

fixtures at the Hospital, shall be transferred to the Clinic. Notwithstanding the foregoing, the parties agree that the following will not be transferred to the Clinic:

(1) LHA's "Beneficial interest in Lakewood Hospital Foundation, Inc." as reflected on LHA's balance sheet.

(2) Any right LHA may have to the real property and improvements owned by the City and leased by LHA pursuant to the 1996 Lease, which shall remain the property of the City, subject to the Lease Amendment.

(3) The Curtis Block building on the corner of Detroit Avenue and Marlowe Avenue, Lakewood, Ohio, and any residential homes owned by LHA, which will be transferred to the City as described in Section 5.6.

(4) All plaques, donor walls and works of art located within Lakewood Hospital that are not owned by the Clinic and described on Exhibit E, which items will be transferred to the Lakewood Hospital Foundation for appropriate care and disposition (collectively the "**Excluded Personal Property**"). A representative of Lakewood Hospital Foundation is confirming the inventory set forth on Exhibit E, and the parties agree the same shall be supplemented as necessary.

(5) Any right LHA may have to the following items described on Exhibit C of the 1996 Lease, which shall remain the property of the City and shall not be transferred to the Clinic: (i) residential homes (whether or not explicitly described in Exhibit C of the 1996 Lease), and (ii) paved parking lots (whether or not explicitly described in Exhibit C of the 1996 Lease).

(6) Donor restricted assets reflected on LHA's balance sheet. Prior to its dissolution and as part of the wind down process, LHA will return or appropriately dispose of all donor restricted assets.

3.4 Termination of 1996 Definitive Agreement. Attached hereto as Exhibit F is the termination agreement between LHA and the Clinic, pursuant to which the 1996 Definitive Agreement is terminated as of the Effective Date (the "**Termination of 1996 Definitive Agreement**").

ARTICLE IV

Health and Wellness Foundation

* 4.1 Creation of New Foundation. Within twelve (12) months following the Effective Date, the City and LHA will (i) jointly agree upon a process for the creation of a new Ohio nonprofit corporation that is formed for the purpose of addressing community health and wellness needs in the City of Lakewood ("**New Foundation**"); (ii) develop New Foundation's governing documents; (iii) file articles of incorporation for New Foundation with the Ohio Secretary of State; (iv) select New Foundation's initial board; and (v) cause New Foundation to apply for federal tax-exempt status with the Internal Revenue Service.

4.2 Representation on Governing Board. The Clinic will have the right to appoint two (2) voting members on the governing board of New Foundation, which shall have not less than five (5) nor more than twenty-one (21) members. The Clinic's rights under this Section 4.2 will survive until the later of (i) one (1) year after the final Clinic's Annual Contribution payment described in Section 6.1(b), and (ii) the period during which the Clinic owns and operates the FHC.

4.3 Funding of New Foundation. In connection with the transactions contemplated by the Transition and in support of the health and wellness activities supported by New Foundation, the Clinic will provide funding for the activities of New Foundation through (i) the payments described in Section 6.1(a), and (ii) the Clinic's Annual Contribution payments described in Section 6.1(b). New Foundation will place the Clinic's Annual Contribution amount, and any interest thereon, into a segregated fund within New Foundation to address the rights described in Section 4.4.

4.4 Use of New Foundation Funds.

(a) Use of the funds contributed to the New Foundation, including, without limitation, any contributions governed by this Master Agreement, shall be at the discretion of the New Foundation and subject to (i) the New Foundations' articles of incorporation and other governing documents created pursuant to Section 4.1 and (ii) Section 4.4(b).

(b) In recognition of the Clinic's Annual Contributions, the New Foundation will provide the Clinic with suitable naming opportunities and a right of first refusal with respect to programming or activities funded using the Clinic's Annual Contributions or partial distributions of such funds. The New Foundation and the Clinic agree that the naming opportunities will apply to New Foundation's programs, not the name of New Foundation's corporate entity. The Clinic's naming and right of first refusal rights under this Section 4.4 will survive until the earlier of (i) one (1) year after the final Clinic's Annual Contribution payment described in Section 6.1(b), and (ii) the period during which the Clinic owns and operates the FHC.

ARTICLE V

REAL ESTATE MATTERS

5.1 Sale of FHC Site. Attached hereto as Exhibit G is a purchase and sale agreement ("FHC Site Sale Agreement"), pursuant to which the City will convey the FHC Site to the Clinic for a fair market value purchase price determined by a mutually agreed upon appraiser, who will value the FHC Site as vacant land.

5.2 City Repurchase Option. The City shall have a repurchase option with respect to the FHC Site, as described in the deed attached to the FHC Site Sale Agreement.

5.3 Use Protection on Current Hospital Site. As part of the consideration for the Clinic's acquisition of the FHC Site and its commitments regarding the FHC and no later than the termination date of the 1996 Lease with respect to the Current Hospital Site, a restrictive covenant (the "Covenant") will be placed on the Current Hospital Site. Pursuant to the Covenant, (i) no

Covered Hospital (defined below) may be operated on the Current Hospital Site and (ii) no Health Care System Provider (defined below) will be permitted to operate or manage a health care facility or service, and no signage identifying such Health Care System Provider will be permitted, on the Current Hospital Site without the Clinic's prior written consent while the Clinic owns and operates the FHC. For purposes of clarity, the parties agree that (a) clause (ii) above does not restrict the activities of independent physician groups, licensed provider groups or other non-Health Care System Providers, and (b) the Covenant does not restrict any activity of Covered Hospitals, Health Care System Providers or any other party at any location other than the Current Hospital Site. For purposes of this paragraph, a "**Covered Hospital**" means the following types of hospitals as described by The Joint Commission in its publicly available material: general, oncology, and specialty and "**Health Care System Provider**" means an organization that owns, operates or manages one or more Covered Hospitals. In the event the Clinic ceases to own or operate the FHC, the Covenant shall terminate and the Clinic shall execute all documents reasonably necessary to release the Covenant, including executing a release to be recorded in the real property records.

