

**FIRST AMENDED AND RESTATED
LEASE AGREEMENT**

THIS FIRST AMENDED AND RESTATED LEASE AGREEMENT, made and entered into as of this 1st day of January, 1995, by and between:

THE BOARD OF COMMISSIONERS OF THE HIGHLANDS COUNTY HOSPITAL DISTRICT, A CORPORATE BODY POLITIC CREATED UNDER CHAPTER 62-2232, LAWS OF FLORIDA, HEREINAFTER REFERRED TO AS LESSOR

AND

SEBRING HOSPITAL MANAGEMENT ASSOCIATES, INC., A FLORIDA CORPORATION, HEREINAFTER REFERRED TO AS LESSEE

WHEREAS, the Lessor and Lessee are parties to that certain 20-year Lease Agreement dated as of January 24, 1985 (the "Lease Agreement"), governing Highlands Regional Medical Center, Sebring, Florida; and

WHEREAS, the parties are desirous of redefining their respective rights and obligations under the above Lease Agreement; and

WHEREAS, in exchange for a 20-year extension of the lease term set out in this above Lease Agreement (or an extension until July 31, 2025), Lessee would be willing to commence payment immediately of an annual rental amount; and

WHEREAS, the parties further desire to set aside and waive Lessor's obligations regarding Prepaid Rent upon early termination of the Lease Term; and

WHEREAS, both parties acknowledge and affirm that each has totally, completely and satisfactorily complied with all of their respective duties and obligations under the Lease Agreement.

NOW, THEREFORE, in consideration for the Rent herein and other premises herein, the parties hereby agree as follows:

ARTICLE 1 DEFINITIONS

The following are definitions in addition to those made elsewhere in this First Amended and Restated Lease Agreement.

1.1 "Extended Lease" shall refer to this document.

1.2 "Lease Agreement" shall refer to the original Lease between the parties dated January 24, 1985 and all amendments thereto.

1.3 "Lease Extension Date" shall be January 1, 1995.

1.4 "Extended Lease Term" shall mean a period commencing upon the execution of this Lease and ending at Midnight on July 31, 2025.

1.5 "Lease Year" shall mean a twelve month period commencing on August 1 of any year and subsequent anniversaries thereof.

1.6 "Permitted Premises Use" shall mean the operation of the business of an acute care hospital and other licensed health related activities.

1.7 "Premises" shall refer to the real property more particularly described on Exhibit A attached hereto and made a part hereof as though set forth herein, together with the improvements thereon, including parking areas, access roads and driveways, and the furniture, furnishings, fixtures, and equipment contained therein or used in connection therewith or with the operation of the Hospital and all other governmental licenses, permits and authorizations required to operate the Hospital and all rights, privileges, and easements appurtenant thereto.

1.8 "Improvements" shall mean all buildings, structures, fixtures, landscapings, utility lines, roads, driveways, fences, parking areas, contiguous and adjacent and entry rights, and all other improvements to the Premises owned by Lessor and located in and upon the Premises.

1.9 "Hospital" shall refer to the Highlands Regional Medical Center, Sebring, Florida.

1.10 "Lessee's Personal Property" shall refer to property kept or maintained on the Premises to which Lessee has legal and/or equitable title.

1.11 "Termination" shall mean the surrender of possession of the premises to Lessor and vacating of same by Lessee at any time prior to the expiration of the Extended Lease Term for any reason.

ARTICLE 2 EXECUTION OF LEASE

Lessor hereby demises, rents and lets to Lessee and Lessee hereby leases, rents and hires from Lessor all of the Lessor's right, title and interest in and to the Premises upon the terms and conditions herein contained. This Extended Lease is subject to all valid easements and restrictions of record that do not prohibit Lessee's occupancy and use of the Premises as herein provided.

ARTICLE 3 USE AND CONTROL OF PREMISES

3.1 Hospital Services and Related Activities.

Lessee shall use the premises only for Permitted Premises Use, as defined in Article 1.6 herein. During the Extended Lease Term, Lessee shall operate a 126 bed acute care hospital and related activities on the Premises in conformity with Lessor's enabling act requirements to provide care to its District and in connection therewith shall have the exclusive right to use and control the entire Hospital operations, including, but not limited to, administration, services, finances, medical and non-medical staffing, equipment, inventory, furnishings, supplies, renovation, and addition to or expansion of the Premises. Lessee shall comply with all laws and governmental regulations applicable to the operation and maintenance of the Premises. The Premises shall not be used for any illegal or unlawful purposes or for any purpose that is not a Permitted Premises Use.

3.2 Financial Statements and Reports.

Lessee shall furnish to the Lessor, as soon as practicable after the close of the fiscal year, an annual balance sheet and related statement showing the results of the operations of the Hospital during the fiscal year, certified by a public accounting firm.

ARTICLE 4 LEASE TERM

The Extended Lease Term shall commence upon the execution of this Extended Lease and shall continue through July 31, 2025.

