

LEASE AGREEMENT

THIS LEASE AGREEMENT, made and entered into as of the 7th day of February, 1996, by and among the COMMONWEALTH OF KENTUCKY for the use and benefit of the UNIVERSITY OF LOUISVILLE, acting through its Secretary of the Finance and Administration Cabinet ("Lessor"); the UNIVERSITY OF LOUISVILLE, acting by and through its Board of Trustees ("University"); and UNIVERSITY MEDICAL CENTER, INC., a Kentucky nonprofit corporation ("Lessee").

W I T N E S S E T H:

1. LEASED PREMISES

Lessor does hereby grant, demise and lease unto Lessee, and Lessee does hereby lease and take from Lessor, for the term and upon the terms and conditions set forth in this Lease, the premises located in Louisville, Jefferson County, Kentucky, and described on Exhibit A attached hereto, together with all buildings and improvements, now or hereafter constructed thereon and all rights, privileges, easements and appurtenances belonging or pertaining thereto (the "Leased Premises"), which will be known as University of Louisville Hospital, together with all of Lessor's fixtures and personal property, whether owned or leased by Lessor, located on or used or useful or associated with, the Leased Premises (the "Fixtures and Personalty"), including but not limited to furnishings, machinery, apparatus, movable or non-movable equipment and materials, described in Exhibit B, attached hereto.

2. POSSESSION

Lessor shall deliver to Lessee on the Commencement Date (hereinafter defined) actual and exclusive possession of the Leased Premises, free and clear of all leases, tenancies, agreements, matters, liens and defects in title and in conformity with law, except for the matters set forth in Exhibit C attached hereto, together with exclusive possession of Fixtures and Personalty.

3. TERM

A. The initial term of this Lease shall commence on February 7, 1996, at 12:01 a.m. local time (the "Commencement Date") and shall end at 12:01 a.m. local time on the later of February 7, 2011 or the thirtieth (30th) day following the termination of the initial tax exempt bond issue, or similar financing (but in no event later than January 1, 2012) (the "Initial Term Expiration Date"), referenced in Section 11 of the Affiliation Agreement dated February 6, 1996, among Lessor, Lessee, University, Alliant Health System, Inc. and Jewish Hospital Healthcare Services, Inc. (the "Affiliation Agreement").

B. This Lease shall automatically renew, after the initial term, for up to three (3) successive five (5) year terms, provided

Lessee is not then in material default hereunder, unless Lessee shall have provided written notice to Lessor as provided herein at least eighteen (18) months prior to the expiration of the then current term of its intent not to renew, unless University agrees to a shorter notice period. The initial term of this Lease as described in Paragraph 3A hereof and any extended term of this Lease shall be referred to collectively as the Term. If Lessee elects not to renew this Lease or if this Lease is otherwise terminated for any reason, the parties' respective rights and obligations on termination shall be governed by Section 26 of the Affiliation Agreement.

4. RENTAL PAYMENTS

A. Lessee shall pay as rent to Lessor during the period of time from the Commencement Date to February 7, 2001 monthly rental payments of Four Hundred Sixteen Thousand Six Hundred Sixty-six Dollars and Sixty-seven Cents (\$416,666.67) each, payable monthly in advance.

B. Lessee shall pay as rent to Lessor during the period of time from February 7, 2001 to February 7, 2006, monthly rental payments of Four Hundred Fifty Eight Thousand Three Hundred Thirty-three Dollars and Thirty-three Cents (\$458,333.33) each, payable monthly in advance.

C. Lessee shall pay as rent to Lessor during the period of time from February 7, 2006 to the Initial Term Expiration Date, monthly rental payments of Five Hundred Thousand Dollars (\$500,000) each, payable monthly in advance.

D. During any extended term of this Lease, Lessee shall pay rent to Lessor as follows: (i) during the first five year extended term, monthly rental payments of Five Hundred Forty-one Thousand Six Hundred Sixty-six Dollars and Sixty-seven Cents (\$541,666.67) each, payable monthly in advance, (ii) during the second five year extended term, monthly rental payments of Five Hundred Eighty-three Thousand Three Hundred Thirty-three Dollars and Thirty-three Cents (\$583,333.33) each, payable monthly in advance, and (iii) during the third five year extended term, monthly rental payments of Six Hundred Twenty-five Thousand Dollars (\$625,000) each, payable monthly in advance.

E. With respect to Fixtures and Personalty, if any, leased by Lessor from others, all of which leases are listed on Exhibit B, during the Term Lessee shall sublease such Fixtures and Personalty and Lessee shall pay the amounts specified in, and assume and perform Lessor's obligations under, such leases. At the termination of this Lease such subleases shall terminate and Lessee shall have no further obligations thereunder.

F. The rent shall be paid to University as representative of Lessor for the collection of rent and performance of the ministerial acts required to effect this Lease.

G. All installments of rent shall be payable in advance on the first day of each month from and including the month in which the Commencement Date occurs (for such month, however, payable on the Commencement Date). Rent for any partial month shall be prorated based upon the actual number of days in such month.

H. Lessee covenants to pay and discharge when the same shall become due, subject to any good faith contest thereof and any payment grace period, as additional rent, all other amounts, liabilities and obligations which Lessee assumes or agrees to pay or discharge under this Lease, together with any fine, penalty, interest and cost which may be added for non-payment or late payment thereof. In the event Lessee fails to pay or discharge any of the foregoing as set forth above, Lessor shall have all rights, powers and remedies provided herein or by law for non-payment of rent.

I. This is a net lease and the monthly rent, additional rent and all other sums payable hereunder by Lessee shall be paid without notice (except as specifically provided herein) or demand, and, except as specifically provided herein, without set-off, counterclaim, abatement, suspension, deferment, diminution, deduction or defense.

J. If any installment of monthly rent is not paid within ten (10) after the due date thereof, or any amount of additional rent payable to Lessor is not paid within ten (10) days after the due date thereof (subject to good faith contest thereof), then Lessee shall pay to Lessor on demand interest on such overdue amounts at a rate per annum equal to the prime rate of interest of PNC Bank, Kentucky, Inc., as designated and announced from time to time, calculated from the expiration of such ten (10) day period until paid in full.

Notwithstanding any other provision contained herein, the payment of rent or any other amounts payable by Lessee to or on behalf of Lessor pursuant to this Lease is subject to setoff or reduction for any obligations of University to Lessee under Section 28.2.3 of the Affiliation Agreement.

5. SHORT FORM LEASE

Lessor and Lessee shall execute and deliver a short form lease or other document for recording purposes only, in form satisfactory to all parties hereto, setting forth such of the terms of this Lease as the parties deem appropriate, including but not limited to the rent, the initial term of this Lease and the options to extend the term of this Lease.

6. **TITLE AND QUIET ENJOYMENT**

A. Lessor represents, warrants and covenants that it has good and marketable fee simple title to the Leased Premises, free and clear of any and all material mortgages, pledges, security interests, liens, charges, claims, restrictions, and other encumbrances except as listed on Exhibit C. Lessor further covenants that there are no restrictive covenants, zoning or other local ordinances or regulations which will prevent Lessee from using and occupying the Leased Premises for, and from operating, an acute-care teaching general hospital and related medical facilities as set forth in the Affiliation Agreement.

