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STATE OF HAWAII
HOSPITAL FACILITIES LEASE
(Maui Memorial Medical Center, Kula Hospital & Clinic, and Lanai Community Hospital)

between

STATE OF HAWAII
HAWAII HEALTH SYSTEMS CORPORATION,
a public body corporate and politic and
an instrumentality and agency of the State of Hawaii

and

MAUI HEALTH SYSTEM, A KAISER FOUNDATION HOSPITALS LLC,
a Hawaii limited liability company

covering

the facilities of Maui Memorial Medical Center, Kula Hospital & Clinic,
and Lanai Community Hospital
County of Maui, State of Hawaii

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STATE OF HAWAII

HOSPITAL FACILITIES LEASE

(Maui Memorial Medical Center, Kula Hospital & Clinic, and Lanai Community Hospital)

THIS LEASE ("**Lease**") is made this 22nd day of April, 2016 ("**Lease Date**"), effective as of the Transfer Completion Date (as such term is defined in the Transfer Agreement described below)¹, by and between the **HAWAII HEALTH SYSTEMS CORPORATION**, a public body corporate and politic and an instrumentality and agency of the State of Hawaii, hereinafter referred to as "**Lessor**," and **MAUI HEALTH SYSTEM, A KAISER FOUNDATION HOSPITALS, LLC**, a Hawaii limited liability company, whose address is 3288 Moanalua Road, Honolulu, Hawaii 96819, hereinafter referred to as "**Lessee**." The Parties to this Lease are sometimes referred to herein as a "**Party**" or collectively as "**Parties**."

RECITALS

A. Lessor, pursuant to Act 103, Session Laws of Hawaii 2015 ("**Act 103**"), and in accordance with that certain Maui Regional Hospitals Transfer Agreement dated as of January 14, 2016 (the "**Transfer Agreement**"), by and among Lessor, Lessee, the State of Hawaii, the Maui Region of Hawaii Health Systems Corporation ("**MRHS**"), the Maui regional health system within the Hawaii Health Systems Corporation, an agency of the State of Hawaii established in §§ 323F-2(b)(3) and 323F-3.5 of the Hawaii Revised Statutes ("**HRS**"), and Kaiser Foundation Hospitals ("**KFH**"), a California nonprofit public benefit corporation, agrees, upon the terms and conditions set forth in this Lease, to lease to Lessee certain real property and improvements, furnishings and equipment, and certain rights and interests in specified leases, agreements, and contracts, comprising the facilities of Maui Memorial Medical Center ("**MMMC Facility**"), Kula Hospital & Clinic ("**Kula Facility**"), and Lanai Community Hospital ("**Lanai Facility**") (MMMC Facility, Kula Facility, and Lanai Facility are sometimes each singularly referred to herein as a "**Hospital**" and sometimes collectively referred to herein as the "**Hospitals**"), all as further described and defined in Article I below.

B. Lessee, pursuant to Act 103 and in accordance with the Transfer Agreement, agrees to lease from Lessor the Leased Property (as hereafter defined), including outpatient and ancillary service facilities of the Hospitals, for the consideration and upon the terms and conditions set forth herein.

NOW, THEREFORE, for valuable consideration and in consideration of the covenants and agreements of the Parties set forth herein, the Parties hereby agree as follows:

¹ Notwithstanding the Transfer Completion Date as the effective date of this Lease, the Parties hereby agree that the provisions in Section 1.1 (b), Section 1.1(c), Section 2.3(b), and Section 4.62(a), providing that the Parties shall list the items in the specified exhibits or attachments by dates prior to the Transfer Completion Date, shall take effect as of the Lease Date.

ARTICLE I
DEMISE

Section 1.1. Lease of Leased Property. For and in consideration of the Rental Payments (as hereafter defined) and the Other Required Payments (as hereafter defined) to be made under this Lease and of the terms, covenants and conditions herein contained, of which Lessee agrees to keep, observe, and perform, Lessor does lease (or in the case of the Capital Leases or Nonassignable Contracts make available certain rights and interests) unto Lessee, and Lessee does lease (or in the case of the Capital Leases or Nonassignable Contracts obtain certain rights and interests) from Lessor:

- (a) all of Lessor's right, title, and interest in and to the parcels of land, more particularly described in **Exhibit "A-1" (MMMC Facility)**, **Exhibit "A-2" (Kula Facility)**, and **Exhibit "A-3" (Lanai Facility)**, subject to the permitted encumbrances mutually agreed upon by the Parties and set forth in addenda to said exhibits within thirty (30) days of the Lease Date, and delineated on the maps marked **Exhibit "B-1" (Map of MMC Facility)**, **Exhibit "B-2" (Map of Kula Facility)**, and **Exhibit "B-3" (Map of Lanai Facility)**, which exhibits are attached hereto and made parts hereof, including, without limitation, all buildings, structures, improvements, tenements, rights, easements, privileges, appurtenances, and fixtures, including fixed machinery and fixed equipment situated thereon or forming a part thereof (collectively, the "**Real Property**"), but specifically excluding those parcels or areas of land described in those certain agreements listed in **Exhibit "C"** attached hereto and made a part hereof ("**Use Agreements**") (Real Property as referred to hereafter shall mean said Real Property exclusive of the parcels or areas of land described in the Use Agreements);
- (b) except as specifically excluded in either this Lease or the Transfer Agreement, all of Lessor's right, title, and interest in and to all machinery, trade equipment, moveable equipment, trade fixtures, furniture, and furnishings, including beds, used in connection with MRHS' operation of the Hospitals as of the Transfer Completion Date (collectively, "**Equipment and Furnishings**"), including such Equipment and Furnishings with an estimated individual net book value in excess of Five Thousand Dollars (\$5,000) ("**Major Equipment and Furnishings**") that are listed on the inventories to be attached hereto as **Exhibit "D-1" (MMMC Facility Major Equipment and Furnishings)**, **Exhibit "D-2" (Kula Facility Major Equipment and Furnishings)**, and **Exhibit "D-3" (Lanai Facility Major Equipment and Furnishings)**, which exhibits shall be mutually agreed upon by the Parties no later than forty-five (45) days prior to the Transfer Completion Date and attached hereto and made a part hereof; and
- (c) certain rights and interests of Lessor, in the capital leases listed in **Exhibit**

“E” (Capital Leases), attached hereto and made a part hereof (collectively, **“Capital Leases”**), and in the agreements or contracts to be listed by the Parties in **Exhibit “F” (Nonassignable Contracts)** prior to the Transfer Completion Date, which exhibit is attached hereto and made a part hereof (collectively, **“Nonassignable Contracts”**), which rights and interests are specifically described in said exhibit, subject to the qualification that the “lease” of such rights and interests may sometimes be more appropriately referred to as the “use” of the premises or equipment covered by a lease, agreement, or contract under the provisions of said lease, agreement, or contract and subject further to the provisions of Section 2.3 and Section 4.52 of this Lease relating to payments due and other obligations and consents required under said lease, agreement, or contract).