ARTICLE 5 RENT

5.1 Basic Rent.

Commencing on January 1, 1995 and continuing through the Extended Lease Term, Lessee agrees to and shall pay Lessor as rent for the Premises, \$320,000 per Lease Year. For the portion of the Lease Year from January 1, 1995 through July 31, 1995, Lessee shall pay Lessor prorated rent in the amount of \$186,667. Payment of all rental payments shall be made pursuant to prior written instructions of Lessor. In addition to the herein stated Basic Rent and Other Obligations, the Lessee shall remit to the Lessor with the Basic Rent any applicable sales tax.

5.2 Other Obligations.

Any other obligation of Lessee which under the terms of this Extended Lease requires the payment of money to Lessor shall be construed as a rental obligation.

ARTICLE 6 INSURANCE

6.1 General Provisions.

Where permitted by the issuing insurance carrier, Lessor shall be named as an additional insured in the policies of insurance required by this Extended Lease to be acquired and maintained by Lessee, and no such policy shall be canceled or reduced in scope of coverage or amount of coverage without twenty (20) days written notice to Lessor. Certificates of Insurance evidencing the policies required herein shall be delivered by the Lessee to the Lessor.

6.2 Property Insurance.

During the Extended Lease Term, Lessee shall keep the Premises continuously insured for property damage, including windstorm and flood in an amount not less than actual replacement cost for a licensed 126 bed acute care hospital without deduction for physical depreciation.

6.3 Liability Insurance.

During the Extended Lease Term, Lessee shall maintain the following insurance coverage:

- (a) Comprehensive general liability insurance having limits of not less than \$1,000,000 for each occurrence for personal injury (including bodily injury and death),
- (b) Professional liability coverage having limits of not less than \$1,000,000 per claim and \$3,000,000 annual aggregate,
- (c) Liability insurance covering damage to property not belonging to Lessor with limits of not less than \$500,000,
- (d) Owned and non-owned motor vehicle liability insurance having limits of not less than \$500,000 for injury to persons or property arising out of the ownership, maintenance, use or occupancy of such motor vehicles,
- (e) Appropriate workers compensation coverage with Employer's liability coverage of at least \$1,000,000, and
- (f) Umbrella coverage on all liability insurance of \$5,000,000.

6.4 Compliance by Lessee.

It is agreed that Lessee shall be in compliance with the terms of this Article so long as the total limits of insurance herein required are provided, regardless of the allocation of such

limits among underlying or excess policies. Lessee shall also be deemed in compliance with this Article 6 should it, in its discretion, choose to self-insure all or any portion of the above risks so long as it complies with all aspects of Florida Law regarding such self-insurance.

6.5 Remedy for Noncompliance.

If Lessee shall fail to obtain and pay the premiums for any insurance policies providing the coverages specified in this Article, then Lessor may (but shall not be obligated to) obtain same and pay the premiums therefore, and the amount paid by Lessor shall be construed as additional rent which shall be immediately due and payable. In the alternative, Lessor may give notice of breach pursuant to Article 16.1.

6.6 Business Interruption Insurance.

It is understood that the Lessee may maintain business interruption insurance for its protection and any proceeds payable under any such policy shall be the sole property of the Lessee.

ARTICLE 7 FIRE AND CASUALTY DAMAGE

7.1 Notice of Damage.

If any part or all of the Premises should be damaged or destroyed by fire, storm or other casualty and the amount of damage exceeds the amount of dollars stated to be applicable in the standard "deductible clause" of the property insurance policy, Lessee shall give written notice thereof to Lessor within ten (10) days of the date the damage occurred.

7.2 Substantial Destruction.

If the hospital building, which is part of the Premises, is substantially destroyed during the Extended Lease Term (subject to Lessor's rights to decline to rebuild in the last ten (10) years as set out below in this paragraph), by fire, storm or other casualty, to the extent the Premises cannot reasonably be used for an acute care Hospital, then Lessee shall rebuild the Hospital building and any other damaged portions of the Premises so that the Premises can be used to furnish substantially the same services as were furnished on the Premises prior to the substantial destruction. If after the first twenty (20) years the Premises are substantially destroyed and Lessor elects not to rebuild, then insurance proceeds shall be first used to demolish and clear the hospital site; and then the remaining insurance proceeds shall then be divided among Lessor and Lessee as their respective interests may appear giving full equitable value to Lessor's remainder interests in the Premises and Lessee's remaining period under the Extended Lease. Lessee shall have management responsibility for the demolition and clearing of the Hospital site.

7.3 Partial Destruction.

If the hospital building or other improvements are damaged by fire, storm or other casualty to the extent that a portion of, but not substantially all of, the Premises cannot be used for the purpose for which such portion was used prior to the casualty, the Lessee shall restore the Premises to the condition they were in prior to the casualty. In such event, Lessor shall make available or shall pay and deliver to Lessee any insurance proceeds paid to Lessor because of the casualty loss resulting in the partial destruction.

7.4 Joint Account for Insurance Proceeds. All insurance proceeds received for events described in Articles 7.2 and 7.3 shall be immediately deposited in a joint account in a mutually acceptable Florida qualified public depository and drawn upon pursuant to reconstruction of the Premises.

7.5 Obligations of Lessor.

Nothing in this Article shall be construed to obligate Lessor to expend funds beyond those received as insurance proceeds.