B. Lessor represents, warrants and covenants that it has good and marketable title to (or, as applicable and as identified on Exhibit B, a valid leasehold interest in) all Fixtures and Personalty, free and clear of any and all material mortgages, pledges, security interests, liens, charges, claims, restrictions, and other encumbrances.

C. Lessor covenants and agrees that during the Term, Lessee shall, upon paying the rent and performing the covenants of this Lease on its part to be performed, peaceably and quietly have, hold and enjoy the Leased Premises and Fixtures and Personalty and all rights granted Lessee in this Lease.

7. **USES OF PREMISES**

A. The Leased Premises shall be used solely for the conduct and operation of an acute-care teaching general hospital and related medical facilities as set forth in the Affiliation Agreement. No other uses are permitted without the prior written consent of University.

B. During the Term, Lessee shall, in all material respects, comply with and conform to all legal requirements concerning the use, occupancy and condition of the Leased Premises and all machinery, equipment, furnishings, fixtures and improvements therein, including obtaining and maintaining any occupancy or use permit, license, special exception, or other local, state or federal agency certification.

C. The Leased Premises shall be operated under the name "University of Louisville Hospital" and no other name shall be permitted to be used in lieu of or in addition to such name without the prior written consent of University.

8. **CONDITION OF LEASED PREMISES; FIXTURES AND EQUIPMENT; REPAIRS**

A. Lessor warrants that the Leased Premises are constructed substantially in compliance with all applicable building codes and regulations in effect at the time of construction and substantially

in accordance with the plan and specifications approved by the Commonwealth of Kentucky Department of Finance and Lessor covenants that it shall be solely responsible for correcting any defects in design and construction of the Leased Premises as of the time of construction which may be found to exist and shall bear all related costs of correcting such defects during the Term and, in addition, Lessee shall have the rights with respect thereto as set forth in Section 28.2 of the Affiliation Agreement.

B. Lessee shall make and pay for all normal repairs, replacements and maintenance (in a good and workmanlike manner) which are necessary for normal operation of the Leased Premises, as otherwise required by and subject to the Affiliation Agreement, and to comply, in all material respects, with applicable law, including but not limited to:

- a) all repairs or replacements, structural or otherwise, to the elevators, HVAC, plumbing, electrical wiring and cabling and life safety systems;
- b) all repairs or replacements to the exterior of the buildings located on the Leased Premises including the roof, windows, gutters, downspouts, walls and foundations thereof and the curbs, sidewalks and parking areas in and about the Leased Premises; and
- c) all repairs, structural or otherwise, to the interior of said buildings.

C. Lessee, at its expense, shall perform all necessary maintenance, replacements and repairs to the Fixtures and Personalty as required by the Affiliation Agreement.

D. Except as provided in Paragraph 14, or otherwise required by the Affiliation Agreement, at the expiration or earlier termination of this Lease, Lessee shall return the Leased Premises in as good a condition as originally received, except for normal wear and tear, and as a fully functional hospital.

E. Lessor and University, their engineers and other agents, shall have the right to enter the Leased Premises for the purpose of inspection and may request Lessee to undertake necessary repairs and maintenance.

9. REMODELING OF LEASED PREMISES

Lessee may, at its own expense, from time to time during the Term, make such structural alterations, additions, replacements and changes, in and to the Leased Premises, and any buildings thereon, as it finds reasonably necessary or desirable including, without limitation, as required by the Affiliation Agreement. All

such alterations, additions, replacements and changes shall be made in accordance with plans and specifications prepared by Lessee and approved by University (which approval shall not be unreasonably withheld), in conformity with applicable building laws and regulations and with the approval of the Board of Directors of Lessee. Lessee shall provide University with as-built drawings for any such material alterations, additions, replacements and changes and current schematics and related documents for major systems and equipment included therein. Except for Personalty acquired by Lessee pursuant to Paragraph 10, such alterations, additions, replacements and changes shall become a part of the Leased Premises, shall be maintained and kept in repair in accordance with the provisions of Paragraph 8, and at the expiration or termination of this Lease shall become the property of Lessor upon compliance with, and without the payment of any money or other consideration except as provided in, the Affiliation Agreement. Subject to good faith contest thereof, Lessee shall pay when due all costs and expenses of any such alterations, additions, replacements and changes and shall discharge or bond all liens filed against the Leased Premises with respect thereto within sixty (60) days after the filing thereof.

10. FIXTURES AND PERSONALITY

A. Lessee may, at its own expense, from time-to-time during the term of this Lease, install, replace and operate in the Leased Premises such removable equipment and personal property ("Lessee's Personalty") as it shall deem necessary or desirable in the conduct of its business, provided all laws, rules and regulations of governmental bodies with respect thereto shall be in all material respects complied with by Lessee. Fixtures and Personalty which were originally purchased and placed in the Leased Premises by Lessor, shall be returned to Lessor when replacement Lessee's Personalty are acquired by Lessee. Lessee's Personalty shall be the property of Lessee until purchased by Lessor pursuant to Paragraph 10.B of this Lease.

B. Upon termination of this Lease, Lessor shall, (i) assume post assumption obligations under the leases for any Lessee's Personalty in the Leased Premises entered into in the ordinary course of business at then fair value rentals, and (ii) purchase any Lessee's Personalty in the Leased Premises, for an amount as determined pursuant to Section 26.3.4 of the Affiliation Agreement.

11. UTILITIES AND TAXES

Lessee (i) shall pay all charges for water, laundry, sewer, garbage removal, gas, light, heat, power and other utilities required and used by Lessee, (ii) shall reimburse University for separately-metered electricity used by Lessee in and about the Leased Premises and (iii) shall pay all taxes and other governmen-

tal assessments or charges assessed against the Leased Premises or the operation thereof, if any, subject to the right to contest such taxes, assessments or charges in good faith.

The parties acknowledge that University is a participant with other hospitals in a laundry, chilled water and steam plant (the "Service Facilities"). Lessor represents and warrants to Lessee that Lessee may succeed to University's rights to use the Service Facilities in connection with Leased Premises for the Term. A description of the Service Facilities and the terms of such succession are set forth in Exhibit D attached hereto.

Lessor represents and warrants that succession to University's rights to use the Service Facilities will not result in any breach or violation of any material contract, agreement or other obligation to which University or Lessor is a party and that such succession will not result in any acceleration of indebtedness incurred to finance the Service Facilities nor will such succession result in any interest on revenue bonds issued to finance the Service Facilities becoming subject to federal income taxation to bondholders or subject to state income taxation to bondholders residing in the Commonwealth of Kentucky.

At the time that Lessee succeeds to University's rights to use the Service Facilities, it shall assume all of University's post-assumption obligations and duties in connection therewith, and shall, except as set forth in the immediately preceding paragraph, indemnify and hold University harmless from any cost, claim or damages related to the performance of the duties and obligations. At the termination of this Lease, University will re-assume all rights, duties and obligations in connection with the use of the Service Facilities, and Lessee will have no further rights, duties, obligations or liability therefor.

