HOSPITAL OPERATIONS AGREEMENT

between

DISTRICT OF COLUMBIA

and

UHS EAST END SUB, LLC

Dated as of September 10, 2020
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HOSPITAL OPERATIONS AGREEMENT

This Hospital Operations Agreement (this "Agreement") is entered into as of September 10, 2020 (the "Effective Date"), by and between the DISTRICT OF COLUMBIA, a municipal corporation (the "District") and UHS East End Sub, LLC, a wholly-owned subsidiary of Universal Health Services, Inc. ("UHS") (including any permitted successor or assignee, "Operating Entity"). The District and Operating Entity each is referred to individually herein as a "Party" and collectively are referred to as the "Parties" to this Agreement.

RECITALS

WHEREAS, the Parties seek to establish a new acute-care community hospital that will coordinate with existing and new health care providers within Washington, D.C., to establish solutions to the challenges of health access, equity and quality for residents of Ward 7 and Ward 8 in Washington, D.C., and seek to establish a comprehensive system of care that will improve the health of residents in Ward 7 and Ward 8 and throughout Washington, D.C.;

WHEREAS, a goal of the District is to have built a new, financially strong, state-of-the-art community hospital, which will be composed, on the St. Elizabeths East Campus, of an inpatient facility (the "Inpatient Hospital"), and associated ambulatory pavilion and outpatient facilities (the "Ambulatory Facility," together with the Inpatient Hospital, the "Hospital") and multistory parking garage that will primarily serve the Hospital, its patients, visitors, and staff, and others with business at the Hospital (the "Parking Facility"), and to have the Hospital operated, maintained, and governed by an existing, highly qualified, financially strong, private third-party entity with significant health care delivery experience and a robust health delivery system;

WHEREAS, George Washington University Hospital ("GWUH") is owned and operated by District Hospital Partners, L.P. ("DHP"), a partnership between The George Washington University ("GW") and UHS of D.C., Inc., an affiliate of UHS, one of the nation’s largest health care management companies;

WHEREAS, GWUH, a 395-bed tertiary/quaternary care teaching hospital located at 900 23rd Street, NW (the "Foggy Bottom Hospital"), with associated ambulatory and outpatient facilities (together with the Foggy Bottom Hospital, the "Foggy Bottom Facility"), is a key component of an integrated health care delivery system;

WHEREAS, (a) Operating Entity has agreed to lease, operate, and maintain the Hospital and Parking Facility pursuant to the terms set forth herein and in the Implementing Agreements and the Collaboration Agreement (defined herein) and UHS has agreed to guarantee the performance of Operating Entity under this Agreement, and (b) UHS Building Solutions, Inc., an affiliate of UHS ("Development Entity"), has agreed to serve as Program Manager for the design and construction of the Hospital and Parking Facility, in order to serve Washington, D.C. residents, expand and develop GWUH’s service area, and provide a broad range of services consistent with its standing as a key component of a premier health system;

WHEREAS, Operating Entity will operate the Hospital in coordination with the Foggy Bottom Facility, which will provide the benefits of a tertiary/quaternary teaching hospital's
expertise in high-acuity services and promote multi-sector collaboration with, and across, service systems and sectors; and

WHEREAS, Operating Entity will establish the Hospital to be an integrated part of the integrated health facility system with a full continuum of care coordinated with the Foggy Bottom Facility’s higher-level tertiary and quaternary care offerings and clinical faculty partners;

NOW, THEREFORE, in consideration of the promises and mutual agreements set forth herein, the District and Operating Entity set forth their understandings with respect to the operation of the Hospital and the Parking Facility described below:

**ARTICLE 1**

**DEFINITIONS**

For purposes of this Agreement, capitalized terms used in this Agreement shall have the meanings set forth in Exhibit A unless otherwise specified or required by the context in which the word appears.

**ARTICLE 2**

**PRE-OPENING COVENANTS OF OPERATING ENTITY**

2.1. **Acquisition of Assets and Licenses.** As set forth in the Development Agreement, the Parties intend for the Ambulatory Facility to open and begin treating patients in calendar year 2023, for the Inpatient Hospital to open and begin treating patients in calendar year 2024, and for the Parking Facility to open and begin operations on or before calendar year 2024 (the “Parking Facility Opening Date”). The date on which the Ambulatory Facility (a) has received all licensing, accreditation, and regulatory authority to open doors and treat its first patient, and (b) treats its first patient shall be the “Ambulatory Facility Opening Date,” and the date on which the Inpatient Hospital (x) has received all licensing, accreditation, and regulatory authority to open its doors and treat its first patient, and (y) admits its first inpatient shall be the “Hospital Opening Date.” Prior to the Ambulatory Facility Opening Date, the Hospital Opening Date, and the Parking Facility Opening Date, Operating Entity shall undertake all actions as are reasonable and necessary under Applicable Laws, to open, as applicable, the Ambulatory Facility, the Inpatient Hospital, and Parking Facility and to operate each consistent with the terms of this Agreement. Such actions include, without limitation, the following, and shall be completed with respect to the Ambulatory Facility, prior to the Ambulatory Facility Opening Date, with respect to the Inpatient Hospital, prior to the Hospital Opening Date, and with respect to the Parking Facility, prior to the Parking Facility Opening Date:

2.1.1 Operating Entity shall acquire, whether through lease, ownership, or otherwise, of all assets, supplies, equipment, fixtures, and other materials necessary to operate the Hospital in accordance with the Service Standards (the “Hospital Necessities”) and the Parking Facility consistent with industry standards; provided that the Parties recognize that (a) the actual physical plants of the Hospital and Parking Facility, as well as all furniture, fixtures, and equipment necessary for opening, will be owned by the District and leased to Operating Entity under the
Lease Agreement (except that any furniture, fixtures, or equipment that is part of any electronic health record system used at the Hospital (the “EHR Equipment”) will be solely the property of Operating Entity; and Operating Entity shall have full responsibility for the acquisition of the EHR Equipment, which acquisition shall be part of the Health Care Infrastructure Investments under ARTICLE 7 of this Agreement), and (b) payment for the acquisition of certain of the Hospital Necessities may be provided for under the Development Agreement;

2.1.2 With the exception of those approvals the District is required to obtain under the Development Agreement and any Certificate of Need (“CON”) from the District necessary for the construction and opening of the Hospital, which shall be obtained consistent with the process set out in Section 2.1.3, Operating Entity shall obtain all necessary licenses, permits, authorizations, certifications, consents, approvals, and certifications necessary to operate (a) the Inpatient Hospital as a General Hospital in accordance with the Service Standards, including, without limitation, certification to participate in Medicare, Medicaid, or any other federal or District health care benefit program, (b) the Ambulatory Facility in accordance with the Service Standards (collectively, the “Hospital Licenses”), and (c) the Parking Facility consistent with industry standards (the “Parking Licenses”);

2.1.3 Operating Entity shall cooperate with the District, which is responsible for submitting the CON application and paying the CON application submission fee, to obtain the CON for construction of the Hospital, including, at Operating Entity’s cost and expense, completing the CON application, supporting the District in its presentation of the CON application to the State Health Planning and Development Agency (“SHPDA”), assisting the District in its responses to any SHPDA (or other regulatory agency) requests for additional information associated with the CON and any other reasonable requests of the District necessary to facilitate approval of the CON application;

2.1.4 Operating Entity shall (a) develop credentialing policies and procedures for physicians providing Clinical Services pursuant to this Agreement that are consistent with GWUH’s credentialing policies and procedures applicable at the Foggy Bottom Hospital (the “Credentialing Standards”), (b) develop medical staff bylaws for the medical staff at the Hospital that are substantially the same as the medical staff bylaws applicable at the Foggy Bottom Hospital (the “Medical Staff Bylaws”), and (c) coordinate and arrange for the physician services to be provided at the Hospital pursuant to Section 3.3.1 below;

2.1.5 Operating Entity shall recruit, hire, and arrange for the staffing of all non-physician services at the Hospital pursuant to Section 3.3.2; and

2.1.6 Operating Entity shall take any and all other actions necessary to (a) cooperate with the Development Entity for construction of the Hospital and Parking Facility in accordance with the Development Agreement; (b) open the Ambulatory Facility as of the Ambulatory Facility Opening Date, the Inpatient Hospital as of the Hospital Opening Date, and the Parking Facility as of the Parking Facility Opening Date; and (c) operate each in accordance with the terms set forth herein and Applicable Law.
ARTICLE 3

OPERATIONS COVENANTS

3.1. Operating Services. At all times during the Term of this Agreement, Operating Entity shall operate, manage, and maintain the Hospital and the Parking Facility pursuant to the terms set forth herein. As the operator of the Hospital and Parking Facility, Operating Entity shall provide or arrange for all administrative, management, and operating services (including the Clinical Services, collectively, the "Services") reasonable and necessary to operate the Hospital and Parking Facility in accordance with the terms hereof, including, without limitation, the provision of the Clinical Services and other requirements set forth in Section 3.4 and all services required under applicable licensure, accreditation, and industry standards. Operating Entity shall act in a professional, competent, and efficient manner and take all actions necessary to provide a quality of service at the Hospital consistent with the Service Standards and the Quality Standards and at the Parking Facility consistent with industry standards.

3.2. Maintenance of Facilities. Operating Entity shall, at its cost and expense, provide and maintain the medical and general space, facilities, and Hospital Necessities as reasonably necessary for Operating Entity to provide the Services hereunder at a quality consistent with the Service Standards and the Quality Standards and operate the Parking Facility consistent with industry standards. Operating Entity shall maintain and replace such space, facilities, and Hospital Necessities in a manner consistent with the Foggy Bottom Facility, and with such replacement capital and equipment of a quality equivalent to the quality of replacement capital and equipment at the Foggy Bottom Facility and consistent with the requirements of TJC, the Centers for Medicare and Medicaid Services, the District Department of Health, and other relevant federal and state regulatory bodies, recognizing (a) the case-mix adjusted utilization requirements of each facility with respect to capital and equipment, (b) the clinical distinctions between a community, academic-affiliated hospital and a tertiary/quaternary academic medical center, and (c) the average age of plant at each respective facility. Notwithstanding the foregoing, the Parties recognize that the initial outfitting of the Hospital and Parking Facility, according to the Phases set forth in the Development Agreement, with fixtures and medical equipment necessary to operate the Ambulatory Facility on the Ambulatory Facility Opening Date, the Inpatient Hospital on the Hospital Opening Date, and the Parking Facility on the Parking Facility Opening Date consistent with the terms set forth herein is as set forth in the Development Agreement.