7.6 Extension of Extended Lease Term.

The Extended Lease Term shall be automatically extended for a period equal to the number of days during which the ordinary and usual operation of the Hospital is prevented by reason of the partial destruction of the Premises. In the event of substantial destruction of the Hospital building and the subsequent reconstruction of the Hospital under Paragraph 7.2, this Extended Lease shall be automatically extended for five (5) Lease Years. Any lease extension arising under the provisions of this Article shall be upon the same terms and conditions as are set forth in this Lease.

ARTICLE 8 UTILITIES

Lessee shall pay all charges for water, electricity, gas, sewer, telephone and all other utilities, which shall be used in or on, or are properly charged against the Premises during the term of this Extended Lease. Lessee shall not be in breach of this Extended Lease for failure to pay any charge reasonably contested so long as Lessee indemnifies Lessor against such charge.

ARTICLE 9 CARE OF PREMISES, ALTERATIONS, ADDITIONS, MAJOR CAPITAL IMPROVEMENTS

9.1 Care of Premises.

Lessee, at Lessee's expense, shall keep and maintain the Premises and Improvements, in good order and repair. Lessee shall do all things which from the character and use of the Premises would be reasonably necessary for proper Maintenance, repair and replacement thereof and in this respect without limiting the generality of the foregoing Lessee shall perform and furnish, at Lessee's expense, all painting, carpentry, redecorating, landscaping,

refurbishing, maintenance, servicing, repairing and replacement of all portions of the Premises. Lessee shall be responsible for the care, maintenance and repairs, renovation or restoration, if required, of the air conditioning, heating, mechanical, plumbing and electrical systems. The standard for measurement for Lessee's obligation shall be that required under state hospital licensure standards.

Lessee acknowledges that its obligations to repair, renovate, restore or replace extends to the roof of the Hospital structure. Both Lessor and Lessee acknowledge that certain improvements when necessary, from time to time, may require approval from the Florida Agency for Health Care Administration, or its successor agency, for a Certificate of Need or similar regulatory approval. Lessee will apply for, and use its best efforts to obtain, approvals necessary to effect such improvements. Failure of Lessee to maintain, repair or restore, as aforesaid, shall entitle the Lessors, after notice in the manner provided for in Article 21, (i) to seek specific performance, (ii) to enter onto said Premises and repair and maintain and to charge the Lessee therefor, and such charges properly made shall be construed as additional rent which shall be immediately due and payable, or (iii) give notice of breach to Lessee under Article 16.1 of this Extended Lease.

9.2 Alterations, Additions and Capital Improvements.

Lessee shall have the right to make alterations, additions and capital improvements to the Premises, with or without the prior approval of Lessor, provided they are architecturally consistent with the Improvements, and such shall be made in a good and workmanlike manner, and shall comply with all applicable governmental laws, regulations and requirements. Alterations, additions and capital improvements shall be made at the cost and expense of the Lessee. Lessee shall report to Lessor at least 60 days in advance any project wherein Lessee shall add to by construction or reduce by demolition the square footage of the Premises.

9.3 Other Capital Improvements. Lessee shall continue to maintain a modern, well-equipped Hospital operation in a substantially similar manner in which it has maintained and equipped the Hospital through the term of the Lease Agreement. Nothing herein shall require HMA to add any specific equipment or service or prevent HMA from discontinuing any particular service.

ARTICLE 10 LICENSURE AND GOVERNMENT APPROVAL

Lessee must, at all times when legally required during the Extended Lease Term, conduct its business pursuant to a valid license issued by the State of Florida or its successor licensing entity authorizing the Lessee to operate a 126 bed acute care hospital on the Premises. Any reduction by Lessee in the number of licensed beds in the Hospital shall require the prior written consent of the Lessor.

Lessee shall cause the appropriate licensing authority to renew the license by which Hospital is allowed to operate, and shall do all things reasonably required by said licensing authority to obtain said renewal.

ARTICLE 11 ACCESS

Lessor and its agent shall have access at reasonable times and upon reasonable notice for the purpose of inspection of the Premises or of making repairs, additions or alterations, but this right shall not be construed as an agreement on the part of Lessor to make repairs.

ARTICLE 12 GOVERNMENTAL FEES

All fees due any governmental unit, including without limitation, units of any city, county, state or federal government, on account of the operation of the Hospital, shall be paid by Lessee. Lessee shall not be in breach of this Lease for failure to pay any such charge so long as Lessee indemnifies Lessor against such charge.

ARTICLE 13 QUIET ENJOYMENT

Subject to the terms and provisions of this Extended Lease, on payment of the rent and other charges hereunder due from Lessee and Lessee's maintaining the required licenses and the Hospital's certification under Medicare and Medicaid, Lessee shall lawfully, peaceably and quietly have, hold, occupy and enjoy the Premises and any appurtenant rights granted to Lessee under this Extended Lease during the Extended Lease Term without hindrance or ejection by Lessor or any person lawfully claiming under Lessor, and without interference by the Lessor in the operation of the Hospital.

ARTICLE 14 SUB-LEASE AND ASSIGNMENT

This Extended Lease may not be assigned nor may the Premises be sub-leased without the prior written consent of Lessor, which consent shall not be unreasonably withheld.