The Real Property, the Equipment and Furnishings, the Capital Leases, and the Nonassignable Contracts are collectively referred to as the **“Leased Property.”**

Section 1.2. Term. The term of this Lease shall be a term of thirty (30) years, commencing on the Transfer Completion Date, unless sooner terminated as hereinafter provided and as may be extended as provided in Section 4.56 of this Lease. This term, together with any extension under Section 4.56, shall constitute the **“Term”** of this Lease.

Section 1.3 Termination.

(a) Termination upon expiration/termination of the Transfer Agreement. This Lease will automatically terminate upon the effective date of any termination or expiration of the Transfer Agreement unless otherwise agreed to by Lessor and Lessee. In the event of a Partial Termination (as defined in the Transfer Agreement), the provisions of this Section 1.3(a) shall apply only to the Terminated Hospital (as defined in the Transfer Agreement).

(b) Termination upon unusual circumstances. Notwithstanding any provision to the contrary, upon the occurrence of any of the following unusual circumstances, the designated Party may terminate this Lease upon at least ninety (90) days prior written notice to the other Party:

(i) Lessee may, in its discretion, terminate this Lease (a) upon the occurrence of an extraordinary event beyond the control of the Parties, including without limitation, an act of God, fire, flood, or other natural disaster, riot, strike, national or international political event or occurrence, including an act of war or terrorism (**“Extraordinary Event”**) that destroys substantially all of the Real Property related to the MMC Facility; or (b) as a result of a condemnation pursuant to Section 4.24 or withdrawal or taking pursuant to Section 4.54, which renders either the MMC Facility or Kula Facility unsuitable for the use or uses for which the Leased Property was leased.

(ii) Lessor may, in its discretion, terminate this Lease upon the occurrence of an Extraordinary Event that destroys substantially all of the Real Property.

(c) Termination by Lessee for good cause. This Lease may be terminated by Lessee for good cause, which includes, without limitation, the circumstances set forth in Section 10.3(c) of the Transfer Agreement, upon at least three hundred and sixty-five (365) days prior written notice to Lessor to ensure that the delivery of health care services to the community served will not be disrupted.

(d) Termination by Lessee for material breach. Upon three hundred and sixty-five (365) days prior written notice to Lessor, upon a material breach of this Lease by Lessor, Lessee shall have the right to terminate this Lease as set forth in this section if Lessee has first served upon Lessor written notice describing in detail the claimed breach or default, and if the breach or default is not cured within ninety (90) days after Lessee gives written notice of the breach specifying the nature of the alleged breach; provided, however, that if such breach is not reasonably curable within such ninety (90) day period, and Lessor is diligently attempting to cure such breach, then Lessor shall have an additional ninety (90) days to continue to pursue such cure before this Lease may be terminated as set forth in this section. Upon such a cure being effected within the applicable period set forth in this Section 1.3(d), Lessee's rights to terminate shall cease and this Lease will continue in full force and effect.

(e) Termination by Lessor for good cause. This Lease may be terminated by Lessor upon at least three hundred and sixty-five (365) days prior written notice to Lessee for good cause, which includes, without limitation, the circumstances set forth in Section 10.3(e) of the Transfer Agreement and sections of this Lease that allow Lessor to terminate this Lease, including, without limitation, Sections 1.4, 4.17, and 4.50.

(f) Termination by Lessor for material breach. Upon three hundred and sixty-five (365) days prior written notice to Lessee, upon a material breach of this Lease by Lessee, Lessor shall have the right to terminate this Lease as set forth in this section if Lessor has first served upon Lessee written notice describing in detail the claimed breach or default, and if the breach or default is not cured within ninety (90) calendar days after Lessor gives written notice of the breach specifying the nature of the alleged breach; provided, however, that if such breach is not reasonably curable within such ninety (90) day period, and Lessee is diligently attempting to cure such breach, the Lessee shall have an additional ninety (90) days to continue to pursue such cure before this Lease may be terminated as set forth in this section. Upon such a cure being effected within the applicable period set forth in this Section 1.3(f), Lessor's rights to terminate or re-enter the Real Property shall cease and this Lease will continue in full force and effect. Material breach includes, without limitation, the circumstances set forth in Section 1.4.

(g) Effect of termination.

(i) In the event of a termination of this Lease pursuant to Sections 1.3(a) – (f), Lessee will surrender the Leased Property (with the exception of any Post-Closing Property as such term is defined in the Transfer Agreement) pursuant to and in compliance with the provisions set forth in Section 4.32. In the event of termination, except as otherwise provided in Section 2.6 or Article X of the Transfer Agreement, all Leased Property together

with all improvements existing or constructed thereon shall remain and become the property of Lessor; furthermore, Lessor shall retain all Rental Payments paid in advance to be applied to any damages. The Parties acknowledge and agree that terms and conditions for the reversion and surrender of Post-Closing Property are set forth in the Transfer Agreement.

(ii) Lease Partial Termination. In the event of any Partial Termination of one or two of the Hospitals pursuant to the Transfer Agreement, this Lease shall automatically terminate as of the effective date of Partial Termination as to only the applicable Terminated Hospital, and Lessee will surrender the Leased Property (with the exception of the Post-Closing Property) associated with the Terminated Hospital pursuant to the provisions set forth in Section 4.32. The Parties acknowledge and agree that terms and conditions for the reversion and surrender of Post-Closing Property used in connection with any Terminated Hospital are set forth in the Transfer Agreement.