3.3. Personnel. Subject to complying with the terms set forth herein, Operating Entity shall be solely responsible for all personnel providing Services to, or working at, the Hospital and Parking Facility, whether as employees, independent contractors, or otherwise. For the avoidance of doubt, the District shall not be responsible for employing, and shall not employ, any personnel providing Services at the Hospital or Parking Facility.

3.3.1 Medical Staff. Operating Entity shall coordinate and arrange for the provision of such medical staff membership and coverage for the service lines as set forth in Section 3.4 as is reasonably necessary to provide the Services hereunder at a quality that is consistent with the Service Standards and the Quality Standards. At all times, the Medical Staff Bylaws and Credentialing Standards at the Hospital shall be consistent with the medical staff bylaws and credentialing standards at the Foggy Bottom Facility. Except as otherwise provided
herein, physician services at the Hospital shall be provided by physicians employed by GW’s affiliated physician practice plan, Medical Faculty Associates, Inc. ("MFA"). Such physician services shall be governed by a separate physician services agreement to be entered into by the GW, UHS, and MFA. Notwithstanding the foregoing, (a) in the event that MFA is unwilling or unable to provide a given physician service or services, Operating Entity may obtain such physician service or services elsewhere, whether through contract, employment, or other means, provided that (i) at all times, any physicians providing physician services at the Hospital meet the Credentialing Standards and (ii) Operating Entity continues to operate the Hospital as an integrated component of the integrated health facility system with care coordinated with the Foggy Bottom Facility, and (b) Operating Entity shall permit and encourage community (i.e., non-MFA) physicians who meet the Credentialing Standards to provide physician services at the Hospital. For purposes of clause (a)(ii) in this Section, operating as an integrated component of the integrated health facility system with care coordinated with the Foggy Bottom Facility shall include, without limitation, use of a consistent, interoperable electronic medical records system, integrated information technology systems, including scheduling, shared care coordination and care management processes, coordinated pathways for the treatment of high risk, high acuity patients, including the transfer of patients between the facilities according to acuity and medical need, consistent clinical protocols, shared branding pursuant to Section 3.9 and coordinated population health and health disparity initiatives. Operating Entity shall enter into such agreements and arrangements as are necessary and appropriate to assure the provision of any such physician services by MFA, other physicians under subsection (a) herein, and, as applicable, qualified community physicians.

3.3.2 Non-Physician Personnel. Operating Entity shall (a) provide such clinical and administrative support staff for the Service Lines as is reasonably necessary to provide the Services hereunder at a quality that is consistent with the Service Standards and the Quality Standards and (b) take such actions necessary to recruit and hire such clinical and administrative support staff. Operating Entity shall administer, manage, supervise, and direct all personnel and any independent contractors as to their duties and their performance in accordance with this Agreement.

3.3.3 Personnel Standards. Operating Entity shall ensure that all personnel (a) are appropriately qualified and experienced to undertake their tasks; (b) are, where necessary, licensed and certified in accordance with Applicable Law; (c) have, where necessary, any required medical or professional staff privileges at the Hospital; (d) carry out their duties (and otherwise behave) in a professional, timely, and competent manner using appropriate skill and care therein; and (e) are fully supervised by appropriate and experienced individuals at all times.

3.3.4 Training. Operating Entity shall be responsible for ensuring that all personnel working at the Hospital and Parking Facility, whether as employees of Operating Entity or otherwise, are adequately and appropriately oriented and trained. For such purposes, Operating Entity shall implement and operate applicable training courses for all personnel.

3.4 Service Lines.

3.4.1 Clinical Services. Except as provided in Section 3.4.2, Operating Entity shall provide and maintain the inpatient services, outpatient and ambulatory services, hospital-
based services, specialty services, and partnership services set forth on Exhibit B, and such other clinical services reasonably required, at the Hospital (the "Clinical Services"). Pursuant to the Development Agreement, the Hospital will open with no fewer than 136 licensed inpatient beds (the "Minimum Bed Capacity"). Except as set forth in Section 3.4.2, Operating Entity shall maintain in service at the Hospital the Minimum Bed Capacity during the Term.

3.4.2 Changes to Service Lines. Any changes to the Clinical Services, reduction of beds in service below the Minimum Bed Capacity, or closure or discontinuation of inpatient or outpatient operations are subject to all Applicable Laws and regulatory licensing requirements of the District, including, without limitation, D.C. Official Code § 44-401 et seq., D.C. Official Code § 44-501 et seq., and their related regulations. In addition to the foregoing, Operating Entity shall provide at least six (6) months’ prior written notice to the Mayor of the District (or designee(s)) (collectively, the "Mayor") before (a) reducing the number of licensed inpatient beds in service below the Minimum Bed Capacity or (b) discontinuing or materially modifying any of the following services: (i) emergency medicine; (ii) general medicine; (iii) general surgery; (iv) behavioral health; (v) intensive care unit; (vi) radiology; (vii) pathology and/or laboratory; (viii) cardiology; and (ix) nephrology (clauses (a) and (b), including each of the services identified in clause (b), a "Core Service" and, collectively, the "Core Services"). The written notice to the Mayor provided pursuant to this Section shall be a public record and shall substantiate Operating Entity’s rationale for discontinuing or materially modifying a Core Service and shall include, at a minimum, a description of the factors Operating Entity considered in coming to such determination, including, without limitation, financial, care quality, need and community utilization, and patient safety considerations. Upon receipt of the written notice, the Mayor shall have one hundred twenty (120) days to review and respond to the notice and the rationale presented therein. At his or her election, the Mayor may provide input on the planned action of Operating Entity. In that event, Operating Entity shall: (A) give substantial deference to the input provided by the Mayor and provide a written response to the Mayor acknowledging receipt of the Mayor’s input and including a reasoned explanation as to why Operating Entity agrees or disagrees with each issue raised by the Mayor; and (B) if appropriate, based on Operating Entity’s response to the Mayor, modify the planned action to accommodate the input received from the Mayor; provided, however, that Operating Entity may not completely cease inpatient or outpatient operations of the Hospital (in either the Ambulatory Facility or the Inpatient Hospital, or both) without the prior consent of the Mayor pursuant to Section 5.3.

3.4.3 Non-High Risk Obstetric Services, Level 1 Newborn Services, and Level 2 NICU. Non-high risk obstetric services, Level 1 newborn services, and Level 2 neonatal intensive care unit services must be provided at the Hospital unless restricted from providing this service at the Hospital by the District’s Department of Health in accordance with Applicable Law. This requirement shall not preclude Operating Entity from providing high-risk obstetric and newborn services if reasonably determined to be necessary by Operating Entity, and subject to all required regulatory approvals.

3.5. Community Engagement. Operating Entity recognizes that the Hospital will be an integral component of the delivery of health care to residents in Ward 7 and Ward 8 of Washington, D.C., and, to integrate the Hospital into the community health infrastructure already operating in Ward 7 and Ward 8, Operating Entity shall establish partnerships and affiliations with existing, or newly developed, community health centers, federally qualified health centers, and other
community-based health care providers. Through these partnerships and affiliations, Operating Entity shall, and shall cooperate with local organizations that sponsor health care initiatives to, address challenges related to health care access, health and health care equity, health and health care quality, identified community needs, and improvements in the health status of the elderly, poor, and other at-risk populations. Coordination with these community health care providers shall be pursuant to a comprehensive, long-term plan for community and health care provider engagement, which will include initiatives by Operating Entity to reduce barriers for community health care providers, especially primary care providers, to serve their patients as valued participants in Operating Entity’s and the Foggy Bottom Facility’s health care delivery system. The Parties shall cooperate, immediately after the Effective Date, to develop and implement an initial community and health care provider engagement plan (the “Community Engagement Plan”) that will include a process for community and health care provider stakeholders to provide input and convey information about how operations of the Hospital will meet resident needs and improve the delivery of health care in Ward 7 and Ward 8 and throughout Washington, D.C. The Parties shall (a) subject to extenuating circumstances beyond their control that preclude the foregoing, finalize the Community Engagement Plan within ninety (90) days of the Effective Date and (b) review and update the Community Engagement Plan on the first (1st) anniversary of the Effective Date and annually thereafter. As part of its community engagement activities, Operating Entity shall provide community education and engagement to promote appropriate, quality, and timely use of primary care services, including, without limitation, preventative, acute, and chronic disease management, and shall emphasize and strengthen the network of community-based primary care providers in Ward 7 and Ward 8. Through community and health care provider partnerships, Operating Entity shall promote the integration of medical and behavioral health services in primary care, medical, and behavioral health outpatient clinics.

3.6. Population Health. Operating Entity shall conduct, either directly or through GW’s Milken Institute School of Public Health and Health Services, community-based outcomes and population research that includes the patients that are served by the Hospital, and particularly patients with the most prevalent chronic and/or complex health conditions, as well as population health needs identified in the District’s or Operating Entity’s Community Health Needs Assessments.

3.7. Uncompensated Care and Community Benefits. Notwithstanding D.C. Official Code §§ 44-402, 44-405, and 44-406 and D.C. Mun. Regs. tit. 22-B § 4400.2, Operating Entity shall ensure that, on an annual basis, at least three percent (3%) of the Hospital’s total operating expenses, as set forth in the Hospital’s annual audited financial statements, or its equivalent, minus the amounts of reimbursement, if any, under Titles XVIII and XIX of the Social Security Act, shall be used to provide Uncompensated Care, Charity Care, and Community Benefits. Qualifying activities designated under the Community Engagement Plan may be counted toward Community Benefits. Failure to meet the standards set forth in this Section 3.7 shall not independently constitute a Material Breach.

3.8. Teaching and Research. The Hospital shall be a teaching site for The George Washington University School of Medicine and Health Sciences (“GW SOM”) and shall provide educational opportunities for medical students, students in allied health professions degree programs, medical residents, and fellows of GW SOM and any other GW health sciences program, including through clerkship, residency, fellowship, and other practicum placements. Operating
Entity shall enter into such arrangements and agreements with GW SOM as are reasonable and necessary to facilitate the teaching program at the Hospital. Operating Entity shall use good faith efforts, through discussions with GW SOM and other educational institutions, as applicable, to integrate any residency programs offered at the Hospital with the existing behavioral health programs offered at St. Elizabeths Hospital, and to pursue other partnerships or affiliations that are consistent with Operating Entity’s mission as a key component of an academic medical center.

3.9. **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. Operating Entity 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 Operating Entity is unable to obtain or maintain these branding and naming rights.

3.10. **Compliance with Law.** At all times during the Term, Operating Entity shall ensure that the Hospital and Parking Facility are operated in full compliance with all applicable laws, including, without limitation, all Health Care Laws relating to the Hospital and Hospital Licenses (“Applicable Law”).

3.11. **Licenses.** During the Term, Operating Entity shall not allow any of the Hospital Licenses or Parking Licenses to become invalid, restricted, suspended, or otherwise adversely affected by the acts or omissions of Operating Entity or any of its directors, officers, employees, agents, or representatives.

