 314.25	1	1	\$ 314.25
A5108	Disposal, Sharps: Countertop	\$ 0.94	1	1	\$ 0.94
A5108	Disposal, Sharps: Countertop	\$ 0.94	1	1	\$ 0.94
A5108	Disposal, Sharps: Countertop	\$ 0.94	1	1	\$ 0.94
A5108	Disposal, Sharps: Countertop	\$ 0.94	1	1	\$ 0.94
A5106	Disposal, Sharps: Wall Mount	\$ 3.51	1	1	\$ 3.51
A5210	Bracket: Television, Wall, Flat Panel	\$ 86.74	1	1	\$ 86.74
M7010	Bed: Electric	\$ 5,940.00	1	1	\$ 5,940.00
A5075	Dispenser: Soap, Wall Mount	\$ 53.16	1	1	\$ 53.16
A5075	Dispenser: Soap, Wall Mount	\$ 53.16	1	1	\$ 53.16
M7010	Bed: Electric	\$ 5,940.00	1	1	\$ 5,940.00
M4707	Wheelchair: Adult, Standard	\$ 212.31	1	1	\$ 212.31
M7040	Table, Overbed: General	\$ 359.98	1	1	\$ 359.98
M0765	Regulator: Suction, Intermittent/Continuous	\$ 314.25	1	1	\$ 314.25
M0750	Flowmeter: Oxygen	\$ 35.05	1	1	\$ 35.05
M7010	Bed: Electric	\$ 5,940.00	1	1	\$ 5,940.00
M7040	Table, Overbed: General	\$ 359.98	1	1	\$ 359.98
M7010	Bed: Electric	\$ 5,940.00	1	1	\$ 5,940.00
A5106	Disposal, Sharps: Wall Mount	\$ 3.51	1	1	\$ 3.51
M7040	Table, Overbed: General	\$ 359.98	1	1	\$ 359.98
M7010	Bed: Electric	\$ 5,940.00	1	1	\$ 5,940.00
A5082	Dispenser: Paper Towel, Surface Mount	\$ 112.20	1	1	\$ 112.20
A5075A	Dispenser: Hand Sanitizer, Wall Mount	\$ 60.15	1	1	\$ 60.15
M0765	Regulator: Suction, Intermittent/Continuous	\$ 314.25	1	1	\$ 314.25
M7010	Bed: Electric	\$ 5,940.00	1	1	\$ 5,940.00
A5210	Bracket: Television, Wall, Flat Panel	\$ 86.74	1	1	\$ 86.74
A5108	Disposal, Sharps: Countertop	\$ 0.94	1	1	\$ 0.94
M7010	Bed: Electric	\$ 5,940.00	1	1	\$ 5,940.00
A5075A	Dispenser: Hand Sanitizer, Wall Mount	\$ 60.15	1	1	\$ 60.15
A5075A	Dispenser: Hand Sanitizer, Wall Mount	\$ 60.15	1	1	\$ 60.15
M4707	Wheelchair: Adult, Standard	\$ 212.31	1	1	\$ 212.31
M0765	Regulator: Suction, Intermittent/Continuous	\$ 314.25	1	1	\$ 314.25
A5106	Disposal, Sharps: Wall Mount	\$ 3.51	1	1	\$ 3.51
A5075	Dispenser: Soap, Wall Mount	\$ 53.16	1	1	\$ 53.16
A5106	Disposal, Sharps: Wall Mount	\$ 3.51	1	1	\$ 3.51
A5107	Dispenser, Glove: Triple Box	\$ 125.97	1	1	\$ 125.97
A5107	Dispenser, Glove: Triple Box	\$ 125.97	1	1	\$ 125.97
A5107	Dispenser, Glove: Triple Box	\$ 125.97	1	1	\$ 125.97
M0750	Flowmeter: Oxygen	\$ 35.05	1	1	\$ 35.05
M0512	Television: 50-65 in, Flat Panel	\$ 1,314.50	1	1	\$ 1,314.50
A5106	Disposal, Sharps: Wall Mount	\$ 3.51	1	1	\$ 3.51
A5108	Disposal, Sharps: Countertop	\$ 0.94	1	1	\$ 0.94
M0750	Flowmeter: Oxygen	\$ 35.05	1	1	\$ 35.05
M7040	Table, Overbed: General	\$ 359.98	1	1	\$ 359.98
A5075	Dispenser: Soap, Wall Mount	\$ 53.16	1	1	\$ 53.16
A5075A	Dispenser: Hand Sanitizer, Wall Mount	\$ 60.15	1	1	\$ 60.15
A5107	Dispenser, Glove: Triple Box	\$ 125.97	1	1	\$ 125.97
A5108	Disposal, Sharps: Countertop	\$ 0.94	1	1	\$ 0.94
A5108	Disposal, Sharps: Countertop	\$ 0.94	1	1	\$ 0.94
A5107	Dispenser, Glove: Triple Box	\$ 125.97	1	1	\$ 125.97
A5075	Dispenser: Soap, Wall Mount	\$ 53.16	1	1	\$ 53.16
A5075A	Dispenser: Hand Sanitizer, Wall Mount	\$ 60.15	1	1	\$ 60.15
A5108	Disposal, Sharps: Countertop	\$ 0.94	1	1	\$ 0.94
M0765	Regulator: Suction, Intermittent/Continuous	\$ 314.25	1	1	\$ 314.25
M4707	Wheelchair: Adult, Standard	\$ 212.31	1	1	\$ 212.31

M7010	Bed: Electric	\$ 5,940.00	1	1	\$ 5,940.00
M0765	Regulator: Suction, Intermittent/Continuous	\$ 314.25	1	1	\$ 314.25
A5107	Dispenser, Glove: Triple Box	\$ 125.97	1	1	\$ 125.97
M0750	Flowmeter: Oxygen	\$ 35.05	1	1	\$ 35.05
A5075	Dispenser: Soap, Wall Mount	\$ 53.16	1	1	\$ 53.16
M7040	Table, Overbed: General	\$ 359.98	1	1	\$ 359.98
A5210	Bracket: Television, Wall, Flat Panel	\$ 86.74	1	1	\$ 86.74
A5107	Dispenser, Glove: Triple Box	\$ 125.97	1	1	\$ 125.97
M4707	Wheelchair: Adult, Standard	\$ 212.31	1	1	\$ 212.31
M0765	Regulator: Suction, Intermittent/Continuous	\$ 314.25	1	1	\$ 314.25
A5075A	Dispenser: Hand Sanitizer, Wall Mount	\$ 60.15	1	1	\$ 60.15
F2010	Waste Can: Open Top	\$ 102.25	1	1	\$ 102.25
M0512	Television: 50-65 in, Flat Panel	\$ 1,314.50	1	1	\$ 1,314.50
A5108	Disposal, Sharps: Countertop	\$ 0.94	1	1	\$ 0.94
A5108	Disposal, Sharps: Countertop	\$ 0.94	1	1	\$ 0.94
M7040	Table, Overbed: General	\$ 359.98	1	1	\$ 359.98
M7040	Table, Overbed: General	\$ 359.98	1	1	\$ 359.98
M7010	Bed: Electric	\$ 5,940.00	1	1	\$ 5,940.00
M3070	Hamper: Linen	\$ 196.47	1	1	\$ 196.47
M7010	Bed: Electric	\$ 5,940.00	1	1	\$ 5,940.00
A5082	Dispenser: Paper Towel, Surface Mount	\$ 112.20	1	1	\$ 112.20
A5075	Dispenser: Soap, Wall Mount	\$ 53.16	1	1	\$ 53.16
A5210	Bracket: Television, Wall, Flat Panel	\$ 86.74	1	1	\$ 86.74
F2010	Waste Can: Open Top	\$ 102.25	1	1	\$ 102.25
A5107	Dispenser, Glove: Triple Box	\$ 125.97	1	1	\$ 125.97
A5108	Disposal, Sharps: Countertop	\$ 0.94	1	1	\$ 0.94
A5075A	Dispenser: Hand Sanitizer, Wall Mount	\$ 60.15	1	1	\$ 60.15
A5106	Disposal, Sharps: Wall Mount	\$ 3.51	1	1	\$ 3.51
A5075	Dispenser: Soap, Wall Mount	\$ 53.16	1	1	\$ 53.16
M7010	Bed: Electric	\$ 5,940.00	1	1	\$ 5,940.00
A5210	Bracket: Television, Wall, Flat Panel	\$ 86.74	1	1	\$ 86.74
A5210	Bracket: Television, Wall, Flat Panel	\$ 86.74	1	1	\$ 86.74
A5075	Dispenser: Soap, Wall Mount	\$ 53.16	1	1	\$ 53.16
M0765	Regulator: Suction, Intermittent/Continuous	\$ 314.25	1	1	\$ 314.25
A5082	Dispenser: Paper Towel, Surface Mount	\$ 112.20	1	1	\$ 112.20
M0512	Television: 50-65 in, Flat Panel	\$ 1,314.50	1	1	\$ 1,314.50
A5082	Dispenser: Paper Towel, Surface Mount	\$ 112.20	1	1	\$ 112.20
M3070	Hamper: Linen	\$ 196.47	1	1	\$ 196.47
M0765	Regulator: Suction, Intermittent/Continuous	\$ 314.25	1	1	\$ 314.25
A5108	Disposal, Sharps: Countertop	\$ 0.94	1	1	\$ 0.94
A5108	Disposal, Sharps: Countertop	\$ 0.94	1	1	\$ 0.94
M0765	Regulator: Suction, Intermittent/Continuous	\$ 314.25	1	1	\$ 314.25
A5075A	Dispenser: Hand Sanitizer, Wall Mount	\$ 60.15	1	1	\$ 60.15
F2010	Waste Can: Open Top	\$ 102.25	1	1	\$ 102.25
A5107	Dispenser, Glove: Triple Box	\$ 125.97	1	1	\$ 125.97
M0512	Television: 50-65 in, Flat Panel	\$ 1,314.50	1	1	\$ 1,314.50
M4707	Wheelchair: Adult, Standard	\$ 212.31	1	1	\$ 212.31
M0765	Regulator: Suction, Intermittent/Continuous	\$ 314.25	1	1	\$ 314.25
A5210	Bracket: Television, Wall, Flat Panel	\$ 86.74	1	1	\$ 86.74
M0512	Television: 50-65 in, Flat Panel	\$ 1,314.50	1	1	\$ 1,314.50
A5075A	Dispenser: Hand Sanitizer, Wall Mount	\$ 60.15	1	1	\$ 60.15
A5210	Bracket: Television, Wall, Flat Panel	\$ 86.74	1	1	\$ 86.74
A5210	Bracket: Television, Wall, Flat Panel	\$ 86.74	1	1	\$ 86.74
M0512	Television: 50-65 in, Flat Panel	\$ 1,314.50	1	1	\$ 1,314.50
A5082	Dispenser: Paper Towel, Surface Mount	\$ 112.20	1	1	\$ 112.20
M7040	Table, Overbed: General	\$ 359.98	1	1	\$ 359.98
A5106	Disposal, Sharps: Wall Mount	\$ 3.51	1	1	\$ 3.51
M0750	Flowmeter: Oxygen	\$ 35.05	1	1	\$ 35.05
M4707	Wheelchair: Adult, Standard	\$ 212.31	1	1	\$ 212.31
A5082	Dispenser: Paper Towel, Surface Mount	\$ 112.20	1	1	\$ 112.20
M4707	Wheelchair: Adult, Standard	\$ 212.31	1	1	\$ 212.31
M0512	Television: 50-65 in, Flat Panel	\$ 1,314.50	1	1	\$ 1,314.50
A5075	Dispenser: Soap, Wall Mount	\$ 53.16	1	1	\$ 53.16
A5075A	Dispenser: Hand Sanitizer, Wall Mount	\$ 60.15	1	1	\$ 60.15
M7010	Bed: Electric	\$ 5,940.00	1	1	\$ 5,940.00
M3070	Hamper: Linen	\$ 196.47	1	1	\$ 196.47
A5075A	Dispenser: Hand Sanitizer, Wall Mount	\$ 60.15	1	1	\$ 60.15
A5108	Disposal, Sharps: Countertop	\$ 0.94	1	1	\$ 0.94
A5106	Disposal, Sharps: Wall Mount	\$ 3.51	1	1	\$ 3.51
F2010	Waste Can: Open Top	\$ 102.25	1	1	\$ 102.25
A5210	Bracket: Television, Wall, Flat Panel	\$ 86.74	1	1	\$ 86.74
A5107	Dispenser, Glove: Triple Box	\$ 125.97	1	1	\$ 125.97
A5075A	Dispenser: Hand Sanitizer, Wall Mount	\$ 60.15	1	1	\$ 60.15
F2010	Waste Can: Open Top	\$ 102.25	1	1	\$ 102.25

A5075A	Dispenser: Hand Sanitizer, Wall Mount	\$ 60.15	1	1	\$ 60.15
F2010	Waste Can: Open Top	\$ 102.25	1	1	\$ 102.25
M7010	Bed: Electric	\$ 5,940.00	1	1	\$ 5,940.00
A5075A	Dispenser: Hand Sanitizer, Wall Mount	\$ 60.15	1	1	\$ 60.15
M7040	Table, Overbed: General	\$ 359.98	1	1	\$ 359.98
A5106	Disposal, Sharps: Wall Mount	\$ 3.51	1	1	\$ 3.51
M7010	Bed: Electric	\$ 5,940.00	1	1	\$ 5,940.00
M0750	Flowmeter: Oxygen	\$ 35.05	1	1	\$ 35.05
M0765	Regulator: Suction, Intermittent/Continuous	\$ 314.25	1	1	\$ 314.25
A5082	Dispenser: Paper Towel, Surface Mount	\$ 112.20	1	1	\$ 112.20
A5075A	Dispenser: Hand Sanitizer, Wall Mount	\$ 60.15	1	1	\$ 60.15
M0512	Television: 50-65 in, Flat Panel	\$ 1,314.50	1	1	\$ 1,314.50
A5107	Dispenser, Glove: Triple Box	\$ 125.97	1	1	\$ 125.97
M7010	Bed: Electric	\$ 5,940.00	1	1	\$ 5,940.00
A5090	Disposal: Sanitary Napkin, Surface Mount	\$ 111.47	1	1	\$ 111.47
A5075	Dispenser: Soap, Wall Mount	\$ 53.16	1	1	\$ 53.16
A5075	Dispenser: Soap, Wall Mount	\$ 53.16	1	1	\$ 53.16
F2014	Waste Can: Step-On	\$ 180.40	1	1	\$ 180.40
A5202	Dispenser: Toilet Paper, Surface Mount	\$ 38.50	1	1	\$ 38.50
A5090	Disposal: Sanitary Napkin, Surface Mount	\$ 111.47	1	1	\$ 111.47
A5082	Dispenser: Paper Towel, Surface Mount	\$ 112.20	1	1	\$ 112.20
F2014	Waste Can: Step-On	\$ 180.40	1	1	\$ 180.40
A5202	Dispenser: Toilet Paper, Surface Mount	\$ 38.50	1	1	\$ 38.50
A5082	Dispenser: Paper Towel, Surface Mount	\$ 112.20	1	1	\$ 112.20
A5107	Dispenser, Glove: Triple Box	\$ 125.97	1	1	\$ 125.97
R6070	Refrigerator: Pharmaceutical, 1 door	\$ 4,053.50	1	1	\$ 4,053.50
A5108	Disposal, Sharps: Countertop	\$ 12.10	1	1	\$ 12.10
A5075	Dispenser: Soap, Wall Mount	\$ 53.16	1	1	\$ 53.16
E0603	Shelf: Allowance	\$ 294.67	4	1	\$ 1,178.67
A5075A	Dispenser: Hand Sanitizer, Wall Mount	\$ 60.15	1	1	\$ 60.15
A5106	Disposal, Sharps: Wall Mount	\$ 3.51	1	1	\$ 3.51
M2035	Shelving: Wire, Chrome, 36 inch	\$ 528.33	3	1	\$ 1,584.99
F2014	Waste Can: Step-On	\$ 180.40	1	1	\$ 180.40
A5082	Dispenser: Paper Towel, Surface Mount	\$ 112.20	1	1	\$ 112.20
M7280	Dispenser, Medication: Pharmacy, Auxiliary	\$ 98,370.36	1	1	\$ 98,370.36
U0003	Board: Activity/Therapy	\$ 100.55	1	1	\$ 100.55
G1043	Ergometer: Bicycle	\$ 3,905.00	1	1	\$ 3,905.00
A1080	Mirror: Posture, Mobile	\$ 376.87	1	1	\$ 376.87
M8315	Table, Therapy: Adjustable Height	\$ 2,664.32	1	1	\$ 2,664.32
M8280	Dynamometer: Handheld	\$ 617.86	1	1	\$ 617.86
M8240A	Bars, Parallel: Platform, Bariatric, Manual	\$ 431.20	1	1	\$ 431.20
U0062	Board: Activity/Therapy	\$ 355.40	3	1	\$ 1,066.20
U0034A	Lift, Patient: Gait Therapy, Ceiling Track	\$ 240,900.00	1	1	\$ 240,900.00
U0007	Board: Patient Transfer Device	\$ 82.78	1	1	\$ 82.78
M8330	Treadmill: Exercise (Rehab/PT)	\$ 4,233.90	1	1	\$ 4,233.90
U0005	Board: Patient Transfer Device	\$ 629.27	1	1	\$ 629.27
G0144	Exerciser: Elliptical	\$ 3,298.90	2	1	\$ 6,597.80
U0053	Rack: Weights, Floor	\$ 440.00	1	1	\$ 440.00
M8320	Table, Exam/Treatment: Hi-Low	\$ 2,888.20	3	1	\$ 8,664.61
F0340A	Stool: Exam, Cushion-Seat	\$ 770.00	10	1	\$ 7,700.00
U0006	Board: Patient Transfer Device	\$ 55.78	1	1	\$ 55.78
M7660	Cabinet, Storage, Clinical: Defibrillator	\$ 350.90	1	1	\$ 350.90
M8150	Stairs: Training, Straight	\$ 1,677.50	1	1	\$ 1,677.50
U0064	Exerciser: Arm Curl	\$ 141.71	2	1	\$ 283.43
A5030A	Bench: Transfer	\$ 226.62	1	1	\$ 226.62
M7660B	Defibrillator: Transport, Advisory	\$ 1,864.50	1	1	\$ 1,864.50
M8133	Ergometer: Upper Body	\$ 5,566.00	1	1	\$ 5,566.00
U0106	Exerciser: Arm Support System	\$ 113.00	2	1	\$ 226.01
A5075	Dispenser: Soap, Wall Mount	\$ 53.16	2	1	\$ 106.33
A5075A	Dispenser: Hand Sanitizer, Wall Mount	\$ 60.15	2	1	\$ 120.30
M8210A	Cart, Equipment: Weights	\$ 756.80	1	1	\$ 756.80
A5082	Dispenser: Paper Towel, Surface Mount	\$ 112.20	2	1	\$ 224.40
U0107	Board: Balance	\$ 110.67	3	1	\$ 332.01
A5030	Bench: Transfer	\$ 59.05	1	1	\$ 59.05
M8240B	Bars, Parallel: Platform, Bariatric, Motorized	\$ 15,296.60	1	1	\$ 15,296.60
F2014	Waste Can: Step-On	\$ 180.40	1	1	\$ 180.40
A5107	Dispenser, Glove: Triple Box	\$ 125.97	1	1	\$ 125.97
A5107	Dispenser, Glove: Triple Box	\$ 125.97	1	1	\$ 125.97
F2014	Waste Can: Step-On	\$ 180.40	1	1	\$ 180.40
M3070	Hamper: Linen	\$ 196.47	1	1	\$ 196.47
M3070	Hamper: Linen	\$ 196.47	1	1	\$ 196.47
A5075A	Dispenser: Hand Sanitizer, Wall Mount	\$ 60.15	1	1	\$ 60.15
F0340A	Stool: Exam, Cushion-Seat	\$ 770.00	1	1	\$ 770.00
E0963	Cart, Procedure: General	\$ 2,317.70	1	1	\$ 2,317.70

M8320	Table, Exam/Treatment: Hi-Low	\$ 2,888.20	1	1	\$ 2,888.20
E0963	Cart, Procedure: General	\$ 2,317.70	1	1	\$ 2,317.70
A5075A	Dispenser: Hand Sanitizer, Wall Mount	\$ 60.15	1	1	\$ 60.15
F0340A	Stool: Exam, Cushion-Seat	\$ 770.00	1	1	\$ 770.00
M8320	Table, Exam/Treatment: Hi-Low	\$ 2,888.20	1	1	\$ 2,888.20
F2017	Waste Can: Step-On	\$ 308.00	1	1	\$ 308.00
F2017	Waste Can: Step-On	\$ 308.00	1	1	\$ 308.00
A5202	Dispenser: Toilet Paper, Surface Mount	\$ 38.50	1	1	\$ 38.50
A5075	Dispenser: Soap, Wall Mount	\$ 53.16	1	1	\$ 53.16
A5090	Disposal: Sanitary Napkin, Surface Mount	\$ 111.47	1	1	\$ 111.47
A5090	Disposal: Sanitary Napkin, Surface Mount	\$ 111.47	1	1	\$ 111.47
A5075	Dispenser: Soap, Wall Mount	\$ 53.16	1	1	\$ 53.16
A5202	Dispenser: Toilet Paper, Surface Mount	\$ 38.50	1	1	\$ 38.50
A5082	Dispenser: Paper Towel, Surface Mount	\$ 112.20	1	1	\$ 112.20
F2014	Waste Can: Step-On	\$ 180.40	1	1	\$ 180.40
F2014	Waste Can: Step-On	\$ 180.40	1	1	\$ 180.40
A5082	Dispenser: Paper Towel, Surface Mount	\$ 112.20	1	1	\$ 112.20
F2010	Waste Can: Open Top	\$ 94.60	1	1	\$ 94.60
F2010	Waste Can: Open Top	\$ 94.60	1	1	\$ 94.60
U0039	Sensory Station: Stationary	\$ 24,750.00	1	1	\$ 24,750.00
U0017	Exerciser: Robotic, Full Body	\$ 187,000.00	1	1	\$ 187,000.00
U0037	Allowance: Accessories	\$ 878.90	1	1	\$ 878.90
F2014	Waste Can: Step-On	\$ 180.40	1	1	\$ 180.40
A5075	Dispenser: Soap, Wall Mount	\$ 53.16	1	1	\$ 53.16
A5075A	Dispenser: Hand Sanitizer, Wall Mount	\$ 60.15	1	1	\$ 60.15
A5082	Dispenser: Paper Towel, Surface Mount	\$ 112.20	1	1	\$ 112.20
F2016	Waste Can: 44-55 Gallon	\$ 233.60	1	1	\$ 233.60
A5107	Dispenser, Glove: Triple Box	\$ 125.97	1	1	\$ 125.97
M3070	Hamper: Linen	\$ 196.47	1	1	\$ 196.47
F2014	Waste Can: Step-On	\$ 180.40	1	1	\$ 180.40
F0510A	Cart / Truck: Linen, Bulk	\$ 1,204.50	1	1	\$ 1,204.50
A5107	Dispenser, Glove: Triple Box	\$ 125.97	1	1	\$ 125.97
F0510A	Cart / Truck: Linen, Bulk	\$ 1,204.50	1	1	\$ 1,204.50
F2016A	Waste Can: Bio-Hazardous, 32-55 Gallon	\$ 274.77	1	1	\$ 274.77
A5107	Dispenser, Glove: Triple Box	\$ 125.97	1	1	\$ 125.97
A5075A	Dispenser: Hand Sanitizer, Wall Mount	\$ 60.15	1	1	\$ 60.15
A5082	Dispenser: Paper Towel, Surface Mount	\$ 112.20	1	1	\$ 112.20
A5075	Dispenser: Soap, Wall Mount	\$ 53.16	1	1	\$ 53.16
F2016A	Waste Can: Bio-Hazardous, 32-55 Gallon	\$ 274.77	1	1	\$ 274.77
F0510A	Cart / Truck: Linen, Bulk	\$ 1,204.50	1	1	\$ 1,204.50
A5082	Dispenser: Paper Towel, Surface Mount	\$ 112.20	1	1	\$ 112.20
F0510A	Cart / Truck: Linen, Bulk	\$ 1,204.50	1	1	\$ 1,204.50
A5075A	Dispenser: Hand Sanitizer, Wall Mount	\$ 60.15	1	1	\$ 60.15
M3070	Hamper: Linen	\$ 196.47	1	1	\$ 196.47
M3070	Hamper: Linen	\$ 196.47	1	1	\$ 196.47
A5075	Dispenser: Soap, Wall Mount	\$ 53.16	1	1	\$ 53.16
A5082	Dispenser: Paper Towel, Surface Mount	\$ 112.20	1	1	\$ 112.20
F2016A	Waste Can: Bio-Hazardous, 32-55 Gallon	\$ 274.77	1	1	\$ 274.77
F2016	Waste Can: 44-55 Gallon	\$ 233.60	1	1	\$ 233.60
F2014	Waste Can: Step-On	\$ 180.40	1	1	\$ 180.40
A5075	Dispenser: Soap, Wall Mount	\$ 53.16	1	1	\$ 53.16
F2014	Waste Can: Step-On	\$ 180.40	1	1	\$ 180.40
A5075	Dispenser: Soap, Wall Mount	\$ 53.16	1	1	\$ 53.16
A5082	Dispenser: Paper Towel, Surface Mount	\$ 112.20	1	1	\$ 112.20
F2016	Waste Can: 44-55 Gallon	\$ 233.60	1	1	\$ 233.60
F2016A	Waste Can: Bio-Hazardous, 32-55 Gallon	\$ 274.77	1	1	\$ 274.77
F2016	Waste Can: 44-55 Gallon	\$ 233.60	1	1	\$ 233.60
M3070	Hamper: Linen	\$ 196.47	1	1	\$ 196.47
A5075A	Dispenser: Hand Sanitizer, Wall Mount	\$ 60.15	1	1	\$ 60.15
F2014	Waste Can: Step-On	\$ 180.40	1	1	\$ 180.40
A5075A	Dispenser: Hand Sanitizer, Wall Mount	\$ 60.15	1	1	\$ 60.15
A5107	Dispenser, Glove: Triple Box	\$ 125.97	1	1	\$ 125.97
F2016A	Waste Can: Bio-Hazardous, 32-55 Gallon	\$ 274.77	1	1	\$ 274.77
A5107	Dispenser, Glove: Triple Box	\$ 125.97	1	1	\$ 125.97
M3070	Hamper: Linen	\$ 196.47	1	1	\$ 196.47
A5075	Dispenser: Soap, Wall Mount	\$ 53.16	1	1	\$ 53.16
F2016	Waste Can: 44-55 Gallon	\$ 233.60	1	1	\$ 233.60
F0510A	Cart / Truck: Linen, Bulk	\$ 1,204.50	1	1	\$ 1,204.50
A5075A	Dispenser: Hand Sanitizer, Wall Mount	\$ 60.15	1	1	\$ 60.15
F2014	Waste Can: Step-On	\$ 180.40	1	1	\$ 180.40
A5082	Dispenser: Paper Towel, Surface Mount	\$ 112.20	1	1	\$ 112.20
M8075	Lift, Patient: Ceiling, 1-Bed	\$ 3,522.75	1	1	\$ 3,522.75
M7010B	Bed: Electric, Bariatric	\$ 24,056.81	1	1	\$ 24,056.81
A5108	Disposal, Sharps: Countertop	\$ 12.10	1	1	\$ 12.10

M3070	Hamper: Linen	\$	196.47	1	1	\$	196.47
A5107	Dispenser, Glove: Triple Box	\$	125.97	1	1	\$	125.97
A5075	Dispenser: Soap, Wall Mount	\$	53.16	1	1	\$	53.16
A5082	Dispenser: Paper Towel, Surface Mount	\$	112.20	1	1	\$	112.20
F2010	Waste Can: Open Top	\$	94.60	1	1	\$	94.60
A5075A	Dispenser: Hand Sanitizer, Wall Mount	\$	60.15	1	1	\$	60.15
M7040	Table, Overbed: General	\$	359.98	1	1	\$	359.98
M0750	Flowmeter: Oxygen	\$	38.50	1	1	\$	38.50
A5210	Bracket: Television, Wall, Flat Panel	\$	86.74	1	1	\$	86.74
M0512	Television: 50-65 in, Flat Panel	\$	1,314.50	1	1	\$	1,314.50
M0765	Regulator: Suction, Intermittent/Continuous	\$	314.25	1	1	\$	314.25
A5106	Disposal, Sharps: Wall Mount	\$	3.51	1	1	\$	3.51
M4701	Wheelchair: Adult, Bariatric	\$	2,481.60	1	1	\$	2,481.60
M0750	Flowmeter: Oxygen	\$	38.50	1	1	\$	38.50
A5075	Dispenser: Soap, Wall Mount	\$	53.16	1	1	\$	53.16
A5075A	Dispenser: Hand Sanitizer, Wall Mount	\$	60.15	1	1	\$	60.15
A5082	Dispenser: Paper Towel, Surface Mount	\$	112.20	1	1	\$	112.20
M4701	Wheelchair: Adult, Bariatric	\$	2,481.60	1	1	\$	2,481.60
M7040	Table, Overbed: General	\$	359.98	1	1	\$	359.98
M3070	Hamper: Linen	\$	196.47	1	1	\$	196.47
M0765	Regulator: Suction, Intermittent/Continuous	\$	314.25	1	1	\$	314.25
A5107	Dispenser, Glove: Triple Box	\$	125.97	1	1	\$	125.97
A5108	Disposal, Sharps: Countertop	\$	12.10	1	1	\$	12.10
M7010B	Bed: Electric, Bariatric	\$	24,056.81	1	1	\$	24,056.81
M0512	Television: 50-65 in, Flat Panel	\$	1,314.50	1	1	\$	1,314.50
F2010	Waste Can: Open Top	\$	94.60	1	1	\$	94.60
A5210	Bracket: Television, Wall, Flat Panel	\$	86.74	1	1	\$	86.74
M8075	Lift, Patient: Ceiling, 1-Bed	\$	3,522.75	1	1	\$	3,522.75
A5106	Disposal, Sharps: Wall Mount	\$	3.51	1	1	\$	3.51
F2010	Waste Can: Open Top	\$	102.25	1	1	\$	102.25
A5075	Dispenser: Soap, Wall Mount	\$	53.16	1	1	\$	53.16
M8165	Exerciser: Oropharyngeal Therapy	\$	4,293.11	1	1	\$	4,293.11
A5075	Dispenser: Soap, Wall Mount	\$	53.16	1	1	\$	53.16
M8165	Exerciser: Oropharyngeal Therapy	\$	4,293.11	1	1	\$	4,293.11
F2010	Waste Can: Open Top	\$	94.60	1	1	\$	94.60
A5075A	Dispenser: Hand Sanitizer, Wall Mount	\$	60.15	1	1	\$	60.15
A5082	Dispenser: Paper Towel, Surface Mount	\$	112.20	1	1	\$	112.20
U0011	Dictation/Transcription System: Allowance	\$	-	1	1	\$	-
A5075	Dispenser: Soap, Wall Mount	\$	53.16	1	1	\$	53.16
F2014	Waste Can: Step-On	\$	355.59	1	1	\$	355.59
K1550	Coffee Maker: Automatic, 1-2 Warmer	\$	942.46	1	1	\$	942.46
K1550	Coffee Maker: Automatic, 1-2 Warmer	\$	942.46	1	1	\$	942.46
K4665	Oven: Domestic, Microwave, Countertop	\$	291.50	1	1	\$	291.50
A5082	Dispenser: Paper Towel, Surface Mount	\$	112.20	1	1	\$	112.20
R7200	Refrigerator: Domestic with Freezer	\$	1,318.90	1	1	\$	1,318.90
K4665	Oven: Domestic, Microwave, Countertop	\$	291.50	1	1	\$	291.50
R7200	Refrigerator: Domestic with Freezer	\$	1,318.90	1	1	\$	1,318.90
A5075	Dispenser: Soap, Wall Mount	\$	53.16	1	1	\$	53.16
F2014	Waste Can: Step-On	\$	355.59	1	1	\$	355.59
A5075A	Dispenser: Hand Sanitizer, Wall Mount	\$	60.15	1	1	\$	60.15
A5075A	Dispenser: Hand Sanitizer, Wall Mount	\$	60.15	1	1	\$	60.15
A5082	Dispenser: Paper Towel, Surface Mount	\$	112.20	1	1	\$	112.20
A5075	Dispenser: Soap, Wall Mount	\$	53.16	1	1	\$	53.16
A5082	Dispenser: Paper Towel, Surface Mount	\$	112.20	1	1	\$	112.20
A5082	Dispenser: Paper Towel, Surface Mount	\$	112.20	1	1	\$	112.20
A5090	Disposal: Sanitary Napkin, Surface Mount	\$	111.47	1	1	\$	111.47
A5075	Dispenser: Soap, Wall Mount	\$	53.16	1	1	\$	53.16
A5090	Disposal: Sanitary Napkin, Surface Mount	\$	111.47	1	1	\$	111.47
A5202	Dispenser: Toilet Paper, Surface Mount	\$	38.50	1	1	\$	38.50
A5082	Dispenser: Paper Towel, Surface Mount	\$	112.20	1	1	\$	112.20
A5090	Disposal: Sanitary Napkin, Surface Mount	\$	111.47	1	1	\$	111.47
F2014	Waste Can: Step-On	\$	180.40	1	1	\$	180.40
A5090	Disposal: Sanitary Napkin, Surface Mount	\$	111.47	1	1	\$	111.47
A5082	Dispenser: Paper Towel, Surface Mount	\$	112.20	1	1	\$	112.20
A5202	Dispenser: Toilet Paper, Surface Mount	\$	38.50	1	1	\$	38.50
F2014	Waste Can: Step-On	\$	180.40	1	1	\$	180.40
F2014	Waste Can: Step-On	\$	180.40	1	1	\$	180.40
A5075	Dispenser: Soap, Wall Mount	\$	53.16	1	1	\$	53.16
F2014	Waste Can: Step-On	\$	180.40	1	1	\$	180.40
A5202	Dispenser: Toilet Paper, Surface Mount	\$	38.50	1	1	\$	38.50
F2014	Waste Can: Step-On	\$	180.40	1	1	\$	180.40
A5075	Dispenser: Soap, Wall Mount	\$	53.16	1	1	\$	53.16
A5090	Disposal: Sanitary Napkin, Surface Mount	\$	111.47	1	1	\$	111.47
A5090	Disposal: Sanitary Napkin, Surface Mount	\$	111.47	1	1	\$	111.47

