

LEASE-OPTION AGREEMENT
BETWEEN
ST. LUKE'S HEALTH SYSTEM, LTD.,
ST. LUKE'S MCCALL, LTD.,
AND
MCCALL MEMORIAL HOSPITAL DISTRICT

THIS LEASE-OPTION AGREEMENT (hereinafter this "Lease" or this "Agreement") is made and entered into effective this 5th day of February, 2016 (the "Execution Date"), by and between St. Luke's Health System, Ltd., an Idaho nonprofit corporation ("SLHS"), St. Luke's McCall Ltd. ("SLM" or "Lessee"), an Idaho nonprofit corporation, and the McCall Memorial Hospital District (the "District" or "Lessor"), each a "Party" and collectively the "Parties".

R E C I T A L S

WHEREAS, the District is a hospital district that was organized under Idaho law and provides services to residents and visitors in Valley County, Adams County and Idaho County, all located in the state of Idaho ("Service Area");

WHEREAS, the District owns a critical access hospital in McCall, Idaho and which, pursuant to the terms of this Agreement, will be operated by and known as "St. Luke's McCall" (the "Hospital"). The District also owns (i) other buildings, facilities and improvements (including landscaping, parking areas, and other site improvements) which are part of the Hospital campus (the "Buildings"); (ii) the land on which the hospital campus is located (the "Land"); and, (iii) equipment, systems, fixtures and other tangible personal property ("Tangible Personal Property") which are utilized in the operation of the Hospital. The aforesaid Land, Hospital and Buildings, and Tangible Personal Property are referred to herein jointly as the "Hospital Property";

WHEREAS, SLHS is an Idaho nonprofit corporation that is the parent organization of several nonprofit, tax-exempt subsidiaries that own and operate hospitals and other healthcare facilities in southern and south-central Idaho;

WHEREAS, SLM is an Idaho non-profit corporation which is a subsidiary of SLHS and which has been created by SLHS to lease the Hospital Property and operate the Hospital;

WHEREAS, the District has determined that leasing the Hospital Property to SLM, as provided herein, will: (i) provide District's residents and visitors with direct access to the health services offered by SLHS, while maintaining a strong local voice in managing local healthcare resources; (ii) create the opportunity to share best practices, advancements in quality, education, and professional knowledge with other members of SLHS; (iii) provide the District with the benefits of the credit environment and economies of scale which are available to members of SLHS; (iv) provide the District's residents and visitors with the benefits of SLHS' system-wide electronic record management systems; (v) provide the District's residents and visitors with

enhanced access to specialists and specialty care; and, (vi) position the District to provide for the long term healthcare needs in the District's service area in accordance with and satisfaction of the District's statutory obligations.

WHEREAS, the District, SLHS and SLM desire to memorialize the terms of their agreement to have the District lease the Hospital Property to SLM.

NOW, THEREFORE, for and in consideration of the foregoing recitals and the promises, agreements, covenants, representations and warranties set forth herein, the Parties hereto agree as follows:

SECTION A – LEASE

A.1 Lease of Hospital Property. Subject to the terms of this Agreement, the District hereby leases to SLM the "Hospital Property", as follows:

(a) **Real Property.** All of the Land, the Hospital, and all of the Buildings comprising the campus of St. Luke's McCall, (the "Real Property" or "Premises") shall be leased to SLM as of the Execution Date. The Real Property is fully described on Exhibit A.1(a), attached hereto and incorporated herein. For purposes of this Agreement, the "Real Property" shall include buildings or improvements which are added to the Land by the District after the Execution Date.

(b) **Tangible Personal Property.** All tangible personal property owned, used, maintained or operated by the District, including, without limitation, all equipment, furniture, fixtures, machinery, vehicles, office furnishings, instruments, leasehold improvements, spare parts and, to the extent assignable or transferable by the District, all rights to warranties of any manufacturer or vendor with respect thereto ("Tangible Personal Property") shall be leased to SLM as of the Execution Date. The Tangible Personal Property is fully described on Exhibit A.1(b), attached hereto and incorporated herein. For purposes of this Agreement, the "Tangible Personal Property" shall include equipment, fixtures, systems, facilities and other tangible personal property which are acquired by the District after the Execution Date.

(c) **Replacements, Improvements and Enhancements.** Replacements of, enhancements of, additions to and improvements of the Hospital Property made by the District during the Lease Term or any Renewal Term shall be considered and shall become part of the Real Property. Replacements of, enhancements of, additions to and improvements of the Hospital Property made by SLM or SLHS during the Lease Term or any Renewal Term ("SLM RIE") shall be treated as follows:

(i) SLM RIE which are affixed to the Real Property such that removal of the SLM RIE would cause damage to the Real Property shall become part of the Real Property;

(ii) SLM RIE which can be removed without damaging the Real Property shall, at the option of SLM, either remain the property of SLM or shall

become part of the Hospital Property. SLM may elect the status of the said SLM REI either at the time of acquisition, at the time of SLM's exercise of the Option to Acquire, or upon termination of this Lease and surrender of the Hospital Property to the District. SLM shall promptly notify the District in writing of its election. Any disputes regarding any such election shall be resolved according to the Dispute Resolution procedures provided in Section A.25 below. SLM RIE which are retained by SLM shall hereinafter be referred to as "SLM Retained Property".

A.2 Term of Lease.

(a) **Initial Lease Term.** The Initial Lease Term of this Lease shall be twenty-five (25) years. It shall commence on the Execution Date and continue thereafter until midnight of February 11, 2041, unless terminated earlier pursuant to the provisions of this Agreement.

(b) **Option To Renew Lease.** SLM shall have the option to extend this Lease for additional Lease renewal terms of ten (10) years each (each a "Renewal Term"), so long as SLM is not in default of the terms of this Lease at the time the option is exercised and at the time the renewal time is to commence. The other terms and conditions of this Lease shall govern during the Lease Renewal Terms. Exercise of this option to renew shall be by written notice given to the District at least ninety (90) days prior to the expiration of the then-existing Lease Term.

(c) **Termination Upon Termination of Healthcare Services Agreement.** Absent agreement to the contrary reached by the parties, this Lease shall terminate upon the termination of the Healthcare Services Agreement being executed by the parties concurrently herewith.

A.3 Payment of Rent.

(a) **Rent.** The rent for SLM's lease of the Hospital Property shall consist of all costs, fees and assessments reasonably required to care for, manage, and protect the Hospital Property. SLM shall fully and timely pay such amounts as are required to manage, maintain, repair and preserve the Hospital Property and any enhancements of, replacements of or additions to the Hospital Property. Such costs shall include, but not necessarily be limited to, the costs associated with the following:

(i) All repairs and maintenance costs and fees reasonably required to maintain and preserve the Hospital Property in a condition which is comparable to or better than the condition of the Hospital Property on the Execution Date or, if later acquired, on the date of acquisition, normal wear and tear excepted;

(ii) All insurance reasonably required to protect the Hospital Property against fire, casualty or other reasonably insurable loss, as is further provided in Section A.11 below;

(iii) All extended warranties which are prudent under the circumstances for equipment, fixtures and/or facilities which are part of the Hospital Property or which are subsequently added to the Hospital Property by SLM;

(iv) All taxes and assessments levied on the Hospital Property, if applicable;

(v) All utilities reasonably required to maintain and preserve the Hospital Property in a condition which is comparable to or better than the condition of the Hospital Property on the Execution Date, normal wear and tear excepted;

(vi) All costs reasonably and necessarily incurred by the District for the management, maintenance and preservation of the Hospital Property, which shall be reimbursed by SLM to the District; and,

(vii) Other costs reasonably incurred by SLM or SLHS related to this Agreement, subject to prior notice to and approval by the District.

(b) **Statement of Rent.** By not later than November 1st annually, SLM shall provide the District with a Statement itemizing the costs incurred by SLM in satisfaction of SLM's obligations under Section A.3 (a) above during the immediately prior fiscal year, together with such supporting documentation as is requested by the District (the "Statement of Rent"). Absent written objection to the Statement of Rent from the District delivered to SLM not later than sixty (60) days after the District's receipt of the Statement of Rent, the total costs which are itemized in the Statement of Rent shall constitute the total rent paid by SLM during the subject fiscal year, for purposes of quantifying the Credit for Rent Paid described below in Section B.2. In the event that an objection to any item contained in the Statement of Rent is delivered to SLM by the District, then the parties shall negotiate in good faith to resolve such dispute and arrive at a consensus Statement of Rent. In the event that the parties are unable to reach consensus, then the dispute shall be resolved by means of the Dispute Resolution procedures provided in Section A.25 below.

A.4 Use of Hospital Property

(a) Possession of Hospital Property.

(i) SLM shall be entitled to possession of the Hospital Property on the Execution Date.

(ii) SLM shall take possession of the Hospital in its "as is" condition as of the Execution Date.

(b) **Use of Hospital Property by SLM.** SLM shall use the Hospital Property solely to provide healthcare services. SLM may operate a Critical Access Hospital, as defined in 42 CFR Part 485, Subpart F, and may also use the Hospital Property to provide medical clinic and office space and for other healthcare uses which are directly related to and accessory to the provision of healthcare services. SLM shall not use or permit the Hospital Property to be used for any other purpose or purposes whatsoever, without the prior written consent of the District, which consent shall be reasonably given so long as the use is consistent with the statutory powers and duties of the District.

(c) **Obligation to Operate.** SLM shall continuously throughout the term of the Lease (the "Term"), and any extension(s) of the Lease, utilize the Hospital Property to provide healthcare services pursuant to the Healthcare Services Agreement being executed by the parties concurrently herewith. With the sole exception of funds which the District,

in its sole discretion, may elect to expend for services, equipment, improvements, or otherwise, SLM shall be solely responsible for funding all of the costs associated with the operation of the hospital and all related and accessory services and facilities.

A.5 Utilities. SLM shall pay for all water, sewer, electrical, telephone, trash removal, snow removal and all other utility services used by SLM upon or in conjunction with the Hospital Property.

A.6 Property Taxes and Assessments. To the extent applicable, SLM shall pay before delinquency all taxes, levies, assessments, charges and fees assessed or charged against the Hospital Property or stemming from SLM's use of the Hospital Property.

A.7 Maintenance and Repairs.

(a) SLM, at SLM's cost, shall at all times during the Term of this Lease maintain the Hospital Property in a condition which is comparable to or better than the condition of the Hospital Property on the Execution Date, or in the case of later acquired Hospital Property, on the date of acquisition, normal wear and tear and damage from casualty excepted, including but not limited to: (a) maintenance, repair and replacement of all of the Buildings and components thereof located on the Land, including but not limited to plumbing, heating, air conditioning, ventilating, electrical, lighting, fixtures, walls, structural elements, building systems, ceilings, floors, windows, doors and glass; (b) maintenance, repair and as necessary replacement of all Hospital Tangible Personal Property; and, (c) maintenance, repair and replacement of (i) the parking lot and drive aisle improvements, including striping, lighting, snow removal and sweeping; (ii) parking lot lights and lighting standards; (iii) landscaping (including replacement, replanting and irrigation systems) and (iv) signs.