3.12. **Labor.**

3.12.1 Operating Entity recognizes and agrees that its employees at the Hospital and Parking Facility shall have the right, in compliance with applicable federal and District law, to self-organize; to form, join, or assist labor organizations; to bargain collectively through representatives of their own choosing; and to engage in other concerted activities for the purpose of collective bargaining or other mutual aid or protection.

3.12.2 Operating Entity agrees that it will not interfere with, restrain, or coerce employees in the exercise of the above-described rights, and further recognizes the rights of employees to form or administer a bargaining unit of their own choosing, free from any unlawful discrimination or retaliation in regard to any term or condition of their employment, and from any unlawful refusal to bargain with a legally authorized representative.

3.12.3 Operating Entity agrees that, in the event a duly authorized representative is legally and properly elected by its employees to bargain collectively with Operating Entity, it
shall do so in good faith consistent, and in accordance with, any applicable legal obligations arising under the National Labor Relations Act ("NLRA").

3.12.4 In the event of an alleged violation of NLRA, the Parties' recourse for enforcement shall be as set out within the administrative framework of the NLRA and any avenues for judicial review before the federal Courts of Appeal and/or the U.S. Supreme Court. Upon the exhaustion of that process, the District may exercise its enforcement rights under this Agreement or otherwise as permitted by law. If the NLRA is amended or modified at the federal level in any way that changes the terms of this Section 3.12, this Section 3.12 shall be deemed to have been modified to conform to such statutory amendments or changes.

ARTICLE 4

SERVICE STANDARDS AND QUALITY STANDARDS

4.1. Services and Quality Programs. Operating Entity shall ensure that (a) the Hospital participates in the same Quality Programs as the Foggy Bottom Facility, as appropriate to service line complements, and (b) the Hospital achieves or demonstrates progress towards achievement of performance at a level of "national benchmark or better" on national service standards (the "Service Standards") and national quality standards (the "Quality Standards"). For the avoidance of doubt, the Service Standards and the Quality Standards apply to the inpatient and outpatient and ambulatory services provided at the Hospital (whether through the Ambulatory Facility, Inpatient Hospital, or both). To demonstrate achievement of the Service Standards and the Quality Standards, Operating Entity shall, in addition to such other actions as are reasonably necessary to demonstrate achievement of or progress towards Hospital performance at a level of "national benchmark or better" on the Service Standards and Quality Standards, ensure that the Hospital:

4.1.1 Obtains and maintains eligibility for participation in Medicare, Medicaid, and other payment programs;

4.1.2 Operates in compliance with applicable municipal, state, and federal laws which require reporting of quality and safety performance(s);

4.1.3 Obtains and maintains accreditation by the applicable accrediting bodies, including The Joint Commission ("TJC"); and

4.1.4 Seeks specialty registries and/or accreditation from accrediting bodies such as the American College of Surgeons.

4.2. Community Representation in Quality Programs. Operating Entity shall establish a Patient and Family Advisory Council ("PFAC") that includes community representatives from Ward 7 and Ward 8. Operating Entity shall appoint at least one community representative from the PFAC to the Hospital Quality Council or equivalent quality oversight committee reporting to the Board.

4.3. Quality Reporting. Operating Entity shall participate in all routine national quality reporting so as to ensure public availability of the Hospital's quality performance data. In addition
to mandatory reporting requirements associated with the federal Centers for Medicare and Medicaid Services and TJC accreditation, Operating Entity shall complete annually the Leapfrog Hospital Survey for the Inpatient Hospital, inclusive of all available data, and, annually, complete on behalf of the Ambulatory Facility any quality surveys that are completed and submitted on behalf of the ambulatory and outpatient facilities of the Foggy Bottom Facility, as appropriate to service line complements of the Ambulatory Facility. Prior to complete routine national reporting data becoming available, and for no less than the first two (2) years of the Inpatient Hospital’s operations, Operating Entity shall report on quality as follows: submit semi-annually to the District a detailed update on progress towards full TJC accreditation; and submit annually: a summary of the Hospital’s annual quality improvement plan, a summary of the Hospital’s annual quality improvement report, and a comparative summary of quality improvement plans and report findings for the Hospital and Foggy Bottom Facility.

4.4. Identification of Quality Standards Gaps. If, as applicable, the Ambulatory Facility or the Inpatient Hospital does not achieve national benchmarks for Quality Standards during the first or second full years of its operation, then, at the end of each such year of operation, Operating Entity shall provide to the Board a remediation plan reflecting its plan to achieve such benchmarks during the following one (1)-year period. If, as applicable, the Ambulatory Facility or the Inpatient Hospital has not achieved national benchmarks for Quality Standards or for Service Standards by completion of its third full year of operation, then, beginning at the start of the fourth year, the District may, in addition to any other regulatory and licensing authority the District has, restrict use of any District-funded annual operating subsidy, including any funding from the Hospital Fund and any patient care reimbursement rates, to activities directly related to improving performance on deficient Quality Standards and/or Service Standards.

ARTICLE 5

GOVERNANCE

5.1. Governing Board. The Hospital shall be governed by a governing board (the “Board”), a majority of whose members shall be appointees of Operating Entity, including, without limitation, officers and employees of UHS, DHP or Operating Entity. The District shall be represented on the Board and have the right to appoint three (3) members or twenty percent (20%) of the Board’s total composition (or, if twenty percent (20%) of the Board’s total composition does not equal a whole number, the number of members that is equal to twenty percent (20%) of the Board’s total composition rounded up to the nearest whole number; provided that the District’s representatives shall not have more than 20% of the votes of the Board), whichever is greater.

5.2. Joint Meetings. From and after the Ambulatory Facility Opening Date or the date on which the Board is formed (whichever is earlier), and throughout the Term, Operating Entity shall convene meetings, no less than annually, with the Mayor, the Chair of the Board, the Chief Executive Officer of the Hospital and the employee of UHS or its Affiliate who serves as the Chief Executive Officer of GWUH (or designee(s)) (collectively, the “UHS Executive”) to discuss the performance of the Parties’ obligations under the Implementing Agreements, including, without limitation, quality and safety outcomes; operation of the services lines; proposed material modifications to the Hospital operations that would have significant financial or quality of care implications for Washington, D.C., residents; workforce development; community engagement;
and population health; Uncompensated Care, Charity Care, and Community Benefits; financial performance of the Hospital; and Operating Entity's Capital Expenditures and investments in new health care infrastructure and services in Ward 7 and Ward 8 pursuant to Section 6.2 and ARTICLE 7. Such meeting, occurring on at least an annual basis, is referred to herein as a "Joint Meeting." On an annual basis, not fewer than sixty (60) days after the end of Operating Entity's fiscal year, Operating Entity shall provide a report detailing Operating Entity's compliance with all of Operating Entity's obligations under this Agreement in substantially the form set forth in Exhibit C (the "Annual Report"), as well as financial performance information on the Hospital to the Mayor in such form as the Mayor shall request. Operating Entity shall convene each Joint Meeting no fewer than forty-five (45) days after delivery of the Annual Report to the District. Operating Entity shall provide any financial, administrative, operational or other information concerning the matters set forth herein that the District may reasonably request.

5.3. Reserved Rights of the District.

5.3.1 Mayor's Consent. Subject to Section 5.3.2, Operating Entity shall not take any action resulting in, or allow for the occurrence of any of the following events, without the Mayor's prior written consent:

(a) Any Transfer, other than a Permitted Transfer; or

(b) Ceasing all inpatient or outpatient operations of the Hospital.

5.3.2 Failure to Obtain Mayor's Consent. Prior to the occurrence of any of the events in Section 5.3.1, Operating Entity shall notify the District as early as reasonably practicable but, in any event, at least ninety (90) days prior to the effective date of the event. If such event relates to a Transfer, other than a Permitted Transfer, such notice shall include such documentation pertaining to such event as set forth in Section 10.3.2 of the Lease Agreement. If such event relates to Operating Entity's intent to cease all inpatient or outpatient services at the Hospital, such notice shall include information or documentation supporting the proposed event including, as applicable, (i) financial necessity, (ii) lack of community need for services proposed to be terminated, (iii) availability of equivalent services within the community, (iv) unavailability of qualified health care providers, (v) change in community demographics, (vi) unavailability of requisite transportation to serve the Hospital, and (vii) such other information as Operating Entity determines appropriate to support the proposed action. If the event is either (a) a Third Party Change of Control of UHS (as defined in the Lease Agreement), or (b) the ceasing by Operating Entity of all inpatient or outpatient operations of the Hospital, then within ninety (90) days after District's receipt of the requisite notice from Operating Entity, inclusive of such all required documentation and information, the District may, in its sole discretion, in addition to any other remedies it may have herein or under law, elect to terminate this Agreement as applicable under Section 9.2 and secure a new operator for the Hospital. The failure of the District to elect to terminate this Agreement within such ninety (90)-day period (provided that the District has received all required documentation and information pertaining to such proposed event) shall render the District's termination right under this Section 5.3.2 null and void. If the District so terminates, Operating Entity shall (x) if termination occurs during Years 1 through 3 of this Agreement, be responsible for the payment to the District of the amount of thirty-three million dollars ($33,000,000), as well as reimbursing the District for the costs of the new operator for its
first two (2) years of service, up to a maximum annual amount of seven million dollars ($7,000,000); (y) if termination occurs during Years 4 or 5 of this Agreement, be responsible for the payment to the District of the amount of twenty-seven million dollars ($27,000,000), as well as reimbursing the District for the costs of the new operator for its first two (2) years of service, up to a maximum annual amount of six million dollars ($6,000,000); (z) if termination occurs during Year 6 of this Agreement, be responsible for the payment to the District of the amount of twenty-four million dollars ($24,000,000), as well as reimbursing the District for the costs of the new operator for its first year of service, up to a maximum annual amount of five million dollars ($5,000,000); (xx) if termination occurs during Years 7 or 8 of this Agreement, be responsible for the payment to the District of the amount of twenty-two million dollars ($22,000,000), as well as reimbursing the District for the costs of the new operator for its first year of service, up to a maximum annual amount of five million dollars ($5,000,000); or (yy) if termination occurs during Years 9 or 10 of this Agreement, be responsible for the payment to the District of the amount of twenty million dollars ($20,000,000), as well as reimbursing the District for the costs of the new operator for its first year of service, up to a maximum annual amount of four million dollars ($4,000,000); (zz) cooperate with and assist the District, at Operating Entity’s sole cost and expense, in securing a new operator for the Hospital and transitioning the Services, Hospital assets, Hospital Licenses, Parking Facility assets, Parking Facility Licenses, and employees of the Hospital and Parking Facility to the new operator consistent with the Handover Process; and (xxx) 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 under the Implementing Agreements or any other agreement 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. The Parties agree that the foregoing payment amounts are fair and reasonable, do not constitute a penalty or forfeiture, and have been established as of the Effective Date as it would be extremely difficult to accurately determine the amount of damage suffered by the District as a result of Operating Entity’s action in contravention of Section 5.3.1.