A5075	Dispenser: Soap, Wall Mount	\$ 53.16	1	1	\$ 53.16
A5090	Disposal: Sanitary Napkin, Surface Mount	\$ 111.47	1	1	\$ 111.47
A5202	Dispenser: Toilet Paper, Surface Mount	\$ 38.50	1	1	\$ 38.50
A5075	Dispenser: Soap, Wall Mount	\$ 53.16	1	1	\$ 53.16
F2014	Waste Can: Step-On	\$ 180.40	1	1	\$ 180.40
A5202	Dispenser: Toilet Paper, Surface Mount	\$ 38.50	1	1	\$ 38.50
A5075	Dispenser: Soap, Wall Mount	\$ 53.16	1	1	\$ 53.16
F2014	Waste Can: Step-On	\$ 180.40	1	1	\$ 180.40
A5202	Dispenser: Toilet Paper, Surface Mount	\$ 38.50	1	1	\$ 38.50
A5090	Disposal: Sanitary Napkin, Surface Mount	\$ 111.47	1	1	\$ 111.47
A5082	Dispenser: Paper Towel, Surface Mount	\$ 112.20	1	1	\$ 112.20
F2014	Waste Can: Step-On	\$ 180.40	1	1	\$ 180.40
A5202	Dispenser: Toilet Paper, Surface Mount	\$ 38.50	1	1	\$ 38.50
A5082	Dispenser: Paper Towel, Surface Mount	\$ 112.20	1	1	\$ 112.20
A5202	Dispenser: Toilet Paper, Surface Mount	\$ 38.50	1	1	\$ 38.50
A5082	Dispenser: Paper Towel, Surface Mount	\$ 112.20	1	1	\$ 112.20
A5075	Dispenser: Soap, Wall Mount	\$ 53.16	1	1	\$ 53.16
A5082	Dispenser: Paper Towel, Surface Mount	\$ 112.20	1	1	\$ 112.20
L2275	Hood: Horizontal Laminar Flow	\$ 6,875.00	1	1	\$ 6,875.00
F2010	Waste Can: Open Top	\$ 94.60	1	1	\$ 94.60
F2010	Waste Can: Open Top	\$ 94.60	4	1	\$ 378.40
A5082	Dispenser: Paper Towel, Surface Mount	\$ 112.20	1	1	\$ 112.20
F2010	Waste Can: Open Top	\$ 94.60	10	1	\$ 946.00
R6200	Refrigerator: Undercounter w/ Freezer	\$ 242.00	1	1	\$ 242.00
A5202	Dispenser: Toilet Paper, Surface Mount	\$ 38.50	1	1	\$ 38.50
A5202	Dispenser: Toilet Paper, Surface Mount	\$ 38.50	1	1	\$ 38.50
U0033	Chair, Clinical: Shower, Floor	\$ 31.69	1	1	\$ 31.69
A5090	Disposal: Sanitary Napkin, Surface Mount	\$ 111.47	1	1	\$ 111.47
A5090	Disposal: Sanitary Napkin, Surface Mount	\$ 111.47	1	1	\$ 111.47
A5082	Dispenser: Paper Towel, Surface Mount	\$ 112.20	1	1	\$ 112.20
A5075	Dispenser: Soap, Wall Mount	\$ 53.16	2	1	\$ 106.33
F2014	Waste Can: Step-On	\$ 180.40	1	1	\$ 180.40
A5090	Disposal: Sanitary Napkin, Surface Mount	\$ 111.47	1	1	\$ 111.47
A5075	Dispenser: Soap, Wall Mount	\$ 53.16	2	1	\$ 106.33
A5090	Disposal: Sanitary Napkin, Surface Mount	\$ 111.47	1	1	\$ 111.47
A5202	Dispenser: Toilet Paper, Surface Mount	\$ 38.50	1	1	\$ 38.50
A5082	Dispenser: Paper Towel, Surface Mount	\$ 112.20	1	1	\$ 112.20
A5202	Dispenser: Toilet Paper, Surface Mount	\$ 38.50	1	1	\$ 38.50
F2014	Waste Can: Step-On	\$ 180.40	1	1	\$ 180.40
A5202	Dispenser: Toilet Paper, Surface Mount	\$ 38.50	1	1	\$ 38.50
A5202	Dispenser: Toilet Paper, Surface Mount	\$ 38.50	1	1	\$ 38.50
A5075	Dispenser: Soap, Wall Mount	\$ 53.16	2	1	\$ 106.33
A5090	Disposal: Sanitary Napkin, Surface Mount	\$ 111.47	1	1	\$ 111.47
U0033	Chair, Clinical: Shower, Floor	\$ 31.69	1	1	\$ 31.69
F2014	Waste Can: Step-On	\$ 180.40	1	1	\$ 180.40
F2014	Waste Can: Step-On	\$ 180.40	1	1	\$ 180.40
F2014	Waste Can: Step-On	\$ 180.40	1	1	\$ 180.40
A5075	Dispenser: Soap, Wall Mount	\$ 53.16	1	1	\$ 53.16
A5202	Dispenser: Toilet Paper, Surface Mount	\$ 38.50	1	1	\$ 38.50
A5075	Dispenser: Soap, Wall Mount	\$ 53.16	2	1	\$ 106.33
A5082	Dispenser: Paper Towel, Surface Mount	\$ 112.20	1	1	\$ 112.20
U0033	Chair, Clinical: Shower, Floor	\$ 31.69	1	1	\$ 31.69
A5202	Dispenser: Toilet Paper, Surface Mount	\$ 38.50	1	1	\$ 38.50
A5090	Disposal: Sanitary Napkin, Surface Mount	\$ 111.47	1	1	\$ 111.47
A5202	Dispenser: Toilet Paper, Surface Mount	\$ 38.50	1	1	\$ 38.50
A5075	Dispenser: Soap, Wall Mount	\$ 53.16	2	1	\$ 106.33
A5075	Dispenser: Soap, Wall Mount	\$ 53.16	2	1	\$ 106.33
U0033	Chair, Clinical: Shower, Floor	\$ 31.69	1	1	\$ 31.69
A5082	Dispenser: Paper Towel, Surface Mount	\$ 112.20	1	1	\$ 112.20
A5082	Dispenser: Paper Towel, Surface Mount	\$ 112.20	1	1	\$ 112.20
F2014	Waste Can: Step-On	\$ 180.40	1	1	\$ 180.40
A5090	Disposal: Sanitary Napkin, Surface Mount	\$ 111.47	1	1	\$ 111.47
A5090	Disposal: Sanitary Napkin, Surface Mount	\$ 111.47	1	1	\$ 111.47
A5202	Dispenser: Toilet Paper, Surface Mount	\$ 38.50	1	1	\$ 38.50
A5082	Dispenser: Paper Towel, Surface Mount	\$ 112.20	1	1	\$ 112.20
A5075	Dispenser: Soap, Wall Mount	\$ 53.16	2	1	\$ 106.33
A5202	Dispenser: Toilet Paper, Surface Mount	\$ 38.50	1	1	\$ 38.50
A5082	Dispenser: Paper Towel, Surface Mount	\$ 112.20	1	1	\$ 112.20
A5090	Disposal: Sanitary Napkin, Surface Mount	\$ 111.47	1	1	\$ 111.47
A5082	Dispenser: Paper Towel, Surface Mount	\$ 112.20	1	1	\$ 112.20
A5090	Disposal: Sanitary Napkin, Surface Mount	\$ 111.47	1	1	\$ 111.47
A5090	Disposal: Sanitary Napkin, Surface Mount	\$ 111.47	1	1	\$ 111.47
A5075	Dispenser: Soap, Wall Mount	\$ 53.16	2	1	\$ 106.33
F2014	Waste Can: Step-On	\$ 180.40	1	1	\$ 180.40

U0033	Chair, Clinical: Shower, Floor	\$	31.69	1	1	\$	31.69
A5075	Dispenser: Soap, Wall Mount	\$	53.16	2	1	\$	106.33
U0033	Chair, Clinical: Shower, Floor	\$	31.69	1	1	\$	31.69
A5082	Dispenser: Paper Towel, Surface Mount	\$	112.20	1	1	\$	112.20
A5090	Disposal: Sanitary Napkin, Surface Mount	\$	111.47	1	1	\$	111.47
A5082	Dispenser: Paper Towel, Surface Mount	\$	112.20	1	1	\$	112.20
A5090	Disposal: Sanitary Napkin, Surface Mount	\$	111.47	1	1	\$	111.47
U0033	Chair, Clinical: Shower, Floor	\$	31.69	1	1	\$	31.69
A5202	Dispenser: Toilet Paper, Surface Mount	\$	38.50	1	1	\$	38.50
F2014	Waste Can: Step-On	\$	180.40	1	1	\$	180.40
A5082	Dispenser: Paper Towel, Surface Mount	\$	112.20	1	1	\$	112.20
A5075	Dispenser: Soap, Wall Mount	\$	53.16	2	1	\$	106.33
U0033	Chair, Clinical: Shower, Floor	\$	31.69	1	1	\$	31.69
F2014	Waste Can: Step-On	\$	180.40	1	1	\$	180.40
A5082	Dispenser: Paper Towel, Surface Mount	\$	112.20	1	1	\$	112.20
A5090	Disposal: Sanitary Napkin, Surface Mount	\$	111.47	1	1	\$	111.47
U0033	Chair, Clinical: Shower, Floor	\$	31.69	1	1	\$	31.69
F2014	Waste Can: Step-On	\$	180.40	1	1	\$	180.40
A5082	Dispenser: Paper Towel, Surface Mount	\$	112.20	1	1	\$	112.20
A5082	Dispenser: Paper Towel, Surface Mount	\$	112.20	1	1	\$	112.20
A5082	Dispenser: Paper Towel, Surface Mount	\$	112.20	1	1	\$	112.20
A5075	Dispenser: Soap, Wall Mount	\$	53.16	2	1	\$	106.33
A5082	Dispenser: Paper Towel, Surface Mount	\$	112.20	1	1	\$	112.20
A5202	Dispenser: Toilet Paper, Surface Mount	\$	38.50	1	1	\$	38.50
U0033	Chair, Clinical: Shower, Floor	\$	31.69	1	1	\$	31.69
F2014	Waste Can: Step-On	\$	180.40	1	1	\$	180.40
U0033	Chair, Clinical: Shower, Floor	\$	31.69	1	1	\$	31.69
A5075	Dispenser: Soap, Wall Mount	\$	53.16	1	1	\$	53.16
A5090	Disposal: Sanitary Napkin, Surface Mount	\$	111.47	1	1	\$	111.47
F2014	Waste Can: Step-On	\$	180.40	1	1	\$	180.40
A5075	Dispenser: Soap, Wall Mount	\$	53.16	2	1	\$	106.33
U0033	Chair, Clinical: Shower, Floor	\$	31.69	1	1	\$	31.69
F2014	Waste Can: Step-On	\$	180.40	1	1	\$	180.40
A5082	Dispenser: Paper Towel, Surface Mount	\$	112.20	1	1	\$	112.20
U0033	Chair, Clinical: Shower, Floor	\$	31.69	1	1	\$	31.69
A5202	Dispenser: Toilet Paper, Surface Mount	\$	38.50	1	1	\$	38.50
F2014	Waste Can: Step-On	\$	180.40	1	1	\$	180.40
A5082	Dispenser: Paper Towel, Surface Mount	\$	112.20	1	1	\$	112.20
A5090	Disposal: Sanitary Napkin, Surface Mount	\$	111.47	1	1	\$	111.47
A5090	Disposal: Sanitary Napkin, Surface Mount	\$	111.47	1	1	\$	111.47
A5082	Dispenser: Paper Towel, Surface Mount	\$	112.20	1	1	\$	112.20
A5090	Disposal: Sanitary Napkin, Surface Mount	\$	111.47	1	1	\$	111.47
U0033	Chair, Clinical: Shower, Floor	\$	31.69	1	1	\$	31.69
A5082	Dispenser: Paper Towel, Surface Mount	\$	112.20	1	1	\$	112.20
F2014	Waste Can: Step-On	\$	180.40	1	1	\$	180.40
A5075	Dispenser: Soap, Wall Mount	\$	53.16	2	1	\$	106.33
A5202	Dispenser: Toilet Paper, Surface Mount	\$	38.50	1	1	\$	38.50
A5082	Dispenser: Paper Towel, Surface Mount	\$	112.20	1	1	\$	112.20
U0033	Chair, Clinical: Shower, Floor	\$	31.69	1	1	\$	31.69
A5082	Dispenser: Paper Towel, Surface Mount	\$	112.20	1	1	\$	112.20
F2014	Waste Can: Step-On	\$	180.40	1	1	\$	180.40
A5075	Dispenser: Soap, Wall Mount	\$	53.16	2	1	\$	106.33
A5107	Dispenser, Glove: Triple Box	\$	125.97	1	1	\$	125.97
A5082	Dispenser: Paper Towel, Surface Mount	\$	112.20	1	1	\$	112.20
M3070	Hamper: Linen	\$	196.47	1	1	\$	196.47
F2014	Waste Can: Step-On	\$	180.40	1	1	\$	180.40
A5075	Dispenser: Soap, Wall Mount	\$	53.16	1	1	\$	53.16
A5075A	Dispenser: Hand Sanitizer, Wall Mount	\$	60.15	1	1	\$	60.15
A5106	Disposal, Sharps: Wall Mount	\$	3.51	2	1	\$	7.02
M0750	Flowmeter: Oxygen	\$	38.50	2	1	\$	77.00
M4200	Otoscope: Diagnostic, 3.5v, w/Handle	\$	644.19	1	1	\$	644.19
F0340A	Stool: Exam, Cushion-Seat	\$	770.00	1	1	\$	770.00
A5108	Disposal, Sharps: Countertop	\$	12.10	2	1	\$	24.20
A5082	Dispenser: Paper Towel, Surface Mount	\$	112.20	1	1	\$	112.20
A5075	Dispenser: Soap, Wall Mount	\$	53.16	1	1	\$	53.16
M4660	Stretcher: Procedure / Recovery	\$	2,706.00	2	1	\$	5,412.00
A5075A	Dispenser: Hand Sanitizer, Wall Mount	\$	60.15	1	1	\$	60.15
F2014	Waste Can: Step-On	\$	180.40	1	1	\$	180.40
U0010	Television: 9-17 in, Wall, with Patient PC	\$	1,043.90	2	1	\$	2,087.80
M0765	Regulator: Suction, Intermittent/Continuous	\$	314.25	2	1	\$	628.50
U0032	Vending Machine: Allowance	\$	-	2	1	\$	-
A5075A	Dispenser: Hand Sanitizer, Wall Mount	\$	60.15	1	1	\$	60.15
F2017	Waste Can: Step-On	\$	308.00	1	1	\$	308.00
M4707	Wheelchair: Adult, Standard	\$	772.20	1	1	\$	772.20

M4707	Wheelchair: Adult, Standard	\$ 212.31	3	1	\$ 636.93
F2010	Waste Can: Open Top	\$ 102.25	1	1	\$ 102.25
Sub Total					\$ 1,565,649.12
Freight:					\$ 23,485.00
Installation:					\$ 45,000.00
Total					\$ 1,634,134.12

Information Technology

Control #	Item Name	Unit Price	Tot Price	Tot Qty	Room Qty	Ext. Price	Freight/Install
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Information Technology

IT Equipment

	Computers and Printers Package	\$ 173,213.70	\$ 173,213.70			\$ 173,213.70	\$ 40,194.24
	EMR – Cerner	\$ 725,668.90	\$ 725,668.90			\$ 725,668.90	\$ -
	Meditech	\$ 145,183.50	\$ 145,183.50			\$ 145,183.50	\$ -
	Misc Equipment	\$ 3,507.90	\$ 3,507.90			\$ 3,507.90	\$ 814.01
	Networking Equipment	\$ 109,668.90	\$ 109,668.90			\$ 109,668.90	\$ 25,448.67
	Telecom	\$ 64,720.70	\$ 64,720.70			\$ 64,720.70	\$ 15,018.44
	UDS Interface	\$ 28,050.00	\$ 28,050.00			\$ 28,050.00	\$ -
Subtotal IT Equipment			Subtotal			\$ 1,250,013.60	\$ 81,475.35

IT Installation/Labor Costs

	DNS Contractor for Network Installation					\$ 6,820.00	
	DNS Carrier Construction Costs					\$ 33,000.00	
	CV Contractor					\$ 6,050.00	
	Careport Referral Mgmt Implementation					\$ 412.50	
	Med Dispensing - Overall Costs (without Med Rooms)					\$ 372,454.50	
	Forward Advantage - Imprivata Implementation Svcs					\$ 38,500.00	
	EMR - Cerner Contractor & Internal Capitalized Labor					\$ 221,019.70	
	EMR - Cerner Internal Labor post Go-live					\$ 37,125.00	
	MealTracker - Implementation					\$ 3,712.50	
	Referral Manager - Netsmart Implementation					\$ 2,263.80	
	Meditech Implementation					\$ 14,080.00	
	Meditech Configuration Resource					\$ 67,320.00	
	Hardware Install - Technician Labor					\$ 55,000.00	
	Technician Labor/Travel - Go-Live					\$ 38,500.00	
	Technician Labor/Travel for Network Install & Turn-Up					\$ 22,000.00	
	UDS Implementation					\$ 21,120.00	
Subtotal Installation/Labor Costs			Subtotal			\$ -	\$ 939,378.00

Sub Total	\$ 1,250,013.60	\$ 1,020,853.35
Freight:	\$ 255,213.34	
Installation:	\$ 765,640.02	
Total	\$ 2,270,866.95	

Furniture, Medical Equipment, and IT

Sub Total	\$ 3,498,324.39
Freight:	\$ 313,018.34
Installation:	\$ 873,340.02
Total	\$ 4,684,682.74

Exhibit 16
Financing Document

SIEMENS

February 16, 2024

Mr. Ben Ryan
Managing Partner, CFO
PMB LLC
329 South Highway 101, Suite 160
Solano Beach, CA 92075

Dear Ben:

This letter is to express the interest of Siemens Financial Services, Inc. ("SFS") in providing construction project financing to PMB for the proposed Lifepoint Peace Health Inpatient Rehabilitation Hospital JV project to be built in Vancouver, WA.

SFS has a dedicated healthcare group fully committed to this sector with a wide range of financial offerings including a major focus on healthcare real estate loans and taxable and tax-exempt private placement bonds secured by the tenant lease payments, etc. SFS has a long standing relationship with the PMB and has financed various development projects over the years. Our experience with PMB has been favorable, and we would welcome the opportunity to be considered for the Lifepoint Peace Health IRF project financing. We are currently providing the construction financing for over \$250 million of healthcare development projects throughout the United States including similar outpatient IRF projects as the one contemplated here.

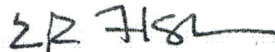
Regarding this project, any terms and conditions related to financing are to be determined by and be satisfactory to SFS in its sole discretion. This letter is not and should not be construed as a commitment or agreement by SFS to provide all or a portion of the financing described in the preceding paragraph.

Please do not hesitate to contact me at (214) 232-9242 should you have any questions. We look forward to working with PMB, Lifepoint and the Peace Health transaction team on this project.

Regards,



Winston Abbott
Vice President
Siemens Financial Services, Inc.



Edward Finkenstaedt
Vice President
Siemens Financial Services, Inc.

Exhibit 17
LifePoint and PeaceHealth Letters of Commitment



August 1, 2024

Certificate of Need Program
Health Systems Quality Assurance
Washington State Department of Health

RE: Certificate of Need Application for New 50 bed IRF in Clark County

Dear Certificate of Need Program:

PeaceHealth Southwest, LLC (the LLC) is a co-applicant, along with PMB Vancouver 2 LLC (PMB), in the above referenced Application. PMB will finance, develop and lease the building to the LLC. In turn, the LLC, which is a joint venture between PeaceHealth and Lifepoint Rehab LLC (LR), an indirect wholly owned subsidiary of Lifepoint Health, Inc. (Lifepoint), (through its subsidiary LPNT IRF Development 75, LLC), will license, secure Medicare and Medicaid certification and operate the new 50 bed IRF.

As described in the certificate of need application, the LLC is responsible for the movable equipment, start-up costs, and any operating losses until the project achieves break even. This letter serves to document Lifepoint's commitment and ability to provide the funding to equip, start-up and subsidize operations until breakeven is achieved. Lifepoint is solvent and expects to fund its portion of the capital expenses with cash on hand. In addition to the unrestricted cash on our balance sheet, Lifepoint maintains access to an \$800 million revolving credit facility, of which \$471 million is available for borrowing as of June 30, 2024.

This project holds great promise for the communities it is intended to serve. Thank you for consideration of the proposed project.

Sincerely,

A handwritten signature in black ink, appearing to read "J. Michael Grooms", is written over a faint, larger version of the same signature.

J. Michael Grooms
Senior Vice President, Chief Accounting Officer

July 30, 2024

Certificate of Need Program
Health Systems Quality Assurance
Washington State Department of Health

RE: Certificate of Need Application for New 50 bed IRF in Clark County

Dear Certificate of Need Program:

PeaceHealth Southwest, LLC (the LLC) is a co-applicant, along with PMB Vancouver 2 LLC (PMB), in the above referenced Application. PMB will finance, develop and lease the building to the LLC. In turn, the LLC, which is a joint venture between PeaceHealth and Lifepoint Rehabilitation (LR), will license, secure Medicare and Medicaid certification and operate the new 50 bed IRF.

As described in the CN application, the LLC is responsible for the movable equipment, start-up costs, and any operating losses until the project achieves break even. This letter serves to document PeaceHealth's commitment to the project. In terms of ability to provide the funding to equip, start-up and subsidize operations until breakeven is achieved, the unrestricted assets in our audited financials (included with the CN submittal) confirms the availability of the funds.

This project holds great promise for the communities it is intended to serve.
Thank you for consideration of the proposed project.

Sincerely,



Darrin Montalvo
Executive Vice President Chief Financial & Growth Officer
PeaceHealth System Support Services
1115 SE 164th Ave
Vancouver, WA 98683

Exhibit 18
Listing of PeaceHealth and Lifepoint
Rehabilitation (LR) Facilities

**PeaceHealth Hospital Facility
Information**

Name	Address	Medicare Provider Number	Medicaid Provider Number	Owned or Managed
PeaceHealth Ketchikan Medical Center	3100 Tongass Avenue Ketchikan, AK 99901	021311	HS041IP HS04OP	Lease Agreement
PeaceHealth St. John Medical Center	1615 Delaware Street Longview, WA 98632	50-0041	3304508	Owned
PeaceHealth St. Joseph Medical Center	2901 Squalicum Parkway Bellingham, WA 98225-1898	50-0030	3308905	Owned
PeaceHealth Peace Island Medical Center	1049 San Juan Valley Road Friday Harbor, WA 98250	NA	NA	Owned
PeaceHealth Southwest Medical Center	400 N.E. Mother Joseph Place Vancouver, WA 98664	50-0050	3200292	Owned
PeaceHealth Cottage Grove Community Hospital	1515 Village Drive Cottage Grove, OR 97424	38-1301	237519	Owned
PeaceHealth Peace Harbor Hospital	400 Ninth Street Florence, OR 97439	38-1316	000195	Owned
PeaceHealth Sacred Heart Medical Center at Riverbend	3333 Riverbend Drive Springfield, OR 97477	38-0033	276221	Owned
PeaceHealth United Medical Center	2000 Hospital Drive Sedro-Woolley, WA 98284	50-1329 Swing Bed 50- Z329	501329	Lease Agreement

LifePoint Rehab LLC Facility List					
Name	Address	City	State / Province	Zip Code	Company
Mercy Rehabilitation Hospital Fort Smith	6700 Chad Colley Boulevard	Fort Smith	AR	72916	Rehabilitation Hospital
Mercy Rehabilitation Hospital - Northwest Arkansas	4313 South Pleasant Crossing Boulevard	Rogers	AR	72758	Rehabilitation Hospital
Jefferson Regional Specialty Hospital	1500 West Holland Avenue	White Hall	AR	71602	Rehabilitation Hospital
Copper Springs	10550 West McDowell Road	Avondale	AZ	85392	Behavioral Health Hospital
Dignity Health East Valley Rehabilitation Hospital	1515 West Chandler Boulevard	Chandler	AZ	85224	Rehabilitation Hospital
Copper Springs East	3755 South Rome Street	Gilbert	AZ	85297	Behavioral Health Hospital
Dignity Health East Valley Rehabilitation Hospital - Gilbert	1850 South Santan Village Parkway	Gilbert	AZ	85295	Rehabilitation Hospital
El Dorado Springs Behavioral Health	1400 North Wilmot Road, 3rd Floor	Tucson	AZ	85712	Behavioral Health Hospital
Palomar Health Rehabilitation Institute	2181 Citracado Parkway	Escondido	CA	92029	Rehabilitation Hospital
UC Davis Rehabilitation Hospital	4875 Broadway	Sacramento	CA	95820	Rehabilitation Hospital
Denver Springs	8835 American Way	Englewood	CO	80112	Behavioral Health Hospital
North Florida Rehabilitation Hospital	7775 Volunteer Way	Jacksonville	FL	32221	Rehabilitation Hospital
TGH Rehabilitation Hospital	1307 West Kennedy Boulevard	Tampa	FL	33606	Rehabilitation Hospital
MercyOne Clive Rehabilitation Hospital	1401 Campus Drive	Clive	IA	50325	Rehabilitation Hospital
Eastern Iowa Rehabilitation Hospital	2801 Heartland Drive	Coralville	IA	52241	Rehabilitation Hospital
Anderson Rehabilitation Institute	3402 Anderson Healthcare Drive	Edwardsville	IL	62025	Rehabilitation Hospital
Community Rehabilitation Hospital West	8920 East 56th Street	Brownsburg	IN	46112	Rehabilitation Hospital
Community Rehabilitation Hospital South	607 Greenwood Springs Drive	Greenwood	IN	46143	Rehabilitation Hospital
Community Rehabilitation Hospital North	7343 Clearvista Drive	Indianapolis	IN	46256	Rehabilitation Hospital
Sycamore Springs	833 Park East Boulevard	Lafayette	IN	47905	Behavioral Health Hospital
Brentwood Springs	4488 Roslin Road	Newburgh	IN	47630	Behavioral Health Hospital
Cottonwood Springs	13351 South Arapaho Drive	Olathe	KS	66062	Behavioral Health Hospital
Frazier Rehabilitation Hospital- Brownsboro	5000 Chamberlain Lane	Louisville	KY	40241	Rehabilitation Hospital
Valley Springs Behavioral Health Hospital	45 Lower Westfield Road	Holyoke	MA	01040	Behavioral Health Hospital
Mercy Rehabilitation Hospital St. Louis	14561 North Outer Forty Road	Chesterfield	MO	63017	Rehabilitation Hospital
Mercy Rehabilitation Hospital Springfield	5904 South Southwood Road	Springfield	MO	65804	Rehabilitation Hospital
Mercy Rehabilitation Hospital South	10114 Kennerly Road	St. Louis	MO	63128	Rehabilitation Hospital
The Rehabilitation Hospital of Montana	3572 Hesper Road	Billings	MT	59102	Rehabilitation Hospital
Triangle Springs	10901 World Trade Boulevard	Raleigh	NC	27617	Behavioral Health Hospital
Atlantic Rehabilitation Institute	4 Giralda Farms	Madison	NJ	07940	Rehabilitation Hospital
University Hospitals Avon Rehabilitation Hospital	37900 Chester Road	Avon	OH	44011	Rehabilitation Hospital
University Hospitals Rehabilitation Hospital	23333 Harvard Road	Beachwood	OH	44122	Rehabilitation Hospital
Columbus Springs East	2085 Citygate Drive	Columbus	OH	43219	Behavioral Health Hospital
Columbus Springs Dublin	7625 Hospital Drive	Dublin	OH	43016	Behavioral Health Hospital
Highland Springs	4199 Mill Pond Drive	Highland Hills	OH	44122	Behavioral Health Hospital

Name	Address	City	State / Province	Zip Code	Company
Liberty Rehabilitation Hospital	7810 Bethany Road	Liberty Township	OH	45044	Rehabilitation Hospital
Beckett Springs	8614 Shepherd Farm Drive	West Chester Township	OH	45069	Behavioral Health Hospital
Mercy Rehabilitation Hospital Oklahoma City	5401 West Memorial Road	Oklahoma City	OK	73142	Rehabilitation Hospital
Mercy Rehabilitation Hospital Oklahoma City South	7900 Mid-America Boulevard	Oklahoma City	OK	73135	Rehabilitation Hospital
Oakwood Springs	13101 Memorial Springs Court	Oklahoma City	OK	73114	Behavioral Health Hospital
Lancaster Rehabilitation Hospital	675 Good Drive	Lancaster	PA	17601	Rehabilitation Hospital
St. Mary Rehabilitation Hospital	1208 Langhorne-Newtown Road	Langhorne	PA	19047	Rehabilitation Hospital
Rehabilitation Hospital of Rhode Island	116 Eddie Dowling Highway	North Smithfield	RI	02896	Rehabilitation Hospital
Baptist Memorial Rehabilitation Hospital	1240 South Germantown Road	Germantown	TN	38138	Rehabilitation Hospital
Knoxville Rehabilitation Hospital	1250 Tennova Medical Way	Knoxville	TN	37909	Rehabilitation Hospital
Ascension Saint Thomas Rehabilitation Hospital	310 21st Avenue North	Nashville	TN	37203	Rehabilitation Hospital
Texas Rehabilitation Hospital of Arlington	900 West Arbrog Brook Boulevard	Arlington	TX	76015	Rehabilitation Hospital
Central Texas Rehabilitation Hospital	700 West 45th Street	Austin	TX	78751	Rehabilitation Hospital
Carrollton Springs	2225 Parker Road	Carrollton	TX	75010	Behavioral Health Hospital
Woodland Springs	15860 Old Conroe Road	Conroe	TX	77384	Behavioral Health Hospital
Methodist Rehabilitation Hospital	3020 West Wheatland Road	Dallas	TX	75237	Rehabilitation Hospital
El Paso Rehabilitation Hospital	2230 Joe Battle Boulevard	El Paso	TX	79938	Rehabilitation Hospital
Mesa Springs	5560 Mesa Springs Drive	Fort Worth	TX	76123	Behavioral Health Hospital
Texas Rehabilitation Hospital of Fort Worth	425 Alabama Avenue	Fort Worth	TX	76104	Rehabilitation Hospital
WellBridge Healthcare Fort Worth	6200 Overton Ridge Boulevard	Fort Worth	TX	76132	Behavioral Health Hospital
Rock Springs	700 Southeast Inner Loop	Georgetown	TX	78626	Behavioral Health Hospital
Texas Rehabilitation Hospital of Keller	791 South Main Street	Keller	TX	76248	Rehabilitation Hospital
Longview Rehabilitation Hospital	701 East Loop 281	Longview	TX	75605	Rehabilitation Hospital
Collin Springs	4650 West University Drive	McKinney	TX	75071	Behavioral Health Hospital
WellBridge Healthcare Greater Dallas	4301 Mapleshade Lane	Plano	TX	75093	Behavioral Health Hospital
Westpark Springs	6902 South Peek Road	Richmond	TX	77407	Behavioral Health Hospital
Temple Rehabilitation Hospital	23621 Southeast H.K. Dodgen Loop	Temple	TX	76504	Rehabilitation Hospital
Lourdes Counseling Center	1175 Carondelet Drive	Richland	WA	99354	Behavioral Health Hospital
CHI Franciscan Rehabilitation Hospital	815 S Vassault Street	Tacoma	WA	98465	Rehabilitation Hospital
Rainier Springs	2805 Northeast 29th Street	Vancouver	WA	98686	Behavioral Health Hospital
UW Health Rehabilitation Hospital	5115 North Biltmore Lane	Madison	WI	53718	Rehabilitation Hospital
Rehabilitation Hospital of Wisconsin	1625 Cold Water Creek Drive	Waukesha	WI	53188	Rehabilitation Hospital

Exhibit 19
Patient Transfer Agreement (Draft)

MUTUAL PATIENT TRANSFER AGREEMENT

1. **Parties.** The Parties to this Agreement are:

PeaceHealth

PeaceHealth, a Washington 501(c)(3) corporation, d/b/a
PeaceHealth Southwest Medical Center ("PeaceHealth")

Attn: _____

[ADDRESS]: 400 NE Mother Joseph Pl, Vancouver, WA 98664

Phone :360-514-2000

[_____]

PeaceHealth Southwest, LLC, a [limited liability] company

Attn: _____

[ADDRESS]: 3400 Main Street, Vancouver, WA 98663

Phone: _____

2. **Purpose.** The Parties agree to be contractually bound by the terms of this Agreement in order to establish procedures and responsibilities that will facilitate the timely transfer of patients from one party (the "Sending Facility") to the other (the "Receiving Facility"), the timely transfer of patients' records, and the continuity of patient care. The parties agree that patients shall be transferred from the Sending Facility to the Receiving Facility in accordance with applicable law, including without limitation, EMTALA and HIPAA. Receiving Facility will provide the names or classifications of persons authorized to accept the transfer of patients on its behalf and shall update such information at least annually. The Sending Facility shall be responsible for obtaining the patient's or guardian's written informed consent to the transfer or that of the patient's authorized representative. If such consent is not possible, the Sending Facility shall obtain certification of the need for the transfer from the attending physician or other qualified medical personnel in accord with the requirements of EMTALA. Sending Facility shall be responsible for providing or arranging for the transfer of patient's personal effects. The patient shall be transferred and admitted to Receiving Facility as promptly as possible under the circumstances, provided that beds and other appropriate resources are available. It shall be the responsibility of Receiving Facility to arrange for the admission of the patient.
3. **Patient Transfer Process.** When the patient's attending physician has determined it is in the best interest of patient care to transfer him/her to the Receiving Facility, the Receiving Facility will review the transfer to determine whether it meets medical necessity (that process may involve the receiving physician, UR staff, house supervisor and UR physician). In the case of transfers for non emergent procedures, the process may be reviewed and transfer held in abeyance until the elective procedure has actually been scheduled. Once the Sending and Receiving Facilities have agreed to the transfer, the Sending Facility shall:
- 3.1. *Provide records sufficient to enable continuity of patient care* to the Receiving Facility at time of transfer or as promptly thereafter as possible. To the extent possible, the records shall include:
- 3.1.1. Patient's name, age, address, telephone number and the address and telephone number for next of kin and any powers of attorney for patient;
- 3.1.2. History of the illness or injury.
- 3.1.3. Condition on admission, if applicable;

- 3.1.4. Tests and procedures performed (lab, x-ray, etc.);
- 3.1.5. Diagnosis;
- 3.1.6. Treatment provided, including medications and/or fluids given and route of administration as well as related complications, and current condition;
- 3.1.7. Name and phone number of transferring physician;
- 3.1.8. Name and phone number of receiving physician; and
- 3.1.9. Patient's insurance and payment information to assist in billing for services.