(b) If, following at least thirty (30) days prior written notice from the District, SLM refuses or neglects to make repairs or maintain the Hospital Property, or any portion thereof, the District shall have the right to make such repairs or perform such maintenance on behalf of and for the account of SLM, and SLM shall promptly pay to the District, as additional Rent, all costs incurred by the District to cure SLM's default. Nothing contained herein shall imply any duty on the part of the District to perform any maintenance or repairs which SLM is obligated to perform nor shall it constitute a waiver of SLM's default in failing to do the same. No exercise by the District of any rights herein reserved shall entitle SLM to any damage for any injury or inconvenience occasioned thereby nor to any abatement of Rent.

A.8 Conformance to Laws/Regulations. SLM shall use all reasonable caution to prevent waste, damage or injury to the Hospital Property, and shall, in the use and occupancy of the Hospital Property, conform to all laws, orders and regulations of the Federal, State and Municipal governments, or any of their departments, and laws and regulations of the Idaho Fire Marshall and McCall Fire Department applicable to the Hospital Property.

A.9 Entry by the District. The District and its agents shall have access to the Premises upon reasonable prior notice given to SLM, for the purpose of examining the same to ascertain if they are in good repair. Time and scope of access shall be subject to SLM's clinical discretion, SLHS privacy policies, and protection of patient rights.

A.10 Liens. SLM agrees that it will pay or cause to be paid all costs for work done by it on the Premises, and SLM will keep the Premises free and clear of all mechanics' liens on account of work done by SLM or persons claiming under SLM. SLM agrees to and shall indemnify and save the District free and harmless against liability, loss, damage, costs, attorney's fees, and all other expenses on account of claims of lien for laborers or materialmen or others for work performed or materials or supplies furnished to SLM or persons claiming under SLM.

If any lien is filed against the Premises on account of work done by SLM or persons claiming under SLM, SLM may contest any such lien by posting reasonable security for SLM's obligation of indemnity and diligently prosecuting such contest to conclusion. In the event that SLM shall not have paid such lien or notified The District of its intention to contest such lien within ten (10) days after demand from the District, the District may (but shall not be required to) pay the claim and any costs and the amount so paid, together with reasonable attorney's fees incurred in connection therewith, shall be immediately due and owing from SLM to The District, with interest at 12% per annum from the dates of the District's payments.

A.11 Insurance.

(a) **Fire and "Special" Coverage by SLM.** During the Term, SLM shall procure and maintain at SLM's expense fire insurance with an "all risk" coverage endorsement insuring the Hospital Property in an amount equal to one hundred percent [100%] of the insurable replacement value thereof. The proceeds received from any claim made under SLM's insurance policy described in this subsection shall be used solely to satisfy SLM's obligations under Section A.12 below.

(b) **Commercial General Liability Coverage by SLM.** SLM shall procure and maintain, at its expense, with respect to the Hospital Property, and all endeavors and activities of SLM or its employees or agents anywhere on the Hospital Real Property, commercial general liability (including bodily injury liability, property damage liability and contractual liability) insurance with coverage in amounts appropriate to satisfy any and all reasonable claims, but in no event in amounts less than the greater of: (a) Two Million Dollars (\$2,000,000) combined single limit, increased by twenty percent (20%) at the beginning of each five (5) year period thereafter during the Term; or (b) such higher limit as may reasonably be required by the District from time to time.

(c) **Professional Liability Insurance.** SLM shall procure and maintain, at its expense, professional liability (aka "malpractice") insurance with coverage in amounts appropriate to satisfy any and all reasonable claims which might be asserted against SLM, SLHS and/or the District related to or stemming from the healthcare and hospital services, procedures and activities conducted or occurring on the Hospital Real Property.

(d) **Worker's Compensation Insurance.** SLM shall procure and maintain, at its expense, Worker's Compensation and Employer's Liability insurance to comply with Idaho law.

(e) **Policy Provisions.** All of the insurance required to be obtained by SLM pursuant to the provisions of this Section shall be with companies that are licensed to do business in Idaho, that have at all times a general policy holder's rating of not less than A and a financial rating of not less than A as rated in the then most current "Best's Insurance Reports", and written on policy forms satisfactory and acceptable to the District.

Commercial general liability policies shall only be written on "occurrence forms". In the event "occurrence forms" become no longer available, the insurance policy form obtained by SLM shall be subject to the District's approval. The Fire and "Special" Coverage and Commercial General Liability Coverage policies shall designate the District, and its Board of Trustees as additional insureds. In lieu of providing the policies or copies thereof, SLM shall provide the District with a certificate(s) of insurance issued by each of the insurance companies issuing any of the policies required pursuant to the provisions of this Section which confirm SLM's compliance with the terms of this Section A.11 (prior to entry by SLM on the Premises, and with respect to renewals, endeavor to provide such certificate(s) at least thirty (30) days prior to the expiration of such expiring policies). In the event SLM shall fail to procure and maintain any of the insurance required pursuant to this Section, then, in addition to any other remedy available to the District, the District shall have the right, but not the obligation, upon ten (10) days advance written notice to SLM, to obtain said policies and to pay any premium due thereon. The amount of any such premiums shall be reimbursed by SLM to the District within ten (10) days after demand. SLM shall promptly notify the District of any notice or action by SLM insurers which might adversely affect the District's rights or SLM's obligations under this Section A.11, including but not limited to notices of termination or threatening termination of any of the policies required by this Section A.11.

(f) **Blanket Insurance Policies.** Notwithstanding anything to the contrary contained in this Section, SLM's obligations to carry the insurance provided herein may be brought within the coverage of a so-called blanket policy or policies of insurance procured and maintained by SLM, provided, however, that the District and its Board of Trustees shall be designated as additional insured(s) thereunder, and that the coverage afforded the District shall not be reduced or diminished by reason of the use of such blanket policy of insurance, and provided further that the requirements set forth herein are otherwise satisfied.

(g) **Waiver of Subrogation Rights.** In any case in which SLM shall be obligated under any portion of this Lease to pay to the District any loss, cost, damage, liability or expense suffered or incurred by the District, the District shall allow to SLM, as an offset against the amount thereof, the net proceeds of any insurance collected by the District for or on account of such loss, cost, damage, liability, or expense. In any case in which the District shall be obligated under any provision of this Lease to pay to SLM any loss, cost, damage, liability or expense suffered or incurred by SLM, SLM shall allow to the District, as an offset against the amount thereof, the net proceeds of any insurance collected by SLM (or would be collectible by SLM if it carried the insurance required to be carried by SLM under this Lease; this parenthetical phrase does not waive SLM's obligation to carry such insurance) for or on account of such loss, cost, damage, liability, or expense. Each of the parties to this Lease shall procure an appropriate clause in, or an endorsement to, any policy of insurance covering the Premises and the personal property, improvements, fixtures, and equipment located in or on the Premises, business interruption or loss of income therefrom, or the employees of such parties, pursuant to which the insurance companies waive subrogation or consent to a waiver of right of recovery. Neither party shall make any claim or seek to recover from the other party losses, or damage to its property, or the property of others, resulting from an incident or event: (a) covered by the

insurance required to be carried by a party hereto, regardless of whether such insurance is in fact actually carried; or (b) covered by any non-required insurance so carried by such party.

A.12 Damage by Casualty.

(a) If the Buildings or any portion of the Hospital Property are damaged or destroyed by reason of fire or any other cause, SLM shall promptly deliver written notice thereof to the District and SLM shall promptly repair or rebuild the Buildings, at SLM's sole cost and expense, so as to make the Buildings at least equal in value to the Buildings existing immediately prior to the occurrence and as similar to it in character as is practicable and reasonable. SLM shall be entitled to the proceeds of any casualty insurance carried by SLM to the extent used for the reconstruction of the Hospital Property, and any proceeds not used for reconstruction shall be paid to the District. Before beginning the repairs or letting any contracts in connection with the repairs or rebuilding, SLM will submit for the District's approval, not to be unreasonably withheld or delayed, complete and detailed plans and specifications for such repairs or rebuilding. Promptly upon receiving the District's approval of those plans and specifications, SLM will commence such repairs or rebuilding and will diligently prosecute the same to completion. All such repairs or rebuilding will be completed free and clear of mechanics' or other liens, and in accordance with all building codes and applicable laws, ordinances, regulations. During the process of such repairs and rebuilding, the District and its architects and engineers may, from time to time, inspect the construction and repairs to the Buildings. If the District determines that such construction or repairs are not being performed in compliance with the approved plans, the District shall notify SLM of such deficiencies and SLM shall promptly cause corrections to be made to such deficiencies.

(b) Any damage or destruction, in whole or in part, of the Buildings shall in no way alter any of SLM's other obligations under this Lease.

(c) The District and SLM agree that as additional and named insureds, respectively, they will cooperate to make insurance proceeds available to pay the costs of repair or reconstruction of the Buildings in the event of an insured casualty.

A.13 Assignment, Sublease, Consent and Notice.

(a) **Consent.** SLM shall not assign, sublet, license, transfer, mortgage or otherwise encumber all or any part of SLM's interest in this Lease or in the Hospital Property, including an assignment resulting from a proposed sale of SLM, without the prior written consent of the District. A "Sale of SLM" means SLM or all or substantially all of the assets of SLM are sold, merged, leased, transferred, consolidated or undergo a direct or indirect change of membership transaction pursuant to which a person or entity not controlled by, in control of, or under common control with SLHS or SLM prior to the transaction, assumes ownership of, or material approval authority (in excess of 50%) over SLM. In the event of a Change of Control of SLM, the District's prior written consent to the continuation of this Lease shall be required. "Change of Control" means a sale, transfer, reorganization, merger, consolidation, or other transaction as a result of which SLHS no longer owns more than fifty percent (50%) of SLM, unless the entity assuming control or ownership of SLM is a wholly owned subsidiary of SLHS.

(b) **Notice.** SLM shall provide the District with written notice and reasonable opportunity to comment prior to initiating the following actions:

- (i) a Sale of SLHS; or,
- (ii) a Change in the Control of SLHS
- (iii) "SLHS Change of Control" means a sale, transfer, reorganization, merger, consolidation, or other transaction as a result of which SLHS no longer owns more than fifty percent (50%) of the SLHS entities.

(iv) "Sale of SLHS" means SLHS and all of the hospital entities owned by SLHS, or all or substantially all of the assets of SLHS and the SLHS entities (determined by fair market value), are sold, merged, leased, transferred, consolidated or undergo a direct or indirect change of membership transaction pursuant to which a person or entity not controlled by, in control of, or under common control with SLHS prior to the transaction, assumes ownership of, or material approval authority (in excess of 50%) over SLHS and/or the SLHS entities.

A.14 Default. The occurrence of any of the following shall constitute a default and breach of this Lease by SLM. In the event of the occurrence of a default as herein defined, the District shall be entitled to exercise its rights and remedies as provided herein, without further notice to SLM (except as otherwise expressly required):

(a) Any failure of SLM to pay any monetary sums required to be paid hereunder within thirty (30) days after written notice by the District to SLM specifying such alleged failure;

(b) A failure by SLM to observe and perform any other provisions of this Lease to be observed or performed by SLM within thirty (30) days after written notice by the District to SLM specifying such alleged failure. Provided, however, that:

(i) if the nature of the default is such that the same cannot reasonably be cured within said thirty (30) day period, SLM shall not be deemed to be in default if SLM shall within such period commence such cure and thereafter diligently prosecute the same to completion; and,

(ii) if the nature of the default is such that the elapse of thirty (30) days would expose the District to a risk of loss of or significant impairment of the value of the Hospital Property, then the District shall provide such notice as is commercially reasonable under the circumstances.

