



G. Edward Alexander, CEO
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VIA FED-EX – October 7, 2015

Mr. Thomas Gable
Chair, Board of Directors
Lakewood Hospital Association
c/o CT Corporation System
1300 East 9th. Street
Cleveland Ohio 44114

And

8787 E. Asplin Drive
Rocky, River, OH 44116-3003

**RE: Non-Binding Letter of Intent for the Purchase of the MOB and ASC at 805 and 850
Columbia Road, known as the “Westlake Medical Campus”**

Dear Mr. Gable:

Thank you and the Board of Directors of the Lakewood Hospital Association (hereinafter “Lakewood”) for your time in considering this proposal by Surgical Development Partners, LLC and its affiliates (collectively “SDP”) to purchase the Medical Office Building and Ambulatory Surgery Center at 805 and 850 Columbia Road, the Westlake Medical Campus. Based on our investigations to date we are pleased to submit this Non-Binding Letter of Intent (this “Letter”) from SDP to Lakewood (each a “Party” and collectively the “Parties”) setting forth the intent to work in good faith together to negotiate a sale of the Westlake Medical Campus from Lakewood to SDP (the “Project”).

This Letter is not intended to be a binding agreement between the Parties, except for the contents of Sections 3 through 7, and 8.4 through 8.6 (collectively, the “Binding Provisions”). A binding agreement with respect to the Project and the transactions described herein will not exist unless and until the Parties (or their respective affiliates) have executed and delivered definitive agreements (the “Definitive Agreements”), as needed to complete the Project.

1. **Discussions and Negotiations Regarding the Project.** Upon the execution of this Letter the Parties will promptly enter into discussions and negotiations during the Term, as defined in Section 5 of this Letter, which may be extended by the mutual agreement of the Parties, with regards to evaluating and implementing the proposed Project with one another as well as with any third party, as agreed to by the Parties. The structuring of the various transactions comprising the Project will be made in consultation with the respective legal, financial and accounting advisors of the Parties. Commencing upon the execution of this Letter, Lakewood will permit SDP and/or their representatives access to the Westlake Medical Campus and the right to inspect the equipment, properties, intellectual property rights, licenses, contracts and other items which comprise the assets and the books and records of the Westlake Medical Campus at all reasonable times, as SDP and/or their representatives may reasonably request without undue hindrance to Lakewood.
2. **The Proposed Outline of the Terms of the Project.** The Parties will work together to negotiate a fair market value price and terms for the purchase of the Westlake Medical Campus estimated to be in the \$9,000,000 range. In addition the Parties agree to work diligently to obtain all required approvals for the closure of the transaction within One Hundred and Eighty (180) days of this Letter.
3. **Required Approvals for the Project.** The above indicated terms in Section 2 will be subject to the following conditions: (i) full and formal approval by the Board of Lakewood the Board of SDP; (ii) any required approvals from the City of Lakewood as may apply, and (iii) the mutual development and execution of Definitive Agreements that fully reflect the intention of the Parties expressed in this Letter or which are otherwise agreed to by the Parties. The Parties agree to use their respective reasonable efforts to satisfy each of the foregoing conditions as soon as reasonably practicable, subject to the other terms of this Letter.
4. **Term.** This Letter will remain open for acceptance until October 31, 2015 at 5:00 PM Eastern time.
5. **Fees and Expenses.** Each Party will bear its own expenses associated with the development of the overall strategy and the interaction of the Parties in developing the definitive terms for the agreements contemplated by this Letter.
6. **Relationship Between the Parties.** None of the provisions of this Letter are intended to create, nor shall be deemed or construed to create, any relationship between the Parties and any of the Parties' vendors or agents and any of the Parties, other than that of independent entities contracting with each other hereunder solely for the purpose of accomplishing the transactions described in this Letter as independent contractors, and otherwise maintaining and carrying out the provisions of this Letter. None of the Parties or any of their respective agents or employees shall be construed to be the agent,

employer, employee, partner, joint venturer, or the representative of the other parties hereto, for any purpose of any kind or nature whatsoever. The Parties agree to hold the other Parties harmless from third-party liability resulting from acts of any Party which are contrary to the contents of this Letter.