4. Legal Responsibilities Between the Parties.

- 4.1. The Receiving Facility's responsibility for the patient's care shall not begin until the Patient has been admitted. Sending Facility will be responsible for arranging appropriate transport and instructing transport personnel appropriately.
- 4.1. Should transferred patient have continuing care needs upon discharge from Receiving Facility, Sending Facility agrees to arrange for appropriate care.
- 4.2. Charges for services performed by either facility shall be collected by the facility rendering the services from the patient, third party payor, or other sources normally billed. Neither facility shall have any liability to the other for such charges.
- 4.3. Each party agrees to be liable for its own conduct and to indemnify the other party against any and all losses therefor. In the event that loss or damage results from the conduct of more than one party, each party agrees to be responsible for its own proportionate share of the claimant's damages. Neither party shall assume any liability hereunder for any debts or obligations incurred by the other party.

5. Term and Termination. This Agreement shall remain in effect until written notice of termination has been provided to either Party from the other.

6. Miscellaneous Terms.

- 6.1. The Parties are independent contractors: neither has authority to act on behalf of the other.
- 6.2. Nothing in this Agreement shall be construed as limiting the rights of either Party to contract with any other entity on a limited or general basis.
- 6.3. This Agreement contains the entire understanding of the Parties and cannot be modified by course of dealing. All modifications or amendments to this Agreement must be in writing and signed by both parties.

- 6.4. Each Party agrees that it shall not discriminate in the provision of services to any patient on the basis of source of payment or any legally protected status of the patient.
- 6.5. The interpretation of this Agreement and the resolution of any disputes arising under it shall be governed by the laws of the State of Washington.
- 6.6. The individuals executing this Agreement represent and warrant that they are competent and capable of entering into a binding contract, and that they are authorized to execute this Agreement on behalf of the parties hereto.
- 6.7. Each party represents and warrants that it is not excluded from participation, and is not otherwise ineligible to participate in a “Federal health care program”, as defined in 42 U.S.C. Section 1320a-7b(f) or in any other governmental payment program. In the event either party is excluded from participation, or becomes otherwise ineligible to participate in any such program during the term of this Agreement, the excluded/ineligible party will notify the other party in writing within three (3) days after such event, and upon the occurrence of such event. Whether or not such a notice is given by the excluded/ineligible party, the other party may immediately terminate this Agreement upon written notice to the excluded/ineligible party.

This Agreement is effective and executed in duplicate original as of the date of the last party to sign below.

PeaceHealth

[PeaceHealth Southwest, LLC]

By: _____

By: _____

Its: _____

Its: _____

Date: _____

Date: _____

**Appendix 1 Historical
Financial Statements
Lifepoint Health, Inc.**

Lifepoint Health is a private company, and as such, these financial statements are considered confidential. This information should not be disclosed to any outside parties except to meet your business needs.

CONSOLIDATED FINANCIAL STATEMENTS

OF

LIFEPOINT HEALTH, INC.

FOR THE

FISCAL YEAR ENDED DECEMBER 31, 2023

CONFIDENTIAL

PART IV

Item 15. Exhibits and Financial Statement Schedules.

(a) The following documents are filed as part of this Report:

1. *Consolidated Financial Statements:*

	Page
<u>Report of Independent Auditors</u>	F-1
<u>Consolidated Statements of Operations for the Years Ended December 31, 2023, 2022 and 2021</u>	F-3
<u>Consolidated Statements of Comprehensive (Loss) Income for the Years ended December 31, 2023, 2022 and 2021</u>	F-4
<u>Consolidated Balance Sheets as of December 31, 2023 and 2022</u>	F-5
<u>Consolidated Statements of Cash Flows for the Years Ended December 31, 2023, 2022 and 2021</u>	F-6
<u>Consolidated Statements of Equity for the Years Ended December 31, 2023, 2022 and 2021</u>	F-7
<u>Notes to Consolidated Financial Statements</u>	F-8

2. *Financial Statement Schedule:* All schedules for which provision is made in the applicable accounting regulations of the SEC are omitted because they either are not required under the related instructions, are inapplicable, or the required information is shown in the consolidated financial statements or notes thereto.
3. *Exhibits:* The exhibits required by Item 601 of Regulation S-K that would be disclosed under Part IV, Item 15 of an annual report on Form 10-K filed with the SEC have been omitted as permitted pursuant to Section 4.02(a) of the Indentures.



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Report of Independent Auditors

Board of Directors and Shareholders of
Lifepoint Health, Inc.

Opinion

We have audited the consolidated financial statements of Lifepoint Health, Inc. (the Company), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the related consolidated statements of operations, comprehensive (loss) income, equity and cash flows for each of the three years in the period ended December 31, 2023, and the related notes (collectively referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2023, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company’s ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements. In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Information

Management is responsible for the other information. The other information comprises the financial and nonfinancial information included in the annual report but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Ernst + Young LLP

February 29, 2024

CONFIDENTIAL

Lifepoint Health, Inc.
Consolidated Statements of Operations
For the Years Ended December 31, 2023, 2022 and 2021
(In millions)

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Revenues	\$ 9,111	\$ 8,020	\$ 8,937
Salaries and benefits	4,466	4,016	4,176
Supplies	1,306	1,243	1,505
Other operating expenses, net	2,456	2,025	2,228
Depreciation and amortization	330	323	345
Interest expense, net	679	480	466
Debt refinancing costs	52	-	-
Other transaction-related costs	28	46	86
Other non-operating losses (gains), net	12	(8)	19
	<u>9,329</u>	<u>8,125</u>	<u>8,825</u>
(Loss) income before income taxes	(218)	(105)	112
Provision for (benefit from) income taxes	52	100	(27)
Net (loss) income	(270)	(205)	139
Less: Net income attributable to noncontrolling interests and redeemable noncontrolling interests	(66)	(66)	(9)
Net (loss) income attributable to Lifepoint Health, Inc.	<u>\$ (336)</u>	<u>\$ (271)</u>	<u>\$ 130</u>

Lifepoint Health, Inc.
Consolidated Statements of Comprehensive (Loss) Income
For the Years Ended December 31, 2023, 2022 and 2021
(In millions)

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Net (loss) income	\$ (270)	\$ (205)	\$ 139
Other comprehensive (loss) gain:			
Unrealized gains on changes in funded status of pension benefit obligations	-	4	6
Net change in other comprehensive income attributable to equity method investment	(5)	-	-
Other comprehensive (loss) gain	<u>(5)</u>	<u>4</u>	<u>6</u>
Comprehensive (loss) income	(275)	(201)	145
Less: Net income attributable to noncontrolling interests and redeemable noncontrolling interests	(66)	(66)	(9)
Comprehensive (loss) income attributable to Lifepoint Health, Inc.	<u>\$ (341)</u>	<u>\$ (267)</u>	<u>\$ 136</u>

Lifepoint Health, Inc.
Consolidated Balance Sheets
As of December 31, 2023 and 2022
(In millions)

	2023	2022
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 90	\$ 395
Accounts receivable	1,223	1,042
Inventories	189	195
Prepaid expenses	125	128
Other current assets	542	323
	<u>2,169</u>	<u>2,083</u>
Property and equipment, at cost	4,988	4,455
Accumulated depreciation	(1,602)	(1,339)
Property and equipment, net	<u>3,386</u>	<u>3,116</u>
Investments	857	684
Right-of-use operating lease assets	1,023	638
Other long-term assets	164	157
Goodwill and intangible assets	4,250	3,894
Total assets	<u>\$ 11,849</u>	<u>\$ 10,572</u>
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	\$ 606	\$ 405
Accrued salaries	293	225
Other current liabilities	681	545
Current maturities of long-term debt	56	29
	<u>1,636</u>	<u>1,204</u>
Long-term debt, net	7,447	6,865
Long-term portion of right-of-use operating lease obligations	952	572
Other long-term liabilities	349	368
Total liabilities	<u>10,384</u>	<u>9,009</u>
Redeemable noncontrolling interests	143	143
Equity:		
Lifepoint Health, Inc. stockholders' equity	953	1,095
Noncontrolling interests	369	325
Total equity	<u>1,322</u>	<u>1,420</u>
Total liabilities and equity	<u>\$ 11,849</u>	<u>\$ 10,572</u>

Lifepoint Health, Inc.

Consolidated Statements of Cash Flows
For the Years Ended December 31, 2023, 2022 and 2021
(In millions)

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:			
Net (loss) income	\$ (270)	\$ (205)	\$ 139
Adjustments to reconcile net (loss) income to net cash provided by (used in) operating activities:			
Depreciation and amortization	330	323	345
Other non-cash amortization	28	33	33
Non-cash interest expense (income), net	8	(4)	(24)
Debt refinancing costs	52	-	-
Stock-based compensation	5	5	117
Other non-operating losses (gains), net	12	(8)	19
Reserve for self-insurance claims, net of payments	(26)	(6)	6
Changes in cash from operating assets and liabilities, net of effects of acquisitions and divestitures:			
Accounts receivable	(116)	(7)	(112)
Inventories, prepaid expenses and other current assets	(196)	(105)	(83)
Accounts payable, accrued salaries and other current liabilities	315	(20)	131
Medicare advance payments and deferred payroll taxes	-	-	(1,075)
Income taxes payable/receivable and deferred income taxes	15	72	(71)
Other	(16)	4	(15)
Net cash provided by (used in) operating activities	<u>141</u>	<u>82</u>	<u>(590)</u>
Cash flows from investing activities:			
Purchases of property and equipment	(229)	(227)	(274)
Acquisitions, net of cash acquired	(313)	-	-
Net cash impact related to common control transaction	-	-	(875)
Proceeds from sales of hospitals and equity method investment	37	135	119
Investment in ScionHealth term loan	-	(47)	-
Other	11	1	(4)
Net cash used in investing activities	<u>(494)</u>	<u>(138)</u>	<u>(1,034)</u>
Cash flows from financing activities:			
Net change in ABL Facility	35	-	-
Proceeds from borrowings	3,830	-	-
Payments of borrowings	(3,818)	(144)	-
Proceeds from non-core real estate transaction	225	-	-
Payments of debt financing costs	(108)	-	-
Distributions to Parent	(12)	(10)	(93)
Distributions and other cash transactions associated with noncontrolling interests and redeemable noncontrolling interests	(72)	(84)	(26)
Termination of finance lease obligations	-	(130)	(28)
Amortization of finance lease obligations	(32)	(34)	(29)
Net cash provided by (used in) financing activities	<u>48</u>	<u>(402)</u>	<u>(176)</u>
Change in cash and cash equivalents	(305)	(458)	(1,800)
Cash and cash equivalents at beginning of period	395	853	2,653
Cash and cash equivalents at end of period	<u>\$ 90</u>	<u>\$ 395</u>	<u>\$ 853</u>
Supplemental disclosure of cash flow information:			
Interest payments	<u>\$ 496</u>	<u>\$ 373</u>	<u>\$ 379</u>
Capitalized interest	<u>\$ 9</u>	<u>\$ 5</u>	<u>\$ 3</u>
Property and equipment acquired under finance leases	<u>\$ 61</u>	<u>\$ 44</u>	<u>\$ 50</u>
Income tax payments, net	<u>\$ 37</u>	<u>\$ 28</u>	<u>\$ 44</u>

Lifepoint Health, Inc.

Consolidated Statements of Equity
For the Years Ended December 31, 2023, 2022 and 2021
(Dollars in millions)

	Common Stock		Capital in Excess of Par Value	Accumulated Other Comprehensive (Loss) Income	Accumulated (Deficit) Income	Noncontrolling Interests	Total
	Shares	Amount					
Balance at December 31, 2020	100	\$ -	\$ 1,267	\$ (9)	\$ (103)	\$ 32	\$ 1,187
Comprehensive income	-	-	-	6	130	5	141
Stock-based compensation	-	-	117	-	-	-	117
Net equity adjustments related to common control transactions	-	-	48	-	-	-	48
Distributions to Parent	-	-	(85)	-	-	-	(85)
Noncontrolling interests recognized in common control transactions	-	-	-	-	-	317	317
Cash distributions to joint venture partners	-	-	-	-	-	(3)	(3)
Balance at December 31, 2021	100	-	1,347	(3)	27	351	1,722
Comprehensive income (loss)	-	-	-	4	(271)	65	(202)
Stock-based compensation	-	-	5	-	-	-	5
Distributions to Parent	-	-	(10)	-	-	-	(10)
Cash distributions to joint venture partners, net of contributions	-	-	-	-	-	(84)	(84)
Non-cash contributions from joint venture partners	-	-	-	-	-	17	17
Non-cash adjustments related to noncontrolling interests and redeemable noncontrolling interests and other	-	-	(4)	-	-	(24)	(28)
Balance at December 31, 2022	100	-	1,338	1	(244)	325	1,420
Comprehensive (loss) income	-	-	-	(5)	(336)	67	(274)
Stock-based compensation	-	-	5	-	-	-	5
Distributions to Parent	-	-	(12)	-	-	-	(12)
Cash distributions to joint venture partners, net of contributions	-	-	-	-	-	(57)	(57)
Non-cash contributions from joint venture partners	-	-	-	-	-	34	34
Net equity adjustments related to common control transactions	-	-	232	-	-	-	232
Reclassification of equity to noncontrolling interests related to joint venture activity	-	-	(14)	-	-	14	-
Net impact to noncontrolling interests related to acquisitions and divestitures	-	-	-	-	-	(14)	(14)
Non-cash adjustments related to redeemable noncontrolling interests	-	-	(12)	-	-	-	(12)
Balance at December 31, 2023	100	\$ -	\$ 1,537	\$ (4)	\$ (580)	\$ 369	\$ 1,322

Lifepoint Health, Inc.
Notes to Consolidated Financial Statements
December 31, 2023

Note 1. Organization and Summary of Significant Accounting Policies

Organization

Lifepoint Health, Inc., a Delaware corporation (“Lifepoint” or the “Company”), acting through its subsidiaries, is a leading provider of healthcare serving patients, clinicians, communities and partner organizations across the healthcare continuum. The Company generates revenues by providing a broad range of general and specialized healthcare services to patients through a growing diversified healthcare delivery network, which at December 31, 2023 was comprised of 60 community hospital campuses, 39 inpatient rehabilitation facilities (“IRFs”), 23 behavioral health facilities (“BHF’s”) and additional sites of care that include acute rehabilitation units (“ARUs”), outpatient centers and post-acute care facilities. At December 31, 2023, on a consolidated basis, the Company operated 122 healthcare facilities in 31 states throughout the United States (“U.S.”) with approximately 12,000 licensed beds and approximately 50,000 dedicated employees.

Unless otherwise indicated or the context otherwise requires, references throughout these notes to the consolidated financial statements to the “Company” or “Lifepoint” refer to Lifepoint Health, Inc., and each of its consolidated subsidiaries. References in this Annual Report for the fiscal year ended December 31, 2023 to the “Sponsor” refer to certain funds that are affiliates of the Company (the “Apollo Funds”) that are ultimately controlled and/or managed by certain affiliates of Apollo Management Holdings, L.P. (“Apollo Management” and, when acting on behalf of the Apollo Funds, “Apollo”), which is an affiliate of Apollo Global Management, Inc.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Company and all subsidiaries and entities controlled by the Company through majority voting control and variable interest entities of which the Company is the primary beneficiary. All significant intercompany accounts and transactions within the Company have been eliminated in consolidation. Noncontrolling interests in non-wholly-owned consolidated subsidiaries of the Company are presented as noncontrolling interests and redeemable noncontrolling interests and distinguish between the interests of the Company and the interests of the noncontrolling owners. Net income attributable to noncontrolling interests and redeemable noncontrolling interests represents the amounts attributable to the noncontrolling interests for each of the applicable periods presented. Investments in entities the Company does not control but in which it does have a substantial ownership interest and over which it can exercise significant influence are accounted for using the equity method.

The Company’s financial statements have been presented on the basis of push down accounting in accordance with Financial Accounting Standards Board Accounting Standards Codification (“ASC”) No. 805-50-S99. Under the push down basis of accounting, certain transactions incurred by the parent company which would otherwise be accounted for in the accounts of the parent are “pushed down” and recorded on the financial statements of the subsidiary. Accordingly, certain items resulting from the acquisition by Apollo have been recorded on the financial statements of the Company.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles (“GAAP”) requires management to make estimates and assumptions that affect the amounts reported in the Company’s accompanying consolidated financial statements and notes to the consolidated financial statements. Actual results could differ from those estimates.

Reclassifications

Certain reclassifications have been made to the prior years to conform to current year presentation. These reclassifications had no effect on results of operations, financial position or cash flows as previously reported.

Lifepoint Health, Inc.
Notes to Consolidated Financial Statements
December 31, 2023

Revenue Recognition and Accounts Receivable

Overview

The Company recognizes revenues in the period in which performance obligations are satisfied. Generally, the Company bills patients and third-party payers several days after the services are performed or the patient is discharged. Accounts receivable primarily consist of amounts due from third-party payers and patients. The Company's ability to collect outstanding receivables is critical to its results of operations and cash flows. Amounts the Company receives for treatment of patients covered by governmental programs and third-party payers such as Medicare, Medicaid, health maintenance organizations ("HMOs"), preferred provider organizations ("PPOs") and private insurers as well as directly from patients are subject to contractual adjustments, discounts and implicit price concessions. Accordingly, the revenue and accounts receivable reported in the Company's financial statements are recorded at the net consideration to which the Company expects to be entitled to receive in exchange for providing patient care.

The majority of the Company's performance obligations are satisfied over time for the delivery of patient care in both outpatient and inpatient settings. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected charges for services anticipated to be provided. The Company believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the remaining services needed to satisfy the obligation. Generally, unsatisfied or partially unsatisfied performance obligations at the end of the reporting period are related to patients admitted to the Company's hospitals that have not yet been discharged. The performance obligations for these patients are typically satisfied when the patients are discharged, which generally occurs within a matter of days of admission. Patients are generally billed when discharged, though they may be billed on an interim basis for longer stays. Accordingly, because all of the Company's performance obligations are part of a contract that is expected to have a duration of one year or less, the Company has elected to apply the exemption provided by ASC 606, "Revenue from Contracts with Customers" ("ASC 606") to not disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied as of period end.

Subsequent adjustments that are determined to be the result of an adverse change in the patient's or the payer's ability to pay are recognized as bad debt expense. With the adoption of ASC 606, bad debt expense is included under the caption "Other operating expenses, net" in the accompanying consolidated statements of operations, instead of separately as a deduction to arrive at revenue. Bad debt expense for the years ended December 31, 2023, 2022 and 2021 was not material for the Company.

Contractual Discounts

The Company derives a significant portion of its revenues from Medicare, Medicaid and other payers that receive discounts from the Company's established billing rates. The Company must estimate the total amount of these discounts to prepare its financial statements. The Medicare and Medicaid regulations and various managed care contracts under which these discounts must be calculated are complex and are subject to interpretation and adjustment. The Company estimates contractual discounts on a payer-specific basis given its interpretation of the applicable regulations or contract terms. These interpretations sometimes result in payments that differ from the Company's estimates. Additionally, updated regulations and contract renegotiations occur frequently, necessitating regular review and assessment of the estimation process by management. Subsequent changes in estimates for contractual discounts are reflected as an adjustment to revenues in the period of the change. Medicare, Medicaid and other discounted payer accounts receivables are written off after they have been final settled with the payer.

Medicaid Supplemental Payments

Medicaid supplemental payments ("MSPs") are payments made to providers separate from, and in addition to, those made at a state's standard Medicaid payment rate. MSP programs are jointly financed by state funds and federal matching funds. The state portion may be funded through general revenue, intergovernmental transfers from local governments or healthcare-related taxes imposed by states in the form of a mandatory provider payment related to healthcare items or services. The two most prevalent forms of MSPs are Medicaid Disproportionate Share Hospital ("DSH") and Upper Payment Limit ("UPL") payments. The Company had total receivables related to Medicaid DSH and UPL programs of \$239 million and \$106 million at December 31, 2023 and 2022, respectively, which are included under the caption "Other current assets" in the Company's accompanying consolidated balance sheets.

Lifepoint Health, Inc.
Notes to Consolidated Financial Statements
December 31, 2023

North Carolina Healthcare Access and Stabilization Program and Medicaid Expansion

On March 27, 2023, the governor of North Carolina signed into law a bill to expand Medicaid coverage in North Carolina, which expanded health coverage to an estimated 600,000 people across North Carolina on December 1, 2023. The legislation also enacted the Healthcare Access and Stabilization Program (“HASP”) aimed at increasing Medicaid reimbursement rates to hospitals providing safety-net services for low-income patients. The Centers for Medicare and Medicaid Services (“CMS”) approved initial HASP payments for the North Carolina fiscal year July 1, 2022 to June 30, 2023. HASP payments for future fiscal years will require annual approval by CMS. Increased reimbursement rates under the initial HASP preprint were applied retrospectively to the beginning of the North Carolina fiscal year, which commenced on July 1, 2022. As a result of the increased reimbursement rates, the Company recognized additional revenues of \$121 million in its consolidated statements of operations for the year ended December 31, 2023, of which \$35 million is related to the period from July 1, 2022 to December 31, 2022. The Company recognized additional provider taxes of \$28 million for the year ended December 31, 2023, included under the caption “Other operating expenses, net” in its accompanying consolidated statements of operations, of which \$9 million is related to the period from July 1, 2022 to December 31, 2022.

Kentucky Hospital Rate Improvement Program

The Commonwealth of Kentucky has implemented a Medicaid Hospital Rate Improvement Program (“KY HRIP”), which provides supplemental Medicaid payments to all Kentucky hospitals, other than university hospitals and state mental hospitals, and is intended to reduce the gap between the Kentucky Medicaid program’s regular inpatient Medicaid payments and each hospital’s Medicare allowable costs. During the first quarter of 2021, CMS and the Commonwealth of Kentucky approved a modification to the KY HRIP, which increased the inpatient hospital reimbursement rate from a contracted managed care rate up to a percentage of the average commercial rate. This modification was applied retrospectively to the beginning of the KY HRIP fiscal year, which commenced on July 1, 2020. As a result of this modification, the Company recognized additional revenues of \$113 million in its consolidated statement of operations for the year ended December 31, 2021, of which \$33 million is related to the period from July 1, 2020 to December 31, 2020. Additionally, the Company recognized additional provider taxes of \$15 million for the year ended December 31, 2021, included under the caption “Other operating expenses, net” in the accompanying consolidated statement of operations, of which \$5 million is related to the period from July 1, 2020 to December 31, 2020.

Cost Report Settlements

Cost report settlements under reimbursement agreements with Medicare, Medicaid and certain other payers for retroactive adjustments due to audits, reviews or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing patient care. These settlements are estimated based on the payment terms of the reimbursement agreement with the payer, correspondence from the payer, and the Company’s historical experience. Estimated settlements are adjusted in future periods as final settlements are determined. There is a reasonable possibility that recorded estimates will change by a material amount in the near-term.

The net cost report settlements due to the Company were \$4 million and \$3 million at December 31, 2023 and 2022, respectively, and are included under the caption “Accounts receivable” on the accompanying consolidated balance sheets. The Company’s management believes that adequate provisions have been made for adjustments that may result from final determination of amounts earned under these programs consistent with the constraints that are required by ASC 606.

For the years ended December 31, 2023, 2022 and 2021, the net retroactive adjustments to revenue related to prior periods for changes in MSP programs, estimated cost report settlements and other reimbursement adjustments resulted in an increase to revenues of \$47 million, \$32 million and \$62 million, respectively.

Self-Pay Revenues

Self-pay revenues are derived from patients who do not have any form of healthcare coverage as well as from patients with third-party healthcare coverage related to the patient responsibility portion, including deductibles and co-payments. The Company evaluates these patients, after such patient’s medical condition is determined to be stable, for their ability to pay based upon federal and state poverty guidelines, qualifications for Medicaid or other governmental assistance programs. The Company estimates the transaction price for self-pay patients and the patient responsibility portion using a number of analytical tools, benchmarks and market conditions. No single statistic or measurement determines the transaction price for these patients. Some of the analytical tools that the Company utilizes include, but are not limited to, historical cash collection experience, revenue trends by payer classification and revenue days in accounts receivable.

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The revenues associated with self-pay patients are reported at the net amount that the Company expects to collect. Because the Company provides care to patients regardless of their ability to pay, the Company has determined that the differences between the amounts it bills based on gross or discounted charges and the amounts the Company expects to collect represent implicit price concessions. The final amount that will be received from the patient is not known at the date of service, and the Company accounts for this variable consideration in accordance with the provisions of ASC 606. Self-pay accounts receivable are written off after collection efforts have been followed in accordance with the Company's policies.

Charity Care

The Company provides care without charge to certain patients that qualify under the local charity care policy of each of its hospitals. For the years ended December 31, 2023, 2022 and 2021, the Company estimates that its costs of care provided under its charity care programs approximated \$28 million, \$18 million and \$23 million, respectively. The Company does not report a charity care patient's charges in revenues or in the provision for doubtful accounts as it is the Company's policy not to pursue collection of amounts related to these patients, and therefore contracts with these patients do not exist.

The Company's management estimates its costs of care provided under its charity care programs utilizing a calculated ratio of costs to gross charges multiplied by the Company's gross charity care charges provided. The Company's gross charity care charges include only services provided to patients who are unable to pay and qualify under the Company's local charity care policies. To the extent the Company receives reimbursement through the various governmental assistance programs in which it participates to subsidize its care of indigent patients, the Company does not include these patients' charges in its cost of care provided under its charity care program.

Financing Component

The Company has elected to apply the practical expedient permitted under ASC 606 and does not adjust the estimated amount of consideration from patients and third-party payers for the effects of a significant financing component due to the Company's expectation that the period between the time the service is provided to a patient and the time that the patient or a third-party payer pays for that service will be one year or less.

Rental Income

The Company leases certain real estate assets it owns to unrelated third parties, primarily medical office buildings to non-employed physicians. The Company recognizes rental income for these operating lease arrangements in which the Company is the lessor on a straight-line basis over the lease term in accordance with ASC 842, "Leases" ("ASC 842").

Concentration of Revenues

The Company's revenues by payer and approximate percentages of revenues were as follows for the years ended December 31, 2023, 2022 and 2021:

	2023	2022	2021
	% of	% of	% of
	Revenues	Revenues	Revenues
Medicare	37.4 %	40.1 %	37.7 %
Medicaid	19.1	16.8	18.4
HMOs, PPOs and other private insurers	37.9	37.1	41.3
Self-pay	0.7	0.7	0.6
Other (a)	4.7	5.1	1.8
Revenue from contracts with customers	99.8	99.8	99.8
Rental income	0.2	0.2	0.2
Revenues	100.0 %	100.0 %	100.0 %

(a) Includes revenues from managed ARUs and ancillary goods and services.

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During the years ended December 31, 2023, 2022 and 2021, approximately 56.5%, 56.9% and 56.1%, respectively, of the Company's revenues related to patients participating in the Medicare and Medicaid programs, collectively. The Company's management recognizes that revenues and receivables from government agencies are significant to the Company's operations, but it does not believe that there are significant credit risks associated with these government agencies.

Any changes in the current demographic, economic, competitive or regulatory conditions, or to Medicaid programs could have an adverse effect on the Company's revenues or results of operations. The Company's management does not believe that there are any other significant concentrations of revenues from any particular payer or geographic area that would subject the Company to any significant credit risks in the collection of its accounts receivable.

The Company's revenues by primary service type and approximate percentages of revenues were as follows for the years ended December 31, 2023, 2022 and 2021:

	2023	2022	2021
	% of	% of	% of
	Revenues	Revenues	Revenues
Inpatient services	44.4 %	43.5 %	39.4 %
Outpatient services	50.7	51.2	58.6
Non-patient (a)	4.9	5.3	2.0
Revenues	100.0 %	100.0 %	100.0 %

(a) Includes revenues from managed ARUs and ancillary goods and services.

General and Administrative Costs

The majority of the Company's operating expenses are "cost of revenue" items. Operating expenses that could be classified as "general and administrative" by the Company would include its corporate overhead costs, which were \$237 million, \$207 million and \$195 million for the years ended December 31, 2023, 2022 and 2021, respectively, excluding depreciation and amortization, net income and losses associated with non-consolidated equity investments, and certain costs the Company considers non-recurring in nature, including but not limited to, severance and restructuring charges, and transaction and advisory costs recognized in connection with the Company's various business development activities. Lastly, the Company recognized accelerated stock-based compensation expense during the year ended December 31, 2021 in connection with a transaction involving the Company's indirect parent, DSB Parent, L.P., a Delaware limited partnership (the "Parent"), which is also excluded from its aforementioned general and administrative costs. Refer to Note 12 for further discussion of the Company's accounting for the stock-based compensation.

Legislative and Regulatory Response to COVID-19

Numerous legislative and regulatory actions, including enacting the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") and related stimulus legislation, were taken in an attempt to provide businesses, including healthcare providers, with relief from, and to combat the negative effects of, the COVID-19 pandemic.

Medicare Accelerated and Advance Payment Program

Using existing authority and certain expanded authority under the CARES Act, the U.S. Department of Health and Human Services temporarily expanded the CMS Accelerated and Advance Payment Program to a broad group of Medicare Part A and Part B providers. Under the expanded CMS Accelerated and Advance Payment Program, inpatient acute care hospitals could request up to 100% of their Medicare payment amount for a six-month period (critical access hospitals could request up to 125% of their payment amount for such period), and other providers and suppliers could request up to 100% of their Medicare payment amount for a three-month period.

The Company received a total of \$991 million of Medicare advance payments under the CMS Accelerated and Advance Payment Program during the year ended December 31, 2020. During the year ended December 31, 2021, the Company fully repaid all Medicare advance payments.

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CARES Act Tax Provisions

The CARES Act also provided for certain federal income tax changes, including an increase in the interest expense tax deduction limitation, the deferral of the employer portion of Social Security payroll taxes, refundable payroll tax credits, employee retention tax credits, net operating loss carryback periods, alternative minimum tax credit refunds and bonus depreciation of qualified improvement property. During the year ended December 31, 2020, the Company deferred cash payments of approximately \$84 million related to Social Security payroll tax payments. During the year ended December 31, 2021, the Company fully repaid all previously deferred Social Security payroll taxes.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and short-term investments with original maturities of three months or less. The Company places its cash in financial institutions that are federally insured in limited amounts.

Inventories

Inventories of supplies are stated at the lower of cost (first-in, first-out) or market and consist of purchased items. Inventories acquired in connection with business combinations are recorded at fair value which approximates replacement cost. Inventory items are primarily operating supplies used in the direct or indirect treatment of patients.

Investments and Notes Receivable

The Company accounts for its investments in entities in which the Company does not control under either the cost method or the equity method of accounting in accordance with ASC 321 “Investments – Equity Securities” (“ASC 321”) or ASC 323, “Investments – Equity Method and Joint Ventures” (“ASC 323”), respectively. The Company does not consolidate its cost and equity method investments, but rather measures them at their initial costs and then subsequently adjusts their carrying values through income for their respective shares of the earnings or losses or evaluates them for impairment and observable price changes. Refer to Note 8 for further discussion of the Company’s investments.

In June 2016, the Financial Accounting Standards Board issued Accounting Standards Update No. (this “ASU”) 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments. This ASU requires entities to report “expected” credit losses on financial instruments and other commitments to extend credit rather than the current “incurred loss” model. These expected credit losses for financial assets held at the reporting date are to be based on historical experience, current conditions, and reasonable and supportable forecasts. This ASU will also require enhanced disclosures relating to significant estimates and judgments used in estimating credit losses, as well as the credit quality. This ASU was effective for the Company beginning January 1, 2023. The Company has adopted this ASU with no material impact to its consolidated financial statements.

Property and Equipment

Purchases of property and equipment are recorded at cost. Property and equipment acquired in connection with business combinations are recorded at estimated fair value in accordance with the acquisition method of accounting as prescribed in ASC 805, “Business Combinations” (“ASC 805”). Routine maintenance and repairs are charged to expense as incurred. Expenditures that increase capacities or extend useful lives are capitalized. Fully depreciated assets are retained in property and equipment accounts until they are disposed. The Company capitalizes interest on funds used to pay for the construction of major capital additions and such interest is included in the cost of each capital addition.

The following table provides information regarding the Company’s property and equipment included in the accompanying consolidated balance sheets as of December 31, 2023 and 2022 (in millions):

	2023	2022
Land	\$ 212	\$ 180
Buildings and improvements	2,638	2,376
Equipment	1,926	1,751
Construction in progress	212	148
Property and equipment, at cost	4,988	4,455
Accumulated depreciation	(1,602)	(1,339)
Property and equipment, net of accumulated depreciation	<u>\$ 3,386</u>	<u>\$ 3,116</u>

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Depreciation is computed by applying the straight-line method over the estimated useful lives of buildings, improvements and equipment. Assets under capital and finance leases are generally amortized using the straight-line method over the shorter of the estimated useful life of the assets or life of the lease term, excluding any lease renewals, unless the lease renewals are reasonably assured. Capitalized internal-use software costs are amortized over their expected useful life, which is generally four years. Useful lives are as follows:

	Years		
Buildings and improvements (including those under finance leases)	3	-	40
Equipment	2	-	15
Equipment under finance leases	3	-	6

Depreciation expense (including amortization of finance lease obligations) totaled \$330 million, \$323 million and \$344 million for the years ended December 31, 2023, 2022 and 2021, respectively.

