

LEASE AGREEMENT

between

DISTRICT OF COLUMBIA

as Landlord

and

**UHS EAST END SUB, LLC,
a wholly-owned subsidiary of Universal Health Services, Inc.,**

as Tenant

**Parcel 2 at St. Elizabeths Campus
Square 5868-S, Lot 0859**

Dated as of September 10, 2020

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LEASE AGREEMENT

THIS LEASE AGREEMENT (the “**Lease**”), dated as of September 10, 2020 (“**Execution Date**”), is entered into by and between the **GOVERNMENT OF THE DISTRICT OF COLUMBIA**, a municipal corporation (“**District**”), and **UHS EAST END SUB, LLC**, a wholly-owned subsidiary of Universal Health Services, Inc. (“**UHS**”) (together with its permitted successors and assigns, “**Tenant**”).

RECITALS:

A. WHEREAS, District is the fee simple owner of the parcel of real property located on the St. Elizabeths East Campus in the District of Columbia being known for assessment and taxation purposes as Lot 0859, Square 5868-S and further described in Exhibit A, attached hereto and incorporated herein (the “**Land**”).

B. WHEREAS, simultaneously herewith, District, Tenant, and UHS Building Solutions, Inc., an Affiliate of UHS (“**Development Entity**”), entered into a Collaboration Agreement (as may be amended in accordance with its terms, the “**Collaboration Agreement**”) outlining a collaboration between the Parties with respect to the construction and operation of the Hospital (defined below) and the Parking Facility (defined below) and other related matters.

C. WHEREAS, simultaneously herewith, District and Development Entity entered into a Development Agreement (as may be amended in accordance with its terms, the “**Development Agreement**”) pursuant to which District contracted with Development Entity to serve as Program Manager for the design and construction of the Hospital, Parking Facility, and supporting facilities and infrastructure on the terms and conditions set forth therein.

D. WHEREAS, simultaneously herewith, District and Tenant entered into a Hospital Operations Agreement (as may be amended in accordance with its terms, the “**Hospital Operations Agreement**”) pursuant to which Tenant agreed to operate the Hospital and Parking Facility in accordance with the terms and conditions set forth therein.

E. WHEREAS, District desires to lease the Leased Premises (defined below) to Tenant after Substantial Completion (defined below) of each of the Inpatient Hospital (defined below), Ambulatory Facility (defined below), and Parking Facility and Tenant desires to use, operate, maintain, and improve the same in accordance with the terms and conditions of this Lease and the Hospital Operations Agreement.

F. WHEREAS, the Council of the District of Columbia authorized the Mayor to lease the Land, and any improvements existing thereon as of the applicable Commencement Date, in New Hospital at St. Elizabeths Emergency Amendment Act of 2020 (D.C. Act 23-360; effective August 5, 2020).

NOW, THEREFORE, in consideration of the foregoing premises and the mutual representations, warranties, covenants, and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, District and Tenant hereby agree as follows:

ARTICLE 1 DEFINITIONS

As used herein, the capitalized terms set forth below have the following meanings:

“Additional Rent” shall have the meaning set forth in Section 4.3.

“Affiliate” means with respect to any Person (“first Person”) (i) any other Person directly or indirectly Controlling, Controlled by, or under common Control with such first Person, (ii) any officer, director, partner, shareholder, manager, member, or trustee of such first Person, or (iii) any officer, director, general partner, manager, member, or trustee of any Person described in clauses (i) or (ii) of this sentence.

“Alterations” shall have the meaning set forth in Section 8.1.

“Ambulatory Facility” shall mean the ambulatory pavilion and outpatient facilities associated with the Inpatient Hospital constructed on the Land in accordance with the Development Agreement.

“Applicable Law” means all applicable District of Columbia and federal laws, codes, regulations, and orders, including, without limitation, Health Care Laws, Environmental Laws, laws relating to historic preservation, laws relating to accessibility for persons with disabilities, and the Davis-Bacon Act.

“Appraisal” means an appraisal obtained in accordance with the protocols set forth in Exhibit C.

“Appraised Value” shall mean such value, if any, determined in accordance with Exhibit C.

“Approval(s)” means all governmental approvals related to any subdivision, tax lot designations, street closing, zoning relief, land use or historic preservation, including, without limitation, approval by the Historic Preservation Review Board and National Capital Planning Commission.

“Architect” means an architect of record licensed to practice architecture in the District of Columbia, which has been selected by Tenant and approved by District, which approval shall not be unreasonably withheld, conditioned, or delayed.

“Base Rent” shall have the meaning set forth in Section 4.1.

“Bonds” shall mean the debt instruments issued by District for the purpose of funding the site preparation, design, construction, furnishing, equipment, and commissioning of the Improvements in accordance with the Development Agreement. Upon issuance of such Bonds, District shall

provide to Tenant the trust indenture identifying the total principal amount of such Bonds and the relevant repayment terms of such Bonds.

“Business Day” means Monday through Friday, inclusive, other than holidays recognized by the District of Columbia government or days on which the District of Columbia government is officially closed.

“Casualty Restoration” shall have the meaning set forth in Section 12.6.2.

“Certificate of Substantial Completion” shall have the meaning set forth in the Development Agreement.

“Collaboration Agreement” shall have the meaning set forth in the Recitals.

“Commencement Date” shall have the meaning set forth in Section 3.1.1.

“Commitment” shall have the meaning set forth in Section 3.5.5.

“Component” in the singular, shall mean each of the Ambulatory Facility, the Inpatient Hospital, or the Parking Facility, and in the plural, two or more of the foregoing, as applicable.

“Control” means the possession, directly or indirectly, of the power to direct, or cause the direction of, the management and policies of a Person, whether through ownership of voting securities, membership interests or partnership interests, by contract or otherwise, or the power to elect at least fifty percent (50%) of, as applicable, the directors, managers, managing partners, or Persons exercising similar authority with respect to the subject Person. The terms **“Control,” “Controlling,” “Controlled by,”** or **“under common Control with”** shall have meanings correlative thereto.

“CPI” means the Consumer Price Index for all Urban Consumers (CPI-U), Washington-Arlington-Alexandria.

“Default Rate” means the annual rate of interest that is the lesser of (i) twelve percent (12%) or (ii) the maximum rate allowed by Applicable Law, which shall be applied to any amount when owed hereunder beyond any applicable grace period.

“Development Agreement” shall have the meaning set forth in the Recitals.

“Direct Assignment” means any Transfer that (i) results in a change of the direct ownership interests in Tenant that exceeds fifty percent (50%) of the ownership interests in Tenant, on a cumulative basis and in one transaction or two or more related transactions, or (ii) that results in a direct change of Control of Tenant, or (iii) that results in a substitution of a new entity as Tenant under this Lease.

“District” shall have the meaning set forth in the Preamble.

“District Indemnified Parties” shall mean, collectively, the District of Columbia, including, without limitation, any agencies, instrumentalities, and departments thereof, and its elected and appointed officials (including, without limitation, the Mayor and the Council), officers, directors, agents, and employees.

“District’s Personal Property” shall have the meaning set forth in Section 2.5.3.

“DOES” is the District of Columbia Department of Employment Services or any successor agency.

“Early Termination Payment” shall have the meaning set forth in Section 3.2.1.

“Environmental Condition” shall mean any condition, on or off the Leased Premises, whether or not yet discovered, which could or does result in any Environmental Damages.

“Environmental Damages” shall mean all claims, judgments, damages (including punitive damages), losses, penalties, fines, liabilities (including strict liability), encumbrances, liens, costs, and expenses of investigation and defense of any claim, whether or not such is ultimately defeated, and of any settlement or judgment, of whatever kind or nature, contingent or otherwise, matured or unmatured, foreseeable or unforeseeable, any of which are incurred at any time as a result of an Environmental Condition that first occurs after the Commencement Date for the applicable Component, including, without limitation, fees incurred for the services of attorneys, consultants, contractors, experts, laboratories, and all other costs incurred in connection with investigation, remediation, and mitigation, including the preparation of any feasibility studies or reports and the performance of any remedial, abatement, containment, closure, restoration, or monitoring work.

“Environmental Laws” shall mean any present and future federal, state, or local law and any amendments (whether common law, statute, rule, order, regulation, or otherwise), permits, and other requirements or guidelines of Governmental Authorities and relating to (a) the protection of health, safety, and the indoor or outdoor environment; (b) the conservation, management, or use of natural resources and wildlife; (c) the protection or use of surface water and groundwater; (d) the management, manufacture, possession, presence, use, generation, transportation, treatment, storage, disposal, release, threatened release, abatement, removal, remediation, or handling of or exposure to Hazardous Materials; or (e) pollution (including any release to air, land, surface water, and groundwater), including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. § 9601 et seq.; the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act of 1976, and subsequently amended, 42 U.S.C. § 6901 et seq.; the Hazardous Materials Transportation Act, 49 U.S.C. § 5101 et seq.; the Federal Water Pollution Control Act, as amended by the Clean Water Act of 1977, 33 U.S.C. § 1251 et seq.; the Oil Pollution Act of 1990, 33 U.S.C. § 32701 et seq.; the Federal Insecticide, Fungicide, and Rodenticide Act, as amended, 7 U.S.C. § 136-136y, the Clean Air Act, as amended, 42 U.S.C. § 7401 et seq.; the Toxic Substances Control Act of 1976, as amended, 15 U.S.C. § 2601 et seq.; the Safe Drinking Water Act of 1974, as amended, 42 U.S.C. § 300f et seq.; the Emergency Planning and Community Right-To-Know Act of 1986, 42 U.S.C. § 11001 et seq.; the Occupational Safety and Health Act of 1970, 29 U.S.C. § 651 et seq.; the

National Environmental Policy Act of 1969, 42 U.S.C. § 4321 et seq.; and any similar, implementing or successor law, and any amendment, rule, regulatory order, or directive issued thereunder.

“Equity Interest” shall mean with respect to any entity (a) the legal (other than as a nominee) or beneficial ownership of outstanding voting or non-voting stock of such entity if such entity is a business corporation, a real estate investment trust, or a similar entity; (b) the legal (other than as a nominee) or beneficial ownership of any partnership, membership, or other voting or non-voting ownership interest in a partnership, joint venture, limited liability company, or similar entity; (c) the legal (other than as a nominee) or beneficial voting or non-voting interest in a trust if such entity is a trust; and (d) any other voting or non-voting interest that is the functional equivalent of any of the foregoing.

“Event of Default” shall have the meaning set forth in Section 9.1.

“Execution Date” shall have the meaning set forth in the Preamble.

“Expiration Date” shall mean that date immediately preceding the seventy-fifth (75th) anniversary of the Commencement Date for the Component comprising the Inpatient Hospital, as such date may be modified in accordance herewith, including the effective time of a termination in accordance with Section 3.2.

“Force Majeure” shall mean an act or event, including, as applicable, an act of God; fire; earthquake; flood; explosion; war; invasion; insurrection; riot; mob violence; sabotage; terrorism; inability to procure or a general shortage of labor, equipment, facilities, materials, or supplies in the open market; failure or unavailability of transportation; strike, lockout, or other actions of labor unions; a taking by eminent domain or requisition; and laws or orders of government or of civil, military, or naval authorities enacted or adopted after the Commencement Date; so long as such act or event: (i) is not within the reasonable control of the applicable Party, or as to Tenant, Tenant’s Agents or its Members; (ii) is not due to the fault or negligence of the applicable Party, or, as to Tenant, Tenant’s Agents or its Members; (iii) is not reasonably avoidable by the applicable Party, or, as to Tenant, Tenant’s Agents or its Members; and (iv) directly results in a delay in performance by the applicable Party; but specifically excluding: (a) shortage or unavailability of funds or Tenant’s financial condition or (b) the acts or omissions of the applicable Party, or, as to Tenant, its general contractor, its subcontractors, or any of Tenant’s Agents or Members.

“General Hospital” shall have the meaning of “Hospital, general” as defined in Title 22, Chapter B20 of the District of Columbia Municipal Regulations.

“Governmental Authority” means the United States of America, the District of Columbia, and any agency, department, commission, board, bureau, instrumentality, or political subdivision of the foregoing, now existing or hereafter created, having jurisdiction over Tenant or the Leased Premises or any portion thereof, or any street, road, avenue, or sidewalk comprising a part of, or in front of, the Leased Premises, or any vault serving the Leased Premises under or adjacent to the Leased Premises, or airspace over the Leased Premises.

“Guarantor” shall mean, subject to the terms of the Guaranty, UHS, or such other guarantor approved by District pursuant to Section 4.8.

“Guaranty” means a guaranty, in the form attached as Exhibit H, executed by the Guarantor.

“Handover Process” means the process whereby the operations are transferred, the Improvements are assessed, and any Renewal Works are performed prior to transfer of the Improvements to District or a third party designated by District upon the Expiration Date, all as set forth in Exhibit J.

“Handover Standards” shall have the meaning set forth in Exhibit J.

“Hazardous Materials” means (a) asbestos and any asbestos containing material; (b) any substance that is then defined or listed in, or otherwise classified pursuant to, any Environmental Law or any other Applicable Law as a “hazardous substance,” “hazardous material,” “hazardous waste,” “infectious waste,” “toxic substance,” or “toxic pollutant,” or any other formulation intended to define, list, or classify substances by reason of deleterious properties, such as ignitability, corrosivity, reactivity, carcinogenicity, toxicity, reproductive toxicity, or Toxicity Characteristic Leaching Procedure (TCLP) toxicity; (c) any petroleum and drilling fluids, produced waters and other wastes associated with the exploration, development, or production of crude oil, natural gas, or geothermal resources; and (d) any petroleum product, polychlorinated biphenyls, urea formaldehyde, radon gas, radioactive material (including any source, special nuclear or by-product material), medical waste, chlorofluorocarbon, lead or lead-based product, and any other substance the presence of which could be detrimental to the Leased Premises or hazardous to health or the environment.

“Health Care Laws” means all federal, state, and local laws, statutes, rules, regulations, ordinances, and codes applicable to health care providers and facilities; federal and state health care program conditions of participation, standards, policies, rules, procedures, and other requirements; and accreditation standards of any applicable accrediting organization including, without limitation, the following laws: the federal (Title XIX of the Social Security Act) and state Medicaid programs and their implementing regulations, the Medicare Program (Title XVIII of the Social Security Act) and its implementing regulations, the federal False Claims Act (31 U.S.C. §§ 3729 et seq.), the Federal Health Care Program Anti-Kickback Statute (42 U.S.C. § 1320a 7b(b)), the Federal Physician Self Referral Law (42 U.S.C. § 1395nn), the Federal Civil False Claims Law (42 U.S.C. § 1320a 7b(a)), the Health Insurance Portability and Accountability Act of 1996 (“HIPAA”) and the HIPAA Privacy Rule, the HIPAA Security Rule and the HIPAA Standards for Transactions and Code Sets (42 U.S.C. § 1320d 1329d 8; 45 C.F.R. Parts 160 and 164), the federal Confidentiality of Alcohol and Drug Abuse Patient Records Act (42 U.S.C. § 290ee 3), the Rehabilitation Act, the Americans with Disabilities Act, the Occupational Safety and Health Administration statutes and regulations for blood-borne pathogens and workplace risks, and any state and local laws that address the same or similar subject matter; and laws related to federal and state health care program billing, cost reporting, revenue reporting, payment and reimbursement; federal and state health care program fraud, abuse, theft or embezzlement; procurement of health

care services, human and social services, and other health-related services; employee background checks and credentialing of employees; credentialing and licensure of facilities or providers of such services; zoning, maintenance, safety and operations of group homes, residential facilities and day programs, and other building health and safety codes and ordinances; certificate of need laws; state law restrictions on the corporate practice of medicine (or the corporate practice of any other health-related profession); eligibility for federal and state health care program contracting, including, without limitation, any requirements limiting contracting to nonprofit or tax-exempt entities; patient information and medical record confidentiality, including psychotherapy and mental health records; splitting of health care fees; patient brokering, patient solicitation, patient capping, and/or payment of inducements to recommend or refer, or to arrange for the recommendation or referral of, patients to health care providers or facilities; standards of care, quality assurance, risk management, utilization review, peer review, and/or mandated reporting of incidents, occurrences, diseases and events; and advertising or marketing of health care services.

“Hospital” shall mean, collectively, the Inpatient Hospital and the Ambulatory Facility.

“Hospital Licenses” shall have the meaning set forth in Section 5.1.1.

“Hospital Operations Agreement” shall have the meaning set forth in the Recitals.

“Imposition(s)” shall mean the following imposed by a Governmental Authority or any Person under any lien, easement, encumbrance, covenant, or restriction affecting the Leased Premises: (1) real property taxes, possessory interest tax, and general and special assessments (including, without limitation, any special assessments for business improvements or imposed by any special assessment district), or any payments in lieu of any taxes or assessments; (2) personal property taxes; (3) water, water meter, and sewer rents, rates, and charges; (4) excises; (5) levies; (6) license and permit fees; (7) any other governmental levies of general application, fees, rents, assessments, or taxes and charges, general and special, ordinary and extraordinary, foreseen and unforeseen, now or hereafter enacted of any kind whatsoever; (8) service charges of general application with respect to police and fire protection, street and highway maintenance, lighting, sanitation, and water supply; (9) fees, assessments, or charges payable by District or Tenant under any lien, encumbrance, covenant, or restriction affecting the Leased Premises; and (10) any fines, penalties, and other similar governmental or other charges applicable to the foregoing, together with any interest or costs with respect to the foregoing.

“Improvement(s)” shall mean any building (including footings and foundations) and other improvements, equipment, and appurtenances of every kind and description now existing or hereafter erected, constructed, or placed, above or below grade, upon the Land or within the air space above the Land (whether temporary or permanent).

“Inpatient Hospital” shall mean the General Hospital constructed on the Land in accordance with the Development Agreement.

“Institutional Lender/Investor” means a lender or investor that is not a Prohibited Person, Tenant, or an Affiliate of Tenant and is (i) a commercial bank, investment bank, investment

company, savings and loan association, trust company, or national banking association, acting for its own account; (ii) a finance company principally engaged in the origination of commercial mortgage loans or any financing-related subsidiary of a Fortune 500 company; (iii) an insurance company, acting for its own account or for special accounts maintained by it or as agent or manager or advisor for other entities covered by any of clauses (i)-(xi) hereof; (iv) a public employees' pension or retirement system; (v) a pension, retirement, or profit sharing, or commingled trust or fund for which any bank, trust company, national banking association or investment adviser registered under the Investment Advisors Act of 1940, as amended, is acting as trustee or agent; (vi) a real estate investment trust (or umbrella partnership or other entity of which a real estate investment trust is the majority owner), real estate mortgage investment conduit, hedge fund, private equity fund or securitization trust or similar investment entity; (vii) an endowment having total assets of at least \$500,000,000.00; (viii) any federal, state, or District of Columbia agency regularly making, purchasing or guaranteeing mortgage loans, or any governmental agency supervising the investment of public funds; (ix) a profit-sharing or commingled trust or fund, the majority of equity investors in which are pension funds having in the aggregate no less than \$500,000,000.00 in assets; (x) any entity of any kind actively engaged in commercial real estate financing and having total assets (on the date when its interest in this Project, or any portion thereof, is obtained) of at least \$500,000,000.00; (xi) a "qualified institutional buyer" within the meaning of Rule 144A under the Securities Act of 1933, as amended (or an institution substantially similar to the foregoing), provided that such entity under item (xi) (a) has total assets (in name or under management) in excess of \$500,000,000 and capital/statutory surplus or shareholders' equity in excess of \$250,000,000, and (b) is regularly engaged in the business of making or owning commercial real estate loans (or interests therein), real estate equity investments or operating commercial properties; (xii) a sovereign wealth fund having total assets of at least \$1,000,000,000; (xiii) a corporation, other entity or joint venture that is a wholly owned subsidiary or combination of one or more of the foregoing entities (including, without limitation, any of the foregoing entities described in clauses (i) through (xii) when acting as trustee or manager for other lender(s) or investor(s), whether or not such other lender(s) or investor(s) are themselves Institutional Lenders/Investors (but provided that such other lender(s) or investor(s) are not Prohibited Persons); or (xiv) such other lender or equity investor, subject to approval of District in its sole and absolute discretion, provided that such other lender or equity investor is at the time of making the loan or investment of a type which is then customarily used as an investor or lender on projects like the portion of the Leased Premises or Improvements, as applicable, for which the proceeds of such loan or equity investment are to be used.

"Land" shall have the meaning set forth in the Recitals.

"Land Records" means the property records maintained by the Recorder of Deeds for the District of Columbia.

"Lease" shall have the meaning set forth in the Preamble.

"Lease Term" shall have the meaning set forth in Section 3.1.2.

“Leased Premises” shall mean (a) the Land, (b) all Improvements existing on the Land as of the Commencement Date, (c) any and all Improvements from time to time constructed by Tenant on the Land, and (d) all appurtenances, rights, easements, rights-of-way, tenements, and hereditaments now or hereinafter incident to the Land.

“Leasehold Estate” shall mean Tenant’s interest in this Lease.

“Leasehold Mortgage” shall mean any mortgage, deed of trust, or other similar security instrument (including all extensions, spreaders, splitters, consolidations, restatements, replacements, modifications, and amendments thereof) made for the benefit of an Institutional Lender/Investor in accordance with the terms and provisions of this Lease that secures a loan made to Tenant for capital improvements of the Hospital or the Parking Facility by a Leasehold Mortgagee (or its predecessor in interest) and constitutes a lien on the Leasehold Estate.

“Leasehold Mortgagee” shall mean an Institutional Lender/Investor who owns, holds, or controls a Leasehold Mortgage.

“Losses” shall mean all losses, costs, claims, damages, liabilities, expenses, or causes of action (including attorneys’ fees and court costs), whether direct or indirect, known or unknown, foreseen or unforeseen.

“Member” shall mean any Person with a direct ownership interest in Tenant.

“Modified Lease Option” shall have the meaning set forth in Section 3.6.

“Modified Lease Option Notice” shall have the meaning set forth in Section 3.6.1.

“Modified Lease Option Rent” shall have the meaning set forth in Section 3.6.3.

“Notice” shall have the meaning set forth in Section 15.10.

“Objectionable Exceptions” shall have the meaning set forth in Section 3.5.6(a).

“Original Appraisals” shall have the meaning set forth in Exhibit C.

“Original Appraiser” shall have the meaning set forth in Exhibit C.

“Parking Facility” shall mean the multistory parking garage that will primarily serve the Hospital, its patients, visitors, and staff, and others with business at the Hospital to be constructed on the Land in accordance with the Development Agreement.

“Participation Rent” shall have the meaning set forth in Section 4.2.

“Party(ies)” when used in the singular, shall mean either District or Tenant; when used in the plural, shall mean both District and Tenant.

“Permitted Assignment” shall have the meaning set forth in Section 10.2.1.

“Permitted Change of Control” shall have the meaning set forth in Section 10.2.2.

“Permitted Exceptions” shall have the meaning set forth in Section 3.5.4.

“Permitted Mortgage” shall mean a Leasehold Mortgage for which the documentation required under Section 13.3 has been submitted to District.

“Permitted Mortgagee” shall mean a Leasehold Mortgagee who owns, holds, or controls, or is the beneficiary under, a Permitted Mortgage.

“Permitted Transfer” shall have the meaning set forth in Section 10.2.

“Permitted Uses” shall mean with respect to the (a) Inpatient Hospital, the operation of the relevant Improvements as a “hospital, general” as defined in Title 22B, Chapter 20 of the District of Columbia Municipal Regulations, as such regulations are in effect as of the Execution Date, and as modified or amended from time to time, (b) Ambulatory Facility, the operation of the relevant Improvements as an “ambulatory care facility” or an “ambulatory surgical facility” as defined in Title 22B, Chapter 40 of the District of Columbia Municipal Regulations, as such regulations are in effect as of the Execution Date, and as modified or amended from time to time, and (c) the Parking Facility, the operation of the relevant Improvements as a parking garage that will primarily serve the Hospital, its patients, visitors, and staff, and others with business at the Hospital, and other ancillary uses typically provided in such facilities.

“Person” shall mean any individual, corporation, limited liability company, trust, partnership, association, or other entity.

“Personal Property Inventory” shall have the meaning set forth in Section 2.5.4.

“Prohibited Person” shall mean any of the following Persons: (a) any Person (or any Person whose operations are directed or controlled by a Person) who has been convicted of, has pleaded guilty in a criminal proceeding for, or is an on-going target of a grand jury investigation concerning, a felony for one or more of the following: (i) fraud, (ii) intentional misappropriation of funds, (iii) bribery, (iv) conspiracy to commit a crime, (v) making false statements to a governmental agency, (vi) improperly influencing a governmental official, and (vii) extortion; or (b) any Person organized in or controlled from a country, the effects of the activities with respect to which are regulated or controlled pursuant to the following United States laws and the regulations or executive orders promulgated thereunder: (x) the Trading with the Enemy Act of 1917, 50 U.S.C. § 4301 et seq., as amended; (y) the International Emergency Economic Powers Act of 1977, 50 U.S.C. § 1701 et seq., as amended; and (z) the Antiterrorism and Arms Export Amendments Act of 1989, codified at Section 6(j) of the Export Administration Act of 1979, 50 U.S.C. § 4605, as amended; or (c) any Person who has engaged in any dealings or transactions (i) in contravention of the applicable money laundering laws or regulations or conventions or (ii) in contravention of Executive Order No. 13224 dated September 24, 2001 issued by the President of

the United States (Executive Order Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism), as may be amended or supplemented from time-to-time or any published terrorist or watch list that may exist from time to time; or (d) any Person who appears on or conducts any business or engages in any transaction with any person appearing on the list maintained by the U.S. Treasury Department's Office of Foreign Assets Control located at 31 C.F.R., Chapter V, Appendix A or is a person described in Section 1 of the Anti-Terrorism Order described above; or (e) any Person who could be debarred if the standards applied in Title 27, Section 2213 of the D.C. Municipal Regulations were applied to such Person's failure to satisfy a contractual obligation to the District of Columbia; or (f) any Person who is on the District of Columbia's list of debarred, suspended or ineligible Persons; or (g) any Affiliate of any of the Persons described in any one or more of clauses (a) through (f) above.

"Prohibited Uses" means the uses of the Leased Premises by Tenant that are prohibited under Section 2.3.

