

## SUBLEASE AGREEMENT

This Sublease Agreement (“**Sublease**”) is made as of this 1<sup>st</sup> day of December, 2016, by and between Bay County Health System, LLC, a Delaware limited liability company (“**Sublandlord**”) and Bay County, Florida, a political subdivision of the State of Florida (“**Subtenant**”).

**WHEREAS**, pursuant to that certain Master Lease (defined below) between Sublandlord and Callaway Clinic, LLC (“**Master Landlord**”), Sublandlord leases certain space (the “**Premises**”) in the building commonly known as 489 N. Tyndall Pkwy., Callaway, Florida;

**WHEREAS**, Subtenant desires to sublease from Sublandlord, and Sublandlord desires to sublease to Subtenant, the portion of the Premises consisting of approximately 765 square feet, and more particularly described on Exhibit B (the “**Subleased Premises**”), upon the terms and subject to the conditions and provisions hereinafter set forth; and

**WHEREAS**, unless otherwise expressly provided herein, each capitalized term used in this Sublease shall have the same meaning ascribed thereto in the Master Lease.

**NOW THEREFORE**, for good and valuable consideration, the sufficiency of which is hereby acknowledged, the parties hereto agree as described herein:

1. Definitions: the following definitions and general terms shall apply to this Sublease:

(a) Sublease Commencement Date means December 1, 2016.

(b) Sublease Term means the period commencing on the Sublease Commencement Date and ending on November 30, 2019, unless sooner terminated in accordance with the terms of this Sublease or the Master Lease. If this Sublease is terminated during the Sublease Term, Subtenant and Sublandlord shall not enter into a similar arrangement until after the expiration of Sublease Term.

(c) Master Lease means that certain “Lease Agreement,” effective, December 1, 2016, by and between Master Landlord and Sublandlord, and including all exhibits, riders, extensions and amendments thereto, attached hereto as Exhibit A and incorporated herein by reference.

(d) Sublease Rent means the amounts specified below which are determined by multiplying the sublease rental rate multiplied by the total rentable square footage attributable to the Subleased Premises.

Lease Year	Annual Sublease Rental Rate Per Square Foot	Annual Sublease Rental	Monthly Sublease Rental Installment
12/01/2016 - 11/30/2017	\$14.39	\$11,008.35	\$917.37
12/01/2017 - 11/30/2018	\$14.82	\$11,337.30	\$944.78
12/01/18 – 11/30/2019	\$15.26	\$11,673.90	\$972.83

2. Sublease of Subleased Premises.

(a) Sublease and Exclusive Use. In accordance with the terms and conditions set forth in this Sublease, Sublandlord hereby sublets to Subtenant, and Subtenant hereby sublets and takes from Sublandlord, the exclusive use of the Subleased Premises, to be used and occupied by Subtenant for medical office space. Subtenant shall not have the right to use the Subleased Premises for any other purpose, unless it has obtained Sublandlord's prior written consent, which consent may be granted or withheld by Sublandlord in its sole discretion. Subtenant shall comply with any and all federal, state and local laws applicable to its use of the Subleased Premises. Subtenant shall not do anything, fail to do anything or suffer or permit anything to be done that would result in a default under the Master Lease or permit the Master Lease to be canceled or terminated.

(b) Master Lease. This Sublease and all rights of Subtenant hereunder with respect to the Subleased Premises are subject and subordinate to the terms, conditions and provisions of the Master Lease. Subtenant hereby assumes and agrees to perform faithfully and be bound by all of Sublandlord's obligations, covenants, indemnifications, agreements and liabilities under the Master Lease to the extent the same relate to the Subleased Premises or Subtenant's use, operation or activities on or about the Subleased Premises, the Premises or the Common Areas (as defined below), and are not otherwise modified in this Sublease. Subtenant's liability hereunder shall be subject to the monetary limitations of Fla. Stat. 768.28(5) and Subtenant does not waive its sovereign immunity or any rights or defenses under the statute.

(c) Automatic Termination. This Sublease shall terminate automatically upon termination of the Master Lease.

3. Sublandlord's Additional Rights and Obligations. During the Sublease Term, Sublandlord shall have the right to enter into and inspect the Subleased Premises upon reasonable notice (except in the case of an emergency, in which event no notice shall be required), to ensure the Subleased Premises are used and maintained in compliance with the terms and conditions of this Sublease and the Master Lease. Sublandlord covenants that, upon payment of the Sublease Rent and performing the covenants and obligations herein, Subtenant shall peacefully and quietly have, hold and enjoy the Subleased Premises.

4. Sublandlord's Obligations. Except as expressly set forth in this Sublease, Sublandlord does not assume and shall not have any of the obligations or liabilities of Master Landlord under the Master Lease and Sublandlord is not making the representations or warranties, if any, made by Master Landlord in the Master Lease. With respect to work, services, repairs and restoration or the performance of other obligations required of Master Landlord under the Master Lease, Sublandlord's sole obligation with respect thereto shall be to request the same, upon written request from Subtenant, and to use reasonable efforts to obtain the same from Master Landlord; provided Sublandlord shall not be liable in damages, nor shall Sublease Rent abate hereunder, for or on account of any failure by the Master Landlord to perform the obligations and duties imposed on it under the Master Lease, except and only to the extent that rent abates under the Master Lease on account of such event.

5. Sublease Rent. Subtenant shall pay to Sublandlord, at the address specified herein or at such other place as may be designated by Sublandlord in writing, Sublease Rent in the amounts set forth in Section 1(d) of this Sublease, in monthly installments, in advance and without demand, on the first day of each calendar month during and through the Sublease Term. The Sublease Rent under this Sublease shall not abate by reason of any damage to or destruction of the Subleased Premises or the Premises, unless, and then only to the extent that base rent actually abates under the Master Lease with respect to the Subleased Premises.

6. Operating Expenses and Utilities. In addition to the Sublease Rent paid by Subtenant under this Sublease, Subtenant shall pay to Sublandlord, on a monthly basis, its proportionate share of all: (i) Operating Expenses payable by Sublandlord under Section 3.2 of the Master Lease; and (ii) any expenses related to utilities which are separately metered for the Subleased Premises and payable by Sublandlord under Section 3.3 of the Master Lease. For purposes hereof, Subtenant's "proportionate share" shall mean 9.56% of the Operating Expenses. Upon request, Sublandlord shall provide Subtenant with copies of any notices delivered by Master Landlord to Sublandlord setting forth the Operating Expenses or utilities for the Subleased Premises.

7. Common Areas. During the Sublease Term, Subtenant, its agents, employees, contractors, representatives and invitees, solely at their own risk, shall have the non-exclusive right to use all waiting areas, stairways, corridors, entrances, washrooms and other common areas in the Premises.

8. Insurance. Subtenant hereby waives any cause of action it might have against Sublandlord on account of any loss or damage that is insured against under any insurance policy that covers the Subleased Premises, Subtenant's fixtures, personal property, leasehold improvements or business and which names Subtenant as a party insured. Subtenant shall procure and maintain throughout the term of this Sublease a policy or policies of insurance, at its sole cost and expense, insurance as required of Sublandlord in Section 5.3(a) of the Master Lease; provided, that, Subtenant shall only be required to maintain general liability insurance in the amount of \$300,000 per occurrence and \$1,000,000 aggregate, which Subtenant represents is the maximum coverage maintained by Subtenant.