ARTICLE 6

FINANCIAL COMMITMENTS

6.1. The District’s Commitments.

6.1.1 Hospital Fund. The District shall deposit into a special purpose fund ("Hospital Fund") the amount of five million dollars ($5,000,000.00) per year ("Annual Deposit") during each of the first five (5) fiscal years commencing with the first fiscal year that begins after the Commencement Date for the first component under the Lease Agreement. The Annual Deposits shall accumulate in the Hospital Fund. Any funds remaining in the Hospital Fund after ten (10) years and six (6) months after the Hospital Opening Date shall no longer be available for payment to Operating Entity.

(a) On or before March 1st of each year during the initial ten (10) years of the Term, Operating Entity may provide a notice ("Deficit Notice") to the District that identifies whether during Operating Entity’s preceding fiscal year, the Hospital (including operations of the Parking Facility) had a Deficit; provided that no Deficit Notice may be provided to the District until after the Hospital’s first full fiscal year. For purposes of this Section, a "Deficit" is defined
as a negative EBITDA margin and EBITDA shall be calculated consistent with the EBITDA calculation in Exhibit D to the Lease Agreement. The Deficit Notice shall provide financial statements and other supporting documentation for the EBITDA margin to demonstrate how the Deficit was calculated.

(b) Within ninety (90) days after receipt of a Deficit Notice, the District shall respond to Operating Entity’s Deficit Notice and identify whether (i) the District acknowledges the Deficit set forth in the Deficit Notice, or (ii) the District disputes Operating Entity’s calculation or requires additional information to validate the Deficit set forth in the Deficit Notice.

(c) To the extent (i) Operating Entity timely provides a Deficit Notice, (ii) the District acknowledges the Deficit, and (iii) there are funds available in the Hospital Fund, the District shall pay to Operating Entity, within sixty (60) days of the District’s acknowledgement under (ii), an amount equal to the lesser of (x) the amount of the Deficit, or (y) the amount in the Hospital Fund. To the extent there are not sufficient funds in the Hospital Fund for the District to pay Operating Entity the Deficit, the District shall have no obligation to pay Operating Entity any amount above the amount existing in the Hospital Fund. Deficits may not carry-over from year-to-year.

6.1.2 Enhanced Medicaid Rates. If, as of the Ambulatory Facility Opening Date and as of each December 1 thereafter during the Term (each, a “Measurement Date”), at least fifty-five percent (55%) of the residents of Ward 8 are enrolled in DC Medicaid (including both Medicaid fee-for-service and Medicaid Managed Care Organization (“MCO”) beneficiaries and measured by the total number of DC Medicaid enrollees in Ward 8 over the preceding twelve (12)-month period, divided by the total number of residents of Ward 8 according to the most recent census count of the District of Columbia), then, during the calendar year beginning on the January 1 following the applicable Measurement Date (provided that this Agreement remains in effect):

(a) The District shall require that each Medicaid MCO contracted with the District to provide coverage to Medicaid-eligible individuals in the District (each, a “Medicaid MCO,” collectively, the “Medicaid MCOs”), as a condition of being a Medicaid MCO, pay the Hospital (i) for inpatient and outpatient services furnished during the calendar year in which the Hospital opens at a rate equal to at least one hundred forty-eight percent (148%) of the 2019 Medicaid fee-for-service rates (the “Enhanced MCO Rate”), and (ii) for inpatient and outpatient services furnished during any subsequent qualifying calendar year at a rate equal to at least the Enhanced MCO Rate as adjusted by the inflationary adjustments under Section 6.1.2(c). Notwithstanding the foregoing, the Parties recognize that the Enhanced MCO Rate, if applicable pursuant to Section 6.1.2(c) will commence as to outpatient services as of the Ambulatory Facility Opening Date and will commence as to inpatient services as of the Hospital Opening Date.

(b) If fewer than ninety-five percent (95%) of all enrollees in DC Medicaid are enrolled in Medicaid MCOs as of the applicable Measurement Date, then the Department of Health Care Finance (inclusive of any successor agency, “DHCF”) will establish Medicaid fee-for-service reimbursement rates for the Hospital (i) for inpatient and outpatient services furnished from the date of opening and during the immediately succeeding calendar year, as adjusted for the annual inflationary adjustment under Section 6.1.2(c), at a Medicaid fee-for-
service base rate equal to one hundred forty-eight percent (148%) of the 2019 Medicaid fee-for-service inpatient base rate (the “Enhanced Medicaid Rate”) and (ii) for inpatient and outpatient services furnished during any subsequent qualifying calendar year at a rate equal to at least the Enhanced Medicaid Rate as adjusted by the inflationary adjustments under Section 6.1.2(c). When the portion of Medicaid MCO enrollees equals ninety-five percent (95%) or more of all DC Medicaid enrollees, then the Enhanced Medicaid Rate shall no longer apply, and the fee-for-service inpatient and outpatient base rates paid to the Hospital shall be established by DHCF through its standard reimbursement methodology. Notwithstanding the foregoing, the Parties recognize that the Enhanced Medicaid Rate, if applicable pursuant to this section, will commence as to outpatient services as of the Ambulatory Facility Opening Date and will commence as to inpatient services as of the Hospital Opening Date.

(c) Prior to the Ambulatory Facility Opening Date, the Hospital and the District, acting through DHCF, shall agree on a formula for annual inflationary adjustments to be made to the Enhanced MCO Rate and the Enhanced Medicaid Rate during the Term (the “Adjustment Formula”). If the Parties are unable to agree on the Adjustment Formula prior to the Ambulatory Facility Opening Date, then the Adjustment Formula shall be based on changes to the Consumer Price Index (“CPI”) for Medical Care over the most recent twelve (12)-month period for which data are available as of the applicable Measurement Date. Notwithstanding anything herein to the contrary, (i) five (5) years after the first year in which the Enhanced Medicaid Rate or the Enhanced MCO Rate went into effect (the “Medicaid Rate Commencement Date”), and after each five (5)-year period thereafter, provided that either the Enhanced Medicaid Rate or the Enhanced MCO Rate is still in effect, the Parties shall meet and review the formula and discuss any potential amendments to the Agreement based on any change in the District’s financial position, changes to the health care landscape, or changes to the Hospital’s financial need for the enhanced rates based on changes to market conditions or the then-current financial condition of the Hospital; and (ii) the Enhanced Medicaid Rate and the Enhanced MCO Rate shall expire and be of no further force and effect upon the earlier of (x) Operating Entity’s (i.e., Tenant’s) exercise of the Purchase Option or the Modified Lease Option pursuant to the Lease Agreement, or (y) expiration of the Lease Agreement.

(d) If, during the term of this Agreement, the Medicaid program is terminated, suspended, or otherwise eliminated (a “Material Medicaid Change”), then, subject to applicable law, the Mayor of the District of Columbia, or other appropriate official, shall take every action within her/his authority to provide that the reimbursement rate to the Hospital for inpatient and outpatient services provided to individuals who were covered Medicaid (including Medicaid MCO) beneficiaries in the year immediately preceding termination, suspension, or elimination is no less than the rate paid for those services under this Agreement during the immediately preceding year, subject to applicable annual inflationary adjustments (the “Enhanced Payment Rate”). If, notwithstanding the action of the Mayor of the District of Columbia, or other appropriate official, pursuant to the foregoing, the District is unable ensure the Hospital is paid, and to pay the Hospital, the Enhanced Payment Rate, Operating Entity shall have the right to terminate this Agreement under Section 9.2.1 and, notwithstanding anything herein or in the Lease Agreement to the contrary, the Handover Process shall conclude and this Agreement shall terminate immediately prior to the date the Material Medicaid Change takes effect.
6.2. Operating Entity’s Commitments. Operating Entity shall make the following financial commitments to the Hospital and Parking Facility:

6.2.1 Except as set forth in Section 6.1.1, Operating Entity shall be fully responsible for all operating costs of the Hospital and Parking Facility.

6.2.2 Operating Entity shall be responsible for all capital equipment maintenance and replacement and physical plant expenditures at the Hospital and Parking Facility from and after the Ambulatory Facility Opening Date (except as otherwise provided in the Development Agreement, including with respect to construction of the Inpatient Hospital and Parking Facility, which shall be completed as set forth in the Development Agreement) (collectively, the “Capital Expenditures”). The Capital Expenditures shall include any and all capital expenditures at the Hospital and Parking Facility necessary to maintain the Hospital and Parking Facility at a substantially equivalent level of appearance, physical competence and equipment outfit as the Foggy Bottom Facility and as is otherwise necessary to maintain the Hospital and Parking Facility in accordance with the Implementing Agreements. For the avoidance of doubt, the capital and equipment replacement schedule and process, and quality of replacement capital and equipment, at the Hospital and Parking Facility shall be equivalent to the schedule and process, and quality of replacement equipment and capital at the Foggy Bottom Facility, recognizing the case-mix adjusted utilization requirements of each facility with respect to capital and equipment.

ARTICLE 7

HEALTH CARE INFRASTRUCTURE INVESTMENTS

7.1. Health Care Infrastructure Investments. Apart from its other obligations under this Agreement, Operating Entity shall make additional investments, at a value of at least seventy-five million dollars ($75,000,000) over ten (10) years (the “Infrastructure Investment Amount”) in Health Care Infrastructure in Ward 7 and Ward 8. “Health Care Infrastructure” shall mean the investment of the Infrastructure Investment Amount as set forth in Sections 7.3 and Section 7.4 and according to the schedule set forth in Exhibit D.

7.2. Investment Timeline. The Health Care Infrastructure Investments in Ward 7 and Ward 8 may begin on the Effective Date and shall begin no later than the earliest of: (a) receipt of the certificate of need for a new medical mall, urgent care, or ambulatory care facility in Ward 7; (b) receipt of the certificate of need for a new medical mall, urgent care, or ambulatory care facility in Ward 8; or (c) receipt of the certificate of need for the Hospital. The Infrastructure Investment Amount shall be completely expended on Health Care Infrastructure investments in Ward 7 and Ward 8 within ten (10) years after the Effective Date. No investments in health care infrastructure made prior to the Effective Date shall count toward the Infrastructure Investment Amount. Operating Entity’s failure to expend the full Infrastructure Investment Amount, which shall be expended in accordance with the terms hereof, shall constitute a Material Breach of this Agreement.

