

**NACOGDOCHES MEMORIAL HEALTH
Nacogdoches, Texas**

HOSPITAL FACILITY LEASE AGREEMENT

BETWEEN

**NACOGDOCHES COUNTY HOSPITAL DISTRICT
D/B/A NACOGDOCHES MEMORIAL HOSPITAL
("LANDLORD")**

AND

**LION STAR NACOGDOCHES HOSPITAL, LLC
("TENANT")**

TABLE OF CONTENTS

I.	Basic Lease Information.	1
II.	Additional Defined Terms.	3
III.	Lease Grant.	6
IV.	Rent.	6
V.	Compliance with Laws; Use.	9
VI.	Taxes.	10
VII.	Leasehold Improvements.	10
VIII.	Maintenance, Repair and Replacement.	10
IX.	Utilities.	16
X.	Entry by Landlord.	16
XI.	Right of Landlord to Use Space within the Premises.	16
XII.	Assignment and Subletting.	17
XIII.	Liens.	18
XIV.	Indemnity and Waiver of Claims.	18
XV.	Insurance.	19
XVI.	Waiver and Release.	20
XVII.	Casualty and Condemnation.	20
XVIII.	Events of Default.	23
XIX.	Remedies.	24
XX.	Limitation of Liability.	25
XXI.	No Waiver.	25
XXII.	Quiet Enjoyment.	26
XXIII.	Holding Over.	26
XXIV.	Subordination to Mortgages; Estoppel Certificate.	26
XXV.	Attorneys' Fees.	27
XXVI.	Notice.	27
XXVII.	Signage.	27
XXVIII.	Surrender of Premises.	28
XXIX.	Miscellaneous.	28
XXX.	Entire Agreement.	31

HOSPITAL FACILITY LEASE AGREEMENT

This Hospital Facility Lease Agreement (this “Lease”) is made and entered into as of the ___ day of _____ 2021 by and between Nacogdoches County Hospital District, a Texas governmental unit (“Landlord”) and Lion Star Nacogdoches Hospital, LLC, a Texas limited liability company (“Tenant”).

For and in consideration of the rents, covenants and agreements herein contained, and intending to be legally bound hereby, the parties hereto covenant and agree as follows:

I. Basic Lease Information.

- A. “Leased Property” shall mean the Premises and the Leased FF&E.
- B. “Buildings” shall mean the buildings identified on **Exhibit A** to this Lease and commonly known as the Nacogdoches Memorial Hospital Building (1024 N. Mound St.), the Nacogdoches Diagnostic Center (1023 N. Mound St., Suites A, B and H), the Cecil Bomar Rehabilitation Center (707 Woods St.), the Woods Street Warehouse (608 Woods St.), the Care First Clinic - Garrison (49 South Hwy. 59), the Raguet Street House (1230 Raguet St.), the Mound Street Lot (formerly 907 N. Mound St.) and the Accounting/IS Building (914 Raguet St.).
- C. “Premises” shall mean the Buildings, the land on which the Buildings and the Parking Areas are situated, which is legally described on “**Exhibit A-1**”, any easements appurtenant to such land and the walkways and driveways (if any) necessary for access to the Buildings; provided, however, that the Premises shall not include any areas identified on **Exhibit A** as being “Landlord’s Excluded Properties”.
- D. “Parking Area(s)” shall mean the area identified as such on **Exhibit A-1**.
- E. “Leased FF&E” shall mean the furniture, trade fixtures and equipment located within the Buildings or Premises (except as excluded pursuant to the **Exhibit B** to this Lease, and subject to the FF&E Inventory provisions contained in such Asset Purchase Agreement) and all Landlord Replacement Property.
- F. “Base Rent” shall mean \$3,100,000.00 per Lease Year, subject to reduction and periodic adjustment as provided in Sections IV.B and IV.D.
- G. “Term”: A period of 10 years, commencing on _____, 2021 (the “Commencement Date”) and ending on _____, 2031 (the “Termination Date”), subject to extension or earlier termination in accordance with the terms of this Lease.
- H. “Permitted Use” shall mean the operation of an acute general care hospital doing business under the name “Nacogdoches Memorial Hospital” or derivatives thereof, including operation of an emergency room operating 24 hours/day, and related healthcare operations customarily associated with such a hospital, which may

include medical, pharmacy, outpatient treatment, research, and teaching activities, as well as customary ancillary retail operations in a hospital such as gift shops and cafeteria or other food service and for no other purpose without the prior written approval of Landlord which approval may not be unreasonably withheld, conditioned or delayed; provided, however, that the Permitted Use shall expressly exclude any non-healthcare business activity other than those customarily operated in conjunction with hospital operations.

I. “Notice Addresses”:

Tenant:

Lion Star Nacogdoches Hospital, LLC
1204 North Mound Street
Nacogdoches, Texas 75961
Attention: Sean Fowler, Chief Executive Officer

With copy to:

Lion Star Group, LLC
5351 N. Eagle View Dr.
Lehi, Utah 84043
Attention: Sean Fowler, Chief Executive Officer

Copy to:

Reed, Claymon, Meeker & Hargett, PLLC
5608 Parkcrest Drive
Suite 200
Austin, Texas 78731-4999
Attention: Kevin Reed, Esq

Landlord:

Nacogdoches County Hospital District
1204 North Mound Street
Nacogdoches, Texas 75961
Attention: Administrator

Copy to:

DykemaGossettPLLC
112 E. Pecan St.
Suite 1800
San Antonio, Texas 78205
Attention: Deborah Williamson, Esq.

Holland & Knight LLP
111 Congress Avenue, Suite 540
Austin, Texas 78701
Attention: Jerry W. Baker and Travis P. Clardy, Esqs.

Rent (defined in Section IV.A) is payable to the order of **Nacogdoches County Hospital District** at the following address:

Nacogdoches County Hospital District
1204 North Mound Street
Nacogdoches, Texas 75961
Attention: Administrator

II. Additional Defined Terms.

- A. “Additional Rent” has the meaning set forth in Section IV.A.
- B. “Alterations” has the meaning set forth in Section VIII.D.
- C. “Asset Purchase Agreement” shall mean the Hospital Asset Purchase, dated as of June __, 2021, between Landlord, as seller, and Tenant, as buyer.
- D. “Business Day” shall mean Monday through Friday of each week, exclusive of holidays observed by county offices in Nacogdoches County, Texas.
- E. “Casualty” has the meaning set forth in Section XVII.A.
- F. “Charity Care” shall mean care (including charity, indigent, uninsured, unreimbursed, unfunded, underfunded, underinsured, and presumptive charity care): (i) provided at no charge or reduced charge by the Hospital Facility to patients who are unable to pay full gross charges, including without limitation patients who need Medical or Financial Assistance (as defined in Landlord’s current charity care policies), and are not eligible for covered benefits under Title XVIII or XIX of the Social Security Act, any other governmental payor, or private insurance; and/or (ii) provided by the Hospital Facility which the Hospital Facility cannot obtain reimbursement for or is otherwise unfunded, such as underpayment from any governmental and/or private payors.
- G. “Compensation” has the meaning set forth in Section XVII.A.
- H. “Condemnation” has the meaning set forth in Section XVII.A.
- I. “Condemnation Termination Date” has the meaning set forth in Section XVII.B.
- J. “Confidential Information” has the meaning set forth in Section XXIX.O.
- K. “Costs of Reletting” has the meaning set forth in Section XIX.A.1.

- L. “Force Majeure” has the meaning set forth in Section XXIX.C.
- M. “Hospital Facility” shall mean Nacogdoches Memorial Hospital and the related care facilities comprising the Premises.
- N. “Improvement Commitments” has the meaning set forth in Section VIII.L
- O. “Improvement Expenditures” has the meaning set forth in Section VIII.L.
- P. “Landlord” has the meaning set forth in the preamble to this Lease.
- Q. “Landlord Improvement Commitments” has the meaning set forth in Section VIII.L.
- R. “Landlord’s Other Excluded Assets” shall mean all Excluded Assets as defined in the Asset Purchase Agreement, other than the Leased FF&E.
- S. “Landlord Related Parties” has the meaning set forth in Section XIV.A.
- T. “Landlord Replacement Property” shall mean furniture, trade fixtures and equipment obtained to replace Leased FF&E that was damaged or destroyed by Casualty and the replacement of which is covered or would be covered by the insurance maintained or required to be maintained under this Lease.
- U. “Landlord’s Reserved Conference Space” shall mean the auxiliary conference room located on the first floor of the Nacogdoches Memorial Hospital Building.
- V. “Law(s)” shall mean all applicable statutes, codes, ordinances, orders, rules and regulations of any federal, regional, state, or local governmental entity.
- W. “Lease” has the meaning set forth in the preamble to this Lease.
- X. “Lease Year” shall mean (i) for the initial Lease Year, the period commencing on the Commencement Date and ending on June 30, 2022, and (ii) for each subsequent Lease Year, each one-year period during the Term, commencing upon the expiration of the immediately preceding Lease Year; provided, “Lease Year” shall correspond to Tenant’s fiscal year, which currently ends June 30 of each calendar year but may be changed at Tenant’s discretion with written notice to Landlord; provided that no such change may create a Lease Year of more than twelve months.
- Y. “Leasehold Improvements” has the meaning set forth in Section VII.
- Z. “Minimum Charity Care Amount” shall mean \$9,000.000.00, valued in gross charges, subject to periodic adjustment as provided in Section IV.D.
- AA. “Monetary Default” has the meaning set forth in Section XVIII.A.1.
- BB. “Mortgage” has the meaning set forth in Section XXIV.

- CC. “Mortgagee” has the meaning set forth in Section XXIV.
- DD. “Net Proceeds” has the meaning set forth in Section XVII.A.
- EE. “Notice of Intention” has the meaning set forth in Section XVII.B.
- FF. “Permitted Sublease” has the meaning set forth in Section XII.A.
- GG. “Proportional Amount” has the meaning set forth in Section IV.B.
- HH. “Renewal Option” has the meaning set forth in Section III.B.
- II. “Renewal Term” has the meaning set forth in Section III.B.
- JJ. “Renewal Term Commencement Date” has the meaning set forth in Section III.B.
- KK. “Renewal Term Expiration Date” has the meaning set forth in Section III.B.
- LL. “Rent” has the meaning set forth in Section IV.A.
- MM. “Replacement Property” shall mean Landlord Replacement Property and Tenant Replacement Property.
- NN. “Required Removables” has the meaning set forth in Section VII.
- OO. “Responsible Officer” shall mean the Chief Financial Officer or Treasurer or of Tenant or the chief financial officer of Nacogdoches Memorial Hospital.
- PP. “Restoration Cost” has the meaning set forth in Section XVII.C.
- QQ. “Review Notice” has the meaning set forth in Section IV.B.
- RR. “Taxes” has the meaning set forth in Section VI.A.
- SS. “Tenant” has the meaning set forth in the preamble to this Lease.
- TT. “Tenant Improvement Commitments” has the meaning set forth in Section VIII.L.
- UU. “Tenant’s Insurance” has the meaning set forth in Section XV.
- VV. “Tenant Replacement Property” shall mean furniture, trade fixtures and equipment obtained to replace Leased FF&E that is no longer used or useful in the operation of the Hospital Facility, other than Landlord Replacement Property, and any furniture, trade fixtures or equipment purchased by Tenant as additions to Leased FF&E.
- WW. “Tenant’s Tangible Personal Property” has the meaning set forth in Section VIII.H.
- XX. “Transfer” has the meaning set forth in Section XII.A.

YY. “Utilities” has the meaning set forth in Section IX.

III. Lease Grant.

- A. Grant. Landlord hereby leases to Tenant and Tenant hereby leases from Landlord, subject to and with the benefit of the terms, covenants, conditions and provisions of this Lease, the Leased Property for the Term.
- B. Renewal Option. Tenant shall have the right, at its option (referred to herein as the “Renewal Option”), to renew the Term of this Lease, for the entire Leased Property, for up to three consecutive renewal terms, each for a period of five (5) years (each, a “Renewal Term”), which shall commence on the day following the scheduled Termination Date as it may have previously been extended (the “Renewal Term Commencement Date”) and expire on the fifth (5th) anniversary of the Termination Date (the “Renewal Term Expiration Date”). To exercise the Renewal Option, Tenant must give written notice to Landlord not less than 6 months, and no more than 18 months, prior to the expiration of the then current Term of its intention to exercise the Renewal Option for the Renewal Term, which notice shall be irrevocable (the “Renewal Notice”). The failure of Tenant to timely deliver the Renewal Notice in accordance with this Section III.B shall be deemed a permanent waiver of Tenant’s right to renew the Term of this Lease beyond the then current Termination Date. Except for the Renewal Option, Tenant shall have no other right to extend or renew the Term of the Lease. Tenant shall have no right to exercise the Renewal Option if a Tenant Event of Default exists on the date of the Renewal Notice or on the Renewal Term Commencement Date. Upon exercising the Renewal Option in accordance with the terms hereof, the Term shall be deemed to be extended without the execution of any further instrument. All terms of this Lease, including periodic adjustments to Base Rent and the Minimum Charity Care Amount, shall apply during a Renewal Term.