9. Indemnification. In addition to the indemnification requirements listed in Section 5.2 of the Master Lease, Subtenant shall, by moving into the Subleased Premises or taking possession thereof, accept the Subleased Premises as suitable for the purposes for which they are subleased, and waive any and all defects therein. Sublandlord shall not be liable to Subtenant or Subtenant's agents, employees, guests, invitees or any person claiming by, through or under Subtenant for any injury to person, loss of or damages to Subtenant's property or business, occasioned by or through the acts or omissions of Sublandlord, or by any cause whatsoever except Sublandlord's gross negligence or intentional misconduct. Except to the extent arising from or out of Sublandlord's gross negligence or intentional misconduct, Sublandlord shall not be liable for, and Subtenant shall indemnify and save harmless Sublandlord from, all suits, actions, damages, liabilities and expenses in connection with loss of life, bodily or personal injury or property damage arising from or out of any occurrence in, upon, at or from the Subleased Premises or the occupancy or use by Subtenant of the Subleased Premises or any part thereof, or occasioned wholly or in part by any action or omission of Subtenant, its agents, contractors or employees. If Sublandlord shall be made a party to any action commenced by or against Subtenant, the subject of which is covered by the foregoing indemnity, Subtenant shall protect and hold Sublandlord harmless therefrom and shall pay all costs, expenses, and reasonable attorneys' fees to Sublandlord incurred in connection therewith. Subtenant's liability hereunder

shall be subject to the monetary limitations of Fla. Stat. 768.28(5) and Subtenant does not waive its sovereign immunity or any rights or defenses under the statute.

10. Subtenant Assignment or Subletting. During the Sublease Term, Subtenant shall not assign this Sublease or sublet any portion of the Subleased Premises to any party without the Sublandlord's and Master Landlord's written consent, which may be withheld in the reasonable discretion of Sublandlord and Master Landlord, as well as any additional consents required under the Master Lease.

11. General.

(a) Legal Compliance. Nothing contained in this Sublease shall require (directly or indirectly, explicitly or implicitly) any party to refer any patients to the other party or to use any other party's facilities as a precondition to receiving the benefits set forth herein. Notwithstanding any unanticipated effect of any of the provisions of this Sublease, the Parties intend to comply with the "**Anti-kickback Statute**" (42 U.S.C. § 1320a-7b), the "**Stark Law**" (42 U.S.C § 1395nn), and all federal and state laws and regulations governing fraud and abuse or physician self-referrals under the Medicare and Medicaid programs and other federal and state healthcare programs, including without limitation the safe harbor for office space rental under the Anti-Kickback Statute (42 C.F.R. §§ 1001.952(b)) and the exception for rental of office space under the Stark Law (42 U.S.C. §§ 1395nn(e)(1)(A), and 42 C.F.R. §§ 411.357(a)). This Sublease shall be construed in a manner consistent with compliance with such statutes and regulations, and the parties agree to take such actions as are necessary to construe and administer this Sublease consistent therewith. The parties acknowledge that the compensation paid hereunder has been negotiated at arms'-length, is solely for Subtenant's lease of the Subleased Premises, is consistent with fair market value for similar space in the community, and does not take into account the volume or value of referrals or other business generated between the parties. The Subleased Premises do not exceed that which is reasonably necessary for the legitimate business purposes of the parties under this Sublease, and would be commercially reasonable even if no referrals were made. In the event a court or administrative agency of competent jurisdiction determines that this Sublease violates any such statutes or regulations, or that the compensation hereunder is not consistent with fair market value, then the parties hereto agree to take such actions as are necessary to amend this Sublease to comply with applicable statutes and regulations.

(b) Access to Records. The parties agree that if this Sublease is subject to the provisions of Section 1861(v)(1)(I) of the Social Security Act or the regulations promulgated in implementation thereof (initially codified at 42 C.F.R. 420.300 *et seq.*), then the parties shall comply with those provisions. Each party shall allow the Comptroller General of the United States, the United States Department of Health and Human Services, and their duly authorized representatives access upon their request to such party's books, documents and records relating to this Sublease and the Subleased Premises until the expiration of four (4) years after the termination of this Sublease.

(c) Notices: Any notice required or desired to be given in respect to this Sublease shall be deemed to be given upon the earlier of (i) actual delivery to the intended recipient or its agent or (ii) upon the third business day following deposit in the United States mail, postage prepaid, certified or registered mail, return receipt requested. Any such notice shall be delivered to the respective addresses set out below, or in the

Master Lease, to the extent not listed below, or to such other address as a party shall specify in the manner required by this Section. The respective addresses are:

Sublandlord: Bay County Health System, LLC  
615 North Bonita Ave.  
Panama City, FL 32401  
Attn: Chief Executive Officer

*With a copy to:* LHP Operations Co, LLC  
Attn: Legal Department  
2400 Dallas Parkway, Suite 450  
Plano, TX 75093

Subtenant: Bay County Board of County Commissions  
840 W. 11<sup>th</sup> Street  
Panama City, FL 32401  
Attn: County Manager

(d) Costs and Attorneys' Fees. In the event of a dispute related to this Sublease, the prevailing party may recover attorneys' fees and costs incurred in enforcing any of the provisions of this Sublease.

(e) Binding Agreement: This Sublease shall be binding upon, and shall inure to the benefit of Sublandlord, Subtenant, Master Landlord and each of their respective successors and permitted assigns.

(f) Entire Agreement: This Sublease (together with the Master Lease) represents the complete agreement between the parties regarding the subject matter hereof, and other than as expressly agreed by the parties herein, no other changes or modifications of the Master Lease are intended nor shall any such other changes or modifications exist. Furthermore, in the event of a conflict between the terms of the Master Lease and the terms of this Sublease, the terms of this Sublease shall control.

(g) Force Majeure. Neither party shall be liable nor be deemed in default of this Sublease for any delay or failure to perform caused by the acts of God, civil or military authority, acts of public enemy, war, accidents, fires, explosions, earthquakes, floods, strikes, or other similar or dissimilar causes beyond the reasonable control of either party.

(h) Counterparts. This Sublease may be executed in multiple counterparts, each of which shall constitute an original and all of which together shall constitute one agreement binding on the parties.

(i) Amendment. This Sublease may only be amended by a written agreement signed by the parties.

*SIGNATURE PAGE(S) FOLLOW*

IN WITNESS WHEREOF, the Parties have executed this Sublease as of the day and year first set forth above.

SUBLANDLORD

**Bay County Health System, LLC**

By: \_\_\_\_\_

Name: Stephen Grubbs, Chief Executive Officer

SUBTENANT

**Bay County, Florida**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Attest:

\_\_\_\_\_  
Bill Kinsaul, Clerk of Court

Approved as to Form:

\_\_\_\_\_  
County Attorney

**Exhibit A**  
**Master Lease**

**LEASE AGREEMENT**  
[489 N. TYNDALL PKWY-CALLAWAY]

THIS LEASE AGREEMENT (this "Lease") is made and entered into effective as of December 1, 2016 (the "Date of this Lease"), between CALLAWAY CLINIC, LLC ("Landlord"), and BAY COUNTY HEALTH SYSTEM, LLC, dba Bay Medical Center Sacred Heart Health System ("Tenant").

ARTICLE I

**CERTAIN DEFINED TERMS**

Section I.1. **Definitions.** In addition to the terms defined elsewhere in this Lease, the following terms shall have the following meanings:

(a) "**Affiliate**" shall mean, (i) when used with respect to Tenant, any Person which directly or indirectly controls or is controlled by or is under common control with Tenant, and (ii) when used with respect to Landlord shall mean any Person which directly or indirectly controls or is controlled by or is under common control with Landlord. For purposes of this definition, "control" (including the correlative meanings of the terms "controlled by" and "under common control with"), as used herein, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, through the ownership of voting securities, partnership interests or other equity interests.