Section 1.4. Good cause; material breach. Termination for good cause as provided in Section 1.3 (e) above, may include, but is not limited to the following: (1) a material breach of which examples are provided below; (2) if Lessee files a voluntary petition in bankruptcy, or is adjudicated as bankrupt or insolvent, or files any petition or other pleading seeking any reorganization, composition, readjustment, liquidation or similar relief for itself under any present or future law or regulation, or seeks or consents to or acquiesces in the appointment of any trustee, receiver or liquidator of it or of all or any substantial part of its assets or of one or more of the Hospitals, or a general assignment is made of Lessee's property for the benefit of creditors, or Lessee admits in writing its inability to pay its debts generally as they become due; (3) if Lessee abandons or discontinues operation of all three of the Hospitals except as authorized in Section 2.6(d) or otherwise in the Transfer Agreement, which continues for a period of thirty (30) days or more; and (4) if this Lease and substantially all the Leased Property is attached or taken by operation of law. A material breach, for which termination is provided in Section 1.3(f) above, may include, but is not limited to, the following: (1) if Lessee shall fail to pay Rental Payments (as defined herein) or Other Required Payments (as defined herein), or any part thereof, at the times and in the manner provided in this Lease; and (2) if Lessee shall fail to observe and perform any of the material covenants, terms, and conditions contained in this Lease and on its part to be observed and performed. In the event of termination for good cause or material breach as provided in Sections 1.3(e) and 1.3(f) above, Lessor may at once re-enter the Leased Property, or any part thereof, at its option, and such termination or re-entry is without prejudice to any other remedy or right of action for arrears of rent or for any preceding or other breach of contract. In the event of any material breach or default by Lessee, Lessee shall pay to Lessor any and all reasonable costs incurred by Lessor in connection with the breach or default, including reasonable attorneys' fees. In the event Lessee fails to observe and perform any of the material covenants, terms, and conditions contained in this Lease and on its part to be observed and performed and the Parties have first complied with the notice and cure and dispute resolution provisions of Section 1.3(f) and Section 4.18 of this Lease, Lessor may, at its sole option if Lessee does not do so, arrange for performance of such covenants, terms, and conditions, and all costs and expenses of such performance shall be charged to and paid by Lessee; provided, however, that the notice and cure provisions shall not apply in the event of an emergency requiring immediate action as reasonably deemed by Lessor. It is further provided that such

right of Lessor to arrange for performance of covenants, terms, and conditions, as described in the previous sentence, shall not apply with respect to Sections 4.41, 4.42, and 4.43, including Hospital Operations.

ARTICLE II RENTAL PAYMENTS AND OTHER FINANCIAL MATTERS

Section 2.1. Annual and monthly minimum base rents. Annual minimum base rent ("**Rental Payments**") shall be payable on a monthly basis, in advance, on the first day of each month of each and every year, and prorated for any partial month. Annual minimum base rent for the Term years 1 through 30 shall be determined and specified herein for each Hospital separately as set forth in **Attachment "1-A" (MMC Facility Rental Payments)**, **Attachment "1-B" (Kula Facility Rental Payments)**, and **Attachment "1-C" (Lanai Facility Rental Payments)**, which are attached hereto and made a part hereof.

Section 2.2. Determination of base rents upon exercise of extension(s). In the event that Lessee exercises an Extension as defined and provided in Section 4.56 of this Lease, the annual and monthly minimum base rents shall be determined for the respective Extension period as agreed to by Lessor and Lessee under Section 4.56 of this Lease.

Section 2.3. Other Required Payments. In addition to the required Rental Payments, Lessee is responsible for the following (collectively, "**Other Required Payments**"):

(a) Capital Lease Payments. During the respective payment periods under each Capital Lease set forth on **Exhibit "E" (Capital Leases)** described above, Lessee shall remit to Lessor the payments due under the Capital Leases (collectively, "**Capital Lease Payments**") in such amounts, and at such times as set forth on **Attachment "2" (Capital Leases Payments)**, which is attached hereto and made a part hereof. Lessee's obligations under the Capital Leases are specifically limited to those Capital Lease Payments.

(b) Contract Payments. During the respective terms of each Nonassignable Contract listed prior to the Transfer Completion Date by mutual agreement of the Parties on **Exhibit "F" (Nonassignable Contracts)**, or such other period as may be set forth on such exhibit, Lessee shall remit to Lessor the payments due under the Nonassignable Contracts (collectively, "**Contract Payments**") in such amounts and at such times as will be set forth on **Attachment "3" (Contract Payments)**, which will be attached hereto and will be made a part hereof and be completed by mutual agreement of the Parties concurrently with completion of said **Exhibit "F"**.

Section 2.4. Proceeds. Proceeds payable to Lessor under this Lease shall be used for the purposes set forth in HRS § 323F-7.6, as the same may be amended, superseded, or repealed.

Section 2.5. Interest. The interest rate on any and all unpaid or delinquent rentals shall be at one percent (1%) per month, plus a service charge of Fifty Dollars (\$50) a month for

each delinquent payment.

ARTICLE III LESSOR RESERVATIONS

Section 3.1. Minerals and waters. Lessor reserves: (a) all minerals as hereinafter defined, in, on or under the Leased Property and the right, on its own behalf or through persons authorized by it, to prospect for, mine and remove the minerals and to occupy and use so much of the surface of the ground as may be required for all purposes reasonably extending to the mining and removal of the minerals by any means whatsoever, including strip mining. “**Minerals**,” as used herein, shall mean any or all oil, gas, coal, phosphate, sodium, sulphur, iron, titanium, gold, silver, bauxite, bauxitic clay, diaspore, boehmite, laterite, gibbsite, alumina, all ores of aluminum and, without limitation thereon, all other mineral substances and ore deposits, whether solid, gaseous or liquid, including all geothermal resources, in, on, or under the land, fast or submerged; provided, that “**minerals**” shall not include sand, gravel, rock or other material suitable for use and used in general construction in furtherance of Lessee's permissible activities on the Leased Property and not for sale to others; and (b) all surface and ground waters appurtenant to the Leased Property and the right on its own behalf or through persons authorized by it, to capture, divert or impound the same and to occupy and use so much of the Leased Property required in the exercise of this right reserved; provided, however, that as a condition precedent to the exercise by Lessor of the rights reserved in this paragraph, just compensation shall be paid to Lessee for any of Lessee's improvements taken.