12. ENVIRONMENTAL MATTERS

A. As used in herein, the following items shall have meanings set forth below:

- a) "CAA" shall mean the Clean Air Act, codified at 42 U.S.C. §§7401, et seq., as amended.
- b) "CERCLA" shall mean the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, codified at 42 U.S.C. §§9601 et seq., as amended.
- c) "CWA" shall mean the Clean Water Act, codified at 33 U.S.C. §§1251, et seq., as amended.
- d) "Environmental Laws" shall mean CERCLA, HMTA, RCRA, CAA, CWA, TSCA, RHA and the Right-to-Know Act and all other federal, local and municipal laws, stat-

utes, ordinances and codes relating to health, safety, sanitation, and the protection of the environment or governing the use, storage, treatment, generation, transportation, processing, handling, production or disposal of Hazardous Materials or medical wastes, including, without limitation, laws and regulations regarding discharge into waterways, and the rules and regulations of federal, local and municipal governmental agencies, authorities and courts with respect thereto presently in effect or hereafter enacted, promulgated or implemented.

- e) "Environmental Permits" shall mean all permits, licenses, approvals, authorizations, consents or registrations required by any applicable Environmental Laws, on either an individual or group basis, in connection with the ownership, use or operation of the Leased Premises, or the storage, treatment, generation, transportation, processing, handling, production or disposal of Hazardous Materials related to the Leased Premises.
- f) "Hazardous Materials" shall mean, without limitation, flammables, explosives, radioactive materials, asbestos, urea formaldehyde foam insulation, polychlorinated byphenyls, petroleum or petroleum based or related substances, hydrocarbons or like substances and their additives or constituents, and any substances now or hereafter defined as "hazardous substances," "extremely hazardous substances," "hazardous wastes," "infectious wastes" or "toxic chemicals" in CERCLA, HMTA, RCRA, CAA, CWA, TSCA, RHA, the Right-to-Know Act, or any so-called "superfund" or "superlien" law or the regulations promulgated pursuant thereto, or any other applicable federal, state or local law, code, rules, regulation, or ordinance, presently in effect or hereafter enacted, promulgated or implemented.
- g) "HMTA" shall mean the Hazardous Materials Transportation Act, codified at 49 U.S.C. §§1801, et seq., as amended.
- h) "RCRA" shall mean the Resource Conservation and Recovery Act of 1976, codified at 42 U.S.C. §§6901, et seq., as amended.
- i) "Release" shall have the same meaning as given to that term in CERCLA, as amended, and the regulations promulgated thereunder.

- j) "RHA" shall mean the Rivers and Harbors Appropriation Act, codified at 33 U.S.C. §§401, et seq., as amended.
- k) "Right-To-Know Act" shall mean the Emergency Planning and Community Right-To-Know Act, codified at 42 U.S.C. §§11001, et seq.
- l) "TSCA" shall mean the Toxic Substances Control Act, codified at 15 U.S.C. §§2601, et seq., as amended.

B. Lessee shall comply at all times and in all material respects with the provisions of all Environmental Laws and Environmental Permits, and shall not commit any actions or omissions that result in the incurrence of any material liability under such Environmental Laws and Environmental Permits. Lessee will not cause any Hazardous Materials to be deposited on or under the Leased Premises, or otherwise Released or threatened to be Released from or on the Leased Premises, except as normally and properly used in the operation of the Leased Premises and in material compliance with all Environmental Laws. Lessee shall conduct all of its activities on the Leased Premises, including, without limitation, the off-site disposal of any Hazardous Materials originating on or from the Leased Premises, in material compliance with all Environmental Laws. Lessee shall obtain, whenever necessary and in its own name, appropriate Environmental Permits for its operations and shall comply in all material respects with the requirements of such Environmental Permits.

C. Lessee hereby agrees to indemnify, hold harmless and defend Lessor from and against any and all claims, losses, damages, liabilities, penalties, costs, assessments, expenses, demands or fines in any way relating to or arising out of the violation by Lessee of any applicable Environmental Laws or Environmental Permits with respect to the Leased Premises. The provisions of this Paragraph 12.C shall survive the expiration or any other termination of this Lease.

13. **INSURANCE**

A. During the Term, Lessee shall maintain such insurance as required by and in conformity with Section 28.1 of the Affiliation Agreement and including, at its sole expense, (i) property insurance (either through third party insurers or through self insurance reasonably acceptable to University) covering the improvements on the Leased Premises and all Fixtures and Personalty at replacement cost value, without coinsurance provisions, against fire and such other hazards as included within extended coverage and against earthquake and flood damage (where reasonably available), which insurance shall also include major mechanical system repair and replacement coverage, and (ii) professional and general liability insurance (either through third party insurers or through

self insurance, reasonably acceptable to University) against claims for bodily injury or death occurring in or about the Leased Premises, such insurance to provide coverage not less than \$5,000,000 in respect of bodily injury or death of any one person and of not less than \$10,000,000 per occurrence, and of not less than \$1,000,000 in respect of property damage to any one item of property and of not less than \$5,000,000 in respect of any one occurrence. All such policies of insurance obtained by Lessee pursuant to this Paragraph 13 shall name Lessor, Lessee and University as additional insureds, as their interests may appear, and any such policy shall provide that it may not be cancelled or substantially modified without at least thirty (30) days prior written notice to Lessor and University of the intended cancellation or modification and shall contain a provision waiving the insurers' right of subrogation against Lessor and University.

B. Any requirement that Lessor and University be named as additional insureds under the liability insurance required under the Affiliation Agreement shall in no way constitute a waiver of the protection afforded Lessor and University under the doctrine of sovereign immunity.

14. DAMAGE TO LEASED PREMISES

Except as otherwise provided in this Paragraph, if less than seventy-five percent (75%) of the improvements upon the Leased Premises are damaged or destroyed by fire or other casualty at any time after the Commencement Date of this Lease and if repairs to the Leased Premises can be completed within one hundred eighty (180) days after such destruction, Lessee shall, to the extent that such damage is covered by insurance (or required to be covered by insurance), repair or restore the same to the same condition as existed before such damage or destruction, and in so doing the proceeds of any insurance provided for in Paragraph 13.A hereof shall be applied to the costs thereof. During the period of such repair, if all or a portion of the Leased Premises cannot be operated as an acute-care general hospital, the rental payment shall be abated in proportion to such unusable portion of the Leased Premises but Lessee shall remain obligated to pay all other expenses with respect to the Leased Premises required by this Lease to be paid by Lessee, including utilities and maintenance. In the event seventy-five percent (75%) or more of said improvements are damaged or destroyed, if the damage or destruction to the Leased Premises is not covered by insurance (and not required to be covered by insurance) or if repairs to the Leased Premises cannot be completed within one hundred eighty (180) days, Lessee shall not be obligated to, but may at its option, repair or restore the same, which election to repair or restore must be made by Lessee within thirty (30) days of the casualty. If Lessee shall undertake to repair or restore the Leased Premises, Lessee shall seek Lessor's and University's prior approval of plans and specifications, which approval shall not be unreasonably withheld. If Lessee is not

obligated or does not elect to repair or restore said improvements under the foregoing provisions, any insurance proceeds payable by reason of such damage or destruction shall be paid to Lessor and Lessee, as their respective interests may appear, and this Lease and all rights and obligations of the parties hereunder (except enforcement of rights then accrued) shall terminate.