(b) "**Base Rental**" During the Lease Term, Tenant shall pay to Landlord annual base rental (determined by multiplying the Rentable Space of the Premises by the applicable annual base rental rate set forth below) and monthly base rental as follows, which Tenant agrees to pay to Landlord at the address specified below Landlord's signature of this Lease (or at such other place as Landlord may designate from time to time in writing to Tenant) in monthly installments, in advance and without demand, on the first day of each calendar month during and through the Lease Term:

<u>Lease Year</u>	<u>Annual Base Rental Rate Per Square Foot of Rentable Space</u>	<u>Annual Base Rental</u>	<u>Monthly Base Rental Installment</u>
1	\$13.00	\$104,000.00	\$8,666.67
2	\$13.26	\$106,080.00	\$8,840.00
3	\$13.53	\$108,240.00	\$9,020.00

(c) "**BOMA Standard**" shall mean the Building Owners and Managers Association Standard for Measurement of Office Space (ANSI Standard 265.1-1980).

(d) "**Lease Year**" shall mean each period of twelve (12) full calendar months during the term of this Lease, and in the event that Commencement Date is a day other than the first of the month, then the first Lease Year shall also include the remainder of the month in which the Commencement Date occurred.

(e) "**Operating Expenses**" shall mean and include (i) all real estate taxes and assessments with respect to the Premises, or the Building paid by Landlord pursuant to Section 3.2 hereof, (ii) premiums for all insurance maintained by Landlord pursuant to Section 5.3(b) hereof, (iii) the cost of all maintenance and repairs paid by Landlord pursuant to Section 5 which are not covered by insurance required hereunder, except any repairs for which Landlord is obligated pursuant to the Work Letter (if Section 1.1(k) has been selected) or Section 4.2(a), (iv) services described in Section 6.2 and all utilities (except any utilities separately metered to tenants or consumed in tenants' space) and (v) all other expenses, costs and disbursements of every kind and nature which Landlord shall pay or become obligated to pay in respect to or in connection with the operation and maintenance of the Building, and which are usually considered "operating expenses" in accordance with generally accepted accounting practices, consistently applied. Notwithstanding the foregoing, such expenses shall not include (A) the cost of alterations to space in the Building leased or to be leased to others; (B) depreciation, interest and principal payments of mortgages and other debt costs, if any; (C) federal, state and city income, excess profit, gift, estate,



succession, inheritance, franchise and transfer taxes, and any other taxes relating to the operation of Landlord's business but not the Building or Land; (D) expenses for capital improvements made to the Building except any capital improvement which results in savings of labor or other costs to the extent of the lesser of the cost of such capital improvement amortized over its useful life or the annual cost savings resulting from such capital improvement; (E) those expenses incurred in leasing space in the Building, including, but not limited to, leasing commissions, attorneys' fees, costs and disbursements and other expenses incurred in connection with leasing, renovating or improving space in the Building (other than those expenses for which Tenant is liable under this Lease); or (F) any cost or expenditure or any portion thereof for which Landlord has been reimbursed, whether by insurance proceeds or otherwise, except reimbursements or other payments from other tenants of the Building in respect to costs and expenses which are Operating Expenses; Landlord shall keep records of its expenditures for Operating Expenses and shall, upon Tenant's request, during Landlord's normal business hours, make such records available to Tenant for inspection and/or audit; (G) costs incurred due to violation by Landlord of any of the terms and conditions of this Lease or any other lease relating to the Building; (H) repairs resulting from any defect in the original design or construction of the Building; (I) rental concessions granted to Tenant or any other tenant of the Building; (J) overhead and profit increment paid to subsidiaries or other affiliates of Landlord for services to the extent that such costs of such services exceed the comparative costs for such services rendered by persons or entities of similar skill, confidence and experience; (K) advertising and promotional expenditures; (L) costs incurred in connection with the sale, financing, refinancing, mortgaging or sale of the Building, including brokerage commissions, attorneys' and accountants' fees, closing costs, title insurance premiums, transfer taxes and interest charges; (M) costs, fines, interests, penalties, legal fees or costs of litigation incurred due to the late payment of taxes, utility bills and other costs incurred by Landlord's failure to make such payments when due; (N) costs incurred by Landlord for trustee fees, organizational expenses and accounting fees to the extent relating to Landlord's general corporate overhead and general administrative expenses; (O) any penalties or liquidated damages that Landlord pays to Tenant under this Lease or to any other Tenant under their respective leases; (P) costs associated with correcting any violation of law, or making renovations or alterations to the Building required in order to cause the Building to be in compliance with any applicable laws; (Q) political or charitable contributions; (R) costs arising out of the negligence or misconduct of Landlord or its agents, or of any Tenant, vendor, contractor, or providers of material or services selected, hired or engaged by Landlord or its agents; or (S) reserves of any kind, including, without limitation, the replacement reserves and reserves for bad debts or lost rent or any similar charge not involving the payment of money to third parties. Landlord shall keep records of its expenditures for Operating Expenses and shall, upon Tenant's request, during Landlord's normal business hours, make such records available to Tenant for inspection and/or audit.

(f) "Person" shall mean any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization, government or any agency or political subdivision thereof, limited liability company or any other form of entity.

(g) "Premises" All of that certain space in Landlord's building commonly known as 489 N. Tyndall Pkwy. (the "Building") located on a tract of land (the "Land") situated in the City of Callaway, Bay County, Florida and being more particularly described on Exhibit A attached hereto and made a part hereof for all purposes. The Premises is shown on the floor plan attached hereto as Exhibit B and made a part hereof for all purposes. The parties hereby agree that for all purposes of this Lease the Premises is deemed and is hereby conclusively stipulated to contain 8,000 square feet of Rentable Space and shall not be remeasured.

(h) "Referral Source" shall mean a physician or other person who makes, or who is in a position to make, or who could influence the making of referrals of patients to any other health care facility affiliated with Tenant or LHP Hospital Group, Inc.

(i) "Rentable Area" with respect to the Premises or the Building or any portion thereof shall mean the number of rentable square feet of space within the Premises or the Building or any portion thereof measured and calculated generally and substantially in accordance with the BOMA Standard but including in such areas the vertical penetrations and lobby areas that would otherwise be excluded under the BOMA Standard; provided that the Rentable Area of each floor in the Building shall be averaged to determine the Building core factor.

(j) "Useable Area" with respect to the Premises or the Building or any portion thereof shall mean the number of useable square feet of space within the Premises or the Building or any portion thereof measured and calculated generally and substantially in accordance with the BOMA Standard.

*If tenant improvements are required, check the box below:*

(k) "Work Letter" shall mean the Work Letter Agreement attached to this Lease as Exhibit D, if any, pursuant to which Landlord will construct the Tenant Improvements in the Premises as therein set forth.

## ARTICLE II

### GRANT AND TERM OF LEASE

Section 2.1. Leasing Clause. Landlord hereby leases to Tenant the Premises on and subject to the terms and conditions hereinafter set forth.

Section 2.2. Term. The term of this Lease shall be for three (3) years, commencing on December 1, 2016 (the "Commencement Date"). The phrases "Term", "term of this Lease", "Lease term", or any other similar phrases used in this Lease, shall be deemed to include, unless otherwise provided, the three (3) year term and any renewals or extensions of this Lease.

## ARTICLE III

### BASE RENTAL; OPERATING EXPENSES; UTILITIES AND TAXES

Section 3.1. Base Rental. Tenant agrees to pay to Landlord as annual rent for the Premises the Base Rental as set forth in Section 1.1(b) hereof. Base Rental is payable in equal monthly installments in advance beginning on the first day of the next calendar month following the Commencement Date of the Term and on the first day of each subsequent calendar month during the Term. In addition, at the same time as the first monthly installment of Base Rental is due, Tenant also shall pay Landlord pro rata Base Rental computed on a per diem basis for the number of days of the preceding month subsequent to the Commencement Date. All such installments shall be paid, without demand or deduction, to Landlord at the address set forth in Section 10.4 hereof, or at such other address as Landlord may designate.