Section 3.2. Ownership of Leased Property and improvements. Unless provided otherwise herein, Lessor reserves ownership of all Leased Property. Lessor also reserves ownership of all improvements of whatever kind or nature located on or within the Leased Property, but excluding those improvements constructed during the Term by Lessee to the extent described below. Lessee shall own any improvements made to the Real Property by Lessee until the expiration or other termination of this Lease, at which time all rights, title and interest in and to the improvements shall transfer to Lessor. Notwithstanding the foregoing, the reversion and surrender of the Post-Closing Property shall be subject to and in accordance with the terms and conditions of Section 2.6(c) and Article X of the Transfer Agreement.

Section 3.3. Reservation of easements in favor of Lessor. Lessor hereby reserves the right and option to create, designate, grant and relocate from time to time, at its sole cost and expense, any and all necessary easements for underground utilities and services, including drainage, water, sewer, electricity and other utilities under, across, and through the Leased Property, provided that: (a) such easements do not materially interfere with or cross through any permanent structures constructed on the Leased Property; (b) the exercise of such rights shall not jeopardize patient care; and (c) the work to construct and install any such easements shall be done, and the easement shall be utilized, in such a fashion as to minimize any disruption to Lessee's operations or use of the Leased Property. Upon completion of any such work by Lessor, the surface of the Leased Property shall be returned, at Lessor's sole cost and expense, to substantially the same condition as it was in prior to installation of any underground utility. Lessee shall have the right to utilize the surface covered by such easements and cross

over the easements so long as such use and crossing does not interfere with the purposes of the easements.

Section 3.4. Other rights. This Lease is also subject to the rights of native tenants and ownership rights (if any) of the State of Hawaii established pursuant to state law including, but not limited to, HRS Chapter 6E, over prehistoric or historic remains found in, on, or under the land.

ARTICLE IV COVENANTS AND AGREEMENTS

Section 4.1. Payment of rent. Lessee shall pay the rent to Lessor, without prior demand, at the times, in the manner and form provided in Section 2.1 and at the address for Lessor specified in Section 4.58, or at any other place Lessor may from time to time designate, in legal tender of the United States of America.

Section 4.2. Taxes, assessments, etc. Lessee shall pay or cause to be paid, when due, any and all taxes, rates, and assessments of every description as to which the Leased Property or any part, or any improvements may be assessed or become liable by authority of law attributable to the period starting on or after the Transfer Completion Date for the Term of this Lease; provided, however, that with respect to any assessment made under any betterment or improvement law which may be payable in installments, Lessee shall be required to pay only those installments, together with interest, which becomes due and payable during the Term. Lessee may be exempt from the payment of real property taxes, and if so, Lessee may apply for an exemption under HRS § Section 246-36(2) and upon receipt of an exemption, Lessee shall not be responsible for the payment of real property taxes.

Section 4.3. Utility services. Lessee shall be responsible for obtaining any utility services and shall pay when due all charges, duties and rates of every description, including water, sewer, gas, electricity, internet connection, refuse collection or any other charges, as to which the Real Property or any part, or any improvements, or Lessor or Lessee may become liable for during the Term and attributable to periods commencing on or after the Transfer Completion Date. Except as otherwise expressly set forth in this Lease, Lessor shall not be required to furnish any services or facilities whatsoever to the Real Property. Under no circumstances shall Lessor be liable to Lessee for damages or otherwise for any failure to furnish or interruption in service of any utility service or for stoppage of any utility services, including but not limited to sewer service, from any cause whatsoever.

Section 4.4. Covenant against discrimination. The use and enjoyment of the Leased Property (a) shall be in compliance with applicable laws against discrimination, including, without limitation, Title VI of the Civil Rights Act of 1964, Pub. L. 88-352, as amended (42 U.S.C. 2000d *et seq.*), Section 504 of the Rehabilitation Act of 1973, Pub. L. 93-112, as amended (29 U.S.C. 794 *et seq.*), the Americans with Disabilities Act, as amended (42 U.S.C. 1201 *et seq.*), the Age Discrimination Act of 1975, Pub. L. 94-135, as amended (42 U.S.C. 6101 *et seq.*), and all requirements imposed by or pursuant to implementing regulations, including 45 C.F.R. Parts 80, 84, 86 and 91, and Executive Order 13166 (Improving Access to

Individuals with Limited English Proficiency); and (b) shall not be in support of any policy which discriminates against anyone based upon race, creed, sex, sexual orientation, color, national origin, religion, marital status, familial status, ancestry, physical handicap, disability, age or HIV (human immunodeficiency virus) infection.

Section 4.5. Sanitation. Lessee shall keep the Real Property and improvements in a clean, sanitary and orderly condition.

Section 4.6. Waste and unlawful, improper or offensive use of premises. Subject to HRS § 323F-56, Lessee shall not commit, suffer or permit to be committed any waste, nuisance, strip, or unlawful, improper or offensive use (in each case as defined by applicable law) of the Leased Property or any part without the prior written consent of Lessor.

Section 4.7. Compliance with laws. Subject to Section 4.48(a), Lessee shall comply in all material respects with all of the requirements of all municipal, state, and federal authorities and observe all municipal, state and federal laws applicable to the Leased Property and the operation of Lessee's business on the Leased Property, now in force or which may be in force.

Section 4.8. [Reserved.]

Section 4.9. Improvements; Pending Projects.

(a) Except as provided in the Transfer Agreement relating to Pending Projects (as such term is defined in the Transfer Agreement) and subpart (b) below, Lessee shall not at any time during the term construct, place, maintain or install on the Real Property any building, structure or improvement of any kind and description except (i) with the prior written approval of Lessor, which approval shall not be unreasonably withheld or delayed, and (ii) in compliance with all applicable laws. Without limiting the foregoing, no improvement shall be made to any mechanical system, electrical system, the exterior wall or roof of the Real Property without obtaining the prior written approval of Lessor, which approval shall not be unreasonably withheld or delayed.

(b) Without limiting the foregoing, at Lessee's sole cost and expense, Lessee may make nonstructural alterations, replacements, additions, changes and/or improvements in an amount not to exceed one million dollars (\$1,000,000) for a single project or five million dollars (\$5,000,000) annually in the aggregate to the Real Property, which amounts shall be adjusted once every five years on January 1 during the Term by the CPI (as defined in Section 4.9(c)) or appropriate substitute for such index as reasonably determined by the Lessor, without prior written approval of Lessor, which approval shall not be unreasonably withheld or delayed, provided, however, that Lessee shall comply with all laws and provide to Lessor advance copies of all plans and specifications for such nonstructural alterations, replacements, additions, changes and/or improvements. Nothing contained herein shall require consent or approval for the Pending Projects, or shall otherwise relieve Lessor of its obligations under Section 13.3 of the Transfer Agreement to complete the Pending Projects.