15. **EMINENT DOMAIN**

A. If Lessor shall, through exercise of its power of eminent domain, change the use of the Leased Premises from that of not less than a three hundred eighty (380) bed acute-care general hospital and related uses set forth in Paragraph 7 with adequate parking area and vehicular and pedestrian access to the Leased Premises, this Lease shall terminate for all purposes (except enforcement of rights then accrued) at the time of such change Lessee shall be adequately compensated for the value of its remaining leasehold interest in the Leased Premises and the value of additions or improvements to the Leased Premises made by Lessee pursuant to Paragraph 9.

B. If the entire Leased Premises, or such part thereof as renders the remaining portion unsuitable for use as not less than a three hundred eighty (380) bed acute care general hospital and related uses set forth in Paragraph 7 with adequate parking area and vehicular and pedestrian access to the Leased Premises, is acquired by governmental or quasi-governmental authorities other than Lessor by the exercise of the power of eminent domain, then, upon written notice of Lessee's election so to do, given by Lessee to Lessor within thirty (30) days after receipt by Lessee of notice from Lessor that proceedings or negotiations with respect to such acquisition have begun, this Lease shall terminate for all purposes (except enforcement of rights then accrued) at the time possession must be surrendered to such authority, and the amount of the award shall be divided among Lessor and Lessee and the holders of any mortgages on the subject property, as their respective interests may appear, including the value of additions or improvements to the Leased Premises made by Lessee pursuant to Paragraph 9.

C. In the event such acquisition or change of use by eminent domain does not leave the remaining portion of the Leased Premises in a condition unsuitable for use as a three hundred eighty (380) bed general hospital and related uses set forth in Paragraph 7, as stated above, the rent provided for herein shall continue, subject to the following. In such case, the award for such taking or change of use shall be used by Lessor to promptly make all necessary alterations and repairs which may be required to restore the remaining portion(s) of Leased Premises and the improvements thereon to a safe and tenantable condition suitable for use by Lessee as not less than a three hundred eighty (380) bed general hospital and related uses set forth in Paragraph 7 as stated above. If any of the award remains after all necessary alterations and

repairs to the Leased Premises have been made, any such remainder shall be the property of Lessor. Such restoration shall be in accordance with plans and specifications approved by Lessee. If Lessee is unable to occupy any portion of the Leased Premises during such period of restoration, the rent shall be abated on a pro-rata monthly basis.

16. ASSIGNING, MORTGAGING OR SUBLETTING

A. Except as provided herein, Lessee shall not assign, mortgage, pledge or encumber this Lease or sublet the Leased Premises without first obtaining the written consent of Lessor and University.

B. Except as provided herein, Lessee shall not permit a lien or encumbrance to be placed upon the Leased Premises or Fixtures and Personalty; provided, however, that Lessee reserves the right to contest any asserted or alleged lien or encumbrance in appropriate proceedings, and Lessee shall satisfy such lien or encumbrance in the event of a final adverse determination.

C. Lessee shall not have the right to mortgage or otherwise encumber this Lease and/or Lessee's interest in the Leased Premises to provide financing for any improvement to, or expansion of, the Leased Premises, or for any financing, required or permitted under the Affiliation Agreement, without first obtaining the written consent of Lessor and University.

17. LESSEE'S RIGHT TO CURE LESSOR'S DEFAULTS

In the event that Lessor fails to pay any liens, charges, encumbrances or debts, the non-payment of which would adversely affect Lessee's right to use and possession of the Leased Premises (including but not limited to repayment of funds to the United States government) when any of the same become due, and Lessor is not then contesting such lien, charge, encumbrance or debt in appropriate proceedings, or if Lessor in any other material respect fails to perform any covenant or agreement to be performed by it under this Lease, then, and in any such event, Lessee, after the continuation of any such failure or default for thirty (30) days after written notice thereof by Lessee to Lessor, may at its sole option, pay or satisfy such liens, charges, encumbrances or debts or cure such defaults on behalf of and at the expense of Lessor, and make all payments in connection therewith, including but not limited to the payment of any reasonable counsel fees, costs or charges incurred in connection therewith. Thereafter Lessor shall promptly pay to Lessee any amount so paid by Lessee, together with interest thereon at the prime rate of interest then being charged by PNC Bank, Kentucky, Inc. If Lessor fails to promptly make such payment Lessee may withhold up to eighty percent (80%) of the rent thereafter becoming due to Lessor pursuant to the provisions of this Lease and may apply the same to the payment of such indebted-

ness of Lessor to Lessee until such indebtedness is fully paid with interest thereon as herein provided.

18. **REMEDIES OF LESSOR IN EVENT OF DEFAULT BY LESSEE**

A. Any of the following occurrences or acts shall constitute an "Event of Default" under this Lease:

- a) Subject to Lessee's set-off rights under Sections 4 and 17 hereof, Lessee fails to pay, on the date on which the same is due and payable, any installment of monthly rent, within ten (10) days after Lessor notifies that such payment is overdue and due and owing.
- b) Lessee fails to observe or perform any other provision hereof for thirty (30) days after Lessor shall have delivered to Lessee notice of such failure (provided that in the case of any default referred to in this clause (b) which cannot with diligence be cured within such thirty (30) day period, if Lessee shall proceed promptly to cure the same and thereafter shall prosecute the curing of such default with diligence, the time within which such failure may be cured shall be extended for such additional period as may be necessary to complete the curing of the same with diligence, not to exceed ninety (90) days in the aggregate).
- c) The filing of a petition in bankruptcy under Title 11 of the United States Code, as amended, or the commencement of a proceeding under any other applicable law concerning insolvency, reorganization or bankruptcy, by or against Lessee as debtor, or Lessee becomes generally unable to pay its debts as they become due; provided, however, if a proceeding with respect to a bankruptcy is filed or commenced against Lessee, the same shall not constitute an Event of Default if such proceeding is dismissed within ninety (90) days from the date of such filing.
- d) The Leased Premises shall have been abandoned.
- e) The estate or interest of Lessee in the Leased Premises or any part shall be levied upon or attached in any proceeding and such process shall not be vacated or discharged within ninety (90) days after such levy or attachment.

- f) Lessee is in default under the Affiliation Agreement.

B. Upon the occurrence of an Event of Default, Lessor shall have the right, at its option, to:

- a) enter upon and take possession of the Leased Premises as Lessee's agent, and, without terminating this Lease, sublease the premises at the best price obtainable by reasonable efforts without advertisement and by private negotiations and for any term Lessor deems proper. Lessee shall thereupon be liable and indebted to Lessor for the difference between the amount of the rent herein specified and the amount of rent which shall be collected and received from the Leased Premises for each month during the remainder of the current term of this Lease after such subleasing by Lessor; or
- b) forthwith cancel and terminate this Lease by written notice to Lessee; and, if such notice shall be given, all rights of Lessee to the use and occupancy of the Leased Premises shall terminate as of the date set forth in such notice, and Lessee shall surrender possession of, and any right to, the Leased Premises to Lessor including any Fixtures and Personalty, and Lessor may forthwith re-enter the Leased Premises and repossess itself thereof. No termination of this Lease prior to the normal expiration thereof shall affect Lessor's right to collect rent for the period prior to termination thereof.