7. **Confidentiality.** The Parties desire to assure the mutual confidential status of any information which may be disclosed to or from any Party in the evaluation of this Project and the indicated approach to the Project:
- 7.1. **Proprietary Information.** Except as provided in Subsection 7.7., below, all information disclosed by any Party or its Representatives at any time to any other Party or its Representatives in connection with the Project in any manner shall be deemed "Proprietary Information." The term "Representative(s)" means, in the case of any of the Parties, any director, officer, employee, member, shareholder, or agent of the Party engaged in the evaluation of the Project.
- 7.2. **Permissible Use.** Each Party that receives Proprietary Information (referred to as the "Receiving Party") shall use the Proprietary Information received from any other Party (referred to as the "Disclosing Party") solely to evaluate the feasibility of the Project or similar transactions between the Parties. No other rights are implied or granted under this Letter.
- 7.3. **Reproduction.** Proprietary Information received shall not be reproduced in any form except for internal use of the Receiving Party and its Representatives and only for the express purpose of evaluating the Project.
- 7.4. **Nondisclosure.** The Receiving Party shall use all reasonable efforts to protect the Proprietary Information received with the same degree of care used to protect its own Proprietary Information from unauthorized use or disclosure, except that such Proprietary Information may be used or disclosed to the Receiving Party's Representatives as may be reasonably required to evaluate the Project.
- 7.5. **Ownership of Information.** All Proprietary Information, unless otherwise specified in writing, shall remain the property of the Disclosing Party and promptly upon request of either Party shall be returned to the Disclosing Party (including all whole or partial copies thereof and any written notes made regarding the Proprietary Information).
- 7.6. **No License or Interest.** No rights or obligations other than those expressly recited herein are to be implied. No license is granted to the Receiving Party or otherwise implied, by estoppel or otherwise, with respect to any property or right of Disclosing Party, presently existing or acquired in the future, or for any use of or interest in the Proprietary Information except such use expressly contemplated by

this Letter.

7.7. Exclusions. It is understood that the term "Proprietary Information" does not include Information which:

- (a.) is now or hereafter in the public domain through no fault of the Receiving Party;
- (b.) prior to disclosure hereunder, is properly within the rightful possession of the Receiving Party;
- (c.) is lawfully received from a third party with no restriction on further disclosure; or
- (d.) is obligated to be produced under applicable law or order of a court of competent jurisdiction, unless made the subject of a confidentiality agreement or protective order.

8. Miscellaneous.

8.1. Remedies. Based on the subject matter of this Letter and the mutual obligations and duties indicated herein material and irreparable harm shall be presumed, if any Party to this Letter breaches any provision of this Letter. The Parties agree, that in the case of the breach of any of the confidentiality provisions of this Letter, the non-breaching Party will have the right to request that any court of competent jurisdiction shall immediately enjoin the Party in breach in addition to that Party being entitled to all other rights and remedies which the Party may have at law or in equity. The prevailing party in any action or proceeding brought to enforce the provisions of this Agreement shall be entitled to recover its reasonable legal costs and expenses incurred in such action or proceeding, including but not limited to, any legal costs and expenses incurred to enforce any judgments rendered on this Agreement. The provision regarding recovery of legal costs shall not be merged into any judgment on this Agreement.

8.2. Compelled Disclosure. In the event a Party, any of its Representatives, or anyone to whom any Party transmits the Proprietary Information, becomes legally compelled to disclose any of the Proprietary Information, prior to such disclosure such Party will provide the owner of the Proprietary Information with advance written notice and a copy of the documents and information relevant to such legal action, so the owner of the Proprietary Information may seek a protective order or other appropriate remedy to protect its interests in the Proprietary Information, and the compelled Party shall furnish only that portion of the requested Proprietary Information that the compelled Party is advised by a written opinion of counsel is

legally required.

- 8.3. Entire Agreement. There are no other understandings, agreements, or representations, express or implied, between the Parties, not herein specified until such time as Definitive Agreements are executed by the Parties for relating to the Project. This Letter may not be amended except in a writing executed by all Parties.
- 8.4. Assignment. This Letter of Intent may not be assigned without the express written consent of all of the other Parties.
- 8.5. Termination. Termination of this Letter shall not relieve any of the Parties from the Binding Provisions.
- 8.6. Governing Law. This Letter of Intent and all transactions contemplated by this Letter shall be governed by the laws of the State of Ohio.
- 8.7. Counterparts. This Letter of Intent may be executed in any number of copies and by the different Parties hereto on separate counterparts. Each counterpart shall be deemed an original, but all counterparts together shall constitute one and the same instrument. The persons executing this Letter personally represent and warrant that they have been duly authorized to do so by their respective Party and that, upon full execution hereof, this Letter of Intent shall be a binding obligation of said Party.
- 9. **ACCEPTANCE** - If Lakewood is in agreement with the objectives indicated in Section 2 and the conditions indicated in Section 3 of this Letter and the terms and conditions contained herein, please sign the RETURN COPY of this Letter and return it to SDP. The terms of this Proposal are valid until 5:00 PM, Eastern Time, October 31 2015 and may be accepted as indicated above.

ALL SIGNATURES APPEAR ON THE FOLLOWING PAGE 6 OF 6

We look forward to our future meetings and the success of the Project which we can accomplish through our mutual efforts, and, if the Lakewood Hospital Association has an interest, a discussion of potential structures, plans or uses for the Lakewood Hospital main campus.

Sincerely,

SURGICAL DEVELOPMENT PARTNERS, LLC



G. Edward Alexander, President and CEO

Date: 10/6/15

**Mr. Thomas Gable
Chair, Board Of Directors
Lakewood Hospital Association**

CC:

Mayor, City of Lakewood

Mr. Michael Summers
Mayor
City of Lakewood
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