(c) Lessee agrees to reimburse Lessor for all reasonable costs and expenses (including, without limitation, any architectural, engineering, or legal fees) reasonably incurred by Lessor in approving or disapproving Lessee's plans for improvements, in an amount not to exceed five thousand dollars (\$5,000) per project review, which amount shall be adjusted once every five years on January 1 during the Term by the Percentage Increase in the "Consumer Price Index for All Urban Consumers (CPI-U), U. S. City Average-All Items (1982-1984=100)", published by the Bureau of Labor Statistics of the United States Department of Labor ("CPI"), or appropriate substitute for such index as reasonably determined by Lessor. "Percentage Increase" as used herein shall mean the percentage equal to a fraction, the numerator of which shall be the change in the CPI-U from the January 1 preceding the Transfer Completion Date to the January 1 preceding the current anniversary of the Transfer Completion Date. The fraction's denominator shall be the CPI-U for the January 1 preceding the Transfer Completion Date. In no event shall the initial allowance amount of \$5,000 be reduced.

(d) Without limiting any other provision herein, all improvements to the Real Property shall meet the standards and requirements of the Building Code of the County of Maui and any applicable federal law including, without limitation, Title III of the Civil Rights Act of 1964, Pub. L. 88-352, as amended, Section 504 of the Rehabilitation Act of 1973, Pub. L. 93-112, as amended, Chapter 347 and 489, HRS, as amended, and any and all applicable requirements imposed by or pursuant to the implementing federal and state regulations, and Lessee shall provide copies of plans and specifications for such work to Lessor, which shall be stamped and certified by Lessee's architect that such plans and specifications meet the standards and requirements of the applicable federal, state, and county laws and codes. All improvements to be made to the Real Property shall be made under the supervision of a licensed architect or licensed structural engineer employed or otherwise engaged by Lessee, the costs of which shall be paid by Lessee, and shall be made in accordance with plans and specifications approved by Lessor. Lessor's approval of such plans and specifications shall create no liability or responsibility on the part of Lessor for their completeness, design sufficiency or compliance with laws.

(e) Lessee agrees that it shall pay, or cause to be paid, all costs of labor, services and/or materials supplied in the prosecution of any work (other than Pending Projects and Kula Facility Repairs) and Lessee shall keep the Leased Property free and clear of all mechanics' liens and other such liens on account of work done for Lessee. If Lessee shall be in default of any of its covenants in this Section 4.9, by failing to provide security for or satisfaction of any undisputed mechanic's or other such lien, then after thirty (30) days advance written notice to Lessee, if such liens are not satisfied by Lessee, Lessor may (but shall not be required to), in addition to any other rights or remedies it may have, discharge said lien by (a) paying the claimant an amount sufficient to settle and discharge the claim, (b) posting a mechanics' lien release bond, or (c) taking such other reasonable action as Lessor shall reasonably deem appropriate, and, in any such event, Lessee, shall pay as additional rent, on Lessor's demand, all costs (including reasonable attorneys' fees) incurred by Lessor in settling and discharging said lien together with interest thereon and Lessor's payment of such costs shall not waive any default of Lessee under this paragraph.

Section 4.10. Maintenance and repair.

(a) Maintenance and repair generally. Subject to paragraphs (b) and (c) below and Section 4.48(a), Lessee shall, at its own expense, keep, repair, and maintain the Leased Property, including all structural and nonstructural improvements, in good order, condition and repair, reasonable wear and tear excepted, and in compliance with all laws. Except as otherwise expressly set forth in this Lease or the Transfer Agreement, Lessor shall not be required to make any improvements, alterations, repairs, maintenance or replacements on or to the Leased Property.

(b) Pending Projects. Nothing in this Lease shall relieve Lessor of its obligations under Section 13.3 of the Transfer Agreement to complete the Pending Projects, including the Pending Projects to close the underground storage tanks at MMC and Kula.

(c) Kula Facility Maintenance and Repairs; Excluded Kula Properties.

(i) Notwithstanding any provision to the contrary in this Lease, prior to and after the Transfer Completion Date, Lessor shall undertake at its sole cost and expense such repairs, improvements or other actions (which may include but are not limited to demolition, replacement or reconstruction) as are reasonably necessary for the housing units located on the Kula campus to comply with applicable laws, regulations, codes, and ordinances ("**Kula Facility Repairs**"), as more specifically set forth on **Exhibit "J" (Kula Facility Repairs)**.

(ii) Provided advance written notice is given to the other Party at least thirty (30) days prior to the Transfer Completion Date, either Party may exclude from the Lease such area or areas of the Real Property upon which are located specific housing units and supporting services identified in the notice as potentially presenting Safety Hazards or that otherwise may not comply with applicable laws, regulations, codes and ordinances ("**Excluded Kula Units**"). In that case, such Excluded Kula Units would not be deemed "Leased Property" under this Lease, and, notwithstanding any provision to the contrary in this Lease, Lessee will have no obligations with respect to such Excluded Kula Units. However, if any Excluded Kula Units subsequently are repaired, replaced, reconstructed, improved or demolished to comply with applicable laws, regulations, codes and ordinances or so as not to present any Safety Hazards, Lessor shall notify Lessee and offer Lessee the option to lease such structure(s) and/or underlying land pursuant to the terms and conditions of this Lease. Lessee shall have thirty (30) days to respond to such offer, and, if Lessee agrees to lease such structure(s) and/or land, this Lease shall be amended in writing to include the applicable properties as Leased Property under this Lease. From and after the date of the amendment adding the structure(s) and/or land to the Lease, Lessee shall be solely responsible for the maintenance and upkeep of the structure(s) and/or land in the same manner and to the same extent Lessee is responsible for Leased Property.

