

LEASE AGREEMENT

BY AND BETWEEN

THE LOWER FLORIDA KEYS HOSPITAL DISTRICT

AND

KEY WEST HMA, INC.

DATED: As of May 1, 1999

LEASE AGREEMENT

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LEASE AGREEMENT

THIS LEASE AGREEMENT is made as of the 1st day of May, 1999, by and between **THE LOWER FLORIDA KEYS HOSPITAL DISTRICT**, a body politic and corporate organized under the law of the State of Florida ("Lessor"), acting through its Board of Commissioners, and **KEY WEST HMA, INC.**, a Florida for-profit corporation ("Lessee").

RECITALS

WHEREAS, Lessor, Lessee and Health Management Associates, Inc., a Delaware corporation, ("HMA") have entered into a certain Definitive Agreement (the "Agreement") setting forth various covenants and conditions pertaining to the transfer, assignment and leasing to Lessee of various real and personal property owned by the District that are used in and are part of the District Hospital (hereinafter defined);

WHEREAS, Lessor finds and concludes that the Lease of the District Hospital to Lessee and Lessee's covenant to continue to serve the indigent population of the Lower Florida Keys are of significant public purpose and will enhance the healthcare services available to the Lower Florida Keys community;

WHEREAS, Lessor has further determined that the transactions contemplated by this Lease are in the best interest of the Lower Florida Keys community and that one of the Lessor's objectives by entering into this Lease is to avoid, if at all possible, the necessity of having to make future tax assessments against property owners within the area comprising The Lower Florida Keys Hospital District to fund indigent healthcare services for Residents, hereinafter defined;

WHEREAS, pursuant to the terms of the Agreement the Lessee and Lessor agreed to enter into and sign this Lease containing the terms and conditions set forth herein; and

WHEREAS, pursuant to the provisions of *Florida Statutes*, Section 155.40, as confirmed by the Florida Attorney General in Opinion dated January 25, 1999, Lessor has the authority to enter into this Lease Agreement.

AGREEMENTS

NOW, THEREFORE, in consideration of the foregoing, and the mutual covenants and agreements hereinafter contained, Lessor and Lessee hereby agree as follows:

ARTICLE I

RECITALS, DEFINITIONS AND DEMISE

1.1 RECITALS. The recitals stated above are true and correct and are incorporated into this Lease by this reference.

1.2 DEFINITIONS. The following terms, when used in this Lease, shall have the following meaning:

"Affiliate" means an entity which, directly or indirectly, controls, is controlled by, or is under common control with, the referenced party.

"Clinic" means that certain Primary Care Clinic as described in Section 4.1(i).

"Commencement Date" means the commencement of the term of Lease which shall be as of May 1, 1999.

"dePoo Hospital" means that certain hospital formerly known as de Poo Hospital licensed for forty-nine (49) hospital beds located in Key West, Florida.

"dePoo Hospital Lease" means that certain lease of the dePoo Hospital from Kennedy Dirve, as Lessor, to Lessee, as Lessee.

"District Hospital" means that certain hospital formerly known as "Florida Keys Memorial Hospital" licensed for one hundred and eighteen (118) and other healthcare facilities located on the Leased Premises and all of the Personal Property Assets located on the Leased Premises.

"District Lease" means that certain Lease Agreement by and between Health System and Lessor dated as of May 1, 1990, as amended.

"Environmental Condition" means any noncompliance on or about the Leased Premises with any Environmental Law caused by Lessee's Operations on the Leased Premises.

"Environmental Laws" means, collectively, any and all federal, state and local statutes, laws, regulations, ordinances, codes and orders (including all amendments thereto) pertaining to environmental matters (which includes air, water vapor, surface water, groundwater, soil or natural resources), including the Comprehensive Environmental Response, Compensation and Liability Act, the Medial Waste Tracking Act, the Resource Conservation and Recovery Act, the Clean Air Act, the Federal Water Pollution Control Act, the Safe Water Drinking Act and the Toxic Substance Control Act.

"Environmental Notice" means any written notice or report of any the following:

- 1) Any suit, proceeding, investigation, order, consent order, injunction, writ, award, or action related to or affecting the Handling of any Waste (as hereinafter defined) on or about the Leased Premises relating to Lessee's Operations (as hereinafter defined) on the Leased Premises;
- 2) Any Spill or Environmental Condition on or about the Leased Premises relating to Lessee's Operations on the Leased Premises;

- 3) Any dispute relating to the Handling of any Waste, Spill or Environmental Condition on or about the Leased Premises relating to Lessee's Operations on the Leased Premises;
- 4) Any claims by or against any insurer related to or arising out of any Waste, Spill or Environmental Condition on or about the Leased Premises relating to Lessee's Operations on the Leased Premises;
- 5) Any recommendations or requirements of any governmental or regulatory authority, or insurer relating to any Handling of Waste, Spill, or Environmental Condition on or about the Leased Premises, relating to Lessee's Operations on the Leased Premises;
- 6) Any legal requirement or deficiency related to the Handling of Waste, Spill or Environmental Condition on or about the Leased Premises relating to Lessee's Operations on the Leased Premises; or
- 7) Any notice given to a tenant, concessionaire, manager, or other party or entity occupying or using the Leased Premises, or any part thereof which has engaged in or engages in the Handling of any Waste on or about the Leased Premises during the period of Lessee's Operations.

"Excluded Assets" means, collectively:

- 1) Cash, cash deposits with banks and escrows, and all other cash equivalent items of Lessee;
- 2) Lessee's corporate and fiscal records and other records pertaining to the operation of the District Hospital by Lessee which Lessee is required by law to retain in its possession to the extent that such records are not necessary for the operation of the District Hospital by Lessor;

3) All refunds and reimbursements for periods within the Lease Term, even if payable after the expiration of the Lease Term, available from insurers, third party payors, Medicaid and Medicare under applicable rules and regulations and other comparable programs;

4) All accounts receivable that exist and are available to the Lessee for periods on or prior to the expiration or termination of the Lease; and

5) All notes payable held by Lessee as of the date of the expiration or termination of the Lease, including notes signed by physicians.

"GAAP" means generally accepted accounting principles.

"Governing Board" means the local governing board of the Hospitals, as described in Section 4.1(b) hereof.

"Guarantor" means Health Management Associates, Inc., a Delaware corporation.

"Health System" means The Lower Florida Keys Health System, Inc., a Florida not-for-profit corporation.

"Health System Definitive Agreement" means that certain Definitive Agreement entered into by and between Health System, Lessee and Guarantor pertaining to the transfer of various assets and the assumption of various liabilities involving the operation of the Hospitals by Health System.

"Hospitals" means the District Hospital and the de Poo Hospital which shall be operated under one healthcare system to provide healthcare services to the residents of the Lower Florida Keys in Monroe County, Florida.

"Indemnified Parties" means Lessor and Lessor's successor and assigns, including all employees, commissioners and administrators of the Lessor.

"Indemnity" means the indemnity provisions contained in this Lease in favor of Lessor.

Wherever this Lease requires Lessee to indemnify Lessor, such indemnity shall extend to all claims arising in connection with the indemnified matter and shall expressly include all of Lessor's reasonable attorneys' fees and costs and reasonable consultants' fees. Upon written request of Lessor, Lessee shall defend and hold Lessor harmless and shall undertake the defense of Lessor, at Lessee's sole expense, in connection with any indemnity set forth in this Lease. Lessee shall have the right to settle and/or compromise any claim that is the subject of Lessee's Indemnity obligations provided for in this Lease. In no event shall Lessor be required or obligated to advance any attorneys' fees and costs or consultant's fees as a condition to enforcement of any indemnity of Lessee under this Lease. In the event Lessee fails or refuses to undertake the defense of Lessor at Lessee's expense or fails to pay, when incurred, the reasonable attorneys' fees and costs and reasonable consultants' fees of Lessor after receiving such request, or if Lessee fails to diligently and continuously conduct such defense after receiving such request as determined by Lessor in its sole discretion, then if Lessor so elects, Lessor may undertake such defense without reducing Lessee's obligation to protect, indemnify and hold harmless Lessor as provided in this Lease, and Lessee shall pay the reasonable costs incurred by Lessor in undertaking its own defense, including but not limited to, reasonable attorneys' fees and costs and reasonable consultants' fees. All such fees and costs incurred by Lessor shall constitute a portion of the indemnification duties set forth in this Lease. It is the intent of the parties that Lessee shall pay, address, and satisfy in full all such fees and costs incurred by Lessor from the date of the assertion of any claim through the appellate process at no expense to Lessor.

"Judicial Determination" means the final decision of a court of competent jurisdiction subsequent to expiration of all appeals and/or appeal periods and the posting of a supersedeas bond, if required, in the appeal process.

"Kennedy Drive" means Kennedy Drive Investors, Ltd., a Florida limited partnership.

"Kennedy Drive Definitive Agreement" means that certain Definitive Agreement entered into by and between Kennedy Drive, Lessee and Guarantor pertaining to the transfer, assignment and lease of certain assets pertaining to the de Poo Hospital.

"Kennedy Drive Lease" means that certain sublease of the de Poo Hospital to Health System by Kennedy Drive dated as of May 1, 1990, as amended.

"Lease" and **"Lease Agreement"** mean this Lease Agreement and all duly executed amendments thereto.

"Lease Term" means the period that Lessee has the right to possession under this Lease which shall begin on the Commencement Date and shall expire on April 30, 2029, unless sooner terminated pursuant to the provisions of this Lease.

"Leased Premises" means:

1) The real property pertaining to the District Hospital as specifically and legally described in Exhibit "A" attached hereto and incorporated herein, including all facilities, buildings, improvements, additions, appurtenances and hereditaments thereto, all of which are used as or constitute a part of the District Hospital; and

2) All other real estate assets which make up and comprise the District Hospital, and all fixtures and appurtenances thereto whether now existing or whether installed, constructed or placed on the Leased Premises after the date of this Lease, less

any interests therein released in the normal course of business or taken by the exercise of the power of eminent domain.

"Lessee" means Key West HMA, Inc., a Florida for-profit corporation, and its successors and assigns as specifically provided for in Section 8.1 of this Lease.

"Lessor" means The Lower Florida Keys Hospital District, a body politic and corporate organized under the laws of the State of Florida, and its successors and assigns.

"Medical Waste" means any solid waste generated in the diagnosis, treatment or immunization of human beings or animals or in research pertaining thereto. Medical waste includes special waste from healthcare facilities or providers which if improperly treated or handled may serve to transmit infectious diseases and which is composed of animal waste, bulk blood and blood products, microbiological waste, pathological waste or sharps, but does not include garbage or refuse from offices, kitchens, or other non-healthcare activities.

"Operations" means Lessee's or any other party's use or occupancy of the Leased Premises from the date Lessee first enters the Leased Premises through the expiration or termination of this Lease (or the date Lessee vacates the Leased Premises, whichever is later).

"PHO" means the Lower Keys Physician Hospital Organization.

"Permitted Encumbrances" means those certain title exceptions set forth in Schedule B, Section 2, subsections ^{2, 4, 7-11, 13, 15+16} through of the Title Commitment, and matters shown on the Survey.