Whenever events or changes in circumstances indicate that the carrying values of certain long-lived assets may be impaired, the Company projects the undiscounted cash flows expected to be generated by these assets. If the projections indicate that the reported amounts are not expected to be recovered, such amounts are reduced to their estimated fair value based on a quoted market price, if available, or an estimate based on valuation techniques available in the circumstances. There were no long-lived asset impairments recorded for the years ended December 31, 2023, 2022 and 2021.

Goodwill and Intangible Assets

The Company accounts for its acquisitions in accordance with ASC 805 using the acquisition method of accounting. Goodwill represents the excess of the cost of an acquired entity over the net amounts assigned to assets acquired and liabilities assumed. In accordance with ASC 350, Intangibles – Goodwill and Other (“ASC 350”), goodwill and intangible assets with indefinite lives are reviewed by the Company annually for impairment on October 1. In 2022, the Company was comprised of two distinct reporting units (i) acute hospital operations and (ii) rehabilitation hospital operations. Due to the significance of the Springstone Transaction (as defined under Note 2) and the impact on the Company’s management team and business operations, the Company re-evaluated its reporting units in accordance with ASC 280, “Segment Reporting” (“ASC 280”) and ASC 350 during 2023 and determined that the Company is now comprised of three distinct reporting units: (i) acute hospital operations, (ii) rehabilitation hospital operations and (iii) behavioral health operations.

For the annual impairment evaluation, the Company estimates fair values of its reporting units utilizing both a discounted cash flow (“DCF”) analysis and a guideline public company (“GPC”) analysis considering observable market data of the Company’s industry peers. Determining fair value requires the exercise of significant judgment, including judgments about appropriate discount rates, perpetual growth rates, profitability and the amount and timing of expected future cash flows. The significant judgments are typically based upon Level 3 inputs, generally defined as unobservable inputs representing the Company’s assumptions. The cash flows employed in the DCF analysis are based on the Company’s most recent financial budgets and business plans and, when applicable, various growth rates and profitability for years beyond the current business plan period. Discount rate assumptions are based on an assessment of the risks inherent in the future cash flows of the reporting unit.

The Company’s intangible assets primarily relate to contract-based physician minimum revenue guarantees; certificates of need and certificates of need exemptions; and licenses, provider numbers and accreditations. Contract-based physician minimum revenue guarantees are amortized over the terms of the agreements. The certificates of need, certificates of need exemptions, licenses, provider numbers, and accreditations have been determined to have indefinite lives and, accordingly, are not amortized. Refer to Note 4 for further discussion of the Company’s goodwill and intangible assets.

Income Taxes

The Company accounts for income taxes using the asset and liability method. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the income tax provision in the period that includes the enactment date. The Company assesses the likelihood that deferred tax assets will be recovered from future taxable income. To the extent the Company believes that recovery is not likely, a valuation allowance is established. The establishment or increase in a valuation allowance is included as an expense within the provision for income taxes in the consolidated statements of operations. The Company classifies interest and penalties related to its tax positions as a component of income tax expense. Refer to Note 5 for further discussion of the Company’s accounting for income taxes.

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Reserves for Self-Insurance Claims

Given the nature of the Company’s operating environment, the Company is subject to potential professional liability claims, employee workers’ compensation claims and other claims. To mitigate a portion of this risk, the Company maintains insurance for individual professional liability claims and employee workers’ compensation claims exceeding self-insured retention (“SIR”) and deductible levels. At December 31, 2023, the Company’s SIR for professional liability claims is \$15 million per claim at the majority of its acute care hospitals. Additionally, the Company participates in state-specific professional liability programs in New Mexico and Pennsylvania. The Company has a \$25,000 deductible for professional liability at each of its IRFs and a \$100,000 deductible at each of its BHF’s. At December 31, 2023, the Company’s deductible for workers’ compensation claims at each of its acute care and BHF’s was \$1 million per claim in all states in which it operates except for Montana, Ohio and Washington. The Company participates in state-specific programs for its workers’ compensation claims arising in these states. There is no deductible for workers’ compensation claims at IRFs. The Company’s SIR and deductible levels are evaluated annually as a part of the Company’s insurance program’s renewal process.

The Company’s reserves for self-insurance and deductible claims reflect the current estimate of all outstanding losses, including incurred but not reported losses, based upon actuarial calculations as of the balance sheet date. The loss estimates included in the actuarial calculations may change in the future based upon updated facts and circumstances. The Company’s expense for self-insurance and deductible claims coverage each year includes: the actuarially determined estimate of losses for the current year, including claims incurred but not reported; the change in the estimate of losses for prior years based upon actual claims development experience as compared to prior actuarial projections; the insurance premiums for losses in excess of the Company’s SIR and deductible levels; and interest expense related to the discounted portion of the liability. The Company’s expense for self-insurance and deductible claims was approximately \$48 million, \$69 million and \$86 million for the years ended December 31, 2023, 2022 and 2021, respectively.

The Company’s reserves for professional liability claims are based upon quarterly and/or semi-annual actuarial calculations. These reserve calculations consider historical claims data, demographic considerations, severity factors and other actuarial assumptions, which are discounted to present value. The Company’s reserves for self-insured claims have been discounted to their present value using a discount rate of 2.0% at December 31, 2023 and 1.8% at December 31, 2022. The Company’s management selects a discount rate by considering a risk-free interest rate that corresponds to the period when the self-insured claims are incurred and projected to be paid.

Professional and general liability claims are typically resolved over an extended period of time, often as long as five years or more, while workers’ compensation claims are typically resolved in one to two years. Accordingly, the Company’s reserves for self-insured claims, comprised of estimated indemnity and expense payments related to reported events and incurred but not reported events as of the end of the period, include both a current and long-term component. The current portion of the Company’s reserves for self-insured claims is included under the caption “Other current liabilities” and the long-term portion is included under the caption “Other long-term liabilities” in the accompanying consolidated balance sheets.

The following table provides information regarding the classification of the Company’s reserves for self-insured claims at December 31, 2023 and 2022 (in millions):

	2023	2022
Current portion	\$ 70	\$ 74
Long-term portion	195	219
	<u>\$ 265</u>	<u>\$ 293</u>

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The following table presents the changes in our reserves for self-insured claims for the years ended December 31, 2023 and 2022 (in millions):

	2023	2022
Reserve at the beginning of the period	\$ 293	\$ 295
Increase for the provision of current year claims	55	65
(Decrease)/Increase for the provision of prior year claims	(5)	5
Payments related to current year claims	(3)	(3)
Payments related to prior year claims	(71)	(72)
Provision for the change in discount rate	(2)	(1)
Non-cash change in reserve for claims in excess of SIR levels	(6)	2
Liabilities assumed in connection with acquisitions	4	2
Reserve at the end of the period	<u>\$ 265</u>	<u>\$ 293</u>

The combination of changing conditions and the extended time required for claim resolution results in a loss estimation process that requires actuarial skill and the application of judgment, and such estimates require periodic revision. As a result of the variety of factors that must be considered, there is a risk that actual incurred losses may develop differently from estimates. The results of the Company's quarterly and semi-annual actuarial calculations resulted in changes to its reserves for self-insured claims for prior years. As a result, the Company's related self-insured claims expense decreased by \$5 million and increased by \$5 million for the years ended December 31, 2023 and 2022, respectively.

Point of Life Indemnity, Ltd.

The Company operates, with approval from the Cayman Islands Monetary Authority, a captive insurance company under the name Point of Life Indemnity, Ltd. Through this wholly-owned subsidiary of the Company, the captive insurance company issues malpractice indemnity policies to certain subsidiaries employing physicians and advanced practice providers and contracting with physicians. Fees charged to these subsidiaries are eliminated in consolidation. Reserves for the Company's estimate of the related outstanding claims, including incurred but not reported losses, are actuarially determined and are included as a component of the Company's reserves for professional liability self-insurance claims.

Self-Insured Medical Benefits

The Company is self-insured for substantially all of the eligible medical plan claims of its employees. The reserve for medical benefits primarily reflects the current estimate of incurred but not reported losses based upon an annual actuarial calculation as of the balance sheet date. The undiscounted reserve for self-insured medical benefits was \$72 million and \$50 million at December 31, 2023 and 2022, respectively, and is included in the Company's accompanying consolidated balance sheets under the caption "Other current liabilities".

Noncontrolling Interests and Redeemable Noncontrolling Interests

Noncontrolling interests represent the portion of equity in a subsidiary not attributable, directly or indirectly, to the Company. The Company's accompanying consolidated financial statements include all assets, liabilities, revenues, and expenses at their consolidated amounts, which include the amounts attributable to the Company and the noncontrolling interest. The Company recognizes as a separate component of earnings that portion of income or loss attributable to noncontrolling interests based on the portion of the entity not owned by the Company. Refer to Note 9 for further discussion of the Company's noncontrolling interests and redeemable noncontrolling interests.

Variable Interest Entities

The Company follows the provisions of ASC 810, "Consolidation" for determining whether an entity is a variable interest entity ("VIE"). In order to determine if the Company is a primary beneficiary of a VIE for financial reporting purposes, it must consider whether it has the power to direct activities of the VIE that most significantly impact the performance of the VIE and whether the Company has the obligation to absorb losses or the right to receive returns that are significant to the VIE. The Company consolidates a VIE when it is the primary beneficiary.

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As of December 31, 2023, the Company consolidated 23 acute care hospitals, 36 IRFs, and 19 BHF's that are subject to joint venture agreements. Under GAAP, the Company determined that 9 of its acute care hospitals, 32 of its IRFs and 19 of its BHF's qualify as VIEs, and furthermore, the Company concluded that it is the primary beneficiary in all of the VIEs. The Company holds an ownership interest and acts as manager in each of the partnerships. Through the management services agreement, the Company is delegated necessary responsibilities to provide management services, administrative services and direction of the day-to-day operations. Based upon the Company's assessment of the most significant activities of its acute care hospitals and IRFs, the Company, as manager, has the ability to direct the majority of those activities in all such joint ventures which qualify as VIEs.

The analysis upon which the consolidation determination rests can be complex, can involve uncertainties, and requires judgment on various matters, some of which could be subject to different interpretations.

The Company's consolidated VIEs comprised approximately \$2,303 million, or 19.4%, of the Company's total assets and \$1,366 million, or 13.2%, of the Company's total liabilities as of December 31, 2023.

Stock-Based Compensation

The Parent has issued profits units (the "Units") to certain employees, directors, consultants and other service providers under the terms and conditions of the Third Amended and Restated Limited Partnership Agreement of the Parent dated May 27, 2022 (as amended, the "Parent Partnership Agreement") and forms of award agreements. The Company accounted for these stock-based awards in accordance with the provisions of ASC 718, "Compensation – Stock Compensation" ("ASC 718"). In accordance with ASC 718, the Company recognized compensation expense based on the estimated grant date fair value of each stock-based award. The Company recognizes forfeitures of Units as they occur. Refer to Note 12 for further discussion of the Company's accounting for the Units.

Defined Benefit Pension Plans

The Company maintains certain assets and assumed certain liabilities associated with two separate defined benefit pension plans covering certain employees at two of its facilities. The Company accounts for its defined benefit pension plans in accordance with ASC 715, "Compensation – Defined Benefit Plans" ("ASC 715"). In accordance with ASC 715, the Company recognizes the unfunded liability of its defined benefit pension plans in the Company's consolidated balance sheets and unrecognized gains (losses) and prior service credits (costs) as changes in other comprehensive income (loss). The measurement date of the defined benefit pension plans' assets and liabilities coincides with the Company's year-end. The Company's pension benefit obligations are measured using actuarial calculations that incorporate discount rates, rate of compensation increases, when applicable, expected long-term returns on plan assets and consider expected age of retirement and mortality. Refer to Note 11 for further discussion of the Company's defined benefit pension plans.

Defined Contribution Plans

During the year ended December 31, 2023, the Company maintained a defined contribution retirement plan covering a majority of its employees. This defined contribution retirement plan contains discretionary matching contribution formulas, as well as definite contribution formulas for employees at certain facilities. Refer to Note 11 for further discussion of the Company's defined contribution plan.

Note 2. Business Development Update

Rehabilitation Expansion

The Company has continued to expand its rehabilitation business since closing the Kindred Transaction (as defined below). Following the transactions described below, as of December 31, 2023, the Company's consolidated inpatient rehabilitation operations include 39 IRFs with approximately 1,900 beds across 19 states.

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Everest Operational IRFs Acquisition

On January 24, 2023, a wholly-owned, indirect subsidiary of the Company entered into a definitive agreement with entities affiliated with Everest Rehabilitation Hospitals, LLC (“Everest”), to acquire four IRFs (the “Everest Operational IRFs”) located in Arkansas, Texas, and Ohio (the “Everest Operational IRF Transaction”) for an aggregate purchase price of approximately \$38 million. The closing of the Everest Operational IRF Transaction was consummated on March 1, 2023. Effective September 28, 2023, the Company contributed the Operational IRF located in Rogers, Arkansas to a new joint venture between the Company and Mercy Hospital Northwest Arkansas (“Mercy”). Upon formation of the joint venture, the Company reclassified \$11 million of its equity in the facility to noncontrolling interests in the accompanying consolidated statements of equity representing the estimated fair value of Mercy’s intangible assets contributed to the joint venture. The Company maintains a controlling interest in the joint venture and has continued to consolidate the facility in the Company’s consolidated financial statements.

Everest Developing IRFs Acquisitions

In connection with the closing of the Everest Operational IRF Transaction, certain of the Company’s affiliated entities entered into a definitive agreement with entities affiliated with Everest to acquire six IRFs that Everest is currently developing in Texas and Florida (the “Everest Developing IRFs”) for an aggregate purchase price of approximately \$60 million. The acquisition of the first of the Everest Developing IRFs, located in El Paso, Texas (“El Paso”), was consummated on August 1, 2023. The Company accounted for the acquisition of El Paso in accordance with ASC 805, under the acquisition method of accounting. The fair values of assets acquired and liabilities assumed are on a preliminary basis at December 31, 2023. The Company anticipates closing the acquisition of the remaining five Everest Developing IRFs on a rolling basis beginning in the second quarter of 2024.

De Novo IRFs Openings

During the two years ended December 31, 2023, the Company’s consolidated joint ventures have opened six de novo IRFs with approximately 300 beds (which does not include Saint Thomas Rehabilitation Hospital listed below), as summarized below.

Facility Name	Location	Opening Date	Beds
Frazier Rehabilitation Hospital - Brownsboro	Louisville, KY	July 18, 2023	40
UC Davis Rehabilitation Hospital	Sacramento, CA	May 18, 2023	52
Community Rehabilitation Hospital West	Indianapolis, IN	May 16, 2023	40
Dignity Health East Valley Rehabilitation Hospital - Gilbert	Gilbert, AZ	December 21, 2022	40
Mercy Rehabilitation Hospital South	St. Louis, MO	December 6, 2022	50
Saint Thomas Rehabilitation Hospital (a)	Nashville, TN	June 14, 2022	40
Tampa Rehabilitation Hospital	Tampa, FL	May 17, 2022	80

(a) We hold a noncontrolling ownership interest in Saint Thomas Rehabilitation Hospital and have accounted for it as an equity investment in accordance with ASC 323

Behavioral Health Expansion

During the year ended December 31, 2023, the Company significantly expanded its behavioral health presence through the transactions described below. Following such transactions, as of December 31, 2023, the Company’s consolidated behavioral health operations include 23 BHF’s with approximately 1,700 beds across ten states.

Springstone Transaction

On August 26, 2022, the Company entered into a definitive agreement with (i) entities affiliated with Medical Properties Trust, Inc. (“MPT”) and (ii) BH EIK Management, LP, a management company owned by certain members of the executive leadership team (“Springstone Management”) of Springstone Health Opco, LLC (“Springstone”), for an affiliate of the Company (the “Lifepoint Member”) to acquire a majority ownership interest in Springstone from Springstone Management and to acquire a promissory note issued by Springstone to an affiliate of MPT (the “Springstone Transaction”). Springstone was a national behavioral health provider with 18 BHF’s and 37 outpatient locations across nine states. Pursuant to the Springstone Transaction, MPT continued to own the majority of Springstone’s real estate locations, subject to an amended and restated master lease between affiliates of MPT and Springstone (the “Springstone Master Lease”), and an affiliate of MPT (“MPT DS”) retained a noncontrolling interest in Springstone, subject to a put/call agreement (the “Put/Call Agreement”).

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The Springstone Transaction was consummated on February 7, 2023, upon which certain of the Company’s subsidiaries entered into the Springstone Master Lease, and the Company funded \$229 million in cash to complete the transaction. Refer to Note 7 for further discussion of the Springstone Master Lease.

On January 25, 2024, MPT DS delivered to the Lifepoint Member a put option notice pursuant to the Put/Call Agreement, notifying the Lifepoint Member of its exercise of the put right under the Put/Call Agreement. In accordance with the Put/Call Agreement, the Lifepoint Member is obligated to acquire all of the equity interests of Springstone owned by MPT DS. The Company expects to close on the purchase of MPT DS’s equity interest in Springstone during the three months ended March 31, 2024 for a purchase price of approximately \$12 million, following which the Company will own all of the outstanding equity interests of Springstone.

The Company accounted for the Springstone Transaction in accordance with ASC 805 under the acquisition method of accounting. The following table summarizes the fair values of assets acquired and liabilities assumed on a preliminary basis in connection with the Springstone Transaction (in millions):

Current assets	\$	82
Property and equipment, net		481
Right-of-use operating lease assets		13
Goodwill and intangible assets		286
Current liabilities		(53)
Finance lease obligations		(541)
Other long-term debt, net		(23)
Long-term portion of right-of-use operating lease obligations		(11)
Noncontrolling interests and redeemable noncontrolling interests		(5)
Net assets acquired	\$	<u>229</u>

Cornerstone El Dorado Transaction

On January 20, 2023, a subsidiary of Knight Health Holdings LLC (d/b/a ScionHealth), a Delaware limited liability company (“ScionHealth”), acquired Cornerstone Healthcare Group Holding, Inc., a Delaware corporation (“Cornerstone”), which operates 15 specialty hospitals, eight senior living locations, and Cornerstone Behavioral Health El Dorado (“El Dorado”) (the “Cornerstone Transaction”). Immediately following ScionHealth’s acquisition of Cornerstone on January 20, 2023, the Company paid \$35 million in cash to acquire El Dorado, a 54-bed BHF located in Tucson, Arizona, from ScionHealth (the “El Dorado Transaction”). The Company accounted for the acquisition of El Dorado in accordance with ASC Subtopic 805-50 “Related Issues” (“ASC 805-50”) as a transaction between entities under common control.

In connection with the Cornerstone Transaction and the El Dorado Transaction, the Company entered into a number of transition services agreements (“TSAs”) and other ancillary agreements with ScionHealth and its subsidiaries pursuant to which (i) the Company provides certain transition services to ScionHealth to support the businesses acquired by ScionHealth in connection with the Cornerstone Transaction and (ii) ScionHealth provides certain transition services to the Company to support El Dorado.

De Novo BHF Opening

During the year ended December 31, 2023, the Company’s consolidated joint venture opened one de novo BHF, as summarized below.

Facility Name	Location	Opening Date	Beds
Valley Springs Behavioral Health Hospital	Holyoke, MA	August 14, 2023	150

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Joint Venture for Highpoint Health System

Effective December 1, 2023, the Company formed a new joint venture with an affiliate of Ascension Saint Thomas to expand access to high quality care and services in Northern Middle Tennessee (the “Highpoint Joint Venture”). Pursuant to a contribution agreement between the parties, at the closing the Company contributed its ownership interest in the Highpoint Health System in exchange for a controlling interest in the Highpoint Joint Venture. The Highpoint Health System is a regional health system comprised of Sumner Regional Medical Center, a 167-bed acute care hospital located in Gallatin, Tennessee; Sumner Station Emergency Room and Outpatient Services, a free standing emergency department and outpatient services center located in Gallatin, Tennessee; Trousdale Medical Center, a 25-bed critical access hospital located in Carthage, Tennessee; and Riverview Regional Medical Center, a 25-bed critical access hospital located in Carthage, Tennessee; and more than 15 affiliated clinics and sites of care. Upon formation of the Highpoint Joint Venture, the Company reclassified \$22 million of its equity in Highpoint Health System to noncontrolling interests representing the estimated fair value of Ascension Saint Thomas’ ownership interest in Highpoint. The Company maintains a controlling interest in Highpoint Health System and has continued to consolidate the facility in the Company’s consolidated financial statements.

Kindred Transaction

On June 18, 2021, the Company entered into a securities purchase agreement (the “Kindred Purchase Agreement”) for us and/or one or more affiliated assignees to acquire, directly or indirectly, Kindred Healthcare, LLC (“Kindred”), a leading specialty hospital company that operated facilities providing post-acute care, rehabilitation services and behavioral health services throughout the U.S. Upon the closing of the Kindred Transaction on December 23, 2021, a new healthcare company was established operating under the name ScionHealth, which is separate from Lifepoint. The Company acquired the IRF, behavioral health, contract rehabilitation service and certain support center businesses of Kindred, separated and transferred the equity and assets comprising 18 select acute care hospitals to ScionHealth and acquired Class B Units of ScionHealth, with an aggregate value of \$350 million, which are perpetual non-convertible, non-voting units that accrue cumulative dividends at the rate of 10.00% per annum and, upon liquidation, are entitled to a return of their nominal value issue price of \$350 million plus accrued, unpaid dividends. The Company refers to the foregoing transactions as the “Kindred Transaction.” The Company’s acquisition of Kindred’s inpatient rehabilitation and contract rehabilitation service business (including 28 IRFs with 1,447 beds), behavioral health business (including two BHF’s with 96 beds), and certain support center businesses transformed the Company into a more diversified healthcare platform, well-positioned to advance healthcare delivery in communities across the country.

Transition Services Agreements

The Company entered into a number of TSAs and other ancillary agreements with ScionHealth and its subsidiaries. For the years ended December 31, 2023 and 2022, in connection with the TSAs, the Company was reimbursed by ScionHealth for certain costs incurred on its behalf of \$47 million and \$61 million, respectively, and paid ScionHealth \$2 million and \$3 million for each period, respectively, for certain costs incurred on the Company’s behalf.

Additionally, the Company and ScionHealth are party to a number of commercial services agreements, pursuant to which the Company provides ScionHealth with therapy services, rehabilitation unit and behavioral health unit management, consulting and development services, among other commercial services. For the years ended December 31, 2023 and 2022, the Company recorded revenues related to these commercial services agreements of \$63 million and \$55 million, respectively.

Lastly, the Company had a net receivable of \$124 million and \$84 million, respectively, recorded under the caption “Other current assets” in its accompanying consolidated balance sheets at December 31, 2023 and December 31, 2022.

Accounting for the Kindred Transaction

The Company accounted for the Kindred Transaction in accordance with ASC 805-50 as a transaction between entities under common control. In accordance with ASC 805-50, the Company recognized the assets and liabilities transferred in connection with the Kindred Transaction at the common parent’s historical cost basis as of December 23, 2021. In accordance with ASC 805-50, combinations of entities under common control requires retrospective adjustment of comparative period financial information for the periods in which the entities were under common control. The Company and the Knight Transferred Business were under common control beginning December 23, 2021, and therefore, the Company has not retrospectively adjusted its previously issued financial statements.

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The following tables summarize the impact of the net asset transfers in connection with ScionHealth and the finalized purchase price allocation (in millions):

Net assets transferred from ScionHealth to Lifepoint	\$	1,031
Net assets transferred from Lifepoint to ScionHealth		(404)
Cash transferred to ScionHealth from Lifepoint		(929)
Class B Units of ScionHealth transferred to Lifepoint		350
Net equity adjustments related to common control transactions	\$	48

	From ScionHealth To Lifepoint	From Lifepoint To ScionHealth
Current assets	\$ 198	\$ (271)
Property and equipment, net	153	(501)
Other long-term assets	475	(30)
Goodwill and intangible assets	1,095	(121)
Current liabilities	(123)	118
Long-term liabilities	(473)	378
Noncontrolling interests and redeemable noncontrolling interests	(294)	23
Net assets transferred to (from) Lifepoint	\$ 1,031	\$ (404)

Transaction-Related Costs

During the years ended December 31, 2023, 2022 and 2021, the Company recognized transaction-related costs of \$28 million, \$46 million and \$86 million, respectively. The transaction-related costs recognized during the year ended December 31, 2023, were primarily related to the Springstone Transaction, the Non-Core Real Estate Financing Transaction (as defined under Note 7) and other business development activities. The transaction-related costs recognized during the years ended December 31, 2022 and 2021 were primarily related to the Kindred Transaction, Springstone Transaction and other business development activities. For more information related to the Non-Core Real Estate Financing Transaction, refer to Note 7.

Additional Divestitures

Clark Memorial Hospital and Scott Memorial Hospital

Effective September 29, 2023, the Company sold its 75% equity interest in the joint venture that owned Clark Memorial Hospital (“Clark Memorial”), a 236-bed acute care facility located in Jeffersonville, Indiana, and Scott Memorial Hospital (“Scott Memorial”), a 25-bed acute care facility located in Scottsburg, Indiana, to Norton Healthcare, Inc., the minority owner of such joint venture. The Company received net cash proceeds from the transaction of \$37 million, including certain net working capital accounts.

In connection with the divestitures of Clark Memorial and Scott Memorial, the Company recognized a net loss of approximately \$10 million, which is included under the caption “Other non-operating losses (gains), net” in the accompanying consolidated statements of operations for the year ended December 31, 2023. The net loss on sale is primarily attributable to the excess of the carrying values of the net assets associated with Clark Memorial and Scott Memorial, including allocated goodwill, over the net proceeds received in the transaction.

Colorado Plains Medical Center and Western Plains Medical Complex

Effective May 1, 2022, the Company sold Colorado Plains Medical Center (“Colorado Plains”), a 50-bed acute care facility located in Fort Morgan, Colorado, and Western Plains Medical Complex (“Western Plains”), a 99-bed acute care facility located in Dodge City, Kansas, to an unrelated third party. The Company received cash proceeds from the Colorado Plains and Western Plains transaction of \$135 million, including net working capital, of which \$63 million was utilized to settle a finance lease obligation related to Western Plains.

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In connection with the sale of Colorado Plains and Western Plains, the Company recognized a net gain of \$12 million, which is included under the caption “Other non-operating (gains) losses, net” in the accompanying consolidated statements of operations for the year ended December 31, 2022. The net gain on sale is primarily attributable to transaction proceeds in excess of the book values of the net assets associated with Colorado Plains and Western Plains, partially offset by losses associated with the write-off of allocated goodwill and the termination of a finance lease obligation related to Western Plains.

Providence Health and KershawHealth

Effective August 1, 2021, the Company sold Providence Health, comprised of two hospital campuses located in Columbia, South Carolina, and KershawHealth, located in Camden, South Carolina, to an unrelated third party. The Company received cash proceeds from the transaction of \$86 million, including net working capital, a portion of which was utilized to settle a \$28 million finance lease obligation related to KershawHealth. Refer to Note 7 for additional information regarding the Company’s accounting for leases.

In connection with the divestiture of Providence Health and KershawHealth, the Company recognized a net impairment loss of \$42 million during the year ended December 31, 2021, which is included under the caption “Other non-operating (gains) losses, net” in the accompanying consolidated statement of operations for the year ended December 31, 2021. The net impairment loss is primarily attributable to the write-down of property and equipment and allocated goodwill to their estimated fair values, as well as the termination of a finance lease obligation related to KershawHealth.

Capital Medical Center

On December 23, 2020, the Company entered into a definitive agreement with an unrelated third party to sell its majority ownership interest in Capital Medical Center, located in Olympia, Washington. Effective April 1, 2021, the Company sold its ownership interest in Capital Medical Center for cash proceeds of \$38 million, including net working capital, in addition to the purchaser’s assumption of certain finance lease obligations.

In connection with the Company’s divestiture of Capital Medical Center, the Company recognized a net gain on sale of \$24 million during the year ended December 31, 2021, which is included under the caption “Other non-operating (gains) losses, net” in the accompanying consolidated statement of operations for the year ended December 31, 2021. The net gain on sale is primarily attributable to the purchaser’s assumption of certain finance lease obligations and liabilities, partially offset by the write-off of property and equipment, allocated goodwill, and certain other assets.

Note 3. Long-Term Debt & Lease Obligations

The Company’s long-term debt, including current portions and finance lease obligations, consisted of the following at December 31, 2023 and 2022 (in millions):

	2023	2022
ABL Facility	\$ 35	\$ -
ABL Last-Out Revolving Credit Facility	80	-
Term Loan Facility	1,850	3,215
6.75% Secured Notes	-	600
4.375% Secured Notes	600	600
9.875% Secured Notes	800	-
11.0% Secured Notes	1,100	-
9.75% Unsecured Notes	1,270	1,270
5.375% Unsecured Notes	500	500
Other Secured Debt	20	-
Unamortized debt issuance costs	(132)	(100)
Finance lease obligations	1,380	809
Total debt	\$ 7,503	\$ 6,894

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Maturities of the Company’s long-term debt outstanding at December 31, 2023, excluding finance lease obligations and unamortized debt issuance costs, are as follows for the years indicated (in millions):

2024	\$	19
2025		18
2026		1,309
2027		618
2028		1,891
Thereafter		2,400
	<u>\$</u>	<u>6,255</u>

As described below, effective October 10, 2023, the Company used the net proceeds of the amendment and restatement of the Term Loan Facility in an outstanding principal amount of \$1,850 million and the offering of \$1,100 million aggregate principal amount of the 11.0% Secured Notes, together with cash on hand, to prepay all \$3,015 million of existing term loans then-outstanding under the Term Loan Facility.

ABL Facility

General

As of December 31, 2023, the Company had \$35 million in borrowings outstanding under the ABL Facility (as defined below) and approximately \$63 million in letters of credit outstanding primarily related to the self-insured retention level of its general and professional liability insurance and workers’ compensation programs as security for payment of claims and as security for certain lease agreements. Amounts available for borrowing under the ABL Facility were approximately \$682 million as of December 31, 2023.

Effective November 16, 2018, the Company entered into a senior secured asset-based revolving credit facility (as amended from time to time the “ABL Facility”) in an aggregate principal amount of \$800 million with a maturity of five years. The ABL Facility also includes both a letter of credit sub-facility and a swingline loan sub-facility. In addition, the Company may request one or more incremental revolving commitments in an aggregate principal amount up to the greater of (x) the greater of (i) \$255 million and (ii) 0.23 times pro forma Adjusted EBITDA (as defined in this Report) for the most recently available four fiscal quarter periods, and (y) the amount by which the borrowing base exceeds the aggregate commitments under the ABL Facility, subject to certain conditions and receipt of commitments by existing or additional lenders.

On January 27, 2023, the Company entered into an Incremental Assumption and Amendment Agreement No. 2 with certain of the Company’s subsidiaries, DSB Acquisition LLC (“Holdings”), the lenders party thereto and Citibank, N.A., as administrative agent, which amended and restated the ABL Facility. The ABL Facility matures on January 27, 2028; provided, that if more than \$200 million aggregate principal amount of the Notes or the Term Loan Facility (as defined below) remain outstanding 91 days before the stated maturity thereof, then the ABL Facility will mature and the commitments under the facility will terminate on such date. The ABL Facility continues to provide revolving availability of \$800 million, with a \$150 million letter of credit sub-facility and a \$40 million swingline sub-facility, and under the ABL Facility, the Company continues to have the right to request one or more incremental revolving commitments. Availability under the ABL Facility continues to be subject to a borrowing base that is based on a specified percentage of eligible accounts receivable. Borrowings under the ABL Facility continue to be subject to the satisfaction of customary conditions, including the absence of a default and the accuracy of representations and warranties.

Collateral and Guarantors

The obligations under the ABL Facility are guaranteed by Holdings, on a limited recourse basis and each of the direct and indirect material, wholly-owned domestic subsidiaries of the Company that guaranteed the obligations under the ABL Facility. The obligations are secured by a pledge of the capital stock of the Company and substantially all of their assets and those of each subsidiary guarantor subject to certain exceptions. Such security interests consist of a first-priority lien with respect to “ABL Priority Collateral” (which generally includes most accounts receivable and certain related assets of the Company and the subsidiary guarantors) and a second-priority lien with respect to the “Non-ABL Priority Collateral” (which generally includes most inventory and fixed assets, equity interests and intellectual property of the Company and the subsidiary guarantors). Additionally, certain of the Company’s restricted subsidiaries that are not guarantors will pledge certain of their assets (the “Credit Support Party Collateral”) on a first-priority basis, as further security of the obligations under the ABL Facility. The Credit Support Party Collateral will secure only the obligations under

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the ABL Facility.

Interest Rates and Fees

Prior to the amendment and restatement effective January 27, 2023, as discussed below, borrowings under the ABL Facility bore interest at a rate equal to, at the Company's option, either (a) a London Interbank Offered Rate ("LIBOR") rate determined by reference to the costs of funds for Eurodollar deposits for the interest period relevant to such borrowing, adjusted for certain additional costs or (b) a base rate determined by reference to the highest of (i) the federal funds rate plus 0.50%, (ii) the prime rate of Citibank, N.A. and (iii) the one-month adjusted LIBOR plus 1.00%, in each case plus an initial applicable margin of 1.75% for LIBOR loans and 0.75% for base rate loans. The applicable margin for borrowings was subject to step-downs based on average availability thresholds.

Effective January 27, 2023, borrowings under the ABL Facility will bear interest at a rate equal to, at the Company's option, either (a) an adjusted term Secured Overnight Financing Rate ("SOFR") for the interest period in effect, subject to a floor of 0.00%, or (b) a base rate determined by the highest of (i) the prime rate in effect, (ii) the federal funds effective rate plus 0.50% and (iii) an adjusted term SOFR with an interest period of one month plus 1.00%, subject to a floor of 1.00%, in each case plus an applicable margin of 1.75% for adjusted term SOFR loans and 0.75% for base rate loans. The applicable margin for borrowings will be subject to step-downs based on average availability thresholds.

The Company is required to pay a commitment fee under the ABL Facility in respect of the unutilized commitments at an initial rate equal to 0.375% per annum. The commitment fee may be subject to one step-down based on the average daily utilization under the ABL Facility. The Company will also be required to pay customary agency fees as well as letter of credit participation fees.