Notwithstanding the above (and as relates only to an entity that owns any other acute care hospital in Highlands County, Florida), in the event Lessee shall be reorganized with or shall be merged or consolidated with, or sell its assets to any entity that owns any other acute care hospital in Highlands County, Florida which shall, as the result of such reorganization, merger, consolidation or sale, succeed to substantially all of the assets and business of Lessee, Lessor shall be granted an option to terminate Lessee's rights under this Extended Lease upon the payment to Lessee of the fair market value of such rights, determined pursuant to the appraisal procedures set forth in the following paragraph, and upon the other terms set forth in the following paragraph.

Within ninety (90) days following the date that Lessor has notice of an event which would activate the option granted hereunder, Lessor may exercise its option to terminate Lessee's rights hereunder by giving notice to that effect to Lessee. If Lessor and Lessee cannot mutually agree on the value of Lessee's rights, such value shall be established by an appraisal supplied by a mutually agreed upon appraiser with a nationally recognized reputation in the health care industry. Payment shall be made in cash and shall be delivered to Lessee at closing following the receipt by the parties of the final appraiser's report. The parties shall conclude the termination of Lessee's rights hereunder, including payment to

Lessee as described above, within one hundred fifty (150) days from Lessor's notice of the qualifying event. If the termination is not concluded, and payment is not received by Lessee within such one hundred fifty (150) day period, Lessor will be deemed to have declined to exercise its option granted hereunder. Lessee shall, upon receipt of such payment, execute and deliver to Lessor any documentation reasonably requested by Lessor to evidence the termination of the Extended Lease.

In the event that Lessor declines to exercise the option granted hereunder, or ninety (90) days passes from receipt by Lessor of notice of Lessee's applicable reorganization, merger, consolidation or sale, Lessor shall be deemed to have consented to the assignment by Lessee of its rights as tenant hereunder to its successor, and such successor shall automatically and without the necessity of any further assignment become and be considered the tenant under this Extended Lease in accordance with and subject to all of the terms, provisions and conditions hereof.

ARTICLE 15 LIENS, MORTGAGE, TAXES AND SPECIAL ASSIGNMENTS

15.1 Use as Security.

Neither Lessor nor Lessee shall sell, convey, mortgage, pledge or otherwise encumber or use as security any portion or all of the Premises or the Extended Lease subsequent to the execution of this Extended Lease.

15.2 Taxes and Special Assessments.

Lessee shall timely pay when due all taxes, assessments, and other charges, which relate to periods during the Extended Lease Term and which may be levied or imposed on the Premises. Lessee shall also pay, save, hold harmless and indemnify Lessor for real and personal property taxes levied, imposed or payable for the calendar year immediately following any termination of this Extended Lease, by reason of the Extended Lease of the Premises to the Lessor, unless such taxes would otherwise be the obligation of a successor lessee or purchaser. Provided, however, Lessee hereby expressly reserves all of its rights to contest said taxes, assessments or charges to the full extent of its applicable administrative or judicial remedies.

15.3 Liens-Indemnity.

The Premises will not be subject to liens or judgments on account of work done or materials, supplies or equipment furnished to Lessee.

Lessee shall indemnify Lessor against all mechanic's liens and other liens or judgments on account of work done for or materials, supplies or equipment furnished to Lessee or persons claiming under Lessee for maintenance, repairs, and alterations performed during the Extended Lease Term. Lessee shall take such action as may be required, including the payment of a sum into the Court or the posting of a bond to secure payment of any such lien, to cause any claim for such lien to be cleared prior to execution on judgment. The mere

filing or foreclosure of a lien against the Premises or a judgment entered thereon shall not constitute a default so long as the Lessee shall comply with this indemnity obligation.

ARTICLE 16 LESSEE'S DEFAULT AND REMEDIES THERETO

16.1 Material Events of Default.

The following shall constitute material events of default under this Extended Lease, upon the occurrence of which Lessor may elect to terminate this Extended Lease by written notice to Lessee as is hereinafter provided:

- (a) if Lessee shall fail to pay rent as specified in Article 5, and such failure to pay rent under Article 5 of this Extended Lease Agreement shall continue for a period for sixty (60) days after written notice thereof shall have been given to Lessee by the Lessor,
- (b) if Lessee shall lose or forfeit its license to operate the Hospital as an acute care hospital, or shall otherwise fail to operate the Premises as an acute care hospital,
- (c) if Lessee shall lose its Medicare certification,
- (d) if any voluntary or involuntary petition or similar pleading under any Act of Congress relating to bankruptcy is filed by or against Lessee, and if such proceeding shall not be dismissed before an adjudication in bankruptcy,
- (e) if Lessee fails to maintain the Premises pursuant to Article 9.1 and Lessee has been cited for such failure by the relevant licensure agency and has failed to comply with an approved deficiency correction plan within the time frame presented by relevant state regulations.

Provided, however, that if Lessee is notified by the appropriate authority or is otherwise informed that its operating license or Medicare certification has been lost, forfeited or revoked, then Lessee may take such action as it may deem necessary to seek reinstatement or recertification, including commencement or defense of such administrative and/or judicial proceedings as may be indicated, and the period of extension to cure such default shall continue until all of the administrative and/or judicial remedies of the Lessee have been exhausted and such proceedings have resulted in the final judicial determination that Lessee is not entitled to reinstatement, renewal or recertification, or that Lessee must surrender same, as the case may be. The saving provision stated in this paragraph shall apply only so long as Lessee shall be legally or judicially allowed to continue the operation of the Hospital without thereby being in violation of any order of a court of competent jurisdiction.