"Personal Property Assets" means all furniture furnishings, equipment, machinery, data processing, hardware, software, vehicles and other tangible and intangible property owned by Lessor or Health System and used in connection with the District Hospital and all assignable and transferable licenses, permits, registrations, certificates, consents, accreditations, approvals and

franchises, including rights to the name "Florida Keys Memorial Hospital", and all rights to a total of one hundred eighteen (118) licensed hospital beds (the "Licensed Hospital Beds") used in connection with the District Hospital, all of which have been assigned, conveyed, transferred and sold to Lessee by Health System and sold or leased to Lessee by District contemporaneous with the signing of this Lease Agreement, and all replacements and substitutions therefor, and all other tangible and intangible personal property including furniture, fixtures, equipment, inventories, and medical records necessary for the operation of the District Hospital now or hereafter located on the Leased Premises (other than the personal property purchased by Lessee within the last five (5) years of the Lease Term which personal property shall be purchased by Lessor upon expiration of the Lease Term or early termination thereof as provided for herein to the extent described in Section 3.2 hereof) all goodwill associated with the District Hospital, and all assignable warranties (expressed or implied), all patents and patent applications held by Lessor associated with the District Hospital, all trademarks or trade names and copyrights of Lessor pertaining to the District Hospital, and any proprietary manuals pertaining to the District Hospital.

"Physician Practice Agreements" shall be those agreements with doctors that may be entered into from time to time by Lessee or that Lessee may have assumed by purchasing various rights and assuming various obligations of Health System, all of which may be modified, terminated, or otherwise dealt with in the sole discretion of the Lessee.

"Premises" means that certain real property owned by Lessor described in Exhibit "A".

"Rental Payment" means all payments due from Lessee to Lessor pursuant to Section 3.3 of this Lease.

"Resident(s)" means a person who makes his home or place of abode within the geographical boundaries of The Lower Florida Keys Hospital District with no present intention of moving outside the district.

"Spill" means any major spill, contamination, discharge, leakage, release or escape of any Waste in or affecting the Leased Premises as a result of Lessee's Operations, whether sudden or gradual, accidental or anticipated, or of any other nature or manner that has previously occurred as a result of Lessee's Operations or which may occur as a result of Lessee's Operations.

"Survey" means the following ALTA survey of the Leased Premises prepared by Phillips & Trice Surveying, Inc. as Drawing No. C-637 dated February 11, 1999, certified in accordance with generally accepted professional standards, and describing the boundaries, improvements, setbacks and all matters of record set forth in the Title Commitment.

"Taxes" means all real estate and personal property taxes, including general and special assessments, and all other charges, taxes and assessments, ordinary and extraordinary, foreseen and unforeseen, which are levied, imposed or assessed upon or against this Lease, against the leasehold estate, against the Leased Premises and against all leasehold improvements and all fixtures that may be constructed or installed on the Leased Premises, as well as all sales, use, excise, and all other taxes of any nature whatsoever now or hereafter imposed by any lawful authority on all Rental Payments and/or other payments due or required under this Lease. The term "Taxes" shall also include all fees for licenses and permits, and all fees, charges, taxes and assessments, now or hereafter imposed, foreseen and unforeseen, that may be due, levied or assessed against Lessee or any business conducted on or affiliated with the Leased Premises during the Lease Term.

"Title Commitment" means the Leasehold Title Insurance Commitment dated November 7, 1998, issued by Lawyers Title Insurance Corporation, that will insure as of the Commencement Date of the Lease that the Lessor and Lessee, as their respective interests may appear, have good and marketable title to the Leased Premises, and that the Leased Premises are free and clear of all liens, encumbrances, charges, assessments, taxes, easements, restrictions and stipulations except for items shown on Schedule B - Section 1 of the Title Commitment that will be removed or satisfied at or before Closing and the Permitted Encumbrances.

"Waste" means (a) any hazardous materials, hazardous waste, hazardous substances and toxic substance as those or similar terms are defined under any Environmental Law; (b) medical waste; (c) any asbestos or any material that contains any hydrated mineral silicate, including chrysolite, amosite, crocidolite, tremolite, anthophyllite and/or actinolite, whether friable or non-friable; (d) any polychlorinated biphenyls or polychlorinated biphenyls containing materials or fluids; radon; any other hazardous radioactive, toxic or noxious substance, material, pollutant or solid liquid or gaseous waste; and any pollutant or contaminant (including petroleum, petroleum hydrocarbons, petroleum products, crude oil or any fractions thereof, natural gas or synthetic gas) that in its condition, concentration or area of reason could have a significant effect on human health, the environment or natural resources, and any other substance which is regulated by any Environmental Law which is caused by Lessee's Operations on the Leased Premises.

1.3 DEMISE OF THE LEASED PREMISES. For and in consideration of the Lessee's timely payment of the Rental Payment and the Lessee's timely performance of the other covenants and agreements of Lessee required under this Lease, Lessor does hereby demise and lease to Lessee, and Lessee does hereby lease, take, and hire from Lessor, the Leased Premises, and all appurtenances and hereditaments relating thereto.

ARTICLE II
REPRESENTATIONS

2.1 COVENANTS AND REPRESENTATIONS OF LESSOR. Lessor makes the following covenants and representations to Lessee:

- a. Lessor is a body politic and corporate of the State of Florida duly created and existing pursuant to the laws and Constitution of the State of Florida, and has the power to enter into this Lease.
- b. Lessor is duly authorized to execute and deliver this Lease and contemporaneous with the signing of this Lease, shall deliver to Lessee a copy of the Certified Resolution of the Board of Commissioners authorizing the appropriate representative of the Lessor to sign the Lease and all other documents required by the Lessor to effect the lease of the Leased Premises as provided herein.
- c. This Lease is the legally binding obligation of Lessor and is enforceable against Lessor in accordance with its terms, except as enforceability against Lessor may be affected by its bankruptcy, insolvency, other laws governing creditors' rights generally, and equitable principles.
- d. The leasing of the Leased Premises by Lessor to Lessee will enable Lessor to provide needed and continued hospital and health care facilities in Monroe County and will promote the health and welfare of the people of Monroe County.
- e. Lessor has good title to the Leased Premises and shall deliver to Lessee such affidavits and certificates as may be reasonably necessary to delete the standard exceptions to the title insurance policy to be issued pursuant to the Title Commitment and shall deliver such

instruments to Lessee as are required to be delivered by the Lessor as set forth in Schedule B, Section 1, of the Title Commitment.

f. Lessor acknowledges that, to the extent that the Leased Premises were operated by Health System as a hospital and for healthcare related purposes, the Leased Premises are in compliance with and in concurrence with all applicable land use and zoning regulations of Monroe County, Florida, and the City of Key West, Florida, and that the Lessor is not aware of nor has Lessor received any written notice of noncompliance of the Leased Premises with respect to any zoning code or land use category of the applicable governmental jurisdictions.

g. Lessor is not aware of any litigation or claims made or that may be made against the Leased Premises.

h. Provided the Lessor has Three Million and 00/100 Dollars (\$3,000,000.00) in cash or investment assets, the Lessor agrees that during each year of the thirty (30) year Lease Term, the Lessor shall fund an amount up to Five Hundred Thousand and 00/100 Dollars (\$500,000.00) per year to pay participating physicians practicing in the Lower Florida Keys Hospital District and who maintain adequate professional liability insurance as determined by Lessee for services provided to indigent patients of the Clinic (as described in Section 4.1(i) hereof), including Clinic visits, surgeries, and outpatient procedures scheduled as a result of such visits to the Clinic. In the event space for the Clinic and administrative support is discontinued by the Lessee then, in that event, all physician payments required of Lessor under this provision shall terminate. All payments to participating physicians made pursuant to this covenant, which covenant is a material and significant representation and covenant of the Lessor to Lessee and a material inducement for Lessee to enter into this Lease Agreement, shall be made in quarterly installments during each year of the term of the Lease. Lessee agrees to provide Lessor with

administrative accounting and billing services (at Lessee's cost) for the payments to participating physicians for so long as Lessor continues such funding.

i. Lessor agrees to reimburse Lessee and/or the Guarantor the sum of One Million Five Hundred Thousand 00/100 Dollars (\$1,500,000.00) per year as an annual indigent care subsidy (for application towards the cost of indigent care provided at both the District Hospital and the dePoo Hospital) for the first ten (10) years of the Lease Term. Payment of this amount shall commence three (3) months following the Commencement Date of the Lease Term and continue quarterly thereafter based on invoices for services performed which payments shall not exceed the sum of Three Hundred Seventy Five Thousand Dollars (\$375,000) per quarter regardless of the actual amount of the invoices. Each payment by the Lessor shall be made within fifteen (15) calendar days of the recently completed calendar quarter in accordance with the Agreement for Indigent Care which is attached to this Lease Agreement as Exhibit "B". Lessee shall during the entire Lease Term provide indigent care services until expiration of the Lease Term in accordance with the terms of the Agreement for Indigent Care.

j. Lessor, on the Commencement Date, shall deposit into an escrow account a sum, which together with interest thereon, shall be sufficient to pay to Lessee the annual payments of One Million Five Hundred Thousand and No/100 Dollars (\$1,500,000.00) for the first ten (10) years of the Lease, as described in paragraph 2.1(i) herein. The escrow account shall be controlled by a trustee or similar agent. The amount in the escrow account shall be used for the sole purpose of funding the payments described above to Lessee provided that Lessee is not in default under the terms of this Lease Agreement.

k. Lessor acknowledges that contemporaneous with the signing of this Lease that Lessor and Health System have transferred and assigned to Lessee, to the extent of their

respective interests, any and all of Lessor's and Health System's right, title and interest in and to the Personal Property Assets.

2.2 COVENANTS AND REPRESENTATIONS OF LESSEE. Lessee makes the following covenants and representations to Lessor:

- a. Lessee is a duly incorporated for-profit corporation, in good standing under the laws of the State of Florida, and empowered to operate hospital and healthcare facilities under the laws of the State of Florida.
- b. Lessee is duly authorized to enter into this Lease and to perform its obligations under this Lease.
- c. This Lease is the legally binding obligation of Lessee and is enforceable against Lessee in accordance with its terms, except as enforceability against Lessee may be affected by its bankruptcy, insolvency, other laws governing creditors' rights generally, and equitable principles.
- d. Lessee is in compliance in all material respects with all applicable statutes, rules, regulations and requirements of all applicable governmental entities having jurisdiction over Lessee and its operations, including, without limitation, the Florida Agency for Health Care Administration, and Lessee has timely filed all reports, data and other information required to be filed by it with such governmental entities.

ARTICLE III

LEASE TERM AND RENTAL PROVISIONS

3.1 LEASE TERM. The Lease Term shall begin on the Commencement Date and, subject to the provisions of this Lease, shall continue for a period of thirty (30) years thereafter.