Restrictive Covenants and Other Matters

The ABL Facility contains certain customary affirmative covenants and events of default. The negative covenants in the ABL Facility include, among other things, limitations (none of which are absolute) on the Company and its subsidiaries' ability to incur additional debt or issue certain preferred shares, create liens on certain assets, make certain loans or investments (including acquisitions), pay dividends on or make distributions in respect of their capital stock or make other restricted payments, consolidate, merge, sell or otherwise dispose of all or substantially all of theirs and their restricted subsidiaries' assets, sell certain assets, enter into certain transactions with their affiliates, enter into sale-leaseback transactions, change their lines of business, restrict dividends from their subsidiaries or restrict liens, change their fiscal year, and modify the terms of certain debt.

The ABL Facility requires that the Company and its restricted subsidiaries maintain a minimum fixed charge coverage ratio of not less than 1.00 to 1.00 at any time when availability is less than an agreed amount.

The ABL Facility contains certain customary events of default, including relating to a change of control. If an event of default occurs, the lenders under the ABL Facility are entitled to take various actions, including the acceleration of amounts due under the ABL Facility and all actions permitted to be taken by a secured creditor in respect of the collateral securing the ABL Facility.

ABL Last-Out Revolving Credit Facility

On September 28, 2023, the Company executed an amendment to the ABL Facility that provided for \$80 million in last-out revolving credit commitments (collectively, the "ABL Last-Out Revolving Credit Facility") with a maturity date of January 27, 2028, which were incremental to the \$800 million revolving commitments under the ABL Facility. The ABL Last-Out Revolving Credit Facility is required to be drawn before the revolving commitments under the ABL Facility but cannot be repaid if any amount of the revolving commitment under the ABL Facility remains outstanding unless the applicable ABL Last-Out Revolving Credit Facility is permanently reduced and certain other conditions are met. As of December 31, 2023, there was \$80 million outstanding under the ABL Last-Out Revolving Credit Facility.

The ABL Last-Out Revolving Credit Facility bears interest at a rate per annum equal to the SOFR rate, adjusted for statutory reserves, plus a margin of 3.75%. Relative to the 4.375% Secured Notes, the 9.875% Secured Notes and the Company's Term Loan Facility, the ABL Last-Out Revolving Credit Facility shares in the guarantee and security interests in respect of the ABL Facility with the same lien priority as any other loans or obligations under the ABL Facility but is junior in right of payment as compared to such other loans and certain obligations under the ABL Facility.

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Term Loan Facility

General

Effective November 16, 2018, the Company entered into a senior secured term loan credit facility initially scheduled to mature on November 16, 2025 (the “Term Loan Facility”). The Term Loan Facility had an initial aggregate principal amount of \$3,550 million. The aggregate principal amount outstanding as of January 1, 2022 and June 30, 2023 was \$3,215 million. On August 14, 2023, the Company made an optional prepayment of \$200 million of outstanding borrowings under the Term Loan Facility with a portion of the net proceeds from the offering of \$800 million in aggregate principal amount of the 9.875% Secured Notes described below, together with cash on hand. On October 10, 2023, the Company made an optional prepayment of the remaining \$3,015 million of outstanding borrowings under the Term Loan Facility with the net proceeds of a \$1,850 million new term loan (as described below) and the net proceeds from the offering of \$1,100 million in aggregate principal amount of the 11.0% Secured Notes (the “11.0% Secured Notes”) together with cash on hand.

Effective October 10, 2023, the Company entered into an Incremental Assumption and Amendment Agreement No. 4, which amended and restated the Term Loan Facility in its entirety to provide for a new senior secured term loan credit facility in an aggregate principal amount of \$1,850 million, maturing on November 16, 2028. In addition, the Company may request one or more incremental term commitments in an aggregate principal amount up to the greater of (i) \$800 million and (ii) 0.75 times pro forma Adjusted EBITDA for the most recently available four fiscal quarter periods, plus additional amounts subject to certain agreed leverage requirements, certain other conditions and receipt of commitments by existing or additional lenders. The Term Loan Facility has a springing 91-day maturity if more than \$150 million aggregate principal amount of the Company’s 9.75% Unsecured Notes remain outstanding 91 days before the stated maturity thereof.

Collateral and Guarantors

All obligations under the Term Loan Facility are unconditionally guaranteed by Holdings on a limited recourse basis and each of the existing and future direct and indirect material, wholly-owned domestic subsidiaries of the co-borrowers, subject to certain exceptions. The obligations under the Term Loan Facility are secured by a pledge of the capital stock of the Company and substantially all of its assets and those of each subsidiary guarantor, including a pledge of the capital stock of all entities directly held by the Company and each subsidiary guarantor (which pledge is limited to 65% of the voting capital stock of first-tier foreign subsidiaries), in each case subject to certain exceptions. Such security interests consist of a first-priority lien with respect to the Non-ABL Priority Collateral and a second-priority lien with respect to the ABL Priority Collateral.

Interest Rates and Principal Payments

Prior to the amendment effective June 30, 2023, as discussed below, borrowings under the Term Loan Facility bore interest at a rate equal to, at the Company’s option, either (a) a LIBOR rate determined by reference to the costs of funds for Eurodollar deposits for the interest period relevant to such borrowing, adjusted for certain additional costs or (b) a base rate determined by reference to the highest of (i) the federal funds rate plus 0.50%, (ii) the prime rate of Citibank, N.A. and (iii) the one-month adjusted LIBOR plus 1.00%, in each case plus an applicable margin of 3.75% for LIBOR loans and 2.75% for base rate loans.

Effective June 30, 2023, borrowings under the Term Loan Facility bore interest at a rate equal to, at the Company’s option, either (a) adjusted SOFR for the interest period in effect, subject to a floor of 0.00%, or (b) a base rate determined by the highest of (i) prime rate in effect, (ii) federal funds effective rate plus 0.50% and (iii) adjusted SOFR for a one-month interest period plus 1.00%, in each case, plus an applicable margin of 3.75% for SOFR loans and 2.75% for base rate loans.

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Effective October 10, 2023, borrowings under the Term Loan Facility bore interest at a rate equal to, at the Company's option, either (a) adjusted SOFR for the interest period in effect, subject to a floor of 0.00%, plus an applicable margin of 5.50% or (b) a base rate determined by the highest of (i) prime rate in effect, (ii) federal funds effective rate plus 0.50% and (iii) adjusted SOFR for a one-month interest period plus 1.00%, in each case, plus an applicable margin of 4.50%. Effective October 10, 2023, the Term Loan Facility requires scheduled quarterly amortization payments in an annual amount equal to 1.0% of the original principal amount of the term loans borrowed on such date, with the balance to be paid at maturity. The Term Loan Facility requires the Company to make certain mandatory prepayments, including using (i) a portion of annual excess cash flow, as defined in the Term Loan Facility, (ii) net cash proceeds of certain non-ordinary assets sales or dispositions of property and (iii) net cash proceeds of any issuance or incurrence of debt not permitted under the Term Loan Facility.

Restrictive Covenants and Other Matters

The Term Loan Facility contains certain customary affirmative covenants and events of default. The negative covenants in the Term Loan Facility include, among other things, limitations (none of which are absolute) on the Company and its subsidiaries' ability to incur additional debt or issue certain preferred shares, create liens on certain assets, make certain loans or investments (including acquisitions), pay dividends on or make distributions in respect of their capital stock or make other restricted payments, consolidate, merge, sell or otherwise dispose of all or substantially all of theirs and their restricted subsidiaries' assets, sell certain assets, enter into certain transactions with their affiliates enter into sale-leaseback transactions, change their lines of business, restrict dividends from subsidiaries or restrict liens, change their fiscal year and modify the terms of certain debt or organizational agreements.

The Term Loan Facility contains certain customary events of default, including relating to a change of control. If an event of default occurs, the lenders under the Term Loan Facility are entitled to take various actions, including the acceleration of amounts due under the Term Loan Facility and all actions permitted to be taken by a secured creditor in respect of the collateral securing the Term Loan Facility.

4.375% Secured Notes

On February 13, 2020, the Company completed the offering of \$600 million in aggregate principal amount of its 4.375% Secured Notes (the "4.375% Secured Notes"). The 4.375% Secured Notes will mature on February 15, 2027. Interest on the 4.375% Secured Notes will accrue at 4.375% per annum and will be paid semi-annually, in arrears, on February 15 and August 15 of each year, beginning August 15, 2020. The net proceeds from the offering, together with the net proceeds from the Incremental Term Loan and cash on hand, were used to fund the settlement of the tender offer, which satisfied and discharged the Company's obligations as it relates to the 8.25% secured notes due 2023 and the 11.5% secured notes due 2024 and to pay certain fees in connection with the refinancing transactions described herein.

The Company's obligations under the 4.375% Secured Notes are fully and unconditionally guaranteed by each of the Company's wholly-owned domestic restricted subsidiaries that guarantee the Term Loan Facility. The 4.375% Secured Notes and the related guarantees are secured obligations of the Company and each subsidiary guarantor. The 4.375% Secured Notes and related guarantees are secured by, subject to permitted liens, (i) first-priority security interests in the Company's Non-ABL Priority Collateral and (ii) second-priority security interests in the Company's ABL Priority Collateral.

The Company may redeem the 4.375% Secured Notes at its option, in whole at any time or in part from time to time, at the redemption prices set forth in such indenture (as amended or supplemented from time to time, the "4.375% Secured Notes Indenture").

The 4.375% Secured Notes Indenture, among other things, limits the Company's ability and the ability of its restricted subsidiaries to, among other things: (i) incur or guarantee additional indebtedness; (ii) pay dividends or distributions on, or redeem or repurchase, capital stock and make other restricted payments; (iii) make certain investments; (iv) consummate certain asset sales; (v) engage in certain transactions with affiliates; (vi) grant or assume certain liens; and (vii) consolidate, merge or transfer all or substantially all of their assets. These covenants are subject to a number of important qualifications and exceptions as described in the 4.375% Secured Notes Indenture. Additionally, upon the occurrence of specified change of control events, the Company must offer to repurchase the 4.375% Secured Notes at 101% of the principal amount, plus accrued and unpaid interest, if any, to, but not including, the purchase date. The 4.375% Secured Notes Indenture also provides for customary events of default.

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9.875% Secured Notes

On August 14, 2023, the Company completed the offering of \$800 million in aggregate principal amount of its 9.875% Secured Notes (the “9.875% Secured Notes”). The 9.875% Secured Notes will mature on August 15, 2030. Interest on the 9.875% Secured Notes accrues at 9.875% per annum and is paid semi-annually, in arrears, on February 15 and August 15 of each year, beginning February 15, 2024. The net proceeds from the offering of the 9.875% Secured Notes, together with cash on hand, were used to purchase or redeem all \$600 million aggregate principal amount of the Company’s outstanding 6.75% Secured Notes (the “6.75% Secured Notes”), repay \$200 million of outstanding borrowings under the Company’s Term Loan Facility and pay related fees and expenses in connection with the 9.875% Secured Notes offering.

The Company’s obligations under the 9.875% Secured Notes are fully and unconditionally guaranteed, jointly and severally, by each of the Company’s wholly-owned domestic restricted subsidiaries that guarantee the Term Loan Facility and the other Notes. The 9.875% Secured Notes and the related guarantees are secured obligations of the Company and each subsidiary guarantor. The 9.875% Secured Notes and related guarantees are secured by, subject to permitted liens, (i) first-priority security interests in the Company’s Non-ABL Priority Collateral and (ii) second-priority security interests in the Company’s ABL Priority Collateral.

Prior to August 15, 2026, the Company may redeem the 9.875% Secured Notes at its option, in whole at any time or in part from time to time, at a redemption price equal to 100% of the principal amount of the 9.875% Secured Notes redeemed, plus a “make-whole” premium and accrued and unpaid interest, if any. In addition, prior to August 15, 2026, the Company may also redeem up to 40% of the original aggregate principal amount of the 9.875% Secured Notes (calculated after giving effect to any issuance of additional 9.875% Secured Notes) in an aggregate amount not to exceed the amount of net cash proceeds of one or more equity offerings at a redemption price equal to 109.875%, plus accrued and unpaid interest, if any, so long as at least 50% of the original aggregate principal amount of the 9.875% Secured Notes (calculated after giving effect to any issuance of additional 9.875% Secured Notes) must remain outstanding after each such redemption. On or after August 15, 2026, the Company may redeem the 9.875% Secured Notes at its option, in whole at any time or in part from time to time, at the redemption prices set forth in such indenture (as amended or supplemented from time to time, the “9.875% Secured Notes Indenture”).

The 9.875% Secured Notes Indenture, among other things, limits the Company’s ability and the ability of its restricted subsidiaries to, among other things: (i) incur or guarantee additional indebtedness; (ii) pay dividends or distributions on, or redeem or repurchase, capital stock and make other restricted payments; (iii) make certain investments; (iv) consummate certain asset sales; (v) engage in certain transactions with affiliates; (vi) grant or assume certain liens; and (vii) consolidate, merge or transfer all or substantially all of their assets. These covenants are subject to a number of important qualifications and exceptions as described in the 9.875% Secured Notes Indenture. Additionally, upon the occurrence of specified change of control events, the Company must offer to repurchase the 9.875% Secured Notes at 101% of the principal amount, plus accrued and unpaid interest, if any, to, but not including, the purchase date. The 9.875% Secured Notes Indenture also provides for customary events of default.

11.0% Secured Notes

On October 10, 2023, the Company completed the offering of \$1,100 million in aggregate principal amount of its 11.0% Secured Notes. The 11.0% Secured Notes will mature on October 15, 2030. Interest on the 11.0% Secured Notes accrues at 11.0% per annum and is paid semi-annually, in arrears, on April 15 and October 15 of each year, beginning April 15, 2024. The net proceeds from the offering of the 11.0% Secured Notes, together with the net proceeds of the amendment and restatement of the Term Loan Facility and cash on hand, were used to repay in full all \$3,015 million of outstanding borrowings under the Term Loan Facility and to pay related fees and expenses in connection with the 11.0% Secured Notes offering.

The Company’s obligations under the 11.0% Secured Notes are fully and unconditionally guaranteed, jointly and severally, by each of the Company’s wholly-owned domestic restricted subsidiaries that guarantee the Term Loan Facility and the other Notes. The 11.0% Secured Notes and the related guarantees are secured obligations of the Company and each subsidiary guarantor. The 11.0% Secured Notes and related guarantees are secured by, subject to permitted liens, (i) first-priority security interests in the Company’s Non-ABL Priority Collateral and (ii) second-priority security interests in the Company’s ABL Priority Collateral.

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Prior to October 15, 2026, the Company may redeem the 11.0% Secured Notes at its option, in whole at any time or in part from time to time, at a redemption price equal to 100% of the principal amount of the 11.0% Secured Notes redeemed, plus a “make-whole” premium and accrued and unpaid interest, if any. In addition, prior to October 15, 2026, the Company may also redeem up to 40% of the original aggregate principal amount of the 11.0% Secured Notes (calculated after giving effect to any issuance of additional 11.0% Secured Notes) in an aggregate amount not to exceed the amount of net cash proceeds of one or more equity offerings at a redemption price equal to 111.0%, plus accrued and unpaid interest, if any, so long as at least 50% of the original aggregate principal amount of the 11.0% Secured Notes (calculated after giving effect to any issuance of additional 11.0% Secured Notes) must remain outstanding after each such redemption. On or after October 15, 2026, the Company may redeem the 11.0% Secured Notes at its option, in whole at any time or in part from time to time, at the redemption prices set forth in such indenture (as amended or supplemented from time to time, the “11.0% Secured Notes Indenture”).

The 11.0% Secured Notes Indenture, among other things, limits the Company’s ability and the ability of its restricted subsidiaries to, among other things: (i) incur or guarantee additional indebtedness; (ii) pay dividends or distributions on, or redeem or repurchase, capital stock and make other restricted payments; (iii) make certain investments; (iv) consummate certain asset sales; (v) engage in certain transactions with affiliates; (vi) grant or assume certain liens; and (vii) consolidate, merge or transfer all or substantially all of their assets. These covenants are subject to a number of important qualifications and exceptions as described in the 11.0% Secured Notes Indenture. Additionally, upon the occurrence of specified change of control events, the Company must offer to repurchase the 11.0% Secured Notes at 101% of the principal amount, plus accrued and unpaid interest, if any, to, but not including, the purchase date. The 11.0% Secured Notes Indenture also provides for customary events of default.

Tender Offer and Redemption of 6.75% Secured Notes

On August 14, 2023, the Company repurchased and cancelled approximately \$569 million (or 95%) of the 6.75% Secured Notes pursuant to the Company’s previously announced tender offer and consent solicitation. The Company used part of the net proceeds from the 9.875% Secured Notes offering and cash on hand to repurchase such notes. In connection with the tender offer and consent solicitation for the 6.75% Secured Notes, the Company and the trustee for the 6.75% Secured Notes entered into a supplemental indenture to the indenture governing the 6.75% Secured Notes to eliminate substantially all of the restrictive covenants and certain events of default in the indenture governing the 6.75% Secured Notes, release the collateral securing the 6.75% Secured Notes and shorten the required notice period for redemptions of the 6.75% Secured Notes from 30 days to 2 business days.

Shortly following the repurchases of the 6.75% Secured Notes described above, the Company delivered a notice of redemption to redeem the 6.75% Secured Notes not purchased by the Company on the early settlement date for the tender offer. Such 6.75% Secured Notes were redeemed on August 16, 2023 at a redemption price of 101.688% of the principal amount thereof, plus accrued and unpaid interest to the redemption date.

Debt Refinancing Costs

In connection with the offering of the 9.875% Secured Notes, the 11.0% Secured Notes and the Term Loan Facility, the Company capitalized approximately \$12 million, \$10 million, and \$67 million, respectively, of new debt issuance costs, which are included as a reduction to “Long-term debt, net” in the Company’s accompanying consolidated balance sheet.

Additionally, during the year ended December 31, 2023, the Company recognized approximately \$52 million of debt refinancing costs associated with the various debt refinancing transactions completed during 2023, which are included under the caption “Debt refinancing costs” in the accompanying consolidated statements of operations for the year ended December 31, 2023. These debt refinancing costs were comprised of \$11 million of early termination premiums associated with the tender offer and redemption of 6.75% Secured Notes, the write-off of \$36 million of previously capitalized debt issuance costs, and \$5 million of other miscellaneous costs.

9.75% Unsecured Notes

On November 16, 2018, the Company completed the offering of \$1,425 million in aggregate principal amount of 9.75% Unsecured Notes (the “9.75% Unsecured Notes,” and together with the 5.375% Unsecured Notes (the “5.375% Unsecured Notes”), 6.75% Secured Notes and the 4.375% Secured Notes, the “Notes”). The 9.75% Unsecured Notes will mature on December 1, 2026. Interest on the 9.75% Unsecured Notes accrues at 9.750% per annum and is paid semi-annually, in arrears, on June 1 and December 1 of each year, beginning June 1, 2019.

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The Company's obligations under the 9.75% Unsecured Notes are fully and unconditionally guaranteed by each of the Company's wholly-owned domestic restricted subsidiaries that guarantees the Term Loan Facility. The 9.75% Unsecured Notes and the related guarantees are unsecured obligations of the Company and the subsidiary guarantors.

The Company may redeem the 9.75% Unsecured Notes at its option, in whole at any time or in part from time to time, at the redemption prices set forth in such indenture (as amended or supplemented from time to time, the "9.75% Unsecured Notes Indenture").

The 9.75% Unsecured Notes Indenture, among other things, limits the Company's ability and the ability of its restricted subsidiaries to, among other things: (i) incur or guarantee additional indebtedness; (ii) pay dividends or distributions on, or redeem or repurchase, capital stock and make other restricted payments; (iii) make certain investments; (iv) consummate certain asset sales; (v) engage in certain transactions with affiliates; (vi) grant or assume certain liens; and (vii) consolidate, merge or transfer all or substantially all of their assets. These covenants are subject to a number of important qualifications and exceptions. Additionally, upon the occurrence of specified change of control events, the Company must offer to repurchase the 9.75% Unsecured Notes at 101% of the principal amount, plus accrued and unpaid interest, if any, to, but not including, the purchase date. The 9.75% Unsecured Notes Indenture also provides for customary events of default.

5.375% Unsecured Notes

On December 4, 2020, the Company completed the offering of the 5.375% Unsecured Notes. The 5.375% Unsecured Notes will mature on January 15, 2029. Interest on the 5.375% Unsecured Notes accrues at 5.375% per annum and is paid semi-annually, in arrears, on January 15 and July 15 of each year, beginning July 15, 2021. The net proceeds of the offering, together with cash on hand, were used to prepay \$500 million of the total aggregate principal amount outstanding under the Term Loan Facility and to pay related fees and expenses in connection with the offering.

The Company's obligations under the 5.375% Unsecured Notes are fully and unconditionally guaranteed by each of the Company's wholly-owned domestic restricted subsidiaries that guarantees the Term Loan Facility. The 5.375% Unsecured Notes and the related guarantees are unsecured obligations of the Company and the subsidiary guarantors.

Prior to January 15, 2024, the Company may redeem the 5.375% Unsecured Notes at its option, in whole at any time or in part from time to time, at a redemption price equal to 100% of the principal amount of the 5.375% Unsecured Notes redeemed, plus a "make-whole" premium and accrued and unpaid interest, if any. In addition, prior to December 4, 2023, the Company may also redeem up to 40% of the original aggregate principal amount of the 5.375% Unsecured Notes (calculated after giving effect to any issuance of additional notes) in an aggregate amount not to exceed the amount of net cash proceeds of one or more equity offerings at a redemption price equal to 105.375%, plus accrued and unpaid interest, if any, so long as at least 50% of the original aggregate principal amount of the 5.375% Unsecured Notes (calculated after giving effect to any issuance of additional notes) must remain outstanding after each such redemption. On or after January 15, 2024, the Company may redeem the 5.375% Unsecured Notes at the redemption prices set forth in such indenture (as amended or supplemented from time to time, the "5.375% Unsecured Notes Indenture").

The 5.375% Unsecured Notes Indenture, among other things, limits the Company's ability and the ability of its restricted subsidiaries to, among other things: (i) incur or guarantee additional indebtedness; (ii) pay dividends or distributions on, or redeem or repurchase, capital stock and make other restricted payments; (iii) make certain investments; (iv) consummate certain asset sales; (v) engage in certain transactions with affiliates; (vi) grant or assume certain liens; and (vii) consolidate, merge or transfer all or substantially all of their assets. Additionally, upon the occurrence of specified change of control events, the Company must offer to repurchase the 5.375% Unsecured Notes at 101% of the principal amount, plus accrued and unpaid interest, if any, to, but not including, the purchase date. The 5.375% Unsecured Notes Indenture also provides for customary events of default.

Other Secured Debt

On February 7, 2023, concurrently with the consummation of the Springstone Transaction, certain of the Company's subsidiaries entered into an amended and restated credit agreement with Capital One, N.A. as administrative agent and lender, which provides for a \$35 million senior secured asset-based revolving credit facility ("Other Secured Debt") and matures on December 17, 2026. At December 31, 2023, \$20 million of Other Secured Debt was outstanding.

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Notes Repurchase Program

On June 3, 2022, the Executive Committee of the Board of Directors of the Company authorized the repurchase of up to \$200 million aggregate principal amount of the Notes (the “Notes Repurchase Program”). During the year ended December 31, 2022, the Company repurchased \$155 million aggregate principal amount of its 9.75% Unsecured Notes for an aggregate repurchase price of \$144 million in connection with the Notes Repurchase Program. As of December 31, 2023, the Company had remaining authority to repurchase up to an additional \$45 million aggregate principal amount of the Notes in accordance with the Notes Repurchase Program. Future repurchases, if any, under the Notes Repurchase Program will depend on a number of factors, including but not limited to market conditions.

Finance Lease Obligations

Refer to Note 7 for discussion of the Company’s finance lease obligations.

Interest Rate Swap Agreement

On December 21, 2018, the Company entered into an interest rate swap agreement with Citibank, N.A. as counterparty (the “Interest Rate Swap”) whereby the Company paid a fixed rate of 2.63% on a notional amount of \$1,100 million and received one-month LIBOR. The Interest Rate Swap became effective on February 19, 2019 and terminated on February 19, 2022. Refer to Note 10 for additional information regarding the Company’s accounting for its Interest Rate Swap.

Note 4. Goodwill and Intangible Assets

Goodwill

The following table presents the changes in the carrying amount of goodwill for the years ended December 31, 2023 and 2022 (in millions):

Balance at January 1, 2022	\$	3,914
Additions related to acquisitions		16
Finalization of the purchase price allocation for the Kindred Transaction		(74)
Write-off allocation related to 2022 divestitures		(45)
Balance at December 31, 2022		3,811
Additions related to acquisitions		375
Write-off allocation related to 2023 divestitures		(19)
Balance at December 31, 2023	\$	4,167

In 2022, the Company was comprised of two distinct reporting units (i) acute hospital operations and (ii) rehabilitation hospital operations. Due to the significance of the Springstone Transaction and the impact on the Company’s management team and business operations, the Company re-evaluated its reporting units in accordance with ASC 280 and ASC 350 during 2023 and determined that the Company is now comprised of three distinct reporting units: (i) acute hospital operations, (ii) rehabilitation hospital operations and (iii) behavioral health operations. For the annual impairment evaluation, the Company estimates fair values of its reporting units utilizing both a DCF analysis and a GPC analysis. The Company did not recognize any goodwill impairment charges during the years ended December 31, 2023, 2022 and 2021.

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Intangible Assets

The following table provides information regarding the Company’s intangible assets included in the accompanying consolidated balance sheets as of December 31, 2023 and 2022 (in millions):

	2023	2022
Amortizable intangible assets:		
Physician minimum revenue guarantees		
Gross carrying amount	\$ 17	\$ 21
Accumulated amortization	(9)	(12)
Net total	8	9
Indefinite-lived intangible assets:		
Certificates of need and certificates of need exemptions	27	26
Licenses, provider numbers, and accreditations	48	48
Net total	75	74
Total intangible assets:		
Gross carrying amount	92	95
Accumulated amortization	(9)	(12)
Net total	\$ 83	\$ 83

Physician Minimum Revenue Guarantees

The Company has committed to provide certain financial assistance pursuant to recruiting agreements, or “physician minimum revenue guarantees,” with various physicians practicing in the communities it serves. In consideration for a physician relocating to one of its communities and agreeing to engage in private practice for the benefit of the respective community, the Company may advance certain amounts of money to a physician to assist in establishing his or her practice.

The Company accounts for its physician minimum revenue guarantees in accordance with the provisions of ASC 460, “Guarantees” (“ASC 460”). In accordance with ASC 460, the Company records a contract-based intangible asset and a related guarantee liability for new physician minimum revenue guarantees. The contract-based intangible asset is amortized as a component of other operating expenses, in the accompanying consolidated statements of operations, over the period of the physician contract, which typically ranges from four to five years.

Certificates of Need and Certificates of Need Exemptions

The construction of new facilities, the acquisition or expansion of existing facilities and the addition of new services and certain equipment at the Company’s facilities may be subject to state laws that require prior approval by state regulatory agencies. These certificate of need laws generally require that a state agency determine the public need and give approval prior to the construction or acquisition of facilities or the addition of new services. The Company has acquired facilities in certain states that have adopted certificate of need laws. The Company has determined that these intangible assets have an indefinite useful life.

Licenses, Provider Numbers and Accreditations

To operate hospitals, the Company must obtain certain licenses, provider numbers and accreditations from federal, state and other accrediting agencies. The Company has acquired facilities in certain jurisdictions that require licenses, provider numbers and accreditations.

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Amortization Expense

Amortization expense for the Company's intangible assets during the years ended December 31, 2023, 2022 and 2021 was \$4 million, \$5 million and \$8 million, respectively.

Total estimated amortization expense for the Company's intangible assets during the next five years are as follows (in millions):

2024	\$	4
2025		2
2026		1
2027		1
	<u>\$</u>	<u>8</u>

Note 5. Income Taxes

The Company recognized a provision for income taxes of \$52 million and \$100 million for the years ended December 31, 2023 and 2022, respectively, and a benefit from income taxes of \$27 million for the year ended December 31, 2021. The provision for income taxes recognized for the years ended December 31, 2023 and 2022 is primarily a result of an increase in the valuation allowance for certain deferred tax assets due to the limitation on the deductibility of interest expense under Section 163(j) of the Code (and the regulations thereunder) and write-offs of goodwill associated with divestitures. The benefit from income taxes recognized for the year ended December 31, 2021 is primarily a result of a reduction in the valuation allowance for certain deferred tax assets, partially offset by limitations on the tax deductibility of interest expense (back to its previous limitation of 30% of adjusted taxable income), stock-based compensation expense, write-offs of goodwill associated with divestitures, and certain transaction and advisory costs recognized during the year ended December 31, 2021.

The provision for (benefit from) income taxes for the years ended December 31, 2023, 2022 and 2021 consisted of the following (in millions):

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Current:			
Federal	\$ 46	\$ 56	\$ 46
State	16	5	5
	<u>62</u>	<u>61</u>	<u>51</u>
Deferred:			
Federal	(115)	(70)	23
State	(31)	1	(7)
	<u>(146)</u>	<u>(69)</u>	<u>16</u>
Change in valuation allowance	136	108	(94)
Total	<u>\$ 52</u>	<u>\$ 100</u>	<u>\$ (27)</u>

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The following table reconciles the differences between the statutory federal income tax rate to the Company's effective tax rate on net (loss) income before income taxes and including net income attributable to noncontrolling interests and redeemable noncontrolling interests for the years ended December 31, 2023, 2022 and 2021:

	2023	2022	2021
Federal statutory rate	21.0 %	21.0 %	21.0 %
State income taxes, net of federal income tax benefits	5.9	5.6	(2.6)
Change in valuation allowance	(62.5)	(102.6)	(83.3)
Tax effect of goodwill write-offs and impairments	(1.7)	(8.7)	9.9
Noncontrolling interests and redeemable noncontrolling interests	6.9	12.8	-
State net operating loss carryforward expirations, refunds and rate and state apportionment changes	2.4	(11.2)	-
Taxes payable and deferred tax liability adjustments	5.0	(10.7)	-
Nondeductible acquisition and merger-related costs	-	-	30.2
Other nondeductible expenses and other items	(1.2)	(1.3)	1.1
Effective income tax rate	<u>(24.2) %</u>	<u>(95.1) %</u>	<u>(23.7) %</u>

Deferred income taxes result from temporary differences in the recognition of assets, liabilities, revenues and expenses for financial accounting and tax purposes. Sources of these differences and the related tax effects were as follows as of December 31, 2023 and 2022 (in millions):

	2023	2022
Deferred income tax liabilities:		
Depreciation and amortization	\$ (92)	\$ (98)
Right-of-use operating lease assets	(68)	(24)
Tax deductible goodwill	(30)	(28)
Investments in partnerships	(85)	(46)
Other	(2)	(6)
Total deferred income tax liabilities	<u>(277)</u>	<u>(202)</u>
Deferred income tax assets:		
Provision for doubtful accounts	56	43
Employee compensation	47	40
Net operating loss carryforwards	109	115
Insurance reserves	78	76
Section 163(j) interest expense carryforward	216	118
Investments in partnerships	59	1
Right-of-use operating lease obligations	68	24
Deferred loss on sale of facilities	21	21
Other	43	50
Total deferred income tax assets	<u>697</u>	<u>488</u>
Valuation allowance	(441)	(305)
Net deferred income tax assets	<u>256</u>	<u>183</u>
Deferred income taxes	<u>\$ (21)</u>	<u>\$ (19)</u>

Noncurrent deferred income tax liabilities totaled \$21 million and \$19 million at December 31, 2023 and 2022, respectively, and are included under the caption "Other long-term liabilities" on the accompanying consolidated balance sheets.

As of December 31, 2023, the Company had federal net operating loss carryforwards ("NOLs") of approximately \$47 million with an indefinite carryforward period and subject to annual usage limitations under Section 382 of the Internal Revenue Code 1986, as amended (the "Code"). In addition, the Company had state and local NOLs of approximately \$2 billion that expire at various dates between 2024 and 2042 or have an indefinite carryforward period.

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The Company has established a valuation allowance for deferred tax assets at December 31, 2023 and 2022, due to the uncertainty of realizing these assets in the future. During the years ended December 31, 2023 and 2022, the Company increased its valuation allowance by \$136 million and \$108 million, respectively, primarily because of the limitation on the deductibility of interest expense under Section 163(j) of the Code.

The Company made federal income tax payments of \$25 million, \$20 million, and \$50 million for the years ended December 31, 2023, 2022 and 2021, respectively. A net refund of federal income taxes previously paid by Legacy Lifepoint Health, Inc. (“Legacy Lifepoint”) for the tax year ended December 31, 2013, in the amount of \$23 million was received during the year ended December 31, 2021 related to the carryback of the final Legacy Lifepoint federal NOL generated for the year ended November 16, 2018, to the tax year ended December 31, 2013. The Company made net state and local income tax payments in the amount of \$12 million, \$8 million, and \$17 million for the years ended December 31, 2023, 2022 and 2021, respectively.

The Company’s policy is to accrue interest and penalties related to potential underpayment of income taxes within the provision for income taxes. Interest is computed on the difference between the Company’s uncertain tax benefit positions and the amount deducted or expected to be deducted in our income tax returns. The Company does not expect to incur interest or penalties related to income taxes for the year ended December 31, 2023, and therefore made no increase to its accrual for uncertain tax benefit positions associated with prior years during the year ended December 31, 2023.

The Company files a consolidated U.S. federal income tax return, as well as income tax returns in various state jurisdictions. All of the Company’s tax years are subject to examination by the Internal Revenue Service and various state taxing authorities.

Note 6. Other Current Liabilities

The following table provides information regarding the Company’s other current liabilities, which are included in the accompanying consolidated balance sheets at December 31, 2023 and 2022 (in millions):

	2023	2022
Accrued interest	\$ 138	\$ 86
Current portion of right-of-use operating lease obligations	82	71
Current portion of self-insurance reserves	70	74
Self-insured medical benefits liabilities	72	50
Medicaid supplemental payment program provider taxes	53	25
Income taxes payable	33	10
Accrued property taxes	20	24
Accrued expenses and other	213	205
	<u>\$ 681</u>	<u>\$ 545</u>

Note 7. Leases

Summary

The Company leases real property and equipment under finance and operating leases. The leases expire at various times and have various renewal options. For leases with terms greater than twelve months, the Company records the related assets and obligations at the present value of lease payments over the term. Interest rates used in computing the present value of the lease payments are based on the Company’s incremental borrowing rate at the inception of the lease. The Company’s lease agreements generally require the Company to pay maintenance, repairs, taxes and insurance costs.