7.3. Ward 7 and Ward 8 Investments. Operating Entity shall establish, own (or lease), operate, manage, and maintain (a) a medical mall, urgent care or ambulatory care facility in Ward 7, that shall provide both urgent care and diagnostic services, including diagnostic imaging (the
"Ward 7 Facility") and (b) a medical mall, urgent care, or ambulatory care facility in Ward 8 (in addition to the Ambulatory Facility), that shall provide both urgent care and diagnostic services, including diagnostic imaging (the "Ward 8 Facility"). In addition, Operating Entity shall establish an electronic health records system and associated information technology infrastructure for the Hospital (the "EHR/IT Investments") and Development Entity shall provide program management services for the construction of the Project as defined in the Development Agreement (the "PM Investments"). (The Ward 7 Facility, Ward 8 Facility, and EHR/IT Investments and PM Investments are collectively referred to in this Article as the "Ward 7 and 8 Investments.") For clarity, the Ward 8 Facility is distinct from the Ambulatory Facility, and the costs of construction of the Ambulatory Facility are not the responsibility of Operating Entity and are not counted against the Infrastructure Investment Amount. In addition, not more than nine million dollars ($9,000,000) of the PM Investments shall count towards Operating Entity’s expenditure of the Infrastructure Investment Amount.

7.3.1 The Health Care Infrastructure, including the Ward 7 and 8 Investments, shall be established or leased or constructed in accordance with D.C. Official Code § 44-401 et seq. and D.C. Official Code § 44-501 et seq., and their related regulations, and must be physical, brick-and-mortar locations with the primary purpose of allowing residents to receive in-person services on site during regularly-scheduled hours of operation. In addition to the requirements of this Section 7.3, both the Ward 7 Facility and the Ward 8 Facility must operate, at a minimum, in a manner that allows for the delivery of medical care to walk-in patients for minor illnesses and injuries on an outpatient basis, and the primary method of service delivery may not be through telehealth or eHealth solutions. Unlike hospital emergency departments, it shall not be required that the Ward 7 Facility or Ward 8 Facility operate 24 hours per day. The Ward 7 Facility and the Ward 8 Facility shall, at all times, be enrolled in Medicare and DC Medicaid and shall provide Uncompensated Care, Charity Care, and Community Benefits consistent with Section 3.7. Operating Entity shall establish the Ward 7 Facility and the Ward 8 Facility such that one facility shall be completed and operating by April 30, 2022, subject to receipt of necessary regulatory approvals (e.g., if applicable, receipt of a non-appealable Certificate of Need). Failure of Operating Entity to complete and operate either facility by the respective foregoing dates shall constitute a Material Breach under Section 9.2.1 of this Agreement, unless Operating Entity has made and continues to make good faith efforts to establish the Ward 7 Facility and the Ward 8 Facility pursuant to the terms set forth herein, including with respect to identification and location of facilities.

7.4 Additional Ward 7 and 8 Investments. Operating Entity shall expend the remainder of the Infrastructure Investment Amount on other health care infrastructure projects in Ward 7 and Ward 8, such as, diagnostic imaging facilities, technology-based virtual delivery services, medical office buildings, electronic health record systems, capital expenditures associated with maintaining or enhancing the medical mall/urgent care and ambulatory facilities or the Hospital, and other health care facilities in Ward 7 and Ward 8.

7.5 Additional Investments. After the expenditure of the Infrastructure Investment Amount and the construction and establishment of all health care infrastructure investments made with the Infrastructure Investment Amount, Operating Entity shall ensure that the infrastructure investments made to maintain a level of excellence, consistent maintenance, and ongoing modernization of the facilities in Ward 7 and Ward 8 are reasonably equivalent to infrastructure
investments made to maintain a level of excellence, consistent maintenance, and ongoing modernization of Operating Entity’s or DHP’s facilities in other wards within the District, such that the health care services made available by Operating Entity for residents in Ward 7 and Ward 8 are convenient, of consistently high quality, and are matched to community need.

7.6. **In-Kind Investments.** In connection with the construction and operation of the Hospital and the Parking Facility as set forth herein and in the Development Agreement and as a reflection of Operating Entity’s commitment to the District in furtherance of the Parties’ mutual goals set forth in the Collaboration Agreement, the Parties acknowledge the in-kind services provided by and to be provided by Operating Entity and its Affiliates in the design and construction of the Hospital, including without limitation inclusion of the Hospital in UHS’ group purchasing organization; significant design and construction savings from UHS’ expertise; consulting and implementation savings from UHS’ expertise in development; excluding the costs of the EHR Equipment, execution and integration of a comprehensive Cerner electronic medical platform across both the inpatient and outpatient continuum; and corporate support, expertise, and resources in critical areas of hospital management, operations, and oversight, including assistance on (a) clinical integration among the Inpatient Hospital, the Foggy Bottom Facility, MFA, the Ambulatory Facility, the Ward 7 Facility, and the Ward 8 Facility, (b) patient experience, (c) revenue cycle, (d) quality performance and management, (e) physician practice management, (f) managed care contracting, (g) human resources and recruiting, (h) risk management and insurance, (i) supplies and services purchasing and contracting, (j) facilities engineering and management, and (k) real estate oversight and management.

**ARTICLE 8**

**COMMUNITY INVESTMENTS**

8.1. **Community Commitments.** In connection with the establishment and operation of the Hospital, Operating Entity has made certain commitments to the residents of Washington, D.C., in particular the residents of Ward 7 and Ward 8. Certain of these commitments are set forth in Sections 3.5, 3.6, 3.7, and 3.8. In addition, Operating Entity shall make the community investments set forth in this **ARTICLE 8.**

8.2. **Hiring of District Residents.** Within one hundred eighty (180) days of the Effective Date, Operating Entity will enter into a First Source Agreement with the District that shall govern the obligations of Operating Entity regarding job creation and employment as a result of the operation of the Hospital and Parking Facility, pursuant to the First Source Employment Agreement Act of 1984, effective June 29, 1984 (D.C. Law 5-93; D.C. Official Code § 2-219.01 et seq.) (the “First Source Act”). Operating Entity shall submit such reports as the District from time to time may require regarding the hiring of Washington, D.C., residents.

8.3. **Utilization of District Businesses.** Within one hundred eighty (180) days of the Effective Date, Operating Entity will enter into a CBE Utilization Agreement with the District that shall govern certain obligations of Operating Entity regarding the utilization of certified business enterprises (“CBEs”) in the operation of the Hospital and Parking Facility. Throughout the operation of the Hospital and Parking Facility, Operating Entity shall submit to the District copies of any reports required to be submitted under the CBE Utilization Agreement. Operating Entity
shall also submit to the District such other reports as the District may from time-to-time require regarding the value of contracts awarded to CBEs (generally and by type of certification) in connection with the operation of the Hospital and Parking Facility.

8.4. Workforce Development

8.4.1 Recognizing that the Hospital has an opportunity to improve the health of residents in Ward 7 and Ward 8 by providing access to not only quality health care services but also to long-term employment opportunities, Operating Entity shall prepare qualified District residents for employment at the Hospital and in health professions fields. Operating Entity shall establish formal partnerships with the District's workforce, health, economic development, and public and higher education agencies, as well as community-based organizations serving Ward 7 and Ward 8, to prepare qualified District residents for employment at the Hospital and in health profession fields and seek to hire qualified residents into the Operating Entity system. As provided in Section 8.2, Operating Entity shall enter into a First Source Agreement with the District. The First Source Agreement shall include a hiring plan for the operations of the Hospital and Parking Facility. After the plan is completed, the Department of Employment Services (inclusive of any successor agency, "DOES") will connect Operating Entity with the DOES Office of Talent and Client Services to facilitate Operating Entity's hiring and training of District residents.

8.4.2 Operating Entity shall establish and/or partner with another entity or entities to implement learning, training, hiring, and mentoring programs for District residents interested in pursuing health care careers. These programs shall support the development of a human capital pipeline for current and future employment opportunities. Partnerships may include programs with: public high schools in Ward 7 or Ward 8, the University of the District of Columbia; and/or DOES, including apprenticeships, on-the-job training programs and the Marion Barry Summer Youth Employment Program. These partnerships shall seek to establish and/or support existing or new programs that prepare District residents for careers in, and continued education and training in, the health care industry, including preparation and training for jobs and careers at the Hospital, Operating Entity's ambulatory and urgent care facilities, and other Operating Entity-related facilities.

8.4.3 Operating Entity shall meet with and otherwise disseminate information to Ward 7 and Ward 8 residents regarding forecasted hiring for the Hospital (including the numbers and types of positions) and the anticipated education, background, and experience requirements for each type of position; and, once Operating Entity initiates outreach or advertisements associated with the hiring process, hold career/hiring fairs in Ward 7 and Ward 8, including at the United Medical Center ("UMC").

8.4.4 At least two (2) years before the Hospital Opening Date, the District shall, in coordination with Operating Entity, establish training program(s) such that then-current UMC employees who are interested in pursuing a career at the Hospital can receive training they may need to meet the quality and hiring standards of the Hospital. The training shall be from an accredited provider(s) selected by the District and shall align with any quality and hiring standards established by the Hospital.
8.4.5 Operating Entity shall provide preference in hiring for employment at the Hospital first to qualified employees of UMC who meet the minimum standards for employment established by the Hospital, unless there exists a reasonable basis for Operating Entity to deny employment to a prospective employee based on that individual’s qualifications or lack thereof.

ARTICLE 9

TERM AND TERMINATION

9.1. Term. This Agreement shall be in effect until the termination or expiration of the Lease Agreement under the terms thereof (the “Term”), unless earlier terminated in accordance with the provisions below.

9.2. Termination. This Agreement may be terminated under any one of the following circumstances, or as otherwise set forth herein:

9.2.1 By either Party, if there has been a Material Breach by the other Party of any covenant or agreement contained in this Agreement that is not remedied, or cannot be remedied by the breaching Party to the reasonable satisfaction of the non-breaching Party, within ninety (90) days, or, if the nature of the breach so requires as is reasonably agreed by the Parties, one hundred twenty (120) days, after receipt of notice thereof; provided that the termination shall be effective at the conclusion of the Handover Process if the breach is not sufficiently remedied in the sole reasonable discretion of the non-breaching Party at the end of the applicable ninety (90) or one-hundred twenty (120)-day notice period; provided, further, that, in the event of any breach by the District of Section 6.1.1 or Section 6.1.2, the breach shall be deemed remedied if the obligation is performed or satisfied by the end of the cure period described hereunder and, if not remedied, Operating Entity shall, as the sole remedy in addition to termination of this Agreement, be entitled to specific performance, including recoupment of all past due amounts.