IV. Rent.

- A. Payments. As consideration for this Lease, Tenant shall pay Landlord, without any setoff or deduction other than as set forth in Section IV.B, the total amount of Base Rent and Additional Rent due for the Term. “Additional Rent” means all sums (exclusive of Base Rent) that Tenant is required to pay Landlord as provided in this Lease. Additional Rent and Base Rent are sometimes collectively referred to as “Rent”. Tenant shall pay and be liable for all rental, sales and use taxes (but excluding income taxes), if any, imposed upon or measured by Rent under applicable Law. Base Rent (as it may be reduced and periodically adjusted pursuant to Sections IV.B and IV.D) for each Lease Year shall be payable in arrears without notice or demand on or before 30 days after Tenant’s receipt of its annual audit, but no later than one hundred fifty (150) days after the end of the Lease Year (subject to the review and adjustment process in Section IV.B), commencing with the payment of Base Rent for the first Lease Year on or before 30 days after Tenant’s receipt of its annual audit report for its fiscal year ended June 30, 2022, but no later than December 1, 2022. All other items of Rent shall be due and payable by Tenant

on or before 30 days after billing by Landlord. All payments of Rent shall be by good and sufficient check or by other means (such as automatic debit or electronic transfer) acceptable to Landlord. If Tenant fails to pay any item or installment of Additional Rent when due, Tenant shall pay Landlord an administration fee equal to the lesser of (i) 5% of the past due Rent and (ii) \$1,000. Landlord's acceptance of less than the correct amount of Rent shall be considered a payment on account of the earliest Rent due. Tenant will pay \$200.00 for each check Tenant tenders to Landlord that is returned by the institution on which it is drawn for any reason, plus any late charges until Landlord receives payment. No endorsement or statement on a check or letter accompanying a check or payment shall be considered an accord and satisfaction, and Landlord may accept the check or payment without prejudice to Landlord's right to recover the balance or pursue other available remedies. Tenant's covenant to pay Rent is independent of every other covenant in this Lease.

- B. Minimum Charity Care. Base Rent payable under this Lease may be satisfied by Tenant through the provision of Charity Care as set forth in this Section IV.B. If the amount of Charity Care provided in any Lease Year is equal to or greater than the Minimum Charity_Care Amount for such Lease Year (both amounts prorated if such Lease Year is less than twelve (12) full calendar months), no Base Rent shall be payable for such Lease Year. If the amount of Charity provided in any Lease Year is less than the Minimum Charity Care Amount (both amounts prorated if such Lease Year is less than twelve (12) full calendar months), Base Rent payable for such Lease Year shall be ***reduced*** by the Proportional Amount. "Proportional Amount" shall mean the amount determined by multiplying Base Rent for a given Lease Year by a fraction, the numerator of which is the amount of Charity Care provided in such Lease Year and the denominator of which is the Minimum Charity Care Amount for such Lease Year (both amounts prorated if such Lease Year is less than twelve (12) full calendar months). Concurrently with the payment of Base Rent for each Lease Year, Tenant shall provide an accounting, certified by a Responsible Officer and in form reasonably acceptable to Landlord, of the amount of Charity Care provided in such Lease Year. Tenant shall also provide an accounting on a semi-annual basis on or before the 1st day of each March and September of each Lease Year, detailing Charity Care provided in the six months then most recently completed (such semi-annual accountings to be preliminary calculations based on information then available to Tenant). Landlord may, within 30 days after receiving Tenant's accounting of Charity Care for a Lease Year, give Tenant written notice ("Review Notice") that Landlord intends to review Charity Care for such Lease Year. Within a reasonable time and not later than 30 days after receipt of the Review Notice, Tenant shall make all pertinent records available for inspection that are reasonably necessary for Landlord to conduct its review. If Landlord determines, in its sole judgment, that the amount of Charity Care is other than as reported by Tenant, Landlord and Tenant shall work together in good faith to resolve the discrepancy and, if the amount remains in dispute, Landlord shall engage a regionally recognized, independent CPA firm to audit Tenant's records and to certify the amount of Charity Care for such Lease Year in accordance with this Section IV.B and such certified amount shall be the final determination. Landlord and Tenant shall each be responsible for one-half of the expenses and fees

incurred for the audit. If the amount of Charity Care, as determined by Landlord, or, if Tenant disputes Landlord's determination, as determined by the CPA firm, is less than the amount reported by the Tenant, Tenant shall pay Landlord within 30 days after written notice thereof from Landlord the amount of unpaid Base Rent that would have been payable if calculated utilizing the finally determined amount of Charity Care. If the amount of Charity Care, as determined by Landlord, or, if Tenant disputes Landlord's determination, as determined by the CPA firm, is more than the amount reported by Tenant, Landlord shall pay Tenant within 30 days the amount that the Base Rent paid by Tenant exceeded the amount that would have been payable if calculated utilizing the amount of Charity Care determined by the CPA firm.

C. **INTENTIONALLY LEFT BLANK**

D. **CPI Adjustments to Base Rent and Minimum Charity Care Amounts.** Commencing on each Adjustment Date (as defined in this Section IV.D), Base Rent and the Minimum Charity Care Amount shall each be increased by the increases in the CPI (as defined in this Section IV.D) with the percentage increase to be determined by multiplying each of the Base Rent and the Minimum Charity Care Amount then in effect by the CPI Factor (as defined in this Section IV.D). The product thus obtained shall be the Base Rent and the Minimum Charity Care Amount, respectively, until the next Adjustment Date, or the expiration of the Term, as the case may be. Notwithstanding anything contained herein to the contrary, in no event shall the Base Rent or the Minimum Charity Care Amount in effect prior to an Adjustment Date be reduced. Landlord's delay beyond commencement of any Adjustment Date, in computing or billing for these adjustments will not impair the continuing obligation of Tenant to pay the Base Rent as adjusted from the applicable Adjustment Date. In applying the foregoing formula for Base Rent and the Minimum Charity Care Amount adjustments, the following terms shall have the following meanings:

1. "**Adjustment Date**" shall mean the first day of the sixth Lease Year during the Term, and thereafter every fifth anniversary of the immediately prior Adjustment Date during the Term.
2. "**CPI**" shall mean the Consumer Price Index for all Urban Consumers, All Items Index Base Year 1982 - 1984 = 100 (unless otherwise provided), as published by the Bureau of Labor Statistics, United States Department of Labor (U.S. City Average), or, if such index is discontinued, the most nearly comparable index published by the Bureau of Labor Statistics or other official agency of the United States Government.
3. "**CPI Factor**" shall mean a fraction, the numerator of which shall be the New Index and the denominator of which shall be the Prior Index.
4. "**New Index**" shall mean the most recently published CPI as of the applicable Adjustment Date.

5. “***Prior Index***” shall mean, for the first Adjustment Date, the most recently published CPI as of the Commencement Date, which index is 269.195¹, and thereafter, the most recently published CPI as of the immediately prior Adjustment Date.

V. Compliance with Laws; Use.

The Premises shall be used only for the Permitted Use and for no other use whatsoever. Tenant shall not use or permit the use of the Premises for any purpose which is illegal, dangerous to persons or property. Tenant shall comply with all Laws, including the Americans with Disabilities Act, regarding the operation of Tenant’s business and the use, condition, configuration and occupancy of the Premises. Tenant, within 30 days after receipt, shall provide Landlord with copies of any notices it receives regarding a violation or alleged violation of any Laws.

Tenant shall not cause or permit the storage, release or disposal of any hazardous substances, wastes or materials, or any medical, special or infectious wastes (other than storage, use and disposal in the ordinary course of business in accordance with all applicable laws), on or about the Premises or the Buildings of which they are a part and Tenant shall be solely responsible for and shall promptly pay the cost of removing from the Premises all such hazardous substances, wastes and materials and any such medical, special and infectious waste placed on the Premises by Tenant, which removal shall be in accordance with all applicable Laws. Landlord shall be solely responsible for and shall promptly pay the cost of (i) removing from the Premises and remediation of all such hazardous substances, wastes and materials and any such medical, special and infectious waste that was present on the Premises prior to the Commencement Date to the extent required by applicable Laws, which removal shall be at such time as may be required by applicable Laws and otherwise in accordance with all applicable Laws, and (ii) restoring the Premises to substantially the same condition as existed immediately prior to such removal and remediation; provided, however, that Landlord shall not be required to remove, and Tenant shall be responsible for the disposal of, hazardous substances, wastes and materials that are currently or have been disposed of in the ordinary course of business in the operation of a hospital facility, consistent with hospitals of similar size, and Landlord’s past practice and applicable Laws. Hazardous substances, wastes or materials shall include asbestos and those which are defined in applicable Laws, including but not limited to, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 USC Section 9601 et seq; the Resource Conservation and Recovery Act, as amended, 42 USC Section 6901 et seq; the Toxic Substance Control Act, as amended 15 USC Section 2601. Medical, special or infectious wastes shall include those which are defined pursuant to applicable medical waste Laws. To the extent permitted by law, Landlord shall indemnify, defend and hold Tenant harmless from and against any claims or liability arising out of or connected with Landlord’s failure to comply with the terms of Section V, which indemnification obligation shall survive the expiration or earlier termination of this Lease. Tenant shall comply with all applicable Laws which govern the use, storage handling and disposal of hazardous substances, wastes or materials and medical, special or infectious wastes. Tenant shall indemnify, defend and hold Landlord harmless from and against any claims or liability arising out of or connected with Tenant’s failure to comply with the terms of Section V, which

¹ NTD: To be completed with current information prior to execution; if Closing occurs on June 30, this will be the most recent Index.

indemnification obligation shall survive the expiration or earlier termination of this Lease. In no event shall such indemnification obligation of Tenant apply to any claims, loss, damage, events, acts or omissions occurring prior to the Commencement Date. Nothing herein will prohibit the use of hazardous substances in non-significant quantities in the ordinary course of business consistent with applicable Laws.

VI. Taxes.

- A. Taxes Defined. “Taxes” shall mean: (1) any and all real estate taxes and other assessments on the Buildings and/or Premises, including, but not limited to, assessments for special improvement districts and building improvement districts, taxes and assessments levied in substitution or supplementation in whole or in part of any such taxes and assessments and the Premises’ share of any real estate taxes and assessments under any reciprocal easement agreement, common area agreement or similar agreement as to the Premises; and (2) all personal property taxes on the Leased FF&E. Without limitation, Taxes shall not include any income, capital levy, franchise, capital stock, gift, estate or inheritance tax.
- B. Taxes. Because of Landlord's tax-exempt status, the Leased Property is not currently assessed for ad valorem tax purposes. It is contemplated and intended by Landlord and Tenant that Tenant's use of the Leased Property, for the purpose set out in Section V, will not render the Leased Property subject to ad valorem taxation, or assessment in lieu thereof, during the term of this Lease. Landlord and Tenant shall each take such reasonable steps as necessary to maintain such tax-exempt status; however, in the event that during the term of this Lease the Leased Property or any portion thereof are assessed for ad valorem taxes or assessments in lieu thereof, Tenant shall be solely responsible for and shall promptly pay such taxes or assessments. Without limiting the foregoing, Tenant shall be responsible for and promptly pay any such taxes or assessments on property covered by this Lease that is not owned by Landlord, including Tenant’s Tangible Personal Property.
- C. Appraised Value; Tenant’s Right to Contest. Landlord agrees to provide Tenant, within 30 days of Landlord’s receipt, copies of all notices of assessed or appraised values of the Premises, if any, received by Landlord from the Nacogdoches County Appraisal District. Tenant shall have the right, at its sole cost and expense and in its sole discretion, to contest the validity or amount of any Taxes, in which event the payment thereof may be deferred during the pendency of such contest, and Tenant shall keep Landlord informed of the steps being taken.