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The following table presents certain information related to the Company's lease assets and liabilities at December 31, 2023 and 2022 (dollars in millions):

	<u>Balance Sheet Classification</u>	<u>2023</u>	<u>2022</u>
Assets:			
Finance leases	Property and equipment, net	\$ 963	\$ 514
Operating leases	Other long-term assets	1,023	638
Total lease assets		<u>\$ 1,986</u>	<u>\$ 1,152</u>
Liabilities:			
Current:			
Finance leases	Current maturities of long-term debt	\$ 37	\$ 29
Operating leases	Other current liabilities	82	71
Long-term:			
Finance leases	Long-term debt, net	1,343	780
Operating leases	Other long-term liabilities	952	572
Total lease liabilities		<u>\$ 2,414</u>	<u>\$ 1,452</u>
Weighted-average remaining term (in years):			
Finance leases		16.2	17.0
Operating leases		11.1	9.7
Weighted-average discount rate:			
Finance leases		10.2 %	9.6 %
Operating leases		9.4 %	7.6 %

The following table presents certain information related to finance and operating lease expense for the years ended December 31, 2023, 2022 and 2021 (in millions):

	<u>Statement of Operations</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Finance lease expense:				
Amortization related to lease assets	Depreciation and amortization	\$ 64	\$ 44	\$ 44
Interest related to lease liabilities	Interest expense, net	123	49	82
Operating lease expense	Other operating expenses, net	152	114	76
Short-term, variable and other lease expense	Other operating expenses, net	48	42	45
Total lease expense		<u>\$ 387</u>	<u>\$ 249</u>	<u>\$ 247</u>

The following table presents supplemental cash flow information related to finance and operating leases for the years ended December 31, 2023, 2022 and 2021 (in millions):

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Operating cash flows related to operating leases	\$ 190	\$ 149	\$ 118
Operating cash flows related to finance leases	\$ 113	\$ 53	\$ 79
Financing cash flows related to finance leases	\$ 32	\$ 34	\$ 29

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The following table reconciles the undiscounted cash flows to the finance and operating lease obligations included in the consolidated balance sheet at December 31, 2023 (in millions):

	<u>Finance Leases</u>	<u>Operating Leases</u>
2024	\$ 158	175
2025	159	164
2026	154	155
2027	145	146
2028	138	137
Thereafter	1,855	988
Total minimum lease payments	2,609	1,765
Less: Amounts attributable to interest	(1,980)	(731)
Present value of minimum lease payments	629	1,034
Non-cash portions of finance lease obligations	751	-
Less: Current portions of lease obligations	(37)	(82)
Long-term portion of lease obligations	<u>\$ 1,343</u>	<u>\$ 952</u>

Springstone

Effective February 7, 2023, concurrently with the consummation of the Springstone Transaction, certain of the Company's subsidiaries entered into the Springstone Master Lease with certain affiliates of MPT, with respect to the 18 BHF's acquired. The Springstone Master Lease provides a 20-year term with two optional five-year renewal periods. The Company accounted for the Springstone Master Lease as a finance lease in accordance with ASC 842 and established an initial finance lease obligation of \$545 million. Refer to Note 2 for further discussion of the Springstone Transaction.

MPT Lease Modifications

On August 1, 2021, the Company sold KershawHealth, which was subject to the Amended and Restated Master Lease Agreement with certain affiliates of MPT, dated March 21, 2016 (the "Capella Master Lease") and paid \$28 million to MPT to terminate its lease obligation associated with KershawHealth. The removal of KershawHealth from the Capella Master Lease triggered a lease modification for accounting purposes in accordance with ASC 842, which resulted in the reclassification of right-of-use operating lease assets and obligations of \$98 million and \$106 million, respectively, related to certain other properties subject to the Capella Master Lease, to property and equipment and finance lease obligations of \$129 million and \$137 million, respectively.

Effective December 23, 2021, the Company terminated the Capella Master Lease, the Amended and Restated Hot Springs Master Lease Agreement with certain affiliates of MPT dated March 21, 2016 and the Master Lease Agreement with certain affiliates of MPT dated December 17, 2019, and certain subsidiaries of the Company entered into a new master lease agreement with certain affiliates of MPT, dated December 23, 2021, with respect to ten of the Company's facilities (the "2021 Master Lease"). The entry into the 2021 Master Lease triggered a lease modification for accounting purposes in accordance with ASC 842, which resulted in the reclassification of right-of-use operating lease assets and obligations of \$61 million and \$66 million, respectively, to property and equipment and finance lease obligations of \$41 million and \$46 million, respectively. All of the facilities subject to the 2021 Master Lease are accounted for as finance leases as of December 31, 2023.

Effective May 1, 2022, the Company sold Western Plains, which was subject to the 2021 Master Lease. In connection therewith, the 2021 Master Lease was amended. The purchase of Western Plains from MPT triggered a lease modification for accounting purposes in accordance with ASC 842, which resulted in the derecognition of a \$33 million finance lease obligation related to Western Plains, and the recognition of additional property assets and finance lease obligations of \$6 million related to certain other properties subject to the 2021 Master Lease.

Effective December 13, 2022, the 2021 Master Lease was amended to, among other things, provide for a five-year extension and amendment of certain financial covenants. Additionally, as a result of increases in the discount rates associated with the 2021 Master Lease, the Company's finance lease obligations include a non-cash end-of-term deferred gain of \$462 million.

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Non-Core Real Estate Financing Transaction

Effective September 19, 2023, the Company and certain of its subsidiaries (such subsidiaries, the “Lifepoint OpCos”) entered into a Master Transaction Agreement (the “Master Transaction Agreement”) with DSB Holdings, Inc., an indirect parent company of Lifepoint (“DSB Holdings”), Realpoint Properties, LLC, a subsidiary of DSB Holdings (“Realpoint”), and certain of Realpoint’s subsidiaries (such subsidiaries, the “Realpoint PropCos”). Under the terms of the Master Transaction Agreement, the Lifepoint OpCos contributed to the Realpoint PropCos, by deed or 99-year ground lease as applicable, 36 medical office buildings, one skilled nursing facility and one assisted living facility. In connection with the foregoing transactions contemplated by the Master Transaction Agreement, the applicable Lifepoint OpCos entered into separate triple-net leases for the contributed properties, which have a 15-year term and aggregate initial base rent of approximately \$25 million per year, subject to a 3% annual escalator. In addition, in connection with the foregoing transactions, under the Master Transaction Agreement, Realpoint distributed approximately \$225 million in cash to the Company, and the Company retained approximately \$169 million of Class B preferred interests in Realpoint, having a liquidation preference of approximately \$169 million with a 9.5% annual preferred return, and approximately 2% of the outstanding Class A common interests in Realpoint. In addition, the Company entered into asset management agreements with Realpoint or the Realpoint PropCos, as applicable, under which Lifepoint will provide certain administrative and management services to them in exchange for management fees of approximately \$0.3 million per year, in the aggregate, subject to a 3% annual escalator. DSB Holdings, the Company and one of its subsidiaries serve as guarantor for each of the triple-net leases, and DSB Holdings and the Company have provided an environmental indemnity and a non-recourse carveout guaranty on Realpoint’s financing of the acquisition of the real estate from the Lifepoint OpCos. These transactions are referred to, collectively, as the “Non-Core Real Estate Financing Transaction.”

The Company accounted for the Lifepoint OpCos’ contributions of \$149 million net book value of real property assets to the Realpoint PropCos in accordance with ASC 805-50, as a transaction between entities under common control and accounted for the leases of the properties transferred to the Realpoint PropCos as operating leases under ASC 842. The Company recognized \$219 million of right-of-use operating lease assets and right-of-use operating lease obligations under the captions “Right-of-use operating lease assets” and “Long-term portion of right-of-use operating lease obligations”, respectively, in its accompanying consolidated balance sheet as of December 31, 2023. The Company accounts for the equity investment in Realpoint under ASC 323 and the carrying value of the Company’s investment in Realpoint was \$166 million and is included under the caption “Investments” in its accompanying consolidated balance sheet as of December 31, 2023. The Lifepoint OpCos’ contributions of real property assets to the Realpoint PropCos and the initial equity investment in Realpoint resulted in a net equity adjustment of \$245 million recorded under the caption “Net equity adjustments related to common control transactions” in the Company’s accompanying consolidated statements of equity for the year ended December 31, 2023.

Lease Covenants

Certain of the Company’s lease agreements, including the 2021 Master Lease and the Springstone Master Lease, contain financial covenants, including required minimum lease coverage and fixed charge coverage ratios. The Company’s lease agreements generally include non-financial covenants, which may include those requiring the Company to maintain licenses necessary for operation of a facility or required for certification under Medicare or Medicaid. The failure to comply with or obtain a waiver of such covenants or otherwise cure such non-compliance could result in an event of default under the applicable lease. Certain of the Company’s lease agreements, including the 2021 Master Lease and the Springstone Master Lease, are structured as master leases under which certain defaults related to one facility may result in a default on the entire portfolio subject to the applicable master lease agreement.

Note 8. Investments and Notes Receivable

Investments

The Company accounts for its investments in entities in which the Company does not control under either the cost method or the equity method of accounting in accordance with ASC 321 or ASC 323, respectively. The Company does not consolidate its cost and equity method investments, but rather measures them at their initial costs and then subsequently adjusts their carrying values through income for their respective shares of the earnings or losses during the period or evaluates them for impairment and observable price changes. Investment income is included under the caption “Other operating expenses, net” in the accompanying consolidated statements of operations.

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The following table presents the changes in the Company's investments during the years ended December 31, 2023 and 2022 (in millions):

Balance at January 1, 2022	\$	655
Income ^(a)		102
Contributions		26
Distributions and other ^(a)		(99)
Balance at December 31, 2022		684
Income		57
Contributions ^(b)		397
Net change in other comprehensive income attributable to equity method investment		(7)
Distributions and other ^(b)		(274)
Balance at December 31, 2023	\$	857

- (a) Includes a gain of approximately \$60 million recognized in connection with the receipt of a dividend associated with a cost method investment.
- (b) Includes real property contributions of \$394 million and cash distributions of \$225 million, respectively, related to the Non-Core Real Estate Financing Transaction. The Company retained approximately \$169 million of Class B preferred interests in Realpoint.

ScionHealth Class B Units

In connection with the Kindred Transaction during the year ended December 31, 2021, Lifepoint acquired the Class B Units with an aggregate initial value of \$350 million. The Class B Units in ScionHealth, a privately held company, do not have a readily determinable fair value, and therefore, the Company has accounted for the Class B Units using the measurement alternative in accordance with ASC 321. The Company's investment in the Class B Units was recorded at \$350 million and is included under the caption "Investments" in the accompanying consolidated balance sheets at December 31, 2023 and 2022. The Company noted no observable price changes or transactions between the date of acquisition and December 31, 2023 and did not recognize any impairment charges related to the Class B Units during the years ended December 31, 2023, 2022 and 2021. The Class B Units are perpetual non-convertible, non-voting units that accrue cumulative dividends at the rate of 10.00% per annum and, upon liquidation, are entitled to a return of their nominal value issue price of \$350 million plus accrued, unpaid dividends.

Realpoint Investments

In connection with the Non-Core Real Estate Financing Transaction, Lifepoint retained approximately \$169 million of Class B preferred interests in Realpoint, having a liquidation preference of approximately \$169 million with a 9.5% annual preferred return, and approximately 2% of the outstanding Class A common interests in Realpoint. The Company accounts for its equity investment in Realpoint in accordance with ASC 323. Under ASC 323, the Company recognizes its proportionate share of Realpoint income and loss in its accompanying consolidated statement of operations. The Company recognizes its proportionate share of Realpoint other comprehensive income and loss as an increase or decrease to stockholders' equity through accumulated other comprehensive income (loss). In applying the equity method of accounting, the Company allocates its share of earnings and losses, including other comprehensive income using a hypothetical liquidation at book value method. The Company's investment is reported at cost and adjusted each period for the Company's share of Realpoint income or loss, including other comprehensive income, and dividends paid, if any. For the year ended December 31, 2023, the Company recognized investment income of \$4 million included under the caption "Other operating expenses, net" in the accompanying consolidated statement of operations and other comprehensive loss of \$7 million included under the caption "Net change in other comprehensive income attributable to equity method investment" in the accompanying consolidated statements of equity. The carrying value of the Company's investment in Realpoint was \$166 million and is included under the caption "Investments" in its accompanying consolidated balance sheet as of December 31, 2023. The Company assesses its investment for impairment whenever events or changes in circumstances indicate that the carrying value of an investment may not be recoverable.

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Investments Related to Lifepoint Forward Innovation Strategy

In connection with the Lifepoint Forward innovation strategy, the Company made investments of cash and contributions of existing investments and securities into certain unconsolidated but affiliated entities owned by the Company, Parent, ScionHealth and other affiliated entities (collectively, “Forward Health Ventures”). Forward Health Ventures, in turn, makes targeted and strategic investments in new and existing early-stage enterprises primarily focused on developing meaningful solutions to enhance quality, increase access to care, and improve value across our enterprise, including a significant focus on digital health capabilities that span the healthcare continuum. In exchange for the Company’s investments of cash and contributions of existing investments and securities, Forward Health Ventures has issued to Lifepoint noncontrolling equity interests and perpetual cumulative preferred instruments. The equity interests in Forward Health Ventures, a privately held company, do not have a readily determinable fair value, and therefore, the Company has accounted for the equity interests using the measurement alternative in accordance with ASC 321. At December 31, 2023 and 2022, in the aggregate, the Company’s cost method investment in Forward Health Ventures totaled \$54 million and \$53 million, respectively. The Company noted no observable price changes or transactions between the date of initial investment and December 31, 2023 and did not recognize any impairment charges related to the investment in Forward Health Ventures during the years ended December 31, 2023, 2022 and 2021. In addition to the cost method investment in Forward Health Ventures, the Company also entered into management and administrative services arrangements with Forward Health Ventures and commercial arrangements with certain underlying early-stage enterprises, including pilot and services agreements and a revolving credit facility that the Company provides to one of these enterprises. The revolving credit facility provides for loans up to approximately \$15 million, has a 5-year maturity (or earlier upon our demand) and bears interest at 9.00%. At December 31, 2023, \$14 million was drawn and outstanding.

Notes Receivable

On March 10, 2022, certain of the Company’s subsidiaries invested approximately \$47 million for an aggregate \$50 million principal amount of ScionHealth’s senior secured term loan (the “Term Loan Note Receivable”). The Term Loan Note Receivable matures on December 23, 2028 and bears interest at a rate equal to, at ScionHealth’s option, (a) a eurocurrency rate plus an applicable margin of 5.25% or (b) a base rate plus an applicable margin of 4.25%. The Company has accounted for the Term Loan Note Receivable in accordance with ASC 310, “Receivables”. As of December 31, 2023, the Term Loan Note Receivable had a carrying value of approximately \$46 million and is included under the caption “Other long-term assets” on the Company’s accompanying consolidated balance sheet.

Note 9. Noncontrolling Interests and Redeemable Noncontrolling Interests

Noncontrolling Interests

Noncontrolling interests represent the portion of equity in a subsidiary not attributable, directly or indirectly, to a parent. The Company’s accompanying consolidated financial statements include all assets, liabilities, revenues and expenses of consolidated subsidiaries at their consolidated amounts, which include the amounts attributable to the Company and the noncontrolling interest. The Company recognizes the portion of income or loss attributable to noncontrolling interests based on the portion of the entity not owned by the Company as a separate component within equity and earnings.

The following table presents the changes in the Company’s noncontrolling interests during the years ended December 31, 2023 and 2022 (in millions):

Balance at January 1, 2022	\$	351
Net income attributable to noncontrolling interests		65
Cash distributions, net of contributions		(84)
Finalization of the purchase price allocations for the Kindred Transaction		(24)
Non-cash contributions from joint venture partners		17
Balance at December 31, 2022		325
Net income attributable to noncontrolling interests		67
Cash distributions, net of contributions		(57)
Non-cash contributions from joint venture partners		34
Reclassification of equity to noncontrolling interests related to joint venture activity		14
Net impact to noncontrolling interests related to acquisitions and divestitures		(14)
Balance at December 31, 2023	\$	369

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Redeemable Noncontrolling Interests

Certain of the Company’s noncontrolling interests include redemption features that cause these interests not to meet the requirements for classification as equity in accordance with ASC 480-10-S99-3, “Distinguishing Liabilities from Equity.” Redemption features related to these interests could require the Company to deliver cash, if exercised. Accordingly, these redeemable noncontrolling interests are classified in the mezzanine section of the Company’s accompanying consolidated balance sheets under the caption “Redeemable noncontrolling interests.” Changes in the fair value of the Company’s redeemable noncontrolling interests are recognized as adjustments to consolidated stockholders’ equity.

The following table presents the changes in the Company’s redeemable noncontrolling interests during the years ended December 31, 2023 and 2022 (in millions):

Balance at January 1, 2022	\$	139
Net income attributable to redeemable noncontrolling interests		1
Sale of redeemable noncontrolling interest units		5
Distributions and repurchases		(5)
Fair value adjustments		3
Balance at December 31, 2022		143
Net income attributable to redeemable noncontrolling interests		(1)
Redeemable noncontrolling interests recognized in connection with the Springstone Transaction		4
Distributions and repurchases		(15)
Fair value adjustments		12
Balance at December 31, 2023	\$	143

Note 10. Fair Value of Financial Instruments

Fair Value Hierarchy

Fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability. As a basis for considering market participant assumptions in fair value measurements, the Company utilizes the fair value hierarchy pursuant to ASC 820, “Fair Value Measurements and Disclosures” (“ASC 820”) that distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Levels 1 and 2 of the hierarchy) and the reporting entity’s own assumption about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy).

The inputs used to measure fair value are classified into the following fair value hierarchy:

Level 1: Quoted market prices in active markets for identical assets or liabilities.

Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data.

Level 3: Unobservable inputs that are supported by little or no market activity and are significant to the fair value of the assets or liabilities. Level 3 includes values determined using pricing models, discounted cash flow methodologies, or similar techniques reflecting the Company’s own assumptions.

In instances where the determination of the fair value hierarchy measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety. The Company’s assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment of factors specific to the asset or liability.

Cash and Cash Equivalents, Accounts Receivable, Accounts Payable and Other Current Liabilities

The carrying amounts reported in the accompanying consolidated balance sheets for cash and cash equivalents, accounts receivable, accounts payable and other current liabilities approximate fair value because of the short-term nature of these instruments.

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Long-Term Debt

The carrying amounts and fair values of the Company's long-term debt instruments, excluding unamortized debt issuance costs, as of December 31, 2023 and December 31, 2022 were as follows (in millions):

	Carrying Amount		Fair Value	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
ABL Facility	\$ 35	\$ -	\$ 35	\$ -
ABL Last-Out Revolving Credit Facility	\$ 80	\$ -	\$ 80	\$ -
Term Loan Facility	\$ 1,850	\$ 3,215	\$ 1,843	\$ 3,014
6.75% Secured Notes	\$ -	\$ 600	\$ -	\$ 563
4.375% Secured Notes	\$ 600	\$ 600	\$ 554	\$ 506
9.875% Secured Notes	\$ 800	\$ -	\$ 808	\$ -
11.0% Secured Notes	\$ 1,100	\$ -	\$ 1,159	\$ -
9.75% Unsecured Notes	\$ 1,270	\$ 1,270	\$ 1,257	\$ 1,024
5.375% Unsecured Notes	\$ 500	\$ 500	\$ 368	\$ 281
Other Secured Debt	\$ 20	\$ -	\$ 20	\$ -

The fair values of the Company's long-term debt instruments were estimated based on the average bid and ask price as determined using published rates and categorized as Level 2 within the fair value hierarchy in accordance with ASC 820.

Interest Rate Swap

The Company measured its Interest Rate Swap at fair value on a recurring basis. The fair value of the Company's Interest Rate Swap was based on quotes from its counterparty. The Company considers those inputs to be Level 2 in the fair value hierarchy.

The Company did not designate its Interest Rate Swap as a cash flow hedge in accordance with ASC 815, "Derivatives and Hedging." Accordingly, all changes in the fair value of the Company's Interest Rate Swap were recognized through interest expense in its statements of operations. The Company recognized non-cash interest income of \$4 million and \$27 million during the years ended December 31, 2022 and 2021, respectively, related to changes in the fair value of its Interest Rate Swap. The Interest Rate Swap terminated on February 19, 2022.

Financial Liabilities

The Company has a contingent consideration liability payable to the former owners of Canyon Vista Medical Center ("Canyon Vista") that represents the Level 3 estimated fair value of the contingent consideration using unobservable inputs and assumptions available to the Company. The key assumptions used in estimating the fair value of the Canyon Vista contingent consideration liability are the range of probabilities that the payments will be earned by the seller and a discount rate adjusted for the Company's credit risk.

At December 31, 2023 and 2022, the Canyon Vista contingent consideration liability was recorded at an estimated fair value of \$11 million and \$12 million, respectively, of which \$1 million is included under the caption "Other current liabilities" at December 31, 2023 and 2022, and \$10 million and \$11 million, respectively, is included under the caption "Other long-term liabilities" in the Company's accompanying consolidated balance sheets. For the year ended December 31, 2022, the Company recognized a non-cash gain of \$4 million, related to the change in the estimated fair value of the Canyon Vista contingent consideration liability, which is included under the caption "Other non-operating losses, net" on the accompanying consolidated statement of operations.

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Note 11. Employee Benefit Plans

Defined Benefit Pension Plans

The Company maintains certain assets and assumed certain liabilities associated with two separate defined benefit pension plans (i) associated with certain employees of Marquette General Hospital covered by a collective bargaining agreement (the “Marquette Pension Plan”) and (ii) associated with certain non-union employees of Bell Hospital (the “Bell Pension Plan” and, collectively with the Marquette Pension Plan, the “Pension Plans”). Both Pension Plans are closed to new participants. Participants in the Marquette Pension Plan are required to make annual contributions totaling 6% of annual compensation to the Marquette Pension Plan to continue accruing benefits. Participants in the Bell Pension Plan no longer accrue benefits. The Company makes contributions to the Pension Plans sufficient to meet its minimum funding requirements as prescribed by the Employee Retirement Income Security Act of 1974, as amended.

Status and Expense

The following table presents the changes in the benefit obligations and plan assets of the Pension Plans during the years ended December 31, 2023 and 2022 and the unfunded liability of the Pension Plans at December 31, 2023 and 2022 (in millions):

	<u>2023</u>	<u>2022</u>
Change in benefit obligations:		
Benefit obligations at beginning of year	\$ 55	\$ 73
Service costs	-	1
Interest costs	3	2
Actuarial loss (gain)	3	(19)
Benefits paid	(3)	(2)
Benefit obligations at end of year	<u>58</u>	<u>55</u>
Change in plan assets:		
Fair value of plan assets at beginning of year	47	59
Actual return on plan assets	7	(11)
Employer contributions	-	1
Benefits and expenses paid	(3)	(2)
Fair value of plan assets at end of year	<u>51</u>	<u>47</u>
Unfunded pension benefit obligations	<u>\$ 7</u>	<u>\$ 8</u>

The Company recognizes changes in the funded status of the Pension Plans as a direct increase or decrease to stockholders’ equity through accumulated other comprehensive income (loss). For the years ended December 31, 2023 and 2022, the Company recognized comprehensive gains that were nominal and \$4 million, respectively, as an increase in equity. These adjustments were primarily related to changes in the Company’s unfunded pension liability due to changes in the discount rates and mortality assumptions used to measure the projected benefit obligation.

The following table summarizes the weighted-average assumptions used by the Company to determine its benefit obligations as of December 31, 2023 and 2022 (in millions):

	<u>2023</u>	<u>2022</u>
Discount rate	4.9 %	5.1 %
Rate of compensation increases, when applicable	3.0 %	3.0 %

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Plan Assets

At December 31, 2023, the Pension Plans' investments include a balance of mutual funds and money market funds in order to achieve an overall rate of return that minimizes the need for additional employer contributions. The Company measures the fair value of its Pension Plans' assets in accordance with ASC 820. The Pension Plans' investments in mutual funds are valued at the net asset value ("NAV") of shares reported in the active market in which the funds are traded. Because quoted prices are available for mutual funds and the markets in which they are traded are generally considered active, the Company has classified each of them as a Level 1 investment. The Pension Plans' investments in money market funds are valued at quoted prices in markets that are not active by a combination of inputs, including but not limited to dealer quotes who are market makers in the underlying funds and other directly and indirectly observable inputs. Because the inputs used to value money market funds are either directly or indirectly observable, but are not quoted prices in active markets, the Company has classified these assets as Level 2 investments. The Pension Plans' investments in pooled, common and collective funds are valued at the NAV of shares owned based on the readily determinable quoted market price that each fund publishes at the end of each day. While the underlying assets are actively traded on an exchange, the pooled, common and collective funds are not and, therefore, the Company has not classified these assets in the fair value hierarchy. No investment is classified as Level 3 as of December 31, 2023 and 2022.

The following table summarizes the assets of the Pension Plans, measured at fair value as of December 31, 2023 and 2022, by major asset category and aggregated by level within the fair value hierarchy (in millions):

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	NAV
December 31, 2023:				
Mutual funds	\$ 35	\$ 35	\$ -	\$ -
Money market funds	1	-	1	-
Pooled, Common and Collective Funds	15	-	-	15
Total	<u>\$ 51</u>	<u>\$ 35</u>	<u>\$ 1</u>	<u>\$ 15</u>
December 31, 2022:				
Mutual funds	\$ 32	\$ 32	\$ -	\$ -
Money market funds	1	-	1	-
Pooled, Common and Collective Funds	14	-	-	14
Total	<u>\$ 47</u>	<u>\$ 32</u>	<u>\$ 1</u>	<u>\$ -</u>

The Company expects to make nominal contributions to the Pension Plans during the year ended December 31, 2024. Additionally, the Company expects to make future benefit payments from the Pension Plans as follows for the years indicated (in millions):

2024	\$ 3
2025	3
2026	3
2027	4
2028	4
Five years thereafter	19
	<u>\$ 36</u>

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Multiemployer Pension Plan

The Company has the obligation to contribute to a multiemployer pension plan on behalf of certain employees covered by collective bargaining agreements, in accordance with the terms of such collective bargaining agreements. The Company's contributions to the multiemployer pension plan are determined based on the terms of the applicable collective bargaining agreements. Multiemployer plans are different from single-employer plans because assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers. Also, if a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers. If the Company stops participating in the multiemployer plan, the Company may be required to pay a withdrawal liability based on its portion of the unfunded status of the plan. Currently, the Company does not anticipate ending its participation in this plan.

Defined Contribution Plans

During the year ended December 31, 2023, the Company maintained a defined contribution retirement plan covering a majority of its employees. This defined contribution plans contains discretionary matching contribution formulas and definite non-elective contribution formulas for employees at certain facilities. The Company's expense related to its defined contribution plans was \$31 million, \$28 million and \$30 million for the years ended December 31, 2023, 2022 and 2021, respectively.

Deferred Compensation Plans

The Company maintains supplemental deferred compensation plans with respect to certain of its employees and affiliated physicians. As of December 31, 2023 and 2022, the assets associated with these deferred compensation plans were \$51 million and \$45 million, respectively, and the liabilities were \$64 million and \$56 million, respectively. These amounts are included under the captions "Other long-term assets" and "Other long-term liabilities", respectively, on the accompanying consolidated balance sheets at December 31, 2023 and 2022.

Note 12. Stock-Based Compensation

The Parent is authorized to issue Units to employees, executives, directors, and other service providers of the Company, under the terms and conditions of the Parent Partnership Agreement. The Company has determined that the Units are a substantive class of members' equity for accounting purposes because the Units are legal equity of the Parent, they have participation features, including distribution and liquidation rights, which allow them to participate in the residual returns of the Parent, and vested interests are retained upon termination, subject to certain repurchase rights. As a result, these awards are accounted for under ASC 718.

In June 2021, certain affiliates of the Parent completed the sale of the Parent, including the Company and its subsidiaries, to other affiliates of the Parent (the "Parent Transaction"). Following the Parent Transaction, the Company continues to be owned by affiliates of the Parent and the transaction had no business or operational impact on the Company. However, in connection with the Parent Transaction, all unvested and outstanding Units held by certain current employees, executives, and directors of the Company became vested. The Company has accounted for this event as a modification in accordance with ASC 718 and recognized additional stock-based compensation expense of \$112 million during the nine months ended September 30, 2021 related to the modification and accelerated vesting of such Units. Additionally, for the nine months ended September 30, 2021, the Company made cash distributions to the Parent of \$93 million to partially fund the Parent's repurchase of certain previously issued Units and capital units, primarily held by certain former employees, as well as certain current employees, executives, and directors of the Company.

Following the Parent Transaction, on June 25, 2021, an aggregate of 20,775,000 Units were granted to certain executives and employees of the Company under the Parent Partnership Agreement and a newly adopted equity incentive plan and an additional 1,000,000 Units were granted on September 28, 2021. Approximately 2,800,000 Units were granted in 2022 to certain executives, directors, and certain of our employees and our affiliates' employees.

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Service Units

Service Units of Parent (“Service Units”) have been granted to certain members of the Company’s Board of Directors (the “Board”), and Tranche A Units of Parent (“Tranche A Units”) have been granted to certain of our employees and executives and certain of our affiliates’ employees. Service Units vest on a time-basis only, on the date that is the earliest of (i) six months and one day following grant date or (ii) the date of the applicable director’s termination of service due to death, disability or as a result of the director’s removal from the Board other than for cause. Tranche A Units vest in equal installments on the last day of each of the first twenty calendar quarters that commence on or after the grant date, subject to continued service. Service Units and Tranche A Units will automatically vest upon the sale of the Company. In the event of an initial public offering, all unvested Service Units and Tranche A Units will remain outstanding and continue to vest based on the stated vesting pattern. Unvested Service Units and Tranche A Units are forfeited upon a holder’s termination of service. As of December 31, 2023, there were approximately 7.9 million outstanding Service Units, approximately 4.7 million of which are unvested.

Service Units and Tranche A Units are accounted for as equity awards and related compensation expense is recognized ratably over the vesting period. As of December 31, 2023, Service Units and Tranche A Units had unrecognized compensation expense of \$15 million. The expense is expected to be recognized over a weighted-average period of 1.8 years from December 31, 2023.

Performance Units

Performance Units of Parent (“Performance Units”) which have been granted as Tranche B Units and Tranche C Units of Parent, will vest based upon equity holders of the Parent realizing certain targeted multiples of invested capital (“MOIC thresholds”). Performance Units are accounted for as equity awards with expense recognition occurring upon the realization of the stated MOIC thresholds due to a liquidity event. Unvested Units that do not vest on termination are forfeited upon such termination, subject to certain conditions. As of December 31, 2023, there were approximately 15.3 million outstanding Performance Units, all of which are unvested.

The following table summarizes the Company’s total stock-based compensation expense for the years ended December 31, 2023, 2022 and 2021 (in millions):

	2023	2022	2021
Service Units	\$ 5	\$ 5	\$ 30
Performance Units	-	-	87
Total stock-based compensation expense	<u>\$ 5</u>	<u>\$ 5</u>	<u>\$ 117</u>

Valuation Assumptions

The fair value of all Units was determined using a Monte Carlo simulation framework. The following table shows the weighted average assumptions used by the Company to develop the fair value estimates and the resulting estimates of weighted-average fair value per Unit granted during the years ended December 31, 2023, 2022 and 2021:

Common equity value of the Company (in millions)	\$ 3,600
Expected volatility	63.1 %
Risk-free interest rate	0.92 %
Expected dividends	-
Average expected term (years)	5.0

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Note 13. Commitments and Contingencies

Capital Expenditure Commitments

The Company is reconfiguring some of its facilities to more effectively accommodate patient services and to provide for a greater variety of services. The Company has incurred approximately \$212 million in costs related to uncompleted projects as of December 31, 2023, which is included under the caption “Property and equipment, at cost” in the Company’s accompanying consolidated balance sheet. At December 31, 2023, these uncompleted projects had an estimated cost to complete of approximately \$138 million. The estimated timeframe for completion of these projects generally ranges from less than one year up to two years. Additionally, the Company is subject to annual capital expenditure commitments in connection with several of its facilities. At December 31, 2023, the Company estimated its total remaining capital expenditure commitments to be approximately \$540 million. The majority of this amount represents long-term commitments that are computed as a percentage of revenues at the applicable facility.

Legal Proceedings and General Liability Claims

Healthcare facilities, including the Company and its facilities, are, from time to time, subject to claims and suits arising in the ordinary course of business, including but not limited to, claims for damages for personal injuries, medical malpractice, breach of contracts, wrongful restriction of or interference with physicians’ staff privileges, employment related claims, wage and hour claims, consumer protection and data privacy claims, and putative class action claims. In certain of these actions, plaintiffs request payment for damages, including punitive damages, that may not be covered by insurance.

In addition, the Company is subject to the regulation and oversight of various state and federal governmental agencies. Further, under the False Claims Act, private parties have the right to bring qui tam, or “whistleblower,” suits against healthcare facilities that submit false claims for payments to, or improperly retain identified overpayments from, governmental payers. Some states have adopted similar state whistleblower and false claims provisions. These qui tam or “whistleblower” actions initiated under the civil False Claims Act may be pending but placed under seal by the court to comply with the False Claims Act’s requirements for filing such suits. As a result, they could be proceeding without the Company’s knowledge. If a provider is found to be liable under the False Claims Act, the provider may be required to pay up to three times the actual damages sustained by the government plus substantial civil monetary penalties that are subject to annual adjustment for inflation for each separate false claim.