3.2 EXPIRATION OR TERMINATION OF LEASE.

a. Upon the expiration of the Lease Term or earlier termination of this Lease by a Judicial Determination in the event of a material default by Lessee hereunder or under Lessee's sublease of the dePoo Hospital from Kennedy Drive, and in accordance with the terms and provisions of Section 10.2.(b) hereof, Lessee shall for no consideration relinquish and surrender to Lessor possession of the Leased Premises and Lessee shall convey to Lessor by quit claim deed all of its interest in the Leased Premises, including, without limitation, the District Hospital and shall convey and/or transfer to Health System by (i) assignment without warranties all of District Hospital licenses, certificates and permits for the District Hospital, including, but not limited to, the certificates of need and rights to the Licensed Hospital Beds, and (ii) by bill of sale without warranties all of the Personal Property Assets, free and clear of any Taxes (except as to ad valorem taxes, if any, for the balance of the year of closing hereunder), indebtedness, liens or encumbrances, but such conveyances and transfers shall be subject to (a) the Permitted Encumbrances, (b) all restrictions, covenants, reservations, and easements placed of record by Lessee with Lessor's consent, (c) ad valorem taxes, if any, for the balance of the year of the transfer, and (d) all applicable zoning and land use restrictions.

b. It is the intention of the parties to this Lease that in the event of the expiration of the Lease Term or earlier termination of this Lease by a Judicial Determination in the event of a material default by Lessee under the Lease Agreement, that the Leased Premises, in accordance with Section 10.2.(b) hereof, be immediately released to the Lessor and all Personal Property Assets necessary for the immediate and continued operation of the District Hospital by Health System as an acute care hospital be conveyed, transferred or assigned (other than the Excluded Assets) or to the extent not transferable or assignable made available to Health

System including, but not limited to, all licenses and permits held by the Lessee, for the operation of the District Hospital.

c. Contemporaneous with the expiration of the Lease Term or early termination as described above, the Lessee at its expense shall provide Lessor with evidence of tail insurance evidencing that Lessee has maintained professional negligence liability insurance with minimum limits of liability of \$1,000,000 for each occurrence and \$3,000,000 in the aggregate, which insurance shall be provided to Lessor to protect Lessor from any claims or liabilities arising from Lessee's operation of the District Hospital.

d. Notwithstanding any other terms to the contrary, any equipment purchased by Lessee during the last five (5) years of the Lease Term (or within five (5) years of an earlier termination date) other than equipment purchased in the thirtieth (30th) year of the Lease Term shall be purchased by and sold to Health System or Lessor, if applicable, on the date of expiration of the Lease for its remaining book value as determined by GAAP. As to equipment acquired in the thirtieth (30th) year of the Lease Term, and solely as to such equipment, the Lessor shall have an option to acquire such equipment at book value as determined by GAAP.

e. Upon an early termination of the Lease Term the Physician Practice Agreements shall be immediately transferred to Health System. Prior to such transfer the Lessee shall have full right and authority to terminate or not renew or extend such Physician Practice Agreements in its sole and complete discretion. Upon expiration of the Lease Term Lessee shall provide Health System with an option to assume Lessee's obligations under any or all of the Physician Practice Agreements that Lessee entered into that are then outstanding and in effect.

f. Upon expiration or early termination of the Lease Term the Lessee shall reconvey to Health System that certain real property located on Big Pine Key, Florida, acquired

by Lessee from Health System pursuant to the Health System Definitive Agreement. The property so reconveyed shall be subject to such instruments of record that existed as of the date the property was conveyed to Lessee and such other instruments that may have been recorded thereafter that do not impact on the value or use of the Big Pine Key Property. However, Lessee shall not encumber the Big Pine Key Property with any mortgage securing any debt of the Lessee. The cost of reconveyance shall be borne by the Lessee. The Big Pine Key Property shall be insured as described in Section 6.1 hereof in an amount equal to the replacement cost of the facility together with liability insurance all as set forth in said Section.

3.3 **RENT.** The Lessee shall pay to Lessor on the Commencement Date the sum of Nine Million Dollars (\$9,000,000.00) and on a date that is thirty (30) days after the Commencement Date the sum of One Million Dollars (\$1,000,000.00). Upon payment of the Rental Payments the entire rental due under the term of the Lease for the entire thirty (30) year Lease Term shall be paid in full. No other Rental Payments shall be required to be paid hereunder; however, Lessee shall be responsible for the payment of ad valorem taxes, if applicable, cost of insurance as hereinafter set forth, and the performance of any other monetary covenant set forth in this Lease.

ARTICLE IV

OPERATION OF DISTRICT HOSPITAL

4.1 **OPERATION OF DISTRICT HOSPITAL BY LESSEE.**

a. Lessee covenants and agrees that during the entire Lease Term, Lessee will continuously operate the Hospitals as an ongoing concern and as a single health delivery system with the District Hospital operated (i) as a general acute care hospital with programs for the diagnosis, treatment, and care of sick and injured persons, without discrimination on account

of race, creed, color, national origin, or sex, or sexual orientation consistent with accepted principles of hospital financial management and (ii) with ancillary services necessary and proper for the District Hospital, including, without limitation, radiology, pathology, oncology, obstetrics, cardiology, surgery, psychiatry, laboratory, diagnostic imaging services, emergency services, pulmonary and physical therapy, practice of medicine and other material health care services, and (iii) with administrative offices related thereto as may be customary and proper for a general acute care hospital. Any material change of the foregoing described services or delicensing of Licensed Hospital Beds under the laws of the State of Florida, shall require the consent of the Lessor which consent shall not be unreasonably withheld; provided, however, any request by Lessee to reduce the number of licensed beds will require the consent of Lessor which consent may, in Lessor's sole discretion, be withheld. Lessee further covenants and agrees that it will not deny emergency hospital care to any person based on ability to pay; provided, however, Lessee shall have the right to refuse to admit patients because of lack of facilities or appropriate personnel or to protect the welfare of patients already admitted and Lessee may adopt and amend from time to time appropriate rules respecting the admission of patients provided, however, that such rules are consistent with the terms of this Lease. Notwithstanding anything to the contrary contained in this Lessee section, Lessee shall treat indigent patients as required under applicable Florida law. Lessee acknowledges that on the Commencement Date, it shall operate an indigent care program at the District Hospital for the Residents consistent with the Agreement for Indigent Care attached hereto as Exhibit "B" (the "Agreement for Indigent Care"), and that it shall in the future provide, at the minimum, indigent care to the extent as specified in the Agreement for Indigent Care and as may be specifically modified or required by the provisions of Lessor's Enabling Legislation, as amended from time to time, Chapter 87-92, Laws of Florida,

and *Florida Statutes*, Section 155.40, and any other applicable provision of federal or state law. Lessee further agrees that it will implement and maintain its Quality Service Management ("QSM") patient satisfaction survey program or an equivalent program and report the results of such program in the ordinary course (not less than quarterly) to the Governing Board during the term of the Lease.

b. **Governing Board.** Lessee will establish and maintain, at all times during the term of the Lease, a local governing board of the Hospitals (the "Governing Board") consisting of thirteen (13) members. Initially, the Governing Board will be comprised of (i) one (1) member from the current Board of Commissioners of the Lessor, (ii) one (1) member from the Lower Florida Keys community (other than a current member of the Board of Commissioners of the Lessor) appointed by the Board of Commissioners of the Lessor, (iii) two (2) employees selected by Guarantor that are employed as the Executive Director and Regional Vice-President of the Hospitals, (iv) four (4) members of the medical staff of the Hospitals selected by Guarantor, (v) one (1) member of Kennedy Drive, and (vi) four (4) members of the Lower Florida Keys community approved by Guarantor. Guarantor may increase the size of the Governing Board at any time and from time to time with an additional two (2) members selected by Guarantor. The size of the Governing Board, however, may neither be reduced nor increased (except for the two (2) additional representatives that may be selected by Guarantor, as described above) without the consent of the Governing Board. If the Governing Board shall increase as described above the Lessor shall, by appointment of additional Lower Keys Community members (other than a then existing member of the Board of Commissioners of the Lessor), be authorized to appoint as many additional appointees (the "Proportionate Appointees") to the Governing Board as necessary to maintain the same proportion of appointees on the Governing

Board as the Lessor initially maintained. At all times during the term of the Lease, not less than a majority of the members of the Governing Board, will be residents of Monroe County who are not officers, employees or agents of Guarantor or any of its Affiliates or directors of Guarantor or any of its other Affiliates. The terms of each member of the Governing Board other than those members selected by Guarantor and Kennedy Drive shall be staggered, with a maximum term for any member of three (3) years. Each member of the Governing Board (other than those members selected by HMA and Kennedy Drive) may serve for two consecutive terms, and then is required to remain off the Governing Board for one year after the completion of such successive terms. If a Governing Board member not appointed or selected by District or Kennedy Drive or Guarantor dies, voluntarily leaves such position sooner or is removed from such position by a vote of the Governing Board or if a Governing Board member's term expires, the vacancy so created shall be filled by the Governing Board recommending one or more candidates (other than any member of the Board of Commissioners of the Lessor if the Governing Board already has a member of the Board of Commissioners of the Lessor as a current member) to fill each of such positions to Guarantor for Guarantor's sole approval, which approval shall not be unreasonably withheld. All vacancies of Governing Board Members that were appointed or selected by District or Kennedy Drive or Guarantor shall be filled by the party (i.e. District or Kennedy Drive or Guarantor) that originally appointed or selected the Governing Board Member whose position was so vacated. If the size of the Governing Board is increased beyond fifteen (15) members the additions so created shall be filled by the Governing Board (except the Proportionate Appointees which shall be filled by the Lessor) recommending one or more candidates (other than any member of the Board of Commissioners of the Lessor if the Governing Board already has a member of the Lessor as a current member) to fill each of such positions to Guarantor for Guarantor's sole

approval, which approval shall not be unreasonably withheld. A quorum of the Governing Board shall consist of a majority of its members present in person or by means of communications equipment whereby all members of the Governing Board can hear each other simultaneously. Actions by the Governing Board shall be by a majority of a quorum. The Governing Board's responsibilities shall include:

- (i) Adopting a hospital vision, mission and values statement, and any amendments thereto, assisting in developing policies and monitoring progress toward strategic goals;
- (ii) Owing a duty of undivided loyalty and good faith to the Hospitals;
- (iii) Avoiding conflicts of interest and self-dealing;
- (iv) Providing oversight to the medical staff and administration to assure high quality of patient care and appropriate privilege decisions are being rendered;
- (v) Accepting and reviewing information and recommendations from medical staff regarding privileges in the Hospitals;
- (vi) Acting as an appellate body for medical staff credentialing and/or disciplinary actions;
- (vii) Acting as a liaison between the community and Guarantor; and
- (viii) Providing input and judgment to administrators on long range planning, quality of care, Hospital services and capital expenditure.

c. **Indigent Care.** Lessee shall provide, at the minimum, medical care to all indigents at the same level of care provided by the District Hospital as of the date hereof, all in accordance with the terms of the Agreement for Indigent Care attached hereto as Exhibit "B". In

addition, any indigent patient presented to the emergency room who has a medical emergency or who, in the judgment of a staff physician, has an immediate emergency need will be treated in accordance with such policies. No such patient will be turned away because of age, race, gender, creed, color, national origin, sex, sexual orientation or inability to pay. Lessee will ensure that the District Hospital will continue to provide medical services to patients covered by the Medicare and Medicaid programs.

d. **Lessor Sublease.** Lessee shall sublease to Lessor for nominal consideration (\$1.00) reasonable office and storage space at the District Hospital for Lessor use at locations designated by Lessee. In addition, the Lessor shall be permitted to use the Board Room at the District Hospital for its meetings at times agreed to by Lessee, and Lessee shall provide Lessor with a dedicated telephone and telecopy line for use by the Lessor.

e. **Operations.** Lessee covenants and agrees that during the entire Lease Term, the District Hospital shall be operated as a full service hospital providing, at the minimum, all essential services currently provided at the District Hospital that are necessary to maintain the hospital licenses issued by the Agency for Health Care Administration, or its successor, and full accreditation by JCAHO, HCFA and any comparable successor accreditation body, as a general acute care hospitals, unless otherwise prescribed by applicable health planning regulations approved by Lessor.

f. **Compliance.** Lessee shall comply with all laws, rules, regulations, and requirements of all federal, state, and local governments and agencies and departments thereof which are applicable to it or to licensed hospitals in the State of Florida, and shall at all times have in effect all licenses necessary for the operation of the District Hospital as contemplated by

this Lease; provided, however, that nothing herein shall preclude Lessee from challenging in good faith any of such laws, rules, regulations, or requirements.

g. Liaison. Lessee shall designate the Regional Vice President of the District Hospital as the specific contact person for the Lessor for all matters pertaining to the District Hospital and the Lease.

h. Use. Lessee covenants and agrees that the Leased Premises shall at all times during the Lease Term operate and maintain a hospital or healthcare facility of sufficient stature to insure that the reverter clause set forth in that certain Deed from the City of Key West, Florida ("City"), to the District, recorded in Official Records Book 416, Page 457, of the Public Records of Monroe County, Florida, cannot be exercised by the City.

i. Primary Care Clinic. For a minimum of one (1) year following the Commencement Date and, thereafter so long as adequate physician coverage is readily available, Lessee shall maintain space for a primary care clinic ("Clinic") at the District Hospital or dePoo Hospital or such other location as Lessee shall designate from time to time. The Clinic shall provide a broad range of primary care health services with an expanded operating schedule to all Residents regardless of the Resident's ability to pay. All administrative and non-physician allied health professional staff will be provided by Lessee. The physician coverage for the Clinic will be provided by participating physicians (at no cost to Lessee) practicing in the Lower Florida Keys Hospital District and who maintain adequate professional liability insurance as determined by Lessee. Lessee shall be obligated to maintain the space for the Clinic for the Lease Term and may only discontinue providing such space and administrative support prior to expiration of the Lease Term with the approval of Lessor, which approval shall not be unreasonably withheld. However, if the services provided for by the Clinic are replaced by other programs and/or if the

Clinic becomes economically impractical to operate as determined by the Lessee, then the Lessor shall approve the request for closure of the Clinic made by Lessee. Lessee agrees to provide Lessor with at least a sixty (60) day notice of its intention to discontinue support for the Clinic.