VII. Leasehold Improvements.

All improvements to the Premises (collectively, “Leasehold Improvements”) shall be owned by Landlord and shall remain upon the Premises without compensation to Tenant.

VIII. Maintenance, Repair and Replacement.

- A. Condition of the Premises. TENANT HAS HAD OPPORTUNITY TO THOROUGHLY INSPECT THE LEASED PROPERTY PRIOR TO THE DATE

HEREOF, AND, EXCEPT FOR THE REPRESENTATIONS AND WARRANTIES EXPRESSLY SET FORTH IN THE ASSET PURCHASE AGREEMENT, TENANT ACCEPTS THE LEASED PROPERTY IN ITS AS-IS, WHERE-IS CONDITION, WITHOUT EXPRESS OR IMPLIED WARRANTY WITH RESPECT TO THE CONDITION, QUALITY, REPAIR OR FITNESS OF ANY PORTION OF THE LEASED PROPERTY FOR A PARTICULAR USE OR BEING IN ANY CONDITION OR A PARTICULAR CONDITION, ALL SUCH WARRANTIES (EXCEPT FOR THE REPRESENTATIONS AND WARRANTIES EXPRESSLY SET FORTH IN THE ASSET PURCHASE AGREEMENT) BEING HEREBY DISCLAIMED BY LANDLORD AND WAIVED BY TENANT. Except as expressly set forth in the Asset Purchase Agreement and in this Lease, no representations as to the condition, repair or compliance with Law and no agreements to make or pay for any alterations, repairs or improvements in or about the Premises have been made by or on behalf of Landlord. No rights, easements or licenses are acquired by Tenant under this Lease, by implication or otherwise, except as expressly set forth herein.

- B. Premises Maintenance. Except as otherwise expressly provided herein, Tenant agrees at its sole cost and expense, to keep and maintain the structural and non-structural portions of the Premises, including, without limitation, the roof and downspouts, in a clean, neat, sanitary and slightly condition and repair (and free of all building code violations) at all times during the Term. Except as otherwise expressly provided herein, Tenant shall maintain all parts of the Premises in good, working order, repair and condition and will take all action and will make all structural and nonstructural, foreseen and unforeseen and ordinary and extraordinary changes and repairs which may be required to keep all parts of the Premises in good, working order, repair and condition (including, but not limited to, all painting, glass, elevators, utilities, conduits, fixtures and equipment, foundation, roof, exterior walls, heating and air conditioning systems, wiring, plumbing, sprinkler systems and other utilities, and all paving, sidewalks, roads, parking areas, curbs and gutters and fences).
- C. Premises Repair. Except as otherwise expressly provided herein, Tenant shall assume sole responsibility for all costs and expenses relative to the use, operation, maintenance, repair and replacement of all or any part of the Premises, together with all necessary or appropriate replacements, renewals, upgrades, and repairs to facilities, structures, improvements, fixtures (trade or otherwise), equipment, and other appurtenances to the Buildings, including, but not limited to the following:
1. All necessary or appropriate replacements, renewals and repairs required to keep and maintain the Premises in good order and condition, including but not limited to the HVAC systems, elevators, electrical, plumbing and mechanical systems, equipment, fixtures, and any pipes, lines, wires, cables and conduits, including, but not limited to any accessory or appurtenant facilities, structures or improvements, together with meters, utility vaults, substations and pumping or treatment stations now or in the future

associated with any utilities exclusively servicing or exclusively used at the Premises

2. All maintenance of those portions of the Premises consisting of driveways, walkways or paths, sidewalks, curbs and loading docks, and parking or paved areas as applicable.

When used in this Section VIII.C, the term “repair” shall include all necessary replacements, renewals, alterations, additions, betterments and any work required as a condition to the continued use of the then existing improvements or any work required by any order of any governmental agency. All repairs made by Tenant shall be equal or better in quality and class to the original work, and shall be performed in a good and workmanlike manner and in accordance with all applicable governmental requirements. Landlord shall have no responsibility whatsoever in respect of maintenance or repair of the Premises or the Buildings, except as set forth in Section VIII.A, and the Tenant shall have full responsibility therefor. Tenant will hold Landlord harmless with respect to any liability in respect of the maintenance or repair required by virtue of this Lease, including failure to keep the Premises free from snow, ice, rubbish and obstructions, and Tenant will pay when due all fines and penalties arising therefrom.

- D. Alterations. Tenant shall not make any structural alterations, installations, improvements, or additions with an aggregate cost in excess of \$500,000 in any Lease Year (collectively, the “Alterations”) in or about the Premises without Landlord’s prior written consent in each instance, which consent shall not be unreasonably withheld, conditioned or delayed. Any Alterations shall be performed: (i) by Tenant, at Tenant’s sole cost and expense (and Landlord shall have no duty or obligation with respect thereto), (ii) pursuant to detailed plans and specifications (including layout, architectural, mechanical, electrical, plumbing, sprinkler and structural drawings), if applicable given the Alterations, approved in writing by Landlord (which approval shall not be unreasonably withheld, conditioned or delayed), provided if Landlord shall fail to give notice of non-approval on or before the 45th day after receipt of such plans and specifications, Landlord’s approval shall be deemed to have been granted, (iii) by contractors and subcontractors approved in writing by Landlord (which approval shall not be unreasonably withheld, conditioned or delayed), (iv) in compliance with all Laws, and (v) in a good and workmanlike manner, free of all liens. Landlord’s consent to any work by Tenant or approval of Tenant’s plans or specifications shall not be deemed a certification that such work complies with applicable Laws, nor shall it impose any liability whatsoever upon Landlord. Tenant shall, at Tenant’s sole cost and expense, obtain any and all permits and approvals necessary for the performance of any Alterations. During the performance of any Alterations, Tenant shall carry, and shall cause its contractors and subcontractors to carry, such insurance as Landlord shall, in its reasonable judgment, direct. Notwithstanding anything to the contrary set forth herein, Tenant shall not be required to obtain Landlord’s prior consent with respect to any strictly cosmetic work or minor and nonstructural alterations performed within the Buildings by Tenant which cost less

than \$100,000.00. Notwithstanding anything else contained herein, Tenant may not make any Alterations that diminish the fair market value, the utility, the square footage or useful life of the Premises. Landlord shall have the right (but not the obligation) to observe Tenant's performance of any Alterations at the Premises (or any component thereof), at its sole cost and expense. In the event that Landlord elects to observe any such work, in no event shall Landlord be deemed to have approved or made any representation or warranty regarding the same.

- E. Snow and Ice. Tenant agrees, at its sole cost and expense, to provide for snow and ice removal around the Premises.
- F. Pipes and Mains. Tenant agrees to maintain sufficient temperature in the Premises to prevent freezing of any water pipes and mains, and take the necessary precautions, in the event the Premises are not heated, to prevent the freezing of such water pipes and mains located on the Premises.
- G. Glass. Tenant agrees to replace all broken or cracked glass, in the windows and doors of the Premises, with glass of the same size and quality as that broken or cracked, and will replace all damaged plumbing fixtures with others of equal quality.
- H. Personal Property Inventory. All Landlord Replacement Property shall become part of the Leased FF&E and the property of Landlord. Any furnishings, supplies, equipment or other tangible personal property that is not Leased FF&E or Landlord's Other Excluded Assets and that can be removed without damage to or impairment of the Buildings ("Tenant's Tangible Personal Property") shall remain the property of Tenant and shall not be Leased Property. Tenant shall maintain an inventory of Tenant's Tangible Personal Property and the Leased FF&E and shall provide Landlord a report of such inventory, in such form as Landlord may reasonably require, within 30 days after the end of each Lease Year, or more often upon Landlord's reasonable request.
- I. Personal Property Removal and Replacement. Tenant may remove Leased FF&E that has become inadequate, obsolete, worn out, unsuitable or unnecessary for the operation of the Hospital Facility from the Premises or permit its removal, if (1) such Leased FF&E has been replaced with Replacement Property having equal or greater utility in the operation of the Hospital Facility or (2) Tenant reasonably determines that replacement of such Leased FF&E is not necessary or otherwise beneficial to the operation of the Hospital Facility. Any Leased FF&E removed in accordance with this Section VIII.I shall be disposed of in a manner approved by Landlord, in its reasonable discretion, and the net proceeds therefrom, if any, shall be paid to Landlord promptly upon receipt. All Landlord Replacement Property shall be purchased and maintained free of all liens and encumbrances.
- J. Net Lease. Landlord shall not be required to pay any charges, perform any maintenance or repairs, provide any other services or do any act in connection with the Premises or the Buildings, including, but not limited to furnishing heat, air

conditioning, ventilation, water, sewer services or other utilities; and Landlord shall not be liable or accountable to the Tenant for any failure of water supply or electric current or of any service by any utility, and the rent hereunder shall be paid to the Landlord without any claim on the part of Tenant for discontinuance or abatement. If Landlord shall incur any charge or expense on behalf of Tenant under the terms of this Lease, such charge or expense shall be considered as

- K. Additional Rent hereunder, and shall be repaid to Landlord within 30 days after demand therefor. The provisions of this Section VIII.K shall be in addition to and not in limitation of any other rights and remedies which Landlord may have. Except as otherwise expressly provided herein, Landlord shall not be required to maintain, repair or rebuild all or any part of the Premises. Except as otherwise expressly provided herein, Tenant waives any right to require Landlord to maintain, repair or rebuild all or any part of the Premises or make repairs at the expense of Landlord pursuant to (a) any Laws presently in effect or hereafter enacted, made or issued, or (b) contract, covenant, condition or restrictions at any time affecting the Premises.
- L. Improvement Commitments. Tenant undertakes to make capital or other improvement investments in the Leased Property and hospital equipment in accordance with the following provisions. The capital or other improvement investments to be undertaken by Tenant shall relate to: (i) the replacement of the electronic medical record system (and related software); (ii) other material software acquisitions (designed to improve or maintain the operation of the Hospital Facility or operations); (iii) fixed equipment repairs, maintenance and/or replacement, including any capital lease payments on such equipment (subject to the limitations on Assumed Capital Lease Payments qualifying as Improvement Expenditures herein); (iv) expansion of the lab; (v) moving of the pharmacy; or (vi) such other capital or improvement expenditures for the remediation, improvement, enhancement, or maintenance of the Leased Property and hospital equipment as shall from time to time during the Term prove necessary to the remediation, improvement, enhancement, replacement, repair, and maintenance of the hospital equipment and Hospital Facility as a hospital in good standing with all credentialing and licensing bodies and providing an appropriate range of healthcare services as similarly situated hospitals in similarly sized Texas markets during the Term or as otherwise desirable to Tenant (collectively, whether made by Tenant or by Landlord pursuant to the provisions hereunder referred to as the “Improvement Expenditures”). The required Improvement Expenditures shall be accomplished in a good and workmanlike manner and, to the extent required with respect to Alterations herein, in prior consultation with Landlord’s board of directors as to specific design and construction plans in accordance with the terms of Section VIII.(D) above.

The required Improvement Expenditures shall be made by Tenant during the Term, including any Renewal Term, following the Commencement Date (the “Tenant Improvement Commitments”). During the Term, including any Renewal Term, Tenant shall make Improvement Expenditures of \$1,000,000.00 per Lease Year

towards the remediation, improvement, enhancement, replacement, repair, or maintenance of the Leased Property, including the purchase of additional equipment (provided that any Improvement Expenditures by Tenant in excess of \$1,000,000 in one Lease Year shall be carried forward and applied to the obligation in future Lease Years). In addition, the Landlord and Tenant further agree that up to \$1,000,000.00 of the Tenant Improvement Commitments shall be satisfied by payments made by Tenant in connection with Assumed Liabilities (as such term is defined in the Asset Purchase Agreement) related to Landlord's existing capital leases or other existing obligations that are assumed by Tenant pursuant to the Asset Purchase Agreement ("Assumed Capital Lease Payments"). For clarification purposes, calculation of the Improvement Expenditures which shall qualify towards satisfying the Tenant Improvement Commitments include: (i) up to \$1,000,000.00 in the aggregate of such Assumed Capital Lease Payments (to the extent of the GAAP principal-equivalent value of the lease) made by Tenant; (ii) all purchases or other capital asset acquisitions or improvement expenditures with a useful life exceeding three (3) years for computers and related equipment and four (4) years for all other acquisitions and a cost for each such item exceeding Two Thousand and No/100 Dollars (\$2,000) and software acquisitions; and (iii) other Improvement Expenditures with a cost for each such item exceeding Two Thousand and No/100 Dollars (\$2,000), but such Tenant Improvement Commitments shall not be satisfied by or include expenditures for routine operating expenses or maintenance obligations as set forth herein. If any dispute arises related to the Improvement Expenditures and any expenditures related to same or their qualification as Tenant Improvement Commitments, such Improvement Expenditures shall be reviewed and certified by a preapproved mutually acceptable and regionally recognized firm of independent certified public accountants on an annual basis until the Tenant Improvement Commitments are fully satisfied. Any movable or detachable additional FF&E (but not Leased FF&E) purchased by Tenant as part of the Tenant Improvement Commitments shall be owned by the Tenant and removable by the Tenant upon expiration or termination of the Lease.