"Purchase Notice" shall have the meaning set forth in Section 3.5.1.

"Purchase Option" shall have the meaning set forth in Section 3.5.

"Purchase Price" shall have the meaning set forth in Section 3.5.

"Qualified Appraiser" shall mean an appraiser who and for a period of not less than the prior ten (10) years (i) is and has been a member in good standing of the Appraisal Institute (or any successor association or body of comparable standing if such Institute is not then in existence), and (ii) has experience as the principal appraiser of large hospitals or similar medical facilities in the Washington, D.C. metropolitan area.

"Release" shall mean any spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, or disposing into the environment from the Land or the Improvements thereon (including the abandonment or discharge of barrels, containers, and other receptacles containing any Hazardous Materials).

"Renewal Works" means those activities required to be undertaken by Tenant as part of the Handover Process in order to meet the Handover Standards.

"Rent" shall mean, collectively, the Base Rent and the Additional Rent.

"Required Replacements" has the meaning set forth in Section 7.2.5.

"Significant Alteration" shall mean any Alteration (or series of related Alterations) that (i) changes or modifies the structural integrity of the then existing Improvements, (ii) changes the exterior design or the massing of the Improvements and costs in excess of Two Million Five Hundred Thousand Dollars (\$2,500,000.00), or (iii) changes the interior design of the Improvements and costs in excess of Twenty-Five Million Dollars (\$25,000,000.00) excluding the costs of any Tenant's Personal Property purchased and installed as part of such Significant

Alteration. The dollar limits contained in this definition shall be increased on an annual basis beginning on the first anniversary of the Execution Date to the same extent, if any, that the CPI increases.

"Space Lease" shall mean a sublease, license, permit, or concession agreement for the occupancy of a portion of the Improvements for the Permitted Uses.

"Studies" shall have the meaning set forth in Section 2.7.1.

"Substantial Completion" shall have the meaning given to such term in the Development Agreement.

"Survey" shall have the meaning set forth in Section 3.5.5.

"Tenant" shall have the meaning set forth in the Preamble.

"Tenant's Agents" means Tenant's agents, officers, directors, employees, consultants, contractors, subcontractors, and representatives.

"Tenant's Capital Improvements" means (i) any personal property, furniture, technology hardware, or medical equipment purchased by Tenant using non-District funds which is affixed to the Improvements and shall remain with the Improvements at the expiration or termination of this Lease and (ii) any repairs, improvements, changes, replacements, Alterations, and other items made by Tenant to the Improvements or Land, which, under generally accepted accounting principles, consistently applied, the costs of which are properly classified as capital expenditures or capital improvements.

"Tenant's Personal Property" shall have the meaning set forth in Section 2.5.3.

"Termination Notice" shall have the meaning set forth in Section 10.3.4.

"Third Appraisal" shall have the meaning set forth in Exhibit C.

"Third Appraiser" shall have the meaning set forth in Exhibit C.

"Third Party Change of Control of UHS" shall have the meaning set forth in Section 10.3.4.

"Total Personal Property" shall have the meaning set forth in Section 2.5.4.

"Transfer" means (i) any sale, assignment, conveyance, sublease (except Space Leases), or other transfer (whether voluntary, involuntary, or by operation of law) of this Lease, the Leased Premises, Improvements, or the Leasehold Estate, or of any portion of any of the foregoing; (ii) any direct change of Control of, or any sale, assignment, or other transfer, or issuance, of any direct Equity Interest of Tenant; and (iii) any direct change of Control of, or any sale, assignment, or other transfer, or issuance, of any direct Equity Interest of a Member. Notwithstanding the foregoing, no sale, assignment, trust, or other transfer of shares or units in a publicly traded

corporation, partnership, or limited liability company or a real estate investment trust shall constitute a "Transfer" for purposes of this Lease.

"**Transferee**" means the purchaser, assignee, transferee, or sublessee as a result of a Transfer.

"**UHS**" shall have the meaning set forth in the Preamble.

ARTICLE 2 LEASE OF LEASED PREMISES

2.1. Lease. In consideration of the Rent, terms, covenants, and agreements hereinafter set forth on the part of Tenant and District, as of each Commencement Date, District grants, demises, and lets to Tenant, and Tenant takes and leases from District, on the terms, covenants, and agreements hereinafter provided, the Leased Premises comprising the applicable Component(s) to have and to hold for and during the Lease Term.

2.2. Use.

2.2.1 *Continuous Legal Use.* Throughout the Lease Term, Tenant shall continuously use and operate the Leased Premises as required by the terms of this Lease and, for so long as it is in effect, the Hospital Operations Agreement. Notwithstanding the preceding sentence, Tenant reserves the right to close or restrict access to all or any portion of the Leased Premises in connection with Alterations, repairs, or renovation related to a Casualty Restoration, a condemnation, or maintenance work (to the extent such closure or restricted access is required to effect any such work), in each case undertaken in accordance with the provisions of this Lease.

2.2.2 *Permitted Uses.* Tenant shall use and operate the Leased Premises for the Permitted Uses and in accordance with the terms and conditions of this Lease and, for so long as it is in effect, the Hospital Operations Agreement. No other uses shall be permitted during the Lease Term without District's prior written approval, in its sole and absolute discretion.

2.3. Prohibited Uses.

2.3.1 *Prohibited Uses.* Tenant shall not use or occupy the Leased Premises or any part thereof, and neither permit nor knowingly suffer the Leased Premises or any part thereof to be used or occupied, for any of the following ("**Prohibited Uses**"):

- (a) for any unlawful or illegal business, use, or purpose;
- (b) any illegal gambling;
- (c) for any use which is a public nuisance;
- (d) in such manner as may make void or voidable any insurance then in force with respect to the Leased Premises; or

(e) any use inconsistent with Section 2.2.

2.3.2 *Discontinuance.* Promptly upon its discovery of any Prohibited Use, Tenant shall take all reasonably necessary steps, legal and equitable, to compel discontinuance of such business or use, including, if necessary, the removal from the Leased Premises of any subtenants, licensees, invitees, or concessionaires.

2.4. Quiet Enjoyment. Except during the continuance of an Event of Default, during the Lease Term, Tenant shall have the right to quiet enjoyment of the Leased Premises and its other rights under this Lease without hindrance or interference by District or by any Person.

2.5. Title to Improvements and Personal Property.

2.5.1 *Improvements.* During the Lease Term, except to the extent the Purchase Option is exercised, the Improvements, including all additions, alterations, and improvements thereto or replacements thereof, and all appurtenant fixtures, machinery, and equipment installed therein shall be the property of District; provided, however, subject to District's right to purchase Tenant's Personal Property as set forth in Section 2.5.4, Tenant's Personal Property shall not be the property of District, shall not be considered a part of the Improvements, and Tenant's Personal Property may be removed by Tenant from the Leased Premises at any time. In addition, during the Lease Term, Tenant shall be deemed the owner of the Tenant's Capital Improvements, subject to the terms of this Lease. At the request of District, Tenant shall execute a quitclaim bill of sale as to the Improvements, excluding Tenant's Personal Property that is removed by Tenant on or before the end of the Lease Term (including completion of the Handover Process), and Tenant's Capital Improvements confirming District's ownership in the Improvements at the end of the Lease Term.

2.5.2 *Reversion of Improvements.* Notwithstanding the exercise of the Purchase Option, at the expiration or earlier termination of this Lease, the Improvements and all additions, alterations, and improvements thereto or replacements thereof and all appurtenant fixtures, machinery, and equipment installed therein shall revert and become the property of District upon the termination of the Lease; excluding Tenant's Personal Property which shall remain Tenant's personal property, subject to District's right to purchase Tenant's Personal Property in accordance with Section 2.5.4. In the event Tenant fails to remove any Tenant's Personal Property on or before the end of the Lease Term (including completion of the Handover Process), any such Tenant's Personal Property shall become the property of District regardless of whether District exercised its right to purchase such Tenant's Personal Property.

2.5.3 *Personal Property.* Any personal property, supplies, inventory, furniture, technology hardware, or medical equipment purchased or leased by Tenant using non-District funds which is not affixed to the Improvements, or if affixed, can be removed by Tenant without damage to the Improvements, or with the repair by Tenant of any such damage to the Improvements (collectively, "**Tenant's Personal Property**") is and shall remain the property of Tenant. Notwithstanding anything to the contrary contained in this Lease, the term "Tenant's Personal Property" shall not include any electrical, anti-pollution, heating, lighting (including hanging fluorescent lighting), incinerating, power, air cooling, air conditioning, humidification,

sprinkling, plumbing, lifting, cleaning, fire prevention, fire extinguishing, ventilating, and any other building systems, and all engines, pipes, pumps, tanks (including exchange tanks and fuel storage tanks), motors, conduits, ducts, steam circulation coils, blowers, steam lines, compressors, oil burners, boilers, back-up generators, cooling towers and waste water treatment equipment, that are permanently affixed to the Improvements or the Land, and all components of the security system (including vehicles). Any personal property, supplies, inventory, furniture, technology hardware, or medical equipment purchased or leased using District funds is and shall remain the property of District (collectively, "**District's Personal Property**").

2.5.4 *Disposition of Personal Property.* Prior to the expiration or earlier termination of this Lease, Tenant shall provide District with an inventory (the "**Personal Property Inventory**") that identifies: (1) all personal property, supplies, inventory, furniture, technology hardware, or medical equipment then located in the Improvements ("**Total Personal Property**"), including whether each item of Total Personal Property is Tenant's Personal Property or District's Personal Property; (2) for any Tenant's Personal Property purchased by Tenant, (i) documentation evidencing the purchase by Tenant of, and the amount paid by Tenant to purchase, each such item of Tenant's Personal Property identified in the Personal Property Inventory, (ii) the current depreciated value of each item of Tenant's Personal Property identified in the Personal Property Inventory, and (iii) if the Tenant's Personal Property replaced District's Personal Property, then the amount received, if any, by Tenant in disposing of District's Personal Property; and (3) for any Total Personal Property leased by Tenant, a copy of the lease and any supporting documentation evidencing the Tenant's lease of such item of Total Personal Property identified on the Personal Property Inventory. Prior to removal from the Improvements at the expiration or earlier termination of this Lease, Tenant shall offer to District (a) the right to purchase all of Tenant's Personal Property purchased by Tenant for the current depreciated value of such Tenant's Personal Property as set forth in the Personal Property Inventory (as may be adjusted, if applicable, by subtracting the amount received, if any, by Tenant in disposing of District's Personal Property if the applicable Tenant's Personal Property replaced any such District's Personal Property) and (b) the right to assume the leases for any Total Personal Property leased by Tenant. If District elects to purchase any Tenant Personal Property purchased by Tenant, District shall notify Tenant of the same in writing prior to the expiration or earlier termination of this Lease and Tenant shall sell to District in place such Tenant's Personal Property at the expiration or earlier termination of this Lease in exchange for payment by District to Tenant of the applicable purchase price in immediately available funds. If District elects to assume any lease for the Total Personal Property leased by Tenant, District shall notify Tenant of the same in writing prior to the expiration or earlier termination of this Lease, and Tenant shall assign to District, and provide District with evidence of such assignment, such Total Personal Property at the expiration or earlier termination of this Lease. At the request of District, Tenant shall execute a bill of sale conveying to District the Tenant's Personal Property purchased by District as provided in this Section in exchange for payment of the applicable purchase price to Tenant in immediately available funds.

2.5.5 *Survival.* Tenant's obligations under this Section 2.5 shall survive the expiration or earlier termination of the Lease.

2.6. Easements; District Access. Any conveyance or grant of an easement upon the Leasehold Estate shall be subject to District approval, which shall not be unreasonably withheld, conditioned or delayed. District retains the right to access the Leased Premises during the Lease Term to inspect the Leased Premises for Hazardous Materials and to undertake the remediation of Hazardous Materials in accordance with the terms of this Lease.

2.7. "As Is, Where Is" Lease.

2.7.1 *Inspections and Studies.* Tenant hereby acknowledges that, prior to each Commencement Date, it has had the right to perform all physical surveys, soil tests, environmental studies, engineering tests, and such other tests, studies, and investigations (collectively, "**Studies**") as Tenant has deemed necessary or desirable to evaluate the applicable portion of the Leased Premises and the ability to use the same for its intended purposes (including the operation of the same in accordance with this Lease and all Applicable Laws), using experts of its own choosing and to otherwise access the Leased Premises for the purposes of performing such Studies. Tenant has been provided and availed itself of the opportunity to inspect and investigate the environmental condition of the Leased Premises. In addition, Tenant has received and reviewed the environmental reports identified in Exhibit E of the Agreement.

2.7.2 *DISCLAIMERS.* EXCEPT AS EXPLICITLY SET FORTH IN THIS LEASE, DISTRICT IS NOT MAKING AND HAS NOT AT ANY TIME MADE ANY WARRANTIES OR REPRESENTATIONS OF ANY KIND OR CHARACTER, EXPRESS OR IMPLIED, WITH RESPECT TO THE LEASED PREMISES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OR REPRESENTATIONS AS TO HABITABILITY, MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, TITLE, ZONING, TAX CONSEQUENCES, LATENT OR PATENT PHYSICAL OR ENVIRONMENTAL CONDITION, UTILITIES, OPERATING HISTORY OR PROJECTIONS, VALUATION, GOVERNMENTAL APPROVALS, THE COMPLIANCE OF THE LEASED PREMISES WITH LAWS, THE TRUTH, ACCURACY, OR COMPLETENESS OF ANY DOCUMENTS OR OTHER INFORMATION PERTAINING TO THE LEASED PREMISES, THE STATUS OF ANY LITIGATION OR OTHER MATTER, OR ANY OTHER INFORMATION PROVIDED BY OR ON BEHALF OF DISTRICT TO TENANT, OR ANY OTHER MATTER OR THING REGARDING THE LEASED PREMISES. TENANT ACKNOWLEDGES AND AGREES TENANT SHALL ACCEPT THE LEASED PREMISES, "AS IS, WHERE IS, WITH ALL FAULTS." TENANT HAS NOT RELIED AND WILL NOT RELY ON, AND DISTRICT IS NOT LIABLE FOR OR BOUND BY, ANY EXPRESS OR IMPLIED WARRANTIES, GUARANTIES, STATEMENTS, REPRESENTATIONS, OR INFORMATION PERTAINING TO THE LEASED PREMISES OR RELATING THERETO MADE OR FURNISHED BY DISTRICT OR ANY AGENT REPRESENTING OR PURPORTING TO REPRESENT DISTRICT, TO WHOMEVER MADE OR GIVEN, DIRECTLY OR INDIRECTLY, ORALLY OR IN WRITING. TENANT REPRESENTS TO DISTRICT THAT TENANT HAS HAD THE OPPORTUNITY TO, AND/OR HAS CONDUCTED, SUCH INVESTIGATIONS OF THE LEASED PREMISES, INCLUDING, BUT NOT LIMITED TO, THE PHYSICAL AND ENVIRONMENTAL CONDITIONS THEREOF, AS TENANT DEEMS NECESSARY TO

SATISFY ITSELF AS TO THE CONDITION OF THE LEASED PREMISES AND THE EXISTENCE OR NONEXISTENCE OR CURATIVE ACTION TO BE TAKEN WITH RESPECT TO ANY HAZARDOUS MATERIALS ON OR DISCHARGED FROM THE LEASED PREMISES, AND WILL RELY SOLELY UPON SAME AND NOT UPON ANY INFORMATION PROVIDED BY OR ON BEHALF OF DISTRICT OR ITS AGENTS OR EMPLOYEES WITH RESPECT THERETO. TENANT SHALL ASSUME THE RISK THAT ADVERSE MATTERS MAY NOT HAVE BEEN REVEALED BY TENANT'S INVESTIGATIONS, AND TENANT SHALL BE DEEMED TO HAVE WAIVED, RELINQUISHED, AND RELEASED DISTRICT FROM AND AGAINST ANY AND ALL CLAIMS, DEMANDS, CAUSES OF ACTION (INCLUDING CAUSES OF ACTION IN TORT), LOSSES, DAMAGES, LIABILITIES, COSTS, AND EXPENSES (INCLUDING ATTORNEYS' FEES AND COURT COSTS) OF ANY AND EVERY KIND OR CHARACTER, KNOWN OR UNKNOWN, WHICH MIGHT HAVE ASSERTED OR ALLEGED AGAINST DISTRICT AT ANY TIME BY REASON OF OR ARISING OUT OF ANY LATENT OR PATENT CONSTRUCTION DEFECTS OR PHYSICAL CONDITIONS, VIOLATIONS OF ANY LAWS (INCLUDING, WITHOUT LIMITATION, ANY ENVIRONMENTAL LAWS) AND ANY AND ALL OTHER ACTS, OMISSIONS, EVENTS, CIRCUMSTANCES, OR MATTERS REGARDING THE LEASED PREMISES. SUBJECT TO THE EXCLUSIONS IN SECTION 5.1.2, TENANT AGREES THAT SHOULD ANY CLEANUP, REMEDIATION, OR REMOVAL OF HAZARDOUS MATERIALS OR OTHER ENVIRONMENTAL CONDITIONS IN THE LEASED PREMISES BE REQUIRED, SUCH CLEAN-UP, REMOVAL, OR REMEDIATION SHALL BE THE RESPONSIBILITY OF AND SHALL BE PERFORMED AT THE SOLE COST AND EXPENSE OF TENANT.

ARTICLE 3 TERM

3.1. Term of Lease.

3.1.1 *Commencement Date.* The Parties acknowledge that, because the construction of the Components will be phased, the delivery of the Components for occupancy to the Tenant will be phased and thus, the day on which this Lease commences for the entirety of the Leased Premises will be phased. For purposes of this Lease, the "**Commencement Date**" shall mean the date the Improvements and portion of the Land comprising a Component is available for occupancy by Tenant. The Commencement Date for a Component is the date that a Certificate of Substantial Completion is issued for such Component in accordance with the Development Agreement. The Parties shall execute an acknowledgement in the form attached hereto as Exhibit K confirming the Commencement Date and the portion of the Land and Improvements included for each Component within thirty (30) days after issuance of the applicable Certificate of Substantial Completion.

3.1.2 *Lease Term.* The term of this Lease (the "**Lease Term**") as to each Component shall commence on the applicable Component's Commencement Date and shall continue until the earlier of (i) 11:59 p.m., Washington, DC time, on the Expiration Date, or (ii)

the effective time of a termination in accordance with Section 3.2. On each Commencement Date, District shall deliver possession of the applicable portion of the Leased Premises to Tenant.

3.2. Early Termination. The Lease Term shall terminate prior to the Expiration Date upon the occurrence of (i) the written agreement of the Parties to terminate this Lease, (ii) the termination of this Lease in accordance with District's rights under Section 3.2.3, Section 9.2.2, or as otherwise provided in this Lease, (iii) Tenant's delivery of the Early Termination Payment to District in accordance with Section 3.2.1, (iv) the occurrence of the event described in Section 3.2.2, (v) the termination of this Lease as otherwise provided in this Lease, or (vi) the termination of the Hospital Operations Agreement by Tenant following a Material Breach (as such term is defined in the Hospital Operations Agreement) by District, pursuant to Section 9.2.1 of the Hospital Operations Agreement.

3.2.1 *Tenant's Option to Terminate*. Commencing on the date that is eight (8) years and six (6) months after the Commencement Date for the Component comprising the Inpatient Hospital, Tenant shall have the right, by the provision of at least eighteen (18) months' prior Notice to District, to terminate this Lease in exchange for making the applicable payment to District set forth in Exhibit F for the applicable year in which the termination will be effective (the "**Early Termination Payment**"). In the event Tenant elects to exercise this option, Tenant shall wind-down operations in accordance with the Handover Process.

3.2.2 *Termination of Development Agreement*. In the event the Development Agreement terminates in accordance with the terms therein prior to the issuance of a Certificate of Substantial Completion for the last Component, this Lease shall automatically terminate as of (i) if a Certificate of Substantial Completion has not been issued for any Component, the date that the Development Agreement terminates, or (ii) if a Certificate of Substantial Completion has been issued for a Component (other than the Inpatient Hospital), upon completion of the Handover Process for such Component.

3.2.3 *Failure to Issue Certificate of Substantial Completion*. In the event that any Certificate of Substantial Completion is not issued within the time set forth in the Development Agreement, District, in its sole and absolute discretion, and without any liability, may terminate this Lease by providing Notice to Tenant. Such Notice shall set forth the effective date of the termination.

3.3. Return of Leased Premises and Handover Standards.

3.3.1 *Peaceably Surrender*. Upon the Expiration Date or in the event of earlier termination pursuant to Section 3.2, Tenant shall peaceably surrender possession of the Leased Premises and all Improvements, including any Tenant's Personal Property that is purchased by District in accordance with Section 2.5.4, to District in accordance with the Handover Process and the Improvements shall be delivered to District (or such third party designated by District in its sole discretion).

3.3.2 *District Rights.* If the Lease Term is expiring, beginning twenty-four (24) months prior to the Expiration Date, District shall have the right during the remainder of the Lease Term (i) to advertise, at its sole cost and expense, the availability of the Leased Premises for re-letting at the end of the Lease Term, (ii) to erect upon the Leased Premises signs indicating such availability (provided that such signs do not unreasonably interfere with the use of the Leased Premises by Tenant), and (iii) to show the Leased Premises to prospective purchasers or tenants during normal business hours upon reasonable Notice to Tenant, provided that such actions do not unreasonably interfere with the use of the Leased Premises by Tenant.

3.3.3 *Handover Standards.* Prior to the Expiration Date, Tenant is required to deliver the Improvements, including any Tenant's Personal Property that is purchased by District in accordance with Section 2.5.4, to District (or such third party designated by District in its sole discretion) in a condition consistent with the Handover Standards, which may require Tenant's undertaking of Renewal Works, at Tenant's expense, to meet the Handover Standards, in accordance with the terms of this Lease.

3.3.4 *Handover Process.* Beginning eighteen (18) months prior to the Expiration Date (or such other date that is reasonable prior to the Expiration Date if the Lease is terminated pursuant to Section 3.2), the Parties shall follow the process set forth in the Handover Process with respect to evaluating whether the Improvements meet the Handover Standards, the undertaking of Renewal Works by Tenant, and the transfer of operation of the Improvements, including any Tenant's Personal Property that is purchased by District in accordance with Section 2.5.4, to District or a third party designated by District in its sole discretion.

3.4. Holding Over. If Tenant or any Person acting by or through Tenant shall retain possession of the Leased Premises after the Expiration Date, Tenant or such Person shall be a tenant at sufferance. For the period during which Tenant or such Person so retains possession of the Leased Premises, Tenant shall pay Base Rent in an annual amount equal to one hundred and fifty percent (150%) of the fair market rental value for the Leased Premises as determined by an appraisal conducted by District based upon the highest and best use of the Leased Premises. Tenant shall pay as Additional Rent any costs and expenses of an appraisal incurred by District in connection with this Section 3.4 payable upon presentation of demand and evidence of costs. If the retention of possession of the Leased Premises is with the written consent of District, which consent shall be in District's sole and absolute discretion, such tenancy shall be from month-to-month and in no event from year-to-year or any period longer than month-to-month. The provisions of this Section 3.4 shall not constitute a waiver by District of any re-entry rights or remedies of District available under this Lease. Except as modified by this Section 3.4, all terms and provisions of this Lease shall apply during any holdover period. During any such holdover period, each Party shall give to the other at least thirty (30) days' notice to quit the Leased Premises, except in the event of nonpayment of Rent when due, or an Event of Default, in which event Tenant shall not be entitled to any notice to quit, the usual thirty (30) days' notice to quit being expressly waived. Notwithstanding the foregoing provisions of this Section 3.4, if District shall desire to regain possession of the Leased Premises promptly at the expiration of the Lease

Term, District may re-enter and take possession of the Leased Premises by any legal action or process then in force in the District of Columbia.

3.5. Purchase Option. Beginning on the tenth (10th) anniversary of the Commencement Date for the Component comprising the Inpatient Hospital, and provided (i) there is no Event of Default under this Lease or an event occurring for which there was a provision of Notice that would give rise to an Event of Default under this Lease and (ii) there is no event then occurring which would give rise to a right for District to terminate the Hospital Operations Agreement under Section 9.2 of the Hospital Operations Agreement, Tenant shall have the right to purchase the Improvements from District (the “**Purchase Option**”) for an amount equal to the greater of (i) the fair market value of the Improvements as determined by an Appraisal, less the depreciated value of Tenant’s Capital Improvements, or (ii) the amount necessary to defease the Bonds (such greater amount, the “**Purchase Price**”).

3.5.1 *Purchase Process.*

(a) To commence the process for the exercise of the Purchase Option, Tenant shall provide a Notice to District identifying its interest in exercising the Purchase Option and requesting an Appraisal.

(b) Tenant shall request and, within thirty (30) days of providing the Notice described in Section 3.5.1(a), deliver to District the Commitment in accordance with Section 3.5.5.

(c) Within thirty (30) days of receipt of the Notice described in Section 3.5.1(a), District shall provide a Notice to Tenant identifying the amount of the payment required to defease the Bonds.

(d) Within thirty (30) days after determination of the Appraised Value of the Improvements and the fair market rent for the Land in accordance with Exhibit C, Tenant, at its option, may submit a Notice to District (the “**Purchase Notice**”) expressing Tenant’s intent to purchase the Improvements at the Purchase Price determined in accordance with Section 3.5.

3.5.2 *Effectiveness*. The Purchase Option shall be exercised and deemed closed upon completion of the following: (i) Tenant’s payment to District of the Purchase Price; (ii) District’s execution and delivery of a bill of sale conveying the Improvements to Tenant; and (iii) the Parties’ execution and delivery of an amendment to this Lease which (a) removes the Improvements from the Leased Premises, (b) extends the Expiration Date to ninety-nine (99) years after the Commencement Date for the first Component for which a Certificate of Substantial Completion is issued, (c) amends Base Rent to be equal to the fair market rent of the Land, as determined by Appraisal, subject to an annual adjustment determined in accordance with Exhibit C, and (d) acknowledges the termination of the Hospital Operations Agreement and the Participation Rent. Each of the Parties shall take the required actions within ninety (90) days after receipt of the Purchase Notice.

3.5.3 *Compliance.* In the event the Purchase Option is exercised, Tenant shall comply with the terms and conditions set forth in Exhibit I for the remainder of the Lease Term.