(c) SLM's failure to occupy the Premises or SLM's abandonment or vacation of the Premises;

(d) SLM's repudiation of this Lease, or any action by SLM which renders performance by SLM of its obligations under this Lease impossible or impracticable, or any action by SLM which demonstrates an intent by SLM not to perform its obligations under this Lease or not to continue with the performance of its obligations under this Lease;

(e) Breach by SLM of the Healthcare Services Agreement, which is not cured by SLM within thirty (30) days after written notice by the District to SLM specifying such alleged breach; and

(f) SLM or SLHS files or has filed against it in any court, pursuant to any statute, either in the United States or any other state, a petition in bankruptcy or insolvency, or for reorganization and appointment of a receiver or trustee of all of a substantial portion of the property owned by SLM or SLHS, or if SLM or SLHS makes an assignment for the benefit of creditors, or any execution or attachment shall be issued against SLM or SLHS or all or a substantial portion the Hospital Property or any improvements thereon shall be taken or occupied or attempted to be taken or occupied by someone other than SLM or SLHS, except as may be otherwise expressly permitted, and such adjudication, appointment, assignment, petition, execution or attachment shall not be set aside, vacated, discharged or bonded within thirty (30) days after the determination, issuance or filing of the same.

A.15 Default Remedies. In the event that any such material breach has not been cured by SLM after notice as above defined, the District may, any time thereafter until cure of such default by SLM and without limiting the District in the exercise of any right or remedy at law or in equity which the District may have by reason of such default or breach:

(a) Notify SLM that the District elects to maintain this Lease in full force and effect and recover the monetary value of the rent and other charges due under this Agreement as they become due, irrespective of whether SLM shall have abandoned the Premises. In the event the District elects not to terminate this Lease, the District shall undertake reasonable efforts to mitigate its loss and shall have the right to attempt to re-let the Premises at such rent and upon such conditions and for such a term, and to do all acts necessary to maintain or preserve the Premises as the District deems reasonable and necessary without being deemed to have elected to terminate this Lease, entering upon the Premises for the purpose of making repairs and making the Premises ready for re-letting or occupation by the District. In the event any such re-letting occurs, this Lease shall terminate automatically upon the new tenant taking possession of the Premises, but SLM shall nevertheless be responsible for all damages incurred by the District resulting from the breach and in securing the new tenant, including but not limited to the difference in rent between this Lease and such re-letting if such re-letting is at lesser rent than provided by this Lease, for the period of the then-existing Term, subject to SLM's termination rights under Section A.17.

(b) Notify SLM that the District elects to terminate this Agreement and SLM's right to possession by lawful means, in which case this Lease shall terminate and SLM shall immediately surrender possession of the Premises to the District. In such event the District shall undertake reasonable efforts to mitigate its loss and shall be entitled to recover from SLM all damages incurred by the District by reason of SLM's default. In such event, SLM's Option to Purchase, as described in Section B below, shall also terminate.

(c) The rights and remedies of the District under this Agreement shall be deemed to be cumulative and no one of such rights shall be exclusive at law or in equity of the rights and remedies which the District might otherwise have by virtue of a default under

this Lease, and the exercise of one such right or remedy by the District shall not impair the District's standing to exercise any other right or remedy.

(d) In the event of a default, in addition to any other remedies which the District may have under this Agreement, at law or in equity, the District may cure the default, in which case the actual, reasonable cost to the District of doing so, including attorneys' fees and expenses incurred, shall be due and owing from SLM to the District and shall be paid to the District no later than thirty (30) days after the District's delivery to SLM of an Invoice therefor.

A.16 Termination by the District. This Lease may be terminated by the District for cause as provided in Section A.14 (b) above.

A.17 Termination by SLM. This Lease may be terminated by SLM without cause by providing the District with written notice of SLM's intent to terminate not later than three (3) years prior to the date of termination. This Lease may be terminated for cause upon the occurrence of any of the following:

(a) A failure by the District to observe and perform any provisions of this Lease or the Healthcare Services Agreement to be observed or performed by the District within thirty (30) days after written notice by SLM to the District specifying such alleged failure; provided that if the nature of the default is such that the same cannot reasonably be cured within said thirty (30) day period, the District shall not be deemed to be in default if the District shall within such period commence such cure and thereafter diligently prosecute the same to completion.

(b) Upon termination, SLM shall vacate the Premises, and possession of all of the Hospital Property shall be returned to the District.

A.18 Surrender of Possession. Upon the expiration or termination of this Lease, the Hospital Property shall become the District's property without any payment by the District therefore. SLM shall surrender the Hospital Property, including all SLM RIE which SLM has elected to designate as part of the Hospital Property, in a condition which satisfies SLM's maintenance obligations under the terms of this Agreement. SLM shall deliver the Hospital Property free and clear of all subleases and liens, except liens created by the District.

A.19 Holding Over. If SLM remains in possession of all or any part of the Premises after the expiration of the Term hereof, with or without the express or implied consent of the District, such tenancy shall be from month to month only, and in such case, rent and the other monetary sums due hereunder shall be payable in the amount and at the time specified in this Agreement. Such month to month tenancy shall be subject to every other term, covenant and agreement contained herein. This inclusion of this Section shall not be construed as the District's permission for SLM to hold over.

A.20 Environmental Matters.

(a) During the Term of this Lease, SLM shall not deposit, store, dispose of or place upon, about or under the Premises any Hazardous Substances in violation of any Environmental Law, as those terms are defined below.

(b) SLM shall be solely responsible for and shall defend, indemnify and hold the District harmless from all claims, costs, damages, liabilities, including attorneys' fees and costs, arising out of or in connection with SLM's breach of its obligations contained in this Section A.19 or arising out of or in connection with any removal, clean-up or restoration deemed reasonably necessary by any governmental entity or the District to remove, clean up, or restore any portions of the Hospital Property as the result of Hazardous Substances used, disposed, treated, generated, stored or sold by SLM. SLM's obligations under this Section A.19 shall survive expiration and termination of the Lease.

(c) "Hazardous Substances" shall mean any hazardous, toxic, dangerous materials or substances identified in any Environmental Law. "Environmental Law" shall mean Comprehensive Environmental Response, Compensation, and Liability Act, 42 U.S.C. §9601 et seq. ("CERCLA"); The Resource Conservation and Recovery Act, 42 U.S.C. §6501 et seq. ("RCRA"); The Superfund Amendments and Preauthorization Act, 42 U.S.C. §9601 et seq. ("SARA") or any other federal or state statute, law, ordinance or regulation related to environmental matters or liability.

A.21 SLM Actions Requiring Consent. From and after the Execution Date during any Term of this Agreement, the following actions shall require the prior written consent of the District:

- (a) The demolition or removal of any of the Buildings;
- (b) The material alteration of the exterior or interior of any Building;
- (c) The construction of new buildings or expansion of the existing Buildings;
- (d) The alteration of the parking areas and drive aisles on the Land
- (e) The sale or disposal of any of the Hospital Property, except in the ordinary course of business, and except for the disposal of Tangible Personal Property which is replaced with new or like valued property; and,
- (f) The filing of any application with the City of McCall which would have the effect of changing the current land use entitlements and permits for the Real Property.

A.22 Capital Improvements. The District and SLHS have jointly developed a ten-year financial model describing the financial assumptions that must be met (the "Financial Model") for SLM to raise funds, develop, construct, expand, improve and maintain the Hospital Property ("Project") in accordance with a written plan ("Capital Improvement Plan"). The Financial Model is set forth on Exhibit A.22(a), attached hereto and incorporated herein. The Capital Improvement Plan is summarized on Exhibit A.22(b), attached hereto and incorporated herein.

The Financial Model and the Capital Improvement Plan may, by mutual written agreement of the District, SLM and SLHS, be further developed and modified in writing. The Financial Model projects that the construction of the first phase of the Project will commence prior to 2020 and that the cost of phase 1 will be Twenty-Five Million and 00/100ths Dollars (\$25,000,000.00). At least Five Million and 00/100ths Dollars (\$5,000,000.00) of phase 1 will be produced from local philanthropy and the balance, up to Twenty Million and 00/100ths Dollars (\$20,000,000.00), will be contributed by SLHS.

The Financial Model also describes "primary assumptions" which must be satisfied before SLHS is required to provide the aforesaid Twenty Million and 00/100ths Dollars (\$20,000,000.00)

for phase 1 ("Primary Assumptions"). Within twenty-four (24) months after receiving written notice from SLM that the Primary Assumptions have been met, SLHS shall contribute Twenty Million and 00/100ths Dollars (\$20,000,000.00) to proceed with the first phase of the Project.

A.23 Indemnification.

(a) SLM hereby releases the District from and agrees to indemnify the District, its Board of Trustees, and its agents, and employees (collectively, "the District Parties") against, and defend and hold the District Parties harmless from, any and all demands, claims, causes of action, fines, penalties, damages, losses, liabilities, judgments, and expenses (including without limitation attorneys' fees and court costs) suffered or incurred by the District by reason of or arising out of: (i) the use, occupancy or condition of the Hospital Property; (ii) any activity, work, or thing done or permitted by SLM on the Hospital Property; (iii) any acts, omissions, or negligence of SLM or any person claiming under SLM or the employees, agents, contractors, invitees, or visitors of SLM or any such person; (iv) any breach, violation, or nonperformance by SLM or any person claiming under SLM or the employees, agents, contractors, invitees, or visitors of SLM or any such person of any term, covenant, or provision of this Lease or any law, ordinance, or governmental requirement of any kind; (v) any injury or damage to the person, property, or business of SLM, its employees, agents, contractors, invitees, visitors, or any other person entering upon the Hospital Property under the express or implied invitation of SLM, or (vi) any negligence or tortuous act of SLM, its licensees, invitees, customers, agents or employees. If any action or proceeding is brought against any of the District's Parties by reason of any such claim, SLM, upon notice from the District, will defend the claim at SLM's expense with counsel reasonably satisfactory to the District. This indemnification is given in addition to any indemnification in any other provision of this Lease, and will survive the expiration or termination of this Lease. It is the intention of the parties hereto that the provisions of this Section shall survive the termination or expiration of this Lease.

(b) To the extent permitted by law, the District agrees to indemnify, defend and hold harmless SLHS and SLM from any and all demands, claims, causes of action, fines, penalties, damages, losses, liabilities, judgments, and expenses (including without limitation attorneys' fees and court costs) suffered or incurred by SLHS or SLM by reason of or arising out of any breach, violation, or nonperformance by the District of any term, covenant, or provision of this Lease. This indemnity shall expressly not, however, expand Hospital District's liability beyond the statutory limits on liability provided in Title 6, Chapter 9 of the Idaho Code, including without limitation the limits on liability provided in Idaho Code Section 6-926.

A.24 Condemnation.

(a) **Entire or Substantial Taking.** If the entire Premises, or so much thereof as to make the balance not reasonably adequate for the conduct of SLM's business shall be taken under the power of eminent domain, this Lease shall automatically terminate as of the date on which the condemning authority takes title or possession, whichever first occurs.