Tenant acknowledges that (i) the requirements of the Tenant Improvement Commitments may increase the amount of Tenant's expenditures for maintenance, repairs and replacements of Leased Property above what would otherwise be required pursuant to the terms of this Lease and (ii) the Tenant Improvement Commitments shall not reduce Tenant's maintenance, repair and replacement obligations set forth herein.

Provided, however, Landlord will pay for the repair of the items on **Exhibit C** during the first Lease Year, and beginning with the second Lease Year Tenant may also present to Landlord proposals for other specific Improvement Expenditures that would serve to repair or improve the Buildings and Leased FF&E or replacements thereof in an aggregate amount of \$1,000,000.00 per Lease Year (collectively with Landlord's initial **Exhibit C** Improvement Expenditures, the "Landlord Improvement Commitments" and, collectively with the Tenant Improvement Commitments, the "Improvement Commitments"). No carryforward liability to future Lease Years shall apply in the event Improvement Expenditures

of less than \$1,000,000.00 are requested in any Lease Year. Such Tenant-proposed requests for Landlord Improvement Commitments for particular Improvement Expenditures shall be subject to Landlord consent, not to be unreasonably withheld. All such Landlord Improvement Commitments shall, if applicable, be subject to the requirements of its Special District Code (Section 1069.112), Chapter 271 of the Texas Local Government Code, and Texas Government Code Chapter 2269, as to public advertising and bid/procurement process. Upon such approval and the incurrence of such Improvement Expenditures, Landlord shall directly pay the vendors or providers thereof for such Improvement Expenditures. Such Landlord Improvement Commitments shall not reduce or be taken as an offset to Tenant Improvement Commitments required hereunder. Landlord may also in its discretion but subject to prior consultation with and approval of Tenant, not to be unreasonably withheld, propose Improvement Expenditures on its own initiative, including at Landlord's election for amounts in excess of \$1,000,000.00 for Improvement Expenditures in any Lease Year; such Improvement Expenditures proposed by Landlord if consented to by Tenant shall count towards the Landlord Improvement Commitments. For the avoidance of doubt, all such assets or other improvements purchased with Landlord Improvement Commitments shall remain the property of Landlord upon the termination of the Lease.

IX. Utilities.

Tenant shall be responsible for payment of (i) all utilities consumed on the Premises including, without limitation, electricity, gas, oil, steam, water, air conditioning and other fuel and utilities (collectively, the "Utilities") and (ii) trash removal services. Tenant shall pay for such Utilities directly.

X. Entry by Landlord.

Landlord shall have the right to enter upon the Premises at any time and from time to time, upon reasonable notice provided to Tenant (no less than one Business Day), except in an emergency, when no such notice shall be required, to: (i) make inspections or to make such repairs and maintenance to the Premises where expressly permitted by this Lease, (ii) show the same to prospective tenants during the last 9 months of the Term, mortgagees and/or purchasers or (iii) if reasonably required for the safety, protection or preservation of the persons or property of the public, the Premises, or the Buildings. This Section X shall not limit Landlord's access to Landlord's Reserved Conference Space or the other areas of the Premises used by Landlord pursuant to this Lease.

XI. Right of Landlord to Use Space within the Premises.

- A. Landlord's Reserved Conference Space. Landlord reserves the right to exclusive use of Landlord's Reserved Conference Space, together with reasonable and non-exclusive access thereto, for the limited purpose and duration of Landlord's monthly board of directors meetings and any special meetings of Landlord's board of directors during the Term of this Lease.

- B. Parking. During Landlord's board of directors meetings and for no less than one hour before and after the meetings, the Parking Area(s) within the direct proximity to the building entrances for accessing Landlord's Reserved Conference Space shall be open to the public free of charge.
- C. No Rent Due from Landlord. Tenant acknowledges that any rental for Landlord's Reserved Conference Space and parking has been built in to Tenant's Base Rent, so as to ratably reduce Tenant's Base Rent based on the agreed upon fair market value of Landlord's usage rights set forth in this Section XII.
- D. Maintenance, Repair, Cleaning, Utilities, Insurance. All obligations of Tenant with respect to the Premises set forth in this Lease shall apply equally to Landlord's Reserved Conference Space, including Tenant's obligations to maintain and repair such portions of the Premises and to maintain the insurance required to maintained pursuant to this Lease. Tenant shall provide janitorial service, utilities and other services to Landlord's Reserved Conference Space and the other areas used by Landlord to the same extent and at the same quality as provided to all other portions of the Premises.

XII. Assignment and Subletting.

- A. Subject to Section XII.C, Tenant shall not assign, sublease, transfer or encumber this Lease or the Premises (collectively or individually, a "Transfer") without the prior written consent of Landlord, which may be given or withheld, in its sole discretion; provided, however, that Landlord agrees not to unreasonably withhold its consent to any assignment of this Lease (but not any other Transfer) if, at least forty-five (45) days prior to any such proposed assignment, Tenant delivers to Landlord a written description of all material terms and conditions of the proposed assignment, copies of the proposed pertinent documentation, and the following information about the proposed transferee: name and address; reasonably satisfactory information about its business and business history; its proposed use of the Premises; and banking, financial, and other credit information; and provided, further, that if Landlord shall fail to given notice of any non-approval on or before forty-five (45) days after receipt of such required information, Landlord's consent to such assignment shall be deemed to have been granted. Notwithstanding the foregoing, Tenant shall have the right to sublease portions of the Premises (but not all or substantially all of the Nacogdoches Memorial Hospital Building or all or substantially all of the Premises) without the prior written consent of Landlord, which subleases shall be limited to the extent of Tenant's rights under this Lease (as amended from time to time), including the limitations on use set forth in Section V (any such sublease, a "Permitted Sublease"). Any attempted Transfer in violation of this Section XII shall, at Landlord's option, be void. Consent by Landlord to one or more Transfer(s) shall not operate as a waiver of Landlord's rights to approve any subsequent Transfers. In no event shall any Transfer (whether with or without Landlord's consent) release or relieve Tenant from any obligation under this Lease. Tenant shall cause each Transfer and any other arrangement to use any portion of the Premises (and all transactions between Tenant and any other party to

such Transfer or arrangement) to comply with the Anti-Kickback Law and the Stark Law.

- B. If Tenant is a corporation, limited liability company, partnership, or similar entity, and if the entity which owns or controls, of record or beneficially, a majority of the voting shares/rights at any time changes for any reason (including but not limited to a merger, consolidation or reorganization), such change of ownership or control shall constitute a Transfer. The foregoing shall not apply so long as Tenant is an entity whose outstanding stock is listed on a recognized domestic security exchange.
- C. Tenant shall deliver copies of each Permitted Sublease to Landlord within 20 days of the effective date of such Permitted Sublease.

XIII. Liens.

Tenant shall not permit mechanics or other liens to be placed upon the Property, Premises or Tenant's leasehold interest in connection with any work or service done or purportedly done by or for benefit of Tenant. If a lien is so placed, Tenant shall, within 60 days of notice from Landlord of the filing of the lien, fully discharge the lien by settling the claim, which resulted in the lien or by bonding or insuring over the lien in the manner prescribed by the applicable lien Law. If Tenant fails to discharge the lien, then, in addition to any other right or remedy of Landlord, Landlord may bond or insure over the lien or otherwise discharge the lien, and Tenant shall reimburse Landlord for any amount paid by Landlord to bond or insure over the lien or discharge the lien, including, without limitation, reasonable attorneys' fees (if and to the extent permitted by Law) within 30 days after receipt of an invoice from Landlord.

XIV. Indemnity and Waiver of Claims.

- A. Subject to the waiver and release set forth in Section XV hereof, Tenant shall indemnify, protect, defend and hold Landlord, its trustees, members, principals, beneficiaries, partners, officers, directors, employees, Mortgagee(s) and agents ("Landlord Related Parties") harmless from and against any and all claims, actions, damages, liabilities and expenses, including, without limitation, reasonable attorneys' fees and costs and other professional fees and costs (if and to the extent permitted by Law), which may be imposed upon, incurred by or asserted against Landlord or any of the Landlord Related Parties in connection with loss of life, bodily or personal injury or property damage, except to the extent same is a result of the gross negligence or intentional misconduct of Landlord or the Landlord Related Parties or Landlord's failure to perform its obligations under this Lease: (i) suffered by third persons and arising from or out of any occurrence in, upon, at or from the Premises during the Term; (ii) caused by the negligence or intentional misconduct of Tenant or its trustees, members, principals, beneficiaries, partners, officers, directors, employees, and agents; or (iii) resulting from a breach of this Lease by Tenant.

- B. Landlord and the Landlord Related Parties shall not be liable for, and Tenant waives, all claims for loss or damage to Tenant's business or loss, theft or damage to Tenant's Property or the property of any person claiming by, through or under Tenant resulting from: (1) wind or weather; (2) the failure of any sprinkler, heating or air-conditioning equipment, any electric wiring or any gas, water or steam pipes; (3) the backing up of any sewer pipe or downspout; (4) the bursting, leaking or running of any tank, water closet, drain or other pipe; (5) water, snow or ice upon or coming through the roof, skylight, stairs, doorways, windows, walks or any other place upon or near the Building; and (6) any act or omission of any party other than the gross negligence or intentional misconduct of Landlord or Landlord Related Parties or Landlord's failure to perform its obligations under this Lease. Tenant shall insure itself against such losses under Section XV below.

XV. Insurance.

Tenant shall carry and maintain the following insurance ("Tenant's Insurance"), at its sole cost and expense: (1) Commercial General Liability Insurance applicable to the Premises and its appurtenances providing, on an occurrence basis, a minimum combined single limit of not less than the coverage amount currently carried by Landlord as shown on **Exhibit D**; (2) Special Form (formerly known as "All-Risk") property insurance, on a replacement cost basis, in an amount adequate to cover the full insurable replacement value of all of the Buildings and any other improvements on the Premises (exclusive of excavation, footings and foundation), and (3) All Risk Property/Business Interruption Insurance, including flood and earthquake, written at replacement cost value and with a replacement cost endorsement covering the Leased FF&E and Tenant's Tangible Personal Property; (4) Boiler and machinery insurance in respect of any boilers and similar apparatus located on the Premises in the minimum amount of not less than the coverage amount currently carried by Landlord as shown on **Exhibit D** or in such greater amounts as to adequately insure the Premises, (5) during any period of construction on the Premises, builder's risk insurance on a completed value, non-reporting basis for the total cost of such alterations or improvements (this coverage may be provided by Tenant's all risk property insurance pursuant to clauses (2) and (3) above), (6) automobile liability insurance on a primary and noncontributory basis for owned, non-owned and hired automobiles used in the operation of Tenant's business with limits of liability of not less than of not less than the coverage amount currently carried by Landlord as shown on **Exhibit D** for combined single limit for bodily injury and property damage, (7) professional malpractice insurance in the amount of at least \$1,000,000.00, and (8) Workers' Compensation Insurance offering statutory coverage and in amounts as may be required by applicable statute, which policy shall also provide Employers Liability Coverage of a minimum amount not less than the coverage amount currently carried by Landlord as shown on **Exhibit D** per occurrence. Any company writing any of Tenant's Insurance shall have an A.M. Best rating of not less than A-VIII. All Commercial General Liability Insurance policies shall name Tenant as a named insured and Landlord (or any successor), and their respective members, principals, beneficiaries, partners, officers, directors, employees, and agents, any Mortgagee of the Premises, and other designees of Landlord as the interest of such designees shall appear, as additional insureds (such coverage to be primary and non-contributory as to any such similar coverage as the Landlord may maintain). All property insurance policies shall name Landlord and Tenant (as their interests may appear with each as named additional insured or loss payee, as applicable). All policies of Tenant's Insurance shall contain endorsements that the insurer(s) shall give Landlord and its

designees at least 30 days' advance written notice of any change, cancellation, termination or lapse of insurance. Tenant shall cause each such insurance company to provide directly to Landlord a certificate of insurance evidencing Tenant's Insurance prior to the earlier to occur of the Commencement Date or the date Tenant is provided with possession of the Premises for any reason, and upon renewals at least 15 days prior to the expiration of the insurance coverage. The limits of insurance shall not limit Tenant's liability under this Lease. Landlord may carry such other insurance as Landlord, in its sole and absolute discretion, from time to time deems necessary.