3.5.4 *Permitted Exceptions.* District's conveyance of title to the Improvements to Tenant in accordance with this Section 3.5 shall be free and clear of any and all liens, encumbrances, and exceptions of any kind or nature whatsoever except the following (the "**Permitted Exceptions**"): (1) this Lease; (2) easements, restrictions, and encumbrances of record (a) created on or before the Execution Date and (b) created after the Execution Date and which do not impair the marketability of title to the Improvements or which Tenant agrees to assume or take title subject to; (3) Space Leases; (4) all acts done, caused, or suffered by, through, or under Tenant; and (5) any exceptions or matters waived by Tenant in accordance with Section 3.5.6.

3.5.5 *Title Commitment and Survey.* Within thirty (30) days of providing the Notice set forth in Section 3.5.1(a), Tenant may obtain and deliver to District: (1) a commitment for an ALTA owner's policy of title insurance (the "**Commitment**") which shall have attached thereto copies of all instruments noted therein as exceptions to title, and which shall be endorsed to and including the date of closing, insuring title to the Improvements, subject only to the Permitted Exceptions, and with such endorsements (which endorsements will be at Tenant's sole expense) as may be reasonably required by Tenant; and (2) a minimum standard detail requirements for ALTA/ACSM land title surveys of the Land and the Improvements (the "**Survey**"), prepared by a land surveyor licensed and registered in the District of Columbia and reasonably satisfactory to Tenant.

3.5.6 *Exceptions.*

(a) Within ten (10) Business Days after receipt of the Commitment, the documents listed therein as exceptions, and the Survey, Tenant shall give District Notice of any exceptions enumerated in the Commitment and/or any matters shown on the Survey which are not Permitted Exceptions and are reasonably unacceptable to Tenant (the "**Objectionable Exceptions**").

(b) Within twenty (20) Business Days after receipt of the Notice described in Section 3.5.6(a), District shall respond to Tenant in writing identifying, with respect to each Objectionable Exception, whether (1) District considers the Objectionable Exception to be a Permitted Exception; (2) District will take reasonable efforts to remove the Objectionable Exception prior to closing; or (3) the Objectionable Exception shall be accounted in the value of the Improvements under the Appraisal in accordance with Exhibit C. If District fails to respond to Tenant within such twenty (20) Business Day period, then District shall be deemed to have selected alternative (1) above.

(c) Tenant shall then have a period of five (5) Business Days from and after its receipt of the Notice described in Section 3.5.6(b) to inform District whether Tenant elects (1) to terminate the Purchase Option; (2) that District should proceed to use reasonable efforts to remove the Objectionable Exception if District indicated it would do so in District's Notice; (3) amend the Appraisal instructions if District agreed to do so in District's Notice; or (4) waive any

Objectionable Exceptions and proceed to closing. If Tenant fails to respond within such five (5) Business Day period, the Purchase Option contemplated herein shall be deemed to be terminated, and District shall have no obligation to use reasonable efforts to remove the Objectionable Exception.

(d) In the event Tenant does not (i) obtain a Commitment and Survey in accordance with Section 3.5.5 or (ii) provide District Notice of the Objectionable Exceptions in accordance with Section 3.5.6(a), then Tenant shall be deemed to have waived any exceptions or matters of title.

3.5.7 *Costs.* Any cost and expense of the Commitment and the title insurance policy issued pursuant thereto, and of the Survey shall be paid by Tenant. Any transfer taxes, recordation taxes, recording fees and documentary stamp taxes (including any surtax), and closing costs of Tenant shall be paid by Tenant. In no event shall District be responsible for any closing costs.

3.5.8 *Duty of Cooperation.* In the event Tenant elects to exercise the Purchase Option hereunder, District shall reasonably cooperate with Tenant in any application to the District of Columbia State Health Planning and Development Agency, District of Columbia Office of Attorney General, any successors thereto, or any other District of Columbia agency for any regulatory approvals necessary to effect such Purchase Option.

3.6. Modified Lease Option. Beginning on the tenth (10th) anniversary of the Commencement Date for the Component comprising the Inpatient Hospital, and provided (i) there is no Event of Default under this Lease or an event occurring for which there was a provision of Notice that would give rise to an Event of Default under this Lease and (ii) there is no event occurring which would give rise to a right to terminate the Hospital Operations Agreement under Section 9.2 of the Hospital Operations Agreement, Tenant shall have the right to request the termination of the Hospital Operations Agreement (the “**Modified Lease Option**”) in accordance with this Section.

3.6.1 *Modified Lease Option Notice.* In the event Tenant wishes to exercise the Modified Lease Option, Tenant shall provide a Notice to District identifying its interest in exercising the Modified Lease Option and initiating the determination of the Appraised Value in accordance with Exhibit C for the fair market rent of the Leased Premises for the remainder of the Lease Term. Within thirty (30) days after determination of the Appraised Value in accordance with Exhibit C, Tenant, at its option, may submit a Notice to District (the “**Modified Lease Option Notice**”) expressing Tenant’s intent to terminate the Hospital Operations Agreement.

3.6.2 *Modified Lease Option.* Within ninety (90) days after receipt of the Modified Lease Option Notice, the Parties shall execute an amendment to this Lease which: (i) acknowledges the termination of the Hospital Operations Agreement and the Participation Rent, (ii) amends the Base Rent to be equal, on an annual basis, to the applicable Modified Lease Option Rent (as defined below), and (iii) requires Tenant to comply with the terms and conditions set forth in Exhibit I.

3.6.3 *Modified Lease Option Rent.* Modified Lease Option Rent shall be equal to the following amounts (as applicable, the “**Modified Lease Option Rent**”):

(a) For such time as there are outstanding Bonds, the Modified Lease Option Rent shall be equal to the higher of (x) the annual debt service due by District on the Bonds or (y) the fair market rent of the Leased Premises as set forth in the Modified Lease Option Notice, subject to an annual adjustment determined in accordance with Exhibit C; and

(b) For such time that the Bonds have been defeased or paid in full, and for the duration of the Lease Term, the Modified Lease Option Rent shall be equal to the fair market rent of the Leased Premises as set forth in the Modified Lease Option Notice subject to an annual adjustment determined in accordance with Exhibit C.

ARTICLE 4 RENT, IMPOSITIONS, AND GUARANTY

4.1. Base Rent. Tenant shall pay to District rent equal to one dollar (\$1.00) per year (the “**Base Rent**”), unless modified pursuant to Section 3.5.2 or Section 3.6.2. Base Rent for the Lease Term shall be due and payable as one lump sum payment of Seventy-Five Dollars (\$75.00) on or before the Commencement Date for the first Component for which a Certificate of Substantial Completion is issued, except that the payment of Base Rent following Tenant's exercise of its Purchase Option or Modified Lease Option shall be governed by the terms of the amendment(s) to be executed to effect such option(s). The Base Rent is not subject to proration or refund in the event of the early termination of this Lease or Tenant's exercise of either its Purchase Option or Modified Lease Option.

4.2. Participation Rent. Tenant shall pay to District rent equal to the amount set forth in Exhibit D (the “**Participation Rent**”), in the event the metrics set forth in Exhibit D are achieved, on or before the first (1st) day of April of each year. If Tenant exercises the Purchase Option or the Modified Lease Option, then Tenant shall not be obligated to pay Participation Rent after the exercise of the Purchase Option or the Modified Lease Option, as applicable.

4.3. Additional Rent. From and after the Commencement Date for the first Component for which a Certificate of Substantial Completion is issued, and throughout the Lease Term, Tenant shall also pay as additional rent all sums, costs, expenses, and other payments payable or dischargeable by Tenant under this Lease, including, without limitation, all Impositions and any Participation Rent (“**Additional Rent**”). The term Additional Rent excludes Base Rent.

4.4. No Offsets or Deductions. This Lease shall be deemed and construed to be a “net lease” and Tenant shall pay all payments of Rent, absolutely net throughout the Lease Term, free of any charges, assessments, impositions, costs, or deductions of any kind and without any demand, offset, abatement, notice, deduction, counter-claim, or set-off except as specifically set forth in this Lease. All costs, fees, interest, charges, expenses, and other obligations of every kind and nature whatsoever relating to the Leased Premises or the Improvements which accrue during the Lease Term which are payable by Tenant as set forth in this Lease shall be paid or discharged

by Tenant. Tenant's covenants to pay the Rent are independent covenants. No happening, event, occurrence, or situation whatsoever during the Lease Term, whether foreseen or unforeseen, and however extraordinary, shall permit Tenant to quit or surrender the Leased Premises or this Lease or shall relieve Tenant from its liability to pay Rent, or relieve Tenant from any of its other obligations under this Lease, unless otherwise specifically provided for in this Lease.

4.5. Manner of Payment. Except as provided in Section 4.7, Rent and all other amounts payable by Tenant under this Lease to District, including, without limitation the Purchase Price upon Tenant's exercise of the Purchase Option, shall be paid in legal tender of the United States of America by, at the election of District, with reasonable prior Notice to Tenant, wire transfer or check drawn on a United States bank (subject to collection), to District pursuant to the instructions set forth in Exhibit G or at such other address as District may designate from time to time by at least fifteen (15) days' advance Notice to Tenant. District's acceptance of Rent or other amounts paid under this Lease after the same shall have become due shall not excuse a delay in payment by Tenant on a subsequent occasion. Notwithstanding the foregoing, Tenant shall pay Impositions and other Additional Rent (unless directly payable to District pursuant to the terms of this Lease) directly to the applicable taxing or other authority imposing or due same.

4.6. Late Charge. If Tenant fails to make any payment of Rent within ten (10) days after the date such payment is due and payable, then District shall have the right to impose upon Tenant a late charge of five percent (5%) of the amount of such payment. Any payment due to District hereunder which is not made when due shall bear interest from the date due to the date paid at the Default Rate.

4.7. Payment of Impositions.

4.7.1 *Obligation to Pay Impositions.* From and after the applicable Commencement Date and during the Lease Term, Tenant shall pay, in the manner provided in Section 4.7.2 below, all Impositions that at any time thereafter are assessed, levied, confirmed, imposed upon, or charged to Tenant or the Land, the Improvements, or the Leased Premises to which possession has been delivered to Tenant in accordance with Section 3.1 with respect to (i) the Land, (ii) Leased Premises, (iii) the Improvements, (iv) any vault, passageway, or space in, over, or under any sidewalk or street in front of or adjoining the Leased Premises, (v) any other appurtenances of the Leased Premises, or any personal property or other facility used in the operation thereof, (vi) any document to which Tenant is a party creating or transferring an interest in the Leasehold Estate, by or to Tenant, (vii) the use and occupancy of the Leased Premises, or (viii) the activities and/or the transactions contemplated by this Lease. All payments of Impositions shall be prorated for any portion of a tax year at the beginning or end of the Lease Term.

4.7.2 *Payment of Impositions.* During the Lease Term, Tenant shall arrange to be separately billed for, and shall pay, the Impositions to the applicable Governmental Authority assessing or imposing such Imposition. During the Lease Term, Tenant shall pay each Imposition or installment thereof not later than the date the same may be paid without interest or penalty (which is the date of delinquency) directly to the applicable Governmental Authority. However,

if by law of the applicable Governmental Authority any Imposition may at the taxpayer's option be paid in installments (whether or not interest shall accrue on the unpaid balance of such Imposition), Tenant may exercise the option to pay the Imposition in such installments and shall be responsible for the payment of such installments that are due during the Lease Term with interest, if any. The Parties contemplate that a tax lot designation for the Leased Premises separate and apart from a larger tax or other assessment parcel will be created prior to the Execution Date; however, if a separate tax lot designation has not been created for the Leased Premises, District and Tenant shall promptly after the Commencement Date for the first Component for which a Certificate of Substantial Completion is issued, and as required from time to time thereafter, make application to the appropriate Governmental Authorities for such designation as a separate tax lot and shall cooperate with one another in endeavoring to obtain and maintain such designation. During any period in which all or any part of the Land or Leased Premises is part of a larger tax or other assessment parcel, the Impositions therefor shall be allocated to and payable by Tenant on a reasonable pro rata basis, as jointly determined by District and Tenant.

4.7.3 *Evidence of Payment.* Tenant shall furnish to District, within thirty (30) days after the date of District's written request therefor, an official receipt of the appropriate taxing authority or other charging party or other proof reasonably satisfactory to District, evidencing the payment of the applicable Imposition.

4.7.4 *Evidence of Non-Payment.* Any certificate, advice, or bill of the appropriate official designated by law to make or issue the same or to receive payment of any Imposition asserting non-payment of such Imposition shall be prima facie evidence that such Imposition is due and unpaid at the time of the making or issuance of such certificate, advice, or bill, at the time or date stated therein. At District's written request therefor, Tenant shall promptly deliver to District a receipt and copy of any such certificate, advice, or bill received by Tenant.

4.7.5 *Survival.* The provisions of this Section 4.7 shall survive the expiration of the Lease Term, until any Imposition that may be payable by Tenant under this Section 4.7 has been paid in full.

4.7.6 *Contest of Impositions.* Tenant shall have the right to contest, at its sole cost and expense, the amount or validity, in whole or in part, of any Imposition by appropriate proceedings diligently conducted in good faith, in which event payment of such Imposition may be postponed, to the extent permitted by Applicable Law, if, and only as long as: (i) such contest is commenced within the time period allowed under Applicable Law for the commencement of such contest and Tenant notifies District in writing of any such contest and (ii) neither the Leased Premises nor any part thereof or interest therein would, by reason of such postponement or deferment, be, in the reasonable judgment of District, in danger of being forfeited to a Governmental Authority. Upon request by Tenant, District shall execute, as fee owner, such papers as may from time to time be necessary to bring, defend, or facilitate such proceedings, to the extent required as a condition to such contest by the applicable Governmental Authority imposing such Imposition, provided that District shall not be subject to any out-of-pocket cost or liability as a result thereof.

4.8. Guaranty. On the Execution Date, Tenant shall cause the Guarantor to execute a Guaranty in substantially the form of Exhibit H. The Guarantor shall not be relieved of its obligations under the Guaranty unless a replacement Guaranty is provided by a new Guarantor proposed by Tenant which new Guarantor shall be subject to approval by District in its sole and absolute discretion.

ARTICLE 5 APPLICABLE LAW

5.1. Compliance with Applicable Law. During the Lease Term, Tenant shall comply with all Applicable Laws (including, without limitation, Health Care Laws and Environmental Laws). Without limiting the generality of the foregoing:

5.1.1 *Compliance*. Tenant shall maintain and comply with all permits, licenses, Approvals, and other authorizations required by any Governmental Authority for its use of the Leased Premises and for the proper operation, maintenance, and repair of the Leased Premises or any part thereof, including, but not limited, to all necessary licenses, permits, authorizations, certifications, consents, and approvals necessary to operate (a) the Inpatient Hospital as a General Hospital and the Ambulatory Facility in accordance with the Permitted Uses, including, without limitation, certification to participate in the Medicare and Medicaid or any other federal or District health care benefit program, (collectively, the “**Hospital Licenses**”), and (b) the Parking Facility consistent with industry standards (the “**Parking Licenses**”).

5.1.2 *Hazardous Materials*. Neither Tenant nor any of Tenant’s Agents shall use, handle, store, generate, manufacture, transport, discharge, or Release any Hazardous Materials in, on, or under the Leased Premises, except in compliance with Applicable Law. Tenant shall promptly notify District, and provide copies promptly after receipt, of all written complaints, claims, citations, demands, inquiries, reports, or notices relating to non-compliance with Applicable Law at the Leased Premises or the use, storage, handling, transportation, disposal, or Release of Hazardous Materials in, on, or under the Leased Premises by Tenant or Tenant’s Agents relating to non-compliance with Applicable Law; provided, however, that District’s receipt of any of the foregoing shall in no way create or impose any duty or obligation upon District to respond thereto. To the extent required by Applicable Law, Tenant shall, at its sole cost and subject in all respects to the prior written notification to District thereof, promptly clean up, remove, and otherwise fully remediate, in compliance with all Applicable Law, any Hazardous Materials situated in, on, or under the Leased Premises to the extent such Hazardous Materials are brought to the Leased Premises by Tenant or the Release of Hazardous Materials is caused by Tenant. Notwithstanding anything to the contrary contained in this Lease, Tenant shall not be responsible for the clean-up, removal, or remediation of any Hazardous Materials existing on the Leased Premises (i) as of the Execution Date, (ii) due to the acts or omissions of District, or any of its employees, agents, contractors, or its tenants or licensees (other than Tenant, its Members, or Affiliates), or (iii) originating from off of the Leased Premises, except to the extent such Release of Hazardous Materials off of the Leased Premises is caused by Tenant or Tenant’s Agents.

5.1.3 *District Rights.* If Tenant fails to timely and fully perform any of the work described in the preceding paragraph or if Tenant does not diligently pursue such work, in addition to any other remedies that may be provided in Article 9 of this Lease, District may, in its sole discretion and to the exclusion of Tenant, cause the necessary cleanup, removal, or other remedial work to be performed and, in such event, all costs and expenses reasonably incurred by District in connection therewith shall be paid by Tenant. If District elects to cause the necessary cleanup, removal, or other remedial work to be performed as provided above for which Tenant is responsible under the terms of this Lease, there shall be no abatement or reduction of Rent, and Tenant hereby waives any claim or right that it may have to any such reduction or abatement of Rent and for damages for any injury or inconvenience with Tenant's business or loss of occupancy or quiet enjoyment or any other loss occasioned by the performance of such work; provided that District shall use reasonable efforts to the extent practicable to not interfere with Tenant's use and operation of the Leased Premises. Tenant's obligations under this Section 5.1.3 shall survive the expiration or earlier termination of the Lease.

5.1.4 *Tenant Obligations.* Upon the expiration or earlier termination of this Lease or Tenant's vacation of the Leased Premises, to the extent that Tenant is required to do so pursuant to the terms of Section 5.1.2, Tenant shall, at District's option and at Tenant's sole cost, immediately remove and otherwise fully remediate in compliance with all Applicable Law, all Hazardous Materials located on or in the Leased Premises (including, without limitation, the performance of any necessary investigatory, monitoring, cleanup, removal, or other remedial work), all of which remediation shall be subject to the prior written notification to District thereof. If Tenant fails to timely and fully perform any of the work described in this paragraph, within thirty (30) days following the end of the Lease Term or if Tenant does not diligently pursue such work throughout such thirty (30) day period, in addition to any other remedies that may be provided in Article 9 of this Lease, District may, in its sole discretion and to the exclusion of Tenant, cause the necessary cleanup, removal, or other remedial work to be performed and, in such event, all costs and expenses reasonably incurred by District, in connection therewith, plus interest at the Default Rate from the date incurred by District until such amounts are paid in full, shall be paid by Tenant. Tenant's obligations under this Section 5.1.4 shall survive the expiration or earlier termination of the Lease.

5.2. Right to Contest. Tenant shall have the right, after prior Notice to District, to contest by appropriate legal proceedings, the validity or applicability of any Applicable Law affecting the Leased Premises. Upon request by Tenant, District shall execute such papers, as fee owner, as may from time to time be necessary for Tenant to bring, defend, or facilitate such proceedings, to the extent required as a condition to such contest, provided that District shall not be subject to any out of pocket cost or additional liability as a result thereof. In such circumstances, Tenant shall have the right to delay observance thereof and compliance therewith until such contest is finally determined and is no longer subject to appeal, but only if such action does not subject District or Tenant to any liability or fine or the Leased Premises to any lien or assessment. Tenant shall indemnify, protect, and hold District harmless from any civil liability or penalty incurred as a result of or otherwise relating to any such actions by Tenant.

5.3. Nondiscrimination Covenants.

5.3.1 *Covenant not to Discriminate in Sales or Rentals.* Tenant shall not discriminate upon the basis of race, color, religion, sex, national origin, ethnicity, sexual orientation, or any other factor which would constitute a violation of the D.C. Human Rights Act or any other Applicable Law, regulation, or court order, in the sale, lease, or rental or in the use or occupancy of the Leased Premises.

5.3.2 *Covenant not to Discriminate in Employment.* Tenant shall not discriminate against any employee or applicant for employment because of race, color, religion, sex, national origin, or any other factor which would constitute a violation of the D.C. Human Rights Act or other Applicable Law, regulation, or court order. Tenant agrees to comply with all applicable labor and employment standards, Applicable Law, and orders in the operation of the Leased Premises, including the D.C. Human Rights Act and its prohibitions on sexual harassment consistent with 4 DCMR 1000, et seq.

5.3.3 *Affirmative Action.* Tenant will take affirmative action to ensure that employees are treated in accordance with Applicable Law during employment, without regard to their race, color, religion, sex, or national origin, age, marital status, personal appearance, sexual orientation, family responsibilities, matriculation, political affiliation, or physical handicap as and to the extent provided by Applicable Law. Such affirmative action by Tenant shall include, but not be limited to, the following: (a) employment, upgrading, or transfer; (b) recruitment or recruitment advertising; (c) demotion, layoff, or termination; (d) rates of pay or other forms of compensation; and (e) selection for training and apprenticeship. Tenant agrees to post in conspicuous places available to employees and applicants for employment notices to be provided by DOES or District setting forth the provisions of this nondiscrimination clause. Tenant may satisfy the requirements of this paragraph by completing the standard equal employment opportunity forms provided by the District of Columbia Office of Human Rights and complying on an ongoing basis with any commitments and certifications made in those forms.

5.3.4 *Solicitations for Employment.* Tenant will, in all solicitations or advertisements for employees placed by or on behalf of Tenant, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, or national origin or any other factor that would constitute a violation of the D.C. Human Rights Act or other Applicable Law.

5.3.5 *Enforcement.* In the event of Tenant's noncompliance with the nondiscrimination covenants of this Section 5.3 or with any applicable rule, regulation, or order, District may take such enforcement against Tenant as may be provided by Applicable Law.

ARTICLE 6 REPRESENTATIONS AND WARRANTIES

6.1. District's Representations and Warranties. As an inducement to Tenant to enter into this Lease, District represents and warrants to Tenant, as of the Execution Date and, unless

Tenant is notified in writing by District, affirmed as of the Commencement Date for each Component, as follows:

(a) District has all requisite right, power, and authority to enter into, execute, and deliver this Lease and to perform its obligations hereunder.

(b) No agent, broker, or other Person is entitled, or shall become entitled, to any commission or finder's fee in connection with this Lease, based upon arrangements made by District or on District's behalf.

(c) This Lease has been duly executed and delivered by District and, when duly executed and delivered by Tenant, shall constitute a legal, valid, and binding obligation of District enforceable against District in accordance with its terms.

(d) The execution, delivery, and performance of this Lease by District does not violate any of the terms, conditions, or provisions of any judgment, order, injunction, decree, regulation, or ruling of any court or other Governmental Authority or Applicable Law to which District is subject, or any agreement or contract to which District is a party or otherwise subject.

(e) There is no litigation, arbitration, administrative proceeding, or other similar proceeding pending or, to District's knowledge, threatened in writing against District involving the Leased Premises or that, if decided adversely to District, would impair District's ability to perform its obligations under this Lease.

6.2. Tenant's Representations and Warranties. As an inducement to District to enter into this Lease, Tenant represents and warrants to District, as of the Execution Date and, unless District is notified in writing by Tenant, affirmed as of the Commencement Date for each Component, as follows:

(a) Tenant is a limited liability company duly created and validly existing pursuant to the laws of the District of Columbia and is qualified to do business in the District of Columbia. True, correct, and complete copies of the articles of organization of Tenant have been certified and delivered to District on or before the Execution Date.

(b) Tenant has the right, power, and authority to enter into, execute, and deliver this Lease and to perform its obligations hereunder.

(c) This Lease has been duly executed and delivered by Tenant and, when duly executed and delivered by District, shall constitute a legal, valid, and binding obligation of Tenant enforceable against Tenant in accordance with its terms.

(d) The execution, delivery, and performance of this Lease does not violate any of the terms, conditions, or provisions of (i) Tenant's organizational documents, (ii) any judgment, order, injunction, decree, regulation, or ruling of any court or other Governmental

Authority, or any Applicable Law to which Tenant is subject, or (iii) any agreement or contract to which Tenant is a party or is otherwise subject.

(e) The lease of the Leased Premises by Tenant and Tenant's other undertakings pursuant to this Lease are and will be used for the purpose of operating the Improvements, and not for speculation in land holding or any other purpose.

(f) No action, consent, or approval of, or registration or filing with or other action by, any Governmental Authority or other Person is or will be required in connection with the execution and delivery by Tenant of this Lease or the assumption and performance by Tenant of its obligations hereunder, other than the issuance of governmental permits and licenses expected in the ordinary course of business.

(g) No broker, finder, investment banker, or other person is entitled, or shall become entitled, to any brokerage, finder's or other fee or commission in connection with this Lease, based upon arrangements made by Tenant or on Tenant's behalf.

(h) Neither Tenant nor any of its Members, nor the constituent Members of any of its Members, are the subject debtor under any federal, state, or local bankruptcy or insolvency proceeding, or any other proceeding for dissolution, liquidation, or winding up of its assets.

(i) Neither Tenant nor any Member or Affiliate of Tenant is a Prohibited Person.

(j) There is no litigation, arbitration, administrative proceeding, or other similar proceeding pending or threatened in writing against Tenant or its Members which, if decided adversely to Tenant or its Members: (i) would impair Tenant's ability to enter into and perform its obligations under this Lease; (ii) would materially adversely affect the financial condition or operations of Tenant or its Members; or (iii) threaten the legal existence of Tenant.