(b) **Partial Taking.** In the event of any taking of the Premises under the power of eminent domain which does not so result in the termination of this Lease, the

parties shall use the compensation which is paid for the taking for the reasonable restoration of the portion of the Premises not so taken, and this Lease shall continue in full force and effect subject to SLM's Option to Terminate in Section A.24(e) of this Agreement.

(c) **Awards.** Any award for any taking of all or any part of the Premises under the power of eminent domain shall be the property of the District, whether such award shall be made as compensation for diminution in value of the leasehold or for the taking of the fee, provided that nothing contained herein shall be deemed to preclude SLM from seeking an award to SLM for loss of or damage to SLM's interests under this Agreement.

(d) **Sale Under Threat of Condemnation.** A sale by the District of the Premises to any authority having the power of eminent domain, either under threat of condemnation or while condemnation proceedings are pending, shall be deemed a taking under the power of eminent domain for all purposes under this Section.

(e) **SLM's Option to Terminate.** Any taking of the Real Property which renders the balance of the Real Property not reasonably adequate for the conduct of SLM's business shall entitle SLM, at its option, to terminate this Lease. This option must be exercised by written notice to the District within sixty (60) days after SLM shall have received notice of such taking. Failure of SLM to exercise such option shall constitute SLM's agreement that the balance of the Premises is reasonably adequate for the conduct of SLM's business, and this Lease shall remain in effect.

A.25 Dispute Resolution.

(a) **Initiation of Dispute Resolution Procedures.** SLHS, SLM and the District acknowledge that notwithstanding their best efforts, disputes may arise between them regarding their respective rights and responsibilities, and obligations and liabilities, under this Agreement and any related agreement, including but not limited to the Healthcare Services Agreement. In each instance, unless an alternative dispute resolution process is explicit in the relevant document, SLHS, SLM and the District will attempt to resolve the dispute in good faith in a manner consistent with their respective philosophies and missions, and their goals and objectives in entering into the Agreement. However, if the dispute is not resolved, any Party involved in the dispute, if such Party, acting reasonably and in good faith, believes the issue in dispute is of a material and substantive nature, shall have the right to initiate the dispute resolution procedures contained in this Section A.25, by giving written notice to the other Party.

(b) Dispute Resolution Procedures.

(i) **Notice of Dispute.** Not later than ten (10) days after SLHS, SLM or the District gives written notice of such Party's intention to initiate dispute resolution procedures pursuant to this Section A.25, the President and Chief Executive Officer of SLHS, or his/her designee, the Administrator of SLM, or his/her designee and the Chairman of the District Board, or his/her designee, shall meet and either (i) select a process within their discretion to resolve the issue in dispute or (ii) at the request of either, submit the issue in dispute to non-binding mediation.

(ii) **Selection of Resolution Process.** Not later than ten (10) days after the aforesaid meeting, or such later date as they shall mutually agree upon, SLHS, SLM and the District shall either (i) jointly adopt dispute resolution procedures to resolve the issue in dispute, if they agree upon a process other than mediation, or (ii) jointly appoint a mediator.

(iii) **Selection of Mediator.** If SLHS, SLM and the District cannot agree upon a mediator within the ten (10) day period, or within such other period as they mutually agree upon, then SLHS and the District shall each appoint a mediator acceptable to it within the following ten (10) days, and the two (2) mediators shall jointly appoint, within ten (10) days after the date on which the second mediator is appointed, a third mediator who shall mediate the issue in dispute.

(iv) **Good Faith Participation and Expenses.** SLHS, SLM and the District shall engage in a good faith effort to resolve the issue in dispute following their joint adoption of dispute resolution procedures, or the appointment of one or more mediators. SLHS, SLM and the District each shall share equally the fees and expenses of the mediator(s) and such other costs and expenses as they shall mutually agree upon.

A.26 NOTICES. All notices given pursuant to this Lease shall be in writing and shall be given by personal service, United States mail sent return receipt requested, or other established express delivery service (such as Federal Express), postage or delivery charge prepaid, addressed to the appropriate party at the address set forth below:

The District:	Chair McCall Memorial Hospital District 1000 State Street McCall, ID 83638
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SLHS:	Chief Executive Officer St. Luke's Health System, Ltd. 190 E. Bannock St. Boise, ID 83712
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SLM :	Administrator 1000 State Street McCall, ID 83638
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A party may change its address for receiving notice by written notice given to the others named above. All notices shall be effective when received, if by personal delivery or overnight courier, or two (2) business days after being deposited in the mail addressed as set forth above, if mailed.

SECTION B – OPTION TO ACQUIRE

B.1 Option to Acquire. In consideration of the mutual covenants and promises contained herein, the District does hereby grant unto SLM and SLHS an EXCLUSIVE, IRREVOCABLE OPTION TO ACQUIRE: (i) the Tangible Personal Property; (ii) the Buildings located on the Land on the date of the exercise of the Option (i.e. all of the Real Property except the Land); and, (iii) the SLM RIE which has become part of the Hospital Property (together the “Option Property”) according to the terms and conditions provided in this Section B, continuing Lease requirements governing use of the Land as specified in Section A.4, and such other applicable terms provided in this Agreement.

B.2 Acquisition Value.

(a) The purchase price for the Option Property shall be a sum equal to: (i) the stipulated value of the Option Property on the Execution Date (i.e. FIFTEEN MILLION AND 00/100ths DOLLARS [\$15,000,000.00]), together with (ii) the cost to the District of any equipment, fixtures, or improvements which are purchased by the District and leased to SLM after the Execution Date and prior to the exercise of the Option by SLM and/or SLHS (the “Value of the Option Property”), less the following credits (together the “Acquisition Credits”):

(i) **The Depreciation Credit:** The total amount by which the Option Property has depreciated between the Execution Date and the date of the closing of the Option;

(ii) **The Credit for Rent Paid:** The total amount reflected in the annual Statements of Rent, as provided in Section A.3(b) above;

(iii) **The Capital Improvements Credit.** The total cost to SLM/SLHS of SLM RIE which SLM elects to add to the Hospital Property after the Execution Date and prior to the date of the exercise of the Option; and,

(iv) **The Capital Improvement Plan Credit.** The total sum of money which is irrevocably and unconditionally committed by SLM/SLHS to the Capital Improvement Plan, to the satisfaction of the District, as described in Section A.22 above.

B.3 Term of Option. This Option shall remain in effect and exercisable by SLM/SLHS throughout the Term or any Renewal Term of this Lease. This Option shall be suspended during any period in which SLM shall be in default (as defined above) of its obligations under the Lease; and, this Option shall become null and void in the event of the termination of this Lease.

B.4 Conditions for Exercise of Option to Acquire. SLM/SLHS may exercise the Option to Acquire by providing written notice to the District of SLM’s exercise of the Option to Acquire (the “Notice of Exercise”); provided:

- and,
- (a) The Acquisition Credits equal or exceed the Value of the Option Property;
 - (b) The exercise of the Option is compliant with current applicable Idaho statutory and constitutional provisions.

B.5 Title and Title Insurance.

(a) Within fifteen (15) days after the delivery by SLM/SLHS of the Notice of Exercise, the District shall deliver to SLM a Preliminary Commitment for a standard form title insurance policy (the "Commitment") issued by Closing Agent.

(i) SLM/SLHS shall have twenty (20) days after receipt of the Commitment within which to object to the condition of title to the Option Property as set forth in the Commitment. If SLM/SLHS does not so object, SLM/SLHS shall be deemed to consent to the condition of title to the Option Property. "Permitted Exceptions" shall be those exceptions contained in the Commitment and not objected to by SLM/SLHS.

(ii) If SLM/SLHS does so object, the District shall have twenty (20) days from receipt of SLM/SLHS' notice of objection to advise SLM/SLHS whether the District is able to remove any exception that SLM/SLHS may have objected to, or is unable or unwilling to do so.

(iii) In the event that the District is unable or unwilling to remove any exception that SLM/SLHS may have objected to or the District fails to provide any notice as provided for in the preceding subparagraph, SLM/SLHS may elect to proceed with the exercise of the Option with title subject to the exception, which in such case shall be deemed a "Permitted Exception". In the alternative, SLM/SLHS may elect to not proceed with the Option. If SLM/SLHS elects to not proceed with the Option, SLM shall be entitled to continue with this Lease, and shall be entitled to subsequently exercise the Option as long as the Lease is in effect; or, SLM may terminate the Lease.

B.6 Means of Conveyance of Title. Title to the Option Property shall be conveyed to the SLM/SLHS by Warranty Deed and/or, as deemed appropriate, Warranty Bill of Sale at closing conveying title to the Option Property free and clear of liens or encumbrances, save and except Permitted Exceptions.

B.7 Closing and Escrow Matters.

(a) **Closing Date.** If the Option is properly exercised, closing shall occur within one hundred twenty (120) days after the date delivery to the District of SLM/SLHS's Notice of Exercise.

(b) **Closing Agent.** AmeriTitle of 120 N. Main Street, PO Box 798, Cascade, Idaho 83611, and facsimile 208-382-4218, shall be the Closing Agent. Closing Agent is hereby authorized and instructed to act according to the terms and instructions as set forth in this Agreement, and to prepare and/or provide additional documents as appropriate to complete the sale contemplated by this Agreement. SLM/SLHS and the District agree to execute Closing Agent's closing instructions as reasonably requested by Closing Agent to

complete the sale contemplated by this Agreement. In the event AmeriTitle will not or cannot perform duties as Closing Agent, the Parties shall select another mutually agreeable closing agent.

(c) **Closing Costs.** All Closing costs shall be paid by SLM/SLHS.

B.8 Lease of Land. As a condition of Closing, at Closing, the parties shall execute a Lease of the Land, on mutually agreeable terms and conditions, which conditions shall include use requirements consistent with those specified in Section A.4 of this Agreement.

SECTION C – MISCELLANEOUS

C.1 Time. Time is of the essence of this Agreement and each and every provision hereof.

C.2 Waiver. The waiver of or forbearance by any party regarding any breach, or of any available remedy for a default shall not operate as a waiver of any subsequent breach or default.

C.3 Succession. This Agreement shall be binding on and shall inure to the benefit of the assigns, representatives and successors-in-interest of the parties hereto.

C.4 Modification. This Agreement may not be modified except by means of a subsequent written agreement, which is duly executed by the parties.

C.5 Applicable Law. This Agreement shall be interpreted by and according to the laws of the State of Idaho. The parties agree that the courts of Idaho shall have exclusive jurisdiction over any dispute regarding this Agreement.

C.6 Integration Clause. This Agreement memorializes the complete and final agreement and understanding of the parties on the subject matter of this transaction. Neither party is relying upon any promises, representations or statements made by the other party as an inducement to the execution of this Agreement, except in so far as such promises, representations or statements are expressly contained herein.

C.7 Non-Merger. The terms, conditions and covenants contained in this Agreement shall not be merged into any other document executed by the parties as part of this transaction.