XVI. Waiver and Release.

LANDLORD AND TENANT RELEASE EACH OTHER AND THEIR RESPECTIVE EMPLOYEES, AND AGENTS FROM ALL CLAIMS OR LIABILITIES FOR DAMAGE TO THE PREMISES OR THE PROPERTY, DAMAGE TO OR LOSS OF PERSONAL PROPERTY WITHIN THE BUILDINGS, AND LOSS OF BUSINESS OR REVENUES, THAT ARE COVERED BY THE RELEASING PARTY'S PROPERTY INSURANCE OR THAT WOULD HAVE BEEN COVERED BY THE REQUIRED INSURANCE IF THE PARTY FAILS TO MAINTAIN THE PROPERTY COVERAGES REQUIRED BY THIS LEASE. THE PARTY INCURRING THE DAMAGE OR LOSS WILL BE RESPONSIBLE FOR ANY DEDUCTIBLE OR SELF-INSURED RETENTION UNDER ITS PROPERTY INSURANCE. LANDLORD AND TENANT WILL NOTIFY THE ISSUING PROPERTY INSURANCE COMPANIES OF THE RELEASE SET FORTH IN THIS PARAGRAPH AND WILL HAVE THE PROPERTY INSURANCE POLICIES ENDORSED, IF NECESSARY, TO PREVENT INVALIDATION OF COVERAGE. **THE RELEASE IN THIS PARAGRAPH WILL APPLY EVEN IF THE DAMAGE OR LOSS IS CAUSED IN WHOLE OR IN PART BY THE NEGLIGENCE OR STRICT LIABILITY OF THE RELEASED PARTY, AND, TO THE FULLEST EXTENT BY LAW, GROSS NEGLIGENCE OF THE RELEASED PARTY, BUT WILL NOT APPLY TO THE EXTENT THE DAMAGE OR LOSS IS CAUSED BY THE WILLFUL MISCONDUCT OF THE RELEASED PARTY.**

XVII. Casualty and Condemnation.

- A. General Provisions. "Condemnation" means (i) the exercise of any governmental power, whether by legal proceedings or otherwise, by a public or quasi-public authority, or private corporation or individual, having the power of condemnation (a "Condemnor"), the purpose and intent of which is to effect a taking of all or any part of the Premises, or any interest therein, or (ii) a voluntary sale or transfer by Landlord with Tenant's consent to any Condemnor, either under threat of condemnation or while legal proceedings for condemnation are pending. "Casualty" means damage to or destruction of the Leased Property or any part thereof by fire, flood or other casualty. All awards, compensations and insurance payments on account of any Condemnation or Casualty are herein collectively called "Compensation." Landlord may appear in any such proceeding or action to negotiate, prosecute and adjust any claim for any Compensation. Tenant shall be entitled to participate in any such proceeding, action, negotiation, prosecution, appeal or adjustment as contemplated herein. Landlord and Tenant shall cooperate with each other in order to maximize the amount of the Compensation. Notwithstanding anything to the contrary contained in this Section XVII.A, if

permissible under applicable law, Tenant shall have the right to seek damages or a separate Compensation award for its moving and relocation expenses, anticipated loss of business profits, loss of goodwill or fixtures, additions (approved by Landlord) and equipment paid for by Tenant and which are not part of the Leased Property or any other claim that Tenant may have under applicable law that does not diminish the Compensation made to Landlord; and any such separate damages or award shall be paid directly to and shall be retained by Tenant (and shall not be deemed to be “Compensation”). All Compensation shall be paid to and held in trust by Landlord to be applied pursuant to this Section XVII, and all such Compensation (less the expense of collecting such Compensation) is herein called the “Net Proceeds”; provided, however, if the originally named Landlord is not then the Landlord hereunder, Compensation shall be paid to and held by a reputable insurance trustee having substantial experience operating in such capacity, which trustee shall be mutually acceptable to Landlord and Tenant.

- B. Substantial Condemnation. If (i) the entire Premises is taken by Condemnation, (ii) a portion of the Buildings located on the Premises is taken by Condemnation or (iii) more than 50% of that portion of the Premises not occupied by such Buildings is taken by Condemnation and shall render the Premises unsuitable for restoration for continued use and occupancy in Tenant’s business, then Tenant, may, not later than ninety (90) days after the first date the Condemnor has the right to immediate possession of the portion of the Premises affected by such Condemnation, deliver to Landlord notice of its intention (“Notice of Intention”) to terminate this Lease not less than sixty (60) days after the delivery of such notice (the “Condemnation Termination Date”). If Tenant delivers the Notice of Intention in a timely manner, this Lease shall terminate on the Condemnation Termination Date upon payment by Tenant of all Base Rent as may be offset by Charity Care provided (each prorated, if for less than a full Lease Year), Additional Rent and other sums due and payable hereunder to and including the Condemnation Termination Date, and the Net Proceeds shall belong to Landlord. In the event Tenant does not deliver the Notice of Intention to Landlord within the timeframe required herein or does not have the right to give notice of its intention to terminate this Lease as provided in this Section XVII.B, this Lease shall remain in full force and effect and Landlord shall make the entire amount of the Net Proceeds available to Tenant as may be reasonably necessary to repair or restore the Premises (as nearly as may be practicable under the circumstances) to the condition, and character thereof immediately prior to such Condemnation. In the event of any temporary Condemnation, this Lease shall remain in full effect and Tenant shall be entitled to receive the Net Proceeds allocable to such temporary Condemnation, except that any portion of the Net Proceeds allocable to the period after the expiration of the Lease Term or termination of the Lease shall be paid to Landlord.
- C. Substantial Casualty. If, after a Casualty, Tenant does not give or does not have the right to give notice of its intention to terminate this Lease as provided in this Section XVII, then this Lease shall continue in full force and effect and Tenant shall, at its expense, rebuild, replace or repair the Leased Property in conformity with the requirements of this Lease so as to restore the Leased Property to the

condition, and character thereof immediately prior to such Casualty. To the extent the Net Proceeds with respect to any Casualty are less than \$250,000, such amount shall be paid to Tenant to be used to rebuild, replace or repair the Leased Property in a lien free and good and workmanlike manner. To the extent the Net Proceeds from any Casualty are \$250,000 or greater, prior to any such rebuilding, replacement or repair, Tenant shall determine the maximum cost thereof (the "Restoration Cost"), which amount shall be reasonably acceptable to Landlord. The Restoration Cost shall be paid first out of Tenant's own funds to the extent that the Restoration Cost exceeds the Net Proceeds payable in connection with respect to any Casualty, after which expenditure Tenant shall be entitled to receive the Net Proceeds from time to time for the cost of such reconstruction or repair, subject to reasonable and customary controls to ensure funds disbursed by Landlord are in fact used for such purpose. Any Net Proceeds remaining after final payment has been made for such work and after Tenant has been reimbursed for any portions it contributed to the Restoration Cost shall be paid to Tenant. If the cost of any rebuilding, replacement or repair required to be made by Tenant pursuant to this Section XVII.C. shall exceed the amount of such Net Proceeds, the deficiency shall be paid by Tenant.

- D. Tenant's Option to Terminate Lease and Not Restore. Notwithstanding any other provision in this Section XVII, Tenant shall have the option to terminate the Lease and not restore the Leased Property if the Buildings or the Hospital Facility or a significant material part of the Buildings or Hospital Facility are damaged to such an extent that, as reasonably determined: (i) the required restoration cannot reasonably be expected to be completed within a period of eighteen (18) consecutive months from the date of the Casualty event, (ii) Tenant is prevented or would likely be prevented from using the Buildings or Hospital Facility or a significant material portion thereof for its normal operations for a period of eighteen (18) consecutive months or more from the date of the Casualty event, or (iii) to the extent the damage is caused by a Casualty event that is not covered by the insurance required hereunder (or which would have been covered but for Tenant's failure to maintain such required insurance), the cost of restoration attributable thereto would be more than \$1,000,000. To exercise the option to terminate, Tenant shall, within one hundred twenty (120) days following the date of the Casualty, give written notice to Landlord of its intention to terminate this Lease on the date specified in such notice (which termination shall be at least sixty (60) days after the notice date). Upon delivery by Tenant to Landlord pursuant to this Section XVII.D, Tenant shall not be required to repair, replace, or otherwise restore the affected Leased Property, and Landlord shall be entitled to the Net Proceeds.
- E. Casualty During Last Three Lease Years. Notwithstanding the foregoing, if a Casualty occurs during the last three (3) years of the Term or any Renewal Term, and the cost to rebuild is fifty percent (50%) or more of the replacement cost, then Tenant may elect to terminate this Lease in the manner described in Section XVII.D, and Landlord shall be entitled to the Net Proceeds. If a Casualty occurs during the last three (3) years of the Term or any Renewal Term, and the cost to rebuild is less than fifty percent (50%) of the replacement cost; or if the cost to

rebuild is more than fifty percent (50%) of the replacement cost and Tenant does not elect to terminate the Lease, the Term may be extended at Tenant's sole option for a period equal to the time reasonably required for Tenant to so repair and restore the Leased Property.

XVIII. Events of Default.

- A. Each of the following shall be considered to be a “Tenant Event of Default” and a material breach of this Lease:
1. Tenant’s failure to pay Rent and such failure continues for 30 days after written notice to Tenant;
 2. Tenant’s failure to make Tenant Improvement Commitments as required in Section VIII.L (“Tenant Improvement Commitment Default”), if such failure is not cured within six months after written notice to Tenant;
 3. Tenant’s failure to pay ad valorem taxes to the extent assessed and having become due and payable to the extent required hereunder, if the failure is not cured within six months after written notice to Tenant (each such event in clauses (i)-(iii) hereof, a “Monetary Default”);
 4. Tenant’s failure (other than a Monetary Default or a Tenant Improvement Commitment Default) to comply with any term, provision or covenant of this Lease, if the failure is not cured within 30 days after written notice to Tenant specifying same. However, if Tenant’s failure to comply cannot reasonably be cured within 30 days, Tenant shall be allowed additional time as is reasonably necessary to cure the failure so long as: (i) Tenant commences to cure the failure within 30 days after receipt of such notice, and (ii) Tenant diligently pursues a course of action that will cure the failure and bring Tenant back into compliance with the Lease;
 5. Tenant becomes insolvent, makes a transfer in fraud of creditors or makes an assignment for the benefit of creditors, or admits in writing its inability to pay its debts when due; or Tenant shall file a petition under any section or chapter of the United States Bankruptcy Code, as amended, or under any similar law or statute of the United States or any State thereof, or Tenant shall be adjudged bankrupt or insolvent in proceedings filed against Tenant thereunder; or a petition or answer proposing the adjudication of Tenant as a bankrupt or its reorganization under any present or future federal or state bankruptcy or similar law shall be filed in any court and such petition or answer shall not be discharged or denied within 60 days after the filing thereof; or a receiver or trustee shall be appointed for all or substantially all of the assets of Tenant or of the Premises or any of Tenant’s property located thereon in any proceedings brought by Tenant; or any such receiver or trustee shall be appointed in any proceeding brought against Tenant and shall not be discharged within 60 days after such appointment or Tenant

shall consent to or acquiesce in such appointment; and

6. Tenant has committed an Event of Default beyond any notice and cure period under the Asset Purchase Agreement (as defined therein).
- B. Each of the following shall be considered to be a “Landlord Event of Default” and a material breach of this Lease:
1. Landlord’s failure to comply with any term, provision or covenant of this Lease, if the failure is not cured within 30 days after written notice to Landlord specifying same. However, if Landlord’s failure to comply cannot reasonably be cured within 30 days, Landlord shall be allowed additional time as is reasonably necessary to cure the failure so long as: (i) Landlord commences to cure the failure within 30 days after receipt of such notice, and (ii) Landlord diligently pursues a course of action that will cure the failure and bring Landlord back into compliance with the Lease.