ARTICLE 7

TENANT COVENANTS; MAINTENANCE AND REPAIR; UTILITIES

7.1. Tenant's Affirmative Covenants Specified. Throughout the Lease Term and at the sole cost and expense of Tenant, Tenant covenants to:

(a) preserve and keep in full force and effect its existence, franchise, and rights and privileges under (i) the laws of the District of Columbia so as to have and retain the right to lease the Leased Premises, operate the Improvements, and transact business in the District of Columbia and (ii) the laws of the jurisdiction in which Tenant is organized;

(b) use and occupy the Leased Premises pursuant to the terms of this Lease and the Hospital Operations Agreement (so long as the Hospital Operations Agreement remains in effect);

(c) observe and comply with the terms and conditions of this Lease, the Hospital Operations Agreement (so long as the Hospital Operations Agreement remains in effect), and all other instruments now recorded or hereafter recorded in the Land Records with Tenant's reasonable consent, which affect the Land and/or the Improvements or the use thereof, so far as the same shall at any time during the Lease Term be in force and effect;

(d) conform to, comply with, and take any and all action necessary to avoid or eliminate any violation of any Applicable Law applicable to the Leased Premises, Land, Improvements, or the vault space, sidewalks, curbs, driveways, and passageways and parking areas comprising part of the Leased Premises, Land, or the Improvements, or to the use or manner of use thereof, whether or not such Applicable Law shall necessitate structural changes or improvements or interfere with the use and enjoyment of the Leased Premises, Land, or the Improvements, subject to Tenant's right to contest as provided in Section 5.2;

(e) observe and comply with the requirements of all policies of insurance which Tenant is required hereby to maintain under the terms of this Lease;

(f) procure and maintain all permits, licenses, and authorizations required for any use made of the Leased Premises (including, without limitation, required for any Alterations), or any part thereof, then being made, and for the lawful and proper operation and maintenance thereof;

(g) pay when due the entire cost of any work performed by Tenant on the Leased Premises, including, without limitation, the installation of equipment, facilities, signs, and fixtures therein, and the performance of Alterations; to procure all necessary permits before undertaking any such work; to perform such work in a good and workmanlike manner, employing materials of good quality; and to comply with all Applicable Law; and

(h) except as expressly set forth in this Lease, remain fully obligated under this Lease notwithstanding any sublease, or any indulgence, granted by District to Tenant or to any subtenant thereof.

7.2. Maintenance of Leased Premises.

7.2.1 *Maintenance and Repair.* Tenant shall, at its sole cost and expense, take good care of, and keep and maintain, the Leased Premises, Improvements, and the Total Personal Property in good and safe order and condition, and shall make all repairs and replacements therein, thereon, and thereto, interior and exterior, structural and nonstructural, ordinary and extraordinary, foreseen and unforeseen, necessary to keep the Leased Premises, Improvements, and the Total Personal Property in good and safe order and condition, however the necessity or desirability therefor may arise, and shall make all such repairs and replacement in the most expedient manner and in compliance with Applicable Law and, to the extent the Hospital Operations Agreement is in effect, the Hospital Operations Agreement. Tenant shall not commit, and shall use all reasonable efforts to prevent waste, damage, or injury to the Leased Premises, Improvements, or Total Personal Property.

7.2.2 *Cleaning of Leased Premises.* Tenant shall keep all areas of the Leased Premises clean and free from dirt, mud, standing water, snow, ice, vermin, rodents, pests, rubbish, obstructions, and physical encumbrances.

7.2.3 *Other Areas.* Tenant shall promptly rectify any damage or interference caused by Tenant to any improvements, equipment, structures, or vegetation outside of the Leased Premises, which is owned or controlled by District or any District of Columbia agency or department. The provisions of this Section 7.2.3 shall not limit the obligations of Tenant with respect to any other Person or any property of any other Person.

7.2.4 *No Obligation of District.* District, as the landlord under this Lease, shall not be required to furnish any services, utilities, or facilities whatsoever to the Leased Premises. District shall have no duty or obligation to make any alteration, change, improvements, replacement, or restoration or repair to the Leased Premises, or to demolish any Improvements. Subject to the terms of this Lease, Tenant assumes the full and sole responsibility for the condition, operation, repair, alteration, improvement, replacement, restoration, maintenance, and management of the Leased Premises at all times during the Lease Term, except as set forth in Section 5.1.2.

7.2.5 *Replacements At End of Lease Term.* Except with respect to any Required Replacements for which Tenant chooses not to terminate this Lease in accordance with this Section, beginning in year 69 of the Lease Term, Tenant shall no longer be required to replace or improve, or repair or maintain, to the extent the costs of such repair or maintenance would be classified as capital expenditures or capital improvements under generally accepted accounting principles, consistently applied, the medical and general space, facilities, Hospital Necessities (as such term is defined in the Hospital Operations Agreement), and the Improvements (collectively, the "**Hospital Improvements**"), in a manner consistent with the capital and equipment replacement provisions as provided in Section 3.2 of the Hospital Operations Agreement (each, a "**Replacement**"). "**Required Replacements**" are those Replacements necessary to maintain the Service Standards and Quality Standards, if applicable, or otherwise required in accordance with

Applicable Law. If, beginning in year 69 of the Lease Term, Tenant determines that there is a need for a Replacement such that the generally expected lifecycle of the proposed Replacement exceeds the 75th year of the Lease Term, Tenant shall provide Notice to District of any such needed Replacement and its estimated cost. Upon receipt of such Notice from Tenant, District may, at its sole election, either (i) promptly make such Replacement at District's sole cost and expense, so that Tenant is able to operate the Leased Premises in accordance with the terms of this Lease or (ii) provide Notice to Tenant informing Tenant that it will not undertake such Replacement (such Notice, "**District's Election Notice**"). If District provides a District's Election Notice to Tenant that District will not undertake such Replacement, then Tenant may, at its sole election, either (x) terminate this Lease upon Notice to District, (y) undertake the Replacement at Tenant's sole cost and expense, or (z) waive the request for such Replacement to the extent such Replacement is not a Required Replacement. Notwithstanding the terms of this Lease, unless Tenant elects in writing to make such Replacement as provided in alternative (y) above, Tenant shall have no obligation to make any such Replacement at the end of the Lease Term or earlier termination of this Lease or in connection with the Handover Process or Handover Standards.

7.3. Utilities. Tenant, at its sole expense, shall be responsible for handling all aspects associated with utilities affecting the Leased Premises. Such responsibility includes, without limitation, (i) maintaining and repairing all utility lines and services to, on, or under the Leased Premises, or making arrangements therefor with the appropriate utility companies, and (ii) paying all costs, together with the applicable District of Columbia sales tax, for receipt of utility services to, on, or under the Leased Premises. District, as owner, shall execute any easements on the Land reasonably necessary to provide utilities servicing the Leased Premises.

ARTICLE 8 ALTERATIONS

8.1. Alterations Generally. Tenant may, at any time and from time to time, at its sole cost and expense, make alterations, installations, substitutions, improvements, renovations, or betterments (collectively, "**Alterations**") in and to the Leased Premises or any portion thereof provided that:

(a) no Alteration affecting the structural portions of the Improvements shall be undertaken except under the supervision of an Architect or licensed professional engineer;

(b) the Alterations will not result in a violation of any Applicable Law or require a change in any certificate of occupancy applicable to the Leased Premises;

(c) the Alterations shall not materially (1) weaken or impair the structure or the Improvements, (2) reduce the size of the Improvements, (3) lessen the fair market value of the Leased Premises, or (4) reduce the utility or useful life of the Improvements;

(d) the proper functioning of any of the heating, air conditioning, elevator, plumbing, electrical, sanitary, mechanical, and other service or utility systems of the Leased Premises shall not be materially adversely affected; and

(e) for any Significant Alteration, Tenant shall obtain the prior written consent of District for such Significant Alterations in accordance with the provisions of Section 8.2.3 below.

Notwithstanding the foregoing, the term "Alterations" shall not include the installation in the Leased Premises of any of Tenant's Personal Property when the installation involves merely affixing the Tenant's Personal Property to the existing Improvements.

8.2. Performance of Alterations.

8.2.1 *Generally.* The Alterations shall be expeditiously made and completed with materials equal or better in quality than those used in the original construction of the Improvements and in a first-class and diligent manner. All Alterations shall be performed by a duly licensed and qualified contractor(s) selected by Tenant. Tenant shall, prior to the commencement of such Alterations, provide broad form builders all risk insurance, on a completed value (or reporting form) which insurance shall be effected by policies complying with all of the provisions of Article 12. In addition, Tenant shall, prior to the commencement of any Significant Alterations, provide (i) appropriate construction performance and the labor and material payment bonds and (ii) proof of funding sources for the costs of such Significant Alterations.

8.2.2 *Requirements of Governmental Authorities.* Tenant, at its expense, shall obtain all necessary permits and certificates from Governmental Authorities for the commencement and prosecution of any Alterations and final approval from Governmental Authorities upon completion, upon the written request of District promptly deliver copies of the same to District and cause the Alterations to be performed in compliance with all Applicable Law and requirements of any Leasehold Mortgages and insurers of the Leased Premises, and any Board of Fire Underwriters, Fire Insurance Rating Organization, or other body having similar functions, and in good and workmanlike manner, using materials and equipment at least equal in quality and class to the original quality of the installations at the Leased Premises that are being replaced.

8.2.3 *Significant Alterations.* Tenant shall submit to District, for District's review and approval, plans and specifications, and any modifications thereof, showing in reasonable detail any proposed Significant Alteration not less than thirty (30) days before the proposed commencement of such proposed Significant Alteration. Within fifteen (15) Business Days after District's receipt of such plans and specifications, District shall notify Tenant of its approval or disapproval thereof, which approval shall not be unreasonably withheld, conditioned, or delayed. If rejected by District, District shall state in writing with reasonable specificity its basis for its rejection, so as to give Tenant the opportunity to revise such plans and specifications accordingly, if it elects to do so. District may withhold its approval of any Significant Alteration involving an Alteration (or series of related Alterations) that change or modify the structural integrity of the Improvements in its sole and absolute discretion and for all other Significant Alterations, in District's reasonable discretion. Any Alteration for which approval has been granted shall be performed substantially in accordance with the final plans and specifications provided to District, and no material amendments or material additions to the plans and

specifications shall be made without the prior consent of District in accordance with the terms hereof, which consent shall not be unreasonably withheld, conditioned or delayed. For any Significant Alterations, Tenant and its contractors shall obtain such completion bonds and payment and performance bonds in amounts and in form and substance and from sureties as are acceptable to District in its reasonable discretion.

8.2.4 *Alterations Required by Applicable Law.* Notwithstanding Section 8.2.3, Tenant shall be entitled to make Alterations that are required by a Governmental Authority in order for the Leased Premises to comply with Applicable Law without District consent; provided, however, that (i) District shall have been afforded an opportunity to discuss such Alteration with Tenant and the Governmental Authority(ies) requiring such Alteration and propose alternatives to the design of such Alteration and (ii) Tenant shall reasonably consider District's proposed alternatives and present such alternatives to the applicable Governmental Authority(ies) for approval.

ARTICLE 9 DEFAULTS AND REMEDIES

9.1. Tenant's Default. Any of the following occurrences, conditions, or acts shall constitute an "**Event of Default**" under this Lease:

(a) if Tenant shall default in making payment when due of any Rent or other amount payable by Tenant hereunder, and such default shall continue for fifteen (15) days after District shall have given Notice to Tenant specifying such default and demanding that the same be cured;

(b) termination of the Hospital Operations Agreement by District for cause as provided in Section 5.3 or Section 9.2 of the Hospital Operations Agreement;

(c) Tenant shall file any petition or action under any bankruptcy or insolvency law, or any other law or laws for relief of, or relating to debtors; or if there shall be filed any insolvency petition under any bankruptcy or insolvency statute against Tenant or there shall be appointed any receiver or trustee to take possession of any property of Tenant and such petition or appointment is not set aside or withdrawn or does not cease within ninety (90) days from the date of such filing of appointment;

(d) the levy upon or other execution or the attachment by legal process of the Leasehold Estate or the lawful filing or creation of a lien (other than any liens permitted pursuant to the terms of this Lease) in respect of any such interest (unless the same is attributable to the acts or omissions of District or any of District's agents, employees, licensees, or contractors), which levy, attachment, or lien shall not be released, discharged, or bonded against within forty-five (45) days following the date Tenant receives Notice thereof;

(e) Tenant shall fail to obtain or maintain in effect any insurance required of it under this Lease or pay any insurance premiums, as and when the same become due and payable, or fail to reinstate, maintain, and provide evidence to District of the insurance required

to be obtained or maintained by Tenant or its contractors or subcontractors under this Lease or the Hospital Operations Agreement in accordance with its terms and conditions, and such failure shall continue for a period of ten (10) days after Notice of such failure from District;

(f) Tenant shall use or suffer or permit the use of the Leased Premises or any part thereof for any purpose or use other than the Permitted Uses or shall cease using the Leased Premises for the Permitted Uses and the same shall continue for a period of thirty (30) days after Notice of such breach from District to Tenant;

(g) Any representation or warranty made by Tenant in accordance with Section 6.2 of this Lease was materially false when made, and such misrepresentation is not remedied within a period of thirty (30) days after Notice of such misrepresentation from District;

(h) Tenant making any Transfer in violation of the terms of this Lease;

(i) Tenant becomes a Prohibited Person due to an action or omission arising from or relating to this Lease or the Leased Premises, or it shall become a violation of Applicable Law for District to do business with Tenant during the Lease Term, and either breach is not remedied within thirty (30) days after Notice of such breach from District to Tenant; or

(j) If Tenant shall default in the observance or performance of any term, covenant, or condition of this Lease not specified in the foregoing clauses (a) – (i) and Tenant shall fail to remedy such default within thirty (30) days after Notice by District, or if such a Default is of such a nature that it cannot reasonably be remedied within such thirty (30) day period (but is otherwise susceptible to cure), within such period of time as may be reasonably necessary to cure such default, but in no event more than an additional one hundred fifty (150) days, provided that Tenant commences the cure within the thirty (30) day period after Notice by District and thereafter diligently pursues and completes such cure.

9.2. Remedies for Tenant's Default.

9.2.1 *Legal and Equitable Relief.* District shall be entitled to injunctive relief or to a decree compelling observance or performance of any provision of this Lease, or to any other legal or equitable remedy.

9.2.2 *Termination.*

(a) District shall have the right, at its sole election, while any Event of Default shall continue, and notwithstanding the fact that District may have some other remedy hereunder or at law or in equity, to give Tenant Notice of its intention to terminate this Lease on a date specified in such Notice, which date shall be the later of ninety (90) days after the giving of such Notice or the period required to complete the Handover Process, and upon the date so specified, this Lease and the Leasehold Estate shall expire and terminate with the same force and effect as if the date specified in such Notice was the date hereinbefore fixed for the expiration of this Lease, and all rights of Tenant hereunder shall expire and terminate, and Tenant shall be liable

as provided in this Section 9.2. If any such Notice is given, District shall have, on such date so specified, the right of re-entry and possession of the Leased Premises, and, to the fullest extent permitted by law by ejectment proceedings or otherwise, the right to remove all persons and property therefrom and to store such property in a warehouse or elsewhere at the risk and expense, and for the account, of Tenant. Should District elect to re-enter as herein provided or should District take possession pursuant to legal proceedings or pursuant to any Notice provided for by Applicable Law, District may from time to time re-let the Leased Premises or any part thereof for such term or terms and at such rental or rentals and upon such terms and conditions as District, as applicable, may deem advisable, with the right to make alterations therein and repairs thereto.

(b) In the event of any termination of this Lease as provided in this Section 9.2, Tenant shall comply with the Handover Process and shall forthwith quit and surrender the Leased Premises after the period identified in subsection (a) to District, and District may, without further Notice, enter upon, re-enter, possess and repossess the same by summary proceedings, ejectment or otherwise, and again have, repossess and enjoy the same as if this Lease had not been made, and in any such event neither Tenant nor any Person claiming through or under Tenant by virtue of any law or an order of any court shall be entitled to possession or to remain in possession of the Leased Premises but shall forthwith quit and surrender the Leased Premises, and District, at its sole option, shall forthwith, notwithstanding any other provision of this Lease, be entitled to recover from Tenant, as and for liquidated damages, during the term the Hospital Operations Agreement is in effect, the amount set forth in the Hospital Operations Agreement and thereafter the sum of all Rent and any other amounts payable by Tenant hereunder then due or accrued and unpaid. If the Purchase Option was exercised, Tenant shall execute a bill of sale conveying title of the Improvements to District upon the expiration or earlier termination of this Lease.

9.2.3 *Enforcement of Rights.* During the continuance of an Event of Default, District may, at its sole option, enforce all of its rights and remedies under this Lease, including the right to recover all Rent and other payments as they become due pursuant to the terms of this Lease. Additionally, District shall be entitled to recover from Tenant all reasonable costs of maintenance and preservation of the Leased Premises incurred by District for which Tenant is responsible under the terms of this Lease.

9.2.4 *District's Right to Cure.* If Tenant shall default in the keeping, observance, or performance of any covenant, agreement, term, provision, or condition herein contained within the applicable notice and cure period, District, without thereby waiving such default, may perform but shall not be required to perform the same for the account and at the expense of Tenant. All reasonable costs and expenses incurred by District in connection with any such performance for the account of Tenant, and also all reasonable costs and expenses, including, without limitation, reasonable attorneys' fees and disbursements, incurred by District in any action or proceeding (including any summary dispossession proceeding) brought by District to enforce any obligation of Tenant under this Lease and/or right of District in or to the Leased Premises, shall be paid by Tenant to District upon demand, as applicable. District shall have a right of entry for

purposes of the foregoing, exercise of which right shall be without prejudice to any of their other rights or remedies hereunder.

9.2.5 *Remedy for Noncompliant Mortgage.* In the event a mortgage or other lien or financial encumbrance encumbers Tenant's Leasehold Estate and does not meet the requirements of Article 13, District shall have the right to seek such equitable relief (either mandatory or injunctive in nature) as may be necessary to enjoin the placement or transfer of such mortgage, lien, or finance encumbrance or any interest therein, it being understood that monetary damages will be inadequate to compensate District for harm resulting from such noncompliance.

9.3. Waiver by Tenant. Tenant hereby expressly waives, for itself and all Persons claiming by, through, or under it, any right of redemption, re-entry, or restoration of the operation of this Lease under any current or future Applicable Law, including, without limitation, any such right that Tenant would otherwise have in case Tenant shall be dispossessed for any cause, or in case District shall obtain possession of the Leased Premises as herein provided.

9.4. Accrual of Interest. Any Rent or other payments due by Tenant or any amounts incurred by District pursuant to the terms of this Lease shall bear interest at the Default Rate beginning on the date such payments were due or incurred by District, as applicable, until paid.

9.5. Attorney's Fees. Each Party shall be responsible for its own legal fees in the event either Party brings any legal action or proceeding to enforce the terms of this Lease.

9.6. Remedies Cumulative. No right or remedy herein conferred upon or reserved to District or Tenant is intended to be exclusive of any other right or remedy, and every right and remedy shall be cumulative and in addition to any other legal or equitable right or remedy given hereunder, or now or hereafter existing.

9.7. No Waiver. If one of the Parties shall institute proceedings against the other Party and a compromise or settlement thereof shall be made, then the same shall not constitute a waiver of the same nor of any other covenant, condition, or agreement set forth herein, nor of any of such Party's rights hereunder. Neither the payment by Tenant of a lesser amount than the Rent due hereunder nor any endorsement or statement on any check or letter accompanying a check for payment of Rent payable hereunder shall be deemed an accord and satisfaction. District may accept the same without prejudice to District's right to recover the balance of such Rent or to pursue any other remedy. During the continuance of any Event of Default, notwithstanding any request or designation by Tenant, District may apply any payment received from Tenant to any payment then due under this Lease. No re-entry by District shall be considered an acceptance of a surrender of this Lease. No delay or failure by District or Tenant to exercise or enforce any of its rights or remedies or District or Tenant's obligations (except to the extent a time period is specified in this Lease therefor) shall constitute a waiver of any such or subsequent rights, remedies, or obligations. Neither Party shall be deemed to have waived any default by the other Party unless such waiver expressly is set forth in a written instrument signed by such Party. If a Party waives in writing any default by the other Party, such waiver shall not be construed as a waiver of any covenant,

condition, or agreement set forth in this Lease except as to the specific circumstances described in such written waiver.

9.8. Remedies for District's Default. If District shall default or fail in the performance of a covenant or agreement on its part to be performed under this Lease, and such default shall not have been cured for a period of thirty (30) days after receipt by District of Notice of said default from Tenant, or if such default cannot, with due diligence, be cured within thirty (30) days, and District shall not have commenced the remedying thereof within such period or shall not be proceeding with due diligence to remedy it (it being intended in connection with a default not susceptible of being cured by District, with due diligence within thirty (30) days, that the time period within which to remedy same shall be extended for such period as may be necessary to complete same with due diligence), then Tenant shall have the right to declare a default of this Lease upon Notice to District, and pursue and exercise all remedies available at law or in equity, including, without limitation, specific performance or other equitable relief.

9.9. Mitigation. In the event of a default by either Party under this Lease, the non-defaulting Party shall use reasonable efforts to mitigate the damages it incurs as a result of such default.

9.10. Limitation on Remedies. Notwithstanding anything to the contrary contained in this Lease, neither Party shall be liable to the other Party for incidental, consequential, punitive, or other special damages in conjunction with this Lease.

9.11. Excuse for Non-Performance. The Party(ies) whose performance has been or will be directly affected by Force Majeure shall not be responsible or liable for, or deemed in default or breach hereof because of, any failure or delay in complying with its obligations under or pursuant to this Lease (other than the payment of money as such obligations come due hereunder) which it cannot perform solely as a result of one or more events of Force Majeure or its or their effects or by any combination thereof, and the periods allowed for the performance by the Party(ies) of such obligation(s) shall be extended on a day-for-day basis for so long as one or more events of Force Majeure continues to materially and adversely affect the performance by such Party of such obligation(s) under or pursuant to this Lease; provided, however that the Party seeking the benefit of this Section 9.11 shall have first notified the other Party in writing, within ten (10) Business Days after it becomes aware of the beginning of any such Force Majeure, which Notice shall include the Party's estimate of the length of delay, which estimate shall be non-binding on such Party, and any actions the affected Party is taking, or proposes to take, to minimize such delay.

9.11.1 *Mitigation.* The Party whose obligations are delayed as a result of Force Majeure shall use reasonable efforts to mitigate the length of the delay.

9.11.2 *Notice.* The affected Party shall provide Notice to the other Party of the cessation of a Force Majeure event and the affected Party's ability to recommence performance of its obligations under this Lease by reason of the cessation of the event, which notice shall be given as soon as practicable after the cessation of the event.

ARTICLE 10 TRANSFER

10.1 Transfer. Tenant shall have the right to effectuate a Transfer in accordance with this Article 10. Any Transfer which is not in strict compliance with the terms and conditions of this Lease shall be void ab initio and shall be of no force and effect whatsoever.

10.2 Permitted Transfers. Transfers that are either Permitted Assignments (as defined below) or Permitted Changes of Control (as defined below) that meet the requirements of this Section 10.2 (collectively, "Permitted Transfers") shall not require District's consent or approval.

10.2.1 *Permitted Assignments*. Tenant shall have the right to assign this Lease or sublease the entire Leased Premises to any Person who is an Affiliate of Tenant or UHS (each, a "**Permitted Assignment**") without the consent or approval of District. Tenant shall notify District in writing of the Permitted Assignment, together with (1) a copy of the proposed assignment and assumption agreement and/or sublease agreement, as applicable, (2) documentation confirming that the proposed assignment or sublease, as applicable, is a Permitted Assignment, (3) the information and, as applicable, documentation confirming the matters described in Section 10.3.2(a), and (4) a certification from the proposed Transferee affirming the representations and warranties contained in Section 6.2 as to itself as of the effective date of the Permitted Assignment, as soon as reasonably practicable, but in any event at least thirty (30) days prior to the effective date of the Permitted Assignment. Tenant shall deliver to District a copy of the fully executed assignment or sublease, as applicable, within five (5) Business Days after the same has been executed by the parties thereto. Transferee shall deliver to District proof of insurance required under Article 12 obtained by Transferee no later than five (5) Business Days following the consummation of the Permitted Assignment.

10.2.2 *Permitted Change of Control*. (i) Any Transfer of the Equity Interests of Tenant to any Person who is an Affiliate of Tenant, Member, or UHS, or (ii) any direct or indirect (1) change of Control or (2) sale, assignment, conveyance, transfer, or change in the Equity Interests, of Member or the direct or indirect owners of Member (each, a "**Permitted Change of Control**") shall not require District's consent or approval. Tenant shall notify District in writing of the Permitted Change in Control together with documentation confirming that the proposed Change of Control is a Permitted Change of Control as soon as reasonably practicable, but in any event at least thirty (30) days prior to the effective date of the Permitted Change of Control.

10.3 Transfers Requiring District Consent.

10.3.1 *Consent*. Except for Permitted Transfers made in accordance with Section 10.2 and Space Leases made in accordance with Section 10.7 which do not require District's consent or approval, neither Tenant nor its Member may effectuate a Transfer without the prior written consent of District, with such consent shall be in District's sole and absolute discretion. Consent to any Transfer shall not be taken or construed to diminish or enlarge any of the rights or

obligations of either of the Parties under this Lease. Consent to one Transfer shall not be deemed consent to any other Transfer to which the provisions of this Article 10 shall apply.

10.3.2 Required Documentation. If Tenant or its Member desires to effect a Transfer that requires District consent in accordance with Section 10.3.1, as early as reasonably practicable, but in any event at least ninety (90) days prior to the proposed effective date of the proposed Transfer, Tenant shall provide to District the following in order for District to determine whether or not to consent to such Transfer:

(a) the name and address of the proposed Transferee and the names and addresses of the Persons that are Members of or Control the proposed Transferee;

(b) a copy of the final negotiated Transfer agreement(s), or, if not available, the terms and conditions of the proposed Transfer (including, without limitation, a letter of intent executed by the applicable parties);

(c) evidence of the proposed Transferee's ownership or management of similarly sized hospitals;

(d) evidence of whether the proposed Transferee is part of a large health care system;

(e) evidence of quality metrics associated with the proposed Transferee's existing operations;

(f) evidence of the nature of the business of the proposed Transferee, showing that as of the date of requesting District's consent to such Transfer, the proposed Transferee (i) is legally entitled (or has a reasonable expectation of becoming legally entitled) to operate the Leased Premises and (ii) is not a Prohibited Person;

(g) banking, financial, and other credit information, including, but not limited to, audited financial statements, to the extent available, relating to the proposed Transferee; and

(h) proof of insurance required under Article 12 obtained by the Transferee.

Within ninety (90) days after District's receipt of the applicable documentation set forth in this Section 10.3, District shall provide Tenant Notice as to whether District consents to any such proposed Transfer that requires District's consent in accordance with the terms of this Section 10.3.

