

Loudon County Commission

Loudon County, Tennessee

Monday, March 22, 2021

Courthouse Annex

4:30 P.M.

SPECIAL CALLED MEETING

Agenda

1. Opening of Meeting / Roll Call
2. General Public Comments
3. Fort Loudon Medical Center & Transaction Related to the Expansion of the Facility
4. Bob Bowman
5. Adjournment

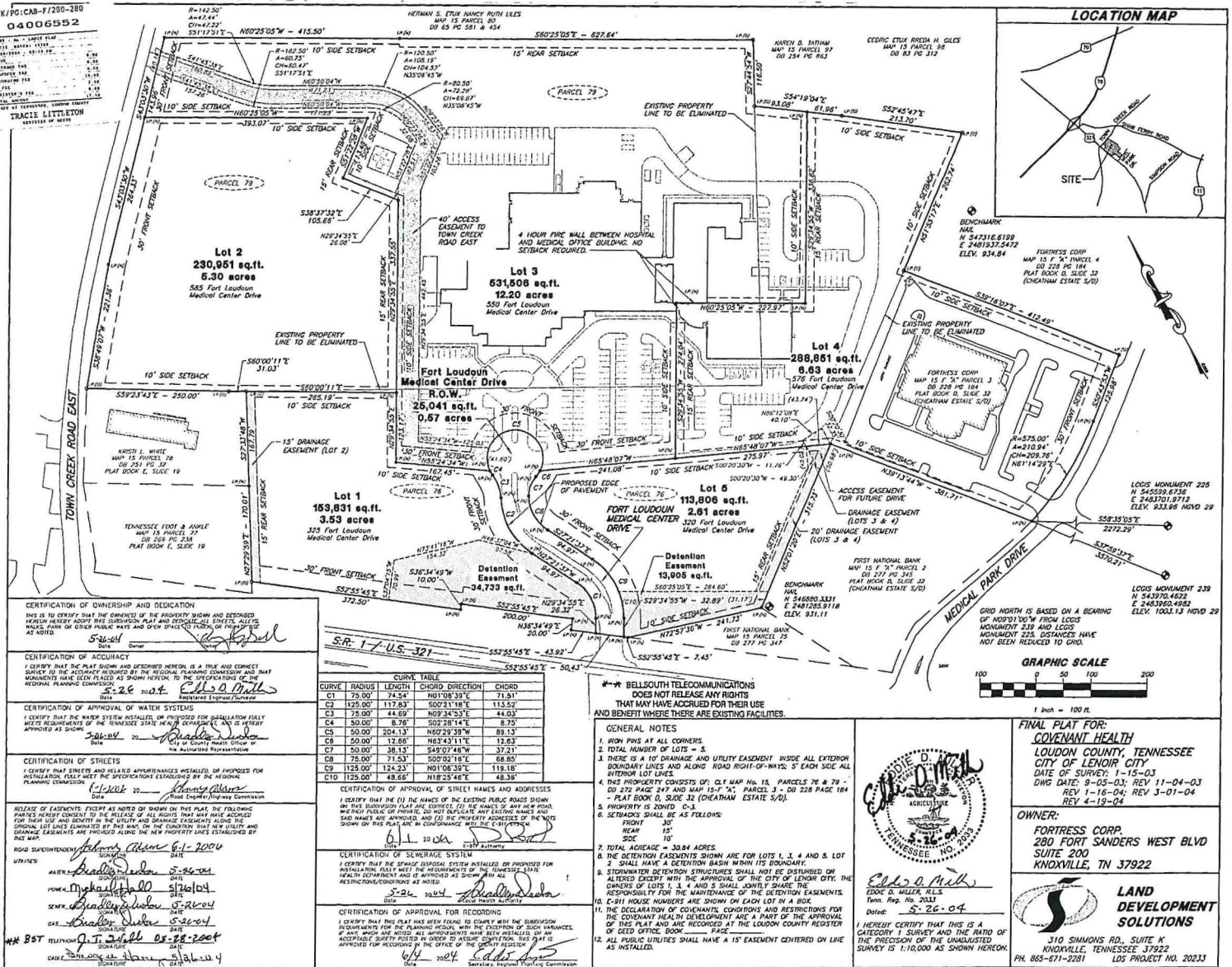
Loudon County Commission

Exhibit # 032221-A

Cab F – 280
(Main Plat)

DK/PG: CAB-77-280-280
04006552

1	1" = 100'	1" = 100'
2	1" = 100'	1" = 100'
3	1" = 100'	1" = 100'
4	1" = 100'	1" = 100'
5	1" = 100'	1" = 100'
6	1" = 100'	1" = 100'
7	1" = 100'	1" = 100'
8	1" = 100'	1" = 100'
9	1" = 100'	1" = 100'
10	1" = 100'	1" = 100'



CERTIFICATION OF OWNERSHIP AND DEDICATION
THIS IS TO CERTIFY THAT THE GENERAL OF THE PROPERTY SHOWN AND DESCRIBED HEREIN IS THE PROPERTY OF THE CITY OF LENOIR COUNTY, TENNESSEE, AND THAT THE CITY OF LENOIR COUNTY, TENNESSEE, IS THE OWNER OF THE PROPERTY SHOWN AND DESCRIBED HEREIN.

CERTIFICATION OF ACQUITTANCE
I CERTIFY THAT THE PLAT BOOK AND DEEDS HEREON, IS A TRUE AND CORRECT COPY OF THE RECORDS OF THE PLANNING COMMISSION AND THAT THE RECORDS HAVE BEEN PLACED AS SHOWN HEREON, TO THE SATISFACTION OF THE RECORDING COMMISSION.

CERTIFICATION OF APPROVAL OF WATER SYSTEMS
I CERTIFY THAT THE WATER SYSTEM SHOWN, OR PROPOSED FOR INSTALLATION, FULLY MEETS THE REQUIREMENTS OF THE TENNESSEE STATE HEALTH DEPARTMENT, AND IS HEREBY APPROVED AS SHOWN.

CERTIFICATION OF STREETS
I CERTIFY THAT STREETS AND RELATED APPURTENANCES, INCLUDING, OR PROPOSED FOR INSTALLATION, FULLY MEET THE REQUIREMENTS ESTABLISHED BY THE REGIONAL PLANNING COMMISSION.

RELEASE OF EASEMENTS
EXCEPT AS NOTED ON THIS PLAT, THE FOLLOWING PARTIES HERETO RELEASE TO THE RELEASE OF ALL RIGHTS THAT MAY HAVE ACCRUED FOR THEIR USE AND BENEFIT IN THE UTILITY AND DRAINAGE EASEMENTS ALONG THE ORIGINAL LOT LINES SHOWN ON THIS MAP, ON THE CONDITION THAT NEW UTILITY AND DRAINAGE EASEMENTS ARE PROVIDED ALONG THE NEW PROPERTY LINES ESTABLISHED BY THIS MAP.

ROAD SUPERINTENDENT'S SIGNATURE
DATE: 5-26-04

UTILITIES
DATE: 5-26-04

WATER
DATE: 5-26-04

SEWER
DATE: 5-26-04

TELEPHONE
DATE: 5-26-04

CABLE
DATE: 5-26-04

CURVE	RADIUS	LENGTH	CHORD DIRECTION	CHORD
C1	75.00'	74.54'	N01°08'32"E	71.61'
C2	125.00'	117.83'	S02°11'18"E	113.52'
C3	75.00'	44.69'	N09°34'53"E	44.03'
C4	50.00'	8.76'	S02°28'14"E	8.75'
C5	50.00'	204.13'	N02°29'38"W	89.13'
C6	50.00'	12.66'	N03°43'11"E	12.63'
C7	50.00'	38.13'	S49°07'48"W	37.21'
C8	75.00'	71.53'	S00°02'16"E	68.85'
C9	125.00'	124.23'	N01°06'39"E	119.18'
C10	125.00'	48.66'	N18°25'48"E	48.38'

CERTIFICATION OF APPROVAL OF STREET NAMES AND ADDRESSES
I CERTIFY THAT THE (1) THE NAMES OF THE EXISTING PUBLIC ROADS SHOWN ON THIS PLAT, AND (2) THE NAMES OF THE PROPOSED PUBLIC ROADS SHOWN ON THIS PLAT, ARE IN CONFORMANCE WITH THE CITY OF LENOIR COUNTY, TENNESSEE, AND THAT THE CITY OF LENOIR COUNTY, TENNESSEE, IS THE OWNER OF THE PROPERTY SHOWN AND DESCRIBED HEREIN.

CERTIFICATION OF SILENCE SYSTEM
I CERTIFY THAT THE SILENCE SYSTEM SHOWN, OR PROPOSED FOR INSTALLATION, FULLY MEETS THE REQUIREMENTS OF THE TENNESSEE STATE HEALTH DEPARTMENT, AND IS HEREBY APPROVED AS SHOWN.

CERTIFICATION OF APPROVAL FOR RECORDING
I CERTIFY THAT THIS PLAT HAS BEEN PREPARED TO COMPLY WITH THE SUBDIVISION REQUIREMENTS FOR THE PLANNING COMMISSION, WITH THE EXCEPT OF SUCH VARIANCES, IF ANY, WHICH ARE NOTED ALL APPROVED BY THE PLANNING COMMISSION, AND THAT THIS PLAT IS HEREBY APPROVED FOR RECORDING IN THE OFFICE OF THE CLERK OF THE COUNTY OF LENOIR COUNTY, TENNESSEE.

BELLSOUTH TELECOMMUNICATIONS
DOES NOT RELEASE ANY RIGHTS THAT MAY HAVE ACCRUED FOR THEIR USE AND BENEFIT WHERE THERE ARE EXISTING FACILITIES.

- GENERAL NOTES**
- IRON PINS AT ALL CORNERS.
 - TOTAL NUMBER OF LOTS = 6.
 - THERE IS A 10' DRAINAGE AND UTILITY EASEMENT INSIDE ALL EXTERIOR BOUNDARY LINES AND ALONG ROAD RIGHT-OF-WAYS, 5' EACH SIDE ALL INTERIOR LOT LINES.
 - THIS PROPERTY CONSISTS OF: QLT MAP NO. 15, PARCELS 76 & 79 - DO 272 PAGE 247 AND MAP 15-P "A", PARCEL 3 - DO 228 PAGE 184 - PLAT BOOK D, SLIDE 32 (CHEATHAM ESTATE 5/01).
 - PROPERTY IS ZONED C-3.
 - SETHARDS SHALL BE AS FOLLOWS:
 - FRONT 30'
 - REAR 15'
 - SIDE 15'
 - TOTAL ACREAGE = 30.84 ACRES.
 - THE DETENTION EASEMENTS SHOWN ARE FOR LOTS 1, 3, 4 AND 5. LOT 2 SHALL HAVE A DETENTION BASIN WITHIN ITS BOUNDARY.
 - STORMWATER DETENTION STRUCTURES SHALL NOT BE DISTURBED OR ALTERED EXCEPT WITH THE APPROVAL OF THE CITY OF LENOIR COUNTY. THE OWNERS OF LOTS 1, 3, 4 AND 5 SHALL JOINTLY SHARE THE RESPONSIBILITY FOR THE MAINTENANCE OF THE DETENTION EASEMENTS.
 - C-311 HOUSE NUMBERS ARE SHOWN ON EACH LOT IN A BOX.
 - THE DECLARATION OF COVENANTS, CONDITIONS AND RESTRICTIONS FOR THE COVENANT HEALTH DEVELOPMENT ARE A PART OF THE APPROVAL OF THIS PLAT AND ARE RECORDED AT THE LENOIR COUNTY REGISTER OF DEED OFFICE, BOOK PAGE _____.
 - ALL PUBLIC UTILITIES SHALL HAVE A 15' EASEMENT CENTERED ON LINE AS INSTALLED.



FINAL PLAT FOR:
COVENANT HEALTH
LENOIR COUNTY, TENNESSEE
CITY OF LENOIR CITY
DATE OF SURVEY: 1-15-03
DWS DATE: 9-05-03; REV 11-04-03
REV 1-16-04; REV 3-01-04
REV 4-19-04

OWNER:
FORTRESS CORP.
280 FORT SANDERS WEST BLVD
SUITE 200
KNOXVILLE, TN 37922

LAND DEVELOPMENT SOLUTIONS
310 SIMMONS RD., SUITE K
KNOXVILLE, TENNESSEE 37922
PH. 865-671-2281
LDS PROJECT NO. 20233

Loudon County Commission

Exhibit # 032221-B

Memorandum of Lease

11-12-04

THIS INSTRUMENT PREPARED BY:
M. Douglas Campbell, Jr., Esq.
Wagner, Myers & Sanger, P.C.
1801 First Tennessee Plaza
Knoxville, Tennessee 37929
865-525-4600

MEMORANDUM OF LEASE

This MEMORANDUM OF LEASE is made as of the 12th day of November, 2004, by and between (i) **LOUDON COUNTY, TENNESSEE**, a county organized and existing as a governmental unit under the laws of the State of Tennessee (the "Landlord"), whose address is 100 River Road, #106, Loudon, Tennessee 37774; (ii) **FORT LOUDOUN MEDICAL CENTER**, a not-for-profit corporation organized and existing under the law of the State of Tennessee (the "Tenant"), whose address is 550 Fort Loudoun Medical Center Drive, Lenoir City, Tennessee 37771; and (iii) **COVENANT HEALTH**, a not-for-profit corporation organized and existing under the laws of the State of Tennessee ("Covenant"), whose address is 100 Fort Sanders West Boulevard, Knoxville, Tennessee 37922.

PRELIMINARY STATEMENT

A. Pursuant to that certain Lease Agreement dated November 12, 2004, by and among the Landlord, the Tenant and Covenant (together the "Lease"), the Landlord has leased to the Tenant the real property described in Exhibit A, attached hereto and made a part hereof, together with all easements appurtenant thereto and all fixtures and improvements thereon (the "Premises").

B. Pursuant to Section 14.1 of the Lease, the parties hereby execute this Memorandum of Lease to memorialize the lease of the Premises from the Landlord to the Tenant and to give constructive notice of the Tenant's leasehold interest in the Premises.

WITNESSETH:

NOW, THEREFORE, in consideration of the foregoing premises and mutual covenants set forth in the Lease, and for other good and valuable consideration, the mutuality, receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Lease of the Premises. The Landlord hereby leases the Premises to the Tenant, and the Tenant hereby leases the Premises from the Landlord, for the term set forth in Section 2 hereof and at the rental rate and upon the covenants and conditions as set forth in the Lease, which Lease is by this reference incorporated herein and made a part hereof as fully as if set forth herein at length.

2. Term of Lease. The term of the Lease is for the period commencing on November 12, 2004, and ending on December 31, 2024, subject to the Tenant's option to renew the Lease for two (2) additional terms of five (5) years each pursuant to and in accordance with the terms and provisions set forth in the Lease.

3. Subject to Lease. The Lease of the Premises from the Landlord to the Tenant is subject to all the terms, covenants and conditions set forth in the Lease.

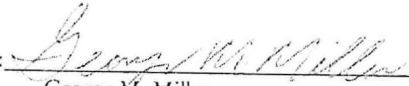
IN WITNESS WHEREOF, the Landlord and the Tenant have executed this Memorandum of Lease as of the date first above written.

[SIGNATURES ON THE FOLLOWING PAGE]

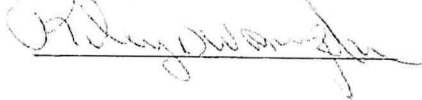
LOUDON COUNTY COMMISSION FOR
AND ON BEHALF OF LOUDON COUNTY,
TENNESSEE

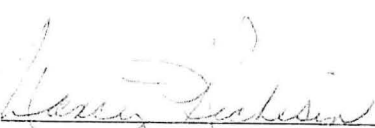
ATTEST:



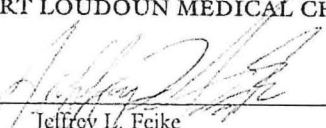
By: 
George M. Miller
Title: County Mayor

ATTEST:

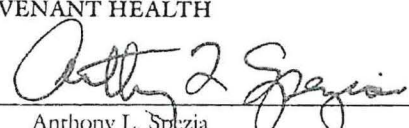


By: 
Nancy Richesin
Title: Director of Purchasing

FORT LOUDOUN MEDICAL CENTER

By: 
Jeffrey L. Feike
Title: Chief Administrative Officer

COVENANT HEALTH

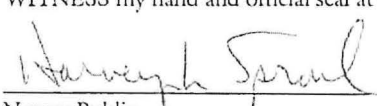
By: 
Anthony L. Spezia
Title: President and Chief Executive Officer

STATE OF TENNESSEE)

COUNTY OF LOUDON)

Before me, a Notary Public in the State and County aforesaid, personally appeared George M. Miller, with whom I am personally acquainted and who, upon oath, acknowledged himself to be the incumbent County Mayor of Loudon County, a political subdivision of the State of Tennessee, and that he as such incumbent County Mayor of Loudon County, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing his name as incumbent County Mayor of Loudon County, Tennessee.

WITNESS my hand and official seal at office this 1st day of Dec, 2004.


Notary Public

My Commission Expires: 8/6/08



STATE OF TENNESSEE)

COUNTY OF LOUDON)

Before me, a Notary Public in the State and County aforesaid, personally appeared Nancy Richesin, with whom I am personally acquainted and who, upon oath, acknowledged herself to be the Director of Purchasing for Loudon County, a political subdivision of the State of Tennessee, and that she as such Director of Purchasing for Loudon County, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing her name as Director of Purchasing for Loudon County, Tennessee.

WITNESS my hand and official seal at office this 15th day of Dec, 2004.

Harvey L. Spraul
Notary Public



My Commission Expires: 8/6/08

STATE OF TENNESSEE)

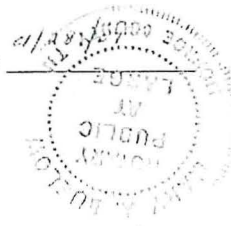
COUNTY OF Loudon)

Personally appeared before me, a Notary Public in the State and County aforesaid, Jeffrey L. Feike, with whom I am personally acquainted, or proved to me on the basis of satisfactory evidence, and who, under oath, acknowledged himself to be the Chief Administrative Officer of Fort Loudoun Medical Center, the within-named bargainor, and that he as such Chief Administrative Officer being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as Chief Administrative Officer.

WITNESS my hand and official seal at office this 29th day of December, 2004.

Mary A. Buelow
Notary Public

My Commission Expires: 11/28/2008



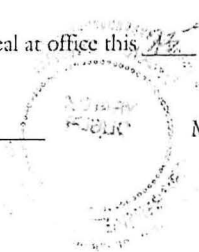
STATE OF TENNESSEE)

COUNTY OF KNOX)

Personally appeared before me, a Notary Public in the State and County aforesaid, Anthony L. Spezia, with whom I am personally acquainted, or proved to me on the basis of satisfactory evidence, and who, under oath, acknowledged himself to be the President and Chief Executive Officer of Covenant Health, the within-named bargainor, a nonprofit corporation, and that he as such President and Chief Executive Officer being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as President and Chief Executive Officer.

WITNESS my hand and official seal at office this 22nd day of December, 2004.

Don Ward
Notary Public



My Commission Expires: 6-7-2008

EXHIBIT A

The land referred to in this Commitment is described as follows:

SITUATED in District No. Two (2) of Loudon County, Tennessee, and within the corporate limits of the City of Lenoir City, Tennessee, being known and designated as all of Lot 3 as shown on the Final Plat for Covenant Health recorded in Plat Cabinet F, Page 280, in the Loudon County Register's Office, said lot being more particularly bounded and described as shown by map aforesaid, to which map specific reference is hereby made for a more particular description.

BEING part of the same property conveyed to Covenant Health, a Tennessee nonprofit corporation, by Warranty Deed dated as of December 13, 2002, from Horne Development, L.P., a Tennessee limited partnership, recorded in Deed Book 272, page 247, in the Loudon County Register's Office.

TOGETHER WITH drainage easements, detention basin easements, ingress/egress and utility easements granted and established in Declaration of Restrictive Covenants and Easements made by Covenant Health dated August 13, 2004, filed for record in Trust Book 741, page 263, in the Loudon County Register's Office, to the extent the same are appurtenant to Lot 3 described above.

BK/PG:T766/662-665
05015368

1 PGS : AL - LEASE	
TAXIDY BATCH: 20559	
01/10/2005 - 10:42 AM	
VALUE	3.00
MORTGAGE TAX	0.00
TRANSFER TAX	0.00
RECORDING FEE	20.00
DP FEE	2.00
REGISTER'S FEE	0.00
TOTAL AMOUNT	22.00

STATE OF TENNESSEE, LOUDON COUNTY
TRACIE LITTLETON
REGISTER OF DEEDS

Loudon County Commission

Exhibit # 032221-C

T766-662

Memorandum of Lease

THIS INSTRUMENT PREPARED BY:
M. Douglas Campbell, Jr., Esq.
Wagner, Myers & Sanger, P.C.
1801 First Tennessee Plaza
Knoxville, Tennessee 37929
865-525-4600

MEMORANDUM OF LEASE

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PRELIMINARY STATEMENT

A. Pursuant to that certain Lease Agreement dated November 12, 2004, by and among the Landlord, the Tenant and Covenant (together the "Lease"), the Landlord has leased to the Tenant the real property described in Exhibit A, attached hereto and made a part hereof, together with all easements appurtenant thereto and all fixtures and improvements thereon (the "Premises").

B. Pursuant to Section 14.11 of the Lease, the parties hereby execute this Memorandum of Lease to memorialize the lease of the Premises from the Landlord to the Tenant and to give constructive notice of the Tenant's leasehold interest in the Premises.

WITNESSETH:

NOW, THEREFORE, in consideration of the foregoing premises and mutual covenants set forth in the Lease, and for other good and valuable consideration, the mutuality, receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. **Lease of the Premises.** The Landlord hereby leases the Premises to the Tenant, and the Tenant hereby leases the Premises from the Landlord, for the term set forth in Section 2 hereof and at the rental rate and upon the covenants and conditions as set forth in the Lease, which Lease is by this reference incorporated herein and made a part hereof as fully as if set forth herein at length.

2. **Term of Lease.** The term of the Lease is for the period commencing on November 12, 2004, and ending on December 31, 2024, subject to the Tenant's option to renew the Lease for two (2) additional terms of five (5) years each pursuant to and in accordance with the terms and provisions set forth in the Lease.

3. **Subject to Lease.** The Lease of the Premises from the Landlord to the Tenant is subject to all the terms, covenants and conditions set forth in the Lease.

IN WITNESS WHEREOF, the Landlord and the Tenant have executed this Memorandum of Lease as of the date first above written.

[SIGNATURES ON THE FOLLOWING PAGE]

LOUDON COUNTY COMMISSION FOR
AND ON BEHALF OF LOUDON COUNTY,
TENNESSEE

ATTEST:

Patricia D. Wampler

By: George M. Miller
George M. Miller
Title: County Mayor

ATTEST:

Nancy Richesin

By: Nancy Richesin
Nancy Richesin
Title: Director of Purchasing

FORT LOUDOUN MEDICAL CENTER

By: Jeffrey L. Feike
Jeffrey L. Feike
Title: Chief Administrative Officer

COVENANT HEALTH

By: Anthony L. Spezia
Anthony L. Spezia
Title: President and Chief Executive Officer

STATE OF TENNESSEE)

COUNTY OF LOUDON)

Before me, a Notary Public in the State and County aforesaid, personally appeared George M. Miller, with whom I am personally acquainted and who, upon oath, acknowledged himself to be the incumbent County Mayor of Loudon County, a political subdivision of the State of Tennessee, and that he as such incumbent County Mayor of Loudon County, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing his name as incumbent County Mayor of Loudon County, Tennessee.

WITNESS my hand and official seal at office this 1ST day of Dec, 2004.

Harvey L. Sproul
Notary Public

My Commission Expires: 8/6/08



STATE OF TENNESSEE)

COUNTY OF LOUDON)

Before me, a Notary Public in the State and County aforesaid, personally appeared Nancy Richesin, with whom I am personally acquainted and who, upon oath, acknowledged herself to be the Director of Purchasing for Loudon County, a political subdivision of the State of Tennessee, and that she as such Director of Purchasing for Loudon County, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing her name as Director of Purchasing for Loudon County, Tennessee.

WITNESS my hand and official seal at office this 1st day of Dec, 2004.

Harvey L Spraul
Notary Public



My Commission Expires: 8/6/08

STATE OF TENNESSEE)

COUNTY OF Loudon)

Personally appeared before me, a Notary Public in the State and County aforesaid, Jeffrey L. Feike, with whom I am personally acquainted, or proved to me on the basis of satisfactory evidence, and who, under oath, acknowledged himself to be the Chief Administrative Officer of Fort Loudoun Medical Center, the within-named bargainor, and that he as such Chief Administrative Officer being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as Chief Administrative Officer.