19. LIMITATION ON LIABILITY OF LESSOR

Lessor and University, and their respective employees and agents shall not be liable to Lessee, or any invitee, agent, employee, sublessee, assignee, contractor, client, family member, licensee, customer or guest of Lessee (collectively, "Invitees" and each individually, an "Invitee") or any other person or entity for any damage (including indirect and consequential damage), injury, loss or claim (including claims for the interruption of or loss to business) based on or arising out of Lessee's occupancy or operation of the Leased Premises during the Term, except as otherwise provided in the Affiliation Agreement. Lessee shall indemnify and hold Lessor and University, and their respective employees and agents harmless from and against all costs, damages, claims, liabilities and expenses (including reasonable attorneys' fees), losses and costs suffered by or claimed against such persons based on or arising out of, in whole or in part, Lessee's use and occupancy of the Leased Premises or conduct of business therein during the Term.

20. **ADDITIONAL RIGHTS OF LESSOR AND LESSEE**

A. No right of remedy herein conferred upon or reserved to Lessor or Lessee is intended to be exclusive of any other right or remedy given hereunder or now or hereafter existing at law or in equity. The failure of either party to insist at any time upon the strict performance of any covenant or agreement or to exercise any option, right, power or remedy contained in this Lease shall not be construed as a waiver or a relinquishment thereof for the future. A receipt by Lessor of any monthly rent, additional rent or any other sum payable hereunder with knowledge of the breach of any covenant or agreement contained in this Lease shall not be deemed a waiver of such breach, and no waiver of any provision of this Lease shall be deemed to have been made unless expressed in writing and signed by the waiving party. In addition to other remedies provided herein, Lessor and Lessee shall be entitled, to the extent permitted by applicable law, to injunctive relief in case of the violation, or attempted or threatened violation, of any of the covenants, agreements, conditions or provisions of this Lease, or to a decree compelling performance of any of the covenants, agreements, conditions or provisions of this Lease, or to any other remedy allowed at law or in equity.

B. In the event either Lessor or Lessor shall be in default in the performance of any of its obligations under this Lease, and an action shall be brought for the enforcement thereof in which it shall be determined that such defaulting party was in default, Lessee or Lessor, as the case may be, shall pay to the other all expenses incurred in connection therewith, including reasonable attorneys fees. In the event Lessor or Lessee shall, without fault on its part, be made a party to any litigation commenced against the other, and if Lessee or Lessor, as the case may be, at its expense, shall fail to provide such party with counsel reasonably approved by it, Lessee or Lessor, as the case may be, shall pay all costs and reasonable attorneys' fees incurred or paid by the other in connection with such litigation.

C. In the event a default of a material provision of this Lease has occurred and is continuing, Lessor may, but shall not be obligated to, make any payment or perform any act required hereunder to be made or performed by Lessee which has not been performed within the time period specified herein for such performance, with the same effect as if made or performed by Lessee, provided that no entry by Lessor upon the Leased Premises for such purpose shall create any liability to Lessee on the part of Lessor or shall constitute or shall be deemed to be an eviction of Lessee, and no such entry shall waive or release Lessee from any obligation or default hereunder. All sums so paid by Lessor and all costs and expenses (including reasonable attorneys' fees and expenses) incurred by Lessor in connection with the performance of any such act shall constitute additional rent payable by Lessee hereunder.

21. **OTHER TERMINATION OF LEASE**

This Lease shall terminate effective as of any termination of the Affiliation Agreement.

22. **ESTOPPEL CERTIFICATE**

At any time and from time to time, upon not less than ten (10) days' prior written notice, Lessee and Lessor shall execute, acknowledge and deliver to the other and/or any other person or entity designated by the other, a written statement certifying: (a) that this Lease is unmodified and in full force and effect (or if there have been modifications, that this Lease is in full force and effect as modified and stating the modifications); (b) the dates to which the rent and any other charges have been paid; (c) whether or not it is in default in the performance of any obligation, and if so, specifying the nature of such default; (d) the address to which notices are to be sent; and (e) such other matters as reasonably requested.

23. **OTHER MATTERS**

The following items shall be delivered or have been satisfied at or prior to the Commencement Date:

A. **Lessor's Authority to Execute This Lease.** Lessor or University shall deliver to Lessee an opinion of counsel reasonably acceptable to Lessee, in form and substance satisfactory to Lessee, and upon which Lessee may rely, to the effect that Lessor possesses the lawful power and authority to execute and deliver this Lease and perform the terms and conditions of this Lease; that by so doing it Lessor has not violated, is not and will not be in violation of, the Constitution of the Commonwealth of Kentucky or any state, local or federal, rule, regulation or statute; that it has performed any and all necessary acts authorizing the execution and delivery of this Lease and consummation of the transactions contemplated hereby; and this Lease, when executed and delivered, will constitute a valid and legally binding obligation of Lessor, enforceable in accordance with its terms.

B. **Governmental Approvals.** If applicable, Lessee shall have received all required governmental approvals for its leasing of the Leased Premises and the Fixtures and Personalty on the terms herein provided prior to the Commencement Date hereof.

C. **Licenses and Permits.** Lessee shall have obtained all licenses and permits or written commitments for delivery of same prior to or at the Commencement Date hereof, as may be required by any government or agency thereof in order for Lessee to operate the Leased Premises and related medical facilities. Lessor shall advise the Louisville and Jefferson County Planning and Zoning

Commission in writing of the existence of this Lease, and its term, and will identify Lessee as the operator of the Leased Premises.

D. **No Adverse Change.** During the period of time beginning on the date of the execution of this Lease and ending on the Commencement Date, there shall not have been any change of a material adverse nature in the physical condition, assets and properties of the Leased Premises or Fixtures and Personalty; and no litigation, administrative proceeding or investigation shall have been initiated by any party which might reasonably be expected to interfere with the leasing of the Leased Premises and fixtures and Personalty by Lessee or the operation of the Leased Premises as a three hundred eighty (380) bed acute-care general hospital or which might be expected, if successfully prosecuted, to impose liability of any type upon Lessee, or any of its employees, officers or directors. For purposes of this section, any casualty loss in excess of Fifteen Thousand Dollars (\$15,000), which is not reimbursed by insurance proceeds or which interferes with the normal business operation of the Leased Premises, shall be deemed adverse unless waived by Lessee in writing, and any casualty loss under such amount shall not be deemed adverse.

E. **Delivery of Certificates Upon Execution.** Lessee shall have been furnished with all such certificates of officials of Lessor, in form satisfactory to Lessee, as Lessee shall reasonably request, to evidence the compliance by Lessor as of the date of execution of this Lease with all the material terms and conditions of this Lease and the accuracy as of the date of execution of this Lease in all material respects of the representations and warranties of Lessor contained in this Lease or in any written statement delivered by Lessor to Lessee as though such representations and warranties had been made as of the date of execution of this Lease. Such certificates shall, for all purposes of this Lease, constitute a representation by Lessor as to the facts set forth or referred to therein.

F. **Real Estate Survey.** Lessor shall deliver to Lessee prior to or within a reasonable period of time after the Commencement Date a survey of the Leased Premises, the cost of which shall be paid by Lessee.

G. **The Affiliation Agreement.** The Affiliation Agreement shall have been executed and delivered by the parties thereto.