Section 3.2. Reimbursement of Operating Expenses.

(a) For each calendar year or part thereof during the Term, Tenant shall reimburse Landlord for Operating Expenses for such calendar year.

(b) Operating Expenses shall be paid in monthly installments on the first day of each month in such amounts as are estimated by Landlord and approved by Tenant which approval shall not be unreasonably withheld, but after the first year of the Lease term said monthly installment shall not exceed 1/12 of the Operating Expenses for the preceding calendar year.

(c) Within ninety (90) days after the end of each calendar year during the term hereof, Landlord shall furnish Tenant with a statement (the "Annual Statement") which shall show (i) the Operating Expenses incurred during the preceding calendar year, (ii) Tenant's Proportionate Share thereof, (iii) the total estimated payments made by Tenant during such calendar year, and (iv) the balance due from Tenant or to be credited to Tenant, as applicable.

(d) If the actual amount of Operating Expenses as shown on Landlord's Annual Statement (i) exceeds the amount previously paid by Tenant for such calendar year, Tenant shall pay Landlord the amount shown as due thereon, which payment shall be due within thirty (30) days of Tenant's receipt of the Annual Statement, or (ii) is less than the amount previously paid by Tenant, Tenant shall be credited the amount of such excess against the next succeeding monthly payment(s) of Base Rental and Operating Expenses for the then current calendar year (or, if such excess relates to the period during which the term of this Lease expires, such excess shall be refunded in cash to Tenant within thirty (30) days following Tenant's receipt of the Annual Statement).

(e) Any Annual Statement to Tenant pursuant to this Section 3.2 shall be conclusively binding upon Tenant unless, within one year after such Annual Statement is received, Tenant shall send a written notice to Landlord objecting to such Annual Statement and specifying the respects in which such statement is claimed to be incorrect. If the issues raised by such notice are not amicably settled between Landlord and Tenant within thirty (30) days after such written notice is sent, either party may refer the decision of the issues raised by such notice to a nationally recognized firm of certified public accountants selected by such party, and reasonably acceptable to the other, and the decision of such accountants shall be conclusively binding upon the parties. The fees and expenses involved in such decision shall be borne by the unsuccessful party (and if

both parties are partially unsuccessful, the accountants shall apportion the fees and expenses between the parties based upon the degree of success of each party).

(f) Landlord shall keep and make available to Tenant for a period of one (1) year after its Annual Statement is rendered as provided in this Section 3.1, records and reasonable details of the matters included in the Annual Statement for the period covered by such statement and shall permit Tenant's accountants to examine and audit such of its records as may be reasonably required to verify such statements, at reasonable times during business hours. In the event that Tenant performs or causes to be performed an audit of Landlord's records as provided herein, and such audit reveals that Tenant's Proportionate Share of Operating Expenses paid by Tenant during the period covered by such Annual Statement exceeds Tenant's Proportionate Share of the actual Operating Expenses verified by such audit by more than three percent (3%), Landlord shall reimburse Tenant for the costs of such audit within ten (10) days following written request therefor.

(g) An appropriate proration of Operating Expenses shall be made with respect to any partial year during which this Lease commences or expires. Tenant's obligations hereunder shall survive the expiration or earlier termination of this Lease.

Section 3.3. Utilities and Real Estate Taxes. Tenant shall pay and be responsible for all electricity consumed in its use of the Premises, any other utilities which are separately metered to Tenant and all costs of telephone installations and service. Landlord shall pay and discharge prior to their delinquency, all real estate taxes and assessments for public improvements, now or hereinafter assessed or levied against the Premises during the term of this Lease, and all penalties and interest thereon.

## ARTICLE IV

### USE OF THE PREMISES; MAINTENANCE

#### Section 4.1. Use of the Premises.

(a) The Premises may be used for general business offices, medical offices, other medical uses or such other lawful uses (a "Permitted Use") so long as such uses do not violate any laws, federal, state or local, or any regulations of any governmental authorities having jurisdiction over the Premises or any covenants and restrictions set forth in any document encumbering the Land recorded in the official land records of Bay County, Florida.

#### Section 4.2. Maintenance.

(a) Landlord shall maintain and repair, as required, in a good and workmanlike manner the Building, including, but not limited to, the repair, maintenance and replacement of the roof, foundation and load bearing walls (except the interior of the Premises), the facilities of the Building used by Tenant and the mechanical and electrical systems (including, but not limited to, the heating, ventilation and air conditioning systems) serving the Premises which are located outside the Premises. Tenant shall not be required to reimburse Landlord for any portion of the costs incurred in connection with the Landlord's maintenance obligations hereunder and such costs shall not be included in the calculation of Operating Expenses. If Landlord fails to perform any of Landlord's obligations under this Section 4.2 of the Lease, and such failure continues for ten (10) business days after written notice thereof is delivered to Landlord (provided, that in the event of an emergency or situation where damage to person or property is at risk, no notice shall be required), Tenant may perform such obligation, in which event Landlord shall pay to Tenant the reasonable costs incurred by Tenant in performing its obligation on demand, failing which Tenant shall be entitled to offsets such sums against the rent next becoming due under this Lease. All maintenance, repairs, restorations and replacements by Landlord shall be performed in a good and workmanlike manner and in first class quality.

(b) Tenant shall maintain and repair and take good care of the interior of the Premises, and shall, in addition, promptly repair, in a good and workmanlike manner, any damage to the Premises or other part of the Building caused by any breach of this covenant or by any willful or negligent act or omission of Tenant, or of any employee, agent or invitee of Tenant. If Tenant fails to perform any of Tenant's obligations under this Section 4.2 of the Lease, and such failure continues for ten (10) business days after written notice thereof is delivered to Tenant (provided, that in the event of an emergency or situation where damage to person or property is at risk, no notice shall be required), Landlord may perform such obligation, in which event Tenant shall pay to Landlord the reasonable costs incurred by Landlord in performing its obligation within ten (10) days following its receipt of a written request therefor from Landlord. Tenant will provide daily janitorial and cleaning service for the Premises at its expense and will not permit undue accumulations of garbage, trash, rubbish or other refuse, and

will keep all refuse in proper containers on the interior of the Premises until disposal of such refuse. As part of regular janitorial service, Tenant shall cause garbage, trash, rubbish, or other refuse to be removed from the Premises. Notwithstanding the provisions of Section 4.2(a) to the contrary, Tenant shall maintain and be responsible for any equipment located within the Premises that is used in connection with any medical practice or hospital or medical administrative work conducted within the Premises. Tenant shall not be responsible for any repairs or replacements of any part of the Premises, including, but not limited to, the heating, air conditioning, plumbing, electrical components thereof.

Section 4.3. Entry. At any and all reasonable times after not less than forty-eight (48) hours' prior notice (except in the case of an emergency in which event no notice shall be required), Landlord may enter the Premises for the purpose of inspection, or making any repairs or performing any maintenance which Landlord determines is necessary or desirable. At all reasonable times after not less than forty-eight (48) hours prior notice, Landlord may enter the Premises to show it to prospective purchasers, mortgagees and tenants, except that with respect to prospective tenants, such rights will only exist during the final six (6) months of the Lease term.

Section 4.4. Compliance with Laws. In its use and occupancy of the Premises, Tenant shall comply with all applicable laws and other governmental rules, regulations and orders.