C.8 Notices and Deadlines. Any notices required by the terms of this Agreement, or otherwise sent by either party to the other pursuant to this Agreement, shall be in writing and delivered personally, via facsimile, or by a recognized national courier service such as FedEx, to the parties at their address hereinabove mentioned, unless a party hereto designates an alternate address in writing. If mailed, the notice shall be mailed via certified mail and shall be deemed delivered on the fourth business day after mailing. Any deadlines which would fall on a weekend or federal holiday shall be extended to the next working day thereafter.

C.9 Costs and Attorney Fees. In the event that a dispute arises regarding the breach, application, interpretation, or enforcement of this Agreement, then the prevailing party in such dispute shall be entitled to collect its attorney fees and costs incurred, including attorney fees and costs incurred on appeal.

C.10 Agency. Nothing in this Agreement shall be deemed or construed to constitute or create between SLM or SLHS and the District a partnership, joint-venture or agency.

C. 11 Safeguarding PHI. The Parties agree that neither the District nor or its agents shall need access to, nor shall they use or disclose, any PHI (as defined below) of SLM or SLHS. However, in the event PHI is disclosed by SLM or SLHS to the District or its agents, regardless as to whether the disclosure is inadvertent or otherwise, District agrees to take reasonable steps to maintain, and to require its agents to maintain, the privacy and confidentiality of such PHI. The Parties agree that the foregoing does not create, and is not intended to create, a "business associate" relationship between the Parties as that term is defined by the Privacy Standards referred to herein. For purposes of this Section of the Agreement, "protected health information," or "PHI," shall have the meaning defined by the Standards for Privacy of Individually Identifiable Health Information, 45 C.F.R. Part 160 and Subparts A and E of Part 164 (the "Privacy Standards"), as promulgated by the Department of Health and Human Services ("HHS") pursuant to the Administrative Simplification provisions of the Health Insurance Portability and Accountability Act of 1996 ("HIPAA").

C.11 Signatures and Counterparts. This Lease may be signed in any number of counterparts and by facsimile, and once so executed by all parties, each such counterpart will be deemed to be the original, but all counterparts together shall constitute but one (1) complete and binding agreement.


C.12 Further Assurances. Up to and after the Closings, each Party shall take such further actions and execute and deliver such additional documents and instruments as may be reasonably requested by another Party in order to perfect and complete the transactions contemplated herein.

C.13 Partial Invalidity. In case any one more of the provisions contained herein shall, for any reason, be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Agreement, but this Agreement shall be construed as if such invalid, illegal or unenforceable provision or provisions had never been contained herein, provided however that if either Party determines that this would frustrate the purpose of the Agreement, the Parties may amend or terminate the Agreement upon mutual written agreement. In the event that the Parties are unable to reach consensus, then the dispute shall be resolved by means of the Dispute Resolution procedures provided in Section A.25.

C.14 Exhibits. The attached Exhibits shall be construed with and as an integral part of this Agreement to the same extent as if the same had been set forth verbatim herein.

IN WITNESS WHEREOF, The District, SLHS and SLM have executed this Lease-Option Agreement the date and year specified by their names below.

McCall Memorial Hospital District




By: Derek Williamson

Its: Chair, Board of Trustees

DATED: 5 February, 2016

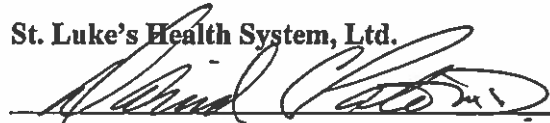
Attest:

DATED: 2/5, 2016


By: Alexa Hersel
Its: Secretary

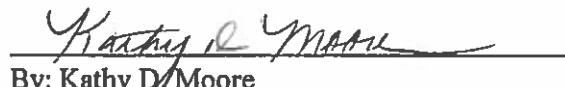
St. Luke's Health System, Ltd.

DATED: February 5, 2016


By: David C. Pate, MD, JD
Its: President and CEO

St. Luke's McCall, Ltd.

DATED: 2/5, 2016


By: Kathy D. Moore
Its: CEO

Instrument # 355944

VALLEY COUNTY, CASCADE, IDAHO

10-27-2010 03:02:04 No. of Pages: 6

Recorded for: MILLEMAN PITTENGER MCMAHAN

ARCHIE N. BANBURY

Fee: 25.00

Ex-Officio Recorder Deputy

Index to: QUITCLAIM DEED

QUITCLAIM DEEDRECITALS

WHEREAS, St. Luke's McCall, Ltd. assumed certain assets and liabilities of McCall Memorial Hospital District through an Agreement, effective October 1, 2010 ("Definitive Agreement") and began operating certain properties owned by McCall Memorial Hospital District;

WHEREAS, the Definitive Agreement provides and requires that St. Luke's McCall, Ltd. assume ownership of certain real property previously held by McCall Memorial Hospital District;

NOW, THEREFORE, for and in consideration of the promises, agreements, covenants, representations and warranties set forth in the Definitive Agreement, McCall Memorial Hospital District hereby quitclaims its interest in the real property more particularly described on Exhibit "1" to St. Luke's McCall, Ltd., pursuant to this Quitclaim Deed;

ARTICLE 1DATE, NAMES OF PARTIES AND ADDRESSES

1.1 Name of Grantor and Address. The name of the Grantor is McCall Memorial Hospital District whose mailing address is 1000 State Street, McCall, Idaho 83638.

1.2 Name of Grantee and Address. The name of the Grantee is St. Luke's McCall, Ltd., a tax-exempt Idaho nonprofit corporation whose mailing address is 1000 State Street, McCall, Idaho 83638.

1.3 Date. This Quitclaim Deed is executed and delivered by Grantor to Grantee on this 1st day of October 2010.

ARTICLE 2CONVEYANCES

For value received, Grantor does hereby quitclaim, release and remise unto Grantee all of its right, title and interest, if any, in and to the certain real property and improvements located in the County of Valley, State of Idaho and more particularly described on Exhibit "1" attached hereto and by this reference made a part hereof.

ARTICLE 3INCORPORATION OF RECITALS

The recitals set forth above are hereby incorporated into this instrument as a material and substantive part of this instrument

IN WITNESS WHEREOF, said Grantor has hereunto set its hand the day and year in this instrument first above written.

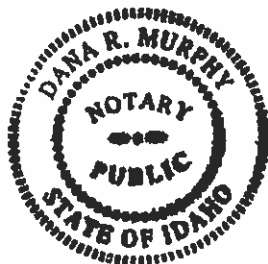
McCALL MEMORIAL HOSPITAL DISTRICT

Dan Krahn
By: Dan Krahn
Its: Chair

STATE OF IDAHO)
County of Valley Ada) ss.

On this 1st day of October, 2010, before me, the undersigned, a notary public in and for said county and state, personally appeared Dan Krahn, known or identified to me to be the Chair of McCall Memorial Hospital District, the person whose name is subscribed to the within instrument on behalf of McCall Memorial Hospital District, and acknowledged to me that such entity executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal, the same day and year in this certificate first above written.



Dana R. Murphy
NOTARY PUBLIC FOR IDAHO
Residing at: *Canyon County*
Commission expires: *10-19-2013*

EXHIBIT 1 Hospital Real Property - Legal Descriptions

Title Commitment Parcel #	Commonly Known Property Name	Legal Description
1	200 Forest St. (Allen Nokes Center)	All that certain lot, piece or parcel of land, situate in Valley County, Idaho as shown as Lot 1, Block B, Brundage Subdivision, a plat which is recorded in the office of the Recorder of Valley County, Idaho.
2	104 W. Cascade & 112 S Idaho Street	All that certain lot, piece or parcel of land, situate in Valley County, Idaho as shown as Lots 6, 17, and 18, Block 5, Township of Cascade, a plat which is recorded in the office of the Recorder of Valley County, Idaho.
3	202 Hewitt St.	All that certain lot, piece or parcel of land, situate in Valley County, Idaho being a portion of the North 1/2 of Lot 4, Block G, Brundage Subdivision, being more particularly described as follows: The North 1/2 of Lot 4, Block G, Brundage Subdivision, Valley County, Idaho a plat which is recorded in the office of the Recorder of Valley County, Idaho. SAVE AND EXCEPT all portions that lay within the Forest Street Professional Condominium Plat recorded on August 14, 2007 as Instrument No. 324230 in the office of the Recorder of Valley County, Idaho.
4	Flicka/Streeter property - no street address	All that certain lot, piece or parcel of land, situate in Valley County, Idaho as shown on Lot 3, Block G of Brundage Subdivision, a plat which is recorded in the office of the Recorder of Valley County, Idaho. SAVE AND EXCEPT the North 110.00 feet thereof.
5	202 Forest St. (parking)	All that certain lot, piece or parcel of land, situate in Valley County, Idaho as shown as the East 87.00 feet of Lot 2, Block B, Brundage Subdivision, a plat which is recorded in the office of the Recorder of Valley County, Idaho.
6	211 Forest St. Unit 2 & 202 Hewitt St. Unit 3*	Units 2 and 3 in Forest Street Professional Condominium as defined in Condominium Declaration recorded August 14, 2007 as Instrument No. 324232 records of Valley County, Idaho and as delineated on the official plat thereof recorded in Book 12 of Plats at Page 6 records of Valley County, Idaho.

EXHIBIT A.1(a)

EXHIBIT A.1(a)

Title Commitment Parcel #	Commonly Known Property Name	Legal Description
7	201 Hewitt St. (parking)	All that certain lot, piece or parcel of land, situate in Valley County, Idaho as shown as Lot 1, Block F, Brundage Subdivision, a plat which is recorded in the office of the Recorder of Valley County, Idaho.
8	1000 State Street (Hospital)	All that certain lot, piece or parcel of land, situate in Valley County, Idaho as shown as Lots 1 and 2, Block G, Brundage Subdivision, a plat which is recorded in the office of the Recorder of Valley County, Idaho.
9	209 Forest Street	All that certain lot, piece or parcel of land, situate in Valley County, Idaho as shown as the North 110 feet of Lot 3, Block G, Brundage Subdivision, a plat which is recorded in the office of the Recorder of Valley County, Idaho.
10	100 W. Forest St.	All that certain lot, piece or parcel of land, situate in Valley County, Idaho as shown as Lots 1, 2, and 3, Block 1, River Subdivision Amended Plat, a plat which is recorded in the office of the Recorder of Valley County, Idaho.
11	1010 State St.	See Attachment A for legal description.
12	203 Hewitt St. (Integrative Medicine)	All that certain lot, piece or parcel of land, situate in Valley County, Idaho as shown as Lot 2, Block F, Brundage Subdivision, a plat which is recorded in the office of the Recorder of Valley County, Idaho.
13	204 Forest St. (parking)	All that certain lot, piece or parcel of land, situate in Valley County, Idaho as shown as the West 55.00 feet of Lot 2, Block B, Brundage Subdivision, a plat which is recorded in the office of the Recorder of Valley County, Idaho.