24. **WARRANTIES AND COVENANTS OF LESSEE**

Lessee warrants and covenants to Lessor the following:

A. Lessee is a nonprofit corporation duly organized, validly existing and in good standing under the laws of Kentucky and is not prohibited by its Articles of Incorporation from operating an acute-care hospital.

B. The execution of this Lease by Lessee, and its delivery to Lessor, have been duly authorized by the Board of Directors of Lessee, and no further corporate action will be necessary on the part of Lessee to make this Agreement valid and binding upon Lessee in accordance with its terms.

C. Lessee shall obtain and maintain, at its cost and expense, all licenses and other governmental approvals necessary for the operation of Leased Premises, and shall maintain accreditation for Leased Premises by the Joint Commission on Accreditation of Healthcare Organizations, or an equivalent successor accrediting agency, and upon termination or expiration of this Lease to the extent permitted by law shall provide for transfer of same to Lessor. Provided that if any such licenses, governmental approvals or accreditations are revoked or lost, and all available appeals of such revocation or loss shall have been exhausted, Lessee shall not be in breach or violation of this warranty unless such revocation or loss is caused solely by some action or failure to act by Lessee.

25. ASSIGNMENT OF WARRANTIES

To the extent assignable, Lessor hereby assigns to Lessee all of Lessor's rights, if any, under guaranties and warranties from architects, contractors or subcontractors as to design and construction of the Leased Premises, and from all manufacturers, vendors and lessors of the Fixtures and Personalty.

26. NOTICES

All notices, demands, requests, consents, approvals, certificates or other communications required under this Lease shall be in writing, shall be sufficiently given and shall be deemed to have been properly given (i) if delivered by hand, when written confirmation of delivery is received by the sender, (ii) three days after the same is mailed by certified mail, postage prepaid, return receipt requested, (iii) if sent by overnight courier, 24 hours after delivery to such overnight courier, or (iv) by facsimile transmission, when confirmation of such transmission is received by the sender, addressed to Lessee, Lessor or to any other person to whom any such notice, demand, request, consent, approval, certificate or other communication is to be given, as follows:

TO LESSOR AT: Secretary of Finance and
Administration Cabinet
Room 383
Capitol Annex
Frankfort, Kentucky 40601
Facsimile No. (502) 564-6785

TO UNIVERSITY AT: Office of the President
103 Grawemeyer Hall
University of Louisville
Louisville, Kentucky 40292
Attn: President
Facsimile No. (502) 852-5682

TO LESSEE AT: Chief Executive Officer
University of Louisville Hospital
530 South Jackson Street
Louisville, Kentucky 40202
Attn: Patricia Davis
Facsimile No. (502) 562-3670

or to such other address or to such other person as may be designated by notice.

27. NO OTHER AGREEMENTS; AMENDMENTS

A. This Lease and the Affiliation Agreement constitute the entire agreement by the parties with respect to the subject matter hereof and no prior understandings, representations, inducements, promises or agreements, oral or otherwise, of the parties hereto, shall be effective for any purpose. No provision of this Lease may be amended or added to except by an agreement in writing signed by the parties hereto or their respective successors in interest. To the extent of any inconsistency between any provision of this Lease or the Affiliation Agreement, the Affiliation Agreement shall govern.

28. GOVERNING LAW

This Lease has been executed and delivered in the Commonwealth of Kentucky and all the terms and provisions hereof and the rights and obligations of the parties hereto shall be construed and enforced in accordance with the laws thereof.

29. PARAGRAPH HEADINGS

The paragraph headings in this Lease are for convenience only and are not a part of this Lease and do not in any way limit or amplify the terms and provisions hereof and in no way shall be

held to explain, modify or aid in the interpretation, construction or meaning of the provisions of this Lease.

30. SEVERABILITY

Each paragraph of this Lease is severable from all other paragraphs. In the event that any court of competent jurisdiction determines that any paragraph or subparagraph of this Lease is invalid or unenforceable for any reason, all remaining paragraphs and subparagraphs will remain in full force and effect.

31. NON-DISCRIMINATION

A. Lessee will not discriminate against any employee or applicant for employment because of race, religion, color, national origin, sex or age and will not discriminate against otherwise qualified handicapped individuals; however, the filing of any such claim of discrimination, or successful prosecution thereof by the filing party, shall not be deemed a default under this Lease.

B. Lessee shall provide care to patients at the Leased Premises in compliance with the Title VI of the Civil Rights Act of 1964, and Section 504 of the Rehabilitation Act of 1973, as amended.

32. SIGNAGE ON LEASED PREMISES

Lessee shall, at its own expense, erect all exterior and interior signage at the Leased Premises.

33. RIGHT OF FIRST REFUSAL

To the extent permitted by applicable law, if University or Lessor enters into any Agreement (including a letter of intent) to convey all or a substantial portion of the Leased Premises (through sale or a financing lease for substantially the remaining useful life of the Leased Premises) within twelve (12) months after the termination of this Lease, Lessee shall have a nontransferable right of first refusal to enter into a similar transaction on terms no less favorable than are contained in such agreement, provided that this right of Lessee shall not exist in the event of a material breach of this Lease, the Affiliation Agreement or the Member Agreement of Lessee dated February 6, 1996, or a material breach of the Guaranty dated February 6, 1996 by Jewish Hospital Healthcare Services, Inc. and/or Alliant Health System, Inc. University and Lessor shall take all actions permitted by law necessary to give effect to this right of first refusal, including making it a condition of any request for proposal. University and Lessor shall provide Lessee with written notice of any such transaction (along with a description of the terms thereof) and Lessee shall have sixty (60) days after receipt of such notice in which to exercise its right of first refusal by delivering to

University a firm offer to such terms as are reasonably deemed by University to be no less favorable than those in the prior offer described in the notice to Lessee.

34. INDEPENDENT CONTRACTOR

Lessee shall lease and operate the Leased Premises as an independent contractor, and shall not be considered an agent, employee of, partner of or joint venturer with University or Lessor.

35. LESSOR AND UNIVERSITY

Whenever under this Lease a consent or approval is required to be obtained from Lessor, the parties agree that University shall act as the representative of Lessor with respect thereto and such consent or approval shall not need to be separately obtained from Lessor. In addition, to the extent University owns or has an interest in any of the Leased Premises or Fixtures and Personalty the term "Lessor" as used herein shall be deemed to include University.

IN WITNESS WHEREOF, the parties hereto, by its duly authorized officers in the case of Lessee, and by its authorized officials in the case of Lessor and University, have duly executed this Lease as of the duly, month and year first above written.

Approved as to
form and legality:

Thomas H. Lyon
University Counsel

UNIVERSITY OF LOUISVILLE

James Stewart
President

Approved as to
form and legality:

Loren A. Powell
General Counsel
Cabinet for Finance and
Administration

COMMONWEALTH OF KENTUCKY

John P. McArthur
Secretary
Cabinet for Finance and
Administration

Have Seen and
Approved:

Deirdre [Signature]
General Counsel to
the Governor

Approved:

Paul E. Patton
Governor

UNIVERSITY MEDICAL CENTER, INC.