16.2 Notice of Material Default.

If Lessee shall fail to perform, observe or comply with any material terms, covenants, conditions, or provisions contained in Article 16.1 of this Extended Lease, binding upon Lessee, and any such failure shall continue for a period of sixty (60) days after written notice

thereof shall have been given to Lessee by the Lessor, then Lessor may have and exercise all legal and equitable remedies available under the laws of the State of Florida. Provided, however, that if Lessee shall proceed to cure any breach and such cure, if begun and prosecuted with due diligence cannot be completed within a period of sixty (60) days, then such period shall be increased to such extent as shall be necessary to enable Lessee to begin and complete such cure through the exercise of due diligence.

16.3 Indemnity for Breach.

Notwithstanding any inconsistent provision of this Article, if any breach of this Lease shall occur, and the Lessee shall fail to cure such breach in the manner specified herein, and such breach shall result only in monetary loss to the Lessor, then Lessee may elect to cure such breach by paying, indemnifying and holding Lessor harmless from and against such loss within thirty (30) days from the final determination of such breach and such payment and indemnification shall have the same effect as if no breach had occurred, and the Extended Lease shall continue for the balance of the Extended Lease Term.

16.4 Causes Beyond Lessee's Control.

If either party shall be delayed or prevented from the performance of any act required by this Extended Lease by reason of acts of God, strikes, lockouts, or other cause, without fault and beyond the reasonable control of the Lessor or Lessee, performance of such act by such party shall be excused for the period of the delay; and the period for the performance of any such act shall be extended for a period equivalent to the period of such delay, provided, however, nothing in this section shall excuse Lessee from the prompt payment of any rental or other charge required of Lessee except as may be expressly provided elsewhere in this Extended Lease.

16.5 Repossession of the Premises on Termination.

Upon termination of this Extended Lease as provided herein, the Lessor may proceed to enter into and repossess the Premises with process of law, assume (at Lessor's sole option) Lessee's equipment leases and acquire Lessee's personal property at its then book value ~~at Lessor's sole option~~ and remove Lessee's employees or property therefrom in such manner and in accordance with such procedures as a Court having jurisdiction may allow, without incurring any liability to Lessee or to any persons occupying or using the Premises for any damage caused or sustained by reason of such lawful entry or removal. Upon breach of the terms of this Extended Lease by Lessee under the provisions of this Article, Lessor shall have all the rights and remedies and obligations provided by law, except that where a specific remedy has been provided for in this Extended Lease such specific remedy shall be Lessor's sole remedy for such breach; provided that Lessee may continue to operate the Hospital and have possession of the Premises until it becomes legally obligated to surrender same by reason of a final non-appealable judicial determination in the courts of the State of Florida or at the level of the Circuit Court of Appeals if the applicable proceeding was commenced in a Federal District Court by an unrelated part.

16.6 Abandonment by Lessee.

If at any time during the Extended Lease Term, Lessee shall fail to operate the Hospital Premises as an acute care hospital for any period of seven (7) consecutive days and the Hospital Premises have not been partially or substantially destroyed as defined by Article 7 of this Agreement or such failure to operate as an acute care hospital was caused by some other event or occasion beyond the control of Lessee, then the Leased Premises shall be deemed to be abandoned and the Extended Lease terminated and Lessor shall be entitled to take immediate possession thereof, and all other legal and equitable remedies available under the laws of the State of Florida.

ARTICLE 17 EMINENT DOMAIN

If the entire Leased Premises, or such part thereof as renders the remaining portion unsuitable for use as a one hundred twenty-six (126) bed general hospital with adequate parking area, and vehicular and pedestrian access to the Leased Premises, is acquired by governmental or quasi-governmental authorities by the exercise of the power of eminent domain, then, upon written notice of Lessee's election so to do, given by Lessee to Lessor within thirty (30) days after receipt by Lessee of notice from Lessor that proceedings or negotiations with respect to such acquisition have begun, this Extended Lease shall terminate for all purposes (except enforcement of rights then accrued), at the time possession must be surrendered to such authority and the amount of the award shall be divided among Lessor and Lessee as their respective interests may appear giving full equitable value to Lessor's remaining interests in the Premises and to Lessee's remaining period under the Extended Lease.

ARTICLE 18 TIME FOR PERFORMANCE

18.1 Time is of the Essence.

Time is of the essence, and both parties agree to perform their obligations in a timely manner.

18.2 Delay.

No delay or failure on the part of either party in exercising or enforcing any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege preclude any other or further exercise of any other right, power or privilege.

18.3 No Waiver.

Waiver of any breach of a term, condition, or covenant of this Extended Lease by Lessor or Lessee shall be limited to the particular instance and shall not be deemed to waive future breaches of same or other terms, conditions or covenants.

ARTICLE 19 LESSOR HELD HARMLESS

Lessee agrees to save, indemnify and hold Lessor harmless for any claims, rights, liabilities or obligations arising out of Lessee's rights and duties under the Extended Lease and its operation of the Hospital subsequent to the execution of this Lease, except the liabilities or obligations of Lessor to Lessee.