Section 4.5. Hazardous Acts. Tenant shall not do or permit any act which will increase premiums for any casualty, fire, liability or other insurance maintained by Landlord on the Building or any other property therein or which shall render such insurance void or voidable.

## ARTICLE V

### CASUALTY; CONDEMNATION; INSURANCE

#### Section 5.1. Condemnation, Fire and Other Casualty.

(a) If the Building, the Premises or a material part of either is taken by any authorized entity by eminent domain or by negotiated purchase under threat thereof, so that the Premises shall become totally untenable, this Lease shall terminate as of the date when possession thereof is surrendered by Tenant and all rights of Tenant under this Lease shall immediately cease and terminate. If a part of the Building or a portion of the Premises shall be taken such that the Premises becomes only partially untenable, Rent shall be proportionately abated. Except as otherwise provided herein, compensation awarded for any taking (or the proceeds of negotiated sale under threat thereof) whether for the whole or a part of the Building or the Premises, shall be the property of Landlord, whether such proceeds or award is compensation for loss or damage to Landlord's or Tenant's property or their respective interests in the Premises, the Tenant hereby assigns all of its interest in any such award to Landlord; provided, that, Landlord shall have no interest in any separate award made to Tenant for a loss of Tenant's business or good will, for the taking of Tenant's trade fixtures, for or on account of Tenant's moving and relocation expenses, and depreciation to and removal of Tenant's physical personal property, if a separate award for such items is made to Tenant.

(b) If the Premises or the Building is damaged by fire or other casualty and (i) the Premises are thereby rendered wholly unsuitable for its intended use, or (ii) Tenant's use of, or access to, the Premises is materially affected, or (iii) the cost of repair or restoration as estimated by Landlord's architect, the General Contractor, or any other contractor, architect or other construction consultant selected by Landlord and approved by Tenant, which approval shall not be unreasonably withheld exceeds 1/2 of the full replacement cost of the Building and/or the Premises (whichever is applicable); then in any such event Landlord or Tenant may terminate this Lease pursuant to this Section 5.1(b), and all rights and obligations of Tenant will cease as of the date of such casualty except that Tenant shall be given a reasonable period of time to remove its property from the Premises. In addition, if Landlord's contractor, engineer or other construction consultant estimates that the required repair or restoration work cannot be completed within one hundred eighty (180) days of the occurrence of such damage, either Landlord or Tenant may terminate this Lease. If either party is entitled to terminate this Lease and desires to do so, it shall give the other party written notice of termination within ninety (90) days of the occurrence of such damage, and upon the giving of such notice, this Lease shall terminate as of the date of the casualty, and any prepaid Base Rental shall be refunded to Tenant. If the Premises shall be damaged by any casualty as described in the first sentence of this Section 5.1(b), but are rendered only partially untenable, Landlord shall repair the same in accordance with Landlord's repair obligations herein, at its expense with reasonable promptness, and the Base Rental shall proportionately abate during the period of such partial untenability, unless such damage is caused by any willful or negligent act or omission of Tenant or of any employee, agent or invitee of Tenant, in which event there shall be no abatement of Base Rental.

(c) Landlord and Tenant shall not be liable to the other for loss or damage caused by fire or perils covered by insurance policies maintained by the other party with respect to the Premises, the Building or any equipment or personal property contained therein, and to the extent of such insurance, Landlord and Tenant, both on behalf of themselves and their respective insurers, waive all rights of subrogation on account of such loss or damage.

Section 5.2. Liability and Indemnification.

(a) Subject to the provisions of Section 5.1(c), Tenant shall indemnify and hold harmless Landlord and its affiliates against and from any and all claims, demands, actions, losses, damages, orders, judgments and any and all costs and expenses (including without limitation attorneys' fees and costs of litigation), resulting from or incurred by Landlord or any affiliate of Landlord on account of any of the foregoing (i) arising from the Tenant's use of the Premises, the conduct of its business or profession or from any other activity permitted or suffered by Tenant within the Premises, or (ii) arising from any breach by Tenant of this Lease. Tenant upon notice from the Landlord shall resist and defend at Tenant's expense any such actions or proceedings by counsel reasonably satisfactory to Landlord.

(b) Subject to the provisions of Section 5.1(c), Landlord shall indemnify and hold harmless Tenant and its affiliates against and from any and all claims, demands, actions, losses, damages, orders, judgments and any and all costs and expenses (including without limitation attorneys' fees and costs of litigation), resulting from or incurred by Tenant or any affiliate of Tenant on account of any of the foregoing (i) arising from Landlord's construction, alteration, additions, or improvements to the Building or the Premises, (ii) any activity, work or other things done, permitted or suffered by Landlord and its agents or employees in or about the Premises, (iii) any breach or default of the performance of any obligation on Landlord's part to be performed under the terms of this Lease. Landlord upon notice from Tenant shall resist and defend at Landlord's expense any such actions or proceedings by counsel reasonably satisfactory to Tenant.

Section 5.3. Insurance.

(a) Tenant shall, throughout the Term at its sole cost and expense, provide and keep in force, with responsible insurance companies reasonably acceptable to Landlord, (a) comprehensive general, public liability and property damage insurance in respect to this Lease and the Premises in the following amounts for any one accident or occurrence: property damage not less than One Million and No/100 Dollars (\$1,000,000.00) and personal injury or death not less than Three Million and No/100 Dollars (\$3,000,000.00); and (b) casualty insurance insuring Tenant against loss or damage to its equipment and other personal property in the Premises by fire and all other casualties usually covered under an "all risk" policy of casualty insurance. The policies described in this Section 5.3 shall name both Tenant and Landlord as insureds. Tenant shall furnish the Landlord with proof of all such insurance at least annually and upon demand of the Landlord.

(b) Landlord shall, throughout the term of this Lease, maintain insurance covering the Building and the Premises in an amount not less than one hundred percent (100%) of the replacement cost thereof insuring against the perils and costs of fire, lightning, extended coverage, vandalism and malicious mischief, liability and rental interruption, and such other insurance as Landlord shall deem necessary. Landlord shall also maintain commercial general liability insurance against any claims for bodily injury and property damage incurring in or around the Building or the Land with a combined single limit of not less than One Million and No/100 Dollars (\$1,000,000.00) per occurrence and a Two Million and No/100 Dollars (\$2,000,000.00) aggregate limit.

ARTICLE VI

ALTERATIONS AND IMPROVEMENTS; SERVICES

Section 6.1. Alterations and Improvements.

(a) Tenant shall be entitled to make alterations or improvements to the Premises without the prior consent of Landlord so long as such alterations or improvements do not exceed Ten Thousand Dollars (\$10,000.00) per occurrence. Tenant shall not make material alterations or improvements to (i) the mechanical or electrical components of the Building, or (ii) to the Premises in excess of Ten Thousand Dollars (\$10,000.00) per occurrence, without the prior consent of Landlord, which consent shall not be unreasonably withheld or delayed. All alterations and improvements made by Tenant shall be performed in compliance with all applicable laws and other governmental rules and regulations. Tenant shall repair damage

to the Building or the Premises resulting from the removal from the Premises of any of Tenant's property or any such alterations and improvements.

(b) Tenant may, without Landlord's consent, install temporary partitions, shelves, bins, equipment, trade fixtures and other personal property in the Premises. These items shall remain Tenant's property and may be removed by Tenant prior to the expiration or earlier termination of this Lease. Tenant shall repair any damage to the Premises caused by such removal.