ARTICLE V

TAXES AND UTILITIES

5.1 **TAXES.** Lessee shall pay all Taxes, if any, including but not limited to sales tax, if applicable, prior to delinquency. If Lessee desires to contest the validity of any Taxes for which Lessee is responsible, Lessee may do so without being in default under its obligation to pay Taxes, provided Lessee institutes appropriate legal proceedings to contest the validity of the tax or assessment. If assessed, Lessee shall comply with *Florida Statutes*, Sections 194.171(3) (or shall obtain an injunction, if necessary, or such other provision as may be specified by law) to prevent the sale of any tax certificate or the sale of any property subject to the tax lien by reason of non-payment of the tax or assessment being contested in such legal proceedings. If Lessee fails to comply with *Florida Statutes*, Sections 194.171(3) (or to obtain such injunction, or if any injunction so obtained is dissolved), Lessee shall deposit with Lessor at least thirty (30) days before the contested tax or assessment would become delinquent for non-payment (or within ten (10) days of dissolution of the injunction), an amount which is sufficient to pay in full the contested tax or assessment, including, without limitation, all penalties and attorneys' fees and costs if the adjudication in such proceedings should be adverse to Lessee. Lessor shall have the right to make any such payment; provided, however, Lessor shall refund to Lessee any portion of the deposit retained by Lessor which shall be determined by the court not to be due to the taxing authorities on account of such taxes, penalties or attorneys' fees and costs.

5.2 UTILITIES. Lessee shall pay all charges for gas, electric power, water, sewer, and all other utilities and services necessary or desirable for the operation, maintenance, use, and upkeep of the District Hospital and the Leased Premises and shall contact the respective utilities to arrange for the transfer of hook-ups to its name and refund of deposits, if any.

ARTICLE VI

INSURANCE

6.1 INSURANCE. Lessee covenants that it will obtain and maintain at all times during the Lease Term the insurance for the District Hospital and all tangible personal property used in connection therewith as described in this Article and all other insurance for the District Hospital that Lessee and Lessor reasonably deem necessary or appropriate. Lessee will cause the District Hospital and all tangible personal property used in connection therewith at all times to be reasonably insured against all such risks as are customarily insured against in connection with the operation of District Hospital of type and size comparable to the District Hospital within the State of Florida in areas comparable to Monroe County, Florida. In connection therewith, Lessee will carry and maintain, or cause to be carried and maintained, as minimum requirements, and pay, or cause to be paid, timely the premiums for at least the following insurance when and as such insurance is commercially available:

a. With respect to the Leased Premises including the District Hospital and all tangible personal property used in connection therewith including the Personal Property Assets, fire insurance, with uniform standard extended coverage endorsements, and vandalism and malicious mischief insurance with the broadest coverage approved for issuance in the State of Florida, including insurance against loss or damage from lightning, windstorm, hurricane, tornado, hail, explosion, riot, riot attending a strike, civil commotion, aircraft, vehicles, and

smoke, in an amount equal to the replacement cost of the District Hospital and all tangible personal property used in connection therewith, excluding land and foundations;

b. Commercial general liability, property damage and bodily injury insurance, insuring Lessor and Lessee against any liability whatsoever occasioned by any accident, injury or damage suffered or occurring on or about the Leased Premises or any appurtenance thereto. Lessee shall also procure and maintain during the Lease Term contractual liability insurance coverage for the performance of Lessee's indemnity obligations under this Lease. Each liability policy shall be for the minimum amount of \$1,000,000.00 combined single limit coverage per accident.

c. Worker's compensation insurance in the minimum amount required by the laws of the State of Florida;

d. Comprehensive automobile liability insurance with limits of not less than \$1,000,000.00 per person and \$1,000,000.00 per occurrence for bodily injury and not less than \$1,000,000.00 per occurrence for property damage;

e. Lessee will obtain insurance policies to insure against liability for death, injury, loss or damage occurring in the examination, diagnosis, treatment, or care of any patient required by the State of Florida (or in the United States if applicable within the State of Florida), with medical liability and malpractice insurance limits consistent with comparable HMA hospital facilities, which policy or policies shall be in such form as may be required under such law or laws (provided that, in lieu of maintaining such policy or policies, the Lessee may comply with any self-insurance requirements respecting qualifications for such insurance if the laws of the State of Florida provide for such qualification by self-insuring in lieu of maintaining such policy or policies) and the Lessee will take any and all other actions required for the Lessee to qualify

and to remain qualified for such insurance. At the request of the Lessor, the Lessee shall, from time to time, provide to Lessor evidence from a third-party insurance consultant or actuary that Lessee's self-insurance is adequate under then existing conditions;

f. Directors and Officers liability insurance for the benefit of Lessee, Guarantor and the members of the Governing Board shall be obtained in accordance with policies, limits and amounts generally applicable to other hospitals owned or operated by Guarantor.

6.2 **BLANKET POLICIES.** Any property insurance required to be carried under this Article may be included as part of any blanket or other policy or policies of insurance as long as the minimum coverage standards required by this Lease are met or exceeded for the District Hospital independently of coverage for other properties or facilities covered by such policies.

6.3 **INCREASE IN COVERAGE.** The minimum limits and coverage for liability policies shall be increased from time to time, as reasonably determined by Lessee and Lessor, to assure full protection to Lessor against claims for injury (including death) and damage to property.

6.4 **QUALIFIED INSURER AND STANDARD PROVISIONS.** Lessee covenants that each insurance policy required by this Article: (i) shall be issued by such insurer or insurers as are financially responsible, are capable and qualified to write the respective insurance in the State of Florida and are of recognized standing; and (ii) shall be in such form and with such provisions (including, without limitation, the loss payable clause, the waiver of subrogation or right of recovery claim clause, deductible clause and the designation of the named insured parties) as are generally considered standard provisions for the type of insurance involved and are reasonably acceptable to Lessor. Lessor agrees that in the event of destruction of all or any

part of the Leased Premises, all insurance proceeds paid as a result of such casualty shall be made available to Lessee for payment for the repair, restoration or replacement of the portion of the Leased Premises and/or Personal Property Assets damaged or destroyed. All insurance required under this Lease shall be written with insurance companies authorized to do business in the state of Florida and reasonably acceptable to Lessor. The cost of all premiums on the policies shall be paid by Lessee. The form and substance of all policies shall be subject to the approval of Lessor. The policies shall contain a clause that the insurer will not cancel or change the insurance coverage without first giving Lessor thirty (30) days' prior written notice. The original policies or binders shall be delivered to Lessor within ten (10) days of the commencement of this Lease. Lessee shall also furnish Lessor with original or binders of renewal policies for each such policy at least ten (10) days prior to the expiration date of the expiring policy. All policies (exclusive of worker's compensation) required under this Section shall name Lessor as an additional named insured and Health System as an additional insured as to Personal Property Assets used in the operation of the District Hospital. Lessee, however, shall retain all approval rights over the insurance company to be used and the type of insurance for the Personal Property Assets that Health System may have an interest in pursuant to the terms of this Lease Agreement.

6.5 **LIABILITY PROTECTION.** Lessee will provide for and insure in the commercial general liability policies required above, not only its own liability in respect of the matters there mentioned, but also the interest of Lessor as an additional insured party. Lessee will not, without the prior written consent of Lessor, settle or consent to the settlement of any pending or threatened litigation or claims for which Lessee is obligated under the provisions of this Section to insure the interest of Lessor.

6.6 INSURANCE PROCEEDS. All insurance proceeds paid as compensation for loss or damage to the Leased Premises or to the Personal Property Assets, or any replacement or substitutions or additions thereto, as a result of any casualty shall be the property of Lessee to be used in accordance with Section 7.5 and, if not used by Lessee as provided in Section 7.5, shall be provided to Lessor and/or Health System, as applicable.

ARTICLE VII

MAINTENANCE AND REPAIR

ALTERATIONS AND IMPROVEMENTS

7.1 CONDITION OF DISTRICT HOSPITAL. Lessee shall keep and maintain the District Hospital and tangible personal property used therein in good repair and operating condition, reasonable wear, tear, and depreciation excepted, and subject to replacement in the normal course of business at Lessee's own expense during the Lease Term.

7.2 REPAIRS. Lessee shall make all repairs (including replacements) to the District Hospital, and Personal Property Assets used therein, foreseen and unforeseen, structural or otherwise, whether or not caused by Lessee's act or omission, that may be necessary to keep and maintain the District Hospital and Personal Property Assets used therein in good repair and operating condition and in compliance with all applicable rules, codes, laws, regulations, and ordinances of all governmental and quasi governmental agencies or boards having jurisdiction over the District Hospital during the Lease Term.

7.3 ALTERATIONS AND IMPROVEMENTS. Lessee shall have the right, at its own expense, to make such additions, alterations, improvements in or to the District Hospital as it deems necessary or desirable, provided that the value of the District Hospital is not materially impaired, and provided, further, that all permanent or structural additions, alterations,

improvements, or replacements shall be deemed a part of the District Hospital and shall become the property of Lessor without further cost to Lessor.

7.4 **REMOVAL OR DISPOSITION OF PROPERTY.** If Lessee is not in default under this Lease, Lessee shall have the right from time to time to remove any or all non-structural improvements, furniture, equipment and fixtures in the District Hospital, provided Lessee repairs any damage to the District Hospital caused by such removal, and provided Lessee restores at the time of termination of the Lease as provided herein that portion of the District Hospital affected by such removal to the condition existing prior to the installation of the item so removed (and provides a substitution or replacement of any item so removed if such item constitutes a part of the Leased Premises or Personal Property Assets necessary or desirable for continued use of the District Hospital as a full service general acute care hospital).

If any property or structure, or any furnishings, machinery, equipment, or other improvement constituting a part of or used in the Leased Premises or the Operations shall become inadequate, obsolete, worn out, unsuitable, undesirable, or unnecessary and if its demolition, disposal or removal will not impair the structural soundness, efficiency, or the economic value of the Leased Premises, Lessee may demolish, remove, or dispose of such property and may, to the extent permitted by law, sell, trade in, exchange, replace or otherwise dispose of same, in whole or in part, as long as the Leased Premises and the Operations remain functional and operational, as contemplated in Section 4.1 hereof.