ARTICLE 20 SURRENDER OF PREMISES-TRANSFER OF LICENSE AND CERTIFICATE OF
NEED

Lessee shall, upon expiration of the Extended Lease Term or upon termination under Article 16, surrender the Premises to Lessor, including all buildings, replacements, alterations, and improvements constructed or placed by Lessor or Lessee thereon in good condition and repair, ordinary wear and tear excepted. Lessee shall cooperate in all reasonable requests of Lessor to assist in the transfer of all applicable Hospital licenses, permits and Certificates of Need required by Lessor to operate Hospital for its own account. Lessor may, at its sole option, assume Lessee's equipment leases and acquire Lessee's personal property at its then book value.

ARTICLE 21 NOTICE

Whenever in connection with this Extended Lease it shall be required or permitted that notice, demand, consent, approval or communication be given or served by either party to the other, it shall be given or served (with a copy to the attorney who Lessor and Lessee may from time to time designate in writing to review such notice) and shall be deemed not to have been duly given or served and shall be ineffectual unless in writing and forwarded by certified or registered mail, postage prepaid, addressed to Lessor or Lessee, and their duly designated attorneys, as follows:

If to Lessor: Chairman of the Board of the
 Highlands County Hospital District
 P.O. Box 1926
 Sebring, Florida 33871-1926

If to Lessee: Sebring Hospital Management Associates, Inc.
 Attention: President
 5811 Pelican Bay Boulevard
 Suite 500
 Naples, Florida 33963

or to such other single address as either party may direct from time to time and shall be deemed given when deposited in the United States mail, postage prepaid.

ARTICLE 22 MISCELLANEOUS

22.1 Relationships of Parties.

Nothing contained in this Extended Lease shall be deemed or construed by the parties hereto or by any third person to create the relationship of principal and agent or partnership or joint venture or of any association between Lessor and Lessee, and no provision contained in this Extended Lease or any acts of the parties hereto shall be deemed to create any relationship between Lessor and Lessee other than the relationship of Lessor and Lessee.

22.2 Captions.

The captions for this Extended Lease are for convenience only and shall not be considered or referred to in resolving questions of interpretation or construction.

22.3 Number and Gender.

The terms "Lessor" and "Lessee" wherever used herein shall be applicable to one or more persons or entities, as the case may be.

22.4 Rights and Remedies.

It is the intention of the parties to specifically set forth their respective rights and remedies in the specific provisions of this Extended Lease. However, where no specific remedy has been provided by the terms of this Extended Lease, both Lessor and Lessee shall retain their right to damages, specific performance or other appropriate relief. The party who successfully litigates any dispute arising under this Extended Lease shall be entitled to reasonable attorneys fees incurred at the trial or appellate level. Provided, that termination shall be a remedy only in the manner as specified in Article 16.

22.5 Multiple Originals.

This Extended Lease may be executed in several counterparts, each of which shall be deemed to be an original.

22.6 Successors and Heirs.

The covenants and agreements of this Extended Lease shall be binding upon and inure to the benefit of the heirs, legal representative, successors and assigns of any or all of the parties hereto, and the successor governing boards of Lessor and Lessee.

It is specifically understood that Lessor shall retain all rights and powers it now possesses or may possess in the future to alter, change, or terminate its existence as a Florida Body Politic and that this Extended Lease and Lessor's rights and obligations hereunder shall inure to the benefit to its legal successor under Florida law.

22.7 Cooperation Clause.

Lessor and Lessee agree to pursue and perform with all due diligence all acts, applications, authorizations and consents necessary or convenient to the fulfillment of the terms, covenants, conditions and provisions of this Extended Lease, and to execute any and all documents incident thereto.

22.8 Entire Agreement.

This Extended Lease substitutes and replaces the original Lease Agreement dated January 24, 1985 between the parties hereto, and this Extended Lease contains the entire agreement of Lessor and Lessee hereto with respect to the matters covered hereby, and no other agreement, proposal, bid, response, statement, or promise made by either, or to any employee, officer or agent of either, whether oral or written, which is not contained herein shall be binding or valid. No modification of this Extended Lease shall be binding on the parties unless it is in writing and executed by both Lessee and Lessor.

22.9 Severability Clause.

Each and every Article and provision of this Extended Lease is severable from each other Article or provision. If any Article or provision shall be determined to be invalid or in violation of any applicable law or regulation, the same may be amended to the extent needed to comply therewith and the existence of such invalid provision or violation shall not in any manner affect or invalidate any other Article or provision of this Extended Lease.

In the event that this Extended Lease shall be finally judicially determined to be invalid or in violation of any applicable law or regulation, then this entire Extended Lease shall be voided. Then, and in that event, the Lease and all prior amendments thereto (except for the provisions of Article 20 of the Lease and any other provisions dealing with repayment of prepaid rent, which are deemed waived) shall be and remain in full force and effect as if this Extended Lease had not been entered into, and the Lease shall not in any manner be affected or invalidated by such determination.