(iii) After the Transfer Completion Date, in the event Lessor fails for any reason to timely complete the Kula Facility Repairs or take such other actions as may be

required under **Exhibit "J"**, Lessee shall have the right, in its sole discretion upon ninety (90) days advance written notice to Lessor, to surrender such area or areas of the Real Property upon which are located specific housing units and supporting services identified in the notice ("**Surrendered Kula Units**"). As of the effective date of such surrender, such Surrendered Kula Units would no longer be deemed "Leased Property" under this Lease, and, notwithstanding any provision to the contrary in this Lease, Lessee will have no further obligations with respect to such Excluded Kula Properties.

(iv) Any Surrendered Kula Units or Excluded Kula Units shall be deemed "**Excluded Kula Properties**." During the Term of this Lease, without the prior written approval of Lessee, no Excluded Kula Properties may be (1) subleased by Lessor to any person or entity and (2) Lessor shall not use the Excluded Kula Properties in any manner which unreasonably interferes with Lessee's use and enjoyment of the Real Property as provided in Section 4.12 and Section 4.31 of this Lease.

Section 4.11. Liens. Lessee shall not commit or suffer any act or neglect that results in the Leased Property, any improvement, or the leasehold estate of Lessee becoming subject to any attachment, lien, charge, or encumbrance, except as provided in this Lease or the Transfer Agreement. Nothing contained herein, however, shall limit Lessee's right to place Encumbrances (as defined in the Transfer Agreement) on the Post-Closing Property in accordance with Section 2.6(e) of the Transfer Agreement. In addition to the rights and remedies Lessor may have under Section 4.9 and Section 4.15 herein, Lessee shall indemnify, defend, and hold Lessor harmless from and against all attachments, liens, charges, and encumbrances and all resulting expenses arising from Lessee's breach of this Section 4.11. Lessee's obligations herein shall survive any termination or expiration of this Lease.

Section 4.12. Character of use.

(a) Permitted uses; exclusive control. The Leased Property shall be used exclusively for a hospital, including inpatient hospital services, related healthcare/medical facilities, and support services, including without limitation, skilled nursing facilities ("**SNF**"), intermediate care facilities ("**ICF**"), individuals with intellectual disabilities services ("**ID**"), outpatient ancillary services and facilities, medical business offices, medical staff offices, medical education staff offices, medical clinics, outpatient pharmacy operations, educational uses and research, together with any uses that are accessory to any of the foregoing ("**Permitted Uses**"). Lessee shall have exclusive control of all matters related to the management, operation, and provision of healthcare services in the Hospitals. Lessee agrees that its healthcare services shall be available to the public regardless of the type (or lack) of health insurance coverage a member of the public seeking healthcare services from Lessee has (or has not).

(b) Additional Permitted Uses. In addition to the Permitted Uses above, and subject to any applicable laws, ordinances, rules and regulations, the following are additional permissible uses for the Leased Property: (i) office or administrative space for use by the Hospitals; (ii) medical office space for use by physicians; (iii) vehicular parking, including parking stalls for use by the public served by the Hospitals; (iv) commercial

uses, including but not limited to sundry stores, to be made available to the public served by the Hospitals; (v) uses consistent with the use of the Real Property by Lessor or MRHS prior to the Transfer Completion Date; and (vi) any uses that are permitted under applicable laws, ordinances, rules and regulations, including but not limited to Act 103, and subject to prior compliance with state environmental, state and county land use and zoning, and state health planning and development laws. Any proposed uses that are inconsistent with the use of the Real Property by Lessor or MRHS prior to the Transfer Completion Date or that would require a zoning change or variance shall require the prior written approval of Lessor in its reasonable discretion.

Section 4.13. Assignments, etc. No Party shall transfer, assign, or permit any other person to occupy or use the Real Property, or any portion, or transfer or assign this Lease or any interest, either voluntarily or by operation of law, and any transfer or assignment made shall be null and void except with the prior written approval of the other Party; provided, however, that the foregoing provisions of this Section 4.13 shall not apply to any transfer or assignment by Lessor to any governmental entity; provided, further, that prior to the approval of any assignment of this Lease, Lessor shall have the right to review and approve the consideration paid by the assignee and may condition its consent to the assignment of this Lease on payment by Lessee of a premium reasonably determined by Lessor.

Section 4.14. Subletting. Lessee shall not rent or sublet the whole or any portion of the Leased Property, without the prior written approval of Lessor, which approval shall not be unreasonably withheld, delayed or conditioned, and any required approvals by the Lenders (as hereafter defined in Section 4.55) as further provided in **Exhibit "H"** attached hereto and made a part hereof; provided, however, that Lessor's prior written approval shall not be required for (a) the subleases existing as of the Transfer Completion Date, (b) subleases to affiliates of Lessee, KFH, or Hawaii Permanente Medical Group ("**Affiliate Leases**"), and (c) subleases of medical office space within the Hospitals consistent with a medical facility custom or standard ("**MOB leases**") using a standard medical office sublease, the form of which shall be approved in writing by Lessor and Lessee.

All subleases shall be subject to the following terms and conditions:

(a) All subleases shall be subject to the terms and conditions of this Lease. In the event there is a conflict between the terms of this Lease and a sublease, the terms of this Lease shall control.

(b) Lessee shall submit to Lessor copies of any and all subleases within thirty (30) days of execution.

(c) The term of any sublease shall not exceed the original term or any subsequently extended term of this Lease.

(d) All subleases shall include conditions that:

(i) Require the sublessee to procure and maintain insurance consistent with the terms of this Lease, including but not limited to naming Lessor and the State of Hawaii as an additional insured.

(ii) Require the sublessee to release, indemnify, and hold harmless Lessor and the State of Hawaii, and their officers, employees and agents, from and against all claims, causes of action, liabilities, damages, and suits, resulting, arising from or related to sublessee's use of the Leased Property.

(iii) Require the sublessee to submit annual financial statements within sixty (60) days after the close of the sublessee's fiscal year, including balance sheets, income statements, and cash flow reconciliation, which shall include details of the sublessee's monthly and annual gross revenues. Lessor shall have the right to require Lessee and/or the sublessee to submit written details of the sublessee's gross revenues for the periods that are subject to any percentage rent payments. The requirements of this Section 4.14(d)(iii) are not applicable to MOB leases or Affiliate Leases.

(iv) Provide Lessor with the right to inspect and make copies of the sublessee's records, accounts, and books as may be reasonably required to determine the sublessee's ability to make its rent payments and carry its required insurance under the sublease. The requirements of this Section 4.14 (d)(iv) are not applicable to MOB leases or Affiliate Leases.