WITNESS my hand and official seal at office this 29th day of December, 2004.

Mary A. Buelow
Notary Public

My Commission Expires: 12/27/2008



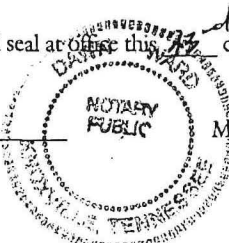
STATE OF TENNESSEE)

COUNTY OF KNOX)

Personally appeared before me, a Notary Public in the State and County aforesaid, Anthony L. Spezia, with whom I am personally acquainted, or proved to me on the basis of satisfactory evidence, and who, under oath, acknowledged himself to be the President and Chief Executive Officer of Covenant Health, the within-named bargainor, a nonprofit corporation, and that he as such President and Chief Executive Officer being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as President and Chief Executive Officer.

WITNESS my hand and official seal at office this 1st day of December, 2004.

Dean Ward
Notary Public



My Commission Expires: 6-7-2008

EXHIBIT A

The land referred to in this Commitment is described as follows:

SITUATED in District No. Two (2) of Loudon County, Tennessee, and within the corporate limits of the City of Lenoir City, Tennessee, being known and designated as all of Lot 3 as shown on the Final Plat for Covenant Health recorded in Plat Cabinet F, Page 280, in the Loudon County Register's Office, said lot being more particularly bounded and described as shown by map aforesaid, to which map specific reference is hereby made for a more particular description.

BEING part of the same property conveyed to Covenant Health, a Tennessee nonprofit corporation, by Warranty Deed dated as of December 13, 2002, from Horne Development, L.P., a Tennessee limited partnership, recorded in Deed Book 272, page 247, in the Loudon County Register's Office.

TOGETHER WITH drainage easements, detention basin easements, ingress/egress and utility easements granted and established in Declaration of Restrictive Covenants and Easements made by Covenant Health dated August 13, 2004, filed for record in Trust Book 741, page 263, in the Loudon County Register's Office, to the extent the same are appurtenant to Lot 3 described above.

BK/PG:T766/662-665	
05015368	
4 PGS : AL - LEASE	
TAXID: BATCH: 20559	
01/19/2005 - 10:42 AM	
VALUE	0.00
MORTGAGE TAX	0.00
TRANSFER TAX	0.00
RECORDING FEE	20.00
DP FEE	2.00
REGISTER'S FEE	0.00
TOTAL AMOUNT	22.00
STATE OF TENNESSEE, LOUDON COUNTY	
TRACIE LITTLETON	
REGISTER OF DEEDS	

Loudon County Commission

Exhibit # 032221-D

D289-846 WD
(Deed to County)

OWNER/RESPONSIBLE TAXPAYER:
Loudon County, Tennessee
100 River Road, #106
Loudon, Tennessee 37774
CLT No. 15-74.02

THIS INSTRUMENT PREPARED BY:
M. Douglas Campbell, Jr., Esq.
Wagner, Myers & Sanger, P.C.
1801 First Tennessee Plaza
Knoxville, Tennessee 37929

WARRANTY DEED

THIS INDENTURE made as of this 9TH day of November, 2004, between COVENANT HEALTH, a Tennessee nonprofit, public benefit corporation, ("First Party"), and LOUDON COUNTY, TENNESSEE, a county organized and existing as a governmental unit under the laws of the State of Tennessee ("Second Party");

WITNESSETH:

THAT SAID FIRST PARTY, for and in consideration of the sum of TEN AND NO/100 DOLLARS (\$10.00), and other good and valuable consideration, to it in hand paid by said Second Party, the receipt of which is hereby acknowledged, has granted, bargained, sold and conveyed, and does by these presents grant, bargain, sell and convey unto Second Party, all of its interest in and to the real property described as follows, to wit:

SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF;

with the hereditaments and appurtenances thereto appertaining, hereby releasing all claims therein. TO HAVE AND TO HOLD the same unto the Second Party, its successors and assigns forever.

AND said First Party, for itself and its heirs, successors and assigns, does hereby covenant with said Second Party, its successors and assigns, that it is lawfully seized in fee simple of the premises above conveyed and has full power, authority and right to convey the same; and that said premises are free from all encumbrances except the lien of 2004 property taxes, which are due and payable as of the date hereof but not yet delinquent, and the matters set forth in Exhibit "B" attached hereto and made a part hereof; and that First Party will forever warrant and defend the said premises and title thereto against the lawful claims of all persons whomsoever.

Whenever in this instrument a pronoun is used, it shall be construed to represent either singular or plural, or the masculine, feminine or neuter gender, as the case may demand.

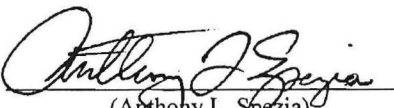
IN WITNESS WHEREOF, the said First Party hereunder has executed this instrument as of the day and year first above written.

BK/PG:D289/845-848

04013213

4 PGS : AL - WARRANTY DEED	
TRACIE BATCH: 19036	
11/16/2004 - 02:23 PM	
VALUE	0.00
MORTGAGE TAX	0.00
TRANSFER TAX	0.00
RECORDING FEE	20.00
DP FEE	2.00
REGISTER'S FEE	0.00
TOTAL AMOUNT	22.00
STATE OF TENNESSEE, LOUDON COUNTY	
TRACIE LITTLETON	
REGISTER OF DEEDS	

COVENANT HEALTH

By: 
(Anthony L. Spezia)

Title: President and Chief Executive Officer

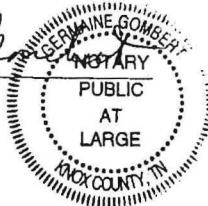
STATE OF TENNESSEE)
)
COUNTY OF KNOX)

Before me, a Notary Public at Large of the state and county mentioned, personally appeared Anthony L. Spezia, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who, upon oath, acknowledged himself to be president of Covenant Health, the within named bargainor, a corporation, and that he as such president, executed the foregoing instrument for the purpose therein contained, by signing the name of the corporation by himself as president.

Witness my hand and seal this 9TH day of November, 2004.

Subscribed and sworn to before me this 9TH day of November, 2004.

Germaine L. Gombert
Notary Public



My Commission Expires: 12/22/07

I hereby swear and affirm that the actual consideration or true value of this transfer, whichever is greater, is \$ 0.

George M. Miller
Affiant

THE PREPARER OF THIS DEED HAS NOT BEEN REQUESTED BY THE PARTIES AND HAS NOT CONDUCTED AN EXAMINATION OF THE STATUS OF THE TITLE TO THE PROPERTY DESCRIBED IN THIS WARRANTY DEED, AND THEREFORE MAKES NO REPRESENTATIONS OR WARRANTIES OF ANY KIND OR NATURE WHATSOEVER AS TO THE STATUS OF TITLE TO SAID PROPERTY.

THE PROPERTY DESCRIPTION CONTAINED IN THIS DEED WAS TAKEN FROM A PLAT OF SURVEY OF EDDIE D. MILLER, RLS NO. 2033, OF RECORD IN PLAT CABINET F, PAGE 280 IN THE REGISTER'S OFFICE FOR LOUDON COUNTY, TENNESSEE.

EXHIBIT "A"

The land referred to in this Commitment is described as follows:

SITUATED in District No. Two (2) of Loudon County, Tennessee, and within the corporate limits of the City of Lenoir City, Tennessee, being known and designated as all of Lot 3 as shown on the Final Plat for Covenant Health recorded in Plat Cabinet F, Page 280, in the Loudon County Register's Office, said lot being more particularly bounded and described as shown by map aforesaid, to which map specific reference is hereby made for a more particular description.

BEING part of the same property conveyed to Covenant Health, a Tennessee nonprofit corporation, by Warranty Deed dated as of December 13, 2002, from Horne Development, L.P., a Tennessee limited partnership, recorded in Deed Book 272, page 247, in the Loudon County Register's Office.

TOGETHER WITH drainage easements, detention basin easements, ingress/egress and utility easements granted and established in Declaration of Restrictive Covenants and Easements made by Covenant Health dated August 13, 2004, filed for record in Trust Book 741, page 263, in the Loudon County Register's Office, to the extent the same are appurtenant to Lot 3 described above.

EXHIBIT "B"

1. Taxes for the year 2004, a lien, which are currently due and payable, and all taxes for subsequent years.
2. Matters disclosed by map of record in Plat Cabinet F, page 280, in the office of the Loudon County Register of Deeds.
3. Declaration of Restrictive Covenants and Easements made by Covenant Health dated August 13, 2004, filed of record in Trust Book 741, page 263, in the office of the Loudon County Register of Deeds.
4. All applicable restrictions, easements and building setback lines as are shown of record in the office of the Loudon County Register of Deeds.

Loudon County Commission

Exhibit # 032221-E

Agreement to Expand & Improve Fort Loudon Medical Center

AGREEMENT TO EXPAND AND IMPROVE FORT LOUDOUN MEDICAL CENTER

This Agreement to Expand and Improve Fort Loudoun Medical Center (this "Agreement") is made and entered into as of this ____ day of _____, 2021 (the "Effective Date"), by and between

LOUDON COUNTY, TENNESSEE, a county and political subdivision of the State of Tennessee (the "County"),

FORT LOUDOUN MEDICAL CENTER, a not-for-profit corporation organized and existing under the laws of the State of Tennessee ("FLMC"), and

COVENANT HEALTH, a not-for-profit corporation organized and existing under the laws of the State of Tennessee ("Covenant").

The County, FLMC, and Covenant are sometimes collectively referred to as the "Parties" and individually as a "Party."

RECITALS:

A. The County is the fee simple owner of that certain tract or parcel of land located in Loudon County, Tennessee which is described on the **Exhibit A** attached hereto (the "Land").

B. Pursuant to a Lease Agreement between FLMC, Covenant, and the County dated November 9, 2004 (the "Lease") and a Memorandum of Lease between FLMC, the County, and Covenant dated November 12, 2004 and recorded in Trust Book 766, page 662 in the Register's Office for Loudon County, Tennessee (the "Memo of Lease"), FLMC leased from the County the Land, together with all improvements located thereon at the time and certain easements and other rights appurtenant thereto. The Lease required FLMC to, among other things, construct a hospital facility (the "Hospital") and expend substantial sums of money for the purpose of developing and enhancing the availability and quality of healthcare provided to the residents of Loudon County, Tennessee.

C. To the knowledge of each Party, FLMC and Covenant have each complied with all their obligations under the Lease to be performed prior to the Effective Date, including the construction of the Hospital and the enhancement of the healthcare services available to residents of Loudon County, Tennessee.

D. The Parties agree that the quantity and quality of healthcare services available to the residents of Loudon County, Tennessee will be further enhanced if certain renovations and additions are made to the Hospital and the Land (as more particularly described in this Agreement, the "Enhancement Work").

E. FLMC is willing to undertake and perform the Enhancement Work at its sole cost and expense in consideration of the County transferring ownership of the Land and Hospital to FLMC. Covenant, as the parent company of FLMC, is willing to guarantee the performance and completion of the Enhancement Work.

F. The County believes that the Enhancement Work will provide substantial and material benefits to the County and its residents, and therefore it is willing to enter into this Agreement for the purposes contained herein.

NOW, THEREFORE, in consideration of the premises, the covenants of the Parties set forth herein, and other good and valuable consideration exchanged between the Parties, the receipt and sufficiency of which is hereby acknowledged, the Parties hereby agree as follows:

1. Recitals; Definitions and Exhibits.

1.1 Recitals. The Recitals set forth above are hereby incorporated and made a part of this Agreement.

1.2 Certain Definitions. Those terms listed on the Appendix attached to this Agreement shall have the meanings set forth therein whenever used in this Agreement or any Exhibits attached hereto, unless the context clearly requires otherwise. All definitions shall also be applicable to the singular and plural forms of such words and terms. Likewise, those words and terms which are defined in the body of this Agreement shall have the meaning given to them whenever used in this Agreement or any of the Exhibits attached hereto.

1.3 Exhibits. The Exhibits listed below are attached to and incorporated into this Agreement by reference. In the event of any inconsistency between such Exhibits and the provisions of this Agreement, the provisions of the Exhibits shall control. The Exhibits attached to this Agreement are:

<u>Appendix</u>	- Defined Terms
<u>Exhibit A</u>	- Description of the Land
<u>Exhibit B</u>	- List of Permitted Encumbrances
<u>Exhibit C</u>	- Work Letter

2. Transfer of Ownership. Subject to and on the terms and conditions set forth in this Agreement, and in consideration of the Enhancement Work and the other obligations of FLMC and Covenant as set forth in this Agreement, the County hereby covenants and agrees to transfer and convey to FLMC the following (collectively, the "Property"): (i) the Land, (ii) the Hospital and all other buildings, roads, and other improvements located thereon or thereunder (collectively, the "Improvements"), (iii) all reversions, remainders, easements, rights-of-way, appurtenances, hereditaments, and privileges in, to, or for the benefit of the Land or any of the Improvements, and (iv) all other rights, privileges, and appurtenances owned by the County and which in any way relate to or are used in connection with the Land and any of the Improvements.

3. Expansion of and Improvements to Hospital.

3.1 Subject to and on the terms and conditions set forth in this Agreement, and in consideration of the transfer of the Property to FLMC, FLMC shall construct, or cause to be constructed, at FLMC's sole cost and expense, a certain expansion of and improvements to the Hospital as described in Exhibit C attached hereto (said Exhibit C is referred to as the "Work Letter," and the work described therein is referred to collectively as the "Enhancement Work"), all of which shall be performed in accordance with the provisions of the Work Letter. The Parties agree that the description of the work to be performed by FLMC in the Work Letter constitutes a full and complete description of the Enhancement Work, as defined in Recital D above.

3.2 Covenant hereby guarantees the full and prompt performance by FLMC of all its obligations in Section 3.1. Furthermore, neither Covenant nor FLMC will sell, transfer, or otherwise dispose of all or any significant portion of its assets without requiring such buyer or transferee to join in writing in the foregoing guarantee. Covenant's obligations under this Agreement are limited to those set forth in this Section 3, and at such time as all such obligations are fully paid and satisfied or provision for full payment and satisfaction has been made to the reasonable satisfaction of the County, the provisions of this Section 3 shall cease to be effective.

3.3 The obligations of FLMC and Covenant contained in Section 3.1 and 3.2 shall survive the Closing.

3.4 Other than the obligations of FLMC and Covenant contained herein, there is no, and there shall not be, any separate, other, or additional consideration, whether in cash or in kind, due or payable for the transactions contemplated in this Agreement.

4. Closing.

4.1 Closing. Subject to the other provisions contained in this Agreement, the consummation of the transfer and conveyance of the Property (the "Closing") shall occur on the date which is the earlier of the following (as applicable, the "Closing Date"):

4.1.1 The date on which the Parties mutually agree in writing; or

4.1.2 Five (5) business days following the date upon which both of the following shall have occurred: (a) the final approval of this Agreement and the transactions contemplated hereby by the Governing Body and all periods for filing an appeal or other Action to challenge or invalidate such approval have expired; and (b) the execution of this Agreement by all of the Parties hereto.

4.2 Transfer Agent. The Closing shall be conducted by _____ or such other title company or law firm as the Parties may hereafter agree to in writing (as applicable, the "Transfer Agent").

4.3 Location of Closing. The Closing shall occur at the location agreed to by the Parties or, failing that, the main office of the Transfer Agent; provided, that it shall not be necessary for any Party to be present at the Closing so long as it has performed all its obligations under this Agreement including delivering all those documents, amounts, and other items required of it under this Agreement.

5. Representations and Warranties.

5.1 County's Representations and Warranties. For the purpose of inducing FLMC and Covenant to enter into this Agreement, the County hereby represents and warrants to FLMC all the following as of the date the County has executed this Agreement and again as of the Closing Date, all of which are being relied upon by FLMC and Covenant:

5.1.1 The County is a duly created and validly existing county and political subdivision of the State of Tennessee;

5.1.2 The County has the power and authority to enter into this Agreement and the transactions hereby contemplated and to carry out and perform its obligations hereunder;

5.1.3 This Agreement and the transactions contemplated hereby have been duly approved and authorized by final, unappealable action of the Governing Body, and no further consent or approval of any Person is required;

5.1.4 Neither the County's execution and delivery of this Agreement nor its performance of its obligations under this Agreement will (i) violate any provision of the Constitution of the State of Tennessee or any Laws or (ii) conflict with or violate, in any material respect, any representation, warranty, covenant, agreement, or other obligation of the County;

5.1.5 This Agreement constitutes the valid and binding obligation of the County, enforceable in accordance with its terms, subject only to bankruptcy and other similar Laws affecting the rights of creditors and the exercise of judicial discretion in appropriate cases, and the individuals executing this Agreement and the documents or instruments contemplated hereby on behalf of the County have been duly authorized to do so by the Governing Body;

5.1.6 To the best of the County's knowledge, the County owns the Land in fee simple with title thereto unencumbered by any encumbrance, obligation, covenant, or restriction other than Permitted Encumbrances. The County has no claims or any interest in any of the equipment, furnishings, beds, trade fixtures, or other personal property located on the Property and at the Closing, it shall execute

and deliver to FLMC a Bill of Sale and Assignment quitclaiming all rights, title and interest it has, if any, to the same.

5.1.7 To the knowledge of each Party, FLMC and Covenant (i) have each fully performed all their duties and obligations under the Lease and the Memo of Lease, (ii) there is no existing breach or default by either Party under either the Lease or the Memo of Lease, and (iii) there is no condition or circumstance that, with the giving of notice, the lapse of time, or both, would constitute a breach or default under any such documents; and

5.1.8 There is no Action pending or, to the County's knowledge, threatened against the County, that, if determined adversely to the County, would materially affect the ability of the County to perform any of its duties or obligations under this Agreement.

5.2 FLMC's and Covenant's Representations and Warranties. For the purpose of inducing the County to enter into this Agreement and consummate the transactions set forth herein, FLMC and Covenant each hereby makes the following representations and warranties to the County as of the date each has executed this Agreement, and again as of the Closing Date, all of which are being relied upon by the County:

5.2.1 Each of FLMC and Covenant is a non-profit public benefit corporation organized and existing under the Laws of the State of Tennessee and exempt from federal income taxation under Section 501(a) of the Code;

5.2.2 Each of FLMC and Covenant has the power and authority to enter into this Agreement and the transactions hereby contemplated and to carry out its obligations hereunder;

5.2.3 This Agreement and the transactions contemplated hereby have been duly approved and authorized by the final action of the respective Boards of Directors of FLMC and Covenant and no further consent or approval of any Person is required;

5.2.4 This Agreement constitutes the valid and binding obligation of FLMC and Covenant, enforceable in accordance with its terms, subject only to bankruptcy and other similar Laws affecting the rights of creditors and the exercise of judicial discretion in appropriate cases, and the individuals executing this Agreement and the documents or instruments contemplated hereby on behalf of the FLMC and Covenant have been duly authorized to do so by the Governing Body;

5.2.5 Neither FLMC's nor Covenant's execution and delivery of this Agreement nor their performance of their obligations under this Agreement will (i) violate any provision of the Constitution of the State of Tennessee or and Laws, or (ii) conflict with or violate, in any material respect, any representation, warranty, covenant, agreement, or other obligation of FLMC or Covenant; and

5.2.6 There is no Action pending or, to the knowledge of FLMC and Covenant, there is no Action threatened against FLMC or Covenant, that, if determined adversely to FLMC or Covenant, would materially affect the ability of FLMC or Covenant to perform its duties and obligations in this Agreement.

5.3 Survival. The representations, warranties, indemnification obligations, rights, and remedies of the Parties contained in this Section 5 shall survive the Closing or earlier termination of this Agreement.

6. County's Undertakings Pending Closing.

6.1 Until the Closing or earlier termination of this Agreement, the County shall:

6.1.1 Status of Title. Not do anything or permit anything to be done that would impair or modify the status of the title as shown on any title commitment or survey procured by FLMC, unless the same is first approved or requested by FLMC, as determined in FLMC's Discretion;

6.1.2 Zoning. Not take any action to change the zoning of the Property or any portion thereof, unless first approved or requested to do so by FLMC, as determined in FLMC's Discretion; or

6.1.3 Transfer. Not cause or permit the transfer, conveyance, sale, assignment, pledge, mortgage, lease, or encumbrance of all or any portion of the Property.

6.2 In addition to the County's other obligations in this Agreement, until the Closing or earlier termination of this Agreement, the County shall also promptly notify FLMC and Covenant in writing upon learning or receiving notice, whichever first occurs, of any of the following:

6.2.1 Events. Any event, transaction, or occurrence including any potential change in any Law that would or could materially affect in an adverse manner the title, condition, or utility of the Property or any portion thereof or the consummation of the transactions contemplated in this Agreement;

6.2.2 Litigation. Any Action filed or threatened to be filed against the or the County that could affect the ability of the County to consummate the transactions contemplated by this Agreement; and

6.2.3 Zoning. Any proposed change in any zoning or other Law affecting the use, occupancy, or future improvement of the Property or any portion thereof, unless such change was requested by FLMC.

7. Closing Deliveries; Possession.

7.1 Deliveries by the County. At the Closing, the County shall, in addition to the other matters set forth in this Agreement, if any, deliver all of the following to FLMC or the Transfer Agent, as appropriate, all of which shall be properly completed, executed, and, where applicable, acknowledged and notarized, and in the form required in this Agreement or otherwise in a form reasonably acceptable to FLMC:

7.1.1 Limited Warranty Deed. A Limited Warranty Deed pursuant to which the County agrees to defend the title to the Property against the claims of all Persons claiming by, through, or under the County, but no further or otherwise (the "Deed") conveying good and marketable title to the Property to FLMC free and clear of any and all liens and encumbrances except for the Permitted Encumbrances, and the legal description of the Land in the Deed shall be the same as set forth on the Exhibit A attached hereto;

7.1.2 Quitclaim Deed. Should FLMC obtain a new survey of the Land and such survey shows the legal description of the Land different from that described on the attached Exhibit A, the County shall, at the request of FLMC, execute, acknowledge, and deliver a Quitclaim Deed to FLMC describing the Land according to the description shown on such new survey;

7.1.3 Resolutions and Consents. Appropriate resolutions, approvals, and/or consents from the Governing Body, with all applicable appeal periods having expired, authorizing, or ratifying, as appropriate (a) the execution of this Agreement and all documents to be executed and delivered by the County in connection with the Closing, and (b) the performance by the County of all its obligations under this Agreement and under such documents required to be executed and/or delivered by the County herein;

7.1.4 Opinion or Certificate of County's Counsel. A certificate or opinion from the County's counsel certifying or opining that all necessary action has been taken by the County to authorize and consummate the transactions contemplated in this Agreement;

7.1.5 Settlement Statement. A counterpart signature page for a settlement statement prepared by the Transfer Agent for the transaction and which reflects the credits, debits, and adjustments contemplated by or specifically provided for in this Agreement (the "Settlement Statement");

7.1.6 Owner's Affidavit. An "owner's affidavit," "title affidavit" or similar agreement that will allow the Title Insurance Company to delete all the so-called "preprinted" or "standard" exceptions from the Title Policy;

7.1.7 Certificate. A certificate which certifies to FLMC and Covenant that all the representations and warranties made by the County in this Agreement are true and correct as of the Closing Date;

7.1.8 Termination of Lease. An agreement terminating the Lease and the Memo of Lease (the "Lease Termination"); and

7.1.9 Other Documents. Such other documents or instruments reasonably requested by FLMC, Covenant, the Transfer Agent, and/or the Title Insurance Company and that are reasonably necessary to complete the Closing and/or for FLMC to obtain the Title Policy in the condition contemplated in this Agreement.

7.2 Deliveries by FLMC and Covenant. At the Closing, FLMC and Covenant shall deliver all of the following to the County or the Transfer Agent, as appropriate, all of which shall be properly completed, executed, and, where applicable, acknowledged and notarized, and in the form required in this Agreement or otherwise in a form reasonably acceptable to the County:

7.2.1 Opinion or Certificate of FLMC's Counsel. A certificate or opinion from FLMC's and Covenant's counsel certifying or opining that all necessary action has been taken by FLMC and Covenant to authorize and consummate the transactions contemplated in this Agreement;

7.2.2 Settlement Statement. A counterpart signature page for the Settlement Statement;

7.2.3 Certificate. A certificate which certifies to the County that all the representations and warranties made by FLMC and Covenant in this Agreement are true and correct as of the Closing Date;

7.2.4 Termination of Lease. A counterpart signature page for the Lease Termination; and

7.2.5 Indemnity Agreement. An original agreement wherein FLMC and Covenant, jointly and severally, covenant and agree to indemnify, defend, and hold the County harmless from and against any and all losses, damages, fines, fees, costs and expenses, including but not limited to attorney fees, which it incurs due to all Actions which are filed against the County, arising from or pertaining to the operations of FLMC under the Lease on or before the Closing Date and for any period thereafter.