By: [Signature]
Title: CHAIRMAN

EXHIBIT A

PARCEL 1 *CCB*

Beginning at the intersection of the former South line of Madison Street as closed in Action #79CI-05313, Jefferson Circuit Court, with the East line of Jackson Street; thence South 74 degrees 47 minutes 05 seconds West along the East line of Jackson Street, 341.29 feet to the intersection with the North line of Chestnut Street; thence South 82 degrees 04 minutes 45 seconds East 525.20 feet to the intersection of the West line of Hancock Street; thence North 7 degrees 51 minutes 35 seconds East 342.15 feet to the intersection with the former South line of Madison Street, as closed by the Judgment in the aforesaid action; thence North 7 degrees 46 minutes 13 seconds East 30.05 feet to a point in the former center line of Madison Street as closed by the Judgment in the aforesaid action; thence West along the former center line of Madison Street as closed by the Judgment in the aforesaid action, approximately 521 feet, more or less, to the intersection with the East line of Jackson Street; thence South 8 degrees 10 minutes 18 seconds West 30.05 feet to the point of beginning.

The Commonwealth of Kentucky having acquired title for the use and benefit of the University of Louisville, by Deeds as follows:

dated April 12, 1974, recorded in Deed Book 4721, Page 171; dated April 12, 1974, recorded in Deed Book 4721, Page 167; dated April 12, 1974, recorded in Deed Book 4721, Page 174; dated April 25, 1974, recorded in Deed Book 4723, Page 996 and Quit-Claim Deed of Conveyance dated March 9, 19766, recorded in Deed Book 4843, Page 137 and by Deed of Correction dated March 19, 1976, recorded in Deed Book 4843, Page 141; dated March 19, 1974, recorded in Deed Book 4713, Page 405; dated April 16, 1974, recorded in Deed Book 4722, Page 189; dated August 2, 1974, recorded in Deed Book 4743, Page 115; dated June 6, 1974, recorded in Deed Book 4731, Page 977; dated February 28, 1974, recorded in Deed Book 4708, Page 291; dated July 11, 1974, recorded in Deed Book 4738, Page 491; dated March 14, 1974, recorded in Deed Book 4712, Page 143; dated July 26, 1974, recorded in Deed Book 4741, Page 605; dated October 24, 1975, recorded in Deed Book 4816, Page 943; dated February 28, 1974, recorded in Deed Book 4708, Page 58; dated March 30, 1976, recorded in Deed Book 4845, Page 317; dated December 19, 1975, recorded in Deed Book 4828, Page 167; dated December 15, 1975, recorded in Deed Book 4832, Page 8; dated March 25, 1975, recorded in Deed Book 4779, Page 602; dated July 11, 1974, recorded in Deed Book 4738, Page 430; dated July 18, 1974, recorded in Deed Book 4739, Page 882; dated March 26, 1974, recorded in Deed Book 4716, Page 49; dated June 3, 1974, recorded in Deed Book 4731, Page 986; dated July 25, 1974, recorded in Deed Book 4741, Page 312; dated February 28, 1974, recorded in Deed Book 4708, Page 61; dated May 7, 1974, recorded in Deed Book 4726, Page 663, all in the Office of the Clerk of Jefferson County, Kentucky, and by Judgment in Action #227146 Jefferson Circuit Court closing alleys; and by Judgment in Action #79-CI-05313, in said court closing Madison Street.

EXHIBIT A
(CONTINUED)

PARCEL 2

Beginning at the Northeast corner of Jackson Street and Madison Street; thence Northwardly with the East line of Jackson Street, 342 feet to the Southeast corner of Jackson Street and Walnut Street (now Muhammad Ali Boulevard); thence Eastwardly with the South line of Walnut Street (now Muhammad Ali Boulevard) 244.5 feet to the Northwest corner of the tract conveyed to Commonwealth of Kentucky, for the use and benefit of the University of Louisville, by Deed of record in Deed Book 4865, Page 963, in the Office of the Clerk of Jefferson County, Kentucky; thence Southwardly with the West line of said tract 171 feet to the center line of the 12 foot alley closed in Action No. 5326, Jefferson Circuit Court; thence Eastwardly with the center line of said alley as closed aforesaid; being a line of the aforesaid tract conveyed to Commonwealth of Kentucky, 88.67 feet to a corner of said tract; thence Southwardly with the West line of said tract 171 feet to the North line of Madison Street; thence Northwardly with the North line of Madison Street, 333 feet 2 inches, more or less, to the beginning.

Being the same property acquired by Commonwealth of Kentucky for the use and benefit of the University of Louisville, by Deed dated April 10, 1987, of record in Deed Book 5675, Page 243, in the Office of the Clerk of Jefferson County, Kentucky.

EXHIBIT A
(CONTINUED)

PARCEL 3 ACB

Beginning at the Northwest corner of Chestnut and Jackson Streets; thence with the North line of Chestnut Street, North 82 degrees 05 minutes 46 seconds West 322.67 feet to a point; thence departing said line of Chestnut Street with a line parallel with the West line of Jackson Street, North 7 degrees 49 minutes 14 seconds East 402.00 feet to an iron pin in the original North line of Madison Street, now closed (Action No. 99251, Jefferson Circuit Court); thence with said line of Madison Street, South 82 degrees 03 minutes 20 seconds East 67.93 feet to a point; thence South 7 degrees 47 minutes 12 seconds West 29.99 feet to an iron pin; thence with a line in the original Madison Street and parallel to the South line of Muhammad Ali Boulevard (formerly Walnut Street), South 82 degrees 04 minutes 50 seconds East 254.92 feet to a point in the West line of Jackson Street; thence with said line of Jackson Street, South 7 degrees 56 minutes 28 seconds East 30.29 feet to its intersection with the Southern line of the abovementioned Madison Street; thence continuing with said West line of Jackson Street, South 7 degrees 49 minutes 14 seconds West 341.59 feet to the point of beginning.

Being a portion of that property conveyed to the University of Louisville, by Deed dated January 19, 1970, recorded in Deed Book 4327, Page 576, and by Deed dated October 4, 1967, recorded in Deed Book 4148, Page 443, both in the Office of the Clerk of Jefferson County, Kentucky, and being a portion of Madison Street which was closed April 22, 1966, by Civil Action No. 99251, Jefferson County Circuit Court.

TRACT 2:

Beginning at the Southwest corner of Muhammad Ali Boulevard (formerly Walnut Street) and Jackson Street; thence with the South line of Muhammad Ali Boulevard, North 82 degrees 04 minutes 50 seconds West 255.00 feet to an iron pin; thence departing said line of Muhammad Ali Boulevard, South 7 degrees 47 minutes 12 seconds West 372.00 feet to an iron pin in the original Madison Street, now closed (Action No. 99251, Jefferson Circuit Court); thence with a line in the original Madison Street and parallel to the South line of Muhammad Ali Boulevard, South 82 degrees 04 minutes 50 seconds East 254.92 feet to a point in the West line of Jackson Street; thence with said line of Jackson Street, North 7 degrees 56 minutes 28 seconds East 29.86 feet to its intersection with the North line of the abovementioned Madison Street; thence continuing with said West line of Jackson Street, North 7 degrees 47 minutes 12 seconds East 342.14 feet to the point of beginning.

Being a part of Tract "A" conveyed to the University of Louisville, by Deed dated April 25, 1966, and of record in Deed Book 4034, Page 236, in the Office of the Clerk of Jefferson County, Kentucky; and being a portion of Madison Street which was closed April 22, 1966 by the aforesaid action.