9.2.2 By the District, if, either (a) the Ambulatory Facility Opening Date does not occur on or before the applicable Substantial Completion Date for Substantial Completion of the Ambulatory Facility as set forth in the Development Agreement, or (b) the Hospital Opening Date does not occur on or before the Final Completion Date, in each case, subject to any applicable reasonable extensions of the opening date as set forth in the Development Agreement; provided that termination shall be effective as of such date.

9.2.3 By the District, upon restriction, limitation, suspension, termination, revocation or exclusion of Operating Entity’s right to participate in Medicare, Medicaid, or other federal or state governmental health care programs; provided that the termination shall be effective (a) after all administrative and judicial appeals have been exhausted and (b) at the conclusion of the Handover Process.

9.2.4 By the District, upon material restriction or limitation, suspension, termination, revocation or exclusion of the Hospital’s license or accreditation with any national or state accrediting body; provided that the termination shall be effective (a) after all administrative and judicial appeals have been exhausted and (b) at the conclusion of the Handover Process.
9.2.5 By the District, if Operating Entity voluntarily commences any proceeding or files any petition seeking liquidation, reorganization or other relief under any federal or state bankruptcy, insolvency, receivership or similar law now or hereafter in effect, provided that the termination shall be effective at the conclusion of the Handover Process.

9.2.6 By the District, in accord with Section 5.3.2, in the event of any action listed in Section 5.3.1, notwithstanding the District’s disapproval; provided that the termination shall be effective at the conclusion of the Handover Process.

9.2.7 [Intentionally omitted.]

9.2.8 Immediately upon termination of the Lease Agreement if the Lease Agreement is terminated as a result of an Event of Default (as defined in the Lease Agreement) or in the event of an early termination of the Lease Agreement under Section 3.2 of the Lease Agreement (inclusive of its subsections), in either case, at the conclusion of the Handover Process, if applicable.

9.3. Effect of Termination.

9.3.1 Notwithstanding any other provisions of this Agreement, except as set forth in this Section 9.3 and so long as all payments by the District required under this Agreement continue to be made, in the event of termination for any reason, Operating Entity shall continue to perform the Services, plus any other transition assistance services as reasonably requested by the District that are consistent with the nature of the Services furnished by Operating Entity during the Term, to transition the provision of the Services to the District or a new operator chosen by the District, in its sole discretion during the Handover Process.

9.3.2 In the event of termination by the District under Sections 5.3.2, 9.2.3, 9.2.4, 9.2.5, 9.2.6, or 9.2.8, the terms of Section 5.3.2 shall apply.

9.4. Effect of Purchase Option or Modified Lease Option Exercise. In the event that Operating Entity (i.e., Tenant) exercises the Purchase Option or Modified Lease Option pursuant to the Lease Agreement, this Agreement shall no longer be effective; provided, however, that Operating Entity shall continue to operate the Hospital in compliance with all applicable laws, regulations, and certification and accreditation standards and Section 3.9 [Branding] shall remain in effect until termination or expiration of the Lease Agreement.

9.5. Remedies for Foggy Bottom Facility. In the event (a) of restriction, limitation, suspension, termination, revocation, or exclusion of the Foggy Bottom Facility’s right to participate in Medicare, Medicaid or other federal or state governmental health care programs, or (b) that the operator of the Foggy Bottom Facility voluntarily commences any proceeding or files any petition seeking liquidation, reorganization, or other relief under any state bankruptcy, insolvency, receivership, or similar law now or hereafter in effect, Operating Entity will use its best efforts to ensure that patients of the Hospital continue to have ready access to (x) a Level I trauma center and other tertiary and quaternary care in D.C., and (y) all care necessary to meet the acuity of their presentation.
ARTICLE 10

DISPUTE RESOLUTION

In the event of any dispute arising under, or related to this Agreement (each, a “Dispute”), the Parties will endeavor in good faith to resolve the Dispute through informal discussions. If initial informal discussions are unsuccessful at resolving the Dispute, then such Dispute may be submitted to (a) the Mayor and (b) the UHS Executive, who shall meet and confer and use their best efforts to resolve such Dispute within thirty (30) days after such submission. If the Mayor and the UHS Executive are unable to resolve such Dispute within thirty (30) days after 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, who shall 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 or in any Party’s discretion, either Party may pursue legal or equitable remedies in accordance with Sections 12.11 and 12.19.

ARTICLE 11

INDEMNIFICATION

11.1. Indemnification by Operating Entity. Operating Entity shall indemnify, defend and hold harmless the District and its officers, trustees, employees, agents and representatives from and against any and all third-party claims, liabilities, costs, damages, and expenses of every kind and nature (including, without limitation, court costs and reasonable attorneys’ fees) (collectively, “Damages”) arising out of Operating Entity’s operation of the Hospital or Parking Facility, except where such claim, liability, cost, damage, or expense is due to the gross negligence or willful misconduct of the District. This Section 11.1 shall survive termination of this Agreement.

11.2. No Liability. For the avoidance of doubt, with the exception of any liability expressly arising under this any of the Implementing Agreements or the Collaboration Agreement resulting from a breach of any of the foregoing by the District, the District shall have no liability to Operating Entity in connection with the operation of the Hospital or Parking Facility.

ARTICLE 12

GENERAL PROVISIONS

12.1. Entire Agreement. This Agreement 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 Agreement.

12.2. Amendments. This Agreement may be amended or modified only in a writing executed by Operating Entity and the Mayor. The Mayor shall have the authority to approve on
behalf of the District such amendments or modifications as the Mayor shall determine to be in the best interests of the District.

12.3. **Severability.** If any provision of this Agreement is held to be illegal, invalid, or unenforceable under present or future law, such provision shall be fully severable, this Agreement shall be construed and enforced as if such illegal, invalid, or unenforceable provision had never comprised a part of this Agreement, and the remaining provisions of this Agreement 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 Agreement, unless this construction would constitute a substantial deviation from the general intent of the Parties as reflected in this Agreement. Furthermore, in such event, the Parties shall immediately amend this Agreement to add a provision that is legal, valid, and enforceable and as similar in terms to such illegal, invalid, or unenforceable provision as may be possible.

12.4. **Counterparts.** This Agreement 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 Agreement by facsimile or e-mail .pdf shall be sufficient for all purposes and shall be binding on any Person who so executes.

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

12.6. **No Implied Waivers.** No waiver by a Party of any term, obligation, condition, or provision of this Agreement 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.

12.7. **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 Agreement,” and other similar references shall be construed to mean and include this Agreement and all exhibits hereto and all amendments to any of them unless the context shall clearly indicate or require otherwise. Any reference in this Agreement to any person includes its successors and assigns (as otherwise permitted under this Agreement) 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 Agreement, 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.

12.8. **Time of Performance.** All dates for performance (including cure) in this Agreement 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 recognized holiday, or day in which the District of Columbia government is officially closed for business is automatically extended to the next Business Day.

12.9. **Notices.**

12.9.1 **To District.** Any notices given under this Agreement shall be in writing and delivered (a) by U.S. Certified Mail (return receipt requested, postage pre-paid), (b) by hand, (c) by reputable private overnight commercial courier service, or (d) such other means as the Parties may agree in writing, to the District at the following addresses:

Department of Health Care Finance and Department of General Services  
441 4th Street, NW, 900S  
Washington, DC 20001  
Attention: Director  
Department of General Services  
2000 14th Street, NW, 8th Floor  
Washington, DC 20009  
Attention: Director

With copies to:

Department of Health Care Finance and Department of General Services  
441 4th Street, NW, 900S  
Washington, DC 20001  
Attention: General Counsel  
Department of General Services  
2000 14th Street, NW, 8th Floor  
Washington, DC 20009  
Attention: General Counsel

12.9.2 **To Operating Entity.** Any notices given under this Agreement shall be in writing and delivered (a) by U.S. Certified Mail (return receipt requested, postage pre-paid), (b) by hand, (c) by reputable private overnight commercial courier service, or (d) such other means as the Parties may agree in writing, to Operating Entity at the following addresses:

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

12.9.3 Notices served upon Operating Entity or the District in the manner aforesaid shall be deemed to have been received for all purposes hereunder at the time such notice shall have been: (a) if hand delivered to a Party against receipted copy, when the copy of the notice is receipted; (b) if given by overnight courier service, on the next Business Day after the notice is deposited with the overnight courier service; or (c) 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 Agreement 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 Agreement. The Parties agree that counsel to any of them may provide notice to the other Parties under this Agreement.

12.10. Third-Party Beneficiaries. Except as otherwise expressly provided herein relating to indemnification and performance guarantee, nothing in this Agreement 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 Agreement or any provision hereof.

12.11. 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 AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.


12.12.1 Operating Entity acknowledges that the District is not authorized to make any obligation in advance or in the absence of lawfully available appropriations and that the District’s authority to make such obligations is and shall remain subject to the provisions of (a) the federal Antideficiency Act, 31 U.S.C. §§ 1341, 1342, 1349, 1350, 1351; (b) D.C. Official Code § 47-105; (c) 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 (d) Section 446 of the District of Columbia Home Rule Act.

12.12.2 Operating Entity acknowledges and agrees that any unauthorized action by the District is void.

12.13. No Joint Venture. The District and Operating Entity are independent parties under this Agreement, and nothing in this Agreement 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.

12.14. Litigation. Operating Entity shall furnish to the District notice of each action, suit, or proceeding before any court or other governmental body or any arbitrator that affects (a) Operating Entity’s ability to fulfill its obligations under this Agreement or (b) the condition or operation (financial or other) of Operating Entity or the Hospital, in each case no later than the tenth (10th) Business Day after the service of process with respect to such suit or proceeding or Operating Entity’s otherwise obtaining knowledge thereof.

12.15. Procurement of Materials and Supplies. To the maximum extent feasible, Operating Entity will arrange to purchase or take delivery of materials, equipment, and operating supplies in Washington, D.C., such that if sales tax is payable on such transactions, the sales tax will be payable to Washington, D.C.

12.16. Joint Preparation. The District and Operating Entity each acknowledge that it has thoroughly read and reviewed this Agreement, 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
Agreement 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.

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

12.18. 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 Agreement.

12.19. Law Applicable; Forum for Disputes. This Agreement shall be governed by,
interpreted under, construed, and enforced in accordance with the laws of District of Columbia,
without reference to the conflicts of laws provisions thereof. The District and Operating Entity
agree that any suit, action, or proceeding arising out of this Agreement, or any transaction
contemplated hereby, shall be brought exclusively in the (a) the courts of District of Columbia,
and (b) the United States District Court for the District of Columbia. The District and Operating
Entity irrevocably and unconditionally waive any objection to the laying of venue of any action,
suit, or proceeding arising out of this Agreement 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.