10.3.3 Confidentiality of Documentation. In the event Tenant provides the District any documentation in accordance with Section 10.3.2 that is generally held in strict confidence by Tenant, its Members, or any other Person and is not of the kind that would customarily be released

to the general public by the applicable Person because the disclosure thereof would cause substantial harm to the competitive position of the such Person, the District agrees to maintain such documentation as confidential and shall not disclose such information to any Persons other than its employees and consultants on a need-to-know basis. Tenant shall clearly mark each page of any documents subject to the provisions of this Section 10.3.3 as "Confidential Information." Nothing contained herein shall limit or restrict the District from disclosing, to the extent required by Applicable Law, any documents to the United States Congress, the Council of the District of Columbia, the District of Columbia Inspector General, or the District of Columbia Auditor.

10.3.4 Third Party Change of Control of UHS. Notwithstanding anything to the contrary contained in this Section 10.3, if there is a Transfer of the Equity Interests of Member that constitutes a change of Control of Member which is not a Transfer to or among Member's or UHS' Affiliates (a "**Third Party Change of Control of UHS**"), Tenant shall notify the District as soon as reasonably practicable, but in any event at least ninety (90) days prior to the effective date of the Third Party Change of Control of UHS. Within ninety (90) days after District's receipt of such notice and the applicable documentation set forth in Section 10.3.2 from Tenant, District may elect to terminate this Lease by delivering Notice of such termination to Tenant within such ninety (90) day period (the "**Termination Notice**"). The failure of District to deliver to Tenant the Termination Notice within such 90-day period shall render District's termination right under this Section 10.3.4 null and void. Upon District's delivery of the Termination Notice, the termination of this Lease shall become effective upon the conclusion of the Handover Process in accordance with the terms of Section 3.3.1 of this Lease.

10.4 Written Agreement. Any assignment of this Lease or sublease of the entire Leased Premises shall be by written agreement consistent with all the terms and conditions of this Lease. In the event Tenant wishes to undertake a Transfer that is an assignment of this Lease or a sublease of the entire Leased Premises, any assignment and assumption agreement or sublease agreement executed in connection therewith must expressly provide that: (i) the Transfer is subject to all of the terms and conditions of this Lease; (ii) all rights of Transferee (other than such rights (e.g., indemnities) as may, by their terms, extend to periods subsequent to the expiration or earlier termination of this Lease) shall terminate no later than immediately upon the expiration or any earlier termination of this Lease, without any liability on the part of District to Tenant or to any Transferee for any obligations arising or accruing after such expiration or earlier termination; (iii) the Transferee shall assume all of the obligations of Tenant under this Lease which first accrue after the effective date of such Transfer; and (iv) in case of any conflict between any provisions of this Lease and any provisions of such agreement of Transfer, this Lease will control. A copy of this Lease must be attached to any such agreement of Transfer.

10.5 Liability Following Direct Assignment. In the event of a Transfer in accordance with this Article 10 that is a Direct Assignment which results in a substitution of a new entity as Tenant under this Lease, the transferring Tenant shall be released from all liabilities and obligations accruing after the date of such Direct Assignment, provided that the Transferee expressly assumes in writing all of Tenant's obligations hereunder first accruing from and after such Direct Assignment. Nothing in this Section 10.5 shall be construed to release the transferring

Tenant from any liability or obligation which accrued prior to the effective date of such Direct Assignment.

10.6 District Recognition. District shall not be obligated to recognize any right of any Person to an interest in the Leasehold Estate, Leased Premises, or to own or operate the Improvements or conduct any other activity or activities on the Leased Premises authorized under this Lease acquired in violation of the terms of this Lease.

10.7 Space Leases. Tenant shall have the right, without the prior consent of District, to enter into Space Leases, or renew, extend, modify, restate, terminate, or surrender any Space Lease. No Space Lease may permit the occupancy or operation by a third party of all, or substantially all, of the Leased Premises.

10.8 Prohibited Transactions. Notwithstanding any provision to the contrary, in no event shall any Transfer or Space Lease (a) be made to a Prohibited Person, (b) be for a term longer than the Lease Term, (c) permit a use other than the Permitted Uses, (d) permit a Prohibited Use, or (e) violate Applicable Law, or any term, covenant, condition, or provision of this Lease.

10.9 Hospital Operations Agreement. If, as of the effective date of any Transfer which is an assignment of this Lease or sublease of the entire Leased Premises, the Hospital Operations Agreement is in effect, then it shall be a condition to any such assignment of this Lease or sublease of the entire Leased Premises that the assignee or sublessee, as applicable, shall also simultaneously assume the Tenant's rights and obligations under the Hospital Operations Agreement.

ARTICLE 11 EXCULPATION AND INDEMNIFICATION

11.1. District Not Liable for Injury or Damage, Etc. From and after the Commencement Date for the first Component for which a Certificate of Substantial Completion is issued, the District Indemnified Parties shall not be liable to Tenant or any of its Affiliates for, and Tenant shall defend, indemnify, and hold the District Indemnified Parties harmless from and against, any loss, cost, liability, claim, damage, expense (including, without limitation, reasonable attorneys' fees and disbursements), penalty, or fine incurred in connection with or arising from any injury, whether physical (including, without limitation, death), economic, or otherwise to Tenant or to any other Person in, about or concerning the Leased Premises or any damage to, or loss (by theft or otherwise) of, any of Tenant's property or of the property of any other Person in, about, or concerning the Leased Premises, irrespective of the cause of injury, damage, or loss or any latent or patent defects in the Leased Premises, except to the extent (i) any of the foregoing is due to the gross negligence, fraud, or willful misconduct of any District Indemnified Party or (ii) as otherwise specified in this Lease.

11.2. District's Exculpation. Except for gross negligence, fraud, or willful misconduct, none of the District Indemnified Parties shall have any liability (personal or otherwise) hereunder, and no property or assets of the District Indemnified Parties shall be subject to enforcement

procedures for the satisfaction of Tenant's remedies hereunder or any other liability of the District Indemnified Parties arising from or in connection with this Lease or the Leased Premises. Any damages and claims against District shall be limited to the value of its interest in the Land and the Improvements.

11.3. Indemnification of District.

11.3.1 *Tenant's Acts.* Tenant shall defend, indemnify, and hold the District Indemnified Parties harmless from all loss, cost, liability, claim, damage, and expense (including, without limitation, reasonable attorneys' fees and disbursements), penalties, and fines, incurred in connection with claims by a Person against any District Indemnified Party arising from: (i) the use or occupancy or manner of use or occupancy of the Leased Premises by Tenant or any Person claiming through or under Tenant; (ii) any acts, omissions, or negligence of Tenant, or any Person claiming through or under Tenant, or of the contractors, agents, servants, employees, guests, invitees, or licensees of Tenant, or any Person claiming through or under such Person, in each case to the extent in, about, or concerning the Leased Premises during the Lease Term, including, without limitation, any acts, omissions, or negligence in the making or performing of any repairs, restoration, alterations, or improvements to the Leased Premises; (iii) any misrepresentation by Tenant in this Lease; (iv) any breach or other failure by Tenant to comply with the terms of this Lease; (v) any violations or alleged violations by Tenant of any Applicable Law; or (vi) any default or Event of Default (including, without limitation, any cure thereof by District), except to the extent any of the foregoing is caused by the gross negligence, fraud, or willful misconduct of any such District Indemnified Party.

11.3.2 *Environmental Damages.* Without limiting the generality of Section 11.3.1 above, Tenant hereby indemnifies and holds harmless the District Indemnified Parties from and against any and all Environmental Damages created, caused, or released by Tenant or any Tenant's Agent; provided, however, that Tenant shall not be required to indemnify District or any District Indemnified Party if and to the extent that such Environmental Damage was caused by the gross negligence, fraud, or willful misconduct of a District Indemnified Party. Without limiting the foregoing, if the presence or Release of any Hazardous Material on or from the Leased Premises caused or permitted by Tenant or Tenant's Agents results in any contamination of the Leased Premises or Environmental Damage, Tenant shall promptly take all actions at its sole cost and expense as are necessary to return the Leased Premises to the condition existing prior to the introduction of such Hazardous Material.

11.3.3 *Scope of Indemnification Obligations.* The obligations of Tenant under this Article 11 shall include, without limitation, the burden and expense of defending all claims, suits, and administrative proceedings (with qualified counsel) for matters which Tenant provides its indemnification under this Article 11, even if such claims, suits, or proceedings are groundless, false, or fraudulent, and conducting all negotiations of any description, and paying and discharging, when and as the same become due, any and all judgments, penalties, or other sums due against any of the District Indemnified Parties.

11.3.4 *No Effect by Insurance Coverage.* The obligations of Tenant under this Article 11 shall not be affected in any way by the absence or presence of insurance coverage (or any limitation thereon, including any statutory limitations with respect to workers' compensation insurance), or by the failure or refusal of any insurance carrier to perform an obligation on its part under insurance policies affecting the Leased Premises.

11.4. Defense of Claim.

11.4.1 *Tenant's Defense Obligations.* If any claim, action, or proceeding is made or brought against any District Indemnified Party by reason of any event to which reference is made in this Article 11 for indemnification by Tenant, then, unless District determines that such representation violates District policy or is legally prohibited, upon demand by District, Tenant shall either resist, defend, or satisfy such claim, action, or proceeding in the District Indemnified Party's name, by the attorneys for, or approved by, Tenant's insurance carrier (if such claim, action, or proceeding is covered by insurance) or such other attorneys as District shall approve, which approval shall not be unreasonably withheld, conditioned, or delayed. If Tenant elects to undertake such defense by its own counsel or representatives, Tenant shall give Notice of such election to District and the District Indemnified Party within ten (10) days after receiving Notice of the claim therefrom. The District Indemnified Party shall cooperate with Tenant in such defense at Tenant's expense and provide Tenant with all information and assistance reasonably necessary to permit Tenant to settle and/or defend any such claim. The foregoing notwithstanding, any District Indemnified Party may at its own expense engage its own attorneys to defend it, or to assist it in the defense of such claim, action, or proceeding, as the case may be.

11.4.2 *Failure by Tenant.* If Tenant fails or refuses to undertake such defense or fails to act within such period of ten (10) days, the District Indemnified Party may, but shall not be obligated to, after five (5) days' prior Notice to Tenant, undertake the sole defense thereof by counsel or other representatives designated by it, such defense to be at the expense of Tenant. The assumption of such sole defense by the District Indemnified Party shall in no way affect the indemnification obligations of Tenant.

11.5. Notification and Payment. District shall promptly notify Tenant of the imposition of, inurrence by, or assertion against a District Indemnified Party of any cost or expense as to which Tenant has agreed to indemnify such District Indemnified Party pursuant to the provisions of this Article 11. Tenant agrees to pay such District Indemnified Party all amounts due from Tenant under this Article 11 within sixty (60) days after receipt of the Notice therefrom. Any delay by District in sending such Notice does not relieve Tenant of the indemnification obligations set forth in this Article 11, except to the extent that defense of the claim is materially prejudiced as a result of such delay.

11.6. Survival. The provisions of this Article 11 shall survive the expiration or termination of the Lease Term.

ARTICLE 12 INSURANCE AND CASUALTY

12.1. Insurance Requirements. Tenant will, at its sole cost and expense, keep and maintain or cause to be kept and maintained during the Lease Term the insurance required under Exhibit B. Certificates of insurance evidencing the issuance of all insurance required by Exhibit B, describing the coverage and providing for at least ten (10) days' prior Notice to District by the insurance company of cancellation or termination, shall be delivered by Tenant to District prior to the Commencement Date for the first Component for which a Certificate of Substantial Completion is issued and from time to time thereafter within a reasonable period of time after District's reasonable request therefor. The certificates of insurance shall be issued by or on behalf of the insurance company and shall bear the original signature of an officer or duly authorized agent having the authority to issue the certificate. The insurance company issuing the insurance also shall deliver to District, together with the certificates, proof reasonably satisfactory to District that the premiums for each policy are not then overdue. In addition, Tenant shall deliver to District an entire duplicate original or a copy (certified by Tenant to be true, complete and correct) of each issued policy within a reasonable period of time after District's request therefor.

12.2. District Right to Obtain Insurance. In the event that Tenant fails to provide District, as landlord, with written evidence that Tenant has obtained all insurance coverage required by this Lease, District may, following at least ten (10) days' advance Notice to Tenant of its intention to do so, procure any such insurance for such periods as District shall elect not exceeding twelve (12) months, and Tenant shall, on demand, reimburse District for all outlays for such insurance with interest thereon at an annual rate equal to the Default Rate from the date District advances such premiums until repaid all sums due under this Section 12.2.

12.3. No Invalidation of Insurance. Tenant shall at no time whatsoever do or permit to be done any act or thing in, to, or about the Leased Premises or otherwise which would or could have the effect of invalidating, in whole or in part, or reducing the scope or amount of coverage provided by any of the insurance maintained pursuant to this Article 12. Tenant shall not permit any buildings, other structures, or improvements at any time to be put, kept, or maintained on the Leased Premises in such condition that the same cannot be insured as required pursuant to this Article 12.

12.4. Space Leases. All Space Leases pertaining to any part of the Leased Premises shall require either Tenant or the counterparty thereto to carry liability insurance in such amounts as required under Exhibit B naming Tenant and District as additional insureds.

12.5. Disclosure of Information. Tenant agrees that District may disclose the name and contact information of its insurers to any third party which presents a claim against District for any damages or claims resulting from or arising out of this Lease.

12.6. Casualty.

12.6.1 *Notice to District.* If the Leased Premises are damaged or destroyed in whole or in any material part by fire or other casualty, Tenant shall notify District of the same and of the estimated amount of such casualty loss, as soon as reasonably possible after Tenant's discovery of the damage.

12.6.2 *Obligation to Restore.* If all or any portion of the Leased Premises are damaged or destroyed by fire or other casualty, ordinary or extraordinary, foreseen or unforeseen, Tenant shall restore the Improvements to the condition thereof as existed immediately before such casualty (a "**Casualty Restoration**").

12.6.3 *Disposition of Insurance Proceeds.* All insurance proceeds received as a result of a casualty loss shall be paid to Tenant and shall be applied to a Casualty Restoration to the extent required to effect such Casualty Restoration. If as of the date of any fire or other casualty there is a Leasehold Mortgage, the proceeds of fire or casualty insurance may be made payable to such Leasehold Mortgagee; provided that, such Leasehold Mortgagee shall be obligated to hold such insurance proceeds separate and apart from its own funds and apply the same to the Casualty Restoration. The proceeds shall be paid out from time to time to Tenant as such work progresses, upon the written request of Tenant. Any excess insurance proceeds remaining after the completion of the Casualty Restoration shall be paid over to Tenant.

12.6.4 *Commencement of Construction Work.* Tenant shall apply for building permits no later than thirty (30) days following receipt of the insurance proceeds and shall commence the construction work in connection with a Casualty Restoration within thirty (30) days after receipt of the building permits. Tenant shall diligently pursue the completion of the Casualty Restoration.

12.6.5 *Effect of Casualty on Lease.* This Lease shall not terminate, be forfeited, or be affected in any manner, by reason of damage to, or total or partial destruction of, or untenantability of, the Leased Premises or any part thereof resulting from such damage or destruction, and District's and Tenant's obligations hereunder shall continue as though the Leased Premises had not been damaged or destroyed and shall continue without abatement, suspension, diminution, or reduction whatsoever; provided, however, that if Tenant has exercised the Purchase Option or Modified Lease Option, and there is no Event of Default under this Lease, Base Rent shall equitably abate during the time period when Tenant is unable to use any portion of the Leased Premises during the Casualty Restoration. Notwithstanding the foregoing, if any casualty shall occur within the last eighteen (18) months of the Lease Term, and the cost of the Casualty Restoration shall exceed ninety percent (90%) of the replacement cost of the total Improvements, and Tenant so certifies to District in writing within thirty (30) days after such casualty (including evidence of cost estimates and value to support the certification), then Tenant shall have the right to terminate this Lease, and neither Party shall have any further rights or obligations hereunder, except to the extent the same survive the expiration or earlier termination of this Lease. As a condition of Tenant's termination, Tenant shall either (i)(a) assign to District any rights Tenant

may have in and to any casualty insurance proceeds payable with respect to such damage or destruction and (b) pay to District any such proceeds theretofore collected by it, or (ii) if requested by District by Notice given to Tenant within ten (10) days after the date of Tenant's termination Notice (a) demolish any remaining Improvements, (b) remove from the Land all debris resulting from such damage, destruction, or demolition, (c) assign to District any rights Tenant may have in and to any casualty insurance proceeds payable with respect to such damage or destruction in excess of the reasonable cost of such demolition of remaining Improvements and such removal of debris, and (d) pay to District any such proceeds theretofore collected by it, after deducting therefrom the reasonable cost of such demolition of remaining Improvements, removal of debris, and such collection. Upon termination of the Lease as provided above, Rent and other charges under this Lease shall be apportioned and paid to the date of such termination.

ARTICLE 13 LEASEHOLD MORTGAGES

13.1. Leasehold Mortgages Permitted. Tenant shall not engage in any financing or other transaction creating a mortgage or other lien or financial encumbrance upon the Leasehold Estate or suffer any lien or financial encumbrance to be made on or attached to the Leasehold Estate, whether by express agreement or by operation of law, except that Tenant may encumber the Leasehold Estate with one or more Leasehold Mortgages.

13.2. Leasehold Mortgage Proceeds. The proceeds of any Leasehold Mortgage shall not be used to fund (a) distributions to Tenant or its Affiliates or (b) acquisition, development, construction, operation or any other costs related to any real property, personal property, or business operation other than for capital improvements of the Hospital or the Parking Facility.

13.3. Leasehold Mortgage Submissions.

13.3.1 *Notice to District.* In the event that Tenant wishes to obtain a Leasehold Mortgage, Tenant shall provide to District the following information and documents for District's review at least thirty (30) days prior to the effective date of the proposed Leasehold Mortgage:

(a) the name and address of the proposed Leasehold Mortgagee and information reasonably sufficient to enable District to determine whether the proposed Leasehold Mortgagee is an Institutional Lender/Investor;

(b) a certificate of an authorized officer, managing general partner, managing member, trustee, or other authorized Person, whichever shall be applicable, of the proposed Leasehold Mortgagee stating whether the proposed Leasehold Mortgagee is a Prohibited Person;

(c) the proposed loan documents evidencing the Leasehold Mortgage;
and

(d) any appraisal or other analysis provided to or obtained by the proposed Leasehold Mortgagee regarding the value of Tenant's interest in the Leasehold Estate, if available to Tenant.

13.3.2 *Tenant's Submissions Following Closing on Leasehold Mortgage.* Tenant shall deliver to District a copy of the instrument evidencing the Leasehold Mortgage promptly following the execution, delivery, and (if applicable) recordation thereof, together with a certification by Tenant confirming that the copy is true is a true copy of such instrument. In addition, Tenant shall deliver to District a certification from the Leasehold Mortgagee (a) confirming the address of such Leasehold Mortgagee for notices and (b) acknowledging that its Leasehold Mortgage is subject to the terms, conditions, and provisions of this Lease and shall be a claim and lien only upon the Leasehold Estate and shall not constitute a lien upon District's fee simple estate.

13.3.3 *Leasehold Mortgage Considered Permitted Mortgage.* Upon District's receipt of the submissions required under Section 13.3.1 and Section 13.3.2, the Leasehold Mortgage that is the subject of such submissions shall be considered a Permitted Mortgage under this Lease.

13.3.4 *Assignment by Permitted Mortgagee.* District shall not be bound to recognize an assignment of a Permitted Mortgage unless and until District shall be given Notice thereof, a copy of the executed assignment, and the name and address of the assignee. Thereafter, such assignee shall be deemed to be the Permitted Mortgagee hereunder with respect to the Permitted Mortgage being assigned.

13.4. Effect of Permitted Mortgages.

13.4.1 *No Greater Rights.* The execution and delivery of a Permitted Mortgage shall not give or be deemed to give a Permitted Mortgagee any greater rights against District than those granted to Tenant hereunder.

13.4.2 *Subordination.* The lien of all Permitted Mortgages, and any other encumbrances on the Leasehold Estate, whether permitted or not permitted pursuant to the terms of this Lease, shall be subject to this Lease and subordinate to the District's fee simple title.

13.4.3 *Conflict Between Terms.* As between District and Tenant, the terms and conditions of this Lease shall govern in the event of a conflict between the terms hereof and the terms and conditions of any Permitted Mortgage or any instrument relating to the loan received thereby (or any other transaction), except as may otherwise be expressly agreed to in writing by District and Tenant.

13.5. Restrictions on Use of Proceeds of Permitted Mortgage. Except as otherwise consented to by District, which consent shall not be unreasonably withheld, conditioned or delayed, or as payment or reimbursement of construction and development costs associated with

the Improvements, Tenant shall not pay, disburse, or distribute any proceeds of a Permitted Mortgage to itself or any Affiliate or Member of Tenant.

ARTICLE 14 EMINENT DOMAIN

14.1. Total Condemnation. If the Leased Premises or substantially all of the Leased Premises shall be taken by eminent domain by any competent Governmental Authority, this Lease shall terminate upon the date that title to the Leased Premises is vested in the condemning authority. The condemnation award shall be apportioned as set forth in Section 14.4.

14.2. Partial Condemnation. If less than all of the Leased Premises shall be taken by eminent domain by any competent Governmental Authority, and District and Tenant mutually determine that the remainder is unsuitable for use by Tenant for Tenant's uses and purposes, or, mutually determine that the remaining Lease Term is so limited to render restoration or repair of the remainder uneconomical or unfeasible, then this Lease shall terminate as of the date that title to the Leased Premises is vested in the condemning authority. If less than all of the Leased Premises shall be taken by eminent domain by any competent Governmental Authority, and District and Tenant mutually determine that the remainder is suitable for use by Tenant for Tenant's uses and purposes, then this Lease shall remain in full force and effect as to that portion of the Leased Premises not taken. In both instances, the condemnation award shall be apportioned as set forth in Section 14.4. If Tenant has exercised the Purchase Option or Modified Lease Option, Base Rent shall be equitably adjusted for the remainder of the Lease Term to reflect the portion of the Leased Premises that was taken.

14.3. Temporary Taking. If all, substantially all, or a portion of the Leased Premises is taken by eminent domain by any competent Governmental Authority, which taking does not extend beyond the Lease Term so that District's interest is unaffected thereby, then the Lease Term shall not be reduced or affected in any way. Except only to the extent that Tenant's ability to use and operate the Leased Premises is prevented (either legally or as a practical matter) from so doing pursuant to the terms of the order of the condemning authority or court, Tenant shall continue to perform its obligations under this Lease and observe all of the other covenants, agreements, terms, and provisions of this Lease, and for so long as the Hospital Operations Agreement is in effect, the Hospital Operations Agreement, as though such taking had not occurred. Notwithstanding Section 14.4, in the event of any such taking, Tenant shall be entitled to receive the entire amount of any condemnation award made for such taking; provided, however, if the period of temporary use or occupancy shall extend beyond the Expiration Date, the condemnation award shall be prorated between District and Tenant as of such date of expiration pursuant to Section 14.4.

14.4. Allocation of Award. In the event of any taking by eminent domain of any interest in the Leased Premises, then the court in such condemnation proceedings shall be requested, if not prohibited by Applicable Law, to make separate awards to District and Tenant, so that: (i) District receives the award for its fee simple interest in and to the Leased Premises and District's interest in this Lease (including, without limitation, the amounts payable by Tenant hereunder), subject to

the Leasehold Estate and (ii) Tenant receives the award for the Leasehold Estate (subject to the reversionary interest of District upon expiration of the Lease Term) and the ownership of its Improvements in the event the Purchase Option is exercised. To the extent permitted by Applicable Law, this Section 14.4 shall be construed as superseding any statutory provisions now in force or hereafter enacted concerning condemnation proceedings. If such court is prohibited by Applicable Law from making separate awards to District and Tenant, or declines to do so, then the award in such condemnation proceedings shall be divided between District and Tenant so that each receives the amount it would have received if separate awards had been made.

14.5. Tenant's Restoration. Notwithstanding the terms of Section 14.4, if any of the Improvements are affected by a taking by eminent domain, and if this Lease is not terminated as a result thereof, any condemnation proceeds received by or otherwise awarded with respect to the Improvements shall initially be the property of Tenant so that Tenant can repair and restore such affected Improvements to a functional unit to the extent physically practical under the circumstances utilizing such proceeds. Tenant shall deposit such proceeds into a fund that will be managed by an escrow agent mutually selected by the Parties. The Parties shall enter into an escrow agreement with the escrow agent which will provide that Tenant is entitled to receive disbursements of the condemnation proceeds as work is performed by Tenant as provided in this Lease. Tenant shall apply for building permits for the repair and/or restoration work no later than thirty (30) days following receipt of the condemnation proceeds. Tenant shall commence the repair and/or restoration work within six (6) months after the later of (i) the date of judgment, decree, or other vesting event and Tenant's receipt of the applicable condemnation proceeds or the date Tenant would have received the proceeds had it made timely application for the same from the court registry and (ii) Tenant's receipt of all required permits and approvals for such work. To the extent Tenant fails to repair or restore the Improvements as provided herein or there are funds remaining in the escrow account after Tenant completes the applicable repairs or restoration, such funds shall become the property of District and may be used by District in its sole discretion.

ARTICLE 15 GENERAL PROVISIONS

15.1. Entire Agreement. This Lease represents the entire agreement among the Parties with respect to the matters set forth herein and supersedes all prior negotiations, representations, or agreements, either written or oral, pertaining to the subject matter of this Lease.

15.2. Amendments. None of the terms or provisions of this Lease may be changed, waived, modified, or removed except by an instrument in writing executed by the Party or Parties against which enforcement of the change, waiver, modification, or removal is asserted.

15.3. Severability. If any provision of this Lease is held to be illegal, invalid, or unenforceable under present or future Applicable Law, such provision shall be fully severable, this Lease shall be construed and enforced as if such illegal, invalid, or unenforceable provision had never comprised a part of this Lease, and the remaining provisions of this Lease shall remain in full force and effect and shall not be affected by the illegal, invalid, or unenforceable provision or

by its severance from this Lease, unless this construction would constitute a substantial deviation from the general intent of the Parties as reflected in this Lease. Furthermore, there shall be added automatically as a part of this Lease a provision as similar in terms to such illegal, invalid, or unenforceable provision as may be possible that is legal, valid, and enforceable

15.4. Counterparts. This Lease may be executed in any number of counterparts, each of which shall be an original but all of which shall together constitute one and the same instrument. Execution and delivery of this Lease by facsimile or e-mail .pdf shall be sufficient for all purposes and shall be binding on any Person who so executes.