*Parcel 2 and part of Parcel 6 have the same address per county records

EXHIBIT 1

ATTACHMENT A (Page 1 of 2)

(Legal Description for Parcel 1f)

A parcel of land situate in Government Lot 6 of Section 8, Township 18 North, Range 3 East of the Boise Meridian, Valley County, Idaho, more particularly described as follows:

Commencing at a certain meander corner stone on the South shore of Big Payette Lake, which meander corner is on the West boundary line of said Lot 6, 935.40 feet North 00° 10' East of the SW corner of said Lot 6; thence South 00° 10' West, following said boundary line, a distance of 246.70 feet to the South line of the State Highway; thence South 78° 19' East along the South line of the State Highway, a distance of 97.30 feet; thence South 80° 41' East, along the South line of the State Highway, 160.50 feet to an iron pin, the REAL POINT OF BEGINNING, and the NW corner of this parcel of land being conveyed; thence South 80° 41' East, along the South line of the said State Highway, a distance of 95.80 feet to the NE corner of this parcel of land, an iron pin, situated on the West line of State Street; thence South 00° 03' East, along the West line of State Street, a distance of 185.00 feet to an iron pin, the SE corner of this parcel of land; thence North 78° 37' West, a distance of 96.90 feet, an iron pin and the SW corner of this parcel of land; thence North, 00° 10' East, a distance of 151.70 feet to the Place of Beginning.

AND

A parcel of land situate in Government Lot 6 of Section 8, Township 18 North, Range 3 East of the Boise Meridian, Valley County, Idaho, more particularly described as follows:

Commencing at a certain meander corner stone on the South shore of Big Payette Lake, which meander corner is on the West boundary line of said Lot 6, 935.40 feet North 00° 10' East of the SW corner of said Lot 6; thence South 00° 10' West, following said boundary line, a distance of 246.70 feet to the South line of the State Highway; thence South 78° 19' East along the South line of the State Highway, a distance of 97.30 feet; thence, South 80° 41' East, 74.60 feet along the South line of the State Highway, to the REAL PLACE OF BEGINNING and the NW corner of this parcel of land being conveyed; thence South 80° 41' East along the said South line of the State Highway, a distance of 95.90 feet to the NE corner of this parcel of land; thence South 00° 10' West, 151.70 feet; thence North 78° 37' West, 96.90 feet; thence North 00° 10' East, 148.40 feet to the Place of Beginning.

TOGETHER WITH:

A parcel of land situate in Government Lot 6, Section 8, Township 18 North, Range 3 East, Boise Meridian, City of McCall, Valley County, Idaho, more particularly described as follows:

Commencing at the meander corner on the South shore of Big Payette Lake on the West boundary of Government Lot 6, Section 8, Township 18 North, Range 3 East, Boise Meridian, City of McCall, Valley County, Idaho, an aluminum cap; thence South 00° 10' West, 246.70 feet along said West boundary to the southerly right-of-way line of

EXHIBIT 1

ATTACHMENT A (Page 2 of 2)

(Legal Description for Parcel 11)

State Highway 55; thence South 78° 19' East, 97.30 feet along said right-of-way; thence South 80° 41' East, 74.60 feet along said right-of-way to a chiseled "x" in a concrete drive, thence South 00° 10' West, 74.10 feet to the REAL POINT OF BEGINNING; thence continuing South 00° 10' West, 74.30 feet to a 1/2" rebar on the Northerly line of a 20.00 foot alley; thence North 78° 37' West, 11.74 feet along said Northerly line; thence North 09° 15' East, 72.93 feet to the Point of Beginning.

SAVE AND EXCEPT:

A parcel of land situate in Government Lot 6, Section 8, Township 18 North, Range 3 East, Boise Meridian, City of McCall, Valley County, Idaho, more particularly described as follows:

Commencing at the meander corner on the South shore of Big Payette Lake on the West boundary of Government Lot 6, Section 8, Township 18 North, Range 3 East, Boise Meridian, City of McCall, Valley County, Idaho, an aluminum cap; thence South 00° 10' West, 246.70 feet along said West boundary to the Southerly right-of-way line of State Highway 55; thence South 78° 19' East, 97.30 feet along said right-of-way; thence South 80° 41' East, 74.60 feet along said right-of-way to a chiseled "x" in a concrete drive, the REAL POINT OF BEGINNING;

thence South 00° 10' West, 74.10 feet; thence North 09° 15' East, 73.15 feet to said right-of-way; thence North 80° 41' West, 11.70 feet to the Point of Beginning.

EXHIBIT A.1 (B)

TANGIBLE PERSONAL PROPERTY

Asset #	Asset Description	Asset Type Description
16135	BLADDER SCANNER, ULTRASONIC	MAJOR MOVEABLE EQUIPMENT
20517	CHAIR MAT,45X53,ECONOMY	MAJOR MOVEABLE EQUIPMENT
20519	CPSI ELECTRONIC FORMS-10 FORMS	MAJOR MOVEABLE EQUIPMENT
20520	MOB-BLIND/FURN/PIC-RECEPTION	MAJOR MOVEABLE EQUIPMENT
20521	MOB-12 EXAM TABLE/ 13 STOOLS	MAJOR MOVEABLE EQUIPMENT
20522	MOB-PHONE/SPKR EQUIPMENT	MAJOR MOVEABLE EQUIPMENT
20523	MOB-CITIZENS COMM SYSTEM	FIXED EQUIPMENT
20524	MOB-MISC EXAM/PHY OFF FURN/EQ	FIXED EQUIPMENT
20525	ULTRASOUND TABLE	MAJOR MOVEABLE EQUIPMENT
20526	HAAG-STREIT SLIT LAMP	FIXED EQUIPMENT
20527	SERVER RM COOLING PROJECT	MAJOR MOVEABLE EQUIPMENT
20528	IT--VMWARE BACKUP PROJECT	MAJOR MOVEABLE EQUIPMENT
20529	IT--VIRUTALIZATION PROJECT	MAJOR MOVEABLE EQUIPMENT
20530	ADJUSTMENT TABLE	MAJOR MOVEABLE EQUIPMENT
20531	PACS ERAD SYS HWARE UPGRADE	MAJOR MOVEABLE EQUIPMENT
20532	CLU180 EVIS EXERIA VIDEO SYS	MAJOR MOVEABLE EQUIPMENT
20533	2001 GMC 23500 BOX VAN	MAJOR MOVEABLE EQUIPMENT
20534	BLANKET WARMER TRIPLE COMPART	MAJOR MOVEABLE EQUIPMENT
20535	3600B ULTRASLIDE TABLE W/ATTCH	MAJOR MOVEABLE EQUIPMENT
20536	SURG LIGHTS- OR ROOM 1	MAJOR MOVEABLE EQUIPMENT
20537	SURG LIGHTS - OR ROOM 2	MAJOR MOVEABLE EQUIPMENT
20538	CERIUM TELEPHONE SYSTEM	MAJOR MOVEABLE EQUIPMENT
20539	LINUX SERVER UPGRADE	MAJOR MOVEABLE EQUIPMENT
20540	OMNICELL SERVICER	MAJOR MOVEABLE EQUIPMENT
20541	OMNICELL-ER	MAJOR MOVEABLE EQUIPMENT
20542	OMNICELL-MED/SURG	MAJOR MOVEABLE EQUIPMENT
20543	ORTHO NAVIGATIO #D0009	MAJOR MOVEABLE EQUIPMENT
20544	POSITIVE PRESSURE BOX	MAJOR MOVEABLE EQUIPMENT
20545	VERSACARE HOSPITAL BED	MAJOR MOVEABLE EQUIPMENT
20546	VERSACARE HOSPITAL BED	MAJOR MOVEABLE EQUIPMENT
20547	SCALE	MAJOR MOVEABLE EQUIPMENT
20548	VERSACARE HOSPITAL BED	MAJOR MOVEABLE EQUIPMENT
20549	VERSACARE HOSPITAL BED	MAJOR MOVEABLE EQUIPMENT
20550	VERSACARE HOSPITAL BED	MAJOR MOVEABLE EQUIPMENT
20551	VERSACARE HOSPITAL BED	MAJOR MOVEABLE EQUIPMENT
20552	INTELLIVUE PRTABLE CARDIAC MON	MAJOR MOVEABLE EQUIPMENT

20553	INTELLIVUE PRTABLE CARDIAC MON	MAJOR MOVEABLE EQUIPMENT
20554	DEXA SYSTEM GE LUNAR PRODIGY	MAJOR MOVEABLE EQUIPMENT
20555	SHIMADZU MOBILE X-RAY	MAJOR MOVEABLE EQUIPMENT
20556	RF CARESTREAM D KXO80	MAJOR MOVEABLE EQUIPMENT
20557	RF CARESTREAM D SHIMADZU	MAJOR MOVEABLE EQUIPMENT
20558	ECG SYS MAC 5500 (ECG/ETT SYS)	MAJOR MOVEABLE EQUIPMENT
20559	AVEA STANDARD V BCV01315	MAJOR MOVEABLE EQUIPMENT
20560	NEOBLUE & JAUND B220289D	MAJOR MOVEABLE EQUIPMENT
20561	ISOLETTE 8000 IBB02270IGB10704	MAJOR MOVEABLE EQUIPMENT
20562	TREADMILL (ECG/ETT SYSTEM)	MAJOR MOVEABLE EQUIPMENT
20563	INFANT WARMER-GE PANDA 3400	MAJOR MOVEABLE EQUIPMENT
20564	ELECTROSURGICAL FORCE TRIAD	MAJOR MOVEABLE EQUIPMENT
20565	ZIMMER ATS 3000 #00007	MAJOR MOVEABLE EQUIPMENT
20566	FORCE FX-C-S GE #00008	MAJOR MOVEABLE EQUIPMENT
20567	CLU180 EVIS EXERIA LIGHT	MAJOR MOVEABLE EQUIPMENT
20568	OLYMPUS SCOPE (GIF-XQ140)	MAJOR MOVEABLE EQUIPMENT
20569	EVIS GASTROVIDEOSCOPE	MAJOR MOVEABLE EQUIPMENT
20570	EVIS GASTROVIDEOSCOPE	MAJOR MOVEABLE EQUIPMENT
20571	INTELLIVUE PRTABLE CARDIAC MON	MAJOR MOVEABLE EQUIPMENT
20572	SIEMENS CHEMISTRY ANALYZER	MAJOR MOVEABLE EQUIPMENT
20573	VITROS 5600 CHEMISTRY ANALYZER	MAJOR MOVEABLE EQUIPMENT
20574	BLADDER SCANNER	MAJOR MOVEABLE EQUIPMENT
20575	X300 PORTABLE ULTRASOUND UNIT	MAJOR MOVEABLE EQUIPMENT
20576	CT SCANNER MULTI BEAM 33-128	MAJOR MOVEABLE EQUIPMENT
20577	R/F UNIT, DIGITAL	MAJOR MOVEABLE EQUIPMENT
20578	MAMMO UNIT, DIAGNOSTIC DIGITAL	MAJOR MOVEABLE EQUIPMENT
20579	ULTRASOUND DIAGNOSTIC GENERAL	MAJOR MOVEABLE EQUIPMENT
20580	RAD UNIT, GEN, PANEL DETECTOR	MAJOR MOVEABLE EQUIPMENT
20581	ANALYZER, SEDIMENTATION RATE	MAJOR MOVEABLE EQUIPMENT
20582	PULMONARY FUNCTION SYSTEM	MAJOR MOVEABLE EQUIPMENT
20583	ANESTH DELIVERY UNIT W MONITOR	MAJOR MOVEABLE EQUIPMENT
20584	ANESTH DELIVERY UNIT W MONITOR	MAJOR MOVEABLE EQUIPMENT
20585	TABLE, SURGICAL	MAJOR MOVEABLE EQUIPMENT
20586	ANALYZER, BLOOD CULTURE	MAJOR MOVEABLE EQUIPMENT
20587	MONITOR SYS., CENTRAL STATION	MAJOR MOVEABLE EQUIPMENT
20588	MONITOR SYS., CENTRAL STATION	MAJOR MOVEABLE EQUIPMENT
20589	X RAY FILM, DUPLICATOR	MAJOR MOVEABLE EQUIPMENT
20590	VENTILATOR, ADULT	MAJOR MOVEABLE EQUIPMENT
20591	CONTRAST INJECTOR, CT, DUAL	MAJOR MOVEABLE EQUIPMENT
20592	ELECTROSURGERY UNIT	MAJOR MOVEABLE EQUIPMENT
20593	ELECTROSURGERY UNIT	MAJOR MOVEABLE EQUIPMENT

