NOTICE OF AND CONSENT TO USE OF EQUIPMENT

A. Pursuant to that certain Maui Regional Hospitals Transfer Agreement, dated as of January 14, 2016 (the “Transfer Agreement”), by and among MAUI HEALTH SYSTEM, KAISER FOUNDATION HOSPITALS LLC (“MHS” also known as “MHSKFH”), KAISER FOUNDATION HOSPITALS, HAWAII HEALTH SYSTEMS CORPORATION (“HHSC”), THE MAUI REGION OF HAWAII HEALTH SYSTEMS CORPORATION (“MRHS”), and the STATE OF HAWAII (the “State” and collectively with HHSC and MRHS, the “Transferees”), the Transferees will transfer (the “Transfer”) the operations of Maui Memorial Medical Center (“Maui Memorial”), Lanai Community Hospital and Kula Hospital & Clinic to MHS effective July 1, 2017 (“Transfer Completion Date”);

B. Pursuant to the Transfer Agreement, HHSC and MHS have entered into a State of Hawaii Hospital Facilities Lease dated April 22, 2016 (the “Hospital Facilities Lease”), pursuant to which HHSC has agreed to lease certain hospital facilities, including the hospital facilities at Maui Memorial (the “Maui Memorial Facilities”), to MHS for operation commencing on the Transfer Completion Date;

C. Located at the Maui Memorial Facilities is that certain hospital space located on the third floor (fourth level) known as the “Medical Surgical Floor” originally leased by HHSC from Academic Capital Government Finance, Inc. (“Academic Finance”) pursuant to that certain Financing Lease dated April 18, 2006 (“Financing Lease”) and that certain Facilities Space Lease between HHSC and Academic Finance dated April 5, 2006 (the “Space Lease” and, together with the Financing Lease Agreement, the “Lease”), each between Academic Finance, as lessor, and HHSC, as lessee;

D. Academic Capital has assigned to AIG Commercial Equipment Finance, Inc. (“AIG”) all of its rights, title, interests, obligations and duties in the Lease;

E. In connection with the Transfer, HHSC desires to permit MHS to take possession of and use the Equipment and MHS desires to possess and use such Equipment;

F. Pursuant to the Lease, HHSC is required to obtain the consent of AIG, as successor lessor to Academic Finance, in order to permit MHS to take possession of and use the Medical Surgical Floor, and HHSC and AIG are executing and delivering this Notice of and Consent to Use of Equipment in connection with such consent.

NOW, THEREFORE, in consideration of the mutual advantages and benefits accruing to the parties hereto, notice is hereby given, and the parties agree as follows:

1. Capitalized terms used herein and not defined shall have the meanings set forth in the Lease.
2. Pursuant to Section 10.1 of the Lease, HHSC hereby notifies AIG of its intent to permit MHS to take possession of and use the Equipment commencing on the Transfer Completion Date.

3. With respect to the Medical Surgical Floor, HHSC represents and warrants to AIG that it shall not do or cause to be done any act which will cause, or by omission of any act allow, the interest portion of the Lease Payments to be or become includable in AIG’s gross income for federal income taxation purposes under the Code.

4. Pursuant to Section 7.01 of the Lease, AIG hereby consents to MHS taking possession of and using the Equipment subject to and upon the following terms and conditions:

(a) This Consent shall not be deemed or construed to waive, modify, amend or rescind any of the terms, covenants and conditions of the Lease or the obligations of HHSC thereunder.

(b) This Consent shall not be deemed or construed to authorize (1) use of the Medical Surgical Floor in a manner different than that contained in the Lease or (2) any transfer of the Medical Surgical Floor or the Lease to MHS.

5. HHSC shall be and remain liable for the payments of all rents and for the full and prompt performance of all obligations under the Lease and HHSC hereby reaffirms its continued liability under the Lease from and after the Transfer Completion Date.

The parties to this Notice of and Consent to Use of Equipment have caused these presents to be executed on this 30th day of June, 2017.

HAWAII HEALTH SYSTEMS CORPORATION.

By:  
Title: CFO

Date: 6/5/17

AIG, in accordance with Sections 7.01 and 10.01 of the Lease, hereby acknowledges receipt of this Notice of and Consent to Lease and consents as described above.

AIG COMMERCIAL EQUIPMENT FINANCE, INC.

By:  
Title: Peter DeFazio, Managing Director

Date: June 7, 2017
EXHIBIT A – HOSPITAL LEASE