7.5 **DAMAGED OR DESTROYED PROPERTY.** If any part of the District Hospital or Personal Property Assets shall be destroyed or damaged by fire or other casualty Lessee shall promptly replace, repair, rebuild, and restore the property damaged or destroyed to substantially the same condition as existed prior to such damage or destruction, with such

alterations and additions as will not impair the capacity or character of the District Hospital for the purposes stated in Section 4.1, applying so much as may be necessary of the net proceeds of insurance received by Lessee by virtue of any such damage or destruction and paying from Lessee's own funds for the cost of such replacement, repair, rebuilding, or restoration, either on completion thereof or as the work progresses, if such insurance proceeds shall not be sufficient to pay for all such work.

7.6 **CONSTRUCTION LIENS.** Lessor's interest in the Leased Premises shall not be subject to liens for improvements made by Lessee and Lessee shall have no power or authority to create any lien or permit any lien to attach to Lessee's leasehold or to the estate, reversion or other estate of Lessor in the Leased Premises or any improvements of which the Leased Premises are a part. All contractors, artisans, mechanics and laborers and other persons supplying design services, materials or labor or contracting with Lessee with respect to the Leased Premises or any part thereof, or any party entitled to claim a construction lien under the laws of Florida (whether same shall proceed in law or in equity) are hereby charged with notice that they shall look solely to Lessee to secure payment of any amounts due for work done or material furnished to Lessee relating to the Leased Premises, or for any other purpose during the Lease Term.

Lessee covenants and agrees that Lessee shall indemnify the Indemnified Parties against all such claims and Lessee covenants and agrees to transfer any claimed or asserted lien to a bond or such other security as may be permitted by law within thirty (30) days of the assertion of any such lien or claim of lien. In the event Lessee fails to transfer such lien to bond or other security within such thirty (30) day period then, in addition to its other remedies specified in this Lease, Lessor shall have the right to discharge the lien or to transfer the lien claimed to bond or other

security permitted by law and in any such event Lessee shall pay all costs so incurred by Lessor immediately upon demand therefor.

ARTICLE VIII

ASSIGNMENTS AND SUBLEASES

8.1 ASSIGNMENTS AND SUBLEASES. Lessee shall not have the right to assign or sublease its interest in the Lease for the first three (3) years of the term of the Lease without the consent of the Lessor which consent may, at the sole discretion of the Lessor, be withheld. After the initial three (3) year term of the Lease the Lessee may assign or sublease its interest in the Lease only upon the consent of the Lessor which consent shall not be unreasonably withheld. In the event that Lessee intends to assign or sublease its interest in the Lease, after the first three (3) years of the term of the Lease, the proposed assignee or successor entity and any guarantor must (i) have a senior management member who has had a minimum of ten (10) years or more experience in the management and/or operation of hospitals; (ii) have operated or its affiliates or subsidiaries must have operated a hospital with similar indigent care responsibilities as those being offered by hospitals in Key West, Florida; (iii) have a financial net worth at least equal to that of Lessee and Guarantor, respectively, immediately prior to such assignment; (iv) expressly assume and agree in writing to perform all of Lessee's and Guarantor's, if applicable, obligations under the Lease and Guaranty, if applicable; and (v) be duly qualified to operate a hospital. Lessee shall provide Lessor with a minimum of sixty (60) days written notice of any proposed assignment or sublease. Notwithstanding anything to the contrary set forth above, no consent shall be required for any assignment or sublease during the Lease Term in the event that all of the ownership interest in Lessee, currently held by Guarantor, is acquired or transferred by virtue of a merger or transfer of control of Guarantor.

1.2 **RESTRICTIONS ON MORTGAGE OR OTHER ENCUMBRANCES OF LEASED PREMISES BY LESSEE.** Except as otherwise expressly provided in this Lease, Lessee shall have no power or authority to mortgage, pledge, sell, assign, transfer, convey, or make any other disposition or encumbrance of the Leased Premises or Lessee's leasehold interest in the Lease Agreement without the prior written consent of Lessor. It shall be an express condition of any such mortgage, sale, assignment, transfer, conveyance or other disposition or encumbrance, that it shall be subject to all of the terms and conditions of this Lease, and that any transfer as a result of the exercise of any remedies in favor of a mortgagee or lien holder, require Lessor's additional consent thereto.

ARTICLE IX

ADDITIONAL COVENANTS OF LESSEE

9.1 **PROTECTION OF THE LEASED PREMISES.** Lessee shall use reasonable care in performing its duties to protect the Leased Premises. Lessee covenants that it will not knowingly permit anything to be done on or about the Leased Premises that will adversely affect, impair, or contravene any policies of insurance that may be carried on the Leased Premises or any part thereof against loss or damage by fire, casualty, or otherwise.

ARTICLE X

EVENTS OF DEFAULT AND REMEDIES

10.1 EVENTS OF DEFAULT DEFINED. Each of the following shall be an event of default under this Lease and the terms "event of default" or "default" shall mean, whenever they are used in this Lease, any one or more of the following events:

- a. Failure by Lessee to observe and perform any covenant, condition, or agreement on its part to be observed or performed which can be cured by the payment of money, for a period of ten (10) days after written notice is given by Lessor to Lessee, specifying such failure; or
- b. Failure by Lessee to observe and perform any material covenant, condition, or agreement on its part to be observed or performed other than the payment of money, for a period of sixty (60) days after written notice is given by Lessor to Lessee, specifying such failure; provided, however, if the failure stated in the notice cannot be corrected within such sixty (60) day period, Lessee shall not be deemed to be in default if corrective action is instituted by Lessee within such sixty (60) day period and is diligently pursued until the corrective action is completed; or
- c. Lessee is in default under the terms of the dePoo Hospital Lease which default has not been cured during the applicable cure period as set forth in the dePoo Hospital Lease (an uncured event of default under the terms of this Lease Agreement shall also constitute a default under the terms of the de Poo Hospital Lease Agreement).
- d. The dissolution or liquidation of Lessee or Guarantor or the filing by Lessee or Guarantor of a voluntary petition in bankruptcy, or the filing of an involuntary petition in bankruptcy against Lessee (unless such petition is dismissed within one hundred twenty (120)

days after it was filed); failure by Lessee promptly to lift any execution, garnishment, or attachment of such consequence as will impair its ability to carry on its operation of the Leased Premises; Lessee's seeking of or consenting to or acquiescing in the appointment of a receiver of the Leased Premises; the commission by Lessee or Guarantor of an act of bankruptcy, or adjudication of Lessee or Guarantor as bankrupt; or any assignment by Lessee or Guarantor for the benefit of its creditors, or the entry by Lessee or Guarantor into an agreement of composition with its creditors. The term "dissolution or liquidation of Lessee or Guarantor" as used in this subsection, shall not be construed to include (i) the cessation of the corporate existence of Lessee or Guarantor resulting either from a merger or consolidation of Lessee or Guarantor into or with another corporation, (ii) an administrative dissolution of Lessee by the Florida Department of State or Guarantor by the Delaware Secretary of State, because of the failure of Lessee or Guarantor to file its annual report with the respective Department (Secretary) of State provided that Lessee or Guarantor is reinstated as a corporation within ninety (90) days after such administrative dissolution, or (iii) a transfer of all or substantially all of Lessee's or Guarantor's assets as permitted under this Lease.

10.2 REMEDIES.

a. In the event of a default as defined in Section 10.1(a) or a comparable uncured event of default under the term of the dePoo Hospital Lease, the Lessor may seek a writ of eviction in the appropriate court in Monroe County, Florida, or, at Lessor's option mediate the differences described herein. In the event of an uncured event of default as described in Section 10.1(b) and/or a comparable uncured event of default under the terms of the dePoo Hospital Lease the default shall be resolved first through non-binding mediation through the American Health Lawyers Association ("AHLA") or similar organization. The substantive law to be

applied to any proceeding shall be the laws of the State of Florida. In the event that mediation does not resolve the default issue, then the parties may seek an appropriate remedy in the appropriate court in Monroe County, Florida, to the extent provided under the laws of the State of Florida.

b. In the event of a default under this Lease Agreement, which will result in a default under the terms of the dePoo Hospital Lease, and following exhaustion of all applicable cure periods, and a determination by the appropriate court or courts having jurisdiction over the dispute giving rise to the default as described above, then the Leased Premises shall be immediately quit claimed to Lessor and the leased premises of the dePoo Hospital immediately reassigned to Kennedy Drive, and the Personal Property Assets of both the District Hospital and dePoo Hospital transferred to Health System, all of which shall then be subject to and governed by that certain Lease Consolidation Agreement, dated December 8, 1989, by and among The Lower Florida Keys Hospital District, Kennedy Drive Investors, Ltd., and Key West Medical Association, Inc. It is recognized that under the terms of the Lease Consolidation Agreement that Health System was to lease the District Hospital and dePoo Hospital pursuant to independent lease agreements described therein. In the event that the termination of this Lease Agreement occurs prior to the original expiration date of the District Lease and the Kennedy Drive Lease with Health System (assuming those leases were still in full force and effect) then, in that event, Health System will continue to lease, operate and maintain the District Hospital and dePoo Hospital in accordance with the terms of the Lease Consolidation Agreement which will be reinstated at such time for what otherwise would have been the duration of the then remaining term of the District Lease as described in the Lease Consolidation Agreement. In the event that the termination of this Lease Agreement occurs subsequent to the original expiration of the term

of the Kennedy Drive Lease and the District Lease with Health System then, in that event, the Lease Consolidation Agreement and all of the Health System leases described therein shall be reinstated for a period of one year and shall be automatically renewed for successive one-year periods unless either the Lessor and/or Kennedy Drive notifies the other in writing within ninety (90) days prior to expiration of any one-year period of its election to terminate the lease agreement with Health System and all other merger arrangements described in the Lease Consolidation Agreement and other ancillary documents pertaining thereto. In such event all of the assets held by Health System shall be assigned, distributed and allocated by and between the Lessor and Kennedy Drive as set forth in the Lease Consolidation Agreement and any applicable ancillary documents pertaining thereto.

10.3 ADVANCES BY LESSOR. If Lessee fails to pay the premiums on policies to provide the full insurance coverage required by this Lease, fails to pay any Taxes at or prior to the time they are required to be paid, or fails to keep the District Hospital in good order and repair or fails to perform any other covenant or agreement on Lessee's part to be performed hereunder, Lessor, after first giving Lessee reasonable prior notice of any such failure on its part, may (but shall not be obligated to) pay the premiums on such insurance, pay such taxes or other charges, or make such repairs, renewals, and replacements as may be necessary to maintain the District Hospital properly and in good order and repair and in a reasonably safe condition, or perform such acts which Lessee has failed to perform and all amounts advanced or paid therefor by Lessor shall become an additional obligation of Lessee to Lessor. Lessee hereby agrees to pay the same upon demand to Lessor together with interest thereon at the maximum rate then permitted to be charged by private parties in contracts governed by Florida law.

10.4 AGREEMENT TO PAY ATTORNEYS' FEES AND EXPENSES. In the event Lessor or Lessee is required to employ an attorney or incur other expenses for the enforcement or interpretation of this Lease, the non-prevailing party will, on demand therefor, pay to the other party its attorneys' fees (including fees for paralegals and legal assistants) and costs and expenses incurred out of court, in the trial court, on appeal or in bankruptcy, mediation, arbitration or any administrative proceedings.