XIX. Remedies.

- A. Upon any Tenant Event of Default, Landlord shall have the right without notice or demand (except as provided in Section XVIII) to pursue any of its rights and remedies at Law or in equity, including any one or more of the following remedies:
1. Terminate this Lease, upon 15 days' notice of such termination (during which time Tenant shall have the opportunity to cure any such Tenant Event of Default) in which case, if Tenant shall fail to cure all Tenant Events of Default within the foregoing 15-day period, this Lease shall terminate and Tenant shall immediately surrender the Leased Property to Landlord. If Tenant fails to surrender the Leased Property, Landlord may, in compliance with applicable Law and without prejudice to any other right or remedy, enter upon and take possession of the Leased Property and expel and remove Tenant, Tenant’s Tangible Personal Property (and any other property of Tenant) and any party occupying all or any part of the Premises. Tenant shall pay Landlord on demand (a) all Rent accrued through the date of termination of this Lease and (b) an amount equal to the total Rent that Tenant would have been required to pay for the remainder of the Term (without reduction or credit for any provision of Charity Care (historical, projected, or otherwise)) discounted to present value at 6%, minus the then present fair rental value of the Premises for the remainder of the Term, similarly discounted, after deducting all anticipated Costs of Reletting (defined below). “Costs of Reletting” shall include all reasonable costs and expenses incurred by Landlord in reletting or attempting to relet the Premises, including, without limitation, reasonable legal fees and costs, brokerage commissions, the cost of alterations and the value of other concessions or allowances granted to a new tenant.
 2. Terminate Tenant’s right to possession of the Premises and change the

locks, without judicial process, and, in compliance with applicable Law, expel and remove Tenant, Tenant's Tangible Personal Property (and any other property of Tenant) and any parties occupying all or any part of the Premises. If Landlord terminates Tenant's possession of the Premises under this Section XIX.A.2, Landlord shall have no obligation to post any notice and Landlord shall have no obligation whatsoever to tender to Tenant a key for new locks installed in the Premises. Landlord shall use reasonable, good faith efforts to relet the Premises, without notice to Tenant, for a term that may be greater or less than the balance of the Term and on such conditions (which may include concessions, free rent and alterations of the Premises) and for such uses as Landlord in its reasonable business judgment shall determine. Landlord may collect and receive all rents and other income from the reletting. Tenant shall pay Landlord on demand all past due Rent, all Costs of Reletting and any deficiency arising from the reletting or failure to relet the Premises. Landlord shall not be responsible or liable for the failure to relet all or any part of the Premises or for the failure to collect any Rent. The re-entry or taking of possession of the Premises shall not be construed as an election by Landlord to terminate this Lease unless a written notice of termination is given to Tenant.

- B. Unless expressly provided in this Lease, the repossession or re-entering of all or any part of the Leased Property shall not relieve Tenant of its liabilities and obligations under the Lease. No right or remedy of Landlord shall be exclusive of any other right or remedy. Each right and remedy shall be cumulative and in addition to any other right and remedy now or subsequently available to Landlord at Law or in equity.
- C. Upon any Landlord Event of Default, Tenant shall have the right, at Tenant's option, in addition to all other rights and remedies given by law or equity, terminate this Lease by delivering a written termination notice to Landlord.

XX. Limitation of Liability.

NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED IN THIS LEASE, THE LIABILITY OF LANDLORD (AND OF ANY SUCCESSOR LANDLORD) TO TENANT SHALL BE LIMITED TO THE INTEREST OF LANDLORD IN THE PROPERTY. TENANT SHALL LOOK SOLELY TO LANDLORD'S INTEREST IN THE PROPERTY FOR THE RECOVERY OF ANY JUDGMENT OR AWARD AGAINST LANDLORD. LANDLORD SHALL IN NO EVENT BE PERSONALLY LIABLE FOR ANY JUDGMENT OR DEFICIENCY FOR THE NEGLIGENCE OF LANDLORD OR ANY LANDLORD RELATED PARTY OR OTHERWISE. BEFORE FILING SUIT FOR AN ALLEGED DEFAULT BY LANDLORD, TENANT SHALL GIVE LANDLORD AND ANY MORTGAGEE(S) WHOM TENANT HAS BEEN NOTIFIED HOLD MORTGAGES ON THE PROPERTY, BUILDINGS OR PREMISES, NOTICE AND REASONABLE TIME TO CURE THE ALLEGED DEFAULT.

XXI. No Waiver.

Landlord's failure to declare a default immediately upon its occurrence, or delay in taking action for a default shall not constitute a waiver of the default, nor shall it constitute an estoppel. Landlord's failure to enforce its rights for a default shall not constitute a waiver of its rights regarding any subsequent default. Receipt by Landlord of Tenant's keys to the Premises shall not constitute an acceptance or surrender of the Premises.

XXII. Quiet Enjoyment.

Tenant shall, and may peacefully have, hold and enjoy the Leased Property, subject to the terms of this Lease, provided Tenant pays the Rent and fully performs all of its covenants and agreements. This covenant and all other covenants of Landlord shall be binding upon Landlord and its successors only during its or their respective periods of ownership of the Premises, and shall not be a personal covenant of Landlord or the Landlord Related Parties.

XXIII. Holding Over.

If Tenant fails to surrender the Premises at the expiration or earlier termination of this Lease, occupancy of the Premises after the termination or expiration shall be that of a tenancy at sufferance. Tenant's occupancy of the Premises during the holdover shall be subject to all the terms and provisions of this Lease and Tenant shall pay an amount (on a per month basis without reduction for partial months during the holdover) equal to 150% of the sum of the Base Rent and Additional Rent due for the period immediately preceding the holdover. No holdover by Tenant or payment by Tenant after the expiration or early termination of this Lease shall be construed to extend the Term or prevent Landlord from immediate recovery of possession of the Premises by summary proceedings or otherwise. In addition to the payment of the amounts provided above, if Landlord is unable to deliver possession of the Premises to a new tenant, or to perform improvements for a new tenant, as a result of Tenant's holdover and Tenant fails to vacate the Premises within 15 days after Landlord notifies Tenant of Landlord's inability to deliver possession, or perform improvements, Tenant shall be liable to Landlord for all damages, including, without limitation, consequential damages, that Landlord suffers from the holdover. **Notwithstanding anything herein to the contrary, pursuant to Section 91.001(e) of the Texas Property Code, Landlord and Tenant specifically agree that no notice to terminate Tenant's tenancy hereunder will be required from and after the expiration of the Term of this Lease under Section 91.001 or Section 24.005 of the Texas Property Code before Landlord files a forcible detainer suit on grounds that the tenant is holding over beyond the end of the rental term or renewal period (if any) hereof; and any sublease hereunder shall not be approved unless it also contains a specific comparable waiver by the subtenant thereunder.**

XXIV. Subordination to Mortgages; Estoppel Certificate.

Tenant accepts this Lease subject and subordinate to any mortgage(s), deed(s) of trust, ground lease(s) or other lien(s) now or subsequently arising upon the Premises or any portion thereof, and to renewals, modifications, refinancings and extensions thereof (collectively referred to as a "Mortgage"). The party having the benefit of a Mortgage shall be referred to as a "Mortgagee". This clause shall be self-operative, but upon request from a Mortgagee, Tenant shall execute a commercially reasonable subordination agreement in favor of the Mortgagee. In lieu of having the Mortgage be superior to this Lease, a Mortgagee shall have the right at any time to

subordinate its Mortgage to this Lease. If requested by a successor-in-interest to all or a part of Landlord's interest in the Lease, Tenant shall, without charge, attorn to the successor-in-interest. At Tenant's request, Landlord shall use reasonable efforts (without the obligation to incur expense or liability in connection with such efforts) to obtain a so-called non-disturbance agreement from any Mortgagee which agreement may be in the form customarily used by such Mortgagee or if no such form exists, in any commercially reasonable form, provided, however, that if, despite such reasonable efforts, Landlord is unable to obtain such agreement, such failure shall not constitute a default by Landlord under this Lease. Tenant shall, within 10 days after receipt of a written request from Landlord, execute and deliver an Estoppel Certificate to those parties as are reasonably requested by Landlord (including a Mortgagee or prospective purchaser). The Estoppel Certificate shall include a statement certifying that this Lease is unmodified (except as identified in the Estoppel Certificate) and in full force and effect, describing the dates to which Rent and other charges have been paid, representing that, to Tenant's knowledge, there is no default (or stating the nature of the alleged default) and indicating other matters with respect to the Lease that may reasonably be requested.

XXV. Attorneys' Fees.

If either party institutes a suit against the other for violation of or to enforce any covenant or condition of this Lease, or if either party intervenes in any suit in which the other is a party to enforce or protect its interest or rights, the prevailing party shall be entitled to all of its costs and expenses, including, without limitation, reasonable attorneys' fees and costs.

XXVI. Notice.

If a demand, request, approval, consent or notice (collectively referred to as a "notice") shall or may be given to either party by the other, the notice shall be in writing and delivered by hand or sent by registered or certified mail with return receipt requested, or sent by overnight or same day courier service at the party's respective Notice Address(es) set forth in Section I, except that if Tenant has vacated the Premises (or if the Notice Address for Tenant is other than the Premises, and Tenant has vacated such address) without providing Landlord a new Notice Address, Landlord may serve notice in any manner described in this Section XXVI or in any other manner permitted by Law. Each notice shall be deemed to have been received or given on the earlier to occur of actual delivery or the date on which delivery is refused, or, if Tenant has vacated the Premises or the other Notice Address of Tenant without providing a new Notice Address, 3 days after notice is deposited in the U.S. mail or with a courier service in the manner described above. Either party may, at any time, change its Notice Address by giving the other party written notice of the new address in the manner described in this Section XXVI.

XXVII. Signage.

Tenant shall not, without Landlord's prior written consent, which consent shall be not be unreasonably withheld, make any changes or additions to the existing exterior signage of the Buildings; provided that Tenant shall be permitted without consent to repair or replace signage with identical signage pursuant to its obligations under this Lease. Tenant agrees that Landlord's approval may take into consideration, among any other factors, the content of any proposed signage, including any proposed change in the names of Buildings or the Hospital Facility, and the

potential effect of such changes on the public perception of the services provided at the Leased Property, and that a reasonable determination by Landlord that the potential effect is adverse to such public perception shall be a sufficient basis for withholding approval.

XXVIII. Surrender of Premises.

At the expiration or earlier termination of this Lease or Tenant's right of possession, Tenant shall remove Tenant's Tangible Personal Property from the Premises, and quit and surrender the Premises to Landlord, broom clean, and in good order, condition and repair, ordinary wear and tear excepted. If Tenant fails to remove any of Tenant's Tangible Personal Property within 15 days after the termination of this Lease or of Tenant's right to possession, Landlord, at Tenant's sole cost and expense, shall be entitled (but not obligated) to remove and store Tenant's Tangible Personal Property not timely removed. Landlord shall not be responsible for the value, preservation or safekeeping of Tenant's Tangible Personal Property not timely removed. Tenant shall pay Landlord, upon demand, the expenses and storage charges incurred for Tenant's Tangible Personal Property not timely removed. In addition, if Tenant fails to remove Tenant's Property from the Premises or storage, as the case may be, within 30 days after written notice, Landlord may deem all or any part of Tenant's Tangible Personal Property to be abandoned, and title to Tenant's Property shall be deemed to be immediately vested in Landlord.

XXIX. Miscellaneous.

- A. This Lease and the rights and obligations of the parties shall be interpreted, construed and enforced in accordance with the Laws of the state in which the Buildings is located and Landlord and Tenant hereby irrevocably consent to the jurisdiction and proper venue of such state. If any term or provision of this Lease shall to any extent be invalid or unenforceable, the remainder of this Lease shall not be affected, and each provision of this Lease shall be valid and enforced to the fullest extent permitted by Law. The headings and titles to the Sections of this Lease are for convenience only and shall have no effect on the interpretation of any part of the Lease.
- B. Landlord and Tenant shall, concurrently with the execution of this Lease, enter into a short form memorandum of this Lease and record the memorandum in the public records of Nacogdoches County. The party requesting recordation shall pay all costs and expenses of recording such memorandum of this Lease..
- C. Whenever a period of time is prescribed for the taking of an action by Landlord or Tenant, the period of time for the performance of such action shall be extended by the number of days that the performance is actually delayed due to strikes, acts of God, shortages of labor or materials, war, pandemic, governmental laws, regulations or restrictions, civil disturbances and other causes beyond the reasonable control of the performing party ("Force Majeure"). However, events of Force Majeure shall not extend any period of time for the payment of Rent or other sums payable by either party or any period of time for the written exercise of an option or right by either party.