EXHIBIT B

All fixtures and personal property, whether owned or leased by the Lessor, located on or used or useful or associated with, the Leased Premises, including but not limited to furnishings, machinery, apparatus, movable or non-movable equipment and materials.

This Exhibit will be supplemented by Lessor and the University when the inventory of the Hospital is completed and agreed to by the parties.

G:\JLC\UMC\EXHIBIT.B

EXHIBIT C

NONE

EXHIBIT D

ASSIGNMENT

This assignment agreement is made and entered into the 6th day of February, 1996 by and between the Board of Trustees of the University of Louisville, a body corporate created and existing under and by virtue of the laws of the Commonwealth of Kentucky ("University") for and on behalf of its University of Louisville Hospital, formerly operated by Galen of Virginia, Inc. ("Galen") a Virginia for-profit and University Medical Center, Inc. ("UMC") a non-profit corporation with its principal place of business in Louisville, Kentucky. This agreement is intended by the parties to be a part of Exhibit "D" to certain leases dated February 6, 1996 pertaining to the operation of University's hospital premises by UMC.

WHEREAS various parties have entered into a contract first made as of January 1, 1970 regarding a common central laundry plant for the medical center area of Louisville, to which the University became a party as successor to the interests of Louisville General Hospital as memorialized in the Second Supplemental Contract, and which original contract and all supplemental contracts thereto are together known as Louisville Medical Center Laundry Contract ("Contract"); and

WHEREAS Jefferson County has issued certain tax exempt government bonds to facilitate the Contract; and

WHEREAS the University is leasing a portion of its Medical Center property to UMC for operation of the University's teaching hospital, such property being a user of services provided under the Contract; and

WHEREAS this assignment is due to unexpected circumstances not previously foreseen by the University or other parties to the Contract;

NOW THEREFORE, the parties agree as follows:

1. The University hereby assigns to UMC, all of its rights, benefits, duties and obligations under the Contract for University's interest for the duration of UMC's lease of the University's hospital and certain related facilities under the Lease agreements dated February 6, 1996 between the parties, to which this assignment constitutes Exhibit "D".

2. UMC hereby agrees to indemnify, save and hold harmless the University from any costs, charges, obligations, assessments, claims or duties (including legal costs owing on account thereof) owing or alleged to be owing as a result of this assignment and that interest in the Contract conveyed or purported to be conveyed by this assignment.

UMC is not responsible for any matters growing out of or connected with the Contract prior to February 7, 1996, and it is not responsible or liable for any loss, costs, damages or liability which may inure to or be suffered by University as a result of the execution, delivery and acceptance of this assignment; UMC will be responsible for performing the obligations of University

under the Contract as they relate to the operation of University Hospital.

3. The University hereby delegates to UMC the power to nominate persons for the committees and boards functioning in relation to the Contract, and the University agrees to appoint such nominees as its representatives.

4. As of the date of termination or expiration of UMC's leases for the University's teaching hospital and related facilities this assignment shall then terminate and all rights, benefits and obligations hereby assigned shall revert to the University. UMC agrees to pay promptly any sum owing on account of its operations related to this assignment.

IN TESTIMONY WHEREOF, the parties agree to be so bound and have therefore caused this agreement to be executed, each in its name by a duly authorized officer signing below.

UNIVERSITY OF LOUISVILLE

UNIVERSITY MEDICAL CENTER, INC.


John W. Shumaker

The Louisville Medical Center, Inc. hereby acknowledges receipt of a copy of this Assignment Agreement and consent thereto.

Date

Louisville Medical Center, Inc.

LMCLCF

ASSIGNMENT

This assignment agreement is made and entered into the 6th day of February, 1996 by and between the Board of Trustees of the University of Louisville, a body corporate created and existing under and by virtue of the laws of the Commonwealth of Kentucky ("University") for and on behalf of its University of Louisville Hospital, formerly operated by Galen of Virginia, Inc. ("Galen") a Virginia for-profit and University Medical Center, Inc. ("UMC") a non-profit corporation with its principal place of business in Louisville, Kentucky. This agreement is intended by the parties to be a part of Exhibit "D" to certain leases dated February 6, 1996 pertaining to the operation of University's hospital premises by UMC.

WHEREAS the University and various other parties have entered into a contract made as of the first day of May, 1968 regarding a common steam and chilled water plant for the medical center area of Louisville, and six supplemental contracts thereto which together are known as the Louisville Medical Center Steam and Chilled Water Contract ("Contract");

WHEREAS Jefferson County has issued certain tax exempt government bonds to facilitate the Contract;

WHEREAS the University is leasing a portion of its Medical Center property to UMC for operation of the University's teaching hospital, such property being a user of services provided under the Contract, specifically that portion for which the University is a successor to the interest of the Louisville and Jefferson County Board of Health ("Hospital Share") under the terms of that portion of the contract styled the 1977 (Third) Supplemental Agreement; and

WHEREAS this assignment is due to unexpected circumstances not previously foreseen by the University or other parties to the Contract;

NOW THEREFORE, the parties agree as follows:

1. The University hereby assigns to UMC, all of its rights, benefits, duties and obligations under the Contract for the Hospital Share of the University's interest for the duration of UMC's lease of the University's hospital and certain related facilities under the Lease agreements dated February 6, 1996 between the parties, to which this assignment constitutes a portion of Exhibit "D".

2. UMC hereby agrees to indemnify, save and hold harmless the University from any costs, charges, obligations, assessments, claims or duties (including legal costs owing on account thereof) owing or alleged to be owing as a result of this assignment and that interest in the Contract conveyed or purported to be conveyed by this assignment.

UMC is not responsible for any matters growing out of or connected with the Contract prior to February 7, 1996, and it is not responsible or liable for any loss, costs, damages or liability which may inure to or be suffered by

University as a result of the execution, delivery and acceptance of this assignment; UMC will be responsible for performing the obligations of University under the Contract as they relate to the operation of University Hospital.

3. The University hereby delegates to UMC the power to nominate persons for the committees and boards functioning in relation to the Contract, and the University agrees to appoint such nominees as its representatives in regard to the Hospital Share.

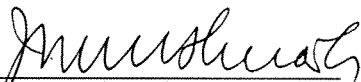
4. As of the date of termination or expiration of UMC's leases for the University's teaching hospital and related facilities, this assignment shall then terminate and all rights, benefits, duties and obligations hereby assigned shall revert to the University. UMC agrees to pay promptly any sum owing on account of its operations related to this assignment.

5. UMC and the University agree that this assignment pertains only to that portion of the Contract related to the Hospital's Share and the remaining portion of the University's interest in the Contract for its educational buildings shall not be affected or diminished in any way.

IN TESTIMONY WHEREOF, the parties agree to be so bound and have therefore caused this agreement to be executed, each in its name by a duly authorized officer signing below.

UNIVERSITY OF LOUISVILLE

UNIVERSITY MEDICAL CENTER, INC.



John W. Shumaker

The Louisville Medical Center, Inc. hereby acknowledges receipt of a copy of this Assignment Agreement and consent thereto.

Date

Louisville Medical Center, Inc.

LMCSCWCF