10.5 WAIVER. Any of the terms or conditions of this Lease may be waived at any time and from time to time, in writing, by both parties; provided, however, that except as otherwise specifically provided in this Lease, no failure or delay on the part of either party in exercising any of its respective rights hereunder upon any failure by the other party to perform or observe any condition, covenant or provision herein contained shall operate as a waiver thereof, nor shall any single or partial exercise of any of such rights preclude any other or further exercise thereof or the exercise of any other right hereunder. No waiver or release of any of the terms, conditions, or provisions of this Lease shall be valid or asserted or relied upon by either party hereto or offered in any judicial proceeding or otherwise, unless the same is in writing, and duly executed by the party granting such waiver or release.

ARTICLE XI
ENVIRONMENTAL PROVISIONS

11.1 **COMPLIANCE.** Lessee covenants and warrants that Lessee's Operations on the Leased Premises will at all times substantially comply with and conform to all Environmental Laws, including without limitation, those Environmental Laws which relate to the Handling of any Waste on or about the Leased Premises. Upon receipt of any material Environmental Notice whatsoever, Lessee shall deliver to Lessor a true, correct and complete copy of any written Environmental Notice. In the event (i) of any Environmental Notice; or (ii) if Lessee has caused, suffered or permitted, directly or indirectly, any Spill or Environmental Condition on or about the Leased Premises, or (iii) if any Spill or Environmental Condition has occurred on or about the Leased Premises or otherwise affecting the Leased Premises, then Lessee shall immediately take all of the following actions:

- a. Notify Lessor;
- b. Promptly commence and diligently pursue all steps necessary to clean up any such Spill and any contamination related to the Spill or to remediate or abate such Environmental Condition and Environmental Notice;
- c. Promptly provide Lessor with copies of all reports, data, proposals, test results or analyses, assessment or remediation plans relating to such incidents;
- d. Abate the Environmental Condition and the Environmental Notice and otherwise restore the Leased Premises or affected property to the condition required by all applicable laws and regulations; provided, however, if any laws or regulations hereafter enacted shall prescribe more stringent standards than those in effect at the time any remediation is

effected, Lessee shall perform any work required to bring the Leased Premises into compliance with such stricter standards at Lessee's sole expense; and

e. Fully cooperate with Lessor with respect to any such incident, including permitting Lessor to monitor and inspect all activities; provided, however, Lessor shall not interfere with any remediation work that may be in progress.

11.2 **COMPLETION OF REMEDIAL WORK.** In the event Lessee shall fail to commence the remedial work in timely fashion or fail to prosecute the remedial work to completion within a reasonable time after commencement of such work, Lessor may, but shall not be required to, cause the remedial work to be performed, subject fully to the Environmental Indemnification provisions of this Lease, and Lessee shall pay for all such work as the costs are incurred.

11.3 **CLAIMS.** Lessee shall immediately notify Lessor of any material claims for damages, penalties or otherwise against Lessor or Lessee described above.

ARTICLE XII

CONDEMNATION

12.1 **TAKING.** If any competent authority, for any public or quasi-public purposes, takes or condemns, either (i) the whole of the Leased Premises, or (ii) such part of the Leased Premises as hereafter defined so as to prevent or substantially impair the use of the Leased Premises for the purposes stated in Section 4, then the Lease Term shall automatically cease and terminate on the date possession of the Leased Premises is required by, or surrendered to, the condemning authority.

12.2 LAST YEAR OF LEASE TERM. If any competent authority, for any public or quasi- public purpose, takes or condemns, any part of the Leased Premises in the last year of the Lease Term such that the use of the Leased Premises is prohibited or substantially impaired, either party shall have the right to terminate this Lease by written notice to the other party tendered no later than thirty (30) days following the date possession is required by the condemning authority. If either party elects so to terminate, the Lease Term shall cease and terminate as of the date when possession of the area so taken is required by, or surrendered to, the condemning authority.

12.3 COLLECTION OF AWARDS. In the event of a complete or partial taking of the Leased Premises, the parties agree that Lessor shall be entitled to collect the portion of the award paid by the condemning authority attributable to the land, permanent improvements and all estates or interests therein that is equal to the expired portion of the Lease Term expressed as a percentage and Lessee shall collect the balance of the award. Lessee, however, may also claim business relocation damages described in Section 12.5 herein.

12.4 NON-TERMINATION OF LEASE. In the event of a partial taking of the Leased Premises which does not result in termination of this Lease then, Lessee at its option shall, at Lessee's expense, promptly repair, restore and reconstruct the Leased Premises and Lessor shall pay to Lessee such portion of the condemnation awards as required to pay for such repairs and restoration. The restoration shall be made as nearly as possible to the condition existing immediately prior to such taking of the Leased Premises and improvements thereon.

12.5 **BUSINESS LOCATION EXPENSES.** Nothing in this Section shall be deemed to prohibit Lessee from claiming compensation from the condemning authority (but not from Lessor) for business relocation expenses in connection with such taking.

ARTICLE XIII

ASSUMPTION OF RISK

13.1 **USE AND OCCUPATION.** To the maximum extent permitted by law, Lessee agrees to use and occupy the Leased Premises at its own risk, and hereby (for itself and all persons claiming under, by or through Lessee) releases Lessor and its servants, contractors, and employees, from all claims and demands of every kind resulting from any accident, damage, injury, or death occurring thereon, unless solely due to such party's gross negligence or willful misconduct. Lessee expressly covenants and agrees that Lessor shall not be liable to Lessee or Lessee's contractors, licensees, agents, guests, invitees, or employees for any injury, damage, or loss to its, his or their persons or property by any cause whatsoever, including, without limitation, construction defects, water, rain, sleet, fire, storms, negligence and accidents, breakage, stoppage, or leaks of gas, water, heating, sewer pipes, boilers, wiring or plumbing or any other defect in, on or about the Leased Premises.

13.2 **LIABILITY.** Lessee expressly assumes all liability for or on account of all claims, suits, liability and expense arising from claims for injury, loss or damage, on or about or relating to the Leased Premises except those caused by the acts of Lessor or Lessor's agents, contractors or representatives.

ARTICLE XIV

INDEMNITY

14.1 **GENERAL INDEMNITY.** Lessee agrees to indemnify Lessor and to defend and hold the Indemnified Parties harmless from and against all liability and damage caused by or growing out of any injury, death, loss or damage to persons or property upon the Leased Premises or arising from Lessee's Operations upon the Leased Premises during the Lease Term (except to the extent caused by Lessor's acts), including, without limitation, the obligation to pay all reasonable attorneys' fees and costs, and reasonable consultants' fees incurred by Lessor as a result thereof. Lessee and Lessor acknowledge that the Indemnity obligation of Lessee as to notice, settlement and attorneys' fees are as set forth in Section 1.2 herein. Lessee shall also indemnify, defend and hold the Indemnified Parties harmless from and against any losses, liabilities, damages, interests, fines, penalties, expenses, and reasonable attorneys' fees and costs based upon, arising out of or otherwise in respect to, noncompliance with any governmental law, statute, regulation, ordinance, or administrative or judicial judgment or order relating to Lessee's Operations on the Leased Premises except as to those matters of non-compliance for the District Hospital and the operation thereof that existed as of the Commencement Date.

14.2 **CONTAMINATION INDEMNITY.** As a material inducement to Lessor to enter into this Lease, Lessee shall hold the Indemnified Parties harmless from all judgments or claims, and shall assume the burden and expense of defending all suits, administrative proceedings, and negotiations of any description with any and all persons, political subdivisions or government agencies arising out of any of the occurrences of any Spill or Environmental Conditions on the Leased Premises which occurs as a result of Lessee's Operations on the Leased Premises.

ARTICLE XV

MISCELLANEOUS

15.1 COVENANT OF QUIET ENJOYMENT. So long as Lessee performs and observes all of the covenants and agreements on its part herein contained, it shall peaceably and quietly have, hold, and enjoy the Leased Premises during the Lease Term subject to all terms and provisions hereof, against the lawful claims of all persons or entities claiming by, through or under Lessor.

15.2 COUNTERPARTS. This Lease may be executed in counterparts, each of which shall be deemed an original and all of which shall constitute one and the same instrument.

15.3 BINDING EFFECT. This Lease shall inure to the benefit of, and shall be binding upon, Lessor, Lessee, Guarantor and their respective authorized successors and assigns as provided for herein.

15.4 SEVERABILITY. In the event any provision of this Lease shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

15.5 ARTICLE AND SECTION CAPTIONS. The Article and Section headings and captions contained herein are included for convenience only and shall not be considered a part hereof or affect in any manner the construction or interpretation hereof.

15.6 ENTIRE AGREEMENT. This Lease Agreement may not be modified, amended or otherwise changed orally, but may only be modified, amended or otherwise changed by an agreement in writing signed by both parties. This Lease Agreement and its accompanying guaranty constitute the entire agreement between the parties and there are no oral or other agreements between the parties affecting this Lease. This Lease Agreement supersedes and

cancels any and all previous negotiations, arrangements, agreements, and understandings between the parties hereto with respect to the subject matter thereof, and no such outside or prior agreements shall be used to interpret or to construe this Lease Agreement. There are no promises, covenants, representations or inducements in addition to, or at variance with any of the terms of this Lease Agreement except the Guaranty.

15.7 GUARANTY AGREEMENT. That certain guaranty of even date signed by Guarantor., a true and complete copy of which is attached hereto as Exhibit "C", is given by Guarantor to induce Lessor to execute this Lease Agreement.

15.8 PLACE OF DELIVERY OF RENT AND NOTICES. Rent accruing hereunder, as well as all notices, shall be paid or delivered to Lessor at the address indicated below until Lessee is notified otherwise.

All notices given to Lessee hereunder shall be delivered to Lessee at the address indicated below until Lessor is notified otherwise. All notices, to be effective, shall be in writing and shall be delivered by registered or certified mail, return receipt requested and postage prepaid or by personal delivery or courier service by which the sending party obtains a receipt confirming delivery or inability to deliver the notice to the party to whom the notice was addressed. Any notice required to be given or that may be given under this Lease shall be deemed to be given upon the date of receipt thereof, or if delivery is refused, on the date of first attempted delivery thereof.

Any party designated to receive notice may change its address to any other place in the United States of America by giving notice of such change of address to the other party.

If to Lessor:

The Lower Florida Keys Hospital District
Post Office Box 5403
Key West, Florida 33045

with copy to:

Lewis W. Fishman, Esquire
Two Datan Center
9130 South Dadeland Blvd.
Suite 1121
Miami, Florida 33156-7848

If to Lessee:

Key West HMA, Inc.
5811 Pelican Bay Boulevard, Suite 500
Naples, Florida 33963-2710
Attention: William T. Schoen, Chairman
and Chief Executive Officer

with copy to:

5811 Pelican Bay Boulevard, Suite 500
Naples, Florida 33963-2710
Attention: Timothy Parry, Vice President
and General Counsel

Lessor and Lessee may, by notice given hereunder, designate any further or different addresses to which subsequent notices or other communications shall be sent.

15.9 **RADON GAS.** The following disclosure is hereby made by Lessor to Lessee as required by Florida law:

Radon is a naturally occurring radioactive gas that, when it has accumulated in a building in sufficient quantities, may present health risks to persons who are exposed to it over time. Levels of radon that exceed Federal and State guidelines have been found in buildings in Florida. Additional information regarding radon and radon testing may be obtained from your County Public Health Unit.