(c) In the event that any lien, encumbrance or charge upon the Premises, Building or Land, any part thereof or upon Tenant's leasehold interest, which arises out of the use or occupancy of the Premises by Tenant or by reason of any labor or materials furnished or claimed to have been furnished to Tenant or by reason of any construction, addition, alteration or repair of any part of the Premises performed by Tenant or its contractors, Tenant shall, within sixty (60) days after written notice of the filing thereof cause such lien to be released or discharged with respect to the Premises, Building or Land by payment or bonding.

Section 6.2. Services by Landlord. At all times during the Lease Term Landlord shall furnish the following services to the Premises:

(a) If the Building is equipped with an elevator(s), service shall be provided subject to Building rules and regulations.

(b) Cold and warm water at those points of supply provided for general use of tenants in the Building.

(c) Heated and refrigerated air conditioning in season during the normal business hours and for the Building at such temperatures and in such amounts as are reasonably consistent in quality and quantity as furnished in other comparable quality medical office buildings in the vicinity of the Building. Landlord agrees that it will provide all such services at all other times and on Sundays and holidays at the request of Tenant, i.e., upon reasonable advance notice from Tenant, with Tenant reimbursing Landlord for the actual cost thereof (with no profit to Landlord).

(d) Electric current in the manner and to the extent reasonably deemed by Landlord to be standard for medical office use (which is hereby agreed to exclude special machinery or equipment with excess electricity consumption requirements).

(e) Janitorial cleaning services as are reasonably considered by Landlord to be standard and as is consistent in quality and quantity as furnished in other comparable quality medical office buildings in the vicinity of the Building.

(f) Trash and refuse removal in and about the Building, window washing and exterior cleaning.

In the event that any interruption of services materially interferes with Tenant's use and occupancy of the Premises, and such interruptions continues for two (2) business days following the commencement thereof, Tenant shall be entitled to receive an abatement of all rents payable by Tenant under this Lease from the commencement of such interruption until such time as the interruption is discontinued and services restored in the condition existing prior to the interruption.

## ARTICLE VII

### DEFAULT; REMEDIES

Section 7.1. Events of Default. The following shall be events of default hereunder (each an "Event of Default"):

(a) Tenant defaults in payment of any installment of Base Rental, or any other sum payable by Tenant hereunder and fails to cure such default within ten (10) days after receipt of written notice thereof from Landlord;

(b) Tenant defaults in the prompt or full performance of any other provision of this Lease on Tenant's part to be performed and fails to cure such default within thirty (30) days following receipt of written notice thereof from Landlord, or if such other default complained of is of such a nature that it cannot reasonably be completely cured within such thirty (30) day period, Tenant fails to commence to cure such default within such thirty (30) day period or does not thereafter diligently prosecute such cure to completion; or

(c) Tenant becomes bankrupt or insolvent or files or has filed against it a petition in bankruptcy or for reorganization or arrangement or other relief under the Federal Bankruptcy Code and, in the case of a petition filed against it, such petition shall not be dismissed within ninety (90) days following the filing thereof, or makes an assignment for the benefit of creditors.

Section 7.2. Landlord Remedies. If an Event of Default listed in Section 7.1 occurs, and is continuing, Landlord shall have all rights and remedies available at law or equity and shall give Tenant written notice of its intention to enter and repossess the Premises, whereupon, Landlord may lawfully enter the Premises and repossess the same (with or without terminating this Lease) Landlord agrees that regardless of whether this Lease shall have terminated, Landlord shall use reasonable efforts to mitigate such loss by re-letting the Premises, for a period comparable to the remainder of the Term of this Lease and at such rental and on such terms as Landlord is reasonably able to obtain. Notwithstanding any provisions contained in this Lease to the contrary, Tenant's liability for damages under this Lease shall be limited to Landlord's actual direct damages, and in no event shall Tenant be liable for any special, consequential or punitive damages.

Section 7.3. Landlord Defaults. In the event Landlord defaults in fulfilling any of Landlord's obligations under this Lease, Tenant will be entitled to serve written notice upon Landlord specifying the nature of such defaults. Upon the expiration of thirty (30) days following the giving of such notice, if Landlord has (a) failed to cure such default, or (b) in the case of a default which by its nature cannot be completely cured within such thirty (30) day period, not delivered to Tenant assurances satisfactory to Tenant that Landlord will promptly cure such default, and Landlord does not thereafter within a reasonable time cure such default, then Tenant may sue Landlord for damages or cure such default and deduct any amounts incurred by Tenant in connection therewith from the Base Rental next due by Tenant hereunder.

## ARTICLE VIII

### ASSIGNMENT AND SUBLETTING

#### Section 8.1. Assignment.

(a) Notwithstanding the foregoing, Tenant shall not assign this Lease in whole or in part without the prior written consent of Landlord, which consent shall not be unreasonably withheld or delayed except that without the consent of Landlord, Tenant may assign this Lease to (i) any subsidiary or other entity owned at least fifty-one percent (51%), directly or indirectly, by LHP Hospital Group, Inc. ("LHP"), (ii) to any person, firm or corporation who is the purchaser of all or substantially all of the assets of Tenant or LHP or is the successor to the assets and business of Tenant or LHP by virtue of a corporate merger or consolidation of, with or into Tenant or LHP, or (iii) the purchaser of all or substantially all of the assets of Bay Medical Center located in Panama City, Florida. Each such assignee shall be liable for the performance and observance of all of the covenants and agreements of Tenant under this Lease arising after such assignment. Tenant and any assignee will be jointly and severally primarily liable for payment and performance under the Lease; provided, in the case of any assignment described in clauses (i), (ii) or (iii) above, Tenant shall be released from all further liability for Rent or any other sums becoming due and payable under this Lease after assignment if the assignee under any such assignment has a net worth comparable to that of Tenant, and has a Standard and Poor's rating of BBB or better (or, if such rating system is no longer used by Standard and Poor's, such rating as is then comparable to a BBB rating as of the date of this Lease, or if Standard and Poor's no longer publishes comparable ratings, such other rating as is most closely comparable thereto).

(b) Notwithstanding any provision set forth herein to the contrary, Landlord shall not assign, transfer or otherwise convey this Lease or any interest hereunder, or any interest in the Property to any Referral Source or any Affiliate of any Referral Source or to any Person in which a Referral Source or an Affiliate of a Referral Source owns an interest or permit any Referral Source or any Affiliate of a Referral Source to acquire any ownership interest in Landlord; provided, however, nothing in this Section 8.1(b) shall prevent Landlord from leasing office space to any Referral Source in accordance with the terms of this Lease.

Section 8.2. Subletting. Tenant shall have the right to sublet all or any portion of the Premises without the prior consent of Landlord.

## ARTICLE IX

### SUBORDINATION; TENANT ESTOPPEL

Section 9.1. Subordination to Mortgages. Landlord hereby guarantees to Tenant as a condition to the performance of Tenant's other obligations under this Lease, that this Lease shall be senior to and shall at all times have priority over all liens and encumbrances, now existing or hereafter affecting the Building or the Land, except for those exceptions set forth on Exhibit C attached hereto (the "Permitted Exceptions") and such other matters as were of record in the official land records of Bay County, Florida, and taxes and other governmental charges not yet due and payable, and inchoate mechanic's lien claims arising in the ordinary course of business. In the event that in connection with the financing or refinancing of the cost of the Land and/or the Building, Landlord shall have obtained or shall hereafter obtain a mortgage loan from an institutional lender and such lender requires that this Lease be subordinated to the lien of the mortgage or deed of trust securing repayment of such loan (the "Mortgage"), Tenant agrees to subordinate its interest under this Lease to such Mortgage; provided, that, the holder of such mortgage shall execute and deliver to Tenant a subordination, nondisturbance and attornment agreement which provides that so long as no default has occurred and is continuing beyond the period of a time allowed for the remedy thereof under the terms of this Lease, the holder of the Mortgage (a) shall not disturb Tenant's leasehold interest and rights under this Lease or Tenant's possession of the Premises in accordance with the terms hereof, (b) shall permit application of all proceeds of insurance and all awards and payments in connection with the exercise or threatened exercise of the power of eminent domain in accordance with the provisions of Section 9 of this Lease, and (c) waives all rights or interests in any medical equipment or fixtures of either Tenant or any of its subtenants which are not part of the electrical, plumbing, elevator, HVAC or other systems essential to the operation of the Building. It shall be a condition to the effectiveness of this Lease that Landlord shall deliver to Tenant, a subordination, nondisturbance and attornment agreement in accordance with the terms of the preceding sentence and in the form reasonably acceptable to Tenant, with respect to each Mortgage which now constitutes a lien against the Land and/or Building.