12.20. Conflict of Interests; Representatives Not Individually Liable. No official or
employee of the District shall participate in any decision relating to this Agreement that affects his
or her personal interests or the interests of any Washington, D.C., agency, partnership, or
association in which he or she is, directly or indirectly, interested. No official or employee of the
District shall be personally liable to Operating Entity or any successor-in-interest in the event of
any default or breach by the District or for any amount that may become due to Operating Entity
or such successor-in-interest or on any obligations hereunder.

12.21. Survival. The termination or expiration of this Agreement for any reason will not
affect the accrued rights or obligations of any Party under this Agreement that by their terms are
intended to survive such termination or expiration.

12.22. Assignment. In the event the Lease Agreement is assigned pursuant to Section
10.2.1 thereof, Operating Entity shall have the right to assign this Agreement, without the consent
or approval of the District, to such Person (as defined in Article 1 of the Lease Agreement) who is
an Affiliate to whom the Lease Agreement is assigned. Except as set forth in the immediately
preceding sentence, no Party may assign this Agreement or any of its rights and obligations
hereunder without the prior written consent of the Party. If assigned, only as permitted herein, this
Agreement will inure to the benefit of and be binding upon the Parties hereto and their respective
successors and permitted assigns. Where the term “Operating Entity” or “District” is used in this
Agreement, it shall mean and include their respective authorized successors and assigns.
12.23. **Affirmative Action.** Operating Entity will affirm, through the completion of standard forms provided by DOES, that it shall 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 assurances by Operating Entity shall apply, 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. Operating Entity 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. Operating Entity shall, in all solicitations or advertisements for employees placed by or on behalf of Operating Entity, 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.

12.24. **Guaranty of Operating Entity Obligations.** Pursuant to, and in accordance with the terms of, that certain Guaranty Agreement by UHS of even date herewith (the “Guaranty”), UHS shall guarantee the performance of Operating Entity under this Agreement. In the event that DHP is placed involuntarily into receivership or trusteeship by a court of competent jurisdiction, then Operating Entity may, upon written notice to the District, hold in abeyance the clinical integration activities referenced in Section 7.6(a), Section 3.3.1(a)(ii), and in the Recitals of this Agreement; provided that in such case, Operating Entity will use best efforts to ensure that patients of the Hospital continue to have ready access to (a) GWUH’s Level 1 trauma center and other tertiary and quaternary care in D.C., and (b) all care necessary to meet the acuity of their presentation. For purposes of the foregoing, the term “involuntarily” shall mean without the affirmative vote of the General Partner in DHP.

THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK
IN WITNESS WHEREOF, the Parties have executed this Agreement as of the Effective Date.

**DISTRICT:**

DISTRICT OF COLUMBIA, a municipal corporation

[Signature]

Name: Muriel Bowser
Title: Mayor

**UHS EAST END SUB, LLC**

[Signature]

Name: Marc Miller
Title: President

With respect to Section 12.24, acknowledged, accepted, and agreed as of the Effective Date:

**UNIVERSAL HEALTH SERVICES, INC.**

[Signature]

Name: Marc Miller
Title: President
Exhibit A
Definitions

“Accreditation Standards” means the applicable standards of a health care or operational accreditation organization relevant to the operation of the Hospital or a Clinical Service (including, without limitation, TJC) as required from time to time under Applicable Law.

“Adjustment Formula” shall have the meaning set forth in Section 6.1.2(c).

“Affiliate” shall have the meaning set forth in the Lease.

“Agreement” shall have the meaning set forth in the introductory paragraph of this Agreement.

“Ambulatory Facility” shall have the meaning set forth in the Recitals.

“Ambulatory Facility Opening Date” shall have the meaning set forth in Section 2.1.

“Annual Deposit” shall have the meaning set forth in Section 6.1.1.

“Annual Report” shall have the meaning Section 5.2.

“Applicable Law” shall have the meaning set forth in Section 3.10.

“Board” shall have the meaning set forth in Section 5.1.

“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.

“Capital Expenditures” shall have the meaning set forth in Section 6.2.2.

“CBE” shall have the meaning set forth in Section 8.3.

“CBE Act” means the Small, Local and Disadvantaged Business Enterprise Development and Assistance Act of 2005, as amended as of February 1, 2020 (D.C. Law 16-33; D.C. Official Code §§ 2-218.01 et seq.).

“CBE Utilization Agreement” means, pursuant to the CBE Act, the CBE Utilization Agreement between the Parties, which shall be executed pursuant to the terms of Section 8.3.

“Charity Care” means health services provided to Washington, D.C., residents who are (a) unable to pay for the services; and (b) not expected to pay the cost of services. Charity Care excludes “bad debt.”

“Clinical Services” shall have the meaning set forth in Section 3.4.

“Collaboration Agreement” means that certain Collaboration Agreement between the Parties dated as of the date hereof, as may be amended from time to time.
“Commencement Date” shall have the meaning set forth in the Lease Agreement.

“Community Benefits” mean health improvement services and benefits that are provided without charge to residents of Washington, D.C.

“Community Engagement Plan” shall have the meaning set forth in Section 3.5.

“CON” shall have the meaning set forth in Section 2.1.2.

“Core Service” or “Core Services” shall have the meaning set forth in Section 3.4.1.

“Council” means the Council of the District of Columbia.

“CPI” shall have the meaning set forth in Section 6.1.2(c).

“Credentialing Standards” shall have the meaning set forth in Section 2.1.4.

“Damages” shall have the meaning set forth in Section 11.1.

“Deficit” shall have the meaning set forth in Section 6.1.1(a).

“Deficit Notice” shall have the meaning set forth in Section 6.1.1(a).

“Development Agreement” means that certain Development Agreement between the District and UHS Building Solutions, Inc., dated as of the date hereof, as may be amended from time to time.

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

“DHCF” shall have the meaning set forth in Section 6.1.2(b).

“DHP” shall have the meaning set forth in the introductory paragraph of this Agreement.

“Dispute” shall have the meaning set forth in ARTICLE 10.

“District” shall have the meaning set forth in the introductory paragraph of this Agreement.

“DOES” shall have the meaning set forth in Section 8.4.1.

“Effective Date” shall have the meaning set forth in the introductory paragraph of this Agreement.

“EHR Equipment” shall have the meaning set forth in Section 2.1.1.

“EHR/IT Investments” shall have the meaning set forth in Section 7.3.

“Enhanced MCO Rate” shall have the meaning set forth in Section 6.1.2(a).

“Enhanced Medicaid Rate” shall have the meaning set forth in Section 6.1.2(b).
“Enhanced Payment Rate” shall have the meaning set forth in Section 6.1.2(d).

“Final Completion Date” shall have the meaning set forth in the Development Agreement.

“First Source Act” shall have the meaning set forth in Section 8.2.

“First Source Agreement” means that certain First Source Employment Agreement between the Parties in connection with the operation of the Hospital and Parking Facility, which shall be executed pursuant to the terms of Section 8.2.

“Foggy Bottom Facility” shall have the meaning set forth in the Recitals.

“Foggy Bottom Hospital” shall have the meaning set forth in the Recitals.

“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, Washington, D.C., and any agency, department, commission, board, bureau, instrumentality, or political subdivision of the foregoing, now existing or hereafter created, having jurisdiction over Operating Entity or the Leased Premises (as defined in the Lease Agreement) 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 under or adjacent to the Leased Premises, or airspace over the Leased Premises.

“Guaranty” shall have the meaning set forth in Section 12.24.

“GW” shall have the meaning set forth in the Recitals.

“GW SOM” shall have the meaning set forth in Section 3.8.

“Handover Process” shall have the meaning set forth in the Lease.

“Health Care Infrastructure” shall have the meaning set forth in Section 7.1.

“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 have the meaning set forth in the Recitals.

"Hospital Fund" shall have the meaning set forth in Section 6.1.1.

"Hospital Licenses" shall have the meaning set forth in Section 2.1.2.

"Hospital Necessities" shall have the meaning set forth in Section 2.1.1.

"Hospital Opening Date" shall have the meaning set forth in Section 2.1.

"Implementing Agreements" means, collectively, this Agreement, the Development Agreement, and the Lease Agreement.

"Infrastructure Investment Amount" shall have the meaning set forth in Section 7.1.

"Inpatient Hospital" shall have the meaning set forth in the Recitals.

"Joint Meeting" shall have the meaning set forth in Section 5.2.

"Lease Agreement" means that certain Lease Agreement between the Parties, dated as of the date hereof, as may be amended from time to time.

"Material Breach" means, with respect to (i) Operating Entity, Operating Entity's failure to materially comply with ARTICLE 2 [Pre-Opening Covenants of Operating Entity], ARTICLE 3 [Operations Covenants], ARTICLE 4 [Service Standards and Quality Standards], ARTICLE 5 [Governance], Section 6.2 [Operating Entity's Commitment], ARTICLE 7 [Health Care Infrastructure Investments], or ARTICLE 8 [Community Investments], and (ii) the District, failure of the District to comply with Section 6.1.1 [Hospital Fund] or Section 6.1.2 [Enhanced Medicaid Rates].
"Material Medicaid Change" shall have the meaning set forth in Section 6.1.2(d).

"Mayor" shall have the meaning set forth in Section 3.4.2.

"Medicaid MCO" shall have the meaning set forth in Section 6.1.2(a).

"Medicaid Rate Commencement Date" shall have the meaning set forth in Section 6.1.2(c).

"Medical Staff Bylaws" shall have the meaning set forth in Section 2.1.4.

"Member" shall mean any Person with an ownership interest in Operating Entity.

"MFA" shall have the meaning set forth in Section 3.3.1.

"Minimum Bed Capacity" shall have the meaning set forth in Section 3.4.1.

"Modified Lease Option" shall have the meaning set forth in the Lease Agreement.

"NLRA" shall have the meaning set forth in Section 3.12.4.

"Operating Entity" shall have the meaning set forth in the introductory paragraph of this Agreement.

"Parking Facility" shall have the meaning set forth in the Recitals.

"Parking Facility Opening Date" shall have the meaning set forth in Section 2.1.

"Parking Licenses" shall have the meaning set forth in Section 2.1.2.

"Party(ies)" shall have the meaning set forth in the introductory paragraph of this Agreement.

"Permitted Transfer" shall have the meaning set forth in the Lease Agreement.

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

"PFAC" has the meaning set forth in Section 4.2.

"PM Investments" shall have the meaning set forth in Section 7.3.

"Purchase Option" shall have the meaning set forth in the Lease Agreement.

"Quality Program" means (a) any neutral, third-party rankings and accreditation standards (including the Accreditation Standards), including, without limitation and by means of example, Leapfrog rankings, Press Ganey scores, TJC classification, and any Medicare quality ranking applicable to an inpatient hospital, and (b) any formula or methodology developed by an
independent third party broadly used in the field that a hospital or health system may use to self-score its quality and safety outcomes.