15.5. Incorporation of Exhibits; Recitals. All Exhibits referenced in this Lease are incorporated by this reference as if fully set forth in this Lease. In the event of any conflict between the Exhibits and this Lease, this Lease shall control. The Recitals of this Lease are hereby incorporated herein by this reference and made a substantive part of the agreements herein between the Parties.

15.6. No Implied Waivers. No waiver by a Party of any term, obligation, condition, or provision of this Lease shall be deemed to have been made, whether due to any course of conduct, continuance or repetition of non-compliance, or otherwise, unless such waiver is expressed in writing and signed and delivered by the Party granting the waiver. No express waiver shall affect any term, obligation, condition, or provision other than the one specified in such waiver and that one only for the time and in the manner specifically stated. Without limiting District's rights under any other provision in this Lease, it is agreed that no receipt of moneys by District from Tenant after the expiration of the Lease Term or termination of this Lease shall reinstate, continue, or extend the Lease Term or the Lease, or affect any Notice given to Tenant prior to the receipt of such moneys.

15.7. Successors and Assigns. This Lease shall be binding upon and shall inure to the benefit of, the successors and assigns of District and Tenant, and where the term "Tenant" or "District" is used in this Lease, it shall mean and include their respective authorized successors and assigns.

15.8. Interpretations. Wherever herein the singular number is used, the same shall include the plural, and the masculine gender shall include the feminine and neuter genders, and vice versa, as the context shall require. The section headings used herein are for reference and convenience only and shall not enter into the interpretation hereof. References herein to sections and exhibits refer to the referenced sections or exhibits hereof unless otherwise specified. The words "herein," "hereof," "hereunder," "hereby," "this Lease," and other similar references shall be construed to mean and include this Lease and all exhibits hereto and all amendments to any of them unless the context shall clearly indicate or require otherwise. Any reference in this Lease to any person includes its successors and assigns (as otherwise permitted under this Lease) and, in the case of any Governmental Authority, any person succeeding to its functions and authority. Any reference to a document or agreement, including this Lease, includes a reference to that document or agreement as novated, amended, supplemented, or restated from time to time. References to

any exhibits shall be construed to mean references to such exhibits as revised from time to time. The terms "include" and "including" shall be construed at all times as being followed by the words "without limitation" or "but not limited to" unless the context specifically indicates otherwise.

15.9. Time of Performance. All dates for performance (including cure) in this Lease shall expire at 11:59 p.m. (Eastern Time) on the performance or cure date. A performance date which falls on a Saturday, Sunday, District of Columbia government holiday, or day in which the District of Columbia government is officially closed for business is automatically extended to the next Business Day.

15.10. Notices.

15.10.1 To District. Any notices given under this Lease shall be in writing and delivered (i) by U.S. Certified Mail (return receipt requested, postage pre-paid), (ii) by hand, (iii) by reputable private overnight commercial courier service, or (iv) such other means as the Parties may agree in writing, to District at the following addresses:

District of Columbia
Department of General Services
2000 14th Street, N.W., 8th Floor
Washington, D.C. 20009
Attn: Director

With a copy to:

District of Columbia
Department of General Services
2000 14th Street, N.W., 8th Floor
Washington, D.C. 20009
Attn: General Counsel

District of Columbia
Department of Health Care Finance
441 4th Street, NW, Suite 900S
Washington, D.C. 20001
Attn: Director

District of Columbia
Department of Health Care Finance
441 4th Street, NW, Suite 900S
Washington, D.C. 20001
Attn: General Counsel

15.10.2 To Tenant. Any notices given under this Lease shall be in writing and delivered (i) by U.S. Certified Mail (return receipt requested, postage pre-paid), (ii) by hand, (iii) by reputable private overnight commercial courier service, or (iv) such other means as the Parties may agree in writing, to Tenant at the following addresses:

UHS East End Sub, LLC
c/o Universal Health Services, Inc.
367 South Gulph Road
King of Prussia, PA 19406
Attn: General Counsel – Matthew Klein

Notices served upon Tenant or District in the manner aforesaid (each, a “Notice”) shall be deemed to have been received for all purposes hereunder at the time such Notice shall have been: (i) if hand delivered to a Party against receipted copy, when the copy of the Notice is receipted or refused; (ii) if given by overnight courier service, on the next Business Day after the Notice is deposited with the overnight courier service; or (iii) if given by certified mail, return receipt requested, postage pre-paid, on the date of actual delivery or refusal thereof. If Notice is tendered under the terms of this Lease and is refused by the intended recipient of the Notice, the Notice shall nonetheless be considered to have been received and shall be effective as of the date provided in this Lease. The Parties agree that counsel to any of them may provide Notice to the other Parties under this Lease.

15.11. Memorandum of Lease. District or Tenant, at the written request of the other, will promptly execute and deliver to Tenant, a Memorandum of Lease, duly acknowledged and in recordable form, setting forth a description of the Leased Premises, the Lease Term, and any other provisions hereof as either of the Parties may reasonably request. The Memorandum of Lease may be recorded by either District or Tenant. Tenant shall pay all costs and expenses (including documentary and/or other transfer taxes, if any) associated with the recording the Memorandum of Lease.

15.12. Third Party Beneficiaries. Except as otherwise expressly provided herein relating to indemnification, nothing in this Lease shall create a contractual relationship with or a cause of action in favor of a third party against any Party and no third party shall be deemed a third party beneficiary of this Lease or any provision hereof.

15.13. Waiver of Jury Trial. TO THE EXTENT PERMITTED BY LAW, ALL PARTIES HERETO WAIVE THE RIGHT TO TRIAL BY JURY IN CONNECTION WITH ANY LITIGATION ARISING IN RESPECT OF THIS LEASE OR THE TRANSACTIONS CONTEMPLATED HEREBY.

15.14. Anti-Deficiency Limitations.

15.14.1 *Tenant Acknowledgment.* Though no financial obligations on the part of District are anticipated, Tenant acknowledges that District is not authorized to make any obligation in advance or in the absence of lawfully available appropriations and that District's authority to make such obligations is and shall remain subject to the provisions of (i) the federal Antideficiency Act, 31 U.S.C. §§ 1341, 1342, 1349, 1350, 1351; (ii) D.C. Official Code § 47-105; (iii) the District of Columbia Anti-Deficiency Act, D.C. Official Code §§ 47-355.01 – 355.08, as the foregoing statutes may be amended from time to time; and (iv) Section 446 of the District of Columbia Home Rule Act.

15.14.2 *Unauthorized Actions by District.* Tenant acknowledges and agrees that any unauthorized action by District is void.

15.15. No Joint Venture. District and Tenant are independent parties under this Lease, and nothing in this Lease shall be deemed or construed for any purpose to establish between them, or any third party, a relationship of principal and agent, employment, partnership, or joint venture. The Parties shall have no joint and several liability.

15.16. Litigation. Tenant shall furnish to District Notice of each action, suit, or proceeding before any court or other governmental body or any arbitrator that allege a loss or injury on or concerning the Leased Premises or that could affect (i) Tenant's ability to fulfill its obligations under this Lease or (ii) the condition or operation (financial or other) of Tenant or the Leased Premises, in each case no later than the tenth (10th) Business Day after the service of process with respect to such suit or proceeding or Tenant's otherwise obtaining knowledge thereof.

15.17. Procurement of Materials and Supplies. To the maximum extent feasible, Tenant will arrange to purchase or take delivery of construction materials and operating supplies in the District of Columbia, such that if sales tax is payable on such transactions the sales tax will be payable to the District of Columbia.

15.18. Rule Against Perpetuities. If any provision of this Lease shall be interpreted to constitute a violation of the Rule Against Perpetuities as statutorily enacted in the District of Columbia, such provision shall be deemed to remain in effect only until the death of the last survivor of the now living descendants of any member of the 116th Congress of the United States, plus twenty one (21) years thereafter.

15.19. Estoppel Certificates. Tenant agrees at any time and from time to time upon not less than thirty (30) days' prior written request by District, to execute, acknowledge and deliver to District, and District agrees from time to time in connection with the encumbrance of the Leased Premises with a Leasehold Mortgage or a Transfer permitted hereunder, upon not less than thirty (30) days' prior written request by Tenant, to execute, acknowledge and deliver to Tenant, a statement in writing, certifying that (a) this Lease is in full force and effect; (b) this Lease has not been modified or amended (or if it has, identifying the modifications and amendments); (c) to such Party's knowledge, the Party requesting the certificate is not then in default under this Lease; (d)

to such Party's knowledge, the Party requesting the certificate has fully performed all of its respective obligations hereunder (or, if it has not, identifying such failures to perform); and (e) such other factual statements as such requesting Party may reasonably request.

15.20. Joint Preparation. District and Tenant each acknowledge that it has thoroughly read and reviewed this Lease, including all exhibits and attachments thereto, and has sought and received whatever competent advice and counsel as was necessary for it to form a full and complete understanding of all rights and obligations herein. The language of this Lease has been agreed to by the Parties to express their mutual intent and no rule of strict construction shall be applied against any Party hereto.

15.21. Time of the Essence; Standard of Performance. Time is of the essence with respect to all matters set forth in this Lease. For all deadlines set forth in this Lease, the standard of performance of the Party required to meet such deadlines shall be strict adherence and not reasonable adherence.

15.22. Further Assurances. Each Party agrees to execute and deliver to the other Party such additional documents and instruments as the other Party reasonably may request in order to fully carry out the purposes and intent of this Lease, provided that the Party receiving the request will not incur any out-of-pocket expense or liability with respect to such additional documents or instruments.

15.23. Law Applicable; Forum for Disputes. This Lease shall be governed by, interpreted under, construed, and enforced in accordance with the laws of the District of Columbia, without reference to the conflicts of laws provisions thereof. District and Tenant agree that any suit, action, or proceeding arising out of this Lease, or any transaction contemplated hereby, shall be brought exclusively in (a) the courts of the District of Columbia and (b) the United States District Court for the District of Columbia. District and Tenant irrevocably and unconditionally waive any objection to the laying of venue of any action, suit, or proceeding arising out of this Lease or the transactions contemplated hereby in the courts named in (a) and (b) above, and hereby further waive and agree not to plead or claim in any such court that any such action, suit, or proceeding brought in any such court has been brought in an inconvenient forum.

15.24. Conflict of Interests; Representatives Not Individually Liable. No official or employee of District shall participate in any decision relating to this Lease which affects his or her personal interests or the interests of any District of Columbia agency, partnership, or association in which he or she is, directly or indirectly, interested. No official or employee of District shall be personally liable to Tenant or any successor-in-interest in the event of any default or breach by District or for any amount which may become due to Tenant or such successor-in-interest or on any obligations hereunder. No Member, employee, officer, director, or manager of Tenant shall be personally liable to District or any successor-in-interest in the event of any default or breach by Tenant or for any amount which may become due to District or such successor-in-interest or on any obligations hereunder.

15.25. Landlord's Lien. District does hereby subordinate any and all lien rights which District may now have under this Lease or hereinafter acquire in accordance with any Applicable Law (including, without limitation, D.C. Official Code § 42-3213) in Tenant's Personal Property which may be located in the Leased Premises (including, without limitation, all accounts receivable of Tenant), to all lien rights and security interests which may be held by any seller, lessor, or lending institution which (i) provides financing to Tenant secured by any of such items or (ii) provides such items or the funds to purchase or lease the same. This subordination provision is hereby declared by District and Tenant to be self-operative and no further instrument shall be required to effect such subordination of District's lien rights; provided, however, that District shall promptly execute any and all documentation which may be reasonably requested by Tenant to confirm the subordination of District's lien rights in relation to said items.

[Signature Page Follows]

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

DISTRICT OF COLUMBIA, a municipal corporation

By: 

Name: Muriel Bowser

Title: Mayor

UHS EAST END SUB, LLC, a District of Columbia limited liability company

By: 

Name: Marc Miller

Title: President

Exhibit A

Legal Description of Land


DESCRIPTION OF
PROPOSED A & T LOT A
FOR
ST. ELIZABETH EAST CAMPUS
SUBDIVISION LOT 2, SQUARE S-5868
DISTRICT OF COLUMBIA
November 30, 2018

Being part of Subdivision Lot 2 in Square S-5868 as shown on a Plat of Subdivision recorded April 27, 2012 in Subdivision Book 206 at Page 95 and part of Assessment and Taxation (A&T) Lot 830 as shown on Assessment and Taxation Plat 3862-S, both on file among the Records of the Office of the Surveyor of the District of Columbia, and being more particularly described as follows:

Commencing at a point on the easterly line of Martin Luther King, Jr. Avenue, S.E. (variable width); said point also being the northwesterly corner of said Lot 2; thence running with said easterly line of Martin Luther King, Jr. Avenue, S.E., South 3° 22' 15" East, 154.56 feet; thence South 01° 16' 40" West, 337.44 feet to the Point of Beginning of proposed Lot A; said point being the northwest corner of said A&T Lot 830; thence running in, through, over and across said Lot 2 the following five (5) courses and distances and with the outline of said A&T Lot 830

1. South 88° 50' 45" East, 592.89 feet to a point; thence for a new line of division running through A&T Lot 830
2. North 88° 34' 35" East, 211.57 feet to a point on the outline of said A&T Lot 830; thence continuing to run with the outline of said A&T Lot 830 the following four (4) courses and distances
3. South 20° 37' 33" East, 317.66 feet to a point; thence
4. South 02° 00' 52" West, 205.56 feet to a point; thence
5. North 88° 39' 21" West, 920.08 feet to a point on said easterly line of Martin Luther King, Jr. Avenue, S.E.; thence running with said easterly line
6. North 1° 16' 40" East, 487.96 feet to the Point of Beginning.

Containing a computed area of 436.048 square feet or 10.01028 acres of land, more or less.


William L. Gilbert
Licensed Land Surveyor
District of Columbia License No. 905059
For AMT, LLC



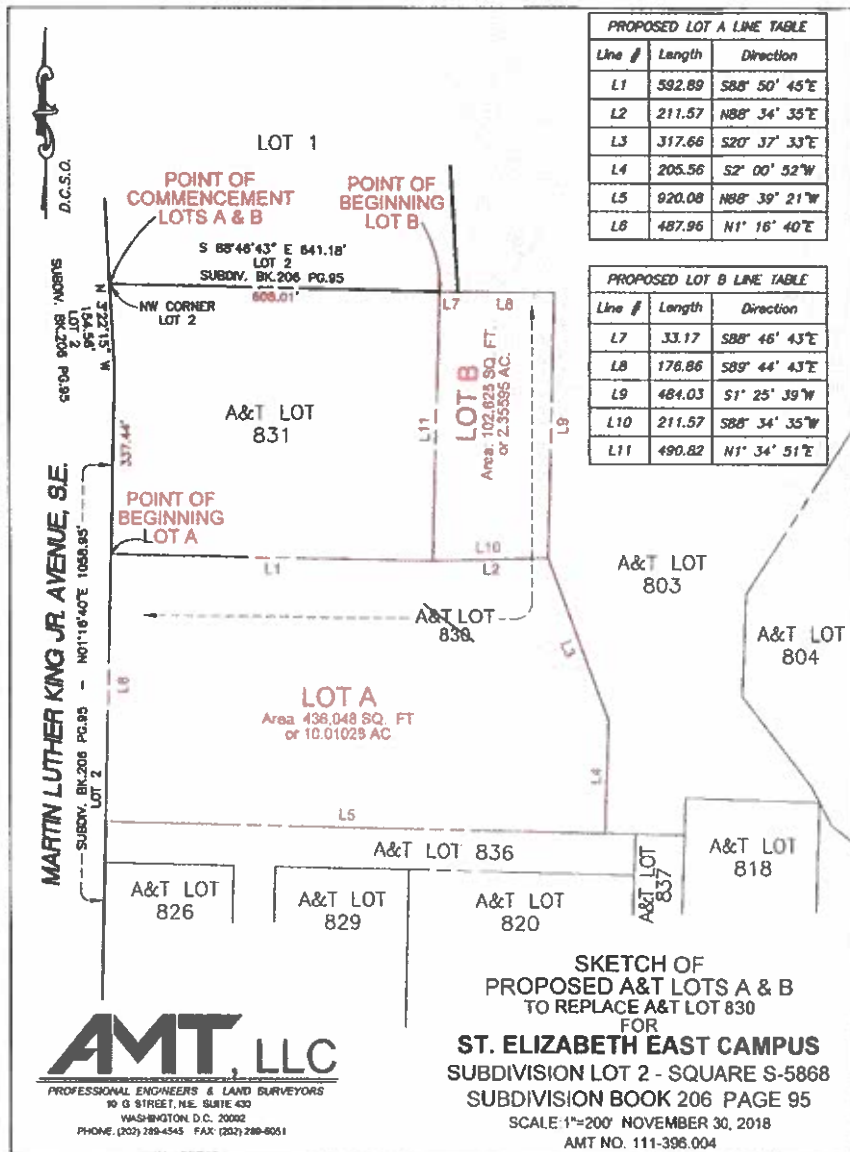


Exhibit B

Minimum Insurance Requirements

I. **GENERAL REQUIREMENTS.** Tenant will, at its sole expense, keep and maintain or cause to be kept and maintained during the Lease Term the types of insurance specified below. The Tenant shall have its insurance company(ies) submit original Certificates of Insurance and a copy of the Declarations and Endorsement Page(s) giving evidence of the required coverage prior to occupying the Leased Premises. All insurance shall be written with financially responsible companies authorized to do business in the District of Columbia with an A.M. Best Company rating of A- / VII or higher. All required policies shall contain a waiver of subrogation provision in favor of the Government of the District of Columbia ("District").

a. District shall be included in all policies required hereunder to be maintained by the Tenant as an additional insured for claims against the District relating to this Lease, with the understanding that any affirmative obligation imposed upon the insured Tenant (including without limitation the liability to pay premiums) shall be the sole obligation of the Tenant, and not the additional insured. All of the Tenant's liability policies shall be endorsed using ISO form CG 20 01 04 13 or its equivalent so as to indicate that such policies provide primary coverage (without any right of contribution by any other insurance, reinsurance or self-insurance, including any deductible or retention, maintained by an Additional Insured) for all claims against the additional insured arising out of this Lease. These policies shall include a separation of insureds clause applicable to the additional insured.

b. If the Tenant maintains broader coverage and/or higher limits than the minimum requirements set forth herein, the District requires and shall be entitled to the broader coverage and/or the higher limits maintained by the Tenant. Any available insurance proceeds in excess of the specified minimum limits of insurance and coverage shall be available to the District.

c. Tenant shall procure and maintain for the duration of the Lease insurance against claims for injuries to persons or damages to property which may arise from or in connection with the Tenant's operation and use of the Leased Premises. The cost of such insurance shall be borne by the Tenant.

d. **Commercial General Liability Insurance.** Tenant shall procure and maintain, and shall require its tenants under Space Leases to procure and maintain, during the entire occupancy of the Leased Premises, commercial general liability insurance coverage with limits of liability of not less than \$1,000,000 each occurrence, a \$2,000,000 general aggregate limit, a \$1,000,000 personal and advertising injury limit, \$1,000,000 Tenants Legal Liability, and a \$2,000,000 products-completed operations aggregate limit.

e. **Environmental Liability/Pollution Liability Insurance.** The Tenant shall provide satisfactory evidence of environmental liability insurance covering losses caused by

pollution or other hazardous conditions arising from ongoing or completed operations of the Tenant. Such insurance shall apply to bodily injury, property damage (including loss of use of damaged property or of property that has been physically injured), clean-up costs, transit and non-owned disposal sites. Coverage shall extend to defense costs and expenses incurred in the investigation, civil fines, penalties and damages or settlements. There shall be neither an exclusion nor a sublimit for mold or fungus-related claims. The minimum limits required under this paragraph shall be equal to the greater of (i) the limits set forth in the Tenant's pollution liability policy or (ii) \$3,000,000 per occurrence and \$5,000,000 in the annual aggregate. If such coverage is written on a claims-made basis, the Tenant warrants that any retroactive date applicable to coverages under the policy precedes the Tenant's performance of any work under the Contract and that continuous completed operations coverage will be maintained for at least ten (10) years or an extended reporting period shall be purchased for no less than ten (10) years after completion.

The Tenant also must furnish certificates of insurance evidencing environmental liability insurance maintained by third party transportation and disposal site operators(s) used by the Tenant for losses arising from facility(ies) accepting, storing or disposing hazardous materials or other waste as a result of the Tenant's operations. Such coverages must be maintained at \$2,000,000 per occurrence and \$5,000,000 in the annual aggregate.

f. Umbrella/Excess Insurance. Tenant shall procure and maintain during the entire occupancy of the Leased Premises umbrella/excess insurance policies with total limits of liability of not less than \$25,000,000 per occurrence and \$25,000,000 in the annual aggregate, following the form and in excess of the applicable general liability policy. The general liability policy must be scheduled under the umbrella and/or excess policy. The insurance required under this paragraph shall be written in a form that annually reinstates all required limits. Coverage shall be primary to any insurance, self-insurance or reinsurance maintained by the District and the "other insurance" provision must be amended in accordance with this requirement and principles of vertical exhaustion.

g. Property Insurance. Tenant shall carry all risk property insurance written on a replacement cost value covering 100% of the replacement cost of all of the Improvements: Loss to the undamaged portion of the Improvements (Coverage A), the cost of demolishing the undamaged portion of the Improvements (Coverage B), the increased cost of reconstruction or repairs to comply with current ordinances or laws (Coverage C) and the Business Interruption loss during the additional time required for making the changes to the Improvements in coverages A, B and C (Coverage D).

Such policy shall include business income covering loss of rental income in amount sufficient to cover the greater of the estimated period of reconstruction plus a 90 day extended period of indemnity or three (3) years.

h. Indexing of limits; documenting initial cost to construct Improvements. The policy limits contained in d. and e. shall be increased every 10 years beginning on the tenth anniversary of the Execution Date to the same extent, if any, that the CPI increases during such 10-year period. Upon final completion of the initial construction of the Improvements and the

Commencement of this Lease, Tenant and District shall acknowledge an Addendum to this Exhibit B setting forth the final cost for the initial construction of the Improvements.

- B. **LIABILITY.** These are the required minimum insurance requirements established by District. However, the required minimum insurance requirements provided above will not in any way limit the Tenant's liability under this Lease.
- C. **TENANT.** Tenant IS solely responsible for any loss or damage to ITS personal property, including but not limited to tools and equipment, scaffolding and temporary structures, rented machinery, or owned and leased equipment. A waiver of subrogation shall apply in favor of the District.
- D. **NOTIFICATION.** The Tenant shall ensure that all policies provide that the District shall be given thirty (30) days prior written notice in the event of coverage and / or limit changes or if the policy is canceled prior to the expiration date shown on the certificate. The Tenant shall provide ten (10) days prior written notice to the District in the event of non-payment of premium. The Tenant will also provide to the District an updated Certificate of Insurance should its insurance coverages renew during the Lease.
- E. **CERTIFICATES OF INSURANCE/EVIDENCE OF PROPERTY INSURANCE.** The Tenant shall submit certificates of insurance giving evidence of the required coverage as specified in this section prior to commencing occupancy of the Leased Premises. Evidence of insurance shall be submitted to:

District of Columbia

**And mailed to the attention of:
Insurance Program Officer
Office of Risk Management
441 Fourth Street NW 800 South
Washington, DC 20001
(202) 727-8600
orm.insurance@dc.gov**

District may request and Tenant shall promptly deliver updated certificates of insurance, endorsements indicating the required coverages, and/or certified copies of the insurance policies. If the insurance initially obtained by the Tenant expires prior to termination of the Lease, renewal certificates of insurance and additional insured and other endorsements shall be furnished to the District prior to the date of expiration of all such initial insurance. Evidence of Property Insurance shall be provided on a completed Accord Evidence of Commercial Property Insurance form, identifying Government of District of Columbia as additional insured.

- F. **DISCLOSURE OF INFORMATION.** The Tenant agrees that the District may disclose the name and contact information of its insurers to any third party which presents a claim against the District for any damages or claims resulting from or arising out of this Lease.

II. SELF-INSURANCE. Tenant may participate in a self-insure program for the Commercial General Liability Insurance requirements set forth above, provided the self-insurance program is managed by the parent organization of Tenant, Universal Health Services, Inc., and maintained for the benefit of the parent organization and its other affiliated entities such as Tenant, and on the following additional terms: (1) the program covers, with or without supplemental policies of insurance, all of Tenant's operations on the Premises; (2) Tenant is assessed a fee commensurate with the fees paid by all other affiliates of Tenant's parent organization for participation in the program; (3) claims arising from Tenant's operations on the Premises are paid from reserves, bond or insurance proceeds, or other funds maintained by the parent organization of Tenant for the payment of claims in the administration of the program; (4) claims arising from Tenant's operations on the Premises are not paid by or charged to the account of Tenant; (5) Tenant provides, with respect to its operations on the Premises, annual notice to District for the preceding 12-month period of (a) the total incurred on open claims; (b) claim count, (c) amount of claims paid; and (di) descriptions of claims paid that exceed \$100,000; and (6) the program complies with all applicable laws.

Tenant's right to participate in a self-insurance program as described above does not extend to any assignee of Tenant upon assignment of the Lease, except upon the written approval of District, to be given or withheld in its sole discretion.

Exhibit C

Appraisal Protocols

The following protocols are agreed between District and Tenant with respect to an Appraisal provided pursuant to the Lease.