20594	MONITOR SYSTEM, STRESS TEST	MAJOR MOVEABLE EQUIPMENT
20595	ANALYZER, LAB, POC, GENERIC	MAJOR MOVEABLE EQUIPMENT
20596	ANALYZER, LAB, POC, GENERIC	MAJOR MOVEABLE EQUIPMENT
20597	VIDEO PROCESSOR IMG CONTROLLER	MAJOR MOVEABLE EQUIPMENT
20598	EICU	MAJOR MOVEABLE EQUIPMENT
20599	MONITOR, FETAL	MAJOR MOVEABLE EQUIPMENT
20600	MONITOR, FETAL	MAJOR MOVEABLE EQUIPMENT
20601	MONITOR SYS, MOD, MULTIPARAMET	MAJOR MOVEABLE EQUIPMENT
20602	VIDEO, CAMERA	MAJOR MOVEABLE EQUIPMENT
20603	VIDEO, CAMERA	MAJOR MOVEABLE EQUIPMENT
20604	MONITOR SYSTEM, DISPLAY	MAJOR MOVEABLE EQUIPMENT
20605	MONITOR SYSTEM, DISPLAY	MAJOR MOVEABLE EQUIPMENT
20606	MONITOR SYSTEM, DISPLAY	MAJOR MOVEABLE EQUIPMENT
20607	WASTE MGMT DOCKING STATION	MAJOR MOVEABLE EQUIPMENT
20608	WASTE MANAGEMENT SYSTEM	MAJOR MOVEABLE EQUIPMENT
20609	EICU	MAJOR MOVEABLE EQUIPMENT
20610	MONITOR SYSTEM, DISPLAY	MAJOR MOVEABLE EQUIPMENT
20611	MONITOR SYSTEM, DISPLAY	MAJOR MOVEABLE EQUIPMENT
20612	MONITOR SYSTEM, DISPLAY	MAJOR MOVEABLE EQUIPMENT
20613	WASHER/DISINFECTOR ENDOSCOPE	MAJOR MOVEABLE EQUIPMENT
20614	WASHER/DISINFECTOR ENDOSCOPE	MAJOR MOVEABLE EQUIPMENT
20616	VIDEO, PROCESSOR, DIGITIZER	MAJOR MOVEABLE EQUIPMENT
20617	ANESTHESIA, MONITOR, MULTI GAS	MAJOR MOVEABLE EQUIPMENT
20618	EICU	MAJOR MOVEABLE EQUIPMENT
20619	MONITOR SYS MOD RACK/DISPLAY	MAJOR MOVEABLE EQUIPMENT
20620	DEFIBRILLATOR/MON, W PACEMAKER	MAJOR MOVEABLE EQUIPMENT
20621	DEFIBRILLATOR/MON, W PACEMAKER	MAJOR MOVEABLE EQUIPMENT
20622	DEFIBRILLATOR/MON, W PACEMAKER	MAJOR MOVEABLE EQUIPMENT
20623	DEFIBRILLATOR/MON, W PACEMAKER	MAJOR MOVEABLE EQUIPMENT
20624	FLEXIBLE SCOPE	MAJOR MOVEABLE EQUIPMENT
20625	FLEXIBLE SCOPE	MAJOR MOVEABLE EQUIPMENT
20626	FLEXIBLE SCOPE	MAJOR MOVEABLE EQUIPMENT
20627	ANALYZER, URINE, BASIC	MAJOR MOVEABLE EQUIPMENT
20628	INCUBATOR, AEROBIC	MAJOR MOVEABLE EQUIPMENT
20629	WARMER, NEONATAL	MAJOR MOVEABLE EQUIPMENT
20630	ELECTROSURGERY UNIT	MAJOR MOVEABLE EQUIPMENT
20631	RESUSCITATOR, PULMONARY INFANT	MAJOR MOVEABLE EQUIPMENT
20632	MONITOR SYS, MOD RACK/DISPLAY	MAJOR MOVEABLE EQUIPMENT
20633	MON SYS, TELEMETRY, REC, FETAL	MAJOR MOVEABLE EQUIPMENT
20634	ULTRASOUND, TRANSDUCER, 9 MHZ	MAJOR MOVEABLE EQUIPMENT
20635	ULTRASOUND, TRANSDUCER, 9 MHZ	MAJOR MOVEABLE EQUIPMENT

20636	ULTRASONIC CLEANER, SMALL	MAJOR MOVEABLE EQUIPMENT
20637	SLIT LAMP	MAJOR MOVEABLE EQUIPMENT
20638	ULTRASOUND TRANSVAGINAL	MAJOR MOVEABLE EQUIPMENT
20639	LIGHT SOURCE, FIBEROPTIC	MAJOR MOVEABLE EQUIPMENT
20640	WARMER, PLASMA	MAJOR MOVEABLE EQUIPMENT
20641	MONITOR, FETAL	MAJOR MOVEABLE EQUIPMENT
20642	ANALYZER, BLOOD GAS/PH	MAJOR MOVEABLE EQUIPMENT
20643	PHOTOTHERAPY UNIT, LIGHT METER	MAJOR MOVEABLE EQUIPMENT
20644	MONITOR, VITAL SIGNS	MAJOR MOVEABLE EQUIPMENT
20645	MONITOR, VITAL SIGNS	MAJOR MOVEABLE EQUIPMENT
20646	ANALYZER, URINE, BASIC	MAJOR MOVEABLE EQUIPMENT
20647	VIDEO, DISPLAY	MAJOR MOVEABLE EQUIPMENT
20648	VIDEO, DISPLAY	MAJOR MOVEABLE EQUIPMENT
20649	MOVING APPARATUS, PATIENT	MAJOR MOVEABLE EQUIPMENT
20650	VIDEO, PRINTER	MAJOR MOVEABLE EQUIPMENT
20651	VIDEO, PRINTER	MAJOR MOVEABLE EQUIPMENT
20652	VIDEO, PRINTER	MAJOR MOVEABLE EQUIPMENT
20653	VIDEO, DISPLAY	MAJOR MOVEABLE EQUIPMENT
20654	ULTRASOUND TRANSDUCER 5-6.9MHZ	MAJOR MOVEABLE EQUIPMENT
20655	HOSPITAL BED	MAJOR MOVEABLE EQUIPMENT
20656	HOSPITAL BED	MAJOR MOVEABLE EQUIPMENT
20657	HOSPITAL BED	MAJOR MOVEABLE EQUIPMENT
20658	HOSPITAL BED	MAJOR MOVEABLE EQUIPMENT
20659	HOSPITAL BED	MAJOR MOVEABLE EQUIPMENT
20660	HOSPITAL BED	MAJOR MOVEABLE EQUIPMENT
20661	HOSPITAL BED	MAJOR MOVEABLE EQUIPMENT
20662	FORD PICKUP TRUCK F150	MAJOR MOVEABLE EQUIPMENT
20663	OR TABLE	MAJOR MOVEABLE EQUIPMENT
20664	ADVANCE BED	MAJOR MOVEABLE EQUIPMENT
20665	TRAUMA STRETCHER MIDMARK K550	MAJOR MOVEABLE EQUIPMENT
20666	FRACTURE TABLE ORTHO II	MAJOR MOVEABLE EQUIPMENT
20667	TRANSPORT/STRETCHER TOTAL LIFT	MAJOR MOVEABLE EQUIPMENT
20668	BIRTHING BED	MAJOR MOVEABLE EQUIPMENT
20669	CODE 3 SOFTWARE	MAJOR MOVEABLE EQUIPMENT
20670	BLANKET WARMER	MAJOR MOVEABLE EQUIPMENT
20671	WASHER	MAJOR MOVEABLE EQUIPMENT
20672	SERVER & MICROSOFT WINDOW/EXCH	MAJOR MOVEABLE EQUIPMENT
20673	AUTOCLAVE	MAJOR MOVEABLE EQUIPMENT
20674	VIDEO CONFRENCING EQUIPMENT	MAJOR MOVEABLE EQUIPMENT
20675	CPSI UNIX SERVER	MAJOR MOVEABLE EQUIPMENT
20676	STERIS STERILIZATION SYSTEM	MAJOR MOVEABLE EQUIPMENT

20677	D-600 TRASH COMPA 16192	MAJOR MOVEABLE EQUIPMENT
20678	081 HEMA TEX 3000 SYSTEM	MAJOR MOVEABLE EQUIPMENT
20679	048 VERSACARE HOSPITAL BEDS	MAJOR MOVEABLE EQUIPMENT
20680	1488 HD 3 CHIP CAMERA	MAJOR MOVEABLE EQUIPMENT
20681	ULTRASONIC CLEANER	MAJOR MOVEABLE EQUIPMENT
20682	048 VERSACARE HOSPITAL BEDS	MAJOR MOVEABLE EQUIPMENT
20685	O2 SYSTEM UPGRADE	FIXED EQUIPMENT
20689	ADT FIRE ALARM SYSTEM	FIXED EQUIPMENT
20706	CARRIER 1 TON DUCTLESS SYSTEM	FIXED EQUIPMENT
20712	CHILLER SOUND BARRIER ON ROOF	FIXED EQUIPMENT
20756	048 VERSACARE HOSPITAL BEDS	MAJOR MOVEABLE EQUIPMENT
20757	048 VERSACARE HOSPITAL BEDS	MAJOR MOVEABLE EQUIPMENT
20758	048 VERSACARE HOSPITAL BEDS	MAJOR MOVEABLE EQUIPMENT
20759	048 VERSACARE HOSPITAL BEDS	MAJOR MOVEABLE EQUIPMENT
20760	048 VERSACARE HOSPITAL BEDS	MAJOR MOVEABLE EQUIPMENT
20761	1488 HD 3 CHIP CAMERA	MAJOR MOVEABLE EQUIPMENT
20762	ANALYZER LAB POINT OF CONTACT	MAJOR MOVEABLE EQUIPMENT
20763	OPHTHALMIC WORK STATION	MAJOR MOVEABLE EQUIPMENT
20764	WHIRLPOOL	MAJOR MOVEABLE EQUIPMENT
20765	WHIRLPOOL	MAJOR MOVEABLE EQUIPMENT
20766	ECG, MULTI CHANNEL	MAJOR MOVEABLE EQUIPMENT
20767	ULTRSDND TRANSDUCER STANDARD 5	MAJOR MOVEABLE EQUIPMENT
20768	ULTRSDND TRANSDUCER STANDARD 5	MAJOR MOVEABLE EQUIPMENT
20769	OPHTHALMOMETER	MAJOR MOVEABLE EQUIPMENT
20770	ULTRSDND DIAG GENERAL PURPOSE	MAJOR MOVEABLE EQUIPMENT
20771	LIGHT, ULTRAVIOLET	MAJOR MOVEABLE EQUIPMENT
20772	LIGHT, ULTRAVIOLET	MAJOR MOVEABLE EQUIPMENT
20773	LIGHT, ULTRAVIOLET	MAJOR MOVEABLE EQUIPMENT
20774	VISION TESTER	MAJOR MOVEABLE EQUIPMENT
20775	ELECTROSURGERY UNIT	MAJOR MOVEABLE EQUIPMENT
20776	DEFIB/MONITOR WITH PACEMAKER	MAJOR MOVEABLE EQUIPMENT
20777	TYMPANOMETER	MAJOR MOVEABLE EQUIPMENT
20778	DEFIB/MONITOR WITH PACEMAKER	MAJOR MOVEABLE EQUIPMENT
20779	DEFIB/MONITOR WITH PACEMAKER	MAJOR MOVEABLE EQUIPMENT
20780	BATTERY CHARGER	MAJOR MOVEABLE EQUIPMENT
20781	BATTERY CHARGER	MAJOR MOVEABLE EQUIPMENT
20782	BATTERY CHARGER	MAJOR MOVEABLE EQUIPMENT
20783	BATTERY CHARGER	MAJOR MOVEABLE EQUIPMENT
20784	BATTERY CHARGER	MAJOR MOVEABLE EQUIPMENT
20785	BATTERY CHARGER	MAJOR MOVEABLE EQUIPMENT
20786	BATTERY CHARGER	MAJOR MOVEABLE EQUIPMENT