- D. Landlord shall have the right to transfer and assign, in whole or in part, all of its rights and obligations under this Lease and in the Leased Property referred to herein, and upon such transfer Landlord shall be released from any further obligations hereunder, and Tenant agrees to look solely to the successor in interest of Landlord for the performance of such obligations.
- E. Tenant represents to Landlord that it has not been represented by a broker in connection with this Lease. Tenant shall indemnify and hold Landlord and the Landlord Related Parties harmless from all claims of any brokers claiming to have represented Tenant in connection with this Lease. Landlord represents to Tenant that it has not been represented by a broker in connection with this Lease.
- F. Tenant covenants, warrants and represents that: (1) each individual executing, attesting and/or delivering this Lease on behalf of Tenant is authorized to do so on behalf of Tenant; (2) this Lease is binding upon Tenant; and (3) Tenant is duly organized and legally existing in the state of its organization and is qualified to do business in the state in which the Premises are located. If there is more than one Tenant, or if Tenant is comprised of more than one party or entity, the obligations imposed upon Tenant shall be joint and several obligations of all the parties and entities. Notices, payments and agreements given or made by, with or to any one person or entity shall be deemed to have been given or made by, with and to all of them.
- G. Time is of the essence with respect to Tenant's exercise of any expansion, renewal or extension rights granted to Tenant. This Lease shall create only the relationship of landlord and tenant between the parties, and not a partnership, joint venture or any other relationship. This Lease and the covenants and conditions in this Lease shall inure only to the benefit of and be binding only upon Landlord and Tenant and their permitted successors and assigns.
- H. The expiration of the Term, whether by lapse of time or otherwise, shall not relieve either party of any obligations which accrued prior to or which may continue to accrue after the expiration or early termination of this Lease. Without limiting the scope of the prior sentence, it is agreed that Tenant's obligations under Sections V and XIV.A. shall survive the expiration or early termination of this Lease.
- I. Landlord has delivered a copy of this Lease to Tenant for Tenant's review only, and the delivery of it does not constitute an offer to Tenant or an option. This Lease shall not be effective against any party hereto until an original copy of this Lease has been signed by both parties and duly delivered.
- J. All understandings and agreements previously made between the parties are superseded by this Lease, and neither party is relying upon any warranty, statement or representation not contained in this Lease. This Lease may be modified only by a written agreement signed by Landlord and Tenant.
- K. Within 150 days following the end of each fiscal year of Tenant, Tenant shall

provide Landlord a copy of its auditor's report letter for such preceding fiscal year and a copy of the charity care detail for such preceding fiscal year contained within the audited financial statements.

- L. **WITHOUT WAIVING ANY OTHER NOTICE RIGHTS AS MAY BE EXPRESSLY PROVIDED IN THIS LEASE, TENANT HEREBY WAIVES THE NOTICE REQUIREMENTS SET FORTH IN SECTIONS 41.413(d) OF THE TEXAS TAX CODE.**

- M. **TENANT HEREBY WAIVES ALL ITS RIGHTS UNDER THE TEXAS DECEPTIVE TRADE PRACTICES - CONSUMER PROTECTION ACT, SECTION 17.41 ET. SEQ. OF THE TEXAS BUSINESS AND COMMERCE CODE, A LAW THAT GIVES CONSUMERS SPECIAL RIGHTS AND PROTECTIONS. AFTER CONSULTATION WITH AN ATTORNEY OF TENANT'S OWN SELECTION, TENANT VOLUNTARILY CONSENTS TO THIS WAIVER.**

- N. 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 (the "Anti-Kickback Law") and Section 1877 of the Social Security Act (the "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 Law 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,

- O. Texas Public Information Act. Tenant acknowledges that Landlord is a governmental body under Chapter 552 of the Texas Government Code and thereby acknowledges that certain information that is collected, assembled, or maintained by Landlord in connection with the transaction of official business by a governmental body is considered public information potentially subject to disclosure pursuant to a valid Texas Public Information Act ("TPIA") request and hereby assumes, at its discretion, full responsibility for challenging, on behalf of itself, any requests for information it considers confidential under Chapter 552. Landlord agrees to notify Tenant of any TPIA requests that seek disclosure of any Tenant information. Tenant's information, includes, but is not limited to, any trade secrets, financial information, and related proprietary information, or other information ("Tenant Information") that is provided by Tenant to Landlord under the terms of this Lease. If a TPIA request for public information is made on Landlord to disclose Tenant Information, Landlord agrees, to extent permitted by the TPIA, to (i) promptly notify Tenant of such request for disclosure, and (ii) if instructed by Tenant in writing, decline any such request for disclosure of such Tenant Information and file a written request with the Texas Attorney General's office seeking a determination as to whether such disclosure may be withheld.

Landlord is not required to take any further action with respect to any request made for determination by the Attorney General, and after any such request is made, all responsibility for briefing, supplementing and challenging the results of any requests to the Attorney General shall be Tenant's sole responsibility.

- P. Confidentiality of Protected Health Information. For purposes of this Section of this Lease, "protected health information" ("PHI") shall have the meaning defined by the Standards for Privacy of Individually Identifiable Health Information, 45 C.F.R. Part 160 and Subparts A and E of Part 164 (the "Privacy Standards"), as promulgated by the Department of Health and Human Services pursuant to the Administrative Simplification provisions of the Health Insurance Portability and Accountability Act of 1996. Tenant agrees to implement as required by law appropriate administrative, technical and physical safeguards to limit incidental disclosures of PHI, if any, including disclosures to Landlord, its subcontractors and agents. The parties agree that neither the Landlord nor its contractors, subcontractors or agents shall need access to, nor shall they use or disclose, any PHI of Tenant. However, in the event PHI is disclosed by Tenant or its agents to Landlord, its contractors, subcontractors or agents, regardless as to whether the disclosure is inadvertent or otherwise, Landlord agrees to take reasonable steps to maintain, and to require its contractors, subcontractors and agents to maintain, the privacy and confidentiality of such PHI. The parties agree that the foregoing does not create, and is not intended to create, a "business associate" relationship between the parties as that term is defined by the Privacy Standards.

XXX. Entire Agreement.

This Lease and the following exhibits and attachments constitute the entire agreement between the parties and supersede all prior agreements and understandings related to the Premises, including all lease proposals, letters of intent and other documents: **Exhibit A** (Outline and Location of Premises), **Exhibit A-1** (Legal Description), **Exhibit B** (Schedule of Exclusions from Leased FF&E), **Exhibit C** (Landlord Improvement Commitments) and **Exhibit D** (Tenant's Insurance: Landlord's Current Insurance Coverage).

Landlord and Tenant have executed this Lease as of the day and year first above written.

**LANDLORD: Nacogdoches County Hospital
District, a Texas governmental unit**

By: _____
_____, _____

**TENANT: Lion Star Nacogdoches Hospital,
LLC, a Texas limited liability
company**

By: _____
Name: _____
Title: _____

EXHIBIT A

PREMISES

Nacogdoches Memorial Hospital Building (1024 N. Mound St.)

The Nacogdoches Diagnostic Center (1023 N. Mound St., Suites A, B And H)

The Cecil Bomar Rehabilitation Center (707 Woods St.)

The Woods Street Warehouse (608 Woods St.)

The Care First Clinic - Garrison (49 South Hwy. 59)

The Raguet Street House (1230 Raguet St.)

The Mound Street Lot (Formerly 907 N. Mound St.)

The Accounting/Is Building (914 Raguet St.)

EXHIBIT A-1

LEGAL DESCRIPTION

Real Estate Property to be used by Lion Star Memorial Hospital .

The property descriptions are noted as the property ID and legal property description as listed in the Nacogdoches Central Appraisal District as of June 15, 2021, and is inclusive of the Parking Areas contained on such Premises.

The following lots are upon where the main hospital located at 1204 Mound Street sits:

Property ID 23836

Encompassing lots: 47,48,49,49-B,49-C and 49-D block 45 City of Nacogdoches

Property ID 23839

Encompassing lots 50-B block 45 city of Nacogdoches

Property ID 23840

Encompassing lot 50-C block 45 city of Nacogdoches

Property ID 23880

Encompassing lot 74 block 45 city of Nacogdoches

Property ID 23881

Encompassing lots 75-A 75-B block 45 city of Nacogdoches

Property ID 23882

Encompassing lots 75-B and 50-B block 45 city of Nacogdoches

The following are individual properties not on the main hospital campus:

Property ID 21562

E 5 lot 14 and 15 block 14 City of Garrison in Nacogdoches County

Property ID 23738

STE B 1023 Mound Street City of Nacogdoches as described in that certain General Warranty Deed recorded in Vol 2916, Page 16 of the Nacogdoches County Property Records.

Property ID 23743

STE H 1023 Mound Street City of Nacogdoches as described in that certain General Warranty Deed recorded in Vol 3288, Page 80 of the Nacogdoches County Property Records.

Property ID 23737

STE A 1023 Mound Street City of Nacogdoches as described in that certain General Warranty Deed recorded in Vol 2102, Page 123 of the Nacogdoches County Property Records.

Property ID 23852

Lots 55-C and 55-D block 45 914 Raguet Street City of Nacogdoches

Property ID 23856

Lots 57-C and 57-D block 45 707 Woods Street City of Nacogdoches

Property ID 23867

Lots 62 and 63 block 45 707 Woods Street City of Nacogdoches

EXHIBIT B

SCHEDULE OF EXCLUSIONS FROM LEASED FF&E

EXHIBIT C

LANDLORD IMPROVEMENT COMMITMENTS

All repairs or replacements listed below will occur in the first year of the lease with Lion Star.

1. Roof repair at 1204 Mound Street to include: Second South, IS/Community Relations office area, above lab and Radiology. Bids previously obtained and accepted by the board;
2. Roof repair at Garrison Clinic Bids previously obtained and approved by board;
3. Repair Tucker elevator that has been down over a year. Otis Elevator contract in place for many years;
4. New sewer line replacement to Women and Men's public restrooms. Will require bids;
5. Begin replacement of original building pipes to be completed by in house staff;
6. Begin bid process for obsolete ICU/IMC nurse call system estimate from Lonestar Communication;
7. Begin bid process for obsolete nurse call system in Bomar Rehab from Lonestar Communications;
8. Pressure wash building at 1204 Mound with East Texas Soft Wash Company;
9. Water issue repair on 3 Rogers, old Geri psych and old surgery;
10. Underground tank for generators leak repair; and
11. Water holding tank repair to hold sufficient water.