22.10 Lessor's Agreement Not to Employ Lessee's Employees.

During the term of this Extended Lease or within two (2) years after termination of this Extended Lease, Lessor agrees not to knowingly employ in any capacity any employee of Lessee or its corporate affiliates, (excluding current Hospital employees and present or future Hospital staff employees below the level of Executive or Associate Executive Director) including the management personnel who provide services to the Hospital during the Extended Lease Term in a management, consulting or service capacity, in the case of management personnel, or in the capacity of an Executive Director or Associate Executive Directors of Finance, Administration or Nursing. Lessor agrees that this provision is reasonable in its scope and is an inducement to Lessee to supply personnel who are qualified and competent. Lessor acknowledges it is aware that Lessee's employees have covenanted not to accept employment with Lessor.

In the event Lessor breaches the provisions referred to above, then Lessee shall be entitled to all legal and equitable remedies available under the laws of the State of Florida, including injunctive relief and damages.

Notwithstanding Lessee's Employees' personal covenants not to compete, this Article shall not be applicable and Lessee's Employees' personal covenants are waived, in the event that Lessee arbitrarily terminates this Extended Lease without cause, abandons the Premises, or this Extended Lease is terminated for cause pursuant to Article 16.

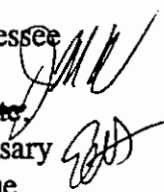
22.11 Applicable Law and Forum.

Validity and interpretation of this Extended Lease shall be determined under the laws of the State of Florida.

ARTICLE 23 CONDITIONS PRECEDENT TO LESSEE'S OBLIGATIONS

This Extended Lease is executed subject to the following express conditions precedent, any of which may be waived by Lessee:

23.1 Lessor's Authority to Execute Extended Lease.

Lessor shall deliver to Lessee a certificate in a form reasonably satisfactory to Lessee executed by an appropriate officer of the Lessor that it possesses the lawful power and authority to enter into this Extended Lease, ~~that by so doing it does not violate any state, local or federal, rule, regulation or statute,~~ and that it has performed any and all necessary enabling acts authorizing the execution of this Extended Lease and consummation of the transactions contemplated hereby. 

23.2 Litigation.

No litigation, administrative proceeding or investigation shall be pending which has been initiated with the purpose of enjoining or preventing the transactions herein contemplated or which may reasonably be expected to have the effect, if successfully prosecuted, of imposing liability upon Lessee or any of its officers or directors because of the consummation of the transactions herein contemplated.

23.3 Title to Real Estate.

Lessor agrees that representations to title in the Lease Agreement shall apply.

ARTICLE 24 HEALTH MANAGEMENT ASSOCIATES, INC.'S GUARANTY

This Extended Lease and the Lessor's obligations thereunder are contingent upon Lessee providing the Corporate Guaranty of its parent, Health Management Associates, Inc., guaranteeing Sebring Hospital Management Associates, Inc.'s obligations under this Extended Lease Agreement in a form reasonably satisfactory to Lessor's counsel.

IN WITNESS WHEREOF, the undersigned have executed this Extended Lease on the date hereinabove first mentioned.

ATTEST: Bruce J. Lybarger

Lessor
The Board of Commissioners of the
Highlands County Hospital District

By: [Signature]

ATTEST: Robt L. Smith

Lessee
Sebring Hospital Management
Associates, Inc.

By: Earl P. Hollum

STATE OF FLORIDA
COUNTY OF

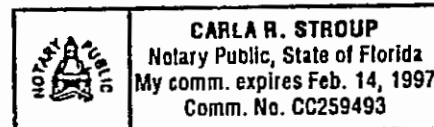
I HEREBY CERTIFY that on this day, before me, an officer duly authorized in the State and County aforesaid to take acknowledgments, personally appeared Jameson L. Whit well known to me to be the Chairman of The Board of Commissioners of the Highland County Hospital District, a Corporate Body Politic, and they severally acknowledged signing and delivering the same freely and voluntarily under the authority duly vested in them by said corporate body politic as the act and deed of the corporation and that the seal affixed hereto is the true seal of said corporate body politic.

WITNESS my hand and official seal in the County and State last aforesaid this 20th day of January, A.D. 1995.

Carla Stroup / Carla Stroup
Notary Public

My Commission Expires:

STATE OF FLORIDA
COUNTY OF

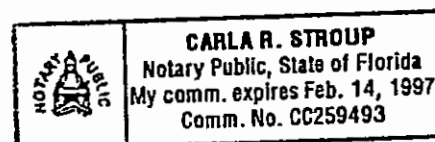


I HEREBY CERTIFY that on this day, before me, an officer duly authorized in the State and County aforesaid to take acknowledgments, personally appeared Carl Q. Holland, well known to me to be the Exec. Vice President of Sebring Hospital Management Associates, Inc., a Florida corporation authorized to do business in the State of Florida, and they severally acknowledged executing the same freely and voluntarily under authority duly vested in them by said corporation and that the seal affixed hereto is the true seal of said corporation.

Witness my hand and official seal in the County and State last aforesaid this 20th day of January, A.D. 1995.