Although the healthcare industry has seen numerous ongoing investigations related to compliance and billing practices, hospitals, in particular, continue to be a primary enforcement target for the Office of the Inspector General, the Department of Justice and other governmental agencies and fraud and abuse programs. Certain of the Company’s individual facilities have received, and from time to time, other facilities may receive, inquiries or subpoenas from Medicare Administrative Contractors, and federal and state agencies. Any proceedings against the Company may involve potentially substantial amounts as well as the possibility of civil, criminal, or administrative fines, penalties, or other sanctions, which could be material. Settlements of suits involving Medicare and Medicaid issues routinely require both monetary payments as well as corporate integrity agreements. Depending on whether the underlying conduct in these or future inquiries or investigations could be considered systemic, their resolution could have a material adverse effect on the Company’s financial position, results of operations and liquidity.

The Company does not control and cannot predict with certainty the progress or final outcome of discussions with government agencies, investigations and legal proceedings against the Company. Therefore, the final amounts paid to resolve such matters, claims and obligations could be material and could materially differ from amounts currently recorded, if any. Any such changes in the Company’s estimates or any adverse judgments could materially adversely impact the Company’s future results of operations and cash flows.

The Company accrues an estimate for a contingent liability when losses are both probable and reasonably estimable. The Company reviews its accruals each quarter and adjusts them to reflect the impact of developments, advice of legal counsel and other information pertaining to a particular matter.

Note 14. Subsequent Events

In accordance with the provisions of ASC 855, “Subsequent Events,” the Company evaluated all material events subsequent to the balance sheet date through February 29, 2024, the date of issuance, for events requiring disclosure or recognition in the Company’s consolidated financial statements. There were no subsequent events requiring disclosure or recognition in the Company’s consolidated financial statements other than those included below or elsewhere in the notes to these consolidated financial statements.

Lifepoint Health, Inc.
Notes to Consolidated Financial Statements
December 31, 2023

Change Healthcare Systems Incident

The Company uses, directly or indirectly through its third-party vendors, information technology systems provided by Change Healthcare (“Change Systems”) for various business and administrative support functions, including revenue cycle management. On February 21, 2024, the Company was notified by Change Healthcare of a cyber security incident impacting the Change Systems (the “Change Systems Incident”), and the Company’s access to such systems was disabled. As of the date of this Report, Change Healthcare has not provided an estimated timeframe for resuming functionality of the Change Systems. The Company’s management continues to work directly with Change Healthcare, its third-party vendors, and other parties to identify and implement solutions intended to minimize the operational and financial impact to the Company caused by the Change Systems Incident. The Company has implemented, and plans to continue to implement, alternative systems where available to help mitigate the potential impact of delays in the timing of remittances from payors. While the Change Systems Incident has yet to be resolved, to date, it has not adversely impacted patient care at the Company’s facilities, and the Company does not expect it will have a material impact on its business, financial condition or results of operations. However, the Company cannot predict the ultimate outcome of the Change Systems Incident and whether its efforts to minimize its impact will be successful.

CONFIDENTIAL

SIGNATURE

Lifepoint Health, Inc. has caused this Report to be signed on its behalf by the undersigned thereunto duly authorized.

LIFEPOINT HEALTH, INC.

Date: February 29, 2024

By: /s/ Michael S. Coggin
Michael S. Coggin
Executive Vice President and Chief Financial Officer

CONFIDENTIAL

Appendix 2
PeaceHealth Networks Audited Financial Statements



PEACEHEALTH NETWORKS

Consolidated Financial Statements

June 30, 2023 and 2022

(With Independent Auditors' Report Thereon)

PEACEHEALTH NETWORKS

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KPMG LLP
Suite 3800
1300 South West Fifth Avenue
Portland, OR 97201

Independent Auditors' Report

The Board of Directors
PeaceHealth Networks:

Opinion

We have audited the consolidated financial statements of PeaceHealth Networks and its subsidiaries (the Corporation), which comprise the consolidated balance sheets as of June 30, 2023 and 2022, and the related consolidated statements of operations and changes in net assets without donor restrictions, changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as of June 30, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Corporation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with U.S. generally accepted accounting principles, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for one year after the date that the consolidated financial statements are issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.



In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

KPMG LLP

Portland, Oregon
October 10, 2023

PEACEHEALTH NETWORKS

Consolidated Balance Sheets

June 30, 2023 and 2022

(In thousands)

Assets	2023	2022
Current assets:		
Cash and cash equivalents	\$ 112,225	43,699
Short-term investments	731,791	701,862
Accounts receivable	396,871	380,665
Other receivables	74,797	66,777
Pending trades receivable	33,483	98,927
Inventory of supplies	91,744	112,012
Prepaid expenses and other	44,900	38,828
Assets whose use is limited that are required for current liabilities	41,277	14,096
Total current assets	<u>1,527,088</u>	<u>1,456,866</u>
Assets whose use is limited:		
Investments	1,457,598	1,619,835
Investments in joint ventures and other	83,452	81,453
Total assets whose use is limited	<u>1,541,050</u>	<u>1,701,288</u>
Less current portion	<u>(41,277)</u>	<u>(14,096)</u>
Net assets whose use is limited	<u>1,499,773</u>	<u>1,687,192</u>
Property, plant, and equipment:		
Land and improvements	159,899	150,928
Buildings, fixed equipment, and other	1,894,287	1,949,274
Moveable equipment	1,188,810	1,123,522
Construction in progress	214,698	118,253
Total property, plant, and equipment	<u>3,457,694</u>	<u>3,341,977</u>
Less accumulated depreciation	<u>(2,138,514)</u>	<u>(2,121,432)</u>
Net property, plant, and equipment	<u>1,319,180</u>	<u>1,220,545</u>
Interest in net assets of related foundations	145,520	131,994
Operating lease right-of-use assets	95,009	88,918
Other assets	101,549	105,548
Total assets	<u>\$ 4,688,119</u>	<u>4,691,063</u>

(Continued)

PEACEHEALTH NETWORKS

Consolidated Balance Sheets

June 30, 2023 and 2022

(In thousands)

Liabilities and Net Assets	2023	2022
Current liabilities:		
Accounts payable	\$ 181,617	179,027
Accrued payroll, payroll taxes, and employee benefits	214,200	222,689
Accrued interest payable	5,984	5,594
Medicare advanced funding	—	89,419
Current portion of operating lease liabilities	11,834	10,425
Other current liabilities	63,936	58,513
Pending trades payable	35,667	25,621
Current portion of long-term debt	8,073	14,409
Total current liabilities	521,311	605,697
Other long-term liabilities	256,046	249,180
Long-term operating lease liabilities, net of current portion	87,781	82,817
Long-term debt, net of current portion	1,656,660	1,449,334
Net assets:		
Without donor restrictions, controlling interest	1,979,618	2,126,685
Without donor restrictions, noncontrolling interest	2,372	2,397
With donor restrictions	184,331	174,953
Total net assets	2,166,321	2,304,035
Total liabilities and net assets	\$ 4,688,119	4,691,063

See accompanying notes to consolidated financial statements.

PEACEHEALTH NETWORKS

Consolidated Statements of Operations and Changes in Net Assets Without Donor Restrictions

Years ended June 30, 2023 and 2022

(In thousands)

	<u>2023</u>	<u>2022</u>
Revenues:		
Patient service revenue	\$ 3,297,352	3,103,344
Other operating revenue	90,729	187,273
Total revenues	<u>3,388,081</u>	<u>3,290,617</u>
Expenses:		
Salaries and wages	1,841,411	1,876,501
Payroll taxes and benefits	353,556	308,098
Supplies	580,085	521,794
Purchased services	475,491	453,460
Other	216,214	217,259
Depreciation and amortization	138,976	148,969
Interest and amortization of deferred financing costs	51,831	42,146
Total expenses	<u>3,657,564</u>	<u>3,568,227</u>
Loss from recurring operations	(269,483)	(277,610)
Nonrecurring operating loss	<u>(19,122)</u>	<u>(16,494)</u>
Loss from operations	<u>(288,605)</u>	<u>(294,104)</u>
Other income (expense):		
Investment return, net	134,485	(260,119)
Net change in interest rate swaps	14,133	49,901
Other	<u>(15,155)</u>	<u>(96,969)</u>
Total other income (expense)	<u>133,463</u>	<u>(307,187)</u>
Deficit of revenues over expenses	(155,142)	(601,291)
Net assets released from restrictions for property, plant, and equipment	9,828	4,254
Change in pension liability	126	69,522
Other	<u>(1,904)</u>	<u>(1,811)</u>
Decrease in net assets without donor restrictions	\$ <u>(147,092)</u>	<u>(529,326)</u>

See accompanying notes to consolidated financial statements.

PEACEHEALTH NETWORKS

Consolidated Statements of Changes in Net Assets

Years ended June 30, 2023 and 2022

(In thousands)

	Without donor restrictions		With donor restrictions	Total
	Controlling interest	Noncontrolling interest		
Net assets at June 30, 2021	\$ 2,651,418	6,990	103,332	2,761,740
(Deficit) excess of revenues over expenses	(601,929)	638	—	(601,291)
Restricted contributions	—	—	4,254	4,254
Net assets released from restrictions	4,254	—	(5,095)	(841)
Change in interest in net assets of related foundations	—	—	52,777	52,777
Change in pension liability	69,522	—	—	69,522
Other	3,420	(5,231)	19,685	17,874
Change in net assets	(524,733)	(4,593)	71,621	(457,705)
Net assets at June 30, 2022	2,126,685	2,397	174,953	2,304,035
Deficit of revenues over expenses	(155,117)	(25)	—	(155,142)
Restricted contributions	—	—	9,828	9,828
Net assets released from restrictions	9,828	—	(9,828)	—
Change in interest in net assets of related foundations	—	—	13,552	13,552
Change in pension liability	126	—	—	126
Other	(1,904)	—	(4,174)	(6,078)
Change in net assets	(147,067)	(25)	9,378	(137,714)
Net assets at June 30, 2023	\$ 1,979,618	2,372	184,331	2,166,321

See accompanying notes to consolidated financial statements.

PEACEHEALTH NETWORKS
Consolidated Statements of Cash Flows
Years ended June 30, 2023 and 2022
(In thousands)

	2023	2022
Cash flows from operating activities:		
Change in net assets	\$ (137,714)	(457,705)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	138,976	148,969
Loss (gain) on sale of property, plant, and equipment	189	(303)
Change in pension liability	(126)	(69,522)
Restricted contributions	(9,828)	(4,254)
Net change in realized and unrealized (gains) losses on investments	(104,621)	302,498
Valuation adjustments on swap arrangements	(18,648)	(62,678)
Change in interest in net assets of related foundations	(13,552)	(52,777)
Equity earnings on investments, net of distributions	8,574	862
Gain on sale of joint venture	(2,590)	—
Changes in operating assets and liabilities:		
Decrease (increase) in:		
Accounts receivable	(16,206)	(46,707)
Other assets	76,361	(129,323)
Increase (decrease) in:		
Accounts payable	2,590	31,985
Medicare advanced funding	(89,419)	(63,815)
Accrued payroll, payroll taxes, and employee benefits	(8,489)	4,204
Other liabilities	41,806	(77,233)
Net cash used in operating activities	(132,697)	(475,799)
Cash flows from investing activities:		
Purchase of property, plant, and equipment	(239,061)	(167,341)
Proceeds from sale of joint venture	7,300	—
Proceeds from sale of land held for sale and property, plant, and equipment	519	3,999
Purchase of alternative investments	(188,061)	(215,045)
Sales of alternative investments	210,432	130,641
Sales (purchases) of investments, net	199,276	564,994
Net cash (used in) provided by investing activities	(9,595)	317,248
Cash flows from financing activities:		
Principal payments on long-term debt	(14,010)	(11,040)
Proceeds from new financing	215,000	27,450
Proceeds from restricted contributions	9,828	4,254
Net cash provided by financing activities	210,818	20,664
Net increase (decrease) in cash and cash equivalents	68,526	(137,887)
Cash and cash equivalents at beginning of year	43,699	181,586
Cash and cash equivalents at end of year	\$ 112,225	43,699
Supplemental disclosure of cash flow information:		
Capital expenditures included in accounts payable	\$ 17,519	9,218

See accompanying notes to consolidated financial statements.

PEACEHEALTH NETWORKS

Notes to Consolidated Financial Statements

June 30, 2023 and 2022

(In thousands)

(1) Organization

(a) Corporate Structure

PeaceHealth Networks is a Washington not-for-profit corporation, recognized as tax exempt pursuant to Section 501(c)(3) of the Internal Revenue Code, which is the sole corporate member of PeaceHealth, which is also a Washington not-for-profit corporation, recognized as tax exempt pursuant to Section 501(c)(3) of the Internal Revenue Code, with its corporate office located in Vancouver, Washington. PeaceHealth Networks is not affiliated with the Roman Catholic Church, currently has no operations, and currently holds no financial assets in its own name; however, it is the member corporation of PeaceHealth, which is a Private Pontifical Juridic Person according to the canon law of the Roman Catholic Church, and does have extensive healthcare operations and holds substantial financial assets. PeaceHealth Networks and its associated entities are collectively referred to herein as "the Corporation." PeaceHealth Networks and PeaceHealth are the only members of the Corporation's obligated group. At June 30, 2023, the following regional healthcare delivery systems and operating divisions are components of PeaceHealth:

Northwest Network:

- PeaceHealth Ketchikan Medical Center
- PeaceHealth St. Joseph Medical Center
- Peace Island Medical Center
- PeaceHealth United General Medical Center

Columbia Network:

- PeaceHealth St. John Medical Center
- PeaceHealth Southwest Medical Center

Oregon West Network:

- PeaceHealth Sacred Heart Medical Center at University District
- PeaceHealth Sacred Heart Medical Center at RiverBend
- PeaceHealth Cottage Grove Community Medical Center
- PeaceHealth Peace Harbor Medical Center

Systemwide Organizations:

- PeaceHealth Medical Group

These regional healthcare delivery systems and operating divisions provide inpatient, outpatient, primary, and specialty care and home care services in Alaska, Washington, and Oregon. These divisions primarily operate in Ketchikan, Alaska; Bellingham, Friday Harbor, Sedro Woolley, Longview, and Vancouver, Washington; and Springfield, Eugene, Florence, and Cottage Grove, Oregon.

PEACEHEALTH NETWORKS
Notes to Consolidated Financial Statements
June 30, 2023 and 2022
(In thousands)

PeaceHealth Networks included the following controlled affiliates at June 30, 2023:

PeaceHealth
Health Ventures
Pooled Income Funds (including Charitable Life Income Funds)
PeaceHealth Southwest Medical Center Foundation
PeaceHealth Networks On Demand
PeaceHealth Ambulatory LLC

PeaceHealth Clinically Integrated Network, LLC
PeaceHealth Direct Contracting, LLC

Clare Reassurance, Ltd.
ClareSource, LLC (also known as Zoom Manufacturing LLC)

The consolidated financial statements include the accounts of the Corporation. All significant intercompany transactions and balances have been eliminated.

(2) Summary of Significant Accounting Policies

(a) Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

(b) Cash and Cash Equivalents

Cash and cash equivalents consist of petty cash, cash in demand bank accounts, and all highly liquid debt instruments purchased with an original maturity of three months or less other than those amounts included in assets whose use is limited.

The Corporation maintains cash and cash equivalents on deposit at various institutions, which, at times, exceed the insured limits of the Federal Deposit Insurance Corporation. This exposes the Corporation to potential risk of loss in the event the institution becomes insolvent. Changes in cash equivalents held by investment managers are presented as investing activity on the consolidated statements of cash flows.

(c) Short-Term Investments

Short-term investments consist primarily of certificates of deposit, U.S. government, and other investment-grade securities. The maturities of these related securities can exceed one year. Management anticipates the securities will be liquidated within one year. Investment income or loss (including realized and unrealized gains and losses and interest and dividends) is included in the deficit of revenues over expenses.

PEACEHEALTH NETWORKS

Notes to Consolidated Financial Statements

June 30, 2023 and 2022

(In thousands)

(d) Inventory of Supplies

Inventory is valued on weighted average cost.

(e) Other Receivables

Other receivables primarily consist of amounts receivable from the Oregon Hospital Assessment Program and the Washington State Safety Net Assessment Program, amounts receivable from excess insurance carriers, and other miscellaneous amounts due.

(f) Assets Whose Use is Limited

Certain assets have been set aside by management of the Corporation for future capital improvements, self-insured liabilities, and payment of future debt payments. Amounts required to meet current liabilities of the Corporation have been reclassified as current in the consolidated balance sheets at June 30, 2023 and 2022. These items consist primarily of investments in marketable equity, fixed-income securities and funds held by third party trustee for current debt payments. Investment income or loss (including realized and unrealized gains and losses and interest and dividends) is included in the deficit of revenues over expenses.

The Corporation accounts for its investments on a trade-date basis. Investment sales and purchases initiated prior to the consolidated balance sheet date and settled subsequent to the consolidated balance sheet date result in amounts due from and to brokers. Changes in these assets and liabilities represent noncash investing activities excluded from the consolidated statements of cash flows.

(g) Liquidity

Cash and cash equivalents, accounts receivable, and short-term investments are the primary liquid resources used by the Corporation to meet expected expenditure needs within the next year. The Corporation has credit facility programs, as described in note 8, available to meet unanticipated liquidity needs. Although intended to satisfy long-term obligations, management estimates that approximately 70% and 71% of assets whose use is limited, as stated at June 30, 2023 and 2022, respectively, could be liquidated and be made available for general operating purposes within the next year if needed.

(h) Property, Plant, and Equipment

Property, plant, and equipment are stated at cost at the date of acquisition or fair value at the date of donation. Improvements and replacements of plant and equipment are capitalized. Maintenance and repairs are expensed as they are incurred. When property, plant, and equipment are sold or retired, the cost and the related accumulated depreciation are removed from the accounts, and the resulting gain or loss is recorded.

The Corporation assesses potential impairment of its long-lived assets when there is evidence that events or changes in circumstances have made recovery of the asset's carrying value unlikely. An impairment loss is indicated when the sum of expected undiscounted future net cash flows is less than the carrying amount. The loss recognized is the difference between the fair value and the carrying amount. No impairment losses related to property, plant, and equipment were recognized during the years ended June 30, 2023 or 2022.

PEACEHEALTH NETWORKS

Notes to Consolidated Financial Statements

June 30, 2023 and 2022

(In thousands)

(i) Depreciation and Amortization

Depreciation and amortization on property, plant, and equipment are computed using the straight-line method over the following estimated useful lives:

Land improvements	5–25 Years
Buildings and improvements	5–80 Years
Fixed equipment	10–75 Years
Leasehold improvements	Shorter of remaining length of the lease or useful life
Moveable equipment	3–30 Years

(j) Other Assets

Other assets include intangible assets, primarily trade names, and goodwill. Intangible assets with indefinite lives are evaluated annually for impairment. Impairment reviews are performed of the purchased intangible assets whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. There were no impairment losses recognized during the years ended June 30, 2023 or 2022.

(k) Other Long-Term Liabilities

Other long-term liabilities consist primarily of the estimated fair value associated with the Corporation's interest rate swaps of \$54,426 and \$73,074 at June 30, 2023 and 2022, respectively; the liability for the PeaceHealth's 457(b) and 457(f) postretirement savings plans of \$90,223 and \$76,594 at June 30, 2023 and 2022, respectively; and the long-term portion of the liability for the self-insurance programs of \$52,386 and \$51,256 at June 30, 2023 and 2022, respectively. The remaining balance of other long-term liabilities includes environmental liabilities, gift annuities, and deferred compensation plan liability.

Accounting for asset retirement and environmental obligations requires legal obligations associated with the retirement of long-lived assets to be recognized at fair value when incurred and capitalized as part of the related long-lived asset. In the absence of quoted market prices, the Corporation estimates the fair value of its asset retirement obligations using present value techniques, in which estimates of future cash flows associated with retirement activities are discounted using a credit-adjusted risk-free rate.

The Corporation has created several pooled income funds. Donors make a contribution and receive annuity payments based on the associated rental income. Upon the annuity termination, the remaining interest is transferred to the Corporation. At June 30, 2023 and 2022, the Corporation has recorded the present value of the annuity payments of \$10,737 and \$10,934, respectively, as part of other long-term liabilities. The discount rate ranged from 6.6% to 7.4% at June 30, 2023 and 6.5% to 7.3% at June 30, 2022.

PEACEHEALTH NETWORKS

Notes to Consolidated Financial Statements

June 30, 2023 and 2022

(In thousands)

(l) Net Assets

Net assets without donor restrictions are those that are not subject to donor-imposed stipulations. Net assets with donor restrictions are those whose use by the Corporation have been limited by donor-imposed restrictions to a specific time period, in perpetuity, and/or purpose.

Net assets with donor restrictions represent resources subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that are restricted by the donor for a particular purpose and that will be met by the passage of time or other events specified by the donor. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. When specific donor restrictions are satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of operations and the consolidated statements of changes in net assets as net assets released from restrictions.

(m) Contributions and Grants

Contributions and grants are recognized as revenue upon receipt of the donor's pledge to contribute. Contributions and grants are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts pledged that are restricted by the donor for specific purposes are reported as net assets with donor restrictions. Unconditional promises to give that are silent as to the due date are presumed to be time restricted by the donor until received and are reported as net assets with donor restrictions.

A donor restriction expires when an unconditional promise with an implied time restriction is collected or when the purpose for the restriction is accomplished. Upon expiration, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the consolidated statements of operations as net assets released from restrictions. Restricted contributions received in the same year in which the restrictions are met are recorded as an increase in restricted support at the time of receipt and as net assets released from restrictions at the time restrictions are met.

(n) Interest in Net Assets of Related Foundations

The Corporation recognizes its interest in its unconsolidated related foundations representing certain net assets that will ultimately benefit the Corporation. The Corporation records an asset on the consolidated balance sheets for its beneficial interest in net assets of related foundations. The Corporation recognizes changes in this beneficial interest in the consolidated statements of changes in net assets.

(o) Other Operating Revenue

Other operating revenue includes revenue from nonpatient care services, clinical space rental revenue, and other miscellaneous revenue. Such revenue is generally recognized at point of service for these transactions in accordance with Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers*. Other operating revenue also includes contributions both unrestricted in nature and those released from restriction to support operating activities and COVID-19-related grant income.

PEACEHEALTH NETWORKS
Notes to Consolidated Financial Statements
June 30, 2023 and 2022
(In thousands)

(p) Nonrecurring Operating Loss

The Corporation recorded a nonrecurring operating loss in the amount of \$19,122 and \$16,494 in the years ended June 30, 2023 and 2022, respectively. These settlements have been presented as nonrecurring in the operating section of the statement.

(q) Loss from Operations

Loss from operations excludes certain items that the Corporation deems outside the scope of its primary business, such as investment return, change in valuation of interest rate swaps, and other items.

(r) Deficit of Revenues over Expenses

Deficit of revenues over expenses includes results from the Corporation's operating and nonoperating investing activities. Investment return includes interest income, dividends, and realized and unrealized investment gains and losses. Changes in net assets without donor restrictions not included in deficit of revenues over expenses include net assets released from restriction for the purchase of property, changes in the Corporation's interest in the net assets of noncontrolled foundations, and certain changes in funded status of the pension plan.

(s) Federal and State Income Taxes

PeaceHealth and PeaceHealth Networks have received determination letters from the Internal Revenue Service stating that they are exempt from federal and state income tax under Section 501(c)(3) of the Internal Revenue Code except for tax on unrelated business income. It is management's belief that none of its activities have produced material unrelated business income. The Corporation recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Recognized income tax positions are measured at the largest amount that exceeds a 50% probability of being realized. Changes in recognition or measurement are reflected in the period in which the change in estimate occurs.

Certain affiliated entities included in the consolidated financial statements may be subject to taxation. The tax expense and related provision for these entities are not material to the consolidated financial statements.

(3) Revenue Recognition

(a) Patient Service Revenue

Patient service revenue relates to contracts with patients involving third-party payors where the Corporation has an obligation to perform healthcare services. This revenue is recorded at the amount due from patients, third-party payors, and others when the performance obligations are satisfied. The Corporation bases the implicit price concessions on historical collectibility data by payor using a portfolio approach to recognize the deductions netted against revenue when it is recognized.

PEACEHEALTH NETWORKS
Notes to Consolidated Financial Statements
June 30, 2023 and 2022
(In thousands)

The Corporation has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment to the Corporation under these agreements includes prospectively determined rates per unit of service and discounts from established charges, as well as risk-sharing arrangements. Most arrangements provide for payment or reimbursement to the Corporation at amounts different than established rates. Explicit price concessions represent the difference between established rates for services and amounts paid or reimbursed by these third-party payors. Risk-sharing arrangements include incentive payments for specific quality outcomes, effective management of costs, and other measures, and in some cases may result in a penalty.

The Corporation provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the Corporation does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue.

The Corporation maintains records to identify and monitor the level of charity care it provides. These records include the amount of charges forgone for services and supplies under its charity care policy. Estimated costs (based on the proportion of overall costs to charges foregone for charity care) for services and supplies furnished under the charity care policy for the years ended June 30, 2023 and 2022 were approximately \$54,423 and \$47,906, respectively.

(b) Disaggregation of Revenue

The Corporation earns the majority of its revenues from contracts with customers. Revenues and adjustments not related to contracts with customers are included in other revenue.

Total revenues from contracts with customers by payor are as follows for the years ended June 30:

	<u>2023</u>	<u>2022</u>
Medicare	\$ 1,407,101	1,299,990
Medicaid	408,566	384,013
Commercial and other	1,464,109	1,403,333
Private pay	<u>17,576</u>	<u>16,008</u>
Patient service revenue	3,297,352	3,103,344
Other revenue	<u>90,729</u>	<u>187,273</u>
Total revenue	<u>\$ 3,388,081</u>	<u>3,290,617</u>

Note 4 includes discussion of the federal stimulus payments received for COVID-19 included in other revenue.

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Notes to Consolidated Financial Statements

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(In thousands)

(c) Variable Consideration

Reimbursement for inpatient and outpatient services rendered to Medicare recipients has been made principally under a prospective pricing system. Services to Medicaid patients are also reimbursed based on a combination of prospectively determined rates and cost reimbursement methodology. Continuation of these reimbursement programs at the present level, and on the present basis, is dependent upon future policies of federal and state governmental agencies. The Corporation operates five critical access hospitals that are reimbursed based on costs for inpatient and outpatient services rendered to Medicare and Medicaid program beneficiaries. Interim reimbursement to critical access hospitals is based upon tentative rates and retroactive adjustment is made to actual cost during final settlement by either the Medicare fiscal intermediary or the applicable state's Medicaid agency.

Patient service revenue is recognized at the time services are provided to patients. Revenue is recorded in the amount which the Corporation expects to collect, which may include variable components. Variable consideration is included in the transaction price to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with variable consideration is subsequently resolved. The Corporation has estimated payments for services rendered to Medicare and Medicaid patients during the year by applying the payment principles of the applicable governmental agencies and believes that an adequate provision has been made in the accompanying consolidated financial statements for final settlement. Estimates of final settlements due to and due from Medicare, Medicaid, and other third-party payors are included in other current liabilities in the accompanying consolidated balance sheets. Differences between the net amounts accrued and subsequent settlements are recorded in operations at the time of settlement. The net amount of adjustments from finalization and adjustment of prior years' cost reports and other third-party settlements resulted in a decrease in patient service revenue of approximately \$10,293 and \$2,335 in 2023 and 2022, respectively.

Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretations. As a result, there is at least a reasonable possibility that recorded estimates associated with these programs will change by a material amount in the near term.

(d) Concentration of Credit Risk

There is a corresponding significant concentration of credit risk in net accounts receivable balances at June 30:

	<u>2023</u>	<u>2022</u>
Medicare	35 %	36 %
Medicaid	10	8
Commercial and other	47	48
Private pay	8	8
	<u>100 %</u>	<u>100 %</u>

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(4) COVID-19

During the COVID-19 pandemic, federal, state, and local authorities undertook several actions designed to assist healthcare providers in providing care to COVID-19 and other patients and to mitigate the adverse economic impact of the COVID-19 pandemic. Legislative actions taken by the federal government included the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), the Paycheck Protection Program and Health Care Enhancement Act, the Continuing Appropriations Act, 2021 and Other Extensions Act, and the Consolidated Appropriations Act, 2021 (collectively, the COVID Acts).

With the COVID Acts, the federal government authorized funding to be distributed through the Public Health and Social Services Emergency Fund (Provider Relief Fund or PRF). On June 2021, the U.S. Department of Health and Human Services (HHS) established new deadlines for when recipients of PRF grants must use the funding received, generally 12 to 18 months after receipt of the grant funds. HHS will recoup PRF grant funds not utilized by the established deadlines. The Corporation received approximately \$214,263 in total payments from the PRF of which \$1,892 and \$78,451 were recognized as other operating revenue for the years ended June 30, 2023 and 2022, respectively.

The Coronavirus Aid, Relief and Economic Security Act (the CARES Act) expanded the Medicare Accelerated and Advance Payment Program to increase cash flow to providers impacted by the COVID-19 pandemic. The Medicare Accelerated and Advanced Payment Program payments are advances that providers must repay. Providers are required to repay accelerated payments beginning one year after the payment was issued. After such one-year period, Medicare payments owed to providers will be recouped according to the repayment terms. The accelerated payments as of June 30, 2023 and 2022, respectively, were \$0 and \$89,419, which have been accrued on the consolidated balance sheets as a contract liability in the Medicare advance funding current liability.

The COVID Acts also permitted employers to defer payment of the 6.2% employer Social Security tax beginning March 27, 2020 through December 31, 2020, with 50% of the deferred amount due December 31, 2021 and the remaining 50% due December 31, 2022. The Corporation began deferring the employer portion of social security taxes in mid-April 2020. As of June 30, 2023 and 2022, respectively, the Corporation deferred \$0 and \$26,088 in social security taxes, which are included in accrued payroll, payroll taxes and employee benefits in the accompanying consolidated balance sheets.

COVID volumes resulted in high levels of contract labor resulting in a negative impact on operations. The Corporation incurred temporary labor costs for the year ended June 30, 2023, and 2022 respectively of \$153,852 and \$319,906 which were reported in salaries and wages in the accompanying consolidated statements of operations.

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(In thousands)

(5) Fair Value of Financial Instruments

Accounting Standards Codification (ASC) Topic 820, *Fair Value Measurement*, requires a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Corporation has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest-level input that is significant to the fair value measurement in its entirety. Investments valued utilizing net asset value (NAV) as a practical expedient are excluded from the hierarchy.

The fair value of investments, other than those measured using NAV as a practical expedient for fair value, is estimated using quoted market prices multiplied by shares held or other observable inputs when quoted market prices are unavailable.

Registered mutual funds and money market funds are classified in Level 1 of the fair value hierarchy as defined above because their fair values are based on quoted prices for identical securities.

The common/collective trusts have been determined to trade daily at NAV at the trading price and are classified in Level 2 of the fair value hierarchy, as defined above.

The Corporation uses a practical expedient for the estimation of the fair value of investments in funds for which the investment does not have a readily determinable fair value. The practical expedient used by the Corporation is the NAV per share or its equivalent. In some instances, the NAV may not equal the fair value that would be calculated under fair value accounting standards. Investments in hedge funds, real estate funds, and private equity investments are carried at estimated fair value using NAV as a practical expedient as determined by the external investment manager. Valuations provided by fund administrators consider variables, such as the financial performance of underlying investments, recent sales prices of underlying investments, and other pertinent information. In addition, actual market exchanges at year-end provide additional observable market inputs of the exit price. Management reviews the valuations and assumptions provided by fund administrators for reasonableness and believes that the carrying amounts of these financial instruments are reasonable estimates of fair value. The initial valuation is adjusted when changes to inputs and assumptions are corroborated by evidence, such as transactions of similar securities; completed or pending third-party transactions in the underlying security or comparable entities; offerings in the capital markets; and changes in financial results, data, or cash flows. For positions that are not traded in active markets or are subject to notice provisions, valuations are adjusted to reflect such provisions, and such adjustments are generally based on available market evidence.

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(6) Investments

The composition of short-term investments and assets whose use is limited carried at fair value on a recurring basis at June 30, 2023 is set forth in the following table:

	June 30, 2023	Fair value measurements at reporting date using		
		Level 1	Level 2	Level 3
Assets:				
Cash equivalents	\$ 165,470	165,470	—	—
Fixed income:				
Government, municipal, foreign, and other	212,652	100,572	112,080	—
Corporate obligations	176,751	—	176,751	—
Mutual funds:				
Fixed income	72,105	72,105	—	—
Domestic equities	526,153	526,153	—	—
International equities	251,966	251,966	—	—
Other	90,693	90,693	—	—
Other long-term equity investments	20,509	20,509	—	—
Total assets at fair value	1,516,299	1,227,468	288,831	—
Investments measured at NAV:				
Hedge funds	191,511	—	—	—
Private equity	379,683	—	—	—
Real estate limited partnerships	101,896	—	—	—
Total assets	\$ 2,189,389	1,227,468	288,831	—
Liabilities:				
Interest rate swaps	\$ 54,426	—	54,426	—
Total liabilities	\$ 54,426	—	54,426	—

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The composition of short-term investments and assets whose use is limited carried at fair value on a recurring basis at June 30, 2022 is set forth in the following table:

	<u>June 30, 2022</u>	<u>Fair value measurements at reporting date using</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Assets:				
Cash equivalents	\$ 125,032	125,032	—	—
Fixed income:				
Government, municipal, foreign, and other	129,376	65,292	64,084	—
Mortgage and asset-backed securities	63,664	—	63,664	—
Corporate obligations	218,725	—	218,725	—
Other short-term investments	7,136	77	7,059	—
Common/collective trusts	15,350	—	15,350	—
Hedge funds and other	28,819	—	28,819	—
Mutual funds:				
Fixed income	71,314	71,314	—	—
Domestic equities	584,600	584,600	—	—
International equities	337,953	337,953	—	—
Other	80,206	80,206	—	—
Other long-term equity investments	27,706	27,706	—	—
Total assets at fair value	<u>1,689,881</u>	<u>1,292,180</u>	<u>397,701</u>	<u>—</u>
Investments measured at NAV:				
Hedge funds	248,351	—	—	—
Private equity	279,165	—	—	—
Real estate limited partnerships	104,300	—	—	—
Total assets	<u>\$ 2,321,697</u>	<u>1,292,180</u>	<u>397,701</u>	<u>—</u>
Liabilities:				
Interest rate swaps	\$ 73,074	—	73,074	—
Total liabilities	<u>\$ 73,074</u>	<u>—</u>	<u>73,074</u>	<u>—</u>

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The Corporation holds investments in private equity and distressed debt limited partnerships where NAV is used as a practical expedient to measure fair value at June 30, 2023 and 2022. These partnerships do not allow for periodic redemptions but rather liquidate upon the termination date as stated in the partnership agreement. Therefore, the private equity investments are considered illiquid investments. At June 30, 2023 and 2022, the Corporation held \$379,683 and \$279,165, respectively, of private equity and distressed debt limited partnerships that had termination dates that ranged from 2023 to 2033. As of June 30, 2023, the Corporation had a capital commitment of \$14,112 to distressed debt and \$128,788 to private equity.