15.10 **LESSOR'S ACCESS TO LEASED PREMISES AND TRANSITION COVENANT.** Lessor shall have the right to enter the Leased Premises at reasonable business hours for the purposes of inspecting the Leased Premises, and Lessor shall also have the right to make access available at all reasonable business hours to agents and consultants (or to prospec-

tive tenants of the Leased Premises during the last twelve (12) months of the Lease Term). If Lessee fails to make necessary repairs to the Leased Premises, within applicable grace periods after notice of the need therefor, Lessor shall also have the right to enter the Leased Premises for the purpose of making necessary repairs thereto. Lessee agrees that within eighteen (18) months of the expiration of the Lease Term to notify Lessor in writing of its intention not to seek an extension or renewal of the Lease Term. To facilitate the transition of the Leased Premises to the Lessor the Lessee hereby agrees that during the last year of the Lease Term the Lessor and its duly authorized representatives shall have access to the Leased Premises acting in the capacity of a transition team for the purpose of familiarizing themselves with the operation, organization and management of the District Hospital and all furniture, fixtures and equipment utilized in the operation of the District Hospital. The activities of the transition team shall be conducted in such a way so as to not interfere with the operation of the District Hospital.

15.11 **SURRENDER.** All alterations, additions and improvements made during the Lease Term on the Leased Premises and all additions and/or replacement of Personal Property Assets used in the Operations shall remain upon the Leased Premises in the absence of any agreement to the contrary, and Lessor will accept the Leased Premises and Health System will accept the Personal Property Assets in such condition as may be subsequently improved or, as to Personal Property Assets, replaced by Lessee after the commencement of Lessee's Operations on the Leased Premises. Except as expressly provided in this Lease to the contrary, Lessee shall deliver and surrender to Lessor possession of the Leased Premises and to Health System all Personal Property Assets other than the Excluded Assets at the expiration of this Lease, or its earlier termination as herein provided, all in accordance with the terms of Section 10.2.(b), broom clean, and in as reasonably good condition and repair as the same shall be on the date of

commencement of Lessee's Operations (or, if applicable, in such better condition and repair as the Leased Premises may have been put by Lessee during the continuance of Lessee's Operations), ordinary wear and tear excepted. Any and all Personal Property Assets that become obsolete during the Lease Term may be discarded without replacement provided that such discarded Personal Property Assets are replaced with such other Personal Property Assets or other tangible personal property as is necessary for the continuation of state of the art services being provided at the District Hospital.

Notwithstanding anything herein to the contrary, at the expiration or termination of this Lease, the Leased Premises shall be returned to Lessor in conformity and compliance with all applicable laws, regulations and ordinances; provided, however, if any laws, regulations or ordinances hereafter enacted shall prescribe more stringent standards for remediation than those in effect at the time remediation of an Environmental Condition was effected, Lessee shall perform all work required to bring the Leased Premises into compliance with such stricter standards at Lessee's sole cost and expense. If such additional work is required after the expiration or termination of this Lease, Lessee shall commence the work within thirty (30) days of Lessor's notice of the need therefor, and shall complete the work with reasonable diligence thereafter.

15.12 RELATIONSHIP OF PARTIES. Nothing contained herein shall be deemed or construed by the parties hereto, nor by any third party, as creating the relationship of principal and agent or of partnership or of joint venture between the parties hereto, it being understood and agreed that neither the payment or computation of Rent, nor any other provision contained herein, nor any acts of the parties herein, shall be deemed to create any relationship between the parties hereto other than the relationship of landlord and tenant. Whenever the singular number

is used in this Lease, the same shall include the plural, and the neuter gender shall include the feminine and masculine genders.

15.13 **BROKER'S COMMISSIONERS.** Each of the parties represents and warrants that it has dealt with no broker in the negotiation and consummation of this Lease. Each of the parties agrees to indemnify the other against all liabilities from any claims for brokers' commissions or finder's fees asserted against the indemnified party.

15.14 **INTERPRETATION AND VENUE.** This Lease shall be construed and interpreted according to the laws of the State of Florida and venue for enforcement shall be in Monroe County, Florida.

15.15 **TIME OF THE ESSENCE.** Time is of the essence in the performance of Lessee's obligations under this Lease.

15.16 **INDUCEMENT.** The parties acknowledge and agree that Lessor would not enter into this Lease if the Rent described in this Lease were not absolutely net to Lessor (except as to the covenants of Lessor described herein) or if an acute care hospital would not be available in Monroe County or if Lessor were to incur any liability whatsoever, foreseen or unforeseen, as a result of Lessee's exercise of any of its rights under this Lease. Accordingly, Lessee's parent, Health Management Associates, Inc., has delivered its guaranty of payment and performance of Lessee's obligations simultaneously with Lessee's execution of this Lease.

15.17 **MEMORANDUM OF LEASE.** The parties hereto agree that a Memorandum of Lease in the form attached hereto as Exhibit "D" shall be placed of record among the public records of Monroe County, Florida.

15.18 **SOVEREIGN IMMUNITY.** The parties hereto acknowledge that by virtue of lessor signing this lease agreement which contains specific indemnity rights from lessee that

lessor has not waived his right of sovereign immunity as to any tort claim that may or not exist against lessor to act of lessor by virtue of any act by or failure

15.19 FURTHER ASSURANCE. The parties hereto shall perform with all due diligence all acts, applications, authorizations, assignments, transfers, and consents as necessary or appropriate to the fulfillment of the provisions of this Lease Agreement, and will cooperate with each other and execute any and all documents required under this Lease Agreement or that are incident thereto.

IN WITNESS WHEREOF, Lessor and Lessee have caused this Lease to be duly executed as of the day and year first above written.

Witnesses:

[Signature]
Name: Stephen J. Mitchell
Marga Jones
Name: Marga Jones

[Signature]
Name: J. Mitchell
Marga Jones
Name: Marga Jones

THE LOWER FLORIDA KEYS HOSPITAL DISTRICT, a body politic and corporate of the State of Florida

By its Board of Commissioners

By: [Signature]
Name: Jerry C. Dean
ATTEST: [Signature]

KEY WEST HMA, INC., a Florida corporation

By: [Signature]
Name: Earl P. Holland
Title: Vice-Chairman

STATE OF FLORIDA
COUNTY OF Monroe

The foregoing instrument was acknowledged before me this 28th day of January, 1999, by Jerry C. Dean and Dorothy E. Marine as Chairman and Secretary, respectively of the Board of Commissioners of THE LOWER FLORIDA KEYS HOSPITAL DISTRICT, a body politic and corporate of the State of Florida, on behalf of the Florida, who is personally known to me or has produced Florida (state) driver's license no. D500-423-60-336-0 as identification. and M650-165-38-678-0

My Commission Expires:

(AFFIX NOTARY SEAL)



Marga Jones
MY COMMISSION # CC595014 EXPIRES
December 26, 2000
BONDED THRU TROY FAIR INSURANCE, INC.

Marga Jones
Notary Public (Signature)
Marga Jones
(Printed Name)

(Title or Rank)
CC 595014
(Serial Number, if any)

STATE OF FLORIDA
COUNTY OF Dade

The foregoing instrument was acknowledged before me this 29th day of January, 1999,
by Earl P. Holland, as Vice Chairman, of KEY
WEST HMA, INC., a Florida corporation, on behalf of the corporation, who is personally known
to me or has produced Florida (state) driver's license no.
H 45-821-545137-0 as identification.

My Commission Expires:

(AFFIX NOTARY SEAL)



Marga Jones
MY COMMISSION # CC586014 EXPIRES
December 25, 2000
BONDED THRU TROY FAIR INSURANCE, INC.

Marga Jones

Notary Public (Signature)

Marga Jones
(Printed Name)

(Title or Rank)

CC 595014
(Serial Number, if any)

#622478 v18 - 6256-017

EXHIBIT X

Legal Description - Kennedy Drive Land

On the Island of Key West, Monroe County, Florida, and being described as follows:

Commence at the Southwest corner of Parcel 16-A as shown on "PLAT OF SURVEY OF LANDS ON ISLAND OF KEY WEST, MONROE COUNTY, FLORIDA," as recorded in Plat Book 3 at page 35 of the public records of Monroe County, Florida and run thence South $21^{\circ}14'20''$ East for a distance of 310.00 feet; thence run South $68^{\circ}41'40''$ West for a distance of 60.00 feet to the POINT OF BEGINNING; thence continue South $68^{\circ}41'40''$ West for a distance of 200.00 feet; thence run North $21^{\circ}14'20''$ West for a distance of 210.00 feet; thence run North $68^{\circ}41'40''$ East for a distance of 200.00 feet; thence run South $21^{\circ}14'20''$ East for a distance of 210.00 feet back to the POINT OF BEGINNING.

AND

On the Island of Key West, Monroe County, Florida, and being described as follows:

Commence at the Southwest corner of Parcel 16-A as shown on "PLAT OF SURVEY OF LANDS ON ISLAND OF KEY WEST, MONROE COUNTY, FLORIDA," as recorded in Plat Book 3 at page 35 of the public records of Monroe County, Florida and run thence South $21^{\circ}14'20''$ East for a distance of 310.00 feet; thence run South $68^{\circ}41'40''$ West for a distance of 260.00 feet to the POINT OF BEGINNING; thence continue South $68^{\circ}41'40''$ West for a distance of 100.00 feet; thence run North $21^{\circ}14'20''$ West for a distance of 100.00 feet; thence run North $68^{\circ}41'40''$ East for a distance of 100.00 feet; thence run South $21^{\circ}14'20''$ East for a distance of 100.00 feet back to the POINT OF BEGINNING.

TOGETHER WITH all rights of Kennedy Drive Investors, Ltd., acquired by assignment from the Florida Keys Medical Center, Inc. in and to that certain Lease Agreement by and between Southernmost Development, Inc., a Florida corporation, Key West Professional Plaza, Inc., a Florida corporation and Florida Keys Medical Center, Inc., a Florida corporation, recorded September 12, 1984 in Official Records Book 921, at page 144, as assigned by Florida Keys Medical Center, Inc. to Kennedy Drive Investors, Ltd. by that certain Assignment and Sublease dated effective the 1st day of May, 1999, and the premises described therein, all as recorded in the Public Records of Monroe County, Florida.

#646250 v3 - 6256-017 AFFIDAVIT - KENNEDY DRIVE

LEASE AGREEMENT - THE LOWER FLORIDA KEYS HOSPITAL DISTRICT
COMPOSITE EXHIBIT A
Legal Description

District Legal Description

A parcel of land on Stock Island, Monroe County, Florida, described as follows:

Commence at the Southwest corner of the parcel of land now occupied by the Florida Keys Junior College as recorded in O.R. Book 366 on pages 649 through 651 of the public records of Monroe County, Florida, the Southwest corner of said parcel also being on the North right-of-way of a proposed state road (designated by the State Road Department of the State of Florida as Project No. 90550-2612); run thence North $62^{\circ}23'57''$ East along the South boundary of said Florida Keys Junior College parcel and the said North right-of-way of said proposed state road, a distance of 571.14 feet; thence run South $27^{\circ}36'03''$ East, a distance of 100.00 feet to the South right-of-way of the said proposed state road and the POINT OF BEGINNING of the parcel of land being described herein; thence from said point of beginning, continue south $27^{\circ}36'03''$ East for a distance of 700.00 feet; thence North $62^{\circ}23'57''$ East for a distance of 896.20 feet to the West right-of-way of the said proposed state road; thence run North $11^{\circ}43'00''$ West along the said West right-of-way of the said proposed state road for a distance of 284.90 feet to the beginning of a curve in the said right-of-way; thence run Northwesterly along the said curve right-of-way, concave to the Southwest and having a radius of 450.00 feet, for an arc distance of 164.93 feet to the end of said curve; thence run Northwesterly along a curve concave to the Southwest and having a radius of 288.42 feet, for an arc distance of 427.29 feet to the end of said curve; thence run South $62^{\circ}23'57''$ West along the said South right-of-way of the said proposed state road for a distance of 702.29 feet back to the POINT OF BEGINNING.