5.4 Sale of Property at 850 Columbia Road. Attached hereto as Exhibit H is the purchase and sale agreement between LHA and the Clinic ("**850 Columbia Road Sale Agreement**"), pursuant to which LHA will sell the land and improvements located at 850 Columbia Road, Westlake, Ohio property, as more particularly described in the 850 Columbia Road Sale Agreement, to the Clinic for a purchase price of Eight Million Two Hundred Thousand Dollars (\$8,200,000) (the "**Columbia Purchase Price**"). In recognition of the early termination of the 1996 Lease and the loss of income tax revenue from Lakewood Hospital employees, LHA will direct that the Columbia Purchase Price (subject to any adjustments described in the 850 Columbia Road Sale Agreement) be paid by the Clinic to the City. As provided in the 850 Columbia Road Sale Agreement, Six Million Eight Hundred Thousand Dollars (\$6,800,000) of the Columbia Purchase Price will be paid at the closing of the 850 Columbia Road Sale Agreement. The remaining One Million Four Hundred Thousand Dollars (\$1,400,000) of the Columbia Purchase Price will be evidenced by a promissory note, which will be assigned to the City, and will be paid on the FHC Commencement Date, as defined in Section 6.1(b).

5.5 Amendment to 1996 Lease. Attached hereto as Exhibit I (the "**Lease Amendment**") is an amendment to the 1996 Lease between the City and LHA, pursuant to which the City will (i) permit the termination of the Required Services (as defined in the 1996 Lease), other than emergency department operations, (ii) permit the wind down of all other inpatient and other services at the Hospital, (iii) provide for the termination of the 1996 Lease on or about the FHC Commencement Date, (iv) release the FHC Site from the 1996 Lease, and (v) address other provisions necessary for the Transition. The Lease Amendment also shall provide that LHA will make the additional payments due under the 1996 Lease until cessation of all of LHA's clinical operations on the Current Hospital Site, including the emergency department operations, up to a maximum aggregate amount of \$2,887,500.

5.6 Curtis Block Building. Concurrently or promptly after the closing of the sale of the FHC Site, LHA will convey the property known as the Curtis Block building (permanent parcel number 314-07-007) and any residential homes owned by LHA to the City for a purchase price of \$1. LHA and the City shall work collaboratively to agree upon any purchase or closing documentation reasonably required in connection with the aforementioned conveyance.

ARTICLE VI

FINANCIAL OBLIGATIONS



6.1 Funding of the New Foundation.

(a) Initial \$24.4 Million Cash Payment to New Foundation. The parties agree and acknowledge that the payments under this Section 6.1 constitute (i) an exchange for the right to receive LHA's assets upon its dissolution (as described in Section 3.3(d)), and (ii) to the extent the value of such assets is less than the payment amount, a contribution to the New Foundation to be used in the furtherance of New Foundation's tax-exempt purposes. In recognition of the parties' intention that these payments be used for the benefit of the Lakewood community and its residents and to support New Foundation's tax-exempt purposes, the Clinic and/or LHA will transfer or contribute a total of Twenty-Four Million Four Hundred Thousand Dollars (\$24,400,000) to New Foundation (using LHA funds to the extent available as contemplated in Section 3.3(b)) as follows:

(1) Transfer/contribute Two Hundred Thousand Dollars (\$200,000) to New Foundation in immediately available funds on or before March 1, 2016;

(2) Transfer/contribute Seven Million Six Hundred Thousand Dollars (\$7,600,000) to New Foundation in immediately available funds on the date of the commencement of operations and provision of patient care at the FHC (the "**FHC Commencement Date**").

(3) Transfer/contribute Four Million Three Hundred Thousand Dollars (\$4,300,000) to New Foundation in immediately available funds on the second anniversary of the FHC Commencement Date;

(4) Transfer/contribute Four Million, One Hundred Thousand Dollars (\$4,100,000) to New Foundation in immediately available funds on the fourth anniversary of the FHC Commencement Date;

(5) Transfer/contribute Four Million, One Hundred Thousand Dollars (\$4,100,000) to New Foundation in immediately available funds on the sixth anniversary of the FHC Commencement Date; and

(6) Transfer/contribute Four Million, One Hundred Thousand Dollars (\$4,100,000) to New Foundation in immediately available funds on the eighth anniversary of the FHC Commencement Date.

(b) Annual Contributions to New Foundation Totaling \$8 Million. In support of the furtherance of the purposes of New Foundation, the Clinic will make sixteen (16) annual payments to New Foundation of Five Hundred Thousand Dollars (\$500,000) each, with the first payment being made on the FHC Commencement Date and subsequent payments being made on each anniversary of the FHC Commencement Date for fifteen (15) consecutive years (each, a "**Clinic's Annual Contribution**").