EXHIBIT D:

(TENANT'S INSURANCE: LANDLORD'S CURRENT INSURANCE COVERAGE)

Coverage	Company	Policy Number	Eff. Date	Exp. Date	Coverage Limits
Commercial General Liability	Western World Insurance Comp.	NPP8758956	12/08/2020	12/08/2021	<p>Coverage Limit</p> <ul style="list-style-type: none"> • General Aggregate: \$2,000,000 • Products/Completed Operations Aggregate: \$0 • Personal & Advertising Injury: \$1,000,000 • Each Occurrence: \$1,000,000 • Fire Damage (Any One Fire): \$100,000 • Medical Expense (Any One Person):\$5,000 <p>Other Coverage Limit</p> <ul style="list-style-type: none"> • Property Damage Deductible: Per Occurrence: \$250 • Bodily Injury Deductible: Per Occurrence: \$250
Commercial Umbrella	Evanston Ins. Company	MKLV4EUL102501	12/08/2020	12/08/2021	<p>Limits of Liability</p> <ul style="list-style-type: none"> • Each Occurrence: \$6,000,000 • Aggregate: \$6,000,000 <p>Underlying Liability Limits</p> <p>General Liability</p> <ul style="list-style-type: none"> • Each Occurrence: \$1,000,000 • General Aggregate: \$2,000,000 • Prod Comp Ops Aggregate: \$0 • Personal & Adv Injury: \$1,000,000 • Damage to Rented Premises: \$100,000 • Medical Expense: \$5,000
Commercial Property	Continental Casualty Company	RMP2010727724	07/17/2020	07/17/2021	<p align="center">Subjects</p> <p>Building \$118,3</p> <p align="center"><i>Total Blanket Building Limits All Loc's</i></p> <p>Business \$48,74 Personal Property</p> <p align="center"><i>Total Blanket Business Personal Property Limit</i></p>

					<p>Business Income without Extra Expense \$79,745,623</p> <p><i>Total Blanket Business Income Limit incl Rents All Loc's</i></p> <p>Blanket \$246,869,721</p> <p><i>Total Policy Blanket Limits- Bldg,Bpp,BI-LOR,ImpvB</i></p> <p>Tenants I&B (Improvements and Betterments) \$0</p> <p><i>1106 & 1108 South Street Nac TX loc's</i></p> <p>Extra Expense \$1,500,000</p> <p><i>See below for breakdown by location.</i></p>						
Property – Wind/Hall Commercial	Underwriters at Lloyd's London	0913/AEWB	07/17/2020	07/17/2021	<p>Limits</p> <ul style="list-style-type: none"> Amount: \$750,000 for losses caused by Windstorm to the Building (\$250,000 Deductible) 						
Workers Compensation	Texas Mutual Insurance Company	0001163444	12/01/2020	12/01/2021	<p>Employers Liability Coverage Limits</p> <ul style="list-style-type: none"> Each accident: \$1,000,000 Disease – Policy limit: \$1,000,000 Disease – Each Employee: \$1,000,000 						
Directors & Officers Liability, Employment Practices Liability, Fiduciary Liability	Starr Indemnity & Liability Co.	1000622204211	04/30/2021	04/30/2022	<table border="0"> <thead> <tr> <th>Coverage Section</th> <th>Limit of Liability (Inclusive of Defense Costs)</th> <th></th> </tr> </thead> <tbody> <tr> <td>Directors & Officers Liability and Employment Practices Liability</td> <td>\$1,000,000</td> <td>Insuring Insuring C.: All I claims: \$ All EP Third Pa claims: \$ All EP Claims:</td> </tr> </tbody> </table>	Coverage Section	Limit of Liability (Inclusive of Defense Costs)		Directors & Officers Liability and Employment Practices Liability	\$1,000,000	Insuring Insuring C.: All I claims: \$ All EP Third Pa claims: \$ All EP Claims:
Coverage Section	Limit of Liability (Inclusive of Defense Costs)										
Directors & Officers Liability and Employment Practices Liability	\$1,000,000	Insuring Insuring C.: All I claims: \$ All EP Third Pa claims: \$ All EP Claims:									

					Fiduciary Liability	\$1,000,000	Insuring Agreement A. All claims except HIPAA claims: \$0 HIPAA Claims: \$0 Insuring Agreement B. \$0
--	--	--	--	--	---------------------	-------------	---

Commercial Property Insurance by Location

Loc 1, Building 1 - Hospital incl ICU and Surgery Expansion
1204 Mound St Nacogdoches, TX 75961

Subjects of Insurance	Amount	Cause of Loss	Valuation	Co-insurance	Deductible	
Business Personal Property	\$39,948,307	Special (Including theft)	Replacement Cost	0%	25,000	
\$100,000 ded Named Storm Wind/Hail; \$1,000,000 other than Named Storm Wind/Hail						
Building	\$104,686,187	Special (Including theft)	Replacement Cost	0%	25,000	
\$100,000 ded Named Storm Wind/Hail; \$1,000,000 other than Named Storm Wind/Hail						

Loc 2, Building 1 - Elliott Bldg-Dr's offices - Exec. Admin Offices
1018 N. Mound St(leased) Nacogdoches, TX 75961

Subjects of Insurance	Amount	Cause of Loss	Valuation	Co-insurance	Deductible	
Building	\$4,880,000	Special (Including theft)	Replacement Cost	0%	25,000	
\$100,000 ded Named Storm Wind/Hail; \$1,000,000 other than Named Storm Wind/Hail						
Business Personal Property	\$1,000,000	Special (Including theft)	Replacement Cost	0%	25,000	
\$100,000 ded Named Storm Wind/Hail; \$1,000,000 other than Named Storm Wind/Hail						

Loc 3, Building 1 - Bomar Bldg-Care Unit
707 Wood St Nacogdoches, TX 75961

Subjects of Insurance	Amount	Cause of Loss	Valuation	Co-insurance	Deductible	
Business Personal Property	\$375,000	Special (Including theft)	Replacement Cost	0%	25,000	
\$100,000 ded Named Storm Wind/Hail; \$1,000,000 other than Named Storm Wind/Hail						

Building	\$1,830,000	Special (Including theft)	Replacement Cost	0%	25,000	
\$100,000 ded Named Storm Wind/Hail; \$1,000,000 other than Named Storm Wind/Hail						

Loc 4, Building 1 - Diagnostic Center II-Outpatient Geriatric Syc.Unit
1023 N. Mound St, Ste A Nacogdoches, TX 75961

Subjects of Insurance	Amount	Cause of Loss	Valuation	Co-insurance	Deductible	
Building	\$181,535	Special (Including theft)	Replacement Cost	0%	25,000	
\$100,000 ded Named Storm Wind/Hail; \$1,000,000 other than Named Storm Wind/Hail						

Loc 5, Building 1 - Ambulance Repair Shop
700 Wood St Nacogdoches, TX 75961

Subjects of Insurance	Amount	Cause of Loss	Valuation	Co-insurance	Deductible	
Building	\$40,000	Special (Including theft)	Replacement Cost	0%	25,000	
\$100,000 ded Named Storm Wind/Hail; \$1,000,000 other than Named Storm Wind/Hail						
Business Personal Property	\$22,000	Special (Including theft)	Replacement Cost	0%	25,000	
\$100,000 ded Named Storm Wind/Hail; \$1,000,000 other than Named Storm Wind/Hail						

Loc 6, Building 1 - Purchasing Storage
608 Wood St Nacogdoches, TX 75961

Subjects of Insurance	Amount	Cause of Loss	Valuation	Co-insurance	Deductible	
Building	\$700,000	Special (Including theft)	Replacement Cost	0%	25,000	
\$100,000 ded Named Storm Wind/Hail; \$1,000,000 other than Named Storm Wind/Hail						
Business Personal Property	\$200,000	Special (Including theft)	Replacement Cost	0%	25,000	
\$100,000 ded Named Storm Wind/Hail; \$1,000,000 other than Named Storm Wind/Hail						

Loc 7, Building 1 - Information Systems Bldg & -Computer Equipment
 914 Raguet St Nacogdoches, TX 75961

Subjects of Insurance	Amount	Cause of Loss	Valuation	Co-insurance	Deductible	
Business Personal Property	\$5,275,000	Special (Including theft)	Replacement Cost	0%	25,000	
\$100,000 ded Named Storm Wind/Hail; \$1,000,000 other than Named Storm Wind/Hail						
Building	\$1,341,000	Special (Including theft)	Replacement Cost	0%	25,000	
\$100,000 ded Named Storm Wind/Hail; \$1,000,000 other than Named Storm Wind/Hail						

Loc 8, Building 1 - Coussons Bldg
 1002 Mound St(leased) Nacogdoches, TX 75961

Subjects of Insurance	Amount	Cause of Loss	Valuation	Co-insurance	Deductible	
Building	\$2,302,140	Special (Including theft)	Replacement Cost	0%	25,000	
\$100,000 ded Named Storm Wind/Hail; \$1,000,000 other than Named Storm Wind/Hail						

Loc 9, Building 1 - Garrison Clinic
 149 South US Highway 59 Garrison, TX 75946

Subjects of Insurance	Amount	Cause of Loss	Valuation	Co-insurance	Deductible	
Business Personal Property	\$158,700	Special (Including theft)	Replacement Cost	0%	25,000	
\$100,000 ded Named Storm Wind/Hail; \$1,000,000 other than Named Storm Wind/Hail						
Building	\$774,456	Special (Including theft)	Replacement Cost	0%	25,000	
\$100,000 ded Named Storm Wind/Hail; \$1,000,000 other than Named Storm Wind/Hail						

Loc 10, Building 1 - Brewster House(Community Relations)
 1230 Raguet Nacogdoches, TX 75961

Subjects of Insurance	Amount	Cause of Loss	Valuation	Co-insurance	Deductible	
Business Personal Property	\$40,000	Special (Including theft)	Replacement Cost	0%	25,000	

\$100,000 ded Named Storm Wind/Hail; \$1,000,000 other than Named Storm Wind/Hail						
Building	\$180,000	Special (Including theft)	Replacement Cost	0%	25,000	
\$100,000 ded Named Storm Wind/Hail; \$1,000,000 other than Named Storm Wind/Hail						

Loc 11, Building 1 - Cushing Clinic - Closed - Jan 2017
685 W. 7th St Cushing, TX 75760

Subjects of Insurance	Amount	Cause of Loss	Valuation	Co-insurance	Deductible	
Building	\$382,592	Special (Including theft)	Replacement Cost	0%	25,000	
\$100,000 ded Named Storm Wind/Hail; \$1,000,000 other than Named Storm Wind/Hail						

Loc 12, Building 1 - Diagnostic Center II -Physician's Office
1023 N. Mound St, Ste B Nacogdoches, TX 75961

Subjects of Insurance	Amount	Cause of Loss	Valuation	Co-insurance	Deductible	
Building	\$331,833	Special (Including theft)	Replacement Cost	0%	25,000	
\$100,000 ded Named Storm Wind/Hail; \$1,000,000 other than Named Storm Wind/Hail						

Loc 13, Building 1 - EMS Ambulance
2723 Durst Street Nacogdoches, TX 75964

Subjects of Insurance	Amount	Cause of Loss	Valuation	Co-insurance	Deductible	
Business Personal Property	\$40,000	Special (Including theft)	Replacement Cost	0%	25,000	
\$100,000 ded Named Storm Wind/Hail; \$1,000,000 other than Named Storm Wind/Hail						
Building	\$311,119	Special (Including theft)	Replacement Cost	0%	25,000	
\$100,000 ded Named Storm Wind/Hail; \$1,000,000 other than Named Storm Wind/Hail						

Loc 14, Building 1 - Diagnostic Center II Suite H
1023 Mound Street, Suite H Nacogdoches, TX 75961

Subjects of Insurance	Amount	Cause of Loss	Valuation	Co-insurance	Deductible	
Building	\$414,329	Special (Including theft)	Replacement Cost	0%	25,000	
\$100,000 ded Named Storm Wind/Hail; \$1,000,000 other than Named Storm Wind/Hail						

Loc 15, Building 1 - Primary/Specialty Clinic
1106 South Street(leased) Nacogdoches, TX 75964

Subjects of Insurance	Amount	Cause of Loss	Valuation	Co-insurance	Deductible	
Building	\$13,650	Special (Including theft)	Replacement Cost	0%	25,000	
\$100,000 ded Named Storm Wind/Hail; \$1,000,000 other than Named Storm Wind/Hail						
Business Personal Property	\$100,000	Special (Including theft)	Replacement Cost	0%	25,000	
\$100,000 ded Named Storm Wind/Hail; \$1,000,000 other than Named Storm Wind/Hail						

Loc 16, Building 1 - Women's Health Clinic
1108 South Street(leased) Nacogdoches, TX 75964

Subjects of Insurance	Amount	Cause of Loss	Valuation	Co-insurance	Deductible	
Building	\$11,250	Special (Including theft)	Replacement Cost	0%	25,000	
\$100,000 ded Named Storm Wind/Hail; \$1,000,000 other than Named Storm Wind/Hail						
Business Personal Property	\$85,000	Special (Including theft)	Replacement Cost	0%	25,000	
\$100,000 ded Named Storm Wind/Hail; \$1,000,000 other than Named Storm Wind/Hail						

Loc 17, Building 1 - Purchasing - Office/Storage
801 North Street(Leased) Nacogdoches, TX 75964

Subjects of Insurance	Amount	Cause of Loss	Valuation	Co-insurance	Deductible	
Business Personal Property	\$1,500,000	Special (Including theft)	Replacement Cost	0%	25,000	
\$100,000 ded Named Storm Wind/Hail; \$1,000,000 other than Named Storm Wind/Hail						