7.2.6 Other Documents. Such other documents or instruments reasonably requested by the County and/or the Transfer Agent and that are reasonably necessary to complete the Closing.

The Parties agree that it shall not be necessary for Covenant to execute a guaranty agreement separate from this Agreement. Instead, the Parties agree that the language contained in Section 3.2 of this Agreement shall be sufficient, and that such guaranty provisions shall survive the Closing.

7.3 Possession. The Parties acknowledge that FLMC is already in possession of the Land and the Improvements, and, subject to the provisions of the Lease, it shall remain in possession of the same until the Closing. Subject to the representations and warranties of the County contained in this Agreement, FLMC agrees that it is accepting the Property in its "**AS IS, WHERE IS**" condition.

8. Closing Costs; No Prorations.

8.1 Closing Costs. The County shall pay (a) the cost of the County's counsel and consultants, if any, (b) the cost of obtaining all approvals and consents from the Governing Body, and (c) the cost to record all title curative documents, including satisfactions of all deeds of trust or liens. Other than as set forth in the foregoing sentence, all other fees, costs, and expenses for or related to the Closing including the Transfer Agent's settlement fee, costs of preparing the Deed and, if necessary, the Quitclaim Deed (both of which shall be prepared by the Transfer Agent), conveyance taxes, and recording fees, shall be paid by FLMC.

8.2 No Prorations. The Parties acknowledge and agree that (a) no real property taxes are currently being assessed to the Property, and (b) FLMC, as the tenant of the Property, is currently

responsible for paying all utility bills for those utilities consumed on the Property. As a result, the Parties agree that there shall be no need to prorate any amounts for real property taxes, utilities, or similar items for the Closing.

9. Conditions Precedent.

9.1 Conditions to Both Parties' Obligations. Each Party's obligation to complete the transactions contemplated hereby is contingent upon all of the following being satisfied as of the Closing Date, each of which constitutes a condition precedent to each Party's obligation to complete the transactions contemplated in this Agreement and may be waived by each Party in its sole and absolute discretion by such Party executing and delivering a written waiver to the other Party expressly stating the same:

9.1.1 Performance by the Other Party. The other Party has performed all its duties and obligations under this Agreement in all material respects;

9.1.2 Representations and Warranties. All the representations and warranties of the other Party contained in this Agreement are true and accurate in all material respects; and

9.1.3 No Default. There is no pending default by the other Party, and there is no condition or circumstance that, with the giving of notice, the passage of time, or both, would constitute a default by the other Party.

9.2 Conditions to FLMC's Obligations. FLMC's obligation to complete the transactions contemplated hereby is also contingent upon all of the following being satisfied as of the Closing Date, each of which constitutes a condition precedent to FLMC's obligation to complete the acquisition of the Property and may be waived by FLMC in FLMC's Discretion by FLMC executing and delivering a written waiver to the County expressly stating the same:

9.2.1 No Change in Zoning Laws. There has been no change in the zoning or any similar Law affecting the use and/or occupancy of the Property or any portion thereof.

9.3 Failure of Condition. If any condition precedent set forth in this Section 9 is not satisfied at or before Closing, and the same is not expressly waived in writing by the Party benefitted by the same, as determined in such Party's sole and absolute discretion, then such benefitting Party shall have the right and option, as determined in its sole and absolute discretion, to either: (a) terminate this Agreement, and, in such event, the Parties shall thereafter have no further rights, duties, or obligations under this Agreement except for the Surviving Obligations, or (b) extend the Closing Date for an additional period of thirty (30) days so the Parties may attempt to satisfy the unsatisfied condition; provided, that if the Closing Date is extended, the condition is still not satisfied within such additional thirty (30) day period, and the Party benefitted by such condition does not waive the unsatisfied condition during such additional thirty (30) day period, this Agreement shall automatically terminate and the Parties shall thereafter have no further rights, duties, or obligations under this Agreement except for the Surviving Obligations.

10. Events of Default and Remedies.

10.1 County Default and FLMC's Remedies. If (a) any representation or warranty of the County contained in this Agreement is materially false when made or becomes materially false prior to the Closing or earlier termination of this Agreement due to any act or omission of the County or any Person for which the County is responsible, (b) the County fails or otherwise refuses to perform any of its obligations contained in this Agreement, and said failure or refusal continues for ten (10) days after it receives a written notice from FLMC specifying and demanding it remedy the same, or (c) the Closing does not occur due to the fault of the County (for a reason other than one permitted in this Agreement), then in any such event, the County shall be in material breach of this Agreement (each a "County Default").

In the event of a County Default, FLMC shall have the right to either (x) terminate this Agreement, and, in such event, the Parties shall thereafter have no further rights, duties, or obligations under this Agreement, except for the Surviving Obligations; or (y) obtain specific performance from the County and,

in the Action seeking specific performance, FLMC may also recover all Legal Fees it incurs in the Action obtaining the same.

10.2 Default by FLMC or Covenant; County's Remedies. If (a) any representation or warranty of FLMC or Covenant contained in this Agreement is materially false when made or becomes materially false prior to the Closing due to any act or omission of FLMC, Covenant, or any Person for which either of them is responsible, (b) FLMC fails or otherwise refuses to perform any of its obligations under this Agreement, and said failure or refusal continues for ten (10) days after it receives a written notice from the County specifying and demanding it remedy the same, or (c) the Closing does not occur due to the fault of FLMC or Covenant (for a reason other than one permitted in this Agreement), the same shall constitute a material breach of this Agreement by FLMC (each a "FLMC Default").

In the event of a FLMC Default, the County shall have the right to either (x) terminate this Agreement, and, in such event, the Parties shall thereafter have no further rights, duties, or obligations under this Agreement, except for the Surviving Obligations; or (y) obtain specific performance from FLMC and, in the Action seeking specific performance, the County may also recover all Legal Fees it incurs in the Action obtaining the same.

10.3 Lease. Notwithstanding anything contained in this Section 10 or this Agreement to the contrary, should the Closing not occur for any reason including the termination of this Agreement pursuant to this Section 10, the Lease shall remain in full force and effect.

10.4 Survival. The provisions of this Section 10 shall survive the termination of this Agreement.

11. No Brokerage Commissions.

11.1 FLMC's Representations. FLMC hereby represents and warrants to the County that neither it nor Covenant has engaged any real estate agent, broker, finder, facilitator, or other intermediary in connection with the transactions contemplated by this Agreement. FLMC further represents and warrants to the County that there is no real estate, brokerage, commission, or similar payment owed in connection with the transactions contemplated by this Agreement to any party claiming through FLMC or Covenant or arising out of the actions of FLMC or Covenant.

11.2 County's Representations. The County represents and warrants to FLMC and Covenant that the County has not engaged any real estate agent, broker, finder, facilitator, or other intermediary in connection with the transactions contemplated by this Agreement. The County further represents and warrants to FLMC and Covenant that there is no real estate, brokerage, commission, or similar payment owed in connection with the transactions contemplated by this Agreement to any party claiming through the County or arising out of the actions of the County.

11.3 Survival. The provisions of this Section 11 shall survive the Closing or the earlier termination of this Agreement.

12. Notices. All notices, demands, elections, deliveries, and other communications between the Parties required or desired to be given in connection with this Agreement (for purposes of this Section 12, each a "Notice"), to be effective under this Agreement, shall be in writing and shall be deemed to be given and received: (i) when personally delivered, (ii) when sent by electronic mail (i.e., e-mail), (iii) one business day after sent by a reputable overnight courier and marked for next business day delivery, or (iv) three business days after deposit with the United States Postal Service as certified mail, return receipt requested; in each instance with all charges and/or postage prepaid and addressed as follows:

If to FLMC: Fort Loudoun Medical Center

550 Fort Loudoun Medical Center Drive
Lenoir City, Tennessee 37771
Attention: Jeffrey Feike, CAO
Email: jfeike@covhlth.com

If to Covenant:

Covenant Health
100 Fort Sanders West Blvd.
Knoxville, Tennessee 37922
Attention: James D. VanderSteeg, President and CEO
Email: jvanders@covhlth.com

If to the County:

County of Loudon, Tennessee
100 River Road, #106
Loudon, Tennessee 37774
Attention: Honorable Buddy Bradshaw
E-mail: _____

Notwithstanding the foregoing provisions of this Section 12, if a Notice is delivered on a non-business day or after 6:00 p.m. (local time of the recipient) on a business day, then, in either event, the same shall not be deemed given or received until 9:00 a.m. (local time of the recipient) on the following business day.

Any Party may from time to time designate another Person, physical address, mailing address, and/or e-mail address for the receipt of future Notices by sending a Notice in accordance with the provisions of this Section 12 to the other Party to the Person(s) and address(es) set forth herein or as last provided by such other Party in accordance with the provisions of this Section 12.

13. Risk of Loss. FLMC shall bear the risk of loss to the Property until the Closing; provided, that this provision shall not modify any of the provisions contained in the Lease.

14. Casualty. Should any Casualty occur prior to the Closing, the first Party to learn of the same shall promptly notify the others. Further, should a Casualty occur prior to the Closing, neither Party shall have the right to terminate this Agreement and the transactions contemplated hereby shall proceed to Closing according to the terms and conditions hereof. At Closing, all insurance proceeds shall be paid to FLMC, and the County shall assign to FLMC all rights to any such proceeds and all additional proceeds which may be owed resulting from such Casualty. The provisions of this Section 14 shall survive the Closing.

15. Eminent Domain. If, prior to the Closing, all, any portion of, or any interest in the Property shall be taken or threatened to be taken by eminent domain or deed in lieu thereof, the Party which first learns of the same shall promptly notify the others. In such event, FLMC shall thereafter have the absolute right, exercisable at any time prior to the Closing, to terminate this Agreement by delivering a notice to the County stating the same. Should FLMC exercise its right to terminate this Agreement pursuant to the provisions of this Section 15 then, this Agreement shall terminate as of the date of FLMC's notice, and the Parties shall thereafter no further rights, duties, or obligations under this Agreement except for the Surviving Obligations.

16. Miscellaneous.

16.1 Entire Agreement; Amendments. This Agreement contains all the representations and the entire agreement between the Parties with respect to the subject matter hereof. Any prior correspondence, discussions, memoranda, letters of intent, or agreements are superseded in total by this Agreement.

16.2 Successors and Permitted Assigns. This Agreement shall be binding upon the Parties and their respective successors and assigns.

16.3 Time of Essence. Time is of the essence with this Agreement and all the provisions thereof.

16.4 Multiple Counterparts. This Agreement may be executed in any number of counterparts which together shall constitute the agreement of the Parties. For purposes of executing this Agreement, a document signed and transmitted by electronic mail (i.e., e-mail) in Portable Document Format (pdf) shall be treated as an original document, the signature of any Party thereon shall be considered an original signature, and the document transmitted shall be considered to have the same binding legal effect as an original signature on an original document. At the request of any Party, any document transmitted by e-mail shall be re-executed by the Parties in original form. No Party may raise the fact that any signature was transmitted through the use of e-mail as a defense to the enforcement of this Agreement or any amendment executed in compliance with this subsection.

16.5 Proper Execution. This Agreement shall have no binding force or effect on any Party, shall not constitute an offer, and shall not confer any rights upon any Party or impose any obligations upon any Party irrespective of any reliance thereon, change of position, or partial performance unless and until such time as all the Parties have executed this Agreement.

16.6 No Presumption from Draftsmanship. In the event of a dispute involving the interpretation or construction of this Agreement involving FLMC, Covenant, the County, and/or any other party or parties, it shall be deemed that this Agreement was jointly drafted by all the parties to the dispute, and no rule of construction or presumption shall be asserted in favor or to the detriment of FLMC, Covenant, the County, or any other party based upon the identity of the party actually drafting this Agreement.

16.7 Severability. If any term or provision of this Agreement or the application thereof to any Person or circumstance shall to any extent be invalid or unenforceable, as evidenced by the final order of a court of competent jurisdiction, the remainder of this Agreement, or the application of such term or provision to Persons or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each term and provision of this Agreement shall be valid and enforced to the fullest extent permitted by Law.

16.8 Use of Headings and Subheadings. The headings and subheadings used in this Agreement are for the purpose of convenience only and in no way define, describe, limit, or amplify the scope or intent of this Agreement or any of the provisions thereof.

16.9 Pronouns and Tense. Whenever used in this Agreement, as necessary to effectuate its purposes, the singular number shall include the plural, the plural shall include the singular, and the use of any gender shall be applicable to all genders.

16.10 Governing Law. This Agreement and the performance thereof shall be governed, interpreted, construed, enforced, and regulated by the Laws of the State of Tennessee, without reference to its conflicts of laws principles.

16.11 No Partnership. This Agreement does not and shall not be construed to create a partnership, joint venture, or a relationship of principal and agent between the Parties or any of them. Instead, the only relationship created by this Agreement is that of transferor, transferee, and guarantor, as applicable.

16.12 Dates. Notwithstanding anything contained in this Agreement to the contrary, wherever in this Agreement any provision governs the date of commencement or expiration of any time period, or the date of occurrence of any act or event, if such date would otherwise fall on a day other than a business day, then and in each such event, such date shall be deemed for all purposes of this Agreement to commence, expire, or occur, as the case may be, on the next succeeding day which is a business day.

16.13 Force Majeure. If performance of any action by a Party is prevented or delayed by an Event of Force Majeure, the time for performance of such action will be extended for the period that such action is delayed or prevented by such Event of Force Majeure; provided, that the Party asserting the right to additional time under this Section shall promptly give notice to the other Parties of the fact it is asserting the same, a reasonably-detailed description of its justification, and the estimated period of time such Event of Force Majeure shall delay its performance.

16.14 Further Assurances. Each Party covenants and agrees to sign, execute, acknowledge, deliver, and/or file of record, or cause to be signed, executed, acknowledged, delivered, and/or filed of record, and to do or make, or cause to be done or made, upon the reasonable written request of any other Party, any and all agreements, instruments, papers, acts, or things, supplemental, confirmatory, or otherwise, as may be reasonably required by any other Party for the purpose of or in connection with confirming and consummating the matters described herein. The provisions of this Section 16.14 shall survive the Closing.

16.15 Assignment. FLMC shall have the absolute right to assign this Agreement to any Affiliate of FLMC; provided, that any such assignment shall not release FLMC or Covenant from any or all their obligations hereunder. In the event of an assignment, the assigning Party shall promptly notify the other Parties of the assignment and provide a copy of the document accomplishing the same once the assignment has been consummated.

16.16 Effective Date. This Agreement shall become binding on the Parties on the Effective Date, which shall be the date it has been executed by all the Parties. The last Party to execute this Agreement is authorized to complete the date on the first page of this Agreement prior to returning it to the other Parties.

In Witness Whereof, the Parties have executed this Agreement through their duly authorized undersigned representatives to be effective as of the Effective Date.

(Signature Pages of the Parties follow)

Signature Page of FLMC
(Attached to Agreement with Covenant Health and Loudon County, Tennessee)

FLMC:

FORT LOUDOUN MEDICAL CENTER,
a Tennessee not-for-profit corporation

By: _____

Printed Name: Jeffrey Feike

Title: President and CAO

Date: _____

Signature Page of Covenant

(Attached to Agreement with Fort Loudoun Medical Center and Loudon County, Tennessee)

COVENANT:

COVENANT HEALTH,
a Tennessee not-for-profit corporation

By: _____

Printed Name: James D. VanderSteege

Title: President and CEO

Date: _____

Signature Page of the County
(Attached to Agreement with Fort Loudoun Medical Center and Covenant Health)

COUNTY:

LOUDON COUNTY, TENNESSEE,
a county and political subdivision of the
State of Tennessee

By: _____

Printed Name: Buddy Bradshaw

Title: County Mayor

Date: _____

Appendix

Whenever used in the Agreement to Expand and Improve Fort Loudoun Medical Center between Loudon County, Tennessee, Fort Loudoun Medical Center, and Covenant Health or any Exhibit attached thereto, the following words and phrases shall have the following definitions unless the context shall clearly require otherwise. These defined terms are in addition to the terms specifically defined in the Agreement. These definitions shall also be applicable to the singular and plural forms of such words and phrases.

“Action” shall mean any claim, action, suit, lawsuit, demand, proceeding, petition or investigation, including any proceeding involving eminent domain or tax certiorari proceeding, whether at law or in equity or before any court, arbitrator, arbitration panel, or Governmental Authority.

“Affiliate” shall mean, with respect to any Person, any Person that controls, is controlled by, or is under common control with such Person, together with its and their respective members, partners, venturers, directors, officers, stockholders, agents, employees, spouses, legal representatives, successors, and assigns. A Person shall be presumed to have control when it possesses the power, directly or indirectly, to direct, or cause the direction of, the management or policies of another Person, whether through ownership of voting securities, by contract, or otherwise.

“Agreement” shall mean the Agreement to Expand and Improve Fort Loudoun Medical Center to which this Appendix is attached.

“business day” means a day other than a Saturday, a Sunday, a day designated as or determined to be a legal holiday observed by the federal government under 5 U.S.C. Section 6103, or a day designated as or determined to be a holiday observed by the government of the State of Tennessee under Tennessee Code Annotated Section 15-1-101.

“Casualty” shall mean any fire, flood, tornado, windstorm, earthquake, act of God, epidemic, pandemic, or other condition which causes damage to or delay in FLMC’s performance of any of its duties hereunder and which was not caused by FLMC or any Person for whom it is legally responsible.

“Closing Date” means the date on which ownership of the Property is transferred to FLMC.

“Code” means the federal Internal Revenue Code of 1986, as amended, or the provisions of any successor code with respect to the federal taxation of income of individuals, corporations, and other organizations, as applicable.

“County Party” means the County, any Affiliate of the County, or any employee, contractor, agent, or representative of either of them.

“Enhancement Work” shall have the meaning given to it in Recital D of the Agreement, as more particularly described in Section 3 of the Work Letter attached to the Agreement

“Entity” shall mean any corporation, limited liability company, general partnership, limited partnership, joint venture, Governmental Authority, or any other legal entity.

“Event of Force Majeure” shall mean any event beyond the control of FLMC and may include, without limitation, weather, acts of God, epidemics, pandemics, interference by Governmental Authorities, civil disturbance, riots, strikes, lockouts, labor disputes, the inability to procure labor or materials, injunctions, Casualty, war, terrorist acts, or other events of a similar or dissimilar nature.

“FLMC’s Discretion” shall mean the discretion of FLMC, which may be withheld, conditioned, or delayed in FLMC sole and absolute subjective judgment.

“Governing Body” shall mean the Loudon County Commission or such successor body as may be provided by Law.

“Governmental Authority” shall mean any federal, State, county, municipal, local, or other governmental body or authority, or any department, commission, board, office, court, bureau, agency, or instrumentality thereof, and whether the same is domestic or foreign and, in each instance, has jurisdiction over the Property (or any portion thereof), FLMC, the County, or Covenant.

“Laws” shall collectively mean all laws, statutes, ordinances, rules, regulations, court orders, permits, authorizations, executive orders, directives, guidelines, and other orders, and all interpretations of the foregoing issued by any Governmental Authority, and all restrictive covenants, equitable servitudes, permissive use agreements, easements, and other agreements applicable to or affecting the Property or any portion thereof.

“Legal Fees” collectively means all reasonable attorneys’ fees, paralegal fees, expert witness fees, consultant fees, litigation expenses, costs of investigation, court costs, and other expenses incurred (i) obtaining legal advice regarding an event or circumstance and whether or not an Action is ever initiated, (ii) initiating or defending any Action, (iii) litigating any Action and pursuing or defending against all appeals thereof, and (iv) enforcing all remedies granted in any Action including collecting all amounts owed.

“PCBs” shall mean polychlorinated biphenyls.

“Permitted Encumbrances” shall collectively mean those matters specified in **Exhibit B** of the Agreement.

“Person” shall mean an individual human being or an Entity.

“Surviving Obligations” shall collectively mean those obligations of one, some, or all of the Parties specified in the Agreement as surviving the termination of the Agreement and/or the Closing.

“Title Insurance Company” shall mean a national or regional title insurance company chosen by and acceptable to FLMC and which is licensed to issue title insurance in the State of Tennessee.

“Title Policy” collectively means (i) a standard ALTA Owner’s Policy of Title Insurance (2006) which insures FLMC, at standard premium rates, that FLMC is the fee simple owner of the Property and without exception to any matter other than the Permitted Exceptions, and (ii) those endorsements thereto as may be reasonably requested by FLMC.

“to FLMC’s knowledge” shall mean the current actual (and not imputed) knowledge of the Person executing the Agreement on behalf of FLMC without any further inquiry or investigation.

“to Covenant’s knowledge” shall mean the current actual (and not imputed) knowledge of the Person executing the Agreement on behalf of Covenant without any further inquiry or investigation.

“to the County’s knowledge” shall mean the current actual (and not imputed) knowledge of the Person executing the Agreement on behalf of the County without any further inquiry or investigation.

Exhibit A
(Description of the Land)

SITUATED in District No. Two (2) of Loudon County, Tennessee, and within the corporate limits of the City of Lenoir City, Tennessee, being known and designated as all of Lot 3 as shown on the Final Plat for Covenant Health recorded in Plat Cabinet F, Page 280, in the Loudon County Register's Office, said lot being more particularly bounded and described as shown by map aforesaid, to which map specific reference is hereby made for a more particular description.

BEING the same property conveyed to Loudon County, Tennessee from Covenant Health by Warranty Deed dated November 9, 2004 and recorded in Deed Book 289, page 845 in the Loudon County Register's Office.

TOGETHER WITH drainage easements, detention basin easements, ingress/egress and utility easements granted and established in Declaration of Restrictive Covenants and Easements made by Covenant Health dated August 13, 2004, filed for record in Trust Book 741, page 263, in the Loudon County Register's Office, to the extent the same are appurtenant to Lot 3 described above.

Exhibit B
(Permitted Encumbrances)

1. All ad valorem real property taxes for 2021 and all subsequent years;
2. All applicable zoning and similar land use Laws;
3. All encumbrances caused by FLMC or any Affiliate of FLMC during the County's ownership of the Land;
4. Those applicable matters shown on the plat recorded in Plat Cabinet F, Page 280 in the Register's Office for Loudon County, Tennessee;
5. Those applicable matters which would be shown on a current and accurate survey of the Property; and
6. Those other matters which are acceptable to FLMC in FLMC's Discretion.

Exhibit C
(Work Letter)

WORK LETTER

1. **GENERAL.** This Work Letter sets forth the agreement of FLMC, Covenant, and the County with respect to the construction of certain improvements to the Land and Hospital following the Closing.

2. **DEFINED TERMS.** As used in this Work Letter, the following terms shall have the following meanings unless the context clearly requires otherwise. Further, all capitalized terms used, but not defined in this Work Letter, shall have the meanings ascribed to them in the Lease. All other capitalized terms used, but not defined, in this Work Letter shall have their ordinary and customary meanings. All definitions shall be applicable to both the singular and plural forms of such words.

(a) **Building Permits.** "Building Permits" shall collectively mean all permits and approvals required from all necessary Governmental Authorities for the construction of the Enhancement Work.

(b) **Occupancy Certifications.** "Occupancy Certifications" collectively means those certificates and authorizations with respect to the Enhancement Work which FLMC is required to obtain from all applicable Governmental Authorities in order for the same to be used for its intended purposes.

(c) **Project Architect.** "Project Architect" means a Tennessee-licensed architect chosen and engaged by FLMC in FLMC's Discretion to design the Enhancement Work.

(d) **Punch List Items.** "Punch List Items" collectively means those items which require correction or adjustment upon initial completion of all the Enhancement Work, but which do not materially affect the utility or value of the same.

(e) **County Delay.** "County Delay" means any material delay in the completion of the Enhancement Work caused in whole or in part by the County or any other County Party. As used in this definition, a material delay in the completion of the Enhancement Work means one or more actions or omissions by the County and/or another County Party, the aggregate effect of which delays the time for completion of the Enhancement Work by one (1) day or more. The Project Architect shall determine whether a County Delay has occurred and the extent of such County Delay, and his decision shall be conclusive and binding on the Parties.

(f) **Substantial Completion.** "Substantial Completion" or "Substantially Completed" means that level of completion of the Enhancement Work such that all elements thereof have been substantially completed in accordance with this Work Letter other than the Punch List Items. Substantial Completion shall be determined by the Project Architect, whose decision shall be conclusive and binding on the Parties. The Project Architect shall issue a written statement to the County, Covenant, and FLMC certifying when "Substantial Completion" of the Enhancement Work has been achieved.