	<u>2023</u>	<u>2022</u>	<u>Unfunded commitments</u>
Distressed debt	\$ 3,021	232	14,112
Private equity	376,662	278,933	128,788
Total	<u>\$ 379,683</u>	<u>279,165</u>	<u>142,900</u>

The following table summarizes investments measured at fair value based on NAV per share as of June 30, 2023 and 2022 and their redemption restrictions:

	<u>Fair value at June 30, 2023</u>	<u>Fair value at June 30, 2022</u>	<u>Lockup terms or redemption restrictions</u>	<u>Redemption frequency</u>	<u>Redemption frequency</u>
Hedge funds	\$ 26,052	38,126	None	Monthly	10 Days
Hedge funds	11,568	10,000	None	Monthly	15 Days
Hedge funds	14,135	22,241	None	Monthly	30 Days
Hedge funds	14,806	17,831	None	Monthly	60 Days
Hedge funds	13,078	13,961	Gate at 20% of total fund net assets	Monthly	60 Days
Hedge funds	10,426	20,414	None	Semimonthly	30 Days
Hedge funds	23,540	26,298	Gate at 50% of total fund net assets	Quarterly	60 Days
Hedge funds	32,667	30,638	None	Quarterly	60 Days
Hedge funds	15,180	19,755	Gate at 10%	Quarterly	65 Days
			Withdrawal limits across four		
Hedge funds	18,288	20,952	successive withdrawal dates	Quarterly	90 Days
Hedge funds	—	20,696	None	Quarterly	90 Days
Hedge funds	11,771	7,439	None	Quarterly	30 Days
			First business day of the calendar		
Real estate	69,825	72,188	quarter with 45 days notice	Quarterly	45 Days
Real estate	25,137	29,980	Two-year lockup period	N/A	N/A
Real estate	6,934	2,132	None	Illiquid	Illiquid
	<u>\$ 293,407</u>	<u>352,651</u>			

Other Investments

Health Ventures is a not-for-profit corporation that has entered into joint ventures to provide radiology, oncology, dialysis, and surgery services. PeaceHealth is the sole member of Health Ventures. Health

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Ventures is included in the consolidated financial statements but is not part of the obligated group. The majority of these joint ventures are accounted for under the equity method. Health Venture's ownership interest in the joint ventures ranged from approximately 25.2% to 50% at June 30, 2023 and 2022.

During the fiscal year ended June 30, 2022, PeaceHealth invested in Ardon Health, a pharmacy company, and Emerging Health, an infusion services company. PeaceHealth purchased 35% ownership interest in Ardon Health Holdings, which owns 100% of Ardon Health and Emerging Health. Ardon Health is held directly by PeaceHealth and is not part of Health Ventures.

As of June 30, 2023 and 2022, the carrying value of the joint ventures was approximately \$61,513 and \$58,658, respectively, and is recorded in investments in joint ventures and other on the consolidated balance sheets. Equity earnings from the joint ventures of \$17,209 and \$13,022 for the years ended June 30, 2023 and 2022, respectively, are included in other operating revenue. The assets, liabilities, and equity of these joint ventures accounted for under the equity method were \$189,519, \$50,890, and \$138,629, respectively, at June 30, 2023 and \$182,064, \$45,239, and \$136,825, respectively, at June 30, 2022.

At June 30, 2023, Health Ventures had a controlling ownership of 51.16% in Riverbend Ambulatory Surgery Center, which is consolidated within Health Ventures.

(7) Leases

The Corporation leases office space and clinic facilities under various noncancelable operating leases. The Corporation determines if an arrangement is a lease at inception of the contract. For leases with terms greater than 12 months, the Corporation records the related right-of-use (ROU) asset and lease liability at the present value of the lease payments over the contract term using the Corporation's incremental borrowing rate. Right-of-use assets represent the Corporation's right to use the leased assets over the life of the lease and are derived from the lease liability, adjusted by any lease payments made prior to lease commencement, initial direct costs, and/or lease incentives. Building lease agreements generally require the Corporation to pay maintenance, repairs, and property taxes, which are variable based on actual costs incurred during each applicable period. Such costs are not included in the determination of the ROU asset or lease liability. Variable lease costs also include escalating rent payments that are not fixed at lease commencement but are based on an index that is determined in future periods over the lease term based on changes in the Consumer Price Index or other measures of cost inflation. Most leases include one or more options to renew the lease at the initial term, with renewal terms that generally extend the lease at the then market rate of rental payment. The exercise of lease renewal options is at the Corporation's sole discretion and are only included in the ROU asset and liability if reasonably certain to be exercised at commencement of the lease.

Rent expense for the leases was \$43,052 and \$43,668 for the fiscal years ended June 30, 2023 and 2022, respectively and is included in purchased services on the consolidated statements of operations and changes in net assets without restrictions.

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The following table presents the components of the lease assets and lease liabilities related to their classification in the accompanying consolidated balance sheets as of June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Operating leases:		
Operating lease right-of-use assets	\$ 95,009	88,918
Short-term lease liabilities	\$ 11,834	10,425
Long-term lease liabilities	<u>87,781</u>	<u>82,817</u>
	<u>\$ 99,615</u>	<u>93,242</u>
Weighted average lease term – operating leases	8.31 years	9.3 years
Weighted average discount rate – operating leases	3.81 %	3.79 %

Supplemental cash flow and other information related to leases as of and for the year ended June 30 are as follows:

	<u>2023</u>	<u>2022</u>
Operating cash flows from operating leases	\$ 27,375	26,868
Right-of-use assets obtained in exchange for operating lease obligations	\$ 23,783	28,096

The future minimum lease payments that are required under the above operating leases as of June 30, 2023 were as follows:

2024	\$ 19,485
2025	18,712
2026	17,327
2027	15,908
2028	11,676
Thereafter	<u>33,250</u>
	116,358
Less: amount of lease payments representing interest	<u>(16,743)</u>
Present value of minimum future lease payments	99,615
Less: current lease obligation	<u>(11,834)</u>
Long-term lease obligation	<u>\$ 87,781</u>

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(8) Long-Term Debt

Long-term debt at June 30 consisted of the following:

	Maturing through	Coupon or current variable rates		Unpaid principal	
		2023	2022	2023	2022
Master trust debt:					
Fixed rate:					
2012 Direct Note Obligation to Bank of America	2022	2.32 %	2.32 %	\$ —	3,367
2013 Direct Note Obligation to Bank of America	2023	3.23 %	3.23 %	1,937	7,642
Series 2014 Oregon Bonds, Series A	2032	4.125%–5.00%	4.125%–5.00%	51,845	54,750
Series 2018 Taxable Bonds	2048	4.79 %	4.79 %	355,144	355,144
Series 2020 Taxable Bonds	2050	1.375%–3.218%	1.375%–3.218%	741,305	741,305
Total fixed rate				\$ 1,150,231	1,162,208
Variable:					
Series 2013 Washington Bonds, Series A, variable interest rate (68%*1ml+ 70 bps),	2034	3.39 %	1.42 %	\$ 40,365	41,965
Series 2018 Oregon Bonds, Series A variable interest rate (prevailing market rates),	2034	2.28 %	0.58 %	45,975	45,975
Series 2018 Oregon Bonds, Series B variable interest rate (prevailing market rates),	2034	2.22 %	0.52 %	100,000	100,000
Series 2018 Oregon Bonds, Series C variable interest rate (80%1ml+ 62 bps),	2047	3.74 %	1.47 %	75,000	75,000
Total variable rate				\$ 261,340	262,940
Unpaid principal, master trust debt				\$ 1,411,571	1,425,148
Premium and other on long-term debt				(3,365)	(3,625)
Master trust debt, including premiums and discounts, net				1,408,206	1,421,523
Lines of credit				243,476	27,450
Other long-term debt				13,051	14,770
Total long-term debt				1,664,733	1,463,743
	Maturing through	Coupon or current variable rates		Unpaid principal	
		2023	2022	2023	2022
Less amounts due within one year				\$ (8,073)	(14,409)
Total long-term debt due after one year				\$ 1,656,660	1,449,334

* ML as used in the table above is defined as monthly LIBOR.

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PeaceHealth Networks and PeaceHealth are the sole members of the PeaceHealth Obligated Group. The assets of the obligated group are available for the satisfaction of debts of PeaceHealth and PeaceHealth Networks under the terms of its master trust indenture.

The Washington 2013(A) Direct Placement Bonds, 2018 Oregon Series A-B Variable Rate Demand Bonds and the 2018 Oregon Series C Direct Placement Bonds have variable interest rates that may bear interest at a daily, weekly, 28 day, monthly, semiannual, or annual rates. The rate determination mode may be changed upon request of PeaceHealth and PeaceHealth Networks. The bonds are subject to optional redemption by PeaceHealth and PeaceHealth Networks, in whole or in part, at 100% of the principal amount plus accrued interest. The Washington 2013(A) bonds can be converted to publicly held variable rate demand bonds if PeaceHealth and PeaceHealth Networks chooses. The continuing covenant agreement for the Washington 2013(A) bonds requires a minimum two-year notice period prior to any anniversary of the date of issue occurring on or after February 27, 2016 to be given from the bank to PeaceHealth if the bank chooses to no longer hold the debt, provided that PeaceHealth is in compliance with financial covenants. Letters of credit supporting the 2018 Oregon Series A-B Bonds expire October 31, 2023 and 2024 and are extendable by the banks upon request from PeaceHealth and PeaceHealth Networks. Subsequent to June 30, 2023, the letter of credit supporting the 2018 Series B bonds was extended to a new expiration date of October 31, 2026. The Washington 2013 A Direct Placement Bonds, the 2018 Oregon Series A-B Variable Rate Demand Bonds and the 2018 Oregon Series C Direct Placement Bonds are matched to fixed payor swaps ranging between 3.60% and 4.10% for approximately their par value, the notional amounts of swaps amortizing proportionately to the bonds.

Scheduled principal payments of long-term debt, excluding the premium on bonds, as due according to their original long-term amortization schedule and other debt according to its original maturity schedule for the next five years and thereafter are as follows:

	<u>Long-term debt</u>	<u>Finance leases, line of credit, and other</u>	<u>Total</u>
Year ending June 30:			
2024	\$ 6,632	1,983	8,615
2025	4,880	1,717	6,597
2026	343,369	245,079	588,448
2027	5,560	642	6,202
2028	5,850	512	6,362
Thereafter	<u>1,045,280</u>	<u>17,565</u>	<u>1,062,845</u>
Total	<u>\$ 1,411,571</u>	<u>267,498</u>	<u>1,679,069</u>

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	Long-term debt	Finance leases, line of credit, and other	Total
Less amounts representing interest		\$ (10,971)	(10,971)
Less amounts representing line of credit		(243,476)	—
Present value of net minimum finance lease payments		\$ 13,051	
Total long-term debt			\$ 1,668,098

The PeaceHealth Master Trust Indenture, the loan agreements, and other contractual documents under which bonds were issued include covenants, which, among others, obligate PeaceHealth and PeaceHealth Networks to maintain patient service revenue at levels sufficient to achieve specified debt service coverage ratios, meet certain financial tests before additional debt can be incurred, and meet certain financial tests before there can be any significant disposition of property.

The Corporation increased the revolving line of credit with Bank of America to \$125,000. The line of credit bears interest at BSBY Daily Floating Rate expiring in December 2025. At June 30, 2023, \$115,809 was drawn on the line of credit.

The Corporation increased the revolving line of credit with U.S. Bank to \$175,000. The line of credit bears interest at SOFR expiring in December 2025. At June 30, 2023, \$127,667 was drawn on the line of credit.

Cash paid for interest totaled approximately \$50,759 and \$41,603 for the years ended June 30, 2023 and 2022, respectively.

Deferred financing costs are amortized over the lives of the related debt issuances using the effective-interest method.

(9) Accounting for Derivative Instruments and Hedging Activities

In accordance with the policy adopted by the board of directors, the Corporation may use interest rate swap contracts to manage its net exposure to interest rate changes in attempting to reduce its overall cost of borrowing over time. Interest rate swap contracts generally involve the exchange of fixed and floating interest rate payments without the exchange of underlying principal (the swap of fixed or floating rates are on a notional amount). The Corporation accounts for its interest rate hedging transactions in accordance with Financial Accounting Standards Board (FASB) ASC Topic 815, *Derivatives and Hedging*. That standard requires that every derivative instrument be recorded on the balance sheet as either an asset or a liability measured at its estimated fair value. The interest rate swaps do not meet the criteria for hedge accounting and all changes in the valuation of the interest rate swaps are included in net change in interest rate swaps on the consolidated statements of operations and changes in net assets without donor restrictions.

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The Corporation has interest rate swap contracts outstanding as of June 30, 2023 and 2022, respectively, with a total current notional amount of approximately \$334,075 and \$335,650. The Corporation uses the fixed payor swaps to convert a portion of the outstanding variable rate bonds to fixed rates ranging from 3.50% to 4.15%. The fixed payor interest rate swaps are associated with the variable rate bonds but have not been integrated to any of the underlying debt for the purpose of hedge accounting.

Change in valuation of interest rate swaps consists of the noncash change in the liability primarily due to changes in market bond yields, as well as the cash payments and receipts associated with the swaps, and the amortization of the accumulated hedge effectiveness included in net assets. The noncash change in the fair value of the interest rate swaps was a decrease of \$18,648 and \$62,678 in the liability for the years ended June 30, 2023 and 2022, respectively. Net cash settlement cost for the interest rate swaps was \$4,515 and \$12,778, for the years ended June 30, 2023 and 2022, respectively. The amortization of the accumulated hedge effectiveness included in net assets was \$79 for both years ended June 30, 2023 and 2022.

Derivative instruments are recorded at fair value taking into consideration the Corporation's nonperformance risk and the respective counterparty's nonperformance risk in the fair value measurements. The impact of taking into account the nonperformance risk on the estimated fair value of the interest rate swaps was a benefit of approximately \$3,244 and \$5,941, as of June 30, 2023 and 2022, respectively. The inputs used to determine the impact of the counterparty nonperformance risk are Level 2 inputs; as such, derivative liabilities have been recorded as Level 2 in the Corporation's disclosure of fair value instruments (note 6).

The Corporation currently has five swap counterparties, which minimize counterparty risk and collateral posting requirements. These swap agreements contain various credit thresholds that, if breached by the Corporation, would constitute an additional termination event whereby the swap counterparties could terminate the swap by either making a payment to, or receiving a payment from the Corporation, depending upon the termination value of the swaps as of the date of termination. The Corporation retains the right to terminate the swaps at any point, which would also require either making or receiving a payment depending on the termination value of the swap as of the termination date.

The following is a summary of the derivative instruments in place as of June 30, 2023 and 2022:

Maturity date	Current notional amounts at June 30, 2023	Current notional amounts at June 30, 2022	Counterparty	Credit value adjustment at June 30, 2023	Liability fair value at June 30, 2023	Credit value adjustment at June 30, 2022	Liability fair value at June 30, 2022
August 31, 2034	\$ 45,000	45,000	Union Bank, N.A.	\$ 59	(4,815)	255	(7,450)
May 24, 2047	75,000	75,000	Barclay Bank PLC	1,294	(16,543)	2,483	(21,929)
May 22, 2047	75,000	75,000	Mizuho Capital Markets LLC	1,722	(19,237)	2,483	(21,929)
August 01, 2034	50,000	50,000	U.S. Bank N.A.	70	(5,780)	300	(8,759)
August 01, 2034	50,000	50,000	U.S. Bank N.A.	70	(5,772)	300	(8,750)
September 01, 2034	39,075	40,650	Morgan Stanley Capital Services LLC	29	(2,279)	120	(4,257)
	<u>\$ 334,075</u>	<u>335,650</u>		<u>\$ 3,244</u>	<u>(54,426)</u>	<u>5,941</u>	<u>(73,074)</u>

PEACEHEALTH NETWORKS

Notes to Consolidated Financial Statements

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(In thousands)

(10) Benefit Plans

(a) *Defined-Benefit Pension Plan*

The Corporation sponsored a noncontributory, defined-benefit pension plan, the Southwest Washington Health System Retirement Plan, now known as PeaceHealth SWHS Frozen DB Pension Plan (the Plan), covering all employees at PeaceHealth Southwest Medical Center who meet requirements as specified in the Plan. The assets of the Plan were available to pay the benefits of all eligible employees of the Plan. The Plan had two benefit structures that included a cash balance and a final average pay structure. Effective December 31, 2010, the Plan was frozen. No new participants were admitted to the Plan after this date. This event did not terminate the Plan. Benefits earned before the plan was frozen continued to be paid prior to transferring the funds into annuities to prepare for termination.

A plan amendment was made effective December 31, 2016 to spin off a group of participants into PeaceHealth SWHS Frozen DB Pension (Plan II). As of that date, the Plan was renamed PeaceHealth SWHS Frozen DB Pension (Plan I). The PeaceHealth SWHS Plan I and Plan II were collectively referred as "the Plans." Plan provisions were identical between the Plans. The plan split was effective January 1, 2017.

A plan amendment was adopted effective December 31, 2018 to terminate the PeaceHealth SWHS Frozen DB Pension Plan II subject to approval by the Internal Revenue Service and the Pension Benefit Guaranty Corporation (PBGC). A favorable determination letter from the IRS was received for the plan termination. The final settlement of remaining assets and expenses occurred during fiscal year 2022.

A plan amendment was adopted effective December 31, 2020 to terminate the PeaceHealth SWHS Frozen DB Pension Plan I subject to approval by the Internal Revenue Service and the Pension Benefit Guaranty Corporation (PBGC). A favorable determination letter from the IRS was received for the plan termination. During the year ended June 30, 2022, the Plan purchased annuities and paid benefits to satisfy the benefit obligation. The termination resulted in the realization of \$78,958 in losses for the year ended June 30, 2022, which are recognized in other income (expense) on the consolidated statements of operations and changes in net assets without donor restrictions. The final settlement of remaining assets and expenses occurred during fiscal year 2023.

PEACEHEALTH NETWORKS
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(In thousands)

The following table sets forth disclosures related to the Plans in accordance with FASB ASC Paragraph 715-20-65, *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans*, as of June 30, 2023 and 2022, measured as of January 1, 2023 and 2022, respectively:

	Year ended June 30	
	2023	2022
Change in project benefit obligation:		
Project benefit obligation (PBO) at beginning of period	\$ —	192,701
Service cost	(119)	263
Interest cost	—	1,113
Settlement loss	—	11,069
Actuarial loss on PBO	—	(355)
Benefits and administrative expenses paid	119	(204,791)
Projected benefit obligation at June 30	<u>\$ —</u>	<u>—</u>
Change in fair value of plan assets:		
Fair value of assets at beginning of period	\$ 427	189,231
Actual return on plan assets	—	2,626
Employer contribution	—	13,361
Benefits paid	(119)	(203,988)
Administrative expenses	—	(803)
Reversion to the plan sponsor	(308)	—
Fair value of assets at June 30	<u>\$ —</u>	<u>427</u>
Reconciliation of funded status:		
Funded status	\$ —	427
Net amount recognized	<u>\$ —</u>	<u>427</u>
Amounts recognized in the consolidated balance sheets consist of:		
Accrued pension liability	\$ —	—
Accumulated change in net assets	—	26,659

PEACEHEALTH NETWORKS

Notes to Consolidated Financial Statements

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(In thousands)

Net periodic benefit cost for the years ended June 30, 2022, included the following components and is included in changes in net assets without donor restrictions:

Service cost	\$	263
Interest cost		1,113
Expected return on plan assets		(1,502)
Amortization of loss		<u>79,112</u>
Net periodic pension cost	\$	<u><u>78,986</u></u>

(b) Assumptions

The Corporation used the following actuarial assumptions to determine its net periodic benefit cost for the years ended June 30, 2022:

Discount rate	2.06 %
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This discount rate is based on a proprietary yield curve tool used by the Plans' actuary, which uses a composite of high-yield, investment-grade corporate bonds, and the projected payouts from the Plans to develop an equivalent yield rate to use in determining plan liabilities. For Plan I, the discount rate determined for the valuation at June 30, 2022, was reduced by 50 basis points as an approximation of the rates underlying the annuities to be purchased to settle the benefits for the Plan termination.

(c) Pension Plan Assets

The asset allocation of the Corporation's pension plan at June 30, 2022 is as follows:

Cash equivalents	\$	154
Debt securities		—
Others		<u>273</u>
Total	\$	<u><u>427</u></u>

Pension plan assets use a target allocation of investments to invest 100% of assets in debt securities and cash and cash equivalents.

In accordance with FASB ASC Topic 820, financial assets and financial liabilities measured at fair value are grouped in three levels based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to estimate fair value. These levels and the adoption of FASB ASC Topic 820 are further discussed in note 5.

PEACEHEALTH NETWORKS
Notes to Consolidated Financial Statements
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The following is a description of the valuation methodologies used for plan assets measured at fair value:

- The fair value of cash equivalents is estimated using quoted market prices.
- Private equity fund: Valued at the NAV as a practical expedient as supported by audited financial statements.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Plans' assets at fair value as of June 30, 2022:

Assets	Total fair value	Level 1	Level 2	Level 3
Cash equivalents	\$ 154	154	—	—
Total plan assets at fair value	154	154	—	—
Investments at NAV	273			
Total plan assets	\$ 427			

At June 30, 2022, the Plan held \$273 in a private equity investment that is not actively marketed on an open exchange. This investment consists of shares or units in an investment fund as opposed to direct interests in the fund's underlying holdings, which may be marketable. Due to the nature of this fund, the NAV is used as a practical expedient to measure fair value at June 30, 2022. This private equity partnership does not allow for periodic redemptions but rather liquidates upon the termination date as stated in the partnership agreement. Therefore, the private equity investment is considered an illiquid investment. After settlement of the remaining assets and expenses during the year ended June 30, 2023, the private equity investment reverted to the Corporation.

(11) Defined-Contribution Retirement Plans

PeaceHealth sponsors two defined-contribution retirement plans, the Southwest Washington Health System Retirement Plan and the PeaceHealth Plan. These plans cover substantially all employees of PeaceHealth meeting certain age and length of service requirements. Total defined-contribution retirement plan costs charged to operations were approximately \$97,825 and \$91,196 for the years ended June 30, 2023 and 2022, respectively, which are included in payroll taxes and benefits in the accompanying consolidated statements of operations and changes in net assets without donor restrictions.

PEACEHEALTH NETWORKS
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PeaceHealth Deferred Compensation Plans

The estimated fair value associated with the plan assets of PeaceHealth's 457(b) and 457(f) postretirement savings plans, in the amount of approximately \$90,223 and \$76,594 at June 30, 2023 and 2022, respectively, is included in assets whose use is limited, cash equivalents and investments, with a corresponding amount included in other long-term liabilities. Contributions associated with these funds in 2023 and 2022 were \$12,717 and \$11,060, respectively, and are included in payroll taxes and benefits in the accompanying consolidated statements of operations and changes in net assets without donor restrictions.

(12) Net Assets with Donor Restrictions

Net assets with donor restrictions are available for the following purposes at June 30:

	<u>2023</u>	<u>2022</u>
Purchase of property, plant, and equipment	\$ 91,562	72,938
Hospice and indigent care	15,980	18,445
Patient care	10,812	12,676
Children's Services	3,755	10,918
Training and education	3,410	2,341
Other	<u>58,812</u>	<u>57,635</u>
	<u>\$ 184,331</u>	<u>174,953</u>

Approximately \$9,828 and \$4,254 was released from restriction for capital expenditures made during 2023 and 2022, respectively.

Charitable Gift Annuities

PeaceHealth has been granted a license by the state of Washington, Office of Insurance Commissioner, to issue Charitable Gift Annuities in support of its charitable activities. The Corporation has delegated all its charitable fundraising activities to several fundraising foundations whose net assets held for the beneficial interest of PeaceHealth are shown on the consolidated balance sheets of the Corporation. The liability for annuity contracts issued under the PeaceHealth license and the separately maintained reserve accounts are recorded on the books of PeaceHealth. As of June 30, 2023 and 2022, the following liabilities for annuity contracts issued under the PeaceHealth license and reserve account investments were recorded:

	<u>2023</u>	<u>2022</u>
State of Washington gift annuity liabilities (other long-term liabilities)	\$ 1,493	1,538
Gift annuity reserve accounts (other assets whose use is limited, cash, and investments)	1,870	2,142

PEACEHEALTH NETWORKS

Notes to Consolidated Financial Statements

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(In thousands)

(13) Commitments and Contingent Liabilities

(a) *Litigation*

Various laws and regulations of federal, state, and local governments govern the healthcare industry. These laws and regulations are subject to ongoing government review and interpretation, as well as regulatory actions unknown or unasserted at this time. The Corporation is also involved in litigation and regulatory investigations arising in the normal course of business. After consultation with legal counsel, management estimates that these matters will be resolved without material adverse effect on the Corporation's future financial position or results of operations.

(b) *Collective Bargaining Agreements*

Approximately 55% and 54% of the Corporation's employees are covered under collective bargaining agreements, including nurses, professional employees, and service employees as of June 30, 2023 and 2022, respectively. The Corporation is currently negotiating certain expired and expiring collective bargaining agreements. Approximately 44% of the Corporation's various collective bargaining agreements expire before June 30, 2024. The remaining agreements expire between September 2024 and April 2027.

(14) Insurance Coverages

In connection with the self-insurance program, the Corporation has accrued estimates for asserted and incurred but not reported claims, including both the expected liability under each claim and the cost to administer the claim. Self-insured professional and general liability retention was \$7,000 per occurrence and \$40,000 in aggregate in both 2023 and 2022. Individual general and professional liability claims in excess of the above self-insured retention levels are insured through claims-made excess insurance policy.

The Corporation also self-insures all or a portion of liabilities for medical and dental benefit plans, unemployment, and workers' compensation claims. Funding levels and liabilities are determined based on actuarial studies.

Based on actuarial studies, the Corporation has recorded an undiscounted liability for all of the self-insurance programs of approximately \$72,369 and \$77,174 at June 30, 2023 and 2022, respectively. The liabilities are classified within other current liabilities and other long-term liabilities based on the historical amounts paid within one year. Total current amounts included in other current liabilities were approximately \$19,983 and \$25,303 at June 30, 2023 and 2022, respectively. Management has recorded amounts receivable from excess insurance carriers totaling approximately \$5,273 and \$2,624 as of June 30, 2023 and 2022, respectively, which is included in other receivables in the accompanying consolidated balance sheets.

The Corporation is a minority investor in American Excess Insurance Exchange (AEIX). AEIX is a risk retention group owned by a group of healthcare providers and provides them with excess professional liability insurance coverage. The Corporation accounts for its interest in AEIX on the equity method of accounting less mandatory withdrawal penalties and an estimated discount to present value. As of June 30, 2023 and 2022, the carrying value of AEIX was approximately \$1,641 and \$2,746, respectively, and is recorded in investments in joint ventures and other on the consolidated balance sheets. Investment income

PEACEHEALTH NETWORKS

Notes to Consolidated Financial Statements

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(In thousands)

from AEIX is recorded as an adjustment to supplies and other operating expenses in the accompanying consolidated statements of operations and change in net assets without donor restrictions.

(15) Functional Expenses

General and administrative services include costs that benefit the entire organization and are not related to delivery of patient care. Costs that are related to patient care departments are directly assigned to the respective patient care activities. Benefits and other shared costs are allocated based on relative direct costs. Operating expenses related to providing these services classified by their natural classification on the consolidated statements of operations and changes in unrestricted net assets are presented by their functional classifications as follows for the year ended June 30:

	2023		
	Patient care	General and administrative	Total expenses
Salaries and wages	\$ 1,581,363	260,048	1,841,411
Payroll taxes and benefits	281,085	72,471	353,556
Supplies	574,113	5,972	580,085
Purchased services	364,758	110,733	475,491
Other	180,088	36,126	216,214
Depreciation and amortization	62,502	76,474	138,976
Interest and amortization of deferred financing costs	260	51,571	51,831
Total	\$ 3,044,169	613,395	3,657,564
	2022		
	Patient care	General and administrative	Total expenses
Salaries and wages	\$ 1,769,529	106,972	1,876,501
Payroll taxes and benefits	164,277	143,821	308,098
Supplies	515,324	6,470	521,794
Purchased services	377,179	76,281	453,460
Other	211,211	6,048	217,259
Depreciation and amortization	114,089	34,880	148,969
Interest and amortization of deferred financing costs	694	41,452	42,146
Total	\$ 3,152,303	415,924	3,568,227

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(16) Subsequent Events

In connection with the preparation of the consolidated financial statements in accordance with FASB ASC Topic 855, *Subsequent Events*, the Corporation has evaluated subsequent events through October 10, 2023 which is the date the consolidated financial statements were issued.

**Appendix 3 PMB
Unaudited Financial
Statement**

PMB Finance		
Balance Sheet		
12/31/2023		
Assets:		
		<u>12/31/2023</u>
NHP/PMB LP downREIT shares	553,636.00	
Conversion Factor	0.9051	
Common Stock Share of Ventas	501,095.94	
Price per Share	\$ 49.85	24,979,633
PMB Irvine MOB LLC Promote		3,992,623.59
Total Assets		28,972,256.38
None		0
Total Liabilities		-
Equity		28,972,256.38
Total Equity		28,972,256.38

	<u>Class A</u>	<u>Class A %</u>	<u>Overall %</u>	<u>Class A Units</u>	<u>OP Units</u>	<u>Stock Price</u>				
Toothacre Family Limited Partnership L.P.	4,989,953.51	22.20%	14.21%	4,990	83,700	\$ 65.87	have certs in name of PMB Finance LLC			
Christopher J. Rohe and Mary N. Rohe Family Trust	676,475.54	3.01%	1.93%	676	11,347	\$ 65.87	have certs in name of PMB Finance LLC			
Rohan Family Trust By James Rohan, Trustee	484,687.24	2.16%	1.38%	485	8,130	\$ 65.87	have certs in name of PMB Finance LLC			
John F. Hussey III	770,789.83	3.43%	2.20%	771	12,929	\$ 65.87	have certs in name of PMB Finance LLC			
2000 Ross Group, Inc.	506,924.43	2.26%	1.44%	507	8,503	\$ 65.87	have certs in name of PMB Finance LLC			
J&L Rush Family Limited Partnership LP	6,285,135.59	27.96%	17.90%	6,285	105,425	\$ 65.87	have certs in name of PMB Finance LLC			
Rush Family Trust	8,763,121.47	38.99%	24.96%	8,763	146,990	\$ 65.87	have certs in name of PMB Finance LLC			
Subtotal Class A	22,477,087.61	100.00%	64.02%							
	<u>Class B %</u>	<u>Overall %</u>	<u>Class B Units</u>	<u>CPMC B Units</u>	<u>HOAG B Units</u>	<u>CPMC Value</u>	<u>HOAG Value</u>	<u>CPMC Value</u>	<u>HOAG Value</u>	
Toothacre Family Limited Partnership L.P.	1,696,896.39	13.43%	4.83%	1,697	5.00	5.00	222,083.33	117,295.95	1,110,416.67	586,479.73
Christopher J. Rohe and Mary N. Rohe Family Trust	3,557,795.14	28.17%	10.13%	3,558	10.242	10.94	222,083.33	117,295.95	2,274,577.50	1,283,217.64
Rohan Family Trust By James Rohan, Trustee	1,696,896.39	13.43%	4.83%	1,697	5.00	5.00	222,083.33	117,295.95	1,110,416.67	586,479.73
John F. Hussey III	1,931,488.28	15.29%	5.50%	1,931	5.00	7.00	222,083.33	117,295.95	1,110,416.67	821,071.62
2000 Ross Group, Inc.	1,165,921.70	9.23%	3.32%	1,166	-	9.94	222,083.33	117,295.95	-	1,165,921.70
Benjamin & Jessica Ryan, Trustees of Ryan Family Trust	2,582,174.48	20.44%	7.35%	2,582	8.194	6.50	222,083.33	117,295.95	1,819,750.83	762,423.64
Subtotal Class B	12,631,172.38	100.00%	35.98%							
Total A & B	35,108,259.99		100%							

PMB FINANCE LLC (fin)

Income Statement

Period = Oct 2023-Dec 2023

Book = Accrual ; Tree = ysi_is

	Period to Date	%	Year to Date	%
4000-000-2 Income				
4100-000-0 Equity In Earnings - NHP/PMB, L.P.	222,812.45	0.00	891,353.96	0.00
4280-300-0 Equity In Earnings - PMB Palm Valley LLC	9,193.30	0.00	36,700.80	0.00
4950-200-0 Equity In Earnings - PMB Irvine MOB LLC	98,099.46	0.00	383,428.28	0.00
4950-300-0 Equity In Earnings - PMB Escondido LLC	23,127.17	0.00	23,127.17	0.00
4999-000-2 Total Partnership Income	353,232.38	0.00	1,334,610.21	0.00
7000-000-2 Partnership Expenses				
7640-200-0 Interest - Other	4.94	0.00	4.94	0.00
7665-000-0 Legal	105.00	0.00	105.00	0.00
7820-000-0 Penalties	37.50	0.00	37.50	0.00
7950-200-0 Taxes - Franchise	0.00	0.00	800.00	0.00
7950-300-0 Taxes - Other	0.00	0.00	450.00	0.00
7999-000-2 Total Partnership Expenses	147.44	0.00	1,397.44	0.00
9999-000-1 TOTAL OTHER EXPENSES	147.44	0.00	1,397.44	0.00
9999-000-2 NET INCOME	353,084.94	0.00	1,333,212.77	0.00