Section 9.2. Tenant Estoppel. At any time and from time to time (but not more frequently than two (2) times per calendar year) Tenant, on or before the date specified in a written request therefor, made by Landlord, which date shall not be earlier than fifteen (15) days from the making of such request, shall execute, acknowledge and deliver to Landlord a certificate evidencing whether or not: (a) this Lease is in full force and effect; (b) this Lease has been amended in any way; (c) there are any existing defaults hereunder to the knowledge of Tenant and specifying the nature of such defaults, if any; (d) the amount of Base Rental and the date to which Base Rental has been paid; and (e) improvements to the Premises or allowances for such improvements required of Landlord have been made or paid and accepted by Tenant. Each certificate delivered pursuant to this Section 9.2 may be relied on by any prospective purchaser or transferee or the holder or prospective holder of any mortgage or deed of trust of the Building or of Landlord's interest hereunder.

## ARTICLE X

### MISCELLANEOUS

#### Section 10.1. Environmental Matters.

(a) Except for Hazardous Substances (as hereinafter defined) or other toxic materials or medical waste brought, kept or used in the Premises in commercial quantities similar to those quantities usually kept on similar premises by others in the same business, profession or medical specialty as Tenant and which are used and kept in compliance with applicable public health, safety and environmental laws, Tenant shall not allow any Hazardous Substance, or other toxic material or medical waste to be located in, on or under the Premises or allow either to be used for the manufacturing, handling, storage, distribution or disposal of any Hazardous Substance or other toxic material.

(b) Tenant shall at all times and in all respects comply with all federal, state or local laws, ordinances, regulations and orders applicable to the Premises or the use of either relating to industrial hygiene, the handling, storage and disposal of medical waste, environmental protection, or the use, analysis, generation, manufacture, storage, disposal or transportation of any Hazardous Substance, toxic material or medical waste.

(c) If Tenant becomes aware of the presence of any Hazardous Substance in or on the Premises (except for those Hazardous Substances or other toxic material or medical waste brought, kept or used in the Premises by Tenant in commercial quantities similar to those quantities usually kept on similar premises by others in the same business, profession or medical specialty and which are used and kept in compliance with applicable public health, safety and environmental laws) or if Tenant, or the Premises becomes subject to any order of any federal, state or local agency to repair, close, detoxify, decontaminate or otherwise cleanup the Premises, Tenant shall, at its own cost and expense, carry out and complete any repair, closure, detoxification, decontamination or other cleanup of the Premises; provided, that, Tenant shall not be responsible for any of the foregoing relating to any Hazardous Substance, or other toxic materials or medical waste located on, in or under the Premises as of the Commencement Date, all of which shall be the responsibility of Landlord, or for any of



the foregoing relating to any Hazardous Substance or other toxic material or medical waste brought or kept on or in the Building or the Land by Landlord or any other tenant of the Building. If Tenant fails to implement and diligently pursue any such repair, closure, detoxification, decontamination or other cleanup of the Premises, Landlord shall have the right, but not the obligation, to carry out such action and to recover all of the costs and expenses from Tenant. Tenant shall indemnify Landlord against any and all claims, demands, liabilities, losses and expenses, including consultant fees, court costs and reasonable attorneys' fees, arising out of any breach this Section 10.1(c).

(d) "Hazardous Substances" as such term is used in this Lease means any hazardous or toxic substance, material or waste, regulated or listed pursuant to any federal, state or local environmental law, including without limitation, the Clean Air Act, the Clean Water Act, the Toxic Substances Control Act, the Comprehensive Environmental Response Compensation and Liability Act, the Resource Conservation and Recovery Act, the Federal Insecticide, Fungicide, Rodenticide Act, the Safe Drinking Water Act and the Occupational Safety and Health Act.

Section 10.2. Holding Over and Surrender of Premises. A hold over beyond the expiration of the Term of this Lease shall operate as an extension of this Lease from month to month on the same terms and conditions as herein provided, except for duration and that the monthly rental shall be equal to the amount of the monthly installment due and payable hereunder for the last full month of the Term. Such extended term may be terminated either by Landlord or Tenant by giving thirty (30) days written notice to the other. At the expiration of the Term or any holdover, Tenant shall yield the Premises to Landlord in as good order and repair as when delivered to Tenant and as improved or altered as permitted under the terms of this Lease, except with respect to (a) ordinary wear and tear, (b) damage by fire, extended coverage perils and other causes beyond the reasonable control of Tenant, (c) repairs that are the obligation of Landlord hereunder, and (d) other causes beyond the reasonable control of Tenant.

Section 10.3. Quiet Enjoyment. So long as Tenant pays the Rent and additional sums payable by Tenant hereunder and performs Tenant's covenants and no default on the part of Tenant has occurred and is continuing, Tenant shall peacefully and quietly hold the Premises throughout the Term free from any hindrance or molestation.

Section 10.4. Notices. Any notice required or permitted to be given hereunder by one party to the other shall be deemed to be given one (1) business day after it has been deposited in the United States mail, certified or registered mail, return receipt requested, with sufficient postage prepaid, or hand delivered, addressed to the respective party to whom notice is intended to be given at the address of such party set forth below its name where it has executed this Lease. Either party hereto may at any time by giving written notice to the other party in the aforesaid manner designate any other address in substitution of or in addition to the foregoing address to which any such notice shall be given.

Section 10.5. Headings, Certain Definitions and Miscellaneous. The headings used in this Lease are inserted for convenience and are not to be considered in the construction of the provisions of this Lease. The word "Term" as used herein, shall be deemed to include, where applicable, any renewal or extended term. The word "Landlord" means only the owner of the Building from time to time, and, in the event of any sale or lease of the Building, the Landlord shall be released from all covenants and conditions as Landlord hereunder and without further agreement between the parties, the purchaser, lessee or other transferee of the Building shall be deemed to have assumed all covenants and conditions of Landlord hereunder. Notwithstanding the foregoing, however, this limitation on Landlord's liability shall not apply to any liability on the part of Landlord that is due to or in connection with (i) any fraud or misrepresentation on the part of Landlord, and (ii) any breach of Landlord's obligation to construct and install the Tenant Improvements, nor shall the provisions of this Section 10.5 prevent Tenant from seeking and obtaining any equitable remedy that it may have against Landlord. All exhibits referred to herein are attached hereto and made a part hereof.

Section 10.6. Recording of Agreement. Landlord and Tenant agree that neither this Lease nor a copy hereof shall be recorded, but the parties may record a memorandum of this Lease.

Section 10.7. Entire Agreement. This Lease and the Exhibits attached hereto and thereto contain all the agreements of the parties hereto with respect to the subject matter herein. There have been no representations made by either party or understandings made between the parties with respect to the subject matter hereof other than those set forth in this Lease and the Exhibits attached hereto and thereto. This Lease may not be modified except by a written instrument duly executed by the parties hereto.