1. **Selection of Original Appraisers.** Within thirty (30) days after a request for an Appraisal, District and Tenant shall each select a Qualified Appraiser (once selected, the “**Original Appraisers**”). Each Party shall notify the other Party in writing within such 30-day period of its Qualified Appraiser.
2. **Appraisal Instructions.** District and Tenant shall agree upon the appraisal instructions that will be used by the Original Appraisers. The instructions will require that the Original Appraisers determine the applicable appraised value based on the arms'-length, fair market value of the Improvements or the fair market rent of the Land, as applicable, for use as a hospital and the method for which rent adjustments for the Land should be determined. The instructions shall require that the Appraisal not take into account the value of (i) the Leasehold Estate, (ii) Tenant's Personal Property, or (iii) Tenant's business operations on the Leased Premises. The instructions shall require that the Appraisal account for any reduction in value due to encumbrances of record which are not Permitted Exceptions and not removed or corrected by District in accordance with Section 3.5.6 of the Lease.
3. **Appraised Value.**
 - a. Each Original Appraiser shall provide District and Tenant with a copy of its complete, written self-contained appraisal report containing its determination of the Appraised Value and its opinion of the appropriate method for determining annual rent adjustments for the Land within ninety (90) days after the Original Appraiser has been engaged (each, an “**Original Appraisal**”).
 - b. If the opinions of value set forth in the Original Appraisals are within five percent (5%) or less of each other, the Appraised Value shall be deemed to be the numerical average of opinions of value set forth in the Original Appraisals.
 - c. If the opinions of value set forth in the Original Appraisals are more than five percent (5%) apart, the Original Appraisers shall, within ten (10) days after both Original Appraisals have been delivered to both Parties, appoint a third Qualified Appraiser (the “**Third Appraiser**”). If the Original Appraisers cannot agree on a Third Appraiser within such ten (10) day period, either District or Tenant may request that the head of the Washington D.C. Chapter of the American Institute of Real Estate Appraisers (or any successor thereto or other mutually acceptable recognized professional association of real estate appraisers) designate a Qualified Appraiser to act as the Third Appraiser, who shall be engaged by the Parties to perform an appraisal using the same instructions provided to the Original Appraisers. The Third Appraiser may be provided any of the information available

from either of the Original Appraisers; provided, however, the Third Appraiser shall not be informed of the opinions of value determined by either of the Original Appraisers.

- d. If there is a Third Appraiser, he or she shall, within sixty (60) days after being engaged, deliver a complete, written self-contained appraisal (the “**Third Appraisal**”) to the Original Appraisers, with a copy to District and Tenant.
 - e. If the opinion of value set forth in the Third Appraisal is within ten percent (10%) of one of the opinions of values set forth in the Original Appraisals, then the Appraised Value shall be deemed to be the numerical average of opinions of value set forth in the Third Appraisal and the Original Appraisal that is within ten percent (10%) of the Third Appraisal.
 - f. If the opinion of value set forth in the Third Appraisal is not within ten percent (10%) of the opinion of value set forth in either of the Original Appraisals, then the Parties shall meet and confer to set the Appraised Value, which such Appraised Value shall be an amount between the two highest opinions of values offered by the Original Appraisers and Third Appraiser. To the extent the Parties, in each of their sole and absolute discretions, cannot agree on an Appraised Value, then the Appraised Value shall be undetermined and Tenant shall have the right to restart the process identified herein to try to determine an Appraised Value.
 - g. Notwithstanding the foregoing, if the Original Appraisers’ opinions differ as to the appropriate method for determining annual adjustments to the rent for the Land, then the Appraised Value shall be undetermined and Tenant shall have the right to restart the process identified herein to try to determine an Appraised Value.
4. Responsibility for Costs. Tenant agrees to pay all costs associated with any Appraisals, including fees charged by any Original Appraiser or Third Appraiser, whether such party is selected individually by District or Tenant. Tenant shall pay to District in accordance with Section 4.5, within fifteen (15) days after Notice of such amounts from District, the costs incurred by District for District’s Qualified Appraiser.

Exhibit D

Calculation of Participation Rent

Tenant shall be obligated to pay to District Participation Rent based on the percentage of Tenant's gross revenues received in connection with its ownership and/or lease, as applicable, or operation of the Leased Premises in excess of Tenant's earnings before interest, taxes, depreciation, and amortization ("**EBITDA**") in connection with Tenant's ownership and/or operation of the Leased Premises. For each year EBITDA meets or exceeds the margin percentage set forth in the first column of the schedule below, Tenant shall pay to District a share of its gross revenues in accordance with the corresponding percentage indicated in the second column of the schedule below as Participation Rent. The Parties acknowledge the schedule below is graduated with each of the six tiers of the schedule only applying to the incremental amount that falls in that applicable tier of the schedule.

Tiers	EBITDA Margin Percentage	Share of the Gross Revenues Above the EBITDA Margin Percentage Paid to District as Participation Rent
1.	0 – 12.0%	0%
2.	>12.0% <= 18.0%	25%
3.	>18.0% <= 20.0%	35%
4.	>20.0% <= 22.0%	45%
5.	>22.0% <= 25.0%	50%
6.	>25.0%	75%

Tenant's calculation of EBITDA shall be prepared on a consistent basis with the methodology utilized by UHS in its public financial disclosures. At all times, EBITDA shall be calculated by Tenant on a consistent basis with the EBITDA calculation used by UHS as of the Execution Date. Further, in its calculation of EBITDA, Tenant shall allocate corporate overhead expenses associated with the Hospital and the Parking Facility in accordance with the operating, definitive, or other similar agreement between George Washington University Hospital and UHS in effect as of the Execution Date.

Exhibit E

List of Environmental Reports

- Phase I Environmental Site Assessment (Draft Report), St. Elizabeth's Hospital, East Campus, 2700 Martin Luther King Jr. Avenue SE, Washington D.C., April 2003, by Environmental Resources Management.
- Phase II Environmental Site Assessment, St. Elizabeth's 801 Shelter Relocation Project, dated November 27, 2018, by Hillis-Carnes Capitol Services, PLLC.
- Preliminary Geotechnical Engineering Study, St. Elizabeth's Shelter Relocation, Washington, DC, December 3, 2018, by Hillis-Carnes Capitol Services, PLLC.

Exhibit F

Early Termination Payment Schedule

Last Anniversary of Commencement Date	Early Termination Payment
10 Years	\$22,200,000.00
11 Years	\$22,200,000.00
12 Years	\$22,200,000.00
13 Years	\$22,200,000.00
14 Years	\$22,200,000.00
15 Years	\$15,000,000.00
16 Years	\$15,000,000.00
17 Years	\$15,000,000.00
18 Years	\$15,000,000.00
19 Years	\$15,000,000.00
20 Years	\$5,000,000.00
21 Years	\$5,000,000.00
22 Years	\$5,000,000.00
23 Years	\$5,000,000.00
24 Years	\$5,000,000.00
25 Years or More	\$0

Exhibit G

Payment Instructions

All amounts payable to District shall made to the following account:

Routing Transmit Number:	1210-00248 (Wells Fargo Bank National Association)
Account Number:	200004-3154474
Tax ID:	53-600-1131

Exhibit H
Form of Guaranty
[see attached]

GUARANTY

THIS GUARANTY ("**Guaranty**") dated as of September 10, 2020 (the "**Effective Date**"), of **UNIVERSAL HEALTH SERVICES, INC.**, a Delaware corporation ("**Guarantor**"), is for the benefit of and delivered to the **DISTRICT OF COLUMBIA**, a municipal corporation ("**District**").

RECITALS

WHEREAS, District is the fee simple owner of the parcel of real property located in the District of Columbia and known for assessment and taxation purposes as Lot 0859, Square 5868-S (the "**Land**");

WHEREAS, simultaneously herewith, District, UHS East End Sub, LLC, a wholly-owned subsidiary of Guarantor (including any permitted successors or assigns, the "**Operating Entity**"), and UHS Building Solutions, Inc., a wholly-owned subsidiary of Guarantor (including any permitted successor or assign, the "**Development Entity**") entered into a Collaboration Agreement (as may be amended in accordance with its terms, the "**Collaboration Agreement**") outlining a collaboration between the District, the Operating Entity, and the Development Entity with respect to the construction and operation of a Hospital and Parking Facility (as such terms are defined in the Collaboration Agreement) and other related matters;

WHEREAS, simultaneously herewith, District and Development Entity entered into a Development Agreement (as may be amended in accordance with its terms, the "**Development Agreement**") pursuant to which District contracted with Development Entity to provide program management services in connection with the design, construction, furnishing, equipping, activation, and commissioning of the Hospital and supporting facilities, and Development Entity wishes to provide those services on the terms and conditions set forth therein;

WHEREAS, simultaneously herewith, District and Operating Entity entered into a Hospital Operations Agreement (as may be amended in accordance with its terms, the "**Hospital Operations Agreement**") pursuant to which Operating Entity agreed to operate the Hospital and Parking Facility in accordance with the terms and conditions set forth therein;

WHEREAS, simultaneously herewith, District and Operating Entity as the "**Tenant**" entered into a Lease Agreement (as may be amended in accordance with its terms, the "**Lease Agreement**") pursuant to which District agreed to lease to Operating Entity and Operating Entity agreed to use, operate, maintain, and improve the Hospital and Parking Facility in accordance with the terms and conditions of the Lease Agreement and the Hospital Operations Agreement during the time the Hospital Operations Agreement is in effect;

WHEREAS, Operating Entity is a subsidiary of Guarantor;

WHEREAS, it is the intention of Guarantor, and a condition to the willingness of District to enter into the Collaboration Agreement, Development Agreement, Hospital Operations Agreement, and Lease Agreement (collectively, the "**Guaranteed Agreement**") that Guarantor guaranties all of the payment and performance obligations of Operating Entity and the

Development Entity (Development Entity shall for the purposes of this Guaranty be deemed to be included in the definition of "Operating Entity") under the Guaranteed Agreement, as set forth in this Guaranty;

WHEREAS, Guarantor has substantial direct or indirect economic and/or ownership interest in Operating Entity and will derive substantial benefit from the District's lease of the Hospital and Parking Facility to Operating Entity and Operating Entity's operation of the Hospital and Parking Facility;

NOW, THEREFORE, in consideration of the premises and an inducement for and in consideration of the agreement of District entering into and performing its obligations under the Guaranteed Agreement, and for other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, Guarantor, intending to be legally bound, hereby agrees and covenants to District as follows:

1. Guarantor does hereby irrevocably guarantee (i) the full and prompt payment by Operating Entity of all of Operating Entity's payment obligations to District under the Guaranteed Agreement, including, without limitation, payment obligations arising as a result of a breach or failure by Operating Entity to perform any of its respective obligations at the times and in the manner provided in the Guaranteed Agreement, and (ii) the full and timely performance of all obligations of Operating Entity under the Guaranteed Agreement, including, without limitation, obligations of Operating Entity to operate the Hospital and Parking Facility pursuant to the terms of the Hospital Operations Agreement (collectively (i) and (ii) referred to as "**Guaranteed Obligations**").

2. Intentionally Deleted.

3. This Guaranty may only be assigned, amended or modified by a writing signed by the parties hereto and any successors and assigns of District's rights under the Guaranteed Agreement.

4. Guarantor's obligation of payment pursuant to this Guaranty is an absolute, primary, unconditional, and irrevocable guaranty of payment and not of collection and, except with respect to the performance obligations set forth in Section 1(ii), Guarantor shall have no obligation to perform under the Guaranteed Agreement. This Guaranty shall remain in full force and effect until all of the obligations of the Operating Entity under the Guaranteed Agreement to District have been satisfied in full. Guarantor acknowledges that District has executed the Guaranteed Agreement in material reliance upon this Guaranty. District shall have no obligation to assert any claim or demand or to enforce any remedy under the Guaranteed Agreement or to proceed first against Operating Entity or any other person or entity, or resort to any security or make of any effort to obtain payment or performance by Operating Entity or any other person or entity. No delay or omission by District to exercise any right under this Guaranty shall impair any right, nor shall it be construed to be a waiver thereof. No waiver of any single breach or default under this Guaranty shall be deemed a waiver of any other breach or default.

5. If Operating Entity fails or refuses to pay or perform any Guaranteed Obligation when due (subject to any applicable notice and/or cure period of the Operating Entity pursuant to

the Guaranteed Agreement) and District elects to exercise its rights under this Guaranty, District shall make demand upon Guarantor (a "**Demand**"). Such Demand shall be in writing, shall refer to this Guaranty, shall specifically identify Operating Entity, shall reasonably and briefly specify in what manner and what amount Operating Entity has failed to pay or what obligation Operating Entity has failed to perform and provide an explanation of why such payment or performance is due, with a specific statement that District is calling upon to pay or to perform or to cause performance in accordance with this Guaranty. A Demand satisfying the foregoing requirements when delivered to Guarantor shall be required in respect of any Guaranteed Obligation before Guarantor is required to pay or to perform or to cause performance of such Guaranteed Obligation in accordance with this Guaranty and shall be deemed sufficient notice to Guarantor that it must pay or perform or cause performance of such Guaranteed Obligation. A single written Demand that complies with the terms of this Guaranty shall be effective as to any specific failure to pay or perform during the continuance of such failure to pay or perform, until Operating Entity, or Guarantor, has fully cured such failure to pay or perform, and additional written demands concerning such failure to pay or perform shall not be required until such failure to pay or perform is fully cured.

6. The liability of Guarantor under this Guaranty shall be absolute, primary (with respect to payment), unconditional, and irrevocable, irrespective of: (a) any change in time, manner or place of payment of, or in any other term of, all or any of the Guaranteed Obligations or any other amendment to, modification of (including change orders), waiver of, or any consent to departure from, the Guaranteed Agreement; (b) any change in ownership of Guarantor or Operating Entity; (c) any bankruptcy, insolvency, or reorganization of, or other similar proceedings involving Operating Entity; (d) any assignment or transfer of the Guaranteed Agreement by the Operating Entity (excluding when a replacement guaranty is provided by a new guarantor approved by District in accordance with the terms of Section 4.8 of the Lease Agreement); or (e) any other circumstances which might otherwise constitute a legal or equitable discharge of a surety or guarantor. Guarantor's obligations under this Guaranty shall not be released, impaired, reduced or otherwise affected by, and shall continue in full force and effect notwithstanding the occurrence of, any event, including, without limitation, the insolvency, bankruptcy, arrangement, adjustment, composition, liquidation, dissolution, or lack of authority of the Operating Entity whether now existing or hereafter arising.

7. Nothing in this Guaranty diminishes or waives Operating Entity rights, setoffs, counterclaims, and other defenses to which Operating Entity is or may be entitled under the Guaranteed Agreement.

8. If a claim is made upon District at any time for repayment or recovery of any amounts received by District from any source on account of any of the Guaranteed Obligations and District, pursuant to a court order or applicable law, repays or returns any amounts so received, then Guarantor shall remain liable for the amounts so repaid (such amounts being deemed part of the Guaranteed Obligations) to the same extent as if such amounts had never been received by District, notwithstanding any termination hereof or the cancellation of any instrument or agreement evidencing any of the Guaranteed Obligations.

9. Guarantor hereby irrevocably, unconditionally, and expressly waives, to the fullest extent permitted by applicable law, promptness, diligence, presentment, notice of acceptance, and other notice (except as for any notice required pursuant to the terms of this Guaranty) with respect to any of the Guaranteed Obligations and this Guaranty and any requirement that District protect, secure or perfect any security interest, or exhaust any right or first proceed against Operating Entity or any other person or entity.

10. District may, without notice to Guarantor and without affecting in any way its rights hereunder:

- a. modify or otherwise change any terms of all or any part of the Guaranteed Agreement or grant any extension(s) or renewal(s) for any period or periods of time for payment or performance or grant any other indulgence(s) with respect thereto and effect any release, compromise or settlement with respect thereto;
- b. enter into any agreement of forbearance with respect to all or any part of the payment or performance due under the Guaranteed Agreement, or with respect to all or any part of the collateral securing the payment and performance by Operating Entity or Guarantor of its obligations, and change the terms of any such agreement;
- c. enter into any agreement or agreements with the Operating Entity concerning then existing or additional obligation; and/or
- d. release or effect any settlement or compromise with respect to the payment or performance of the Guaranteed Agreement by Operating Entity or any other party primarily or secondarily liable for the payment or performance of the Guaranteed Agreement.

Notwithstanding anything to the contrary contained in the foregoing, to the extent that any of the events referred to above directly reduces the extent or nature of, or eliminates any or all of, the Guaranteed Obligations, Guarantor shall be entitled to the benefit of such reduction in, or elimination of, the Guaranteed Obligations.

11. Subject to Paragraphs 6, 8, and 9 hereof, Guarantor hereby reserves to itself all rights, setoffs, counterclaims, and other defenses to which Operating Entity is or may be entitled to under the Guaranteed Agreement, except for defenses arising out of bankruptcy, insolvency, dissolution, or liquidation of Operating Entity.

12. Guarantor represents and warrants to District as of the Effective Date that:

- a. It is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization and has full power and legal right to execute and deliver this Guaranty and to perform the provisions of this Guaranty on its part to perform.
- b. The execution, delivery, and performance of this Guaranty by Guarantor has been and remains duly authorized by all necessary action, corporate or otherwise, and do not

contravene any provision of its certificate of incorporation or bylaws or any law, regulation or contractual restriction binding on it or its assets.

- c. All consents, authorizations, approvals, registrations, and declarations required for the due execution, delivery, and performance of this Guaranty have been obtained from or, as the case may be, filed with the relevant governmental authorities having jurisdiction and remain in full force and effect, and all conditions thereof have been duly complied with and no other action by, and no notice to or filing with, any governmental authority having jurisdiction is required for such execution, delivery or performance; and
- d. This Guaranty constitutes the legal, valid, and binding obligation of Guarantor, enforceable against it in accordance with its terms, except as enforcement hereof may be limited by applicable bankruptcy, insolvency, reorganization, or other similar laws affecting the enforcement of creditors' rights or by general equity principles.
- e. Except as disclosed by Guarantor to District, no actions, suits, or proceedings are pending or, to, as applicable, Guarantor's knowledge, threatened against or affecting Guarantor before any governmental authority which could, if adversely decided, result in a material adverse change in the financial condition of Guarantor (in comparison to any state of affairs existing before the Effective Date) or adversely affect the ability of Guarantor to perform, or of District to enforce, any provision of this Guaranty.
- f. Guarantor is not insolvent (as such term is defined or determined for purposes of the Bankruptcy Reform Act of 1978 (11 U.S.C. § 101-1330), as amended or recodified, or any other bankruptcy law, and the execution and delivery of this Guaranty will not make Guarantor insolvent.
- g. Neither this Guaranty nor any certificate or written statement furnished to District by or on behalf of Guarantor contains any untrue statement of a material fact or intentionally, or knowingly, omits to state a material fact necessary to make the statements herein and therein, in the light of the circumstances under which they are made, not misleading.
- h. There are no conditions precedent to the effectiveness of this Guaranty.
- i. Guarantor is not a Prohibited Person (as such term is defined in the Lease Agreement).
- j. Prior to the Effective Date, Guarantor provided to District (i) a certification from the Chief Financial Officer of Guarantor confirming the ability of Guarantor to meet its obligations under this Guaranty; and (ii) unless not otherwise publicly available through SEC's EDGAR service, Guarantor's most recent audited annual financial statements (including without limitation, a balance sheet, income statement and statement of cash flows, and any footnotes related thereto), all prepared in accordance with generally accepted accounting principles.

All representations, warranties, and covenants made by Guarantor herein shall be considered to have been an inducement to and relied upon by District in consummating the

transaction contemplated by the Guaranteed Agreement and shall survive the delivery to District of this Guaranty until payment of all Guaranteed Obligations has been received in full by District, regardless of any investigation made or not made by or on behalf of District.

13. This Guaranty shall be binding upon Guarantor and its successors and permitted assigns and inure to the benefit of and be enforceable by District and its successors and permitted assigns under the Guaranteed Agreement. Guarantor's liability under this Guaranty shall remain in full force and effect until the earlier of (a) (i) receipt by District of full payment of all Guaranteed Obligations under the Guaranteed Agreement in accordance with the terms hereof and thereof and (ii) performance in full of all Guaranteed Obligations under the Guaranteed Agreement in accordance with the terms hereof and thereof or (b) release by District.

14. Guarantor subordinates and shall not assert any claim, right, or remedy that Guarantor may now have or hereafter acquire against Operating Entity, or any of its assets or property that arises from the performance by Guarantor hereunder, including, without limitation, any claim, right, or remedy of subrogation, reimbursement, exoneration, contribution, indemnification, or participation in any claim, right, or remedy that District may have against Operating Entity or any collateral for the Guaranteed Obligations that District now has or hereafter acquires, whether or not such claim, right or remedy arises in equity, under contract, by statute, under common law, or otherwise until such time as Operating Entity pays such Guaranteed Obligations in full.

15. Upon the occurrence and during the continuance of (a) any failure by Guarantor to pay the Guaranteed Obligations within twenty (20) days after the date that Guarantor receives written notice from District that Guarantor owes District such Guaranteed Obligations as provided in this Guaranty, (b) the dissolution or insolvency of Guarantor, (c) the inability of Guarantor to pay its debts generally as they mature, (d) a general assignment by Guarantor for the benefit of creditors that is not dismissed or stayed within one hundred twenty (120) days filing, (e) the institution of any proceeding by or against Guarantor in bankruptcy or for a reorganization or an arrangement with creditors, or for the appointment of a receiver, trustee, or custodian for Guarantor or its properties that is not dismissed or stayed within one hundred twenty (120) days after receipt of notice of filing, (f) the falsity in any material respect of any representation made to District by Guarantor in this Guaranty, or (g) any other default by Guarantor of any other obligations owed to District by Guarantor in this Guaranty which is not remedied within the applicable notice and/or cure period (a "**Guarantor Default**"), District shall have such rights and remedies available to it as permitted by law and in equity and may enforce this Guaranty in accordance with the terms hereof, independently of any other remedy or security District at any time may have or hold in connection with the Guaranteed Obligations as to Operating Entity, and it shall not be necessary for District to marshal assets in favor of Operating Entity, Guarantor, or any other Person or to proceed upon or against and/or exhaust any security or remedy before proceeding to enforce this Guaranty in accordance with the terms hereof. Additionally, Guarantor agrees that during the continuance of any Guarantor Default, District may, without the consent of or notice to Guarantor take or refrain from taking such other action to enforce the provisions of this Guaranty against Guarantor as it may from time to time determine in its sole discretion as to any obligations then unperformed.

16. This Guaranty shall be governed by and enforced in accordance with the law of the District of Columbia without the application of principles of conflict of law which would apply the substantive law of any other jurisdiction. Each of Guarantor and District hereby expressly waives any right to a trial by jury in any action or proceeding to enforce or defend any rights (a) under this Guaranty or the Guaranteed Agreement, including any amendments thereto, or (b) arising from any relationship existing in connection herewith or therewith, and agrees that any such action or proceeding shall be tried before a court and not before a jury.

17. All demands, notices or communications to Guarantor shall be in writing and shall be directed by registered or certified mail or overnight delivery service to:

Universal Health Services, Inc.
367 South Gulph Road
King of Prussia, PA 19406
Attn: General Counsel – Matthew Klein

or such other address as Guarantor shall from time to time specify in writing to District.

18. Notwithstanding anything to the contrary contained in this Guaranty, the maximum aggregate amount that Guarantor shall incur in connection with the payment and performance of any and all Guaranteed Obligations shall not exceed the total sum equal to the Maximum Amount (as defined below). As used in this Section, the term “**Maximum Amount**” shall mean (i) from the Effective Date until the fifth (5th) anniversary of the Effective Date, the amount of ONE-HUNDRED MILLION AND NO/100 DOLLARS (\$100,000,000.00) and (ii) after such fifth (5th) anniversary of the Effective Date, the amount of SEVENTY-FIVE MILLION AND NO/100 DOLLARS (\$75,000,000.00).

[Remainder of this page intentionally left blank]

IN WITNESS WHEREOF, Guarantor has caused this Guaranty to be executed and delivered by its duly authorized officer, and District accepts and agrees to the terms hereof, as of the date first written above.

GUARANTOR:

UNIVERSAL HEALTH SERVICES, INC.

By: _____
Name:
Title:

DISTRICT:

THE DISTRICT OF COLUMBIA

By: _____
Name:
Title:

Exhibit I

Additional Tenant Requirements

Branding. At all times, the Hospital shall be branded in a consistent manner with the Foggy Bottom Hospital and the Foggy Bottom Facility, or any successors thereto, such that, for example, if the Foggy Bottom Hospital is known as “George Washington University Hospital” or “GW Health Hospital” then the Hospital shall be known, respectively, as “George Washington University Hospital at St. Elizabeths”, or “GW Health Hospital at St. Elizabeths”, or such other name that includes “George Washington University” or “GW Health”, as the case may be, in the title name and not as a modifier indicating its affiliation with the Foggy Bottom Hospital and the Foggy Bottom Facility, or any successors thereto. Tenant shall use best efforts to obtain and maintain any and all rights necessary to name and brand the Hospital in a manner consistent with the Foggy Bottom Hospital, including obtaining and maintaining rights to the name and brand “George Washington University” or “GW Health” and shall promptly notify the District in writing if Tenant is unable to obtain or maintain these branding and naming rights.

Exhibit J

Handover Process and Handover Standards

During the Handover Process, Tenant shall perform such transition assistance as set forth below and as reasonably requested by District that are consistent with the nature of the operations then performed by Tenant at the Hospital and Parking Facility to transition the Leased Premises to District and/or a new tenant and/or hospital operator chosen by District, in its sole discretion (which operator may be District).

Section 1.1. Requirements of Handover Process

Section 1.1.1 The Parties shall use reasonable efforts such that the Handover Process will be implemented in a manner minimally disruptive to the Parties' respective programs, patients, and personnel, as applicable, and in compliance with all Applicable Laws, regulations, and accreditation requirements, and shall include, without limitation, the transition, as applicable, of the hospital assets (excluding Tenant's Personal Property unless the same is purchased by District in accordance with the terms of the Lease), hospital licenses, operations, and employees of the Hospital to the new operator, and any other actions as District or Tenant determines are reasonably necessary to transfer the Hospital operations (including with respect to transfer of the Parking Facility, Parking Facility assets, Parking Facility operations, and Parking Facility employees) to the new operator.