20787	BATTERY CHARGER	MAJOR MOVEABLE EQUIPMENT
20788	BATTERY CHARGER	MAJOR MOVEABLE EQUIPMENT
20789	BATTERY CHARGER	MAJOR MOVEABLE EQUIPMENT
20790	BATTERY CHARGER	MAJOR MOVEABLE EQUIPMENT
20791	BATTERY CHARGER	MAJOR MOVEABLE EQUIPMENT
20792	BATTERY CHARGER	MAJOR MOVEABLE EQUIPMENT
20793	BATTERY CHARGER	MAJOR MOVEABLE EQUIPMENT
20794	BATTERY CHARGER	MAJOR MOVEABLE EQUIPMENT
20795	BATTERY CHARGER	MAJOR MOVEABLE EQUIPMENT
20796	BATTERY CHARGER	MAJOR MOVEABLE EQUIPMENT
20797	BATTERY CHARGER	MAJOR MOVEABLE EQUIPMENT
20798	BATTERY CHARGER	MAJOR MOVEABLE EQUIPMENT
20799	BATTERY CHARGER	MAJOR MOVEABLE EQUIPMENT
20800	BATTERY CHARGER	MAJOR MOVEABLE EQUIPMENT
20801	BATTERY CHARGER	MAJOR MOVEABLE EQUIPMENT
20802	BATTERY CHARGER	MAJOR MOVEABLE EQUIPMENT
20803	BATTERY CHARGER	MAJOR MOVEABLE EQUIPMENT
20804	BATTERY CHARGER	MAJOR MOVEABLE EQUIPMENT
20805	BATTERY CHARGER	MAJOR MOVEABLE EQUIPMENT
20806	ULTRASONIC TRANSDUCER TRANSVAG	MAJOR MOVEABLE EQUIPMENT
20807	MICROSCOPE, LAB	MAJOR MOVEABLE EQUIPMENT
20808	ECG, MULTI CHANNEL	MAJOR MOVEABLE EQUIPMENT
20809	MICROSCOPE, LAB	MAJOR MOVEABLE EQUIPMENT
20810	TREADMILL	MAJOR MOVEABLE EQUIPMENT
20811	TREADMILL	MAJOR MOVEABLE EQUIPMENT
20812	PUMP, INFUSION, MULTICHANNEL	MAJOR MOVEABLE EQUIPMENT
20813	LIGHT, ULTRAVIOLET	MAJOR MOVEABLE EQUIPMENT
20814	COLPOSCOPE PURCHASE PKG	MAJOR MOVEABLE EQUIPMENT
20968	SKYTRON AR24 LIGHT SYSTEM	MAJOR MOVEABLE EQUIPMENT
20969	SKYTRON AR24 LIGHT SYSTEM	MAJOR MOVEABLE EQUIPMENT
20970	WINQUEST III EXTRACTION SYS	MAJOR MOVEABLE EQUIPMENT
21203	2011 FORD TRANSIT VAN	VEHICLES
21457	LEICA DM1000LED MICROSCOPE	MAJOR MOVEABLE EQUIPMENT
21458	FUJIFILM SONOSITE ULTRASOUND	MAJOR MOVEABLE EQUIPMENT
21459	C60X / 5-2 MHZ TRANSDUCER	MAJOR MOVEABLE EQUIPMENT
21460	ICTx / 8-5 MHZ TRANSDUCER	MAJOR MOVEABLE EQUIPMENT
21461	L25X / 13-6 MHZ TRANSDUCER	MAJOR MOVEABLE EQUIPMENT
21462	BLOOD CELL WASHER SYSTEM	MAJOR MOVEABLE EQUIPMENT
21518	TROPHON EPR DISINFECTION SYSTM	MAJOR MOVEABLE EQUIPMENT
21522	CE ROOM NEW CABINETS	MAJOR MOVEABLE EQUIPMENT
21569	LIFTGATE MODEL 89-25-TP36	MAJOR MOVEABLE EQUIPMENT

21596	PRIME X ELECTRIC BIG WHEEL	MAJOR MOVEABLE EQUIPMENT
21597	PRIME X ELECTRIC BIG WHEEL	MAJOR MOVEABLE EQUIPMENT
21623	ARMSTRONG 15HP PUMP	MAJOR MOVEABLE EQUIPMENT
21745	EVIS EXERA II COLONOSCOPE	MAJOR MOVEABLE EQUIPMENT
21762	A2 BIOLOGICAL SAFETY CABINET	MAJOR MOVEABLE EQUIPMENT
21860	CA-660 COAGULATION ANALYZER	MAJOR MOVEABLE EQUIPMENT
22012	CF-2T160L VIDEO COLONOSCOPE	MAJOR MOVEABLE EQUIPMENT

EXHIBIT A 22(a)
FINANCIAL MODEL

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	Totals
Revenue	18,128	18,437	19,048	19,787	20,329	20,872	21,561	22,201	22,860	23,538	24,237	212,879
Annual Growth Rates	18.2%	1.7%	3.3%	3.8%	2.7%	2.7%	3.3%	3.0%	3.0%	3.0%	3.0%	2.8%
Cash Flow												
Operating Cash Flow		(124)	590	1,059	1,148	1,232	1,338	1,447	1,457	1,416	1,371	10,831
Tax Support	1,306	1,368	1,380	1,393	1,407	1,421	1,438	1,450	1,465	1,470	1,494	14,281
Total Cash Flow	1,309	1,242	1,970	2,453	2,553	2,654	2,771	2,897	2,922	2,898	2,865	25,222
Philanthropy, Recurring	154	150	160	170	180	190	200	210	220	230	240	1,850
Philanthropy, Major Campaign			500	750	1,000	2,750						5,000
Capital Plan												
Routine	678	2,800	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	20,800
Major Project							7,000	18,000				25,000
Ending Cash Position												
Total Cash	4,074	2,182	2,426	3,398	4,717	7,889	1,425	4,074	3,731	3,353	2,839	2,939
Total Debt	(77)	(6)	(8)	(9)	(9)	(9)	(9)	(20,000)	(19,000)	(18,000)	(17,000)	(17,000)
Net Debt	4,003	2,182	2,426	3,395	4,716	7,888	1,425	(15,926)	(15,270)	(14,648)	(14,062)	(14,062)
Ratios												
Operating Cash Flow Margin	0.0%	-0.7%	3.1%	5.3%	5.6%	5.9%	6.2%	6.5%	6.4%	6.0%	5.7%	5.1%
Total Cash Flow Margin	7.2%	6.7%	10.3%	12.4%	12.6%	12.7%	12.8%	13.1%	12.8%	12.3%	11.8%	
Days Cash (excludes Capital Campaign Funds)	81	42	38	41	46	53	25	60	60	53	45	0
Debt to Capitalization	0.4%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	37.6%	35.4%	33.4%	31.4%	31.4%
Capital Spend as % of Revenue, Routine Only	3.7%	15.2%	10.5%	10.1%	8.8%	8.8%	8.3%	8.0%	8.7%	8.5%	8.3%	8.8%
Capital Spend, Total as % of Revenue	3.7%	15.2%	10.5%	10.1%	8.8%	8.8%	41.7%	90.1%	8.7%	8.5%	8.3%	21.5%
Philanthropy as % of Revenue	0.8%	0.8%	3.5%	4.6%	5.8%	14.1%	0.9%	0.9%	1.0%	1.0%	1.0%	3.3%
Other Information												
Total Assets (Hospital Assets)	20,093,458	20,404,982	21,912,668	24,140,930	28,708,682	31,109,814	32,842,507	54,525,761	55,029,795	55,271,995	55,399,719	
Liabilities	1,312,109	1,312,109	1,312,109	1,312,109	1,312,109	1,312,109	1,312,109	21,312,109	20,312,109	19,312,109	18,312,109	
Net Equity:												
Original Equity	18,781,347	18,800,575	19,092,873	20,800,759	22,828,821	25,394,583	29,797,505	31,530,398	33,213,672	34,717,886	35,959,888	
Earnings		142,288	847,886	1,308,062	1,385,783	1,462,921	1,532,894	1,473,274	1,284,014	1,012,189	687,724	
Subtotal	18,781,347	18,942,873	19,940,759	21,808,821	24,214,583	26,857,505	31,330,398	33,003,672	34,497,686	35,729,886	36,647,610	
Philanthropic Contributions												
Community		150,000	680,000	820,000	1,180,000	2,940,000	200,000	210,000	220,000	230,000	240,000	
Equity Contributions from SLHS												
Subtotal		150,000	680,000	820,000	1,180,000	2,940,000	200,000	210,000	220,000	230,000	240,000	
Total Equity	18,781,347	19,092,873	20,600,759	22,828,821	25,394,583	29,797,505	31,530,398	33,213,672	34,717,686	35,959,886	37,087,610	
Cumulative Philanthropic Amounts												
Community		150,000	810,000	1,730,000	2,910,000	5,850,000	6,050,000	6,260,000	6,480,000	6,710,000	6,950,000	
St. Luke's												
Total		150,000	810,000	1,730,000	2,910,000	5,850,000	6,050,000	6,260,000	6,480,000	6,710,000	6,950,000	
Assumed FAV												

EXHIBIT A.22(b)
ST LUKES MCCALL CAPITAL IMPROVEMENT PLAN SUMMARY

**(TO BE COMPLETED THE PARTIES NO LATER THAN 60 DAYS
AFTER THE EXECUTION DATE)**