Section 10.8. Waiver. Failure by either party to enforce any of the provisions hereof for any length of time shall not be deemed a waiver of its rights set forth in this Lease. Such a waiver may be made only by an instrument in writing signed by the party sought to be charted with the waiver.

Section 10.9. Time of Essence. Time is of the essence with respect to all provisions of this Lease.

Section 10.10. Severability. If any covenant or provision of this Lease is held to be invalid or unenforceable by a court of competent jurisdiction, such holding shall not affect the validity of the remaining covenants and provisions, it being the intention of the parties that the Agreement be so construed as to render enforceable that portion of the Lease unaffected by such holding. The contractual provisions shall be deemed severable.

Section 10.11. Counterparts. This Lease may be executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute one and the same instrument.

Section 10.12. Binding Agreement. This Lease shall bind and inure to the benefit of the parties hereto and their successors and assigns; provided, however, that this Lease shall not inure to the benefit of any assignee of Tenant pursuant to an assignment which is not in compliance with the terms of this Lease.

Section 10.13. Business Day. Should any due date hereunder fall on a Saturday, Sunday or legal holiday, then such due date shall be deemed timely if given on the first business day following such Saturday, Sunday or legal holiday.

Section 10.14. Waiver of Jury Trial. Each party hereto hereby irrevocably waives any and all rights it may have to demand that any action, proceeding or counterclaim arising out of or in any way related to this Lease or the relationship of the parties be tried by jury. This waiver extends to any and all rights to demand a trial by jury arising from any source, including but not limited to the Constitution of the United States, the Constitution of any state, common law or any applicable statute or regulation. Each party hereby acknowledges that it is knowingly and voluntarily waiving the right to demand trial by jury.

Section 10.15. Governing Law. This Lease shall be governed by the laws of the State in which the Premises is located without regard to its conflict of laws rules.

Section 10.16. Gender. Feminine, neuter and masculine pronouns, and the plural and the singular, shall be construed to be and shall be interchangeable in any place or places in which the context may require such interchange.

Section 10.17. Authority. The execution and performance of this Lease by each party has been duly authorized by all applicable laws and regulations and all necessary corporate action, and this Lease constitutes the valid and binding obligation of such party, enforceable in accordance with its terms.

Section 10.18. Captions. The captions of this Lease are for convenience only, are not a part of this Lease, and do not in any way limit or amplify the terms and provisions hereof.

Section 10.19. Commission. Landlord and Tenant represent and warrant to the other that it has neither engaged, nor employed nor dealt with any broker in connection with this Lease.

Section 10.20. Attorney's Fees. In the event any litigation ensues with respect to the rights, duties and obligations of the parties under this Lease, the unsuccessful party in any such action or proceeding shall pay for all costs, expenses and reasonable attorney's fees incurred by the prevailing party in enforcing the covenants and agreements of this Lease. The term "prevailing party," as used herein, shall include, without limitation, a party who obtains legal counsel and brings action against the other party by reason of the other party's breach or default and obtains substantially the relief sought, whether by compromise, settlement or judgment.

Section 10.21. Remedies. Each party to this Lease shall be liable to the other party hereto only for actual direct damages to such other party and in no event shall either party be liable for any special, consequential or punitive damages.

Section 10.22. Tenant's Obligation. Notwithstanding anything contained herein to the contrary, this Lease shall not be effective or legally binding upon the parties hereto until it has been reviewed and approved in writing, in accordance with Tenant's approval guidelines.

IN WITNESS WHEREOF, the parties hereby have executed this instrument.

**ADDRESS:**

489 N. Tyndall Pkwy.  
Callaway, FL 32404

Attention: \_\_\_\_\_  
\_\_\_\_\_

**LANDLORD:**

CALLAWAY CLINIC, LLC

By: Albert F. Mapp, Jr.  
Name: Albert F. Mapp, Jr., MD, P.A.  
Title: President

**ADDRESS:**

615 N. Bonita Avenue  
Panama City, FL 32401

Attention: \_\_\_\_\_  
\_\_\_\_\_

**TENANT:**

BAY COUNTY HEALTH SYSTEM, LLC,  
dba Bay Medical Center Sacred Heart Health System

By: Randal B. Currin  
Name: Randal Currin  
Title: Chief Operating Officer

## ADDENDUM TO LEASE AGREEMENT

THIS ADDENDUM TO LEASE Agreement (this "Addendum") is made and entered into effective as of December 1, 2016 (the "Effective Date"), by and between CALLAWAY CLINIC, LLC ("Landlord"), and BAY COUNTY HEALTH SYSTEM, LLC, dba Bay Medical Center Sacred Heart Health System ("Tenant").

### WITNESSETH:

WHEREAS, Landlord and Tenant entered into that certain Lease Agreement dated effective December 1, 2012 (the "Lease"), pursuant to the terms and conditions of which Landlord agreed to lease to Tenant approximately 8,000 square feet of rentable space in that certain medical office building located at 489 N. Tyndall Pkwy, Callaway, FL, more particularly described in the Lease;

WHEREAS, Landlord and Tenant have agreed to modify the Lease Agreement as set forth herein.

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration, the receipt and total sufficiency of which are hereby acknowledged, Landlord and Tenant hereby agree as follows:

1. Amendment to the Lease. The Lease is hereby modified and amended as follows:

(a) Right to Renew. Tenant may, at its option, renew the term of this Lease for one (1) additional term of three (3) years each (each, a "Renewal Term"), provided that this Lease must be in full force and effect under the original term or any valid renewal thereof, and no event of default (as defined in Section 7.1 of this Lease) shall be continuing at the time of exercise of such option or at the time the Renewal Term would begin. Each such option shall be exercised by Tenant giving notice to Landlord by certified mail, return receipt requested, at least ninety (90) days prior to the end of the then-existing term; and, if not so exercised, such option shall automatically expire and terminate (i.e., time being of the essence). The Renewal Term shall be upon the same terms and conditions as provided elsewhere in this Lease, excluding the Base Rental, which shall be negotiated by Landlord and Tenant in good faith based on their own independent knowledge of the market conditions. In the event Landlord and Tenant cannot agree on a mutually acceptable amount, the renewal option will be withdrawn, and the Lease will expire at the end of the original Term of the Lease.

2. Continuing Effect. Except as expressly modified by the terms and provisions of this Addendum, each and every of the terms and provisions of the Lease are unchanged and continued in full force and effect.

3. Parties Bound. This Addendum shall be binding upon the parties hereto and their respective successors and assigns.

4. Counterparts. This Addendum may be executed in several counterparts by one or more of the undersigned and all such counterparts so executed shall together be deemed and constitute one final Addendum, as if one document had been signed by all parties hereto; and each such counterpart shall be deemed an original, binding the parties subscribed hereto and multiple signature pages affixed to a single copy of this Addendum shall be deemed to be a fully executed original Addendum.

5. Terms. Unless otherwise provided herein, all capitalized terms in this Addendum shall have the meaning ascribed to such terms in the Lease.

IN WITNESS WHEREOF, the parties hereto have executed this Addendum as of the day and year set forth above.

#### LANDLORD:

CALLAWAY CLINIC, LLC

By: 

Name: ALBERT A. MAPP SR.

Title: PRESIDENT

#### TENANT:

BAY COUNTY HEALTH SYSTEM, LLC,  
dba Bay Medical Center Sacred Heart Health System

By: 

Name: Randal Currin

Title: Chief Operating Officer

**Exhibit B**  
**Floor Plan of Premises**