Section 1.1.2 Tenant shall reasonably cooperate with and assist District, at Tenant's sole cost and expense, in the transition to a new operator for the Hospital and Parking Facility selected by District and transitioning the hospital services, hospital assets (excluding Tenant's Personal Property unless the same is purchased by District in accordance with the terms of the Lease), hospital licenses, and employees of the Hospital along with the Parking Facility, Parking Facility assets, Parking Facility operations, and Parking Facility employees to the new operator consistent with the Handover Process set forth herein. In furtherance of such cooperation, Tenant shall provide District, a prospective operator, and/or the new operator reasonable access to the Hospital and Parking Facility, staff, and to records in connection with the operations of the Hospital and Parking Facility related to the transition of the Hospital and Parking Facility operations. Tenant shall not be obligated to provide financial statements and any other records that contain confidential or proprietary information unless the recipient of such statements and records signs a nondisclosure agreement (the "NDA") on such terms as Tenant and such recipient may agree, which NDA, if District is to be a recipient of such financial statements and records, shall include a process by which the parties would address any public requests for documents pursuant to the District of Columbia's Freedom of Information Act of 1976, as amended (the "Act"), and which NDA shall state that any such financial statements, the disclosure of which would result in substantial harm to Tenant's competitive position, are exempt from disclosure under the Act unless otherwise agreed to by the Parties. Tenant shall release any employees, contractors, agents, vendors, or service providers of the Hospital or Parking Facility from any non-compete or restrictive covenants applicable to them in favor of Tenant or its Members or Affiliates under any agreements or arrangement pertaining to the Hospital or Parking Facility, such that they may continue to perform services for or at the Hospital or Parking Facility after completion of the Handover Process.

Section 1.1.3 Upon District's request, Tenant shall reasonably cooperate with the new operator selected by District in connection with the Handover Process. During the Handover Process, which shall not exceed an aggregate time period of eighteen (18) months after the Handover Process Commencement Date (as defined below) plus an extension of up to three (3) months after the expiration of such 18-month period if the requirements of the Approved Transition Plan (as defined herein) are not reasonably anticipated to be satisfied prior to the end of such 18-month period, which extension may be exercised by either Party upon Notice to the other Party delivered not less than thirty (30) days prior to the expiration of such 18-month period (collectively, the "**Handover Process Period**"), the services set forth above and transition assistance services shall be materially of the same quality, level of performance, and scope as provided prior to termination, but not less than as required under the Hospital Operations Agreement, if the Hospital Operations Agreement is then in effect. The date that the Handover Process is completed in accordance with the terms of the Lease is referred to as the "**Handover Date**", which Handover Date shall in all events occur on or before the expiration of the Handover Process Period. Notwithstanding anything herein to the contrary, the District's failure to obtain those Third-Party Consents (as defined herein) that, pursuant to the Approved Transition Plan are the responsibility of the District, shall not delay the Handover Date nor prevent Tenant from completing the Handover Process; provided, however, that if under Applicable Law Tenant cannot complete the Handover Process because such Third-Party Consents have not been obtained by District, then Tenant, in its sole and absolute discretion, may elect to close operations of the Hospital upon conclusion of the Handover Process Period.

Section 1.2. Commencement of Handover Process

Section 1.2.1 The obligations of Tenant to undertake the Handover Process shall begin on the Handover Process Commencement Date. For purposes of this Exhibit, the "**Handover Process Commencement Date**" shall be the date that is: (a) for the expiration of the Lease Term, the date that is at least eighteen (18) months prior to the Expiration Date; (b) for a termination that is the result of Tenant exercising its option to terminate in accordance with Section 3.2.1 of the Lease, the date of Tenant's Notice to District in accordance with the terms thereof; (c) for a termination by District in accordance with Section 9.2.2 of the Lease, the date of District's Notice to Tenant providing Tenant notice that the Lease has been terminated by District due to an uncured Event of Default by Tenant; (d) for a termination by Tenant in accordance with Section 9.8 of the Lease, the date of Tenant's Notice to District providing District notice that the Lease has been terminated by Tenant due to an uncured default by District; (e) for a termination of the Lease in accordance with Section 10.3.4 of the Lease, the date of District's delivery to Tenant of the Termination Notice; (f) for a termination of the Lease in accordance with Section 3.2(vi), the date of Tenant's Notice to District providing District notice that the Lease has been terminated by Tenant due to an uncured "Material Breach" (as such term is defined in the Hospital Operations Agreement) by District following the applicable notice and cure period; (g) for a termination of the Lease in accordance with Section 3.2.2, the date of District's notice to the "Program Manager" (as such term is defined in the Development Agreement) that the Development Agreement has been terminated by District to the extent that the Ambulatory Facility has been completed and is operating; or (h) for a termination of the Lease in accordance with Section 3.2.3 to the extent that the Ambulatory Facility and/or the Inpatient Hospital has been completed and is operating, the

date of District's Notice to Tenant terminating the Lease thereunder. Notwithstanding anything to the contrary contained in this Exhibit J, if the Lease is terminated pursuant to the terms of Section 3.2(vi) because of a failure of District to comply with Section 6.1.2 of the Hospital Operations Agreement, Section 3.2.2 or Section 3.2.3 where neither the Ambulatory Facility nor the Inpatient Hospital is completed and operating, Section 12.6.5, Section 14.1, or Section 14.2 of the Lease, then Tenant shall have no obligation to perform any of the Handover Process in connection with the termination of the Lease.

Section 1.2.2. Within thirty (30) days after the Handover Process Commencement Date, Tenant and District shall jointly request that a mutually acceptable environmental consultant prepare a baseline environmental survey for the Leased Premises (the "**Baseline Environmental Survey**"). The Baseline Environmental Survey will be prepared at Tenant's expense. In the event the Baseline Environmental Survey identifies or discloses any environmental contamination affecting the Leased Premises for which the Tenant is responsible under the Lease, then the terms of the Lease shall govern and control with respect to the obligations of the parties concerning such environmental contamination.

Section 1.2.3. Within thirty (30) days after the Handover Process Commencement Date, District and Tenant shall mutually approve the appointment of (i) an independent third party engineer (the "**Handover Engineer**") and (ii) an independent third party transition manager (the "**Handover Manager**"), who, consistent with their separate, agreed-upon scopes of work as described herein, will oversee the Handover Process. The scope of work of the Handover Engineer (the "**Engineer's Scope of Work**") and the allocation of the cost of the Handover Engineer shall be defined by the mutual agreement of the Parties. The scope of work of the Handover Manager (the "**Manager's Scope of Work**") and the allocation of cost of the Handover Manager shall be defined by the mutual agreement of the Parties, provided that the Manager's Scope of Work shall include, among such other responsibilities as the Parties mutually agree, oversight of the process and timeline for receipt of notice, consent, or approval of applicable regulatory agencies and other third parties necessary to complete the Handover Process (collectively, the "**Third-Party Consents**"), including review of the Transition Plan regarding the designation of each Party responsible for obtaining such Third-Party Consents, and such other components of the Handover Process that are not within the Engineer's Scope of Work. In the event that, within thirty (30) days after the Handover Process Commencement Date, District and Tenant cannot mutually agree as to the selection of the Handover Engineer or the Handover Manager, the Engineer's Scope of Work or the Manager's Scope of Work, the allocation of the cost of the Handover Engineer or the allocation of costs of the Handover Manager, then the Parties agree to resolve any such dispute in accordance with the terms of Section 1.11 below.

Section 1.3. Handover Kick-off Meeting. Within thirty (30) days after the Handover Process Commencement Date, District and Tenant shall meet to discuss the orderly transfer of the Leased Premises to District (the "**Handover Kick-off Meeting**"). The objective of the Handover Kick-off Meeting will be for the Parties to agree on the specific procedures and milestones for the Handover Process, including the timeline and milestones to obtain the Third-Party Consents. Tenant shall prepare minutes of the Handover Kick-off Meeting and submit such minutes to District. In the event that District and Tenant cannot mutually agree as to the timeline and

milestones for the Third-Party Consents, then the Parties agree to resolve any such dispute in accordance with the terms of Section 1.11 below.

Section 1.4. Initial Handover Inspection. Within ten (10) Business Days after the Handover Kick-off Meeting, Tenant shall arrange access for the Handover Engineer to carry out an inspection and an evaluation of the Leased Premises (the “**Initial Handover Inspection**”). The Handover Engineer shall produce a written report on its findings as to the condition of the Leased Premises and the Total Personal Property and the works of any renewal, reconstruction, or repair (“**Renewal Works**”) proposed by the Handover Engineer to be carried out on the Leased Premises in order for the Leased Premises to satisfy the Handover Standards, including the remediation of any environmental contamination disclosed in the Baseline Environmental Survey that is Tenant’s responsibility under the terms of the Lease. The Handover Engineer shall furnish to District and Tenant its written report as soon as possible after it has completed the Initial Handover Inspection, but, in any event, within fifteen (15) days after the Initial Handover Inspection. Tenant and District shall have a period of thirty (30) days following the receipt of such report to raise any objections thereto relating to the Initial Handover Inspection and/or the proposed Renewal Works (the “**Objections**”). In the event that any such Objections are not amicably resolved by the Parties within a period of thirty (30) days from the date the Objections were raised by Tenant or District, then within five (5) Business Days after the expiration of such 30-day period, either Tenant or District may refer the matter to an independent expert mutually acceptable to the Parties, each exercising reasonable discretion (the “**Independent Expert**”). If the Parties cannot agree as to the selection of the Independent Expert within such 5-Business Day period, the Parties agree to resolve any such dispute in accordance with the terms of Section 1.11 below. The Parties shall use reasonable efforts to cause the Independent Expert to render its determination not later than thirty (30) days after being appointed. The decision of the Independent Expert regarding the resolution of the Objections shall be binding on the Parties. To the extent necessary, the Handover Engineer shall update its written report to address any Objections resolved by the Parties or the Independent Expert. Any proposed Renewal Works to which neither Party objects in accordance of this Section 1.4 (including resolution of any Objections by the Parties or the Independent Expert) is referred to herein as the “**Approved Renewal Works**”, which Approved Renewal Works shall be memorialized in the Handover Engineer’s revised written report.

Section 1.5. Transition Plan.

Section 1.5.1. By no later than ninety (90) days after the Handover Process Commencement Date, Tenant shall submit to District, for its review and approval, which approval shall not be unreasonably withheld, conditioned, or delayed, its proposal for a comprehensive transition plan outlining the particulars of all responsibilities and obligations of the Parties regarding the transfer of the Leased Premises and any Tenant’s Personal Property that is purchased by District in accordance with Section 2.5.4 of the Lease to District or that is leased by Tenant that District elects to assume in accordance with Section 2.5.4 of the Lease (the “**Transition Plan**”). District and Tenant shall each have the right to submit the Transition Plan to the Handover Manager for its review and comment. Such Transition Plan shall include, among other things, the Handover Process set forth herein, including the plan and process to make and/or receive Third-Party Consents and the designation of each Party responsible for obtaining such Third-Party Consents. In addition, Tenant shall provide to District such other information as may be

reasonably requested by District or Handover Manager and/or as may be reasonably necessary or appropriate to facilitate the transfer of the Leased Premises and any Tenant's Personal Property that is purchased by District or that is leased by Tenant and assumed by District in accordance with Section 2.5.4 of the Lease.

Section 1.5.2. District shall provide Tenant its comments to such proposed Transition Plan no later than thirty (30) days after District's receipt of the same. Handover Manager shall provide any comments it has to the Transition Plan to both Tenant and District no later than thirty (30) days after Handover Manager's receipt of the same. Tenant shall incorporate District's and Handover Manager's comments that are reasonably acceptable to Tenant into a revised version of the Transition Plan and submit the same within fifteen (15) days after its receipt of District's or Handover Manager's comments to District for its approval of the revised Transition Plan, which approval shall not be unreasonably withheld, conditioned, or delayed. In the event that District notifies Tenant that District disapproves any specific aspect of the revised version of the Transition Plan, Tenant shall prepare and resubmit for approval by District, which approval shall not be unreasonably withheld, conditioned or delayed, as soon as practicably possible, a revised proposed Transition Plan incorporating District's comments that are reasonably acceptable to Tenant. The Transition Plan, as mutually approved by Tenant and District, is referred to herein as the **"Approved Transition Plan"**. In the event that District and Tenant cannot mutually agree to an Approved Transition Plan, then the Parties agree to resolve any such dispute in accordance with the terms of Section 1.11 below.

Section 1.6. Finalizing Handover Process. Tenant, District, the Handover Manager, and the Handover Engineer shall again meet within ten (10) days after the Handover Engineer updates its written report with the Approved Renewal Works, if any, in order to finalize the detailed procedures and milestones for the Handover Process. Thereafter, Tenant, District, the Handover Manager, and the Handover Engineer shall meet at regularly scheduled monthly meetings (at times that are agreed between Tenant and District) during the Handover Process Period to discuss and review any issues that arise relating to the Handover Process and/or the fulfillment of any Approved Renewal Work and any applicable Additional Renewal Work (as defined below). Tenant shall prepare minutes of all such meetings and submit such minutes to District.

Section 1.7. Performance of Handover Process. Tenant shall diligently undertake and complete the actions identified in the Approved Transition Plan for which it is responsible at its own cost and expense. The District shall diligently undertake and complete the actions identified in the Approved Transition Plan for which it is responsible at its own cost and expense. Throughout the Handover Process, the Handover Engineer shall supervise Tenant's fulfillment of any Approved Renewal Works and any components of the Approved Transition Plan that are within the Engineer's Scope of Work. Tenant shall (i) provide the Handover Engineer and/or the Handover Manager such access, during normal business hours, to the Leased Premises as they may reasonably request and (ii) reasonably cooperate with the Handover Engineer and the Handover Manager throughout the Handover Process. The Parties shall reasonably cooperate with the Handover Manager with respect to those components of the Approved Transition Plan that are within the Manager's Scope of Work.

Section 1.8. Acceptance or Refusal.

Section 1.8.1. Final Handover Inspection. Not later than thirty (30) days prior to the expiration of the Handover Process Period, Tenant and District shall, together with the Handover Engineer, and the Handover Manager, conduct a joint inspection of the Leased Premises and review of the Third-Party Consents and other actions within the Approved Transition Plan (a **"Final Handover Inspection"**) to determine whether (i) Tenant has fulfilled the Approved Transition Plan, (ii) Tenant has completed the Approved Renewal Works, if any, and (iii) an event has first occurred subsequent to the Initial Handover Inspection that has caused the Leased Premises to fail to meet the Handover Standards for which Tenant is responsible to remedy under the terms of the Lease (**"Additional Renewal Work"**). Within ten (10) days after the Final Handover Inspection, the Handover Engineer shall either issue to Tenant and District a Handover Certificate certifying that the (i) Tenant has fulfilled the components of the Approved Transition Plan that are within the Engineer's Scope of Work, (ii) Tenant has completed the Approved Renewal Works, and (iii) there is no existing Additional Renewal Work to be performed by Tenant (a **"Handover Engineer's Certificate"**) or notify Tenant and District in writing of its decision not to issue a Handover Engineer's Certificate and state the reason for such decision (a **"Handover Engineer's Refusal Notice"**). Within ten (10) days after the Final Handover Inspection, the Handover Manager shall either issue to Tenant and District a Handover Manager's Certificate certifying that the Tenant has fulfilled the components of the Approved Transition Plan that are within the Manager's Scope of Work (or, with respect to those actions that may only be fulfilled as of the Handover Date, such actions are reasonably anticipated to be fulfilled as of the Handover Date) (a **"Handover Manager's Certificate"**) or notify Tenant and District in writing of its decision not to issue a Handover Manager's Certificate and state the reason for such decision (a **"Handover Manager's Refusal Notice,"** together with the Handover Engineer's Refusal Notice, the **"Handover Refusal Notice(s)"**).

Section 1.8.2. Handover Certificate. The Handover Engineer and the Handover Manager may each refuse to issue, as applicable, a Handover Engineer's Certificate or a Handover Manager's Certificate only if each such person determines during the Final Handover Inspection that Tenant failed to complete all of the requirements in the Approved Transition Plan that are within the each person's applicable scope of work, including, without limitation, any Approved Renewal Works or Additional Renewal Work.

Section 1.8.3. Handover Refusal Notice. Any Handover Refusal Notice shall set out in reasonable detail each respect in which a condition to the issuance of a Handover Engineer's Certificate or Handover Manager's Certificate, as applicable, has not been met and shall state, as applicable, the Handover Engineer's estimate of the cost of completing any Approved Renewal Works or Additional Renewal Work, if applicable, and/or the Handover Manager's estimate of the cost of completing remaining activities of the Approved Transition Plan that are within the Manager's Scope of Work. Tenant or District may, within thirty (30) days after receipt of a Handover Refusal Notice, by Notice to the other Party and the Handover Engineer and Handover Manager, object to any matter set out in the Handover Refusal Notice. Any such notice from Tenant or District shall give details of the grounds for such objection and shall give the Party's proposals, if any, in respect of such matters. District, Tenant, and, as applicable, the Handover Engineer and/or the Handover Manager shall use reasonable efforts to reach a mutually acceptable

agreement, each exercising its reasonable discretion, on all the matters set out in the Handover Refusal Notice, but in the absence of an agreement within five (5) Business Days after receipt of such notice from Tenant or District to the other Party and the Handover Engineer or the Handover Manager, either District or Tenant may refer the matter, if applicable, to the Independent Expert selected as provided in Section 1.4 above. If the Independent Expert was not selected pursuant to Section 1.4 above and the Parties cannot agree as to the selection of the Independent Expert within such 5-Business Day period or if the dispute is such that it is not within the Independent Expert's scope of expertise, the Parties agree to resolve any such dispute in accordance with the terms of Section 1.11 below. Tenant and District shall use their reasonable efforts to cause such Independent Expert to render its determination not later than thirty (30) days after being appointed. The decision of the Independent Expert regarding the resolution of the Handover Refusal Notice shall be binding on the Parties.

If it is agreed by Tenant, District, and the Handover Engineer or the Handover Manager, or determined by the Independent Expert, as applicable, that Tenant has not completed the requirements of the Approved Transition Plan including any Approved Renewal Works or Additional Renewal Work, if applicable, then, at District's election in its sole and absolute discretion, District may require Tenant to pay to District an amount equal to the estimated cost of completing the requirements of the Approved Transition Plan including any such Approved Renewal Works or Additional Renewal Work, if applicable, as determined by Handover Engineer, Handover Manager, or the Independent Expert, as applicable, in accordance with the terms of the Lease (the "**Handover Amount**") in lieu of Tenant's obligations to complete the requirements of the Approved Transition Plan (except for any actions required of Tenant under Section 1.9 below to the extent not already performed by Tenant) including any such Approved Renewal Works or Additional Renewal Work, if applicable.

Section 1.9. Completion of Handover Process. In addition to its other responsibilities under this Exhibit, Tenant shall be responsible for carrying out the following as part of the Handover Process:

Section 1.9.1. Personal Property, Subcontracts, and Improvements. On or before the Handover Date, Tenant and District shall execute the following in form and substance mutually acceptable to the Parties, each exercising its reasonable discretion:

i. a bill of sale pursuant to which such Tenant's Personal Property owned by Tenant as District may elect to purchase pursuant to the terms of the Lease are to be transferred by Tenant to District on the Handover Date;

ii. an agreement or agreements between Tenant, District, and each subcontractor then providing services at or to the Leased Premises, pursuant to which any contract between Tenant and any such subcontractor as District may elect is assigned by Tenant to District and assumed by District, on the Handover Date;

iii. an agreement or agreements between Tenant, District, and any lessor of any of Tenant's Personal Property that is leased by Tenant, pursuant to which any lease agreement between Tenant and any such lessor relating to any such leased Tenant's Personal Property as

District may elect is assigned by Tenant to District and assumed by District, on the Handover Date; and

iv. a bill of sale confirming District's ownership to the Improvements pursuant to Section 2.5.1 of the Lease.

Section 1.9.2. Books and Records. On the Handover Date, in accordance with the requirements of Applicable Law, Tenant shall deliver to District in electronic form, and/or hard copy form if so requested by District, all information and records which are reasonably needed to ensure efficient operation of the Leased Premises. By no later than thirty (30) days prior to the Handover Date, District and Tenant will agree on those documents and records that shall be delivered to District. All information provided to District by Tenant shall be accurate, comprehensive, and up-to-date in all material respects.

Section 1.9.3. Potential Claims. The Leased Premises shall be transferred to District free and clear of any liens, claims, or actions by third parties against Tenant or its Members or Affiliates with respect to the Leased Premises or the Leasehold Estate.

Section 1.9.4. Contract Warranties. Tenant shall assign to District all rights of Tenant, if any, under all unexpired guarantees and warranties from its subcontractors and suppliers relating to the Leased Premises.

Section 1.9.5. Technology and Know-How. Tenant shall provide to District to the extent in Tenant's possession a copy of all technical documents, including functional specifications, operating manuals, and business processes charts, necessary to support continued operation of the Hospital and the Parking Facility.

Section 1.9.6. Latent Defects. For any construction work to the Leased Premises, including, without limitation, any Approved Renewal Works or Additional Renewal Work, if applicable, undertaken by the Tenant during the three (3) years immediately prior to the Handover Date, Tenant shall either assign (with the warrantor's express approval if required under the warranty), or Tenant shall identify and designate District as a third-party beneficiary under any warranty provided by any third party that Tenant hires to perform work at the Leased Premises, including but not limited to, Tenant's general contractor and design firm. Any such warranty will be consistent and commensurate with other warranties obtained by Tenant regarding coverage for defects for construction work performed by, or on behalf of Tenant, at the Leased Premises.

Section 1.9.7. Space Leases. The Leased Premises shall be transferred to District subject to any then existing Space Leases that comply with Sections 10.7, 10.8, and 12.4 of the Lease.

Section 1.10. Handover Standards. The standards for the Hospital and Parking Facility are as follows (collectively the "**Handover Standards**"): Tenant shall maintain the Leased Premises and the Total Personal Property in accordance with Section 3.2 of the Hospital Operations Agreement and Section 7.2.5 of the Lease. If, during the Lease Term, the Hospital Operations Agreement is not in effect, Tenant shall maintain the Leased Premises and the Total

Personal Property in accordance with the requirements of Section 7.2 of the Lease (including, without limitation Section 7.2.5).

Section 1.11. Dispute Resolution. In the event that District and Tenant cannot mutually agree (the “**Dispute**”) within the applicable time periods set forth above as to (i) the selection of the Handover Engineer or the Handover Manager, the Engineer’s Scope of Work or the Manager’s Scope of Work, or the allocation of the cost of the Handover Engineer or the allocation of the cost of the Handover Manager, (ii) the Approved Transition Plan, (iii) the selection of the Independent Expert, or (iv) the timeline and milestones to obtain, and the receipt of, the Third-Party Consents, then the Parties agree that such Dispute shall be submitted to the Mayor (or designee) and the CEO of the Tenant, who shall meet and confer and use their best efforts to resolve such Dispute within ten (10) days of such submission. If the Mayor (or designee) and the CEO of the Tenant are unable to resolve such Dispute within ten (10) days of such submission, the Parties may try in good faith to settle the Dispute by non-binding mediation. In such event, the Parties will choose a mutually agreeable neutral third party within ten (10) days’ notice from the Party opting to submit the dispute to non-binding mediation, who shall, within two (2) months of the submission to the mediator, mediate the Dispute pursuant to the Commercial Mediation Rules of the American Arbitration Association, the Alternative Dispute Resolution Service Rules of Procedure for Mediation of the American Health Lawyers Association, JAMS rules and procedures, or such other mutually agreeable rules and procedures as the Parties may decide. In the event that such mediation efforts are unsuccessful to resolve the Dispute within two (2) months after the submission to the mediator, or in any Party’s discretion, either Party may pursue its legal or equitable remedies as set forth in the Lease. The time period between when a Party notifies the other Party of a Dispute to the time such Dispute is resolved in accordance with this Section 1.11 is referred to as the “**Dispute Resolution Period**”.

Exhibit K

Form of Acknowledgment of Commencement Date

ACKNOWLEDGMENT OF COMMENCEMENT DATE

THIS ACKNOWLEDGMENT OF COMMENCEMENT DATE (this “**Acknowledgment**”) is executed as of this ____ day of _____, 20____ by and between the **DISTRICT OF COLUMBIA**, a municipal corporation, (“**District**”) and [_____] , a Delaware limited liability company, (“**Tenant**”) (District and Tenant together, the “**Parties**”).

WHEREAS, the Parties executed that certain Lease Agreement dated as of [_____, 2020] (the “**Lease**”), under which District agreed to lease to Tenant, and Tenant agreed to lease from District and operate, the Leased Premises;

WHEREAS, the Lease contemplated multiple Commencement Dates based on the date of delivery of a Component for occupancy to the Tenant;

WHEREAS, the Parties acknowledge that a Certificate of Substantial Completion was issued for the portion of the Leased Premises described on Exhibit A attached hereto (the “**Delivered Component**”); and

WHEREAS, the Parties wish to memorialize the Commencement Date for the Delivered Component.

NOW THEREFORE, the Parties do hereby acknowledge and agree that the Delivered Component was delivered to Tenant for its occupancy as of [_____], as evidenced by the Certificate of Substantial Completion for such Delivered Component, which is attached hereto as Exhibit B. [The Parties also acknowledge and agree that the Expiration Date, except in the event of an early termination or an extension in accordance with the terms of the Lease, shall be [_____].¹ Any capitalized terms used but not defined herein shall have such meaning as defined in the Lease.

[signatures on following pages]

¹ Add this statement in Acknowledgement for the Inpatient Hospital (expiration to be 75 years after the commencement date for that component).

IN WITNESS WHEREOF, the Parties hereby execute this Acknowledgement as of the date indicated above.

DISTRICT OF COLUMBIA, a municipal
corporation

BY: _____
Name:
Title:

DISTRICT OF COLUMBIA) ss:

The foregoing instrument was acknowledged before me on this ____ day of _____, 20____ by _____, the _____ for the District of Columbia, whose name is subscribed to the within instrument, being authorized to do so on behalf of the District of Columbia, has executed the foregoing and annexed document as his/her free act and deed.

[Notarial Seal]

Notary Public

[Signatures continue on following page]

UHS EAST END SUB, LLC, a District of
Columbia limited liability company

By: _____

Name: _____

Title: _____

_____) ss:

The foregoing instrument was acknowledged before me on this ____ day of
_____, 20____ by _____, the
_____ for UHS East End Sub, LLC, whose name is
subscribed to the within instrument, being authorized to do so on behalf of UHS East End Sub,
LLC, has executed the foregoing and annexed document as his/her free act and deed.

[Notarial Seal]

Notary Public

EXHIBIT A
Description of Delivered Component
[including legal description of Land]

EXHIBIT B
Certificate of Substantial Completion

[see attached]