(v) Provide for removal of improvements and conducting an environmental assessment and remediation at end of the sublease.

(e) Lessee shall maintain and annually submit to Lessor by January 31st of each year, a list of all subleases, including names of each sublessee, contact information, description of premises being sublet and sublessee's improvements, commencement and expiration dates, use of the premises, the amount of the sublessee's rents (including percentage rent and percent rent calculations, if any), and copies of each sublessee's annual financial statements. The requirements of this Section 4.14(e) are not applicable to MOB leases or Affiliate Leases.

Section 4.15. Indemnity.

(a) Except as set forth in Sections 4.15(b) and 4.15(c), Lessee shall release, indemnify, defend, and hold Lessor harmless from and against any claim or demand (by whomever brought or made) for loss, liability, or damage, including claims for bodily injury, wrongful death, or property damage, arising out of or resulting from: (1) Lessee's use, occupancy, or enjoyment of the Leased Property; (2) any failure on the part of Lessee to maintain the Leased Property as required under Section 4.10 of this Lease; (3) Lessee's nonobservance, nonperformance, or breach of any of the terms, covenants, and conditions of this Lease, including, without limitation, Lessee's failure to maintain insurance coverage as required in Section 4.17 of this Lease; (4) Lessee's violation of rules, regulations, ordinances, and laws of the federal, state, municipal or county governments applicable to the Leased Property and the operation of Lessee's business on the Leased Property, including any applicable Environmental Laws (as defined herein); and (5) losses incurred by reason of any Hazardous Substances (as

defined herein) that first occurred or arose on, in or under the Leased Property on or after the Transfer Completion Date.

(b) Nothing contained in this Lease shall require Lessee to indemnify or otherwise relieve Lessor, the Maui Regional System Board ("**Maui Board**"), or the State of Hawaii from any liabilities associated with the Leased Property that shall remain with Lessor, the Maui Board, or the State of Hawaii under HRS § 323F-56 (as in effect on the Transfer Completion Date) on or after the Transfer Completion Date.

(c) The provisions of this Section 4.15 are subject to Section 4.48(a). The provisions of this Section 4.15 shall survive the termination or expiration of this Lease.

Section 4.16. Costs of litigation. In case Lessor shall, without any fault on Lessor's or the Maui Board's part, be made a party to any litigation commenced by or against Lessee (other than condemnation proceedings), Lessee shall pay all costs, including reasonable attorneys' fees, and expenses reasonably incurred by or imposed on Lessor; furthermore, Lessee shall pay all costs, including reasonable attorneys' fees, and expenses which may be incurred by or paid by Lessor in enforcing the covenants and agreements of this Lease, in recovering possession of Leased Property, or in the collection of delinquent Rental Payments, taxes, and any and all other charges to be paid by Lessee under the terms and conditions of this Lease. Notwithstanding the foregoing, Lessee shall not assume any liabilities that shall remain with Lessor, the Maui Board, or the State of Hawaii under HRS § 323F-56 (in effect on the Transfer Completion Date).

Section 4.17. Insurance requirements.

(a) Lessee general insurance requirements.

(i) Lessee's cost. Prior to the Transfer Completion Date, Lessee shall procure, at its sole cost and expense, and keep in effect at all times during the Term, the types and minimum amounts of insurance coverage specified in Section 4.17(b) and Section 4.17(c), which shall comply with the terms and conditions of this Section 4.17(a).

(ii) Self-Insurance. Any insurance policies required under Section 4.17(a), Section 4.17(b), and Section 4.17(c) or insurance policies recommended under Section 4.17(d) may be carried under alternative risk management programs, including blanket policies or self-insurance or a combination of self-insurance and insurance provided that such alternative risk management programs provide protection equivalent to that specified under this Lease, and the terms of such policies shall be reasonably acceptable to Lessor to satisfy such insurance requirements hereunder. For coverage provided wholly or in part by a program of captive insurance using Lessee's Hawaiian captive insurer, Lessee shall provide Lessor annually with (1) a current certificate of good standing from the State of Hawaii Department of Commerce and Consumer Affairs, Business Registration Division (or any successor thereto), and (2) a current certificate of compliance issued by the State of Hawaii Insurance Commissioner or his/her designee.

(iii) No limitation on indemnification. Lessee's self-insurance coverage, or procurement and maintenance of insurance, or the delivery of copies of certificates of insurance or other evidence of insurance in form and substance acceptable to Lessor shall not be construed as a limitation of any kind on Lessee's indemnification obligations as set forth in Section 4.15.

(iv) Form of policies.

A. Form and substance. All insurance required to be furnished by Lessee under Section 4.17(b) and Section 4.17(c) or obtained by Lessee under Section 4.17(d) shall be pursuant to (1) blanket policies or self-insurance, or (2) policies issued by companies licensed and authorized to transact business in the State of Hawaii on an admitted or non-admitted basis, in good standing with the Insurance Division of the Department of Commerce and Consumer Affairs, with an AM Best rating of not less than "A:VII" or other comparable and equivalent industry rating. Unless otherwise specified, liability insurance policies shall be in an amount of at least Two Million Dollars (\$2,000,000) per occurrence and Five Million Dollars (\$5,000,000) aggregate, and with coverage terms acceptable to Lessor.

B. Required provision. Except as otherwise set forth in this Section 4.17, all insurance policies, and to the extent permissible, self-insurance, shall include the following:

1. Additional insured. Name the Lessor and the State of Hawaii as additionally insured, except with respect to worker's compensation, employer's liability, and professional liability. Notwithstanding the foregoing, the Parties recognize and agree that the inclusion of Lessor and the State of Hawaii as additionally insured is not intended to make, and shall not make them or any of them, a partner or joint venturer with Lessee in the conduct of Lessee's activities.

2. Severability of interest. Apply separately to each insured against whom claim is made or lawsuit is brought, except with respect to the limits of insurance.

3. Waiver of subrogation. Contain a waiver of subrogation in favor of Lessor and the State of Hawaii.

4. Notification. Provide that Lessor shall be notified, in writing, at least sixty (60) days prior to any (A) cancellation, or material change or non-renewal of any such insurance policy unless replaced with similar coverage that complies with this Lease or (B) material change in self-insurance coverage unless replaced with similar coverage that complies with this Lease.

C. All insurance. All insurance shall:

1. Primary. Be primary, not in excess of or pro rata, and non-contributing as to and with any other insurance held or maintained by Lessor.

2. No premiums. Not require Lessor to pay any premiums.

3. Deductibles. The insurance required hereunder may provide for deductibles or self-insured retentions, which are reasonable and prudent in relation to the soundness of Lessee's financial condition. All such deductibles and retentions shall be the responsibility of Lessee.

4. Failure to obtain. Any lapse in, or failure by Lessee to procure, maintain, and keep in full force and effect such insurance (or self-insurance) as is required under Section 4.17(b) or Section 4.17(c), at any time during and throughout the Term, shall be a material breach of this Lease and shall give Lessor the right to terminate this Lease under Section 1.3(e). Should Lessor or any of its insurers (1) incur expenses for premiums, deductibles and/or retentions due to any lapse in, or failure by Lessee to procure, maintain, and keep in full force and effect such insurance (or self-insurance) as is required under Section 4.17(b) or Section 4.17(c) or (2) expend any such funds which would have been or should have been covered by insurance (or self-insurance) as is required under this Lease, Lessee agrees to reimburse for such expenses and/or funds and to indemnify, defend and hold harmless Lessor and its insurers pursuant to Section 4.15 of this Lease.

5. Proof of insurance. Lessee shall provide proof of all specified insurance and related requirements to Lessor either (a) by delivering copies of certificates of insurance in form and substance reasonably acceptable to Lessor or other written evidence of insurance reasonably acceptable to Lessor, which may include self-insurance, or (b) by making copies of policies available for review via a secure web content delivery system. The documents evidencing all specified types in force and minimum amounts of insurance coverage shall be made available to Lessor for review not later than forty-five (45) days prior to the Transfer Completion Date, provided that Lessor shall not make copies of any such documents without Lessee's consent. For coverage other than via self-insurance, each certificate of insurance, or other written evidence of insurance shall contain the applicable policy number(s), the inclusive dates of policy coverage and the insurance carrier's name, a signature of an authorized representative of said carrier, and shall provide that such insurance shall not be subject to cancellation, material change, limitation in scope of coverage, or non-renewal except after written notice to Lessor at least sixty (60) calendar days prior to the effective date thereof unless replaced with similar coverage that complies with the terms of this Lease. For coverage other than via self-insurance, Lessee shall maintain the certificate(s) during the entire Term, and furnish a like certificate(s) for review upon each renewal of the policy(s). Lessor reserves the right at any time to review the coverage, form, and amount of the insurance required by this Lease or to have reviewed by Lessor, upon request, all pertinent information about the agent and carrier providing such insurance, as applicable, including review of copies of the insurance policy(s) that are or were in effect during the Term; provided that Lessor shall not make or retain copies of any policies made available for review under this Section 4.17(a)(iv)(C)5 without

Lessee's prior written consent.

6. Interim review. Lessee agrees that the types and minimum amounts of insurance coverage specified herein shall be reviewed for adequacy once every five (5) years by the Parties according to commercially reasonable standards of what a reasonable and prudent lessee would typically procure and maintain; provided that an interim review may be initiated by a Party sooner than once every five (5) years to evaluate the adequacy of the insurance coverage based on (a) emerging exposures or (b) a significant risk event affecting the Leased Property that is not covered or not sufficiently covered by existing insurance coverage. If, in the reasonable opinion of Lessor based on commercial market standards, the insurance provisions in this Lease are not commercially reasonable for and against the kind and extent of the risks that exist or are reasonably anticipated at the time the insurance is reviewed, Lessor may require Lessee to obtain insurance sufficient in coverage, form, and amount to provide commercially reasonable coverage. Lessor shall notify Lessee in writing of proposed changes in the insurance requirements and Lessee shall either provide evidence of self-insurance or access to copies of acceptable insurance policy(s) or certificate(s) thereof or initiate the dispute resolution process set forth in Section 4.18.

7. Total insured value. The property insurance required under this Section 4.17 on all risks basis shall be 100% of the total value of the improvements constructed or placed on the Real Property by Lessee, on a replacement cost basis at the time of the loss, naming the State of Hawaii as loss payee with no coinsurance.

(v) Modification or reimposition of insurance provisions. Upon substantial compliance by Lessee with the terms, covenants, and conditions contained in this Lease on its part to be observed or performed, Lessor at its discretion may in writing, modify the particular insurance requirements by reducing their amounts; provided however, that Lessor reserves the right, upon reasonable advance notice, to reimpose the liability insurance requirements in and to their original tenor and form at any time throughout the Term.

(b) Construction; Contractors requirements. Before commencing with the construction of any initial or subsequent work on Lessee's leasehold improvements or the construction or installation of other improvements at, in, on, over, or under the Real Property (each a "**Project**"), Lessee shall require its contractor(s) to procure (which contractor(s) shall cause its/their subcontractors to procure) and keep in effect at all times during the period of construction and installation insurance in type, form and amounts as commercially reasonable given the nature of and risks associated with the Project, all at no cost or expense to Lessor. Any insurance procured by a contractor shall be subject to the same general provisions contained in Section 4.17(a) above unless otherwise agreed by Lessor and Lessee. If Lessee or Lessee's contractors or subcontractors desire additional coverage beyond the types and minimum amounts specified in this Section 4.17(b), Lessee and Lessee's contractors and subcontractors, as applicable, are responsible for the procurement and cost of such additional coverage. Notwithstanding the foregoing, unless otherwise consented to by Lessor or otherwise provided herein, Lessee shall require its contractors to procure, at no cost or expense to Lessor, each of the types and minimum amounts of insurance coverage specified in this Section 4.17(b); provided

that for Projects that do not involve the following risks, the Lessor may, in its reasonable discretion, if commercially reasonable given the nature of the Project, reduce the amount of required commercial general liability insurance required under Section 4.17(b)(i) to a minimum limit of One Million Dollars (\$1,000,000) each occurrence and Three Million Dollars general aggregate and, as appropriate, reduce the minimum coverage or waive the requirements for the contractor to procure contractor's pollution liability insurance and umbrella or excess liability coverage required under Sections 4.17(b)(vi) and 4.17(b)(vii