LESS:

Begin at the Northwest corner of the lands owned by the Lower Florida Keys Hospital District and recorded in O.R. Book 416 at page 457 of the public records of Monroe County, Florida and run thence North $62^{\circ}23'57''$ East along the North boundary line of land described in said O.R. Book 416 for a distance of 298.00 feet; thence South $27^{\circ}36'03''$ East for a distance of 300.00 feet; thence South $62^{\circ}23'57''$ West for a distance of 298.00 feet to the West boundary of the land described in said O.R. Book 416; thence

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North $27^{\circ}36'03''$ West for a distance of 300.00 feet back to the
POINT OF BEGINNING.

GUARANTY

FOR VALUE RECEIVED and in consideration of and in order to induce THE LOWER FLORIDA KEYS HOSPITAL DISTRICT, a body politic and corporate of the State of Florida (the "Lessor") to enter into that certain Lease Agreement dated as of May 1, 1999, between Lessor and KEY WEST HMA, INC., a Florida corporation (the ("Lessee") (the "Lease") and for other good and valuable considerations, the undersigned (hereinafter the "Guarantor"), guarantees to the Lessor and to its successors and assigns, the prompt and full performance and observance by the Lessee of all of the covenants, terms, provisions, conditions, and agreements required to be performed by Lessee under the Lease, whether prior to, during the term of, or after the termination of the term of the Lease.

The capitalized terms used in this Guaranty shall have the same definitions as such capitalized terms have in the Lease unless the context clearly indicates a contrary intent.

Notice of all defaults is waived, and consent is given to all extensions of time that the Lessor may grant to Lessee in the performance of any of the terms of the Lease and/or to the waiving in whole or in part of any such performance, and/or to the releasing of Lessee in whole or in part from any such performance, and/or to the adjusting of any dispute in connection with the Lease; and no such defaults, extensions, waivers, releases, or adjustments, with or without the knowledge of the Guarantor, shall affect or discharge the liability of the Guarantor. The Guarantor further agrees to pay all expenses, including legal fees and disbursements paid or incurred by Lessor in enforcing this Guaranty.

This Guaranty is a continuing guaranty which shall be and remain effective during the Lease Term, and as to any surviving provisions that remain effective after the termination of the Lease. The liability of the Guarantor hereunder is direct and unconditional and may be enforced without requiring the Lessor first to resort to any other right, remedy, or security.

The liability of Guarantor under this Guaranty shall in no way be affected, modified, or diminished by reason of (a) any assignment, renewal, modification, amendment, or extension of the Lease, or (b) any modification or waiver of or change in any of the terms, covenants, and conditions of the Lease by Lessor and Lessee, or (c) any extension of time that may be granted by Lessor to Lessee, or (d) any consent, release, indulgence, or other action, inaction, or omission under or in respect of the Lease, or (e) any bankruptcy, insolvency, reorganization, liquidation, arrangement, assignment for the benefit of creditors, receivership, trusteeship, or similar proceeding affecting Lessee, or the rejection or disaffirmance of the Lease in any such proceedings, whether or not notice thereof or of any thereof is given to Guarantor.

No delay on the part of Lessor in exercising any right, power, or privilege under this Guaranty or failure to exercise the same shall operate as a waiver of or otherwise affect any such right, power, or privilege, nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power, or privilege.

If any provision of this Guaranty or the application of such provision to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of that provision and this Guaranty and the application of such provision to persons or circumstances other than those as

to which it is invalid or enforceable shall not be affected thereby, and the remainder of such provision and this Guaranty shall otherwise remain in full force and effect.

Without regard to principles of conflicts of laws, the validity, interpretation, performance, and enforcement of this Guaranty shall be governed by and construed in accordance with the laws of the State of Florida and shall be deemed to have been made and performed in the State of Florida.

WITNESSES:

MA
Print Name: J. Thibault

Marga Jones
Print Name: Marga Jones

HEALTH MANAGEMENT
ASSOCIATES, INC., a Delaware
corporation

By: Earl P. Holland
Earl P. Holland, Vice-Chairman

5811 Pelican Bay
Boulevard, Suite 500
Naples, Florida 33963-2710

Dated: April 1, 1999

"GUARANTOR"

STATE OF FLORIDA
COUNTY OF Dade

The foregoing instrument was acknowledged before me this 29th day of April, 1999, by Earl P. Holland as Vice Chairman of Health Management Associates, Inc., a Delaware corporation, on behalf of the corporation. He is personally known to me or has produced Driver's License as identification.
a Florida

Marga Jones
NOTARY PUBLIC
Print Name: Marga Jones
Serial #: CC 595014
My Commission Expires: 12-26-2000

#643343 v1 - 6256-017 Lease Guaranty



Marga Jones
MY COMMISSION # CC595014 EXPIRES
December 26, 2000
BONDED THRU TROY FAIR INSURANCE, INC.

2

MONROE COUNTY
OFFICIAL RECORDS

THIS DOCUMENT PREPARED BY
(AND RETURN TO)
STEPHEN J. MITCHELL, ESQUIRE
ANNIS, MITCHELL, COCKEY,
EDWARDS & ROEHN, P.A.
P. O. BOX 3433
TAMPA, FLORIDA 33601

FILE #1 1 2 1 4 8 0
BK#1 5 7 3 PG#2 3 7 6

RCD May 03 1999 02:01PM
DANNY L KOLHAGE, CLERK

MEMORANDUM OF LEASE AND SHORT FORM OF LEASE

THIS IS A MEMORANDUM OF LEASE AND SHORT FORM OF LEASE by and between THE LOWER KEYS HOSPITAL DISTRICT, a body politic and corporate of the State of Florida ("Lessor"), and KEY WEST HMA, INC., a Florida for profit corporation ("Lessee"), whereby Lessor does hereby lease the Leased Premises to Lessee upon the following terms:

Date of Lease: As of May 1, 1999.

Leased Premises: See Exhibit A attached hereto.

Commencement Date: Term of the Lease commenced on May 1, 1999.

Lease Term: Thirty (30) years.

The Lease expressly provides that the interest of Lessor in the Leased Premises shall not be subject to liens for improvements made by Lessee.

The purpose of this Memorandum of Lease is to give record notice of the Lease and of the rights created thereby, all of which are hereby confirmed. In the event of any conflict between the terms of this Memorandum of Lease and the Lease, the terms of the Lease shall control. Parties are put on notice that they should review the Lease for more detail of the terms and conditions of the Lease.


IN WITNESS WHEREOF the parties have executed this Memorandum of Lease as of the dates set forth in their respective acknowledgements.

LESSOR:


Witnesses:

THE LOWER KEYS HOSPITAL DISTRICT, a
body politic and corporate of the State of Florida

By its Board of Commissioners



Name: Stephen J. Mitchell

Marga Jones
Name: Marga Jones


Name: Stephen J. Mitchell

Marga Jones
Name: Marga Jones


By: 
Name: Jerry C. Dean, Chairman

By: 
Name: Dorothy E. M. Maine, Secretary

Witnesses:

LESSEE:

KEY WEST HMA, INC., a Florida corporation


Name: S Mitchell

Marga Jones
Name: Marga Jones

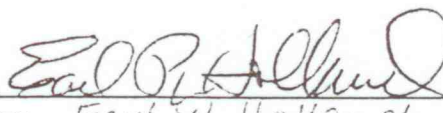
By: 
Name: Earl P. Holland
Vice-Chairman

EXHIBIT A: Description of Leased Premises

STATE OF FLORIDA
COUNTY OF Monroe

The foregoing instrument was acknowledged before me this 28th day of April, 1999, by Jerry C. Dean and Dorathy E. M. Marine, as Chairman and Secretary, respectively of the Board of Commissioners of THE LOWER FLORIDA KEYS HOSPITAL DISTRICT, a body politic and corporate of the State of Florida; They personally known to me or have produced Driver's Licenses as identification.

Florida

*on behalf of the body politic and corporate.



Marga Jones
MY COMMISSION # CC595014 EXPIRES
December 26, 2000
BONDED THRU TROY FAIR INSURANCE, INC.

Marga Jones
NOTARY PUBLIC
Name: Marga Jones
Serial Number: CC 595014
My Commission Expires: 12-26-2000

STATE OF FLORIDA
COUNTY OF Dade

The foregoing instrument was acknowledged before me this 29th day of April, 1999, by Earl P. Holland, as Vice-Chairman of KEY WEST HMA, INC., a Delaware corporation, on behalf of the corporation. He is personally known to me or has produced Driver's License as identification.

Florida



Marga Jones
MY COMMISSION # CC595014 EXPIRES
December 26, 2000
BONDED THRU TROY FAIR INSURANCE, INC.

Marga Jones
NOTARY PUBLIC
Name: Marga Jones
Serial Number: CC 595014
My Commission Expires: 12-26-2000

MEMORANDUM OF LEASE AGREEMENT -
THE LOWER FLORIDA KEYS HOSPITAL DISTRICT
EXHIBIT A
Legal Description - Leased Premises

A parcel of land on Stock Island, Monroe County, Florida, described as follows:

\Commence at the Southwest corner of the parcel of land now occupied by the Florida Keys Junior College as recorded in O.R. Book 366 on pages 649 through 651 of the public records of Monroe County, Florida, the Southwest corner of said parcel also being on the North right-of-way of a proposed state road (designated by the State Road Department of the State of Florida as Project No. 90550-2612); run thence North 62°23'57" East along the South boundary of said Florida Keys Junior College parcel and the said North right-of-way of said proposed state road, a distance of 571.14 feet; thence run South 27°36'03" East, a distance of 100.00 feet to the South right-of-way of the said proposed state road and the POINT OF BEGINNING of the parcel of land being described herein; thence from said point of beginning, continue south 27°36'03" East for a distance of 700.00 feet; thence North 62°23'57" East for a distance of 896.20 feet to the West right-of-way of the said proposed state road; thence run North 11°43'00" West along the said West right-of-way of the said proposed state road for a distance of 284.90 feet to the beginning of a curve in the said right-of-way; thence run Northwesterly along the said curve right-of-way, concave to the Southwest and having a radius of 450.00 feet, for an arc distance of 164.93 feet to the end of said curve; thence run Northwesterly along a curve concave to the Southwest and having a radius of 288.42 feet, for an arc distance of 427.29 feet to the end of said curve; thence run South 62°23'57" West along the said South right-of-way of the said proposed state road for a distance of 702.29 feet back to the POINT OF BEGINNING.

LESS:

Begin at the Northwest corner of the lands owned by the Lower Florida Keys Hospital District and recorded in O.R. Book 416 at page 457 of the public records of Monroe County, Florida and run thence North 62°23'57" East along the North boundary line of land described in said O.R. Book 416 for a distance of 298.00 feet; thence South 27°36'03" East for a distance of 300.00 feet; thence South 62°23'57" West for a distance of 298.00 feet to the West boundary of the land described in said O.R. Book 416; thence North 27°36'03" West for a distance of 300.00 feet back to the POINT OF BEGINNING

.#643342 v1 - 6256-017 Memorandum of Lease

MONROE COUNTY
OFFICIAL RECORDS