(g) **Substantial Completion Date.** "Substantial Completion Date" means the date upon which the Enhancement Work is Substantially Completed, as evidenced by the written statement of the Project Architect.

3. **CONSTRUCTION OF THE ENHANCEMENT WORK.**

(a) **Scope of Enhancement Work.** In accordance with and subject to the provisions of this Work Letter, FLMC shall, at FLMC's sole cost and expense, perform or contract for the performance of that scope of work which is necessary to (i) construct an additional twenty-five private patient rooms onto the Hospital, (ii) renovate and convert all existing semi-private patient rooms in the Hospital into private patient rooms, (iii) renovation of certain areas of the Hospital necessary to accomplish the foregoing, and (iv) obtain all Occupancy Certifications for the foregoing (the work contemplated in this Section 3(a) is collectively referred to as the "Enhancement Work").

(b) Design of Enhancement Work. FLMC shall cause the Enhancement Work to be designed and engineered, as appropriate, by architects and engineers who are authorized to perform such work (or their appropriate portion thereof) in the State of Tennessee. All aspects of the design, layout, and specifications of the Enhancement Work shall be decided by FLMC in FLMC's Discretion.

(c) Construction of Enhancement Work. FLMC shall cause the Enhancement Work to be constructed by contractors who are licensed to perform such work (or their appropriate portion thereof) in the State of Tennessee. All contractors and subcontractors who are to perform the Enhancement Work shall be chosen by FLMC as determined in FLMC's Discretion.

FLMC shall cause the Enhancement Work to be constructed (i) in a good and workmanlike condition, (ii) using new materials, (iii) using standard quantities and procedures, and (iv) in substantial compliance with sound trade practices, all Laws, and the provisions of this Work Letter.

Notwithstanding the foregoing, FLMC's obligations under this Work Letter shall be subject to delays caused by (i) Casualties, (ii) Events of Force Majeure, and (iii) County Delays.

FLMC shall determine, in FLMC's Discretion, when the Enhancement Work shall commence, as well as the sequence in which it shall be performed; provided that the Enhancement Work shall commence no later than twenty-four (24) months from the Effective Date (such date, or the actual date on which the Enhancement Work is commenced, if earlier, being referred to as the "Work Commencement Date"). FLMC shall provide the County with written notice of the Work Commencement Date. Once commenced, FLMC shall use commercially reasonable efforts to attain Substantial Completion of the Enhancement Work.

Upon Substantial Completion of the Enhancement Work, the Project Architect shall issue a written statement to the County, Covenant, and FLMC certifying that "Substantial Completion" of the Enhancement Work has been achieved, which written statement shall be conclusive and binding on the Parties.

(d) Ownership. The Parties agree that FLMC shall be the sole owner of all the Enhancement Work.

4. **COST OF ENHANCEMENT WORK**. FLMC agrees to expend not less than Twelve Million and No/100 Dollars (\$12,000,000.00) (the "Minimum Investment") in performing the Enhancement Work. Those amounts which may be included in the calculation of the Minimum Investment include all the following:

- (a) All costs of obtaining all Building Permits and Occupancy Certifications;
- (b) All due diligence costs related to the title, geotechnical, and environmental condition of the Property;
- (c) All costs incurred in the surveying and design of the Enhancement Work;
- (d) All site preparation costs, costs of materials, and construction costs;
- (e) All costs for all payment bonds, performance bonds, letters of credit, and similar items; and
- (f) All costs of equipment, furnishings, and fixtures, legal, accounting, and consulting fees, capitalized interest, and financing costs.

The Parties acknowledge and agree that it is their intent that the Minimum Investment include all costs of any nature whatsoever incurred by FLMC in connection with the design, construction, and opening of the Enhancement Work. FLMC may, in FLMC's Discretion, waive any requirement that any general contractor or subcontractor provide or post any bond, letter of credit, or other security.

5. **DELAYS**. Notwithstanding anything contained in the Agreement to the contrary, FLMC shall not be responsible for delays in attaining Substantial Completion due to one or more Casualties, Events of Force Majeure, and/or County Delays.

6. **INSURANCE**. Throughout the construction of the Enhancement Work, FLMC shall maintain or require its contractors to maintain (i) commercial general liability insurance coverage of not less than \$1 million per occurrence for personal injury, bodily injury, death or property damage and an additional \$2 million of umbrella coverage or the equivalent thereof; (ii) builder's risk insurance for the full replacement value of the construction work comprising the Enhancement Work; and (iii) worker's compensation insurance in the minimum amounts required by Law. FLMC may also require any contractor to obtain and maintain such other types of insurance and in such amounts as FLMC may elect, in FLMC's Discretion, from time to time.

Loudon County Commission

Exhibit # 032221-F

Lease Agreement

11-12-04

LEASE AGREEMENT

among

LOUDON COUNTY, TENNESSEE

FORT LOUDOUN MEDICAL CENTER

AND

COVENANT HEALTH

Dated as of November 12, 2004

COPY

LEASE AGREEMENT

among

LOUDON COUNTY, TENNESSEE

FORT LOUDOUN MEDICAL CENTER

AND

COVENANT HEALTH

Dated as of November 9, 2004

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LEASE AGREEMENT

This Lease Agreement ("Lease") is made and entered into between **Loudon County, Tennessee** ("Lessor"), a county organized and existing as a governmental unit under the laws of the State of Tennessee, and **Fort Loudoun Medical Center**, a not-for-profit corporation organized and existing under the laws of the State of Tennessee (the "Lessee") and **Covenant Health**, a not-for-profit corporation organized and existing under the laws of the State of Tennessee and the sole member of Lessee ("Covenant").

Recitals

1. The County Commission of the Lessor has determined that a new hospital facility should be constructed in Loudon County in order to provide Loudon County residents with convenient access to a modern, up-to-date health care facility and that the best way to accomplish such objectives is by means of this Lease.

2. Lessee and Covenant are each Tennessee not-for-profit corporations, organized for charitable purposes, and are recognized as organizations exempt from federal income taxation under Section 501(a) of the Internal Revenue Code of 1986, as amended, by virtue of the provisions of Section 501(c)(3) of the Code.

3. The Lessor, pursuant to its powers under the Constitution and the laws of the State of Tennessee, including ordinances, resolutions and other legislative proceedings of its Governing Body, has the authority and desires to exercise such powers by leasing the Leased Premises, as herein defined, to Lessee, on the terms and conditions herein set forth.

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual promises and agreements between the Lessor and the Lessee hereinafter set forth, it is hereby agreed as follows:

ARTICLE I Definitions

Section 1.1. Definitions. The following terms are defined terms under this Lease (including recitals) and shall have the following meanings given to them, unless the context and use clearly indicates a different intent and meaning:

"*Advisory Committee*" shall have the meaning set forth in *Section 14.13*.

"*Agreement*" means the agreement between Lessor and Lessee dated June 19, 2002, pursuant to which Lessee agreed to pay for, or reimburse Lessor for, the costs of acquiring the Land.

"*Authorized Lessee Representative*" means the person at any relevant time designated to act on behalf of the Lessee by written certificate furnished to the Lessor containing the specimen

signature of such person and signed on behalf of the Lessee by its President or other officer authorized by its Board of Directors or Covenant. Such certificate may designate an alternate or alternates. The Authorized Lessee Representative shall be authorized to act for and on behalf of the Lessee under this Lease, as the Lessee's agent, for the purpose of taking any actions under this Lease, including, without limitation, the giving or receiving of any notices, approvals or consents.

"Authorized Lessor Representative" means the person at any relevant time designated to act on behalf of the Lessor by written certificate furnished to the Lessee containing the specimen signature of such person and signed by the County Executive. Such certificate may designate an alternate or alternates. All approvals by Lessor under this Lease shall be deemed given if given in a writing signed by the Authorized Lessor Representative. The Authorized Lessor Representative shall be authorized to act for and on behalf of the Lessor under this Lease, as the Lessor's agent, for the purpose of taking any actions under this Lease, including, without limitation, the giving or receiving of any notices, approvals or consents.

"CMS" means the United States Department of Health and Human Services, Centers for Medicare and Medicaid Services.

"Code" means the federal Internal Revenue Code of 1986, as amended, or the provisions of any successor code with respect to the federal taxation of income of individuals, corporations and other organizations, as applicable.

"Commencement Date" means the time and date the Lease Term commences, being 12:01 a.m., local time, November 12, 2004.

"Construction Plans" shall have the meaning set forth in *Section 3.1*.

"Contingencies" shall have the meaning set forth in *Section 3.6*.

"County Executive" means, at any relevant time, the duly elected and incumbent County Executive of the Lessor or such other public official who, under applicable law, has succeeded to the office of or is then exercising the powers of such County Executive.

"Department" means the Tennessee Department of Health.

"Design Plans" shall have the meaning set forth in *Section 3.1*.

"Designated Services" means those hospital services listed in Exhibit B to this Lease.

"Developmental Approvals" shall have the meaning set forth in *Section 3.2*.

"Governing Body" means the Loudon County Commission or such successor body as may be provided by law.

signature of such person and signed on behalf of the Lessee by its President or other officer authorized by its Board of Directors or Covenant. Such certificate may designate an alternate or alternates. The Authorized Lessee Representative shall be authorized to act for and on behalf of the Lessee under this Lease, as the Lessee's agent, for the purpose of taking any actions under this Lease, including, without limitation, the giving or receiving of any notices, approvals or consents.

"Authorized Lessor Representative" means the person at any relevant time designated to act on behalf of the Lessor by written certificate furnished to the Lessee containing the specimen signature of such person and signed by the County Executive. Such certificate may designate an alternate or alternates. All approvals by Lessor under this Lease shall be deemed given if given in a writing signed by the Authorized Lessor Representative. The Authorized Lessor Representative shall be authorized to act for and on behalf of the Lessor under this Lease, as the Lessor's agent, for the purpose of taking any actions under this Lease, including, without limitation, the giving or receiving of any notices, approvals or consents.

"CMS" means the United States Department of Health and Human Services, Centers for Medicare and Medicaid Services.

"Code" means the federal Internal Revenue Code of 1986, as amended, or the provisions of any successor code with respect to the federal taxation of income of individuals, corporations and other organizations, as applicable.

"Commencement Date" means the time and date the Lease Term commences, being 12:01 a.m., local time, October 4, 2004.

"Construction Plans" shall have the meaning set forth in *Section 3.1*.

"Contingencies" shall have the meaning set forth in *Section 3.6*.

"County Executive" means, at any relevant time, the duly elected and incumbent County Executive of the Lessor or such other public official who, under applicable law, has succeeded to the office of or is then exercising the powers of such County Executive.

"Department" means the Tennessee Department of Health.

"Design Plans" shall have the meaning set forth in *Section 3.1*.

"Designated Services" means those hospital services listed in Exhibit B to this Lease.

"Developmental Approvals" shall have the meaning set forth in *Section 3.2*.

"Governing Body" means the Loudon County Commission or such successor body as may be provided by law.

"Hospital Affiliate" means any entity that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with Lessee, where "control" means the possession, directly or indirectly, or the power to direct or cause the direction of the management policies of an entity whether through the ownership of voting securities, membership, by contract or otherwise.

"Hospital Facility" means the hospital facility to be constructed by Lessee pursuant to and in accordance with the terms of this Lease.

"Land" means the real estate and interests in real estate described in Exhibit A to this Lease.

"Lease" means this Lease Agreement and any future amendments and supplements hereto.

"Lease Term" means the duration of the leasehold estates created in this Lease, including the initial term and any renewal periods.

"Lease Year" means initially the time period commencing on the Commencement Date of this Lease and ending on December 31 of the year in which the Commencement Date occurs, and thereafter, the period of time commencing January 1 of each year and ending on December 31 of such year.

"Leased Premises" means the Land and the Hospital Facility.

"Lessee" means Fort Loudoun Medical Center.

"Lessor" means Loudon County, Tennessee.

"Lessor's Interest" shall mean all of Lessor's rights and interest in this Lease and the Leased Premises.

"Operating Approvals" means all licenses, permits, certificates and authorizations necessary for Lessee to initially open and operate the Hospital Facility, including, without limitation, (i) issuance of a certificate of need by the Tennessee Health Facilities Commission, (ii) issuance of a license by the Department's Board for Licensing Health Care Facilities, (iii) obtaining, if necessary, a provider number from CMS, and (iv) issuance of a certificate of occupancy.

"Permitted Encumbrances" means, as of any particular time, with respect to the Leased Premises (i) this Lease and (ii) easements and restrictions of record as of the Commencement Date.

"Plans" means the Design Plans and the Construction Plans.

"Total Costs" shall have the meaning set forth in *Section 3.7*.

Section 1.2. Alternative Forms of Defined Terms. The use of the singular form of any word herein shall also include the plural form and vice versa. The use of the neuter form of any word herein shall also include the masculine and feminine forms, and the masculine form shall include the feminine and neuter forms and vice versa.

ARTICLE II

Representations and Warranties

Section 2.1 Representations by the Lessor. The County makes the following representations and warranties to Lessee and Covenant:

(i) Lessor is a duly created and validly existing county and political subdivision of the State of Tennessee.

(ii) Under the provisions of the Constitution and applicable laws of the State of Tennessee, Lessor has the power and authority to enter into this Lease and the transactions hereby contemplated and to carry out and perform its obligations hereunder.

(iii) The Governing Body has, by all necessary and appropriate proceedings, approved the form and substance of this Lease and has duly authorized its execution, delivery and performance by Lessor. Such proceedings are either not subject to veto or appeal or the time therefor has elapsed and such proceedings have not been repealed, amended or supplemented as of the date hereof.

(iv) Upon its due execution and delivery by all other parties hereto, this Lease will be a valid and binding obligation of Lessor, enforceable in accordance with its terms, subject only to bankruptcy and other similar laws affecting the rights of creditors and the exercise of judicial discretion in appropriate cases.

(v) Neither the Lessor's execution and delivery of this Lease nor the Lessor's performance of its obligations under this Lease will (i) violate any provision of the Constitution or laws of the State of Tennessee, (ii) violate any ordinance, rule or regulation, or (iii) conflict with or violate, in any material respect, any representation, warranty, covenant, agreement or other obligation binding upon the Lessor or the Leased Premises.

(vi) There are no judicial or administrative proceedings pending or, to the best of the Lessor's knowledge, threatened, challenging directly or indirectly (i) the validity of the proceedings by the Lessor's Governing Body authorizing the Lessor's execution, delivery and performance of this Lease, (ii) the validity of this Lease, or (iii) the Lessor's power and authority to perform its obligations under this Lease in accordance with its provisions.

(vii) Lessor owns the Land in fee simple with title thereto unencumbered by any encumbrance, obligation, covenant or restriction which would prevent or interfere with Lessee's use of the Leased Premises or the construction of the Hospital Facility as contemplated by this Lease.

Section 2.2. Representations by the Lessee and Covenant. Lessee and Covenant make the following representations and warranties to County:

(i) Each of Covenant and the Lessee (i) is a nonprofit public benefit corporation organized and existing under the laws of the State of Tennessee and exempt from federal income taxation under Section 501(a) of the Code.

(ii) Each of Covenant and the Lessee has the power to enter into this Lease and carry out its obligations hereunder and, by all proper corporate action, has been duly authorized to enter into, execute and deliver this Lease.

(iii) Upon its due execution and delivery by all other parties hereto, this Lease will be a valid and binding obligation of Covenant and the Lessee to the extent provided in the Lease, enforceable in accordance with its terms, subject only to bankruptcy and other similar laws affecting the rights of creditors and the exercise of judicial discretion in appropriate cases.

(iv) Neither the Lessee's or Covenant's execution and delivery of this Lease nor Lessee's or Covenant's performance of its obligations under this Lease will (i) violate any provision of the Constitution or laws of the State of Tennessee or (ii) conflict with or violate, in any material respect, any representation, warranty, covenant, agreement or other obligation of the Lessee or Covenant.

(v) There are no judicial or administrative proceedings pending or, to the best of Covenant's or the Lessee's knowledge, threatened, challenging directly or indirectly (i) the validity of the proceedings of the Lessee or Covenant authorizing the execution, delivery and performance of this Lease, (ii) the validity of this Lease, or (iii) Covenant's or the Lessee's power and authority to perform its obligations under this Lease in accordance with its provisions.

ARTICLE III

Construction of Hospital Facility

Section 3.1. Design and Construction Plans. Lessee, through an architect of its selection, shall cause to be prepared with respect to the Hospital Facility (i) schematic design plans that do not include detailed construction plans or specifications ("Design Plans") and (ii) construction plans and specifications that conform with the Design Plans and with all applicable building codes and other governmental requirements ("Construction Plans"). Design Plans and Construction Plans are collectively referred to as "Plans." Lessee shall submit the Plans to Lessor for approval, which approval shall not be unreasonably withheld, delayed or conditioned by Lessor. Plans shall be deemed approved by Lessor unless, within thirty (30) days after Lessor receives such Plans, Lessor delivers written notice to Lessee specifying all reasons for disapproval of such Plans. Lessor shall not refuse to approve any Plan unless such Plan fails to meet industry standards or fails to comply with the requirements of this Lease. If Lessor disapproves of the Design Plans or Construction Plans, it shall specify in writing the reasons for such disapproval and the parties shall engage in a good faith effort without delay to resolve all

disapproved aspects of such Plans. Once approved by the parties, no material changes shall be made in such Plans without the prior written approval of Lessor and Lessee, which approval shall not be unreasonably withheld, delayed or conditioned, except that Lessee shall be permitted to make any changes to the Plans pursuant to *Section 3.2* of this Lease and shall be permitted to approve any change orders necessary to facilitate construction of the Hospital Facility. Lessee agrees that the Plans shall provide for space that may be utilized in the future for the provision of obstetrical and gynecological services in the Hospital Facility.

Section 3.2. Developmental Approvals. Lessee shall apply for and use diligent efforts to obtain all applicable governmental zoning, zoning variances, development plans, site plans, environmental impact or related approvals, consents, permits and authorizations as are necessary for the construction and licensing of the Hospital Facility, including, without limitation, approval of the Plans by the Department ("Developmental Approvals"). Lessee shall pay all impact and other governmental fees, special assessments and charges related to obtaining the Developmental Approvals. Lessor shall assist and cooperate with Lessee in obtaining the Developmental Approvals. Lessee shall have the right to make changes in any Plans after approval by Lessor if necessary to obtain Developmental Approvals.

Section 3.3. Building Permits. Lessee shall be responsible for obtaining all governmental permits, consents and approvals with respect to the construction of the Hospital Facility that are necessary for the construction of such facility ("Building Permits"), and shall apply for and use diligent efforts to obtain all Building Permits. Lessor shall assist and cooperate with Lessee's efforts in obtaining such Building Permits.

Section 3.4. Construction of Health Facility. Subsequent to the approval of the Plans by the parties, and obtaining all Developmental Approvals and Building Permits, Lessee shall construct the Hospital Facility in conformity with the Plans in a good and workmanlike manner with use of new materials, in compliance with all applicable governmental requirements and by use of workers, a contractor or contractors selected by Lessee.

Section 3.5. Operating Approvals. Lessee shall be responsible for obtaining all Operating Approvals prior to commencement of operations at the Hospital Facility.

Section 3.6. Contingencies. For purposes of this Section, the term "Contingencies" means the approval of the Plans and obtaining all Developmental Approvals and Building Permits. If all of such Contingencies have not been eliminated or resolved within three hundred sixty-five (365) days from and after the Commencement Date, then at any time thereafter until all of the Contingencies are eliminated or resolved to Lessee's satisfaction, Lessee (unless such failure was caused primarily by Lessee's willful failure to perform any of its obligations under this Lease) may terminate this Lease pursuant to *Section 11.2*. Lessee's obligation under this Lease to construct and operate the Hospital Facility is expressly contingent upon the prior elimination or resolution of all Contingencies.

Section 3.7. Construction Costs. The maximum amount that Lessee shall be obligated to expend for the acquisition of the Land and the construction and equipping of the Hospital Facility shall be Twenty-Two Million Dollars (\$22,000,000.00) ("Total Costs"). Total Costs do

not include the costs of construction of physician office buildings or other ancillary structures (estimated at \$3,000,000), shall be determined by the Lessee and shall include, but not be limited to, site identification costs, land acquisition costs, costs of obtaining a certificate of need, all Developmental Approvals, Building Permits and Operational Approvals, all site preparations and construction costs, costs of equipment, furnishings and fixtures, legal, accounting and consulting fees, capitalized interest and financing costs and start-up costs. The parties agree that it is their intent that Total Costs include all costs of any nature whatsoever incurred by Lessee in connection with acquisition of the Land and the construction and opening of the Hospital Facility. Prior to commencing construction of the Hospital Facility, Lessee shall in good faith project Total Costs, and Lessee shall deliver written notice of such projected Total Costs to Lessor. As construction progresses and the obligation to pay such costs comes due, Lessee shall be responsible for paying all such costs. Lessee may, in its discretion, waive any requirement that the general contractor or any subcontractor provide a performance or other bond.

Section 3.8. Mechanics' Liens. Lessee shall not allow the creation or attachment, or to remain undischarged, any lien, encumbrance or other charge arising out of any work done or materials or supplies furnished by any contractor, subcontractor, mechanic, laborer or materialman which might be or become a lien or encumbrance or other charge against or upon the Leased Premises. Lessee shall not allow the sufferance of any other matter or thing whereby the estate, rights, title and interest of Lessee or Lessor in the Leased Premises might be impaired. If any claim or lien or notice of claim or lien on account of an alleged debt of Lessee, or any notice of lien by a person engaged by Lessee or Lessee's contractor to work on the Leased Premises, shall be filed against or upon the Leased Premises, Lessee shall cause the same to be discharged of record by payment, deposit, bond, order of a court of competent jurisdiction or otherwise within thirty (30) days from and after the date that Lessee becomes aware of such filing or notice.

Section 3.9. Insurance. Throughout the performance of the construction of the Hospital Facility, Lessee shall maintain or require its contractors to maintain (i) commercial general liability insurance coverage of no less than \$1.0 million per occurrence for personal injury, bodily injury, death or property damage; \$2.0 million in the aggregate for multiple occurrences of personal injury, bodily injury, death or property damage and an additional \$2.0 million of umbrella coverage, or the equivalent thereof; (ii) builder's risk insurance for full replacement of the construction work; and (iii) workers' compensation insurance as required by applicable law. Lessor shall be named as an additional insured on policies described in (i) and (ii). Upon written request, Lessee shall provide Lessor with evidence (certificates of insurance or copies of policies) of the maintenance of the insurance coverage required by this *Section 3.9*.

Section 3.10. Access. At all times during construction of the Hospital Facility, Lessor's Authorized Representative and Lessor's other agents, at their own risk, shall have access to the Leased Premises for purposes of observing the work in progress, subject to the condition that performance of the construction work shall not be interfered with by such access and observation. Lessor shall not be obligated to observe or inspect such construction work.

Section 3.11. Force Majeure. The time periods set forth in this *Article III* shall be extended for periods of time equal to periods of delay caused by matters beyond the reasonable

control of Lessor or Lessee, as the case may be, including, but not limited to, interference by governmental authorities, civil disturbance, strikes, lockouts, labor disputes, fire, casualty, severe weather, acts of God and unavoidable delays, including injunctions, the inability to procure labor or materials, failure of power, war, fire, terrorist acts or other casualty or reason of a similar or dissimilar nature.

Section 3.12. Lessor Cooperation. Lessor shall cooperate with and actively support and assist Lessee's efforts to eliminate or satisfy all Contingencies within the period prescribed by *Section 3.6*.

ARTICLE IV **Demising Clause; Title Insurance**

Section 4.1. Demise of the Leased Premises. In consideration of and subject to the rentals and other terms and conditions herein specified, and otherwise in accordance with the provision of this Lease, Lessor hereby demises and leases the Leased Premises to Lessee.

Section 4.2. Title Insurance or Opinion. Lessee may, at its expense, obtain a policy or policies of title insurance in such amount as Lessee deems appropriate in its sole discretion or an opinion of counsel acceptable to Lessee that the Lessor has good and merchantable title to the Leased Premises subject only to Permitted Encumbrances. Lessor shall cooperate fully with Lessee with respect to Lessee's obtaining such title insurance or opinion of counsel. Lessor shall also have the right to obtain an owner's title insurance policy in its discretion.

ARTICLE V **Commencement Date; Delivery and Acceptance of Possession; Lease Term; and, Surrender of Possession**

Section 5.1. Effective Date. This Lease shall become effective upon its execution by all parties hereto.

Section 5.2. Delivery and Acceptance of Possession. Lessor shall deliver possession of the Land to Lessee and the Lease Term shall commence on the Commencement Date, and Lessee shall accept possession of the Leased Premises upon such delivery.

Section 5.3. Lease Term.

5.3.1. Initial Term. This Lease shall have an initial term beginning on the Commencement Date and ending at 11:59 p.m., local time, on the twentieth (20th) anniversary of the December 31 immediately following the date all Operating Approvals have been obtained by Lessee. Lessee shall notify Lessor if and when such date occurs.

5.3.2. Renewal Terms. The Lessee shall have the option to extend this Lease for two (2) additional terms of five (5) years each. The Lessee may exercise its option to extend the Lease for the first renewal term by giving written notice thereof to the Lessor at least six (6) months prior to the expiration of the initial term and its option to extend the Lease for the second

renewal term by giving written notice thereof to the Lessor at least six (6) months prior to the expiration of the first renewal term of this Lease.

Section 5.4. Surrender of Possession Upon Expiration or Termination. Upon the expiration of this Lease or its termination for any reason herein permitted, the Lessee shall promptly surrender possession of the Leased Premises to the Lessor, broom clean, free of debris, in good order, condition and state of repair, excepting, however, reasonable use, ordinary wear and tear, taking by condemnation, eminent domain or other process, and destruction or damage by fire or other unavoidable casualty, failing which the Lessor may restore the Leased Premises to such condition and state of repair and the Lessee shall pay the cost of such restoration. In the event that the Lessor shall permit the Lessee to hold over after expiration of this Lease, such holding over shall constitute a tenancy from year-to-year only and shall be considered as a renewal or extension of this Lease; and, during such year-to-year tenancy and for the period of such tenancy, the Lessee shall be bound by all of the provisions of this Lease insofar as, and to the extent that, the same may be pertinent.

Section 5.5. Removal of Lessee's Property. All equipment, supplies, medical, business and other records and intangible personal property of Lessee located in or on the Leased Premises shall be and remain the property of Lessee. All other existing furnishings, beds, trade fixtures and other personal property located in or on the Leased Premises on the termination date shall become the property of Lessor upon termination of this Lease. Lessee shall have the right at any time and from time to time during the Lease Term and for a period of thirty (30) days after termination of this Lease to remove any and all of its property; provided that such right shall not be deemed or construed to permit or allow Lessee to remove so much of such property prior to the end of the Lease Term without the prompt replacement thereof with similar property of comparable or better quality or otherwise render the Hospital Facility unsuitable for the use authorized and permitted by this Lease. At the end of the Lease Term, Lessee shall have the right to remove all of its property from the Leased Premises; provided that Lessee repairs any damage occasioned by such removal.

ARTICLE VI Rent and Additional Consideration

Section 6.1. Rents Payable. During each Lease Year of the initial or any renewal term of this Lease, the Lessee shall pay as rent the sum of One Hundred Dollars (\$100.00), which rent shall be due within thirty (30) days following commencement of each Lease Year. If it so elects, Lessee may prepay in lump sum all or any portion of the rent due during the initial term or, after exercise of its option to renew, any renewal term.

Section 6.2. Additional Consideration. As additional consideration, Lessee shall pay or expend additional amounts as required by this *Section 6.2.*

6.2.1. Minimum Expenditures. During the Lease Term, expend a minimum of Twenty Million Dollars (\$20,000,000.00) for any one or more of the following purposes:

(i) Capital expenditures and capital improvements for the Hospital Facility, physician office building and related facilities located in Loudon County, Tennessee, including, but not limited to, expenditures for facility repairs or improvements, additions or upgrades of equipment through lease or purchase arrangements, installation, acquisition or licensing of information system improvements including software, maintaining or meeting accreditation and licensing requirements and making technological improvements.

(ii) Recruiting physicians to and retaining physicians, including hospital-based physicians, in Loudon County, Tennessee, and/or its surrounding areas, including, without limitation, the provision of financial assistance through income guaranties, subsidies, coverage payments and incurring or reimbursing expenses related to recruitment;

(iii) Supporting other community benefit projects designed to promote the health, wellness and welfare of Loudon County residents.

(iv) Lessee shall use reasonable efforts to expend at least \$2,000,000 during the first three (3) years of the Lease Term (and an aggregate of \$3,000,000 during the entire Lease Term) for the purposes described in (ii) or (iii) above. Any expenditures incurred by Lessee from and after April 1, 2002, shall apply toward Lessee's obligations under this *Subsection 6.2.1*.

No portion of such \$20,000,000 shall be used by Lessee to cover operating losses or any costs incurred by Lessee in providing care to Medicare, Medicaid (TennCare), indigent or uninsured patients.

It shall be the sole responsibility of the Board of Directors of Lessee to authorize and approve the purpose of any expenditures by the Lessee under this *Subsection 6.2.1* in its sole and absolute discretion. Upon request of the Lessor, made no less often than annually, Lessee shall provide Lessor with an accounting of all expenditures made pursuant to this *Subsection 6.2.1* as of the end of the Lease Year immediately preceding the date of such request by Lessor.

6.2.2. Cost of Repairs. During the Lease Term, pay all costs and expenses of maintenance and repair of the Leased Premises when and as the same shall be due and payable.

6.2.3. Taxes. During the Lease Term, pay, as part of the cost of operating and maintaining the Leased Premises, all taxes and assessments, if any, that may be levied against the same; provided, however, that the Lessor shall cooperate with Lessee in any manner reasonably requested by Lessee to assist Lessee in its efforts to take steps that may reasonably be required at any time and from time to time to continue to maintain, if practicable, the exemption of the Leased Premises in their entirety from any and all taxation. Lessor agrees in the event any taxes or other assessments shall be assessed against Lessee at any time during the Lease Term, that Lessee is a nonprofit corporation, exempt from federal income taxes under Section 501(c)(3) of the Code or any comparable successor provision of federal law, then Lessor shall pay Lessee on an annual basis an amount equal to all taxes and other assessments assessed against Lessee by Lessor as taxes or other assessments during such year as compensation for Lessee's providing hospital care to the Lessor's indigent and uninsured populations.

6.3. *Continuing Obligations.* In the event the Lessee fails to make any of the payments required in this *Section 6.3*, the item so in default shall continue as an obligation of the Lessee until the amount in default shall have been fully paid and such payment obligation shall survive the expiration of the Lease Term or the termination hereof by Lessor for a default by Lessee.

6.4. *Hospital Affiliates.* Lessor acknowledges and agrees that any expenditure made by any Hospital Affiliate during the Lease Term that meets any of the purposes set forth in *Subsection 6.2.1* shall qualify as having been made by Lessee under *Section 6.2* to the same extent as if directly expended by Lessee.

ARTICLE VII Warranties and Covenants

Section 7.1. Warranties and Covenants of Lessor. The Lessor warrants, covenants and agrees to and with Lessee and Covenant as set forth in this *Section 7.1*.

7.1.1. *Quiet Possession.* If the Lessee shall keep and perform the covenants in this Lease on its part to be kept and performed, the Lessee shall peaceably and quietly hold, occupy and enjoy the Leased Premises during the term of this Lease or any extension or renewal thereof, without any hindrance or molestation by the Lessor or any person or persons lawfully claiming under it.

7.1.2. *Lessee Control.* Except as otherwise expressly provided in this Lease, full administrative control and operation of the Leased Premises shall be vested in the Lessee and not subject to Lessor's oversight and review.

7.1.3. *Services.* Except as otherwise expressly provided in this Lease, the Lessor shall not be required to construct or install any facilities, improvements or equipment in or on the Leased Premises or offer any particular hospital service or care at the Hospital Facility.

7.1.4. *Alterations.* Lessee shall have the right from time to time at its sole cost and expense to make repairs, restorations, replacements, additions, alterations and changes, whether structural or nonstructural, in or to the Leased Premises.

7.1.5. *Environmental Laws.* The Lessor warrants that it is not aware of any noncompliance with any environmental laws concerning the Land, including, without limitation, the presence or absence of asbestos, petroleum products, hazardous wastes, illegal substances, toxic substances, and all other pollutants and contaminants.

7.1.6. *Competition.* During the Lease Term, Lessor shall not own, lease (as lessor or lessee) or operate any licensed hospital facility in Loudon County other than the Leased Premises.

Section 7.2. Warranties and Covenants of Lessee. The Lessee warrants, covenants and agrees to or with Lessor as set forth in this *Section 7.2.*

7.2.1. Use of Leased Premises. The Lessee shall use and occupy the Leased Premises solely for and shall faithfully and exclusively administer, operate and maintain the Hospital Facility as a primary care hospital or the equivalent thereof, without discrimination as to race, creed, color, sex, national origin or disability.

7.2.2. Compliance With Laws. The Lessee shall administer, operate and maintain the Leased Premises in accordance with the terms of this Lease; and, in the discharge of its obligations hereunder, shall, in all material respects, conform to and abide by all present and future applicable laws, ordinances, rules, regulations, requirements, and orders of all governmental authorities or agencies having jurisdiction over the Leased Premises or the operations of the Lessee; provided, however, that nothing herein contained shall require the Lessee to comply with, observe, and conform to any such law, ordinance, rule, regulation, requirement or order so long as the validity thereof or the applicability thereof shall be contested in good faith; and, provided further, however, that the terms and conditions of this Lease shall not be altered by any ordinance, resolution or other proceedings of the Governing Body without the prior written consent of the Lessee, except as required by law. Except as herein otherwise expressly provided, all costs of administration, operation and maintenance of the Leased Premises shall be the exclusive obligation of the Lessee and shall be discharged by the Lessee at its sole expense. Notwithstanding the preceding, immaterial violations of any law, rule, regulation or ordinance that does not directly, materially and adversely affect the ability of Lessee to operate the Hospital Facility shall not be deemed a violation of this Subsection.

7.2.3. Financial Information. For each year during the Lease Term of this Lease, Lessee will, upon request within one hundred twenty (120) days after the end of its fiscal year, provide the Lessor with a copy of (i) the annual financial statements filed by Lessee with its Medicare cost reports and (ii) information from the Lessee's auditors' examination of Lessee's contractual adjustments, discounts, and charity and bad debt expense and the balance sheet accounts (reserves) for contractual adjustments, discounts, and charity and bad debt expense, including the methods used by Lessee in arriving at such expenses and reserves, the consistency in methodology used from year to year, and the reasonableness of such reserve requirements. Any costs incurred by Lessee, beyond its normal and customary auditing costs and expenses, in obtaining such information from its auditors and reporting same as required herein will be reimbursed by the Lessor within ninety (90) days of Lessee's submission of a statement therefor. Lessor shall keep such information confidential and make no public disclosure thereof, except as required by law or valid court order.

7.2.4. Waste. The Lessee shall use and occupy the Leased Premises in a careful, safe, and proper manner and for lawful purposes only and shall commit no waste and shall suffer no waste to be committed thereon.

7.2.5. Casualty Insurance. The Lessee shall, at its expense and at all times, keep the Leased Premises insured against loss or damage by fire or other casualty by a policy or policies of full extended coverage insurance in a company or companies of good standing and

qualified to write such insurance in the State of Tennessee or a suitable program of self-insurance. Such insurance or self-insurance program shall be for an amount not less than the full insurable value of the Leased Premises; including completed improvements and additions thereto or any separable portion thereof as determined by Lessee. Lessor shall be an additional named insured under any such casualty insurance policy, provided all proceeds from such policy shall be used as required by this *Subsection 7.2.5*. If, at any time during the Lease Term, the Leased Premises are destroyed or damaged and such destruction or damage was covered by or attributable to a casualty covered by such insurance or self-insurance program, as required by this Subsection, Lessee shall use its reasonable best efforts, exercised promptly and diligently, to repair such damage and reconstruct and restore the Leased Premises as soon as reasonably practicable and as near to their former condition as practicable at Lessee's expense, using the proceeds of such insurance or self-insurance program exclusively for such purposes, and this Lease shall continue in full force and effect. Lessee shall not be required to expend any sums in excess of the proceeds of such insurance or self-insurance program for the repair, reconstruction, or restoration of the Leased Premises. If it is reasonably practicable to do so, Lessee shall continue the operation of the Hospital Facility during the period the damage, destruction, repair, reconstruction, or restoration continues; provided, however, if, during such period, it is not reasonably practicable to operate the Hospital Facility, the Lessee may cease operations of the Hospital Facility until the repairs are made and the reconstruction and restoration completed.

7.2.6 General Liability Insurance. Lessee shall further, at its expense and at all times, maintain insurance or one or more suitable self-insurance programs to cover such risks and in such amounts as, in its judgment, are adequate to protect it and its properties and operations. Lessor shall be named as an additional insured under such policy.

7.2.7. Professional Liability Insurance. Lessee, at its expense and at all times, shall either procure and maintain a policy or policies of professional liability insurance from a company or companies of good standing qualified to write such insurance in the State of Tennessee or maintain a suitable program of self-insurance in an amount not less than that maintained by Covenant for other hospital facilities operated by Covenant or its affiliates.

7.2.8. Maintenance and Repairs. The Lessee shall, at its own cost and expense, keep the Leased Premises in good repair and order, reasonable wear and tear excepted, and in as reasonably safe condition as its operations will permit and make all necessary repairs thereto, interior and exterior, structural and nonstructural, ordinary as well as extraordinary, and foreseen as well as unforeseen, and all necessary replacements or renewals, subject in all respects to the receipt by the Lessee of all necessary governmental permits and approvals therefor; provided, however, that nothing herein contained shall be construed to prevent the Lessee from discontinuing the use and operation of any non-essential part of the Leased Premises if in its judgment it is no longer cost effective to use and operate such part.

7.2.9. Assignment or Subletting. The Lessee shall not sublease the Leased Premises or any part thereof, assign this Lease or permit a transfer, by operation of law or any process or court proceedings, of the Lessee's interest in the Leased Premises, without having obtained in each case the prior consent of the Governing Body to be evidenced by its duly adopted and effective resolution, except that the prior consent of the Governing Body shall not

be required with respect to (i) an assignment to or merger or consolidation with any other non-profit corporation, the sole member of which is Covenant (or its successor), or which is affiliated with or controlled, directly or indirectly, by Covenant or (ii) any sublease for patient or employee convenience activities such as, but not limited to, gift shops, snack shops, barber or beauty shops, health care provider accommodations, flower shops, counseling or pastoral services, laundry services, pharmacy, and living accommodations for persons providing services within the Leased Premises, or for services related to the operation of the Hospital Facility such as, but not limited to, physician's offices, pathology, radiology, physical medicine, anesthesiology, electro-cardiology and emergency room operations; provided, however, no such transfer, assignment or sublease shall conflict with the covenants of the Lessee under this Lease or relieve the Lessee of its obligations hereunder for payment of rent or from any other of the conditions, obligations, agreements and covenants of this Lease or with respect to any portion of the Leased Premises so transferred, assigned or subleased.

7.2.10. Notification. Recognizing the need to safeguard the Lessor's interest in the Leased Premises and in the operation of the Hospital Facility, the Lessee shall immediately notify the Lessor of any legal process or other notification concerning any judicial proceedings, including bankruptcy, or any proceeding of a quasi-judicial nature before any administrative board, commission, or other body which, in the reasonable exercise of the Lessee's judgment, would jeopardize such interest of the Lessor.

7.2.11. Utilities. The Lessee shall pay all charges for utility services furnished to the Leased Premises.

7.2.12. Lessor Access. The Lessee shall allow the Authorized Lessor Representative or such person's designee free access to the Leased Premises at all reasonable times for the purpose of examining the same; provided each access does not interfere with Hospital Facility operations or patient care.

7.2.13. Accreditation. The Lessee shall at all times conduct the operation of the Hospital Facility (other than facilities not subject to accreditation) in a manner acceptable to the Joint Commission on Accreditation of Health Care Organizations or such other accrediting organization utilized by Lessee and approved by CMS; provided, however, that Lessee need not comply with this Subsection if and to the extent that the Lessee's governing body shall have determined in good faith, evidenced by a resolution of such governing body, that such compliance is not in Lessee's best interests and that lack of such compliance would not materially impair the Lessee's ability to comply with the other requirements applicable to Lessee under this Lease.

7.2.14. Board Representation. During the Lease Term, at Lessor's option, the Lessor shall have the right to require that Lessee's board of directors shall have at least one member who shall be nominated for election by the Lessor's Authorized Representative. Such nomination shall consist of the submission of no less than three (3) nominees to the Lessee's board of directors (or nominating committee if so designated by Lessee) from which the Lessee's board of directors shall elect one (1) member. Any director elected shall be required to meet and comply with all requirements and qualifications for board membership as set forth in the bylaws of the

Lessee and in any applicable policies of the Board. Such member shall be subject to removal on the same basis as any other director, but his/her vacancy shall be filled in accordance with the terms of this Subsection.

7.2.15. *Indigent Patients.* During the Lease Term, the Lessee agrees to provide treatment to indigent patients in accordance with the policies and practices of Covenant. The Lessor shall have no obligation to fund any portion of the costs incurred by Lessee in providing such care through the use of county taxes, provided Lessor will pass through to Lessee any federal or state funds paid to Lessor for such purpose.

7.2.16. *Designated Services.* As of the commencement of operation of the Hospital Facility, Lessee shall, at a minimum, offer the Designated Services at the Hospital Facility, provided Lessee shall retain the right to cease to provide any Designated Service if, in Lessee's reasonable judgment, the provision of such service is no longer necessary or economically viable due to (i) demographic changes, (ii) changes in need for the delivery of health care services, (iii) financial circumstances, including changes in reimbursement rates, (iv) insufficient volumes or admissions, (v) lack of qualified physician or other professional staffing, or (vi) national developments in the hospital industry. Lessee shall provide the Committee with no less than sixty (60) days prior written notice of any decision to cease the provision of any Designated Service pursuant to this Subsection except in cases where such action must be taken by Lessee in less than sixty (60) days due to exigent circumstances.

ARTICLE VIII Condemnation

In the event of a taking of all or any portion of the Leased Premises by condemnation, eminent domain or other process, the Lessor shall waive any rights that it may have to any portion of the proceeds of the award for such taking. Such proceeds shall be deposited in such lawful manner as the Lessee shall direct and the same, at the direction of the Lessee, shall be expended, to the extent possible, for the replacement of any portion of the Leased Premises so taken. The Lessor, upon being notified of any action or proceeding to take all or any portion of the Leased Premises, shall immediately notify the Lessee of the pendency of such action or proceeding. If, after such taking of any portion of the Leased Premises, the remaining portion is determined by the Lessee to be insufficient for further operation of the Hospital Facility, this Lease shall terminate without penalty to either party hereto as of the effective date of such taking, and Lessee shall be entitled to retain the entire award for damages or compensation resulting from such condemnation proceedings by Lessee pursuant to this Lease. A sale or transfer of all or any portion of the Leased Premises by Lessor to any authority having the power of eminent domain, either under threat of condemnation or while condemnation proceedings are pending, shall be deemed a taking under the power of eminent domain for all purposes of this Article.

ARTICLE IX Defaults and Remedies

Section 9.1. Events of Default by Lessee. The following shall be "events of default" under this Lease and the terms "event of default" or "default" shall mean, whenever they are used in this Lease, any one or more of the following events:

9.1.1. Lessee's Failure to Pay Rent. Lessee shall default in the payment of any rental due under *Section 6.1* of this Lease, and such default shall have continued for a period of thirty (30) days after the same shall become payable.

9.1.2. Lessee's Other Failures. Lessee shall breach, neglect or fail to perform or observe any warranties, covenants, representations, provisions or agreements made by or required to be performed by Lessee under the terms of this Lease other than the failure to pay rent under *Section 6.1*, and Lessee shall, within thirty (30) days after written notice thereof by Lessor, fail to commence appropriate action in good faith to cure such failure and thereafter prosecute the same to completion with due diligence.

9.1.3. Insolvency. The Lessee shall have admitted in writing it is insolvent or shall have filed a petition asserting it is a bankrupt or shall have made an assignment for the benefit of its creditors.

9.1.4. Appointment of Receiver. Possession of the Lessee's assets shall be taken by a receiver or trustee.

9.1.5. Abandonment. The Lessee shall have abandoned the entire Leased Premises.

Section 9.2. Events of Default by Lessor. Lessor shall breach, neglect or fail to perform or observe any warranties, covenants, representations, provisions, or agreements made or required to be performed by Lessor under the terms of this Lease and shall, within thirty (30) days after written notice thereof by Lessee, fail to commence appropriate action in good faith to cure such failure and thereafter prosecute the same to completion with due diligence

Section 9.3. Remedies Upon Default.

9.3.1 No Termination. Upon any event of default by Lessee or Lessor under this Lease, other than Lessee's abandonment of the Leased Premises, the nondefaulting party shall have no right to terminate this Lease, nor shall Lessor have the right to exclude the Lessee from possession of the Leased Premises, relet the Leased Premises or reenter and take possession of the Leased Premises. Instead, the parties hereby agree that each party's remedies upon default of the other party that is not cured within the period provided under the terms of this Lease shall be limited to instituting an action at law to collect actual monetary damages sustained from such default and/or instituting an action at equity to obtain injunctive relief (excluding relief preventing Lessee's use of the Leased Premises or exercise of its rights under this Lease); provided, further, that a nondefaulting party shall have the right to cure any defaulting party's

default at the defaulting party's expense and to do or cause to be done any act or thing necessary to cure such default. Upon written notification to the defaulting party of the cost thereof, the defaulting party shall pay promptly to the nondefaulting party the amount of all such costs incurred.

Section 9.4. Provisions Applicable to Both Parties.

9.4.1. Attorney's Fees and Litigation Expenses. In the event a party should default under any of the provisions of this Lease and the other party should employ attorneys or incur other expenses for the enforcement or performance or observance of any obligation or agreement on the part of either party contained in this Lease, the defaulting party agrees that it will on demand therefor reimburse the other for the reasonable fees of such attorneys and such other expenses so incurred.

9.4.2. Waiver and Breach. In the event any agreement contained in this Lease should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

ARTICLE X

Mortgage of Leasehold; Subordination of Lessor's Interest

Section 10.1. Right to Mortgage. Lessee shall have the continuing right during the Lease Term once or more often, without obtaining Lessor's consent or approval, such consent and approval being hereby given, to mortgage, pledge or otherwise encumber Lessee's interest in this Lease, including Lessee's leasehold estate hereunder and all right, title and interest of Lessee under this Lease and in any of Lessee's assets, property or equipment located or utilized in the Hospital Facility (any and all of which are referred to as a "Leasehold Mortgage"), the holder of such Leasehold Mortgage being herein referred to as a "Lender." During the term of this Lease, Lessor shall not mortgage, pledge or otherwise encumber its interest in the Leased Premises except for Permitted Encumbrances and to the extent required by *Section 10.2*.

Section 10.2. Subordination. Lessor does hereby subordinate Lessor's Interest (being Lessor's fee simple interest in the Leased Premises, including the Land) and its lien rights, if any, in and to any of Lessee's assets, property or equipment to the lien of any such Lender. Lessor shall promptly execute an appropriate form of subordination agreement and/or mortgage, in form and content satisfactory to Lender, which evidences and acknowledges such subordination and Lender's mortgage and lien rights in Lessor's Interest.

Section 10.3. Enforcement. Lender or its assigns may enforce such Leasehold Mortgage and acquire Lessee's leasehold estate created under this Lease and Lessor's Interest in any lawful way, and pending foreclosure of such Leasehold Mortgage may, without further consent of Lessor, sell and assign Lessor's Interest and Lessee's leasehold estate hereby created in satisfaction of Lessee's obligation under the Leasehold Mortgage. An event of default shall not

be deemed to exist solely by reason of Lender's enforcement of the Leasehold Mortgage in the manner provided in this Section.

Section 10.4. Notice of Default. If Lessee has encumbered Lessee's leasehold estate created under this Lease by a Leasehold Mortgage and the Lender has given Lessor written notice of the creation thereof, then Lessor at the same time as it gives notice of default of this Lease to Lessee, shall, in addition, give the same notice to the Lender, and no such notice shall be deemed to have been given to Lessee unless and until a copy thereof shall have been so given to such Lender. The Lender, its agents, receivers, trustee and anyone claiming under such Lender upon the receipt of any such notice shall have the immediate right to enter upon the Leased Premises and take possession thereof and to remedy any default in the payment of money and/or other default within the period allowed Lessee for rectification thereof, and this Lease shall remain in full force and effect during and throughout the period specified in this Section, the rights and remedies provided Lessor under *Article IX* shall not be exercised by Lessor after Lessee shall default or be deemed to have defaulted under this Lease unless said Lender shall have failed to rectify the same within the aforesaid period of time allowed said Lender for rectification thereof as hereinafter set out; it being understood that (i) a default of this Lease which cannot be cured by the payment of money shall be deemed to have been rectified within the period allowed said Lender by the terms hereof if rectification thereof and such correction thereafter shall be commenced within the period and thereafter prosecuted with reasonable diligence to completion; (ii) if the Lender cannot reasonably take the action required to cure such default without being in possession of the Leased Premises, the time within which the Lender has to rectify such default, as hereinabove set out, shall be deemed extended to include the period of time required by it to obtain such possession, including possession by a receiver, with due diligence; and (iii) the time within which such Lender shall be required to obtain possession of the Leased Premises (including possession by a receiver) shall be deemed extended by the number of days of delay occasioned by judicial restriction against the initiation of proceedings to obtain such possession or occasioned by any other circumstances beyond such Lender's reasonable control. All notices by Lessor to a Lender pursuant to this Section or pursuant to any other provision of this Lease shall be given by registered or certified mail, postage prepaid, return receipt requested, addressed to such Lender at the address last specified to Lessor by such Lender.

Section 10.5. Lender Payments. All payments so made and all things so done and performed by said Lender within the period allowed such Lender for rectification of Lessee's default, as set forth in *Section 10.4*, shall be as effective to prevent a forfeiture of the rights of Lessee under this Lease as the same would have been if done and performed by Lessee instead of by Lender. Any Leasehold Mortgage executed by Lessee may be conditioned as to provide, as between the Lender and Lessee, that the Lender, on making good and rectifying any such default on the part of Lessee, shall be thereby subrogated to any and all rights of Lessee under this Lease. No Lender shall be considered or become liable to Lessor as an assignee of this Lease or otherwise until such time as said Lender shall by foreclosure or other appropriate proceedings in the nature thereof or as a result of any other action or remedy provided for by such Lender acquire Lessee's leasehold estate created hereunder.

ARTICLE XI Termination

Section 11.1. Surrender by Lessor. Lessee shall have the right to surrender its interest in the Lease and the Leased Premises and terminate this Lease without cause or other basis and without liability or further obligation under this Lease by giving no less than one hundred eighty (180) days prior written notice to the Lessor.

Section 11.2. Termination by Lessee. Lessee shall have the right to terminate this Lease in the event all Contingencies have not occurred within three hundred sixty-five (365) days from and after the Commencement Date (unless nonoccurrence was caused primarily by Lessee's failure to perform any of its obligations under this Lease), by giving no less than thirty (30) days prior written notice of termination to the Lessor. Upon termination of this Lease pursuant to this *Section 11.2*, Lessor shall be obligated to (i) at its option, either convey all of its rights, title and interest in the Land by warranty deed to the Lessee or reimburse Lessee for all costs incurred by Lessee in connection with the acquisition of the Land, including, without limitation, all costs incurred by the Lessee in obtaining or meeting all Initial Requirements, as such term is defined in the Agreement, and (ii) in the event that the failure to eliminate or resolve any Contingency was caused primarily by Lessor's failure to perform any of its obligations under this Lease, Lessor shall reimburse Lessee for all reasonable costs incurred by Lessee in its efforts to eliminate or resolve all Contingencies.

Section 11.3. Reversion of Leased Premises to Lessor. Except as otherwise provided in this Lease, upon expiration of the Lease Term or upon surrender of this Lease by Lessee pursuant to *Section 11.1*, the Leased Premises shall revert to the Lessor; provided that all equipment, supplies, medical, business or other records and intangible personal property of the Lessee located in or on the Leased Premises may be removed after termination by the Lessee in accordance with *Section 5.5*.

Section 11.4. Retention of Leased Premises by Lessee. Notwithstanding the provisions of *Section 11.3*, in the event that at the time of expiration of the Lease Term or surrender of this Lease by Lessee pursuant to *Section 11.1*, Lessor does not hold fee simple title to the Leased Premises, the Leased Premises shall revert to and/or become owned in fee simple by the Lessee without any further act or deed on the part of the Lessee or the Lessor.

ARTICLE XII Estoppel Certificates

From time to time and within twenty (20) days after a request in writing therefore from the other party, Lessor and Lessee agree to execute and deliver to the other party, or to such other addressee or addressees as may be designated in the written request in form and substance reasonably satisfactory to both Lessor and Lessee (herein called "Estoppel Certificate"), certifying, if correct, that this Lease is in full force and effect, that this Lease has not been assigned, modified, supplemented or amended (except as disclosed in such certificate), to the extent of the party's direct knowledge that neither party is in default under the provisions of this

Lease and as to such matters as may be reasonably requested. Estoppel Certificates may be executed by the Lessor's or Lessee's Authorized Representative, as appropriate.

ARTICLE XIII Notices

Any notice or notification specified hereunder to be given to the Lessee or the Lessor shall be deemed effective upon the earlier of actual delivery or three (3) days following the date such notice shall have been mailed by United States certified or registered mail, postage prepaid, addressed to the Lessee or to the Lessor, respectively, as follows or to such other address as a party may designate by notice under this Article:

If to Lessor: County of Loudon, Tennessee
100 River Road, #106
Loudon, Tennessee 37774
Attn: George M. Miller, County Executive

If to Lessee: Fort Loudoun Medical Center
Prior to Opening Hospital Facility:
Suite 214, 280 Fort Sanders West Blvd.
Knoxville, Tennessee 37922
Attn: Chief Administrative Officer

Subsequent to opening Hospital Facility:
550 Fort Loudoun Medical Center Drive
Lenoir City, Tennessee 37771
Attn: Chief Administrative Officer

If to Covenant: Covenant Health
100 Fort Sanders West Boulevard
Knoxville, Tennessee 37922
Attn: President and Chief Executive Officer

ARTICLE XIV Miscellaneous

Section 14.1. Guarantee. Covenant hereby guarantees the full and prompt performance by Lessee of all of its obligations hereunder. Furthermore, Covenant will not sell, transfer or otherwise dispose of all or any significant portion of its assets without requiring such buyer or transferee to join in writing in the foregoing guarantee. Covenant's obligations under this Lease are limited to those set forth in this Section. At such time as all financial obligations of Lessee that are guaranteed by Covenant are fully paid and satisfied or provision for full payment and satisfaction has been made to the reasonable satisfaction of Lessor, the provisions of this *Section 14.1* shall cease to be effective.

Section 14.2. Acceptance of Federal Funding. The Lessor and the Lessee shall have full power and authority, jointly or severally, to accept federal funds for the improvement of the Leased Premises.

Section 14.3. Severability. In the event any provision of this Lease shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof or such otherwise invalid provision under circumstances other than those under which it was determined to be invalid, except to the extent that such provision is wholly dependent for its operation upon the part declared to be invalid, and to that extent the provisions hereof are agreed and declared to be severable.

Section 14.4. Immunity of Officers and Directors, Etc. No recourse shall be had on any obligation, covenant or agreement in this Lease against any past, present or future incorporator, official, officer, director, or employee of the Lessor or the Lessee, as such, either directly or indirectly, under any rule of law or equity, statute or constitution, or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such incorporators, officials, officers, directors, or employees as such, is hereby expressly waived and released as a condition of and consideration for the execution and delivery of this Lease.

Section 14.5. Amendments and Modifications. This Lease shall not be amended or modified except by a written instrument signed by the duly authorized representatives of each of the parties hereto.

Section 14.6. Captions. The titles of articles, sections or subsections herein are solely for the convenience of the parties and shall not be used to explain, limit, expand, modify, simplify, or aid in the interpretation of the provisions of this Lease.

Section 14.7. Assignments. Except as herein otherwise expressly provided, no party hereto may assign or otherwise transfer its rights or delegate its obligations hereunder without the prior written consent of the other parties hereto.

Section 14.8. Entire Agreement. This Lease constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and the transactions hereby contemplated. Any prior understandings, proposals, or representations of any kind shall not be binding upon either party except to the extent incorporated in this Lease.

Section 14.9. Governing Law. This Lease shall be governed by and construed in accordance with the Constitution, laws and regulations of the State of Tennessee without regard to provisions with respect to conflicts or choices of law.

Section 14.10. Execution in Counterparts. This Lease may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 14.11. Memorandum of Lease. The parties agree to execute and file of record, on or within ten (10) days after the Commencement Date, a memorandum of lease evidencing the existence of this Lease, the Lease Term and the Land herein leased.

Section 14.12. Survivability. To the extent any covenant, obligation or right of a party is to or may be performed or exercised after termination of this Lease, such obligation or right shall survive termination.

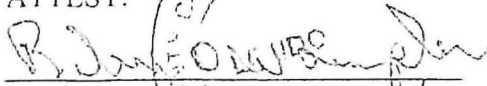
Section 14.13. Hospital Advisory Committee. A special hospital advisory committee ("Advisory Committee"), not to exceed thirteen (13) members unless otherwise mutually agreed by the parties, shall be established by the Lessor for the purpose of (i) reviewing the activities of the Lessee and making recommendations to the chief administrative officer of the Lessee regarding the operations of the Hospital Facility and (ii) monitoring the activities of the Lessee for and on behalf of the Lessor. The Advisory Committee will serve only in an advisory capacity and shall have none of the powers of the Board of Directors of the Lessee. Unless otherwise mutually agreed by the parties, the Advisory Committee shall be comprised of ten (10) residents of Loudon County, who shall be appointed by the County Executive and approved by the Governing Body, and the chief administrative officer of the Lessee, the chief of the medical staff of the Lessee, and the president of Covenant. The elected members of the Advisory Committee shall be arranged in three (3) panels that are as nearly equal in number as practicable with each member elected for no more than two (2) consecutive three (3) year terms. The officers of the Advisory Committee shall be the chairman, vice chairman and secretary and shall be elected by the Advisory Committee. The chairman shall preside at meetings of the Advisory Committee and shall consult with the chief administrative officer of the Lessee with regard to recommendations for operations of the Hospital Facility. The vice chairman shall preside at all meetings of the Advisory Committee in absence of the chairman, and the secretary shall be responsible for recording and keeping of an accurate record of all business of the Advisory Committee. Meetings of the Advisory Committee shall be set by the Advisory Committee but, except in exigent circumstances, will occur no more often than quarterly.

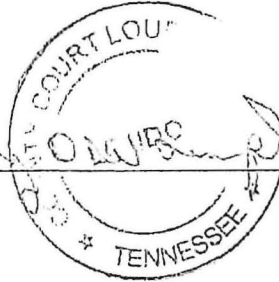
Section 14.14. Annual Report. On or prior to April of each calendar year, the Lessee shall prepare and submit to the Advisory Committee a written report of the funds expended by the Lessee pursuant to *Subsection 6.2.1* of this Lease during the preceding calendar year.

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IN WITNESS WHEREOF, the parties hereto have caused this Lease to be executed by their respective duly authorized officer or official as of this 12th day of November, 2004

ATTEST:





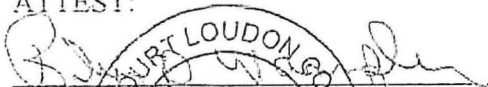
LOUDON COUNTY COMMISSION FOR
AND ON BEHALF OF LOUDON COUNTY,
TENNESSEE

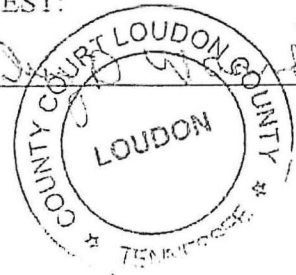
By: 

George M. Miller

Title: County Mayor

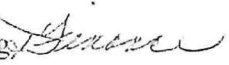
ATTEST:





By: 

Nancy Richesin

Title: Director of Purchasing 

FORT LOUDOUN MEDICAL CENTER

By: 

Jeffrey L. Felke

Title: Chief Administrative Officer

COVENANT HEALTH

By: 

Anthony L. Spezia

Title: President and Chief Executive Officer

STATE OF TENNESSEE)

COUNTY OF LOUDON)

Before me, a Notary Public in the State and County aforesaid, personally appeared George M. Miller, with whom I am personally acquainted and who, upon oath, acknowledged himself to be the incumbent County Mayor of Loudon County, a political subdivision of the State of Tennessee, and that he as such incumbent County Mayor of Loudon County, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing his name as incumbent County Mayor of Loudon County, Tennessee.

WITNESS my hand and official seal at office this 12th day of November, 2004.

Harvey L. Sproul
Notary Public

My Commission Expires: 8/06/08



STATE OF TENNESSEE)

COUNTY OF LOUDON)

Before me, a Notary Public in the State and County aforesaid, personally appeared Nancy Richesin, with whom I am personally acquainted and who, upon oath, acknowledged herself to be the Director of Purchasing for Loudon County, a political subdivision of the State of Tennessee, and that she as such Director of Purchasing for Loudon County, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing her name as Director of Purchasing for Loudon County, Tennessee.

WITNESS my hand and official seal at office this 12th day of November, 2004.

Harvey L. Sproul
Notary Public

My Commission Expires: 8/06/08



STATE OF TENNESSEE)

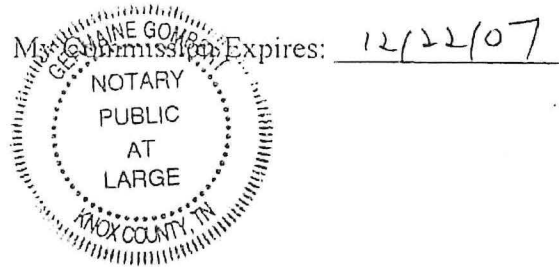
COUNTY OF Knox)

Personally appeared before me, a Notary Public in the State and County aforesaid, Jeffrey L. Feike, with whom I am personally acquainted, or proved to me on the basis of satisfactory evidence, and who, under oath, acknowledged himself to be the Chief Administrative Officer of Fort Loudoun Medical Center, the within-named bargainor, and that he as such Chief Administrative Officer being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as Chief Administrative Officer.

WITNESS my hand and official seal at office this 9th day of November, 2004.

Germaine Gombert

Notary Public



STATE OF TENNESSEE)

COUNTY OF Knox)

Personally appeared before me, a Notary Public in the State and County aforesaid, Anthony L. Spezia, with whom I am personally acquainted, or proved to me on the basis of satisfactory evidence, and who, under oath, acknowledged himself to be the President and Chief Executive Officer of Covenant Health, the within-named bargainor, a nonprofit corporation, and that he as such President and Chief Executive Officer being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as President and Chief Executive Officer.

WITNESS my hand and official seal at office this 9th day of November, 2004.

Germaine Gombert

Notary Public

My Commission Expires: 12/22/07

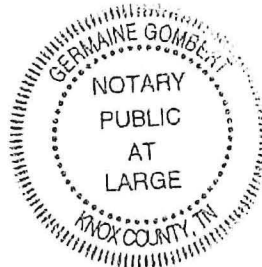


EXHIBIT A

The land referred to in this Commitment is described as follows:

SITUATED in District No. Two (2) of Loudon County, Tennessee, and within the corporate limits of the City of Lenoir City, Tennessee, being known and designated as all of Lot 3 as shown on the Final Plat for Covenant Health recorded in Plat Cabinet F, Page 280, in the Loudon County Register's Office, said lot being more particularly bounded and described as shown by map aforesaid, to which map specific reference is hereby made for a more particular description.

BEING part of the same property conveyed to Covenant Health, a Tennessee nonprofit corporation, by Warranty Deed dated as of December 13, 2002, from Horne Development, L.P., a Tennessee limited partnership, recorded in Deed Book 272, page 247, in the Loudon County Register's Office.

TOGETHER WITH drainage easements, detention basin easements, ingress/egress and utility easements granted and established in Declaration of Restrictive Covenants and Easements made by Covenant Health dated August 13, 2004, filed for record in Trust Book 741, page 263, in the Loudon County Register's Office, to the extent the same are appurtenant to Lot 3 described above.

EXHIBIT B

Designated Services

- ◆ Inpatient Acute Med/Surg Services
- ◆ Critical Care Services
- ◆ Emergency Care Service
- ◆ Surgery Services
- ◆ Diagnostic Imaging
- ◆ Cardiopulmonary
- ◆ Rehabilitation Services
- ◆ Pharmacy services
- ◆ Patient Education
- ◆ Laboratory Services

Loudon County Commission

Exhibit # 032221-G

T741-263
Restrictions

THIS INSTRUMENT PREPARED BY:
M. Douglas Campbell, Jr., Esq.
Wagner, Myers & Sanger, P.C.
1801 First Tennessee Plaza
Knoxville, Tennessee 37929
865-525-4600

DECLARATION OF RESTRICTIVE COVENANTS AND EASEMENTS

THIS DECLARATION OF RESTRICTIVE COVENANTS AND EASEMENTS ("Declaration") is made this 13th day of August, 2004, by COVENANT HEALTH, a Tennessee nonprofit corporation ("Declarant").

WITNESSETH:

WHEREAS, Declarant is the fee simple owner of approximately 30.84 acres of improved real property located on U.S. Highway 321 in Lenoir City, Loudon County, Tennessee, as more particularly shown upon the Plat (as hereinafter defined) (collectively, the "Property");

WHEREAS, Declarant intends to develop, construct, operate and maintain on the Unrestricted Lots (as hereinafter defined) a hospital, medical office building and related facilities and improvements constituting the campus of "Fort Loudoun Medical Center;"

WHEREAS, Declarant desires to establish standards for design, construction, landscaping, maintenance, and other matters to be applicable to the Restricted Lots (as hereinafter defined), and to impose certain conditions and restrictions upon the use of such Restricted Lots;

WHEREAS, Declarant also desires to create and establish certain easements for pedestrian and vehicular traffic, installation and maintenance of utilities, and collection and discharge of surface water, which easements shall benefit and/or burden each Lot (as hereinafter defined) to the extent set forth herein.

NOW, THEREFORE, Declarant makes the following declarations:

I. DECLARATION OF COVENANTS AND RESTRICTIONS.

1. Establishment of Restrictions. Declarant hereby declares that the Restricted Lots are now and shall be subject to the covenants and restrictions hereinafter set forth in Article I of this Declaration, which shall be binding upon the Owner(s) and Occupant(s) of each and every Restricted Lot, their heirs, successors and assigns, and shall benefit the Owner(s) and Occupant(s) of each and every Lot, their heirs, successors and assigns. The restrictions contained in this Article I shall not apply to any Unrestricted Lot.

2. Purpose and Function of the Covenants. The purpose of these covenants is to assist in the consistent development and use of each Restricted Lot and to provide a means of enforcement of the restrictions herein stated by the Owners and/or Occupants of the Lots.

3. Definitions. When used in this Declaration (including in Articles II and III hereof), the following terms shall have the meaning assigned to them below:

A. "Building" shall include both the main portion of such building and all projections or extension thereof, including outside platforms and docks, canopies, enclosed malls and porches.

B. "Declarant" shall mean Covenant Health and/or Fort Loudoun Medical Center as long as either of them shall be the Owner and/or the Occupant of Lot 3 (or any part thereof) as shown on the Plat. If both Covenant Health and/or Fort Loudoun Medical Center cease to be either an Owner or an Occupant of Lot 3, Declarant hereunder shall be the then Owner of Lot 3, or its designee.

C. "Improvements" shall mean and include structures and construction of any kind, whether above or below the land surface, such as, but not limited to, buildings, out-buildings, water lines, sewers, electrical and gas distribution facilities, loading areas, parking areas, walkways, walls, fences, landscaping and signs.

D. "Lot" shall mean each of the Restricted Lots and each of the Unrestricted Lots.

E. "Occupant" shall mean any person or entity who or which has purchased, leased, rented, or is otherwise legally entitled to occupy and use any Lot or Improvements on any Lot.

F. "Owner" shall mean the record holder or holders of legal title to a Lot, as evidenced by the last deed of record to such Lot in the Register's Office for Loudon County, Tennessee.

G. "Plat" shall mean that certain plat prepared by Land Development Solutions showing the Property, the Lots, and certain and other improvements, easements and matters that affect or may affect the Property, the Lots or the Owners or Occupants thereof, said Plat being of record as Instrument No. 04006552, Plat Cabinet F, Slide 280, in the Register's office for Loudon County, Tennessee.

H. "Property" shall mean the Property as described and defined above, including but not limited to the Lots and the Fort Loudoun Medical Center Drive right of way containing .57 acres.

I. "Property line" shall mean the line(s) bounding a Lot as shown upon the Plat.

J. "Restricted Lots" shall mean Lots 1, 2, and 5 as shown on the Plat.

K. "Unrestricted Lots" shall mean Lots 3 and 4 as shown on the Plat.

4. Uses.

A. Compliance with Applicable Zoning. In addition to the uses prohibited hereby, each Restricted Lot shall be used only for purposes which are consistent with and permitted by the zoning ordinance applicable to such Lot. To the extent that the applicable zoning ordinance permits a use not prohibited hereby only after review and/or approval by the applicable zoning authority, such Restricted Lot may be so used only after such use has been reviewed and approved by such zoning authority and any required legislative body, as applicable.

C. Uses Not Permitted. Notwithstanding the foregoing, the following uses are not permitted on any Restricted Lot:

(1) Hospital (whether specialty hospital, psychiatric hospital or otherwise), urgent care or emergency facility, walk-in clinic, physician's office, ambulatory or outpatient surgery center, diagnostic or imaging center, clinical laboratory or other facility related to the delivery of health care or medical services, unless any of the foregoing are approved in writing by Declarant.

(2) Residential dwellings, whether single family, two-family, or multi-family dwellings.

(3) Manufacturing facilities or operations of any kind.

(4) Bulk storage of flammable liquids.

(5) Junkyards and/or salvage yards.

- (6) Schools, public or private.
- (7) Truck stops and/or truck terminal facilities.
- (8) Adult entertainment facilities (including, but not limited to adult bookstores, video stores, nude or semi-nude entertainment facilities, facilities that offer for sale, display or advertise adult novelties or merchandise, or facilities affiliated with adult magazines, videos or films).
- (9) Tire recapping or re-treading facilities or storage.
- (10) Canneries.
- (11) Farming, specifically to prohibit all types of agriculture and horticulture, commercial dairies, commercial kennels, animal-raising farms, egg-producing facilities, hatcheries, butcheries, stockyards, feedlots and other facilities for livestock feeding.
- (12) Sale of new or used automobiles, at wholesale or retail, or the storage of automobiles.
- (13) Prefabricated and/or mobile home parks, and the sale of prefabricated or mobile homes.
- (14) Sawmills, whether portable or otherwise.
- (15) Roadside stands, souvenir shops (unless a part of another permitted use) curio stands, fruit and/or vegetable stands.
- (16) Landfills or waste disposal facilities of any kind, including incinerators or other facilities for the processing of waste, garbage or refuse.
- (17) Yard sales, rummage sales and/or flea markets.
- (18) Commercial mulching operations and/or composting facilities.
- (19) Outdoor advertising, provided that outdoor advertising of the specific business conducted on any Restricted Lot shall be permitted subject to the terms and conditions of this Declaration.

5. **Approval of Plans and Specifications.** No Improvements shall be erected, placed, altered, maintained or permitted to remain on any Restricted Lot unless complete plans and specifications ("Plans and Specifications") signed by or on behalf of the Owner of the Restricted Lot shall have been submitted to Declarant for approval in the manner set forth in this Section 5. Plans to be submitted to Declarant shall include, but not be limited to, plat showing proposed land contour or grades, buildings, parking areas with parking stalls indicated and numbered, loading facilities, access ways, other paved areas, landscaping (including planted areas and indicating proposed facilities for watering), detailed plans for construction, including cross sections, elevations and signage. Specifications shall describe types of construction and materials to be used. Any person seeking Declarant's approval of Plans and Specifications shall submit a complete set of said Plans and Specifications to Declarant together with a written request for consideration and approval of the same showing the Owner of the Restricted Lot(s), any proposed Occupant(s) thereof, Lot number, and the name, address, business telephone number, business fax number, email address and other pertinent information of the person(s) submitting said Plans and Specifications. In considering submitted Plans and Specifications for approval or disapproval, Declarant may take into account, among other things, purely aesthetic considerations, conformity and harmony of design with neighboring sites, relation of finished ground elevations of the site being improved to that of neighboring sites, and conformity of the Plans and Specifications to the purpose and general plan and intent of these restrictions.

Once a complete set of Plans and Specifications has been received by Declarant, Declarant shall have a period of sixty (60) days from the date of receipt to approve or disapprove the same. Should Declarant require further information, Declarant shall request the same in writing, and the sixty (60) day period specified in the immediately preceding sentence shall begin to run only when the additional information is received by Declarant. No action may be taken on or with respect to any Restricted Lot based upon Plans and Specifications until approved by Declarant. In the event that Declarant shall not have approved, disapproved or requested additional information regarding properly submitted Plans and Specifications within sixty (60) days from and after the date received by Declarant (subject to said sixty (60) day period being tolled as provided above), the Plans and Specifications shall be deemed approved as of the expiration of said period. Neither Declarant nor any person having the responsibility to review any Plans and Specifications shall in any way be liable to any Owner, Occupant, or other person by reason of decisions made, mistakes in judgments, negligence, or nonfeasance arising out of or in connection with the approval, disapproval or failure to act on any Plans and Specifications. Every person or entity who submits Plans and Specifications for such approval agrees, by submission of such Plans and Specifications, that such person or entity will not bring any action or suit to recover any such damages for such reasons.

Specifically, any Plans and Specifications for construction of improvements on Lot 2 must contain provisions for the detention of surface waters coming upon and/or emanating from Lot 2. The Owner and each Occupant of Lot 2, by accepting a deed therefore, hereby acknowledge and agree that all surface waters coming upon and/or emanating from Lot 2 must be detained on Lot 2 and that Lot 2 shall have no right to use any of the surface water detention facilities, basins, easements, or other improvements as described in this Declaration.

6. Regulation of Improvements.

A. Construction Operations. After commencement of construction of any Improvement on a Restricted Lot, the work shall be diligently prosecuted so that the Improvement shall not remain in a partly finished condition any longer than reasonably necessary for completion thereof. All builders and Owners of Restricted Lots shall be held responsible for acts of their employees, subcontractors, suppliers and other persons or parties involved in construction or alteration of an Improvement. In this regard, a builder and Owner of a Restricted Lot shall be responsible for the following:

(i) Ensuring that the construction site is kept clean and free of debris and waste materials, and that stockpiles of unused materials are kept in a neat and orderly fashion.

(ii) Prohibiting the consumption of alcoholic beverages, illegal drugs or other intoxicants that could hamper the safety or well-being of other personnel on the site or affect the quality of workmanship.

(iii) Assuring that each contractor on site has in effect workman's compensation insurance meeting statutory requirements and general liability insurance of at least \$1,000,000.00 per person/per incident.

(iv) Assuring that all driveways on the construction site are sufficiently graveled, a portable toilet is available and used by the construction workers and any mud or debris caused by the construction are removed from the adjoining roadways as soon as reasonably possible. Further, silt fences shall be installed to keep silt, mud, and other debris off of the street and off of adjacent property.

(v) Each builder and Owner of a Restricted Lot shall be responsible for providing metered water and electric service to the job site prior to starting work. Usage of water and electricity from adjoining properties is not permitted. Each building site shall be kept in a good appearance at all times. The construction area shall be policed and kept free of debris at the end of each day. No burning, dumping or burial of any kind is permitted and each builder shall place a trash receptacle on the Restricted Lot at least 30 feet from the street. Obnoxious or loud music and behavior shall not be permitted on the construction site.

B. Minimum Setback from Property Lines. No Improvements of any kind shall be constructed on any Restricted Lot nearer to any Property Line than permitted by the following: (i) front Property Lines - thirty feet (30'); side Property Lines - ten feet (10'); and rear Property Lines - fifteen feet (15'). Where consistent with zoning regulations, the following Improvements are excluded from these setback provisions:

- (1) Roof overhangs;
- (2) Steps, walks, and open arcades;
- (3) Paving, parking areas, and associated curbing;
- (4) Fences and screen walls;
- (5) Landscaping;
- (6) Planters;
- (7) Signs complying with the provisions of these covenants; and
- (8) Underground improvements.

C. Landscaping.

(1) Every Restricted Lot on which Improvements are constructed shall be landscaped according to the Plans and Specifications approved as specified in this Declaration.

(2) The Owner(s) and Occupant(s) of each Restricted Lot shall be responsible for maintaining all landscaping on Owner's Restricted Lot, including installation of appropriate watering facilities and improvements. Landscaping may not be changed in any material respect without the approval of Declarant.

(3) Landscaping as shown on the Plans and Specifications shall be installed within thirty (30) days of occupancy or completion of Improvements on the Restricted Lot, whichever occurs first.

(4) Every Owner and Occupant of a Restricted Lot shall be required at all times to keep and maintain the same in a neat and orderly appearance so as not to detract from the appearance of other Lots, including but not limited to, regular mowing as needed.

(5) Every Owner and Occupant of a Restricted Lot shall be required at all times to keep and maintain Improvements in a neat and orderly appearance so as not to detract from the appearance of other Lots, including but not limited to, exterior building maintenance.

D. Signs. The design, construction, size and operating characteristics of all signs located on a Restricted Lot are subject to approval of Declarant as part of the Plans and Specifications approval process as specified in this Declaration.

E. Parking Areas.

(1) For each building constructed on a Restricted Lot there shall be provided hard surfaced, dust-free parking areas on the Restricted Lot, laid out and constructed according to the Plans and Specifications approved as specified herein and maintained thereafter in good condition.

- (2) Size and Number.

(a) Size. Unless otherwise approved as a part of the Plans and Specifications, all required off-street parking spaces on the Restricted Lots, whether covered or uncovered shall be not less than twenty feet in length, exclusive of access drives, aisles, or columns; shall have a vertical clearance of not less than seven feet and shall be of the following width;

(i) when space is unobstructed, not less than eight and one-half feet;

(ii) when space is adjacent to wall, fence, hedge or structure on one side only, nine feet;

(iii) when space is adjacent to wall, fence, hedge or structure on both sides, ten feet.

(b) Number. A minimum number of parking spaces shall be provided on each Restricted Lot in accord with the applicable zoning regulations.

(3) No parking for any Restricted Lot shall be allowed on any part of any street or roadways or, unless in accordance with a written agreement approved in advance by Declarant, on any other Lot.

(4) Parking for each Restricted Lot shall in all events be designed and constructed according to applicable zoning regulations.

F. Loading Spaces. All loading and unloading of vehicles on the Restricted Lots shall be conducted upon such Lots, and sufficient loading and unloading places shall be provided on each Restricted Lot, conforming to the requirements of applicable zoning regulations.

G. Storage Areas.

(1) No materials, supplies or equipment shall be stored in any area on a Restricted Lot except inside a closed building, or behind a visual barrier approved by Declarant, screening such areas from the street and from view of other Lots.

(2) Storage areas on a Restricted Lot shall be located on the rear portions of each Restricted Lot, unless other locations are specifically approved by Declarant.

(3) No storage area on a Restricted Lot shall extend past setback lines as established herein.

H. Building Regulations. Any building erected on a Restricted Lot shall be in accordance with the Plans and Specifications for such building approved by Declarant as hereinabove provided, and shall in addition conform to the following construction practices:

(1) The exterior front walls of all buildings shall not be of plain block or metal, but shall be of decorative masonry construction, using brick, split block, stuccoed masonry or material approved in writing by Declarant.

(2) No roofs covered with tarpaper, gravel, roll roofing or any built up roof system shall be visible from the street, and no roof mounted equipment such as air conditioning units and blowers shall be visible from the street, unless approved by Declarant.

(3) All electrical and telephone connections and wires shall be located underground except necessary entry service, pole connections, transformer pads, switching equipment owned by the utility, and other associated equipment and

connections, the underground installation of which cannot be secured in accordance with normal practice.

7. **Resubdivision and Changes in Zoning.** No Restricted Lot shall be resubdivided except with the approval of Declarant and in accordance with the regulations of the Lenoir City/Loudon County Planning Commission and any other applicable governmental regulations. This Declaration shall apply to any Restricted Lot as resubdivided. No Owner or Occupant of any Restricted Lot shall take any action to change the zoning classification of such Owner's or Occupant's Restricted Lot, or seek a variance or special exception under current zoning from the applicable planning commission or legislative body, in each case without the prior written approval of Declarant.

8. **Enforcement.**

A. **Interpretation.** The restrictions contained in Article I of this Declaration shall be interpreted to accomplish the purpose and intent as found in the provisions of such Article I, and in light of the actual pattern of development of the Restricted Lots theretofore accomplished.

B. **Abatement and Suit.** Violation or breach of any restrictions contained in this Article I shall give to any Owner or Occupant the right to prosecute a proceeding at law or in equity against the person or entity in violation of this Declaration to enjoin or to prevent them from doing so, to cause said violation to be remedied, or to recover damages for said violation. Provided, however, for so long as Fort Loudoun Medical Center continues to be the Occupant of Lot 3, Fort Loudoun Medical Center shall have the sole and exclusive right and authority to exercise the rights related to such Lot to prosecute such a proceeding and the Owner of such Lot 3 shall have no such right or authority. In any proceedings at law or equity to enforce these restrictions or violation thereof, the losing party shall pay the reasonable attorney's fees of the prevailing party. Declarant shall be given notice by any party initiating suit to enforce the terms of these restrictions. However, Declarant shall not be made an involuntary party plaintiff in any such action without Declarant's consent, and it shall not be necessary to so join Declarant in any said action. Declarant shall have no obligation to any Owner or Occupant of any Lot to enforce any terms or conditions of these restrictions, nor shall Declarant have any liability or obligation by reason of its failure to do so, for the granting of any approval requested or required of Declarant hereunder, for any amendment or modification hereto, or for any act or omission of Declarant in the exercise of its rights, duties, powers or privileges hereunder, and each Owner and/or Occupant waives any such claim by taking a deed to or occupying a Lot.

C. **Inspection.** Declarant may from time-to-time at any reasonable hour enter and inspect any Restricted Lot subject to these restrictions for the purpose of ascertaining compliance herewith.

D. **Failure to Enforce Not a Waiver of Rights.** The failure of any person to enforce any provision of these restrictions shall in no event be deemed to be a waiver of the right to do so thereafter nor to enforce any other provision of these restrictions.

E. **Approvals in Writing.** All communications, submissions, approvals and notices permitted or required by these restrictions shall be in writing and any person to whom the same is directed shall be entitled to have the same in writing and no person shall be bound by any such not in writing.

9. **Extinguishment, Continuation and Modification.** These restrictions contained in this Article I shall continue in full force and effect for a period of forty (40) years from the date hereof.

10. **Rights of Mortgages.** None of the restrictions contained herein shall supercede or in any way reduce the security or affect the validity of any mortgage or deed of trust on any Lot; provided, however, that if all or any portion of said Lot is sold under a foreclosure of any mortgage or under the provisions of any deed of trust, any purchaser at such sale, and his

successors and assigns, shall hold any and all Lots so purchased subject to all of the restrictions and other provisions of this Declaration.

11. Right of First Refusal.

A. Right of First Refusal. In the event that the Owner of any Lot shall at any time desire to transfer, sell, assign, convey or lease (collectively "Transfer") said Lot, or any interest therein, in whole or in part, to a prospective purchaser, assignee, transferee or tenant (the "Transferee"), the Owner shall give written notice to Declarant, with a full statement of the proposed transaction (the "Notice of Transfer"). Declarant shall have the right to purchase or lease the Lot (or interest therein) upon the same terms and conditions as is set forth in the Notice of Transfer, provided notice of such election is given to the Owner of the Lot by Declarant during the sixty (60) day period immediately following the receipt by Declarant of the Notice of Transfer. In the event that Declarant shall not timely elect to purchase or lease the Lot (or interest therein) according to the terms specified in the Notice of Transfer, the Owner shall be free to consummate the transaction with the Transferee upon the same terms and conditions stated in the Notice of Transfer. Provided, however, should the terms and conditions of the Transfer between the Owner and the Transferee materially change prior to the consummation thereof, the Owner shall once again offer the Lot (or interest therein) to Declarant as provided for herein. The term "Transfer" also includes the disposition, in any twelve (12) month period, of fifty percent (50%) or more of the equity ownership interests in the Owner, whether by outright conveyance, operation of law or otherwise.

B. In the event the Owner of my Lot shall attempt to Transfer the Lot (or any interest therein) without affording Declarant the right of first refusal herein provided, such Transfer shall be wholly voidable at the election of Declarant and shall confer no title or interest whatsoever upon the Transferee. The election to void any such Transfer must be made by written notice, delivered to the Owner at any time prior to three (3) calendar months after disclosure of the Transfer in writing to Declarant.

C. The subleasing or subrenting of any Lot shall be subject to the same terms and conditions as are applicable to the leasing or renting thereof. The failure or refusal by Declarant to exercise any rights hereunder shall not constitute or deem to be a waiver of any such rights at any such future time.

D. To the extent that the deed of conveyance of any Lot by Declarant to any third party shall contain and/or reserve in favor of the Declarant a right of first refusal upon terms that vary from the terms and conditions of this Section 11, then, in such event, the terms and conditions of the right of first refusal as set forth in the deed of conveyance shall control any disposition of said Lot by said third party. However, the terms and conditions of this Section 11 shall govern any subsequent dispositions.

12. Amendments. Declarant, in its sole discretion, reserves the right to amend Article I of this Declaration until all the Restricted Lots have been transferred by Declarant to unrelated third parties. Thereafter, all amendments hereto shall require both the written consent and approval of Declarant and the approval of the Owners of Lots 1, 2, 3 (but only if Declarant is not the Occupant of Lot 3), 4 and 5. All amendment(s) hereto shall be in writing signed by Declarant and effective upon recordation in the Register's Office for Loudon County, Tennessee.

II. GRANT OF EASEMENTS.

1. Background and Intent.

A. Declarant intends to and shall, consistent with the terms and conditions hereof, construct surface water detention basins (the "Detention Basins") and related improvements on the portions of Lots 1 and 5 depicted on the Plat as the "Detention Easements" (the "Detention Basin Areas"). The Detention Basin on Lot 1 shall be for the use and benefit of Lots 1 and 3, and the Detention Basin on Lot 5 shall be for the use and benefit of Lots 3, 4 and 5.

B. Declarant wishes to declare and establish drainage easements across Lots 1 and 5 for the construction and maintenance of improvements to convey the surface water from Lots 2, 3, and 4. The drainage easement across Lot 1 shall be for the use and benefit of Lot 2 and shall be where depicted on the Plat as "15' Drainage Easement (Lot 2)", and the drainage easement across Lot 5 shall be for the use and benefit of Lots 3 and 4 and shall be where depicted on the Plat as "20' Drainage Easement (Lots 3 and 4)".

C. Declarant intends to construct a road on the area depicted on the Plat as "Fort Loudoun Medical Center Drive R.O.W." (the "Road Right of Way") and to dedicate such road to public use. Until such time as such road is constructed and dedicated to public use, Declarant wishes to declare and establish non-exclusive easements for ingress and egress for the benefit of Lots 1, 3, 4 and 5.

2. Detention Basin Easements.

A. Declarant hereby declares and establishes for the use, enjoyment and benefit of Declarant, as the Owner of Lots 1 and 3, its successors and assigns and all future Owners and Occupants of all or any portion of Lots 1 and 3, the following easements, licenses, rights and privileges:

(1) a non-exclusive permanent easement over and across the Detention Basin Area upon Lot 1 for the purpose of grading and excavating the same to create and maintain contours, elevations, slopes and other topographical features and/or compaction conditions as are necessary for construction, installation, maintenance, and utilization of the Detention Basin to be constructed on such Lot;

(2) a non-exclusive permanent easement to enter Lot 1 as necessary, at any time or from time to time, for maintenance of the Detention Basin on Lot 1, and the demolition, replacement and/or reconstruction of the same as determined necessary by Declarant from time to time; provided, however, Declarant shall repair any damage to Lot 1 as a result of such work; and

(3) an exclusive permanent easement over and across the Detention Basin Area on Lot 1 for the purpose of discharging onto said area surface water from Lots 1 and 3.

The above easements are hereby declared to be easements appurtenant to Lots 1 and 3, and any portion of any such Lot, which easements shall run with the land and be binding upon the Owners and Occupants of Lot 1 and their successors and assigns, and inure to the benefit of all Owners and Occupants of Lots 1 and 3, and any part or portion of either such Lot.

B. Declarant hereby declares and establishes for the use, enjoyment and benefit of Declarant, as the Owner of Lots 3, 4 and 5, its successors and assigns and all future Owners and Occupants of all or any portion of Lots 3, 4 and 5, the following easements, licenses, rights and privileges:

(1) a non-exclusive permanent easement over and across the Detention Basin Area upon Lot 5 for the purpose of grading and excavating the same to create and maintain contours, elevations, slopes and other topographical features and/or compaction conditions as are necessary for construction, installation, maintenance, and utilization of the Detention Basin to be constructed on such Lot;

(2) a non-exclusive permanent easement to enter Lot 5 as necessary, at any time or from time to time, for maintenance of the Detention Basin on Lot 5, and the demolition, replacement and/or reconstruction of the same as determined necessary by Declarant from time to time; provided, however, Declarant shall repair any damage to Lot 5 as a result of such work; and

- (3) an exclusive permanent easement over and across the Detention Basin Area on Lot 5 for the purpose of discharging onto said area surface water from Lots 3, 4 and 5.

The above easements are hereby declared to be easements appurtenant to Lots 3, 4 and 5, and any portion of any such Lot, which easements shall run with the land and be binding upon the Owners and Occupants of Lot 5 and their successors and assigns, and inure to the benefit of all Owners and Occupants of Lots 3, 4 and 5, and any part or portion of either such Lot.

C. Declarant will construct the Detention Basins at Declarant's cost and expense and in a manner that meets all applicable regulatory and other requirements of Lenoir City and Loudon County, Tennessee, as well as the requirements of any other authority or political body with jurisdiction over the subject property. All costs and expenses of maintenance of the Detention Basins (including a reasonable share of the real property taxes for the tax parcel of which each Detention Basin is a part), as well as all necessary capital improvements or replacements, shall be allocated among the Lots utilizing the Detention Basins (in the case of the Detention Basin on Lot 1, Lots 1 and 3 and, in the case of the Detention Basin on Lot 5, Lots 3, 4 and 5), and the Owners of such Lots, on a pro rata basis based upon the percentage that the size (determined in acres or fractions thereof) of any parcel bears to the total size of all parcels utilizing the Detention Basin. No Owner or Occupant, other than Declarant shall be responsible for the maintenance of or improvements to a Detention Basin, and no Owner or Occupant of any Lot, other than Declarant, shall change the slope or grade of either Detention Basin, conduct or permit any grading or excavation operations on a Detention Basin Area or alter or modify either Detention Basin in any respect. All such maintenance and improvement on the Detention Basins shall be performed by Declarant, or its designee, and the cost thereof shall be billed by Declarant to all other Owners of Lots utilizing such Detention Basin. In the event that any party shall fail to pay its pro rata share of such costs, Declarant is hereby granted the right to file a lien on said Owner's Lot, to maintain a suit at law or in equity to enforce said lien and/or to collect payment of the same, and/or to exercise any other remedy available to Declarant at law or in equity. In any such proceedings, Declarant shall be awarded its reasonable attorney fees and court costs.

3. Lot 1 Drainage Easement.

A. Declarant hereby declares and establishes for the use, enjoyment and benefit of Declarant, as the Owner of Lot 2, its successors and assigns and all future Owners and Occupants of all or any portion of Lot 2, the following easements, licenses, rights and privileges:

- (1) a non-exclusive permanent easement over and across the portion of Lot 1 depicted on the Plat as the "15' Drainage Easement (Lots 2A and 2B)" to construct, install and maintain underground storm water pipes and related improvements for the purpose of conveying surface water with exceeds the capacity of the detention areas on Lot 2 to the public storm water system along Highway 321; and
- (2) a non-exclusive permanent easement to enter Lot 1 as necessary, at any time or from time to time, for the maintenance of such storm water pipes and improvements.

The above easements are hereby declared easements appurtenant to Lot 2, and any portion of any such Lot, which easements shall run with the land and be binding upon the Owners and Occupants of Lot 1 and their successors and assigns, and inure to the benefit of all Owners or Occupants of Lot 2, and any part or portion of either such Lot.

B. The Owner(s) of Lot 2 (or any Owner of any part, portion or subdivision of such Lots) shall maintain and repair such storm water pipes and improvements as necessary, and shall arrange for the same. If any repair or maintenance to such storm water pipes results in any damage to Lot 1, the Owner(s) of Lot 2 shall repair such

damage and return Lot 1 to substantially the same condition as it existed prior to such damage. The cost of any repair or maintenance to the storm water pipes and any repairs to Lot 1 related hereto shall be paid by the Owner(s) of Lot 2.

C. No Owner or Occupant of Lot 1 or any part or portion thereof shall build any permanent improvements in the area over which the easements granted in II. 3.A. above are granted which would interfere with the installation or maintenance of the storm water pipes and improvements as contemplated by such easements; provided, however said Owner or Occupant may utilize such area for the construction, installation and maintenance of parking facilities and landscaping.

4. Lot 5 Drainage Easement.

A. Declarant hereby declares and establishes for the use, enjoyment and benefit of Declarant, as the Owner of Lots 3 and 4, its successors and assigns and all future Owners and Occupants of all or any portion of Lots 3 and 4, the following easements, licenses, rights and privileges:

(1) a non-exclusive permanent easement over and across the portion of Lot 5 depicted on the Plat as the "20' Drainage Easement (Lots 3 and 4)" to construct, install and maintain underground storm water pipes and related improvements for the purpose of conveying surface water from Lots 3 and 4 to the Detention Basin on Lot 5; and

(2) a non-exclusive permanent easement to enter Lot 5 as necessary, at any time or from time to time, for the maintenance of such storm water pipes and improvements.

The above easements are hereby declared easements appurtenant to Lots 3 and 4, and any portion of any such Lot, which easements shall run with the land and be binding upon the Owners and Occupants of Lot 5 and their successors and assigns, and inure to the benefit of all Owners or Occupants of Lots 3 and 4, and any part or portion of either such Lot.

B. The Owners of Lots 3 and 4 (or any Owner of any part, portion or subdivision of such Lots) shall determine by majority vote (with each Owner having votes equal to percentage of the total acreage contained in Lots 3 and 4 owned by such Owner) the nature and extent of any maintenance and repair necessary relative to such storm water pipes, and shall arrange for the same; provided, however, if Fort Loudoun Medical Center ceases to be the Owner of Lot 3, but continues to be the Occupant of such Lot, Fort Loudoun Medical Center shall have the sole and exclusive right to cast any such votes, and the Owner of such Lot shall have no right or authority to cast any such votes. If any repair or maintenance to such storm water pipes results in any damage to Lot 5, the Owners of Lots 3 and 4 shall repair such damage and return Lot 5 to substantially the same condition as it existed prior to such damage. The cost of any repair or maintenance to the storm water pipes and any repairs to Lot 5 related hereto shall be paid by the Owners of Lots 3 and 4 (or the Owners of any part, portion or subdivision of such Lots) on a pro rata basis, based on the portion of the total acreage contained in Lots 3 and 4 owned by each Owner. If any Owner fails or refuses to contribute such Owner's pro rata share of such costs, on or before the time of payment of such costs is due, the remaining Owners shall, in addition to all other available remedies, have a lien on and over the defaulting Owner's Lot(s), which lien may be enforced by and in the name of the remaining Owners, or any one or more of them, by appropriate judicial proceedings.

C. No Owner or Occupant of Lot 5 or any part or portion thereof shall build any permanent improvements in the area over which the easements granted in II. 4.A. above are granted which would interfere with the installation or maintenance of the storm water pipes and improvements as contemplated by such easements.

5. Ingress/Egress and Utility Easement. Declarant hereby declares and establishes for the use and benefit of Declarant, as the Owner of Lots 1, 2, 3, 4 and 5, its successors and

assigns and all future Owners and Occupants of all or any portion of Lots 1, 2, 3, 4 and 5, a non-exclusive easement over and across the Road Right of Way for ingress to such Lots from U.S. Highway 321 and egress from such Lots to U.S. Highway 321. The foregoing easement for ingress and egress may be used by and enjoyed by the Owners and Occupants of Lots 1, 2, 3, 4 and 5 and their respective customers, employees, contractors, vendors and other business invitees. Such easement shall automatically terminate without any further action on the part of Declarant when the Road Right of Way is accepted for dedication by the applicable public authority as a public road.

Declarant will construct the Road Right of Way at Declarant's cost and expense and in a manner that meets all applicable regulatory and other requirements of Lenoir City and Loudon County, Tennessee for dedication of the Road Right of Way as a public road. All costs and expenses of maintenance of the Road Right of Way prior to dedication, as well as all necessary capital improvements or replacements, shall be allocated among all Lots, and the Owners of such Lots, on a pro rata basis based upon the percentage that the size (determined in acres or fractions thereof) of any Lot bears to the total size of all Lots. No Owner or Occupant, other than Declarant, shall perform any maintenance of or improvements to the Road Right of Way, and no Owner or Occupant of any Lot, other than Declarant, shall change, modify or permit any work of any kind or nature to be performed relative to the Road Right of Way. All such maintenance of and improvements to the Road Right of Way shall be performed by Declarant, or its designee, and the reasonable cost thereof shall be billed by Declarant to all other Owners of Lots. In the event that any Owner shall fail to pay such Owner's pro rata share of such costs, Declarant is hereby granted the right to file a lien on said Owner's Lot, to maintain a suit at law or in equity to enforce said lien and/or to collect payment of the same, and/or to exercise any other remedy available to Declarant at law or in equity. In any such proceedings, Declarant shall be awarded its reasonable attorney fees and court costs.

The Road Right of Way may also be used by the Owners and Occupants of Lots for the construction, installation, operation, maintenance, and replacement and reconstruction, as necessary, of utility services, including, but not limited to, water, electricity, gas, telephone and cable television (collectively "Utility Improvements"). Any Utility Improvements to be installed by any Lot Owner or Occupant must be approved by Declarant as a part of the Plans and Specifications of said Owner or Occupant as herein provided. It is specifically understood and agreed by each Owner and/or Occupant that Declarant may require, in addition to the other standards herein provided, that all such Utility Improvements be installed in a manner that the same shall be acceptable for dedication to the appropriate public authority. Maintenance of all utility improvements shall be allocated among the Lot Owners in the same manner specified above for the allocation of maintenance costs associated with the Road Right of Way.

The above easements are hereby declared appurtenant to Lots 1, 2, 3, 4 and 5, and any portion of any such Lot, which easement shall run with the land and be binding upon the owner of the Road Right of Way and its successors and assigns, and inure to the benefit of all Owners and Occupants of Lots 1, 2, 3, 4 and 5, and any part or portion of any such Lot.

6. **Access Easement for Lot 2.** Declarant hereby declares and establishes for the use and benefit of Declarant, as the Owner of Lot 2, its successors and assigns and all future Owners and Occupants of all or any portion of Lot 2, a non-exclusive easement over and across that portion of Lot 3 known and designated on the Plat as "40' Access Easement to Town Creek Road East" for the purpose of ingress to Lot 2 from U.S. Highway 321 and egress from Lot 2 to U.S. Highway 321 ("Lot 2 Access Easement").

The Lot 2 Access Easement may be used by and enjoyed by the Owners and Occupants of Lot 2 and their respective customers, employees, contractors, vendors and other business invitees. However, said easement is for ingress and egress only, and may not be used for any other purpose, including, but not limited to, the construction, installation, operation, maintenance, replacement and/or reconstruction of utility services.

Declarant will construct the Lot 2 Access Easement at Declarant's cost and expense, according to plans and specifications adopted and approved by Declarant in its sole discretion and in a manner that meets all applicable regulatory and other requirements of Lenoir City and Loudon County, Tennessee. No Owner or Occupant of Lot 2 shall have any right to construct

any improvements over or upon Lot 3, but shall have only the right to utilize consistent with this Declaration the Lot 2 Access Easement utilizing improvements constructed and installed by Declarant.

Expenses relative to maintenance of the Lot 2 Access Easement, as well as all necessary capital improvements or replacements, shall be allocated among Lot 2 and Lot 3, and the Owners of such Lots, on a pro-rata basis, based upon the percentage that the size (determined in acres or fractions thereof) of each of Lot 2 and Lot 3 bears to the total size of Lots 2 and 3 in the aggregate. No Owner or Occupant of Lot 2 shall perform any maintenance of or improvements to the Lot 2 Access Easement, and no Owner or Occupant of Lot 2 shall change, modify or permit any work of any kind or nature to be performed relative to the Lot 2 Access Easement. All such maintenance and improvements to the Lot 2 Access Easement shall be performed by Declarant, or its designee, and the cost thereof shall be billed by Declarant to the Owner of Lot 2. In the event that the Owner of Lot 2 shall fail to pay such Owner's pro-rata share of such costs, Declarant is hereby granted to file a lien on Lot 2, to maintain a suit at law or in equity to enforce said lien and/or to collect payment of the same, and/or to exercise any other remedy available to Declarant at law or in equity. In any such proceedings, Declarant shall be awarded its reasonable attorney fees and court costs.

The Lot 2 Access Easement is hereby declared appurtenant to Lot 2, which easement shall run with the land and be binding upon the Owner of Lot 3, and its successors and assigns, and to the benefit of all Owners and Occupants of Lot 2, and any part or portion of Lot 2.

7. **Sign Easement.** Declarant hereby establishes and declares for the use and benefit of Declarant, its successors and assigns, a perpetual, nonexclusive easement over and across Lot 1 and Lot 5 for the installation, construction, maintenance, operation, and demolition and reconstruction of a sign or signs (the "Signage Easement"). The Signage Easement on, over and across Lot 1 and Lot 5 shall be limited, in respect to both lots, only to those areas that are (a) shown on the Plat as "Detention Easement" areas, (b) within the boundaries of the thirty foot (30') front setback from Fort Loudoun Medical Center Drive line as shown on the Plat, and (c) as respects Lot 1, within the boundaries of the thirty foot (30') front setback from U.S. Highway 321 (the "Signage Easement Area"). Declarant shall have no rights pursuant to this Section 7 to construct or install improvements on Lot 1 or on Lot 5 outside the boundaries of the Signage Easement Area. Within the bounds of the Signage Easement Area, Declarant may construct, demolish and/or reconstruct, operate and maintain, as necessary, such sign or signs as Declarant shall deem necessary, all at Declarant's sole cost and expense; provided, however (i) the height of any such sign or signs shall not exceed forty foot (40') from the surface of the ground without the consent of the Owner of the Lot(s) upon which such sign(s) is located; and (ii) said sign(s) shall advertise only medical and health care related products, services or programs, lodging, as well as way finding, directional and access information, but no food service establishment or restaurant may be advertised or shown. The Signage Easement shall include the right, at Declarant's sole cost and expense, to construct, install and maintain utility improvements relative to any sign or signs constructed by Declarant within the bounds of the Signage Easement Area. No Owner or Occupant of either Lot 1 or Lot 5, or any other Lot, shall in any way interfere with the use by Declarant of the Signage Easement hereby established, nor construct any other signs within the Sign Easement Area, without Declarant's prior written consent. Declarant may grant any Owner or Occupant of Lot 2, Lot 3 or Lot 4 shown upon the Plat the right to utilize the Sign Easement, provided said use shall be consistent with the terms hereof and shall in all events be subject to the Declarant's approval, in its sole discretion, as to the nature, type, extent and/or location of any sign(s). As a condition of such approval, Declarant may require that any Owner or Occupant of any Lot utilizing the Sign Easement pay the maintenance, upkeep and/or repair of any such sign(s). Any sign constructed on the Signage Easement Area shall be constructed and maintained so as not to adversely affect the use of any detention basin or pond, and any damage to the property subject to the Signage Easement caused by the installation or maintenance of any sign(s) will be promptly repaired by the party causing said damage. The Sign Easement is hereby declared to be an easement appurtenant to Lot 3 and Lot 4, and any portion of any such Lot, which easement shall run with the land and be binding upon Owners and Occupants of Lot 1 and Lot 5, and their respective successors and assigns, and inure to the benefit of all Owners and Occupants of Lot 3 and Lot 4, and any part or portion of either such Lot.

8. Discrepancies in Construction. To the extent that there shall be minor, nonmaterial discrepancies from the improvements as actually constructed from the location(s) of the easements as shown upon the Plat, the parties shall be given an additional easement, right and privilege consistent with the easements, rights, and privileges herein granted, for the improvements within the location and boundaries as actually constructed.

9. No Dedication to Public Use. Nothing herein is intended to, nor shall be construed to, dedicate any portion of the Property to the general public or to the public use.

10. No Restriction on Development. Subject to the terms and conditions hereof, the Owners shall continue to have the right to develop, construct improvements upon, expand, alter, modify, demolish and redevelop all or any part of the buildings and other improvements constructed on their respective properties, or propose to be constructed thereon, in any manner that such parties deem necessary or appropriate, so long as the same do not violate the terms and conditions hereof.

11. Plat. The easements established pursuant to this Declaration are in addition to those easements that are shown upon the Plat, and this Declaration and the Plat shall be interpreted in a manner consistent with this provision. However, as respects the easements described herein, this Declaration shall control.

III. GENERAL PROVISIONS.

1. Constructive Notice and Acceptance. Upon recordation of this Declaration in the office of Register of Deeds for Loudon County, every person or entity who or which now or hereafter owns or acquires any right, title, estate or interest in any portion of any Lot is and shall be conclusively deemed to have consented and agreed to every covenant, condition and restriction contained herein whether or not any reference to this Declaration is contained in the instrument by which such person or entity acquired an interest in said property. These restrictions shall constitute covenants and restrictions running with each and every Lot and shall be binding upon and inure to the benefit of Declarant, its successors and assigns, and the Owner(s) and Occupant(s) of each and every Lot.

2. Paragraph Headings. Paragraph headings are inserted for convenience only and are not intended to be a part of this Declaration or in any way to define, limit, or describe the scope or intent of the particular paragraph to which they refer.

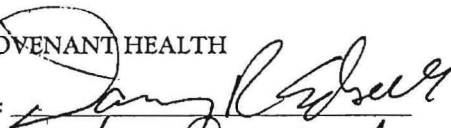
3. Effect of Invalidation. If any provision of this Declaration is held to be invalid by any court, the invalidity of such provision shall not affect the validity of the remaining provision hereof.

IN WITNESS WHEREOF, the undersigned has executed this Declaration the day and year first above written.

COVENANT HEALTH

By:

Title:


Vice President

STATE OF TENNESSEE)
) SS:
COUNTY OF KNOX)

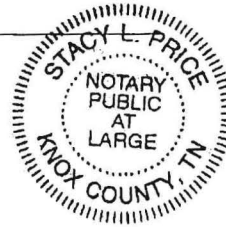
Personally appeared before me, Darrell R. Kdsell, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who, upon oath, acknowledged himself/herself to be the Vice President of COVENANT HEALTH, a Tennessee nonprofit corporation, the within named bargainor, and that he/she as such Vice President, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself/herself as such Vice President.

Witness my hand, at office this 12th day of August, 2004.

Stacy L. Price
Notary Public

MY COMMISSION EXPIRES 4/06/2008

My Commission Expires: _____



BK/PG:T741/263-277
04009366

15 PGS : AL - SUB. RESTRICTIONS	
TRACIE BATCH: 16288	
08/13/2004 - 12:39 PM	
VALUE	0.00
MORTGAGE TAX	0.00
TRANSFER TAX	0.00
RECORDING FEE	75.00
OP FEE	2.00
REGISTER'S FEE	0.00
TOTAL AMOUNT	77.00

STATE OF TENNESSEE, LOUDON COUNTY
TRACIE LITTLETON
REGISTER OF DEEDS

Loudon County Commission

Exhibit # 032221-H

D272-247
Vesting Deed

OWNER/RESPONSIBLE TAXPAYER:

Covenant Health

1410 Center Point Rd, Ste 401
Knoxville, TN 37927

Tax I.D. No. Map 017, Parcel 100.02 (Tract I)

Tax I.D. No. Map 017, Parcel 098 (Tract II)

THIS INSTRUMENT PREPARED BY:

Ben M. Davidson, Attorney

CROLEY, DAVIDSON, HUIE

1500 First Tennessee Plaza

Knoxville, Tennessee 37929

(73169)

WARRANTY DEED

THIS INDENTURE made as of this 13 day of December, 2002, between **HORNE DEVELOPMENT, L.P., a Tennessee limited partnership**, First Party, and **COVENANT HEALTH, a Tennessee non-profit corporation**, Second Party:

WITNESSETH

THAT SAID FIRST PARTY, for and in consideration of the sum of TEN NO/100 (\$10.00) DOLLARS, and other good and valuable consideration, to it in hand paid by said Second Party, the receipt of which is hereby acknowledged, has granted, bargained, sold and conveyed, and does by these presents grants, bargains, sells and conveys unto Second Party, the real property described as follows:

TRACT I:

SITUATED, LYING, AND BEING in District No. Two (2), of Loudon County, Tennessee, within the corporate limits of the City of Lenoir City, Tennessee, being Parcel 100.02 as shown on CLT Map 17, in the Loudon County Property Assessor's Office, and being more particularly bounded and described as follows to wit:

BEGINNING at an iron rod set on the northern right of way of State Route 95, also being on the line of Lot 1, Buddy White Subdivision (Plat Cabinet E, Slide 19), said iron rod set being located South 73 deg. 18 min. 10 sec. East, 333.46 feet from the centerline intersection of State Route 95 and Town Creek Road; thence leaving the northern right of way of State Route 95 and with the line of Lot 1 Buddy White Subdivision North 26 deg. 20 min. 50 sec. East, a distance of 170.01 feet to an iron rod found, a common corner with Lot 2, Buddy White Subdivision; thence with the line of Lot 2, Buddy White Subdivision North 26 deg. 24 min. 39 sec. East, a distance of 167.79 feet to an iron rod found on the line of property formerly belonging to Irene Summitt; thence with said line the following two (2) calls: 1) South 61 deg. 09 min. 20 sec. East, a distance of 914.50 feet to an iron rod set; 2) North 26 deg. 27 min. 07 sec. East, a distance of 510.80 feet to an iron rod found, a common corner with Karen Tatham; thence with the line of Karen Tatham South 55 deg. 25 min. 53 sec. East, a distance of 154.78 feet to an iron rod found, a common corner with Cedric E. Giles, et ux; thence with the line of Cedric E. Giles, et ux South 53 deg. 54 min. 46 sec. East, a distance of 213.68 feet to an iron rod found on the western line of the Cheatham Estate Subdivision; thence with the line of Cheatham Estate Subdivision the following two (2) calls: 1) South 50 deg. 45 min. 41 sec. West, a distance of 262.73 feet to an iron rod found; 2) South 50 deg. 52 min. 23 sec. West, a distance of 647.78 feet to an iron rod set, a common corner with Ruby Cheatham; thence with the line of Ruby Cheatham North 74 deg. 06 min. 45 sec. West, a distance of 241.73 feet to an iron rod set on the northern right of way of State Route 95; thence with the northern right of way of State Route 95 the following five (5) calls: 1) North 54 deg. 04 min. 54 sec. West, a distance of 101.80 feet to an iron rod set; 2) North 35 deg. 25 min. 40 sec. East, a distance of 20.00 feet to an iron rod set; 3) North 54 deg. 04 min. 54 sec. West, a distance of 200.00 feet to an iron rod set; 4) South 35 deg. 25 min. 40 sec. West, a distance of 10.00 feet to an iron rod set; 5) North 54 deg. 04 min. 54 sec. West, a distance of 372.50 feet to the POINT OF BEGINNING. Containing 508,186 square feet or 11.67 acres, according to the survey by Daniel P. Humphreys, R.L.S. Number 2060, of Site Inc., 2033 Castaic

(4) For map see Cabinet F Slide 369/2-1-05

Lane, Suite 101, Knoxville TN 37932, dated September 5th, 2002, said survey bearing file number "1443 alta". All bearings are referenced thereon to Grid North of the Tennessee Lambert Grid System.

TRACT II:

SITUATED, LYING, AND BEING in District No. Two (2), of Loudon County, Tennessee, within the corporate limits of the City of Lenoir City, Tennessee, being Parcel 98 as shown on CLT Map 17, in the Loudon County Property Assessor's Office, and being more particularly bounded and described as follows to wit:

BEGINNING at an iron rod found on the eastern right of way of Town Creek Road East, said iron rod being located North 33 deg. 05 min. 14 sec. East, 411.44 feet from the centerline intersection of State Route 95 and Town Creek Road, said iron rod also marking common corner to Lot 2 Buddy White Subdivision (Plat Cabinet E, Slide 19); thence with the eastern right of way of Town Creek Road the following two (2) calls: 1) North 37 deg. 39 min. 58 sec. East, a distance of 221.36 feet to an iron rod set; 2) North 41 deg. 54 min. 21 sec. East, a distance of 408.29 feet to an iron rod set, a common corner with Herman Liles; thence leaving the eastern right of way line of Town Creek Road and with the line of Herman Liles South 61 deg. 34 min. 14 sec. East, a distance of 1,043.15 feet to an iron rod found on the line of Karen Tatham; thence leaving the line of Herman Liles and with the line of Karen Tatham South 26 deg. 27 min. 07 sec. West, a distance of 116.43 feet to an iron rod found, a common corner with property formerly belonging to Billy Ray Summitt, et al; thence leaving the line of Karen Tatham and with the line of Summitt the following two (2) calls: 1) South 26 deg. 27 min. 07 sec. West, a distance of 510.80 feet to an iron rod set; 2) North 61 deg. 09 min. 20 sec. West, a distance of 914.50 feet to an iron rod found, a common corner with Lot 2, Buddy White Subdivision; thence leaving the line of Summitt and with the line of Lot 2, Buddy White Subdivision the following two (2) calls: 1) North 61 deg. 09 min. 20 sec. West, a distance of 31.03 feet to an iron rod found; 2) North 60 deg. 32 min. 52 sec. West, a distance of 250.00 feet to the POINT OF BEGINNING. Containing 700,219 square feet or 16.07 acres, according to the survey by Daniel P. Humphreys, RLS Number 2060, of Site, Inc., 2033 Castaic Lane, Suite 101, Knoxville, TN 37932, dated September 5, 2002, said survey bearing file number "1443 alta". All bearings are referenced thereon to Grid North of the Tennessee Lambert Grid System.

BEING the same property conveyed to Horne Development, L.P., a Tennessee limited partnership by Warranty Deed from Billy Ray Summitt and wife, Irene Summitt dated December 11, 2002, of record in Deed Book 272 page 238, in the Loudon County Register's Office.

First Party also conveys to Second Party, all right, title and interest of First Party in and to any roads and any strips or gores of land adjacent to, abutting or adjoining all the tracts and parcels of property described above on all sides thereof.

Further, together with all right, title and interest of First Party in and to the Soils Easement Agreement between First Party and Billy Ray Summitt and wife, filed for record in Deed Book 272, Page 241, in the Loudon County Register of Deeds Office.

with the hereditaments and appurtenances thereto appertaining, hereby releasing all claims therein. **TO HAVE TO HOLD** the same unto the Second Party, its successors and assigns forever.

AND said First Party, for itself, its successors and assigns, does hereby covenant with said Second Party, its successors and assigns, that it is lawfully seized in fee simple

of the premises above conveyed and has full power, authority and right to convey the same, and that said premises are free from all encumbrances except 2002 taxes, which shall be prorated as of the date of closing and which Second Party assumes and agrees to pay, and the following matters:

THIS conveyance is made subject to all applicable restrictions, easements, and building setback lines as are shown of record in the Loudon County Register's Office and further to any matters and/or conditions which would be disclosed by a current accurate survey and inspection of the property herein described;

and that First Party will forever warrant and defend the said premises and the title thereto against the lawful claims of all persons whomsoever.

Whenever in this instrument a pronoun is used it shall be construed to represent either singular or plural, or the masculine, feminine or neuter gender, as the case may demand.

IN WITNESS WHEREOF, the said First Parties have caused this instrument to be executed as of the day and year first above written.

HORNE DEVELOPMENT, L.P.,
a Tennessee limited partnership
By Horne Properties, Inc.,
General Partner

INST: 0007775801
RECEIVED: 12/13/2002 :
TRACIE LITTLETON
REGISTER OF DEEDS LOUDON CO. TN

By *Christina C. Grey*
CHRISTINA C. GREY,
Vice President

STATE OF TENNESSEE)
COUNTY OF *Knox*) SS:

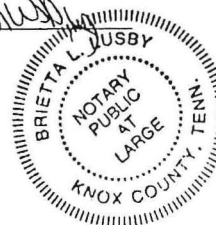
PERSONALLY appeared before me, the undersigned authority, a Notary Public in and for said County and State, Christina C. Grey, with whom I am personally acquainted, or proved to me on the basis of satisfactory evidence and who upon oath, acknowledged herself to be the Vice President of Horne Properties, Inc., a Tennessee corporation, which is General Partner of Horne Development, L.P., a Tennessee limited partnership, the within named bargainor, and that she as such officer of the General Partner, being authorized so to do, executed the within instrument for the purposes therein contained, by signing the name of the corporation by herself as such officer of the General Partner.

WITNESS my hand and official seal at office in *Knox* County,
Tennessee, this *13th* day of December, 2002.

My Commission expires:

11/1/2006

Brietta L. Busby
Notary Public



STATE OF TENNESSEE LOUDON COUNTY REGISTER'S OFFICE
THIS INSTRUMENT RECEIVED AT *4:42* O'CLOCK *P.* M., OF THE *13* DAY OF *Dec.* 20 *02*
DULY CERTIFIED AND REGISTERED IN SAID OFFICE IN *Deed* BOOK NO. *272* PAGE *247*
AND NOTED IN BOOK NO. *7* PAGE *152* STATE TAX PAID \$ *10,264.80*
Fee \$22.00 *Tracie Littleton* REGISTER

I hereby swear of affirm that the actual consideration or true value of this transfer,
whichever is greater, is \$ 2,774,000.00.

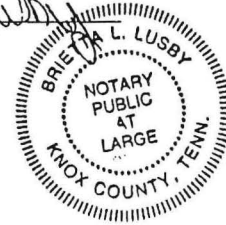
Cynthia Shields, agent
Affiant

Subscribed and sworn to before me this 13th day of December, 2002.

Brian L. Lusby
Notary Public

My Commission Expires: 10/16/2006

ws31/wdced/73169



Loudon County Commission

Exhibit # 032221-I

3-12-21

Loudon County
Board of Commissioners
Re – Fort Loudoun



March 12, 2021

Loudon County Board of Commissioners
c/o The Honorable Buddy Bradshaw
Mayor of Loudon County
100 River Road #106
Loudon, Tennessee 37774

Re: Fort Loudoun Medical Center

Dear Mayor Bradshaw:

It is remarkable that sixteen years have passed since Loudon County and Covenant Health entered into the transactions and agreements that serve as the foundation upon which bonds of mutual commitment and trust were built, creating a relationship that has grown and continues to flourish today. As you may recall, under the Lease Agreement dated November 12, 2004 (the "Hospital Lease"), Covenant Health acquired the land upon which the facilities of Fort Loudoun Medical Center ("Hospital") are located, deeded the land to Loudon County, leased the land back from the County and built a brand new hospital for service to the residents of Loudon County. In exchange for the County entrusting Covenant Health with the opportunity to provide care to its residents, Covenant Health formally committed to expend funds necessary to acquire the land and construct the Hospital, and during the term of the Hospital Lease, to expend an additional minimum of \$20,000,000 for, among other things, capital expenditures and improvements to the Hospital, medical equipment, IT systems, physician recruitment and other projects to promote the health, welfare and wellness of Loudon County residents.

Covenant Health's actual financial investment in the health of the citizens of Loudon County has far exceeded the requirements contained in the Hospital Lease. Total costs for the acquisition of the land and construction of the Hospital exceeded \$19,400,000. Of the additional \$20,000,000 Covenant is required to expend over the term of the Hospital Lease (which ends no later than December 31, 2034), Covenant has already expended in excess of \$30,000,000, including over \$8,000,000 for the new medical office building adjacent to the Hospital. To date, Covenant's total financial expenditures for the Hospital, medical office building, expenditures contemplated by the Hospital Lease, and the development and expansion of healthcare services in Loudon County has exceeded \$49,500,000. These numbers represent only actual cash outlays, and do not reflect any amount for uncompensated and charity care delivered to the residents of Loudon County, increased tax revenues, and other intangible benefits the Hospital brings to the Loudon County community.

While Covenant has far surpassed the requirements in the Lease Agreement, Covenant is prepared to go further, much further, in its long-term commitment to the delivery of care to Loudon County residents, and is poised to expend significant additional resources to modernize and upgrade the Hospital. Specifically, Covenant Health is prepared to convert the Hospital from a facility with all semi-private rooms into a facility with all private rooms, through the construction of a new wing with approximately 25 new private rooms, together with renovation of certain areas of the existing Hospital as necessary accomplish this objective, with an expected cost of \$12 to \$15 Million. All of the new construction and renovation would be performed by

Covenant Health at its sole cost. However, given that the existing Lease Agreement has a remaining term that ends no later than December 31, 2034, in order for Covenant Health to make this additional investment and commitment, prudence dictates that we insure our ability to maintain a long term presence at the existing Hospital site. Therefore, we request that in consideration of our commitment to build and pay for these additional improvements at the Hospital, that Loudon County convey ownership of the land and hospital facilities back to Covenant Health prior to commencement of construction.

We look forward to an opportunity to discuss this proposal with you and the Loudon County Board of Commissioners in the very near future.

Sincerely,



Jim VanderSteeg
President and CEO