Carla Stroup / Carla Stroup
Notary Public

My Commission Expires:



GUARANTY

In consideration of the execution of the within Extended Lease by THE BOARD OF Commissioners of the Highlands County Hospital District, the Lessor, at the request of Sebring Hospital Management Associates, Inc., as Lessee, the undersigned hereby guarantees to the Lessor, its successors and assigns, the payment of all rent and the performance of all the terms, covenants and conditions provided in said Extended Lease, hereby waiving all notices, called for therein, and consenting to any extensions of time or changes in the manner of payment or performance of any of the terms and conditions of the said Extended Lease that the Lessor may grant the Lessee, and further consenting to any authorized assignment of subletting of the said Extended Lease, and any modifications thereof, all without notice to the undersigned.

ATTEST: Robt R. Smith

HEALTH MANAGEMENT ASSOCIATES, INC.,
A Delaware Corporation

By: Earl P. Holland

**THE BOARD OF COMMISSIONERS
OF THE HIGHLANDS COUNTY HOSPITAL DISTRICT**

OFFICER'S CERTIFICATE

The undersigned, to the best of his knowledge and belief, being an authorized representative of the Board of Commissioners of the Highlands County Hospital District, a corporate body politic created under Chapter 62-2232, laws of Florida, ("Lessor") does hereby certify pursuant to Section 23.1 of that certain First Amended and Restated Lease Agreement dated as of January 1, 1995 (the "Lease Agreement") by and between Lessor and Sebring Hospital Management Associates, Inc., a Florida Corporation ("Lessee"), that:

1. Lessor has the corporate power and authority to execute, deliver and perform its obligations under the Lease Agreement.
2. Lessor's execution and delivery of, and its performance of its obligation under, the Lease Agreement have been duly authorized by all necessary corporate action on the part of Lessor, and the Lease Agreement has been duly executed and delivered by Lessor.
3. The Lease Agreement is the valid and binding obligation of Lessor, enforceable against Lessor in accordance with its terms.

IN WITNESS WHEREOF, the undersigned has executed and delivered this Certificate on the 20th day of Jan, 1995.

By: _____

Its: _____


CHAIRMAN

HIGHLANDS COUNTY HOSPITAL DISTRICT
REAL PROPERTY LEGAL DESCRIPTION

Highlands General Hospital:

All of Day Division, according to the plat thereof recorded in Plat Book 2, Page 92, Public Records of Highlands County, Florida, together with that portion of James Street shown on the Plat of said Day Division heretofore vacated that travers the above-described premises, LESS AND EXCEPT that part of the SW 1/4 of the NW 1/4 of Section 4, Township 35 South, Range 29 East, described as follows: Begin at the SW corner of the said SW 1/4 of the NW 1/4 of Section 4 and run East along the South boundary thereof 322.56 feet; thence North 46°56' West a distance of 437.01 feet to the west boundary of said SW 1/4 of the NW 1/4 of Section 4; thence south along the said west boundary a distance of 303.16 feet to the Point of Beginning, and LESS AND EXCEPT the West 20 feet of the South 1/2 of Lot 1 and the West 20 feet of Lots 2 through 12, inclusive, of said Day Division.

SUBJECT TO easement for County Road purposes over and across the following described parcel, to-wit: A strip of land 56.65 feet in width, more particularly described as follows: For the point of beginning commence at the Northwest corner of the SW 1/4 of the NW 1/4 of Section 4, Township 35 South, Range 29 East; thence run East along the north boundary of said SW 1/4 of said NW 1/4 a distance of 471.08 feet, more or less, to the Northwest corner of the North two acres of the East six acres of the West one half of the SW 1/4 of the NW 1/4 of said Section 4; thence run southerly a distance of 56.65 feet; thence run westerly along a line parallel to the North boundary of said SW 1/4 of said NW 1/4 a distance of 471.08 feet, more or less, to the West line of said Section 4; thence run northerly along said west line of said Section 4 a distance of 56.65 feet to the Point of Beginning.

AND,

Parcels 1, 2, 3, 4, 10 and 11 of W. E. TAUBERT Unrecorded Subdivision, recorded in O. R. Book 356, page 233, Public Records of Highlands County, Florida, lying in Section 4, Township 35 South, Range 29 East, Highlands County, Florida, more particularly described as follows:

Begin at the SE corner of the West 1/2 of the SW 1/4 of the NW 1/4 of said Section 4 and run North for a distance of 879.10 feet; thence run South 88°33'00" West for a distance

EXHIBIT "A"

Cont...

of 86.50 feet for Point of Beginning; thence continue South 88°33'00" West for a distance of 111.08 feet; thence South 0°01'34" West a distance of 365.20 feet; thence North 88°33'00" East a distance of 111.24 feet; thence North a distance of 365.20 feet to P.O.B.,

AND

Begin at the SE corner of the West 1/2 of the SW 1/4 of the NW 1/4 of said Section 4, and run North for a distance of 514.24 feet for a Point of Beginning, thence continue North a distance of 243.34 feet; thence South 88°33'00" West a distance of 86.50 feet; thence South a distance of 243.24 feet; thence North 88°33'00" East a distance of 86.50 feet to P.O.B.

Medical Office Parcel

The North 1/4 of the North two (2) acres of the East six (6) acres of the West 1/2 of the SW 1/4 of the NW 1/4 of Section 4, Township 35 South, Range 29 East.

EXHIBIT "A"