"Quality Standards" shall have the meaning set forth in Section 4.1.

"Services" shall have the meaning set forth in Section 3.1.

"Service Standards" shall have the meaning set forth in Section 4.1.

"SHPDA" shall have the meaning set forth in Section 2.1.3.

"Substantial Completion" shall have the meaning set forth in the Development Agreement.

"Substantial Completion Date" shall have the meaning set forth in the Development Agreement.

"Term" shall have the meaning set forth in Section 9.1.

"TJC" shall have the meaning set forth in Section 4.1.3.

"Transfer" shall have the meaning set forth in the Lease Agreement.

"UHS" shall have the meaning set forth in the introductory paragraph of this Agreement.

"UHS Executive" shall have the meaning set forth in Section 5.2.

"UMC" shall have the meaning set forth in Section 8.4.3.

"Uncompensated Care" means the cost of health care services rendered to District residents for which the Hospital does not receive payment. Uncompensated Care includes "bad debt" and Charity Care, but does not include contractual allowances from third-party payors.

"Ward 7" means that portion of the District of Columbia identified by Council as Ward 7 from time-to-time in accordance with D.C. Official Code §1-1011.01, except for any portion of such ward that is located west of the Anacostia River.

"Ward 7 Facility" shall have the meaning set forth in Section 7.3.

"Ward 8" means that portion of the District of Columbia identified by Council as Ward 8 from time-to-time in accordance with D.C. Official Code §1-1011.01, except for any portion of such ward that may be located west of the Anacostia River.

"Ward 8 Facility" shall have the meaning set forth in Section 7.3.

"Ward 7 and 8 Investments" shall have the meaning set forth in Section 7.3.
Exhibit B

Clinical Services

The foregoing chart sets forth the clinical services to be provided at the Hospital. This chart may be updated and refined, upon the mutual agreement of the Parties, as planning progresses under the Development Agreement, including, without limitation, the receipt of community input through the Community Engagement Plan.

Unless otherwise specified in the chart below, these services will be offered at the Hospital. Services that may be offered off the Hospital campus are designated with an asterisk (*).

Service level and location of services is noted in the chart below by shaded color coding (Inpatient, blue; Outpatient/Ambulatory Services, green; Hospital-Based Services, yellow; Partnership, orange) and an “✓” is marked in each shaded box.

Where it states “Complexity to be determined,” complexity of the service shall be determined by the Operating Entity, in consultation with the District and in consideration of community input through the Community Engagement Plan, prior to the opening of the applicable component of the Hospital.

Note: Specific offerings in each service line will be determined by Operating Entity in collaboration with Chairs of each Department based on the complexity of services.

Definitions:

- **Inpatient**: Services provided to patients who are admitted to the Hospital.

- **Outpatient/Ambulatory**: Services provided to patients who are not admitted to the Hospital, but are provided in an outpatient clinic or ambulatory setting.

- **Hospital-Based Services**: Services required to support hospital operations that provide clinical care that are limited to medical staff of the MFA or such other physicians providing hospital-based services at the Hospital pursuant to Section 3.3.1 of the Agreement.

- **Partnership**: Services provided under agreements or arrangements with third-party health care providers in the community and throughout Washington, D.C.
### Operating Entity at St. Elizabeths Proposed Clinical Services

#### Medicine and Specialty Services

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<thead>
<tr>
<th>Service Lines</th>
<th>Inpatient Services</th>
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<th>Partnership</th>
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<td>Cardiology</td>
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<td>Consult; Telhealth</td>
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<td>Rheumatology</td>
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<td>✓</td>
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<td>Pediatric Observation</td>
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#### Surgical

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<td>Pediatric Emergency Medicine¹</td>
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<td>ICU</td>
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<td>Anesthesiology</td>
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### Behavioral

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<tr>
<td>Acute</td>
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<td>Outpatient</td>
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<td>Medpsych</td>
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### Women’s²

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<td>Outpatient Pediatric</td>
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¹Operating Entity to enter into an LOI to address pediatric emergency services.
²Services to be provided consistent with Section 3.4.3 of the Agreement.
<table>
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<th>Ancillary/Support</th>
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<td>Lab</td>
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<td></td>
<td>Dialysis</td>
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<td>Rehabilitation Services</td>
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<td>Non-Invasive Cardiology (ECHO, Stress)</td>
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<td></td>
<td>Wound Care</td>
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<table>
<thead>
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<tr>
<td></td>
<td>Skilled Nursing Facility*</td>
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<td>✓</td>
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</table>
Exhibit C

Form of Annual Report

The following report (the “Annual Report”) is provided by UHS East End Sub, LLC (“Operating Entity”) to the Mayor (“Mayor”) of the District of Columbia (the “District”) pursuant to Section 5.2 of that certain Hospital Operations Agreement by and between Operating Entity and the District dated as of September 10, 2020 (“Agreement”).

This report sets forth the status of Operating Entity’s compliance obligations under the Agreement, and attached hereto are the audited and unaudited financial statements of the entity operating the Hospital (as defined in the Agreement) and Parking Facility (as defined in the Agreement) for the immediately preceding two fiscal years and balance sheet, statement of cash flows, and days cash on hand for the fiscal quarter just ended.

I, ____________, Chairperson of Operating Entity attest and affirm that, to the best of my knowledge, confirmed upon reasonable inquiry, as applicable, that the information contained in this Annual Report is true and correct as of the date set forth below my signature below.

______________________________  _______________________
[Name]                         Date
Chairperson
Operating Entity
Compliance Report:

Operations Covenants (ARTICLE 3)

Clinical Service Lines (Section 3.4)

[Attach chart in the form of Exhibit A to the Agreement detailing the service lines available at the Hospital and its affiliated locations.]

[Describe any modifications to the Clinical Services or the Core Services, pursuant to Section 3.4.2 of the Agreement.]

Community Engagement (Section 3.5)

[Describe the status of Operating Entity’s implementation of the Community Engagement Plan.]

Population Health (Section 3.6)

[Describe the status of Operating Entity’s implementation of the population health initiatives.]

Uncompensated Care and Community Benefits (Section 3.7)

[Provide report on Uncompensated Care and Community Benefits expenditures.]

Compliance with Law (Section 3.9)

Since [DATE OF LAST ANNUAL REPORT], the Hospital has operated in material compliance with all material Health Care Laws (as defined in the Agreement) relating to the Hospital and to the Hospital Licenses (as defined in the Agreement), and the Parking Facility has operated in material compliance with Applicable Laws. Any actions, inquiries, investigations, or audits of any Governmental Authority or any third party with regulatory authority over the Hospital or Parking Facility, which, individually, or in the aggregate, may have a material and detrimental effect on the operations of the Hospital or Parking Facility, as applicable, are detailed in an Exhibit attached hereto.

Licenses (Section 3.11)

Exhibit [__] attached hereto lists all Hospital Licenses held by the Hospital and Parking Licenses held by the Parking Facility. Each Hospital License and each Parking License is, and has been since the [DATE OF THE LAST ANNUAL REPORT], in full effect and has not been deemed invalid, restricted, suspended or otherwise adversely affected by the acts or omissions of Operating Entity or any of its directors, officers, employees, agents, or representatives.

C-1
Service Standards and Quality Standards (ARTICLE 4)

Adherence to Service Standards and Quality Standards is addressed in the Quality Report (as defined in the Agreement) attached hereto.

[If applicable, identify any Services or Quality Standards Gaps and applicable remediation.]

Financial Commitments (ARTICLE 6)

Deficits (Section 6.1.1)

[Insert information needed to calculate, audit, and evaluate Deficits.]

Maintenance of Facilities and Capital Expenditures (Sections 3.2 and 6.2.2)

[Attach Exhibit of Capital Expenditures (as defined this Agreement) and Significant Alterations (as defined in the Lease Agreement).]

Health Care Infrastructure Investments (ARTICLE 7)

Health Care Infrastructure Investments

[Summarize progress on (a) the construction of the Ward 7 and 8 Investments, including a report on whether such investments (each individually listed) are proceeding on time and the amount of funds expended on the Ward 7 and 8 Investments during the report year and on a cumulative basis, and (b) the additional projects identified for investment with the remainder of the Infrastructure Investment Amount on other health care infrastructure projects in Ward 7 and Ward 8, including, including a report on whether each such investment is proceeding on time and the amount of funds expended during the report year and on a cumulative basis for each such investment.]

Additional Investments

[Summarize any additional health care infrastructure investments Operating Entity is making within Washington, D.C. Include a description of the equivalence in investments and service line offerings between investments in Ward 7 and Ward 8 and other Wards within Washington, D.C.]

Community Investments (ARTICLE 8)

Hiring of District Residents (Section 8.2)

[Provide a report on Operating Entity’s compliance with the First Source Agreement.]

Utilization of District-Owned Businesses (Section 8.3)
[Provide a report on Operating Entity’s compliance with the CBE Utilization Agreement.]

Workforce Development (Section 8.4)

[Provide report on Operating Entity workforce development initiatives.]

Financial Report:

[Attached hereto]
## Exhibit D: Operating Entity Estimated Minimum Amount of Health Care Infrastructure Investments

### $ in 000’s

<table>
<thead>
<tr>
<th>Description of Investment</th>
<th>FY21</th>
<th>FY22</th>
<th>FY23</th>
<th>FY24</th>
<th>FY25</th>
<th>FY26</th>
<th>FY27</th>
<th>FY28</th>
<th>FY29</th>
<th>FY30</th>
<th>FY31</th>
<th>FY32</th>
<th>FY33</th>
<th>Sub-Total</th>
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<td>Build Out and Equipment for Urgent/Ambulatory Care Facility in Ward 7 or 8</td>
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<td></td>
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<tr>
<td>Build Out and Equipment for Urgent/Ambulatory Care Facility in Ward 7 or 8</td>
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<td></td>
<td>$20.0</td>
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<td><strong>$20.0</strong></td>
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<tr>
<td>Capital Support for the above Urgent and Ambulatory Facilities in Wards 7 and 8</td>
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<td>• Electronic Health Records Systems</td>
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### In-Kind Investments

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<th>FY32</th>
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### Total Estimated Investments

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5 These amounts and times are subject to change based on the receipt of any Certificate of Need approvals.
4 Assumes that the Ambulatory Facility and the Inpatient Hospital and Garage at St. Elizabeths opens in calendar year 2023 and 2024 respectively.
5 These facilities will be NOT be located at St. Elizabeths but at another location in Ward 7 or 8 still to be determined.
6 These facilities will be NOT be located at St. Elizabeths but at another location in Ward 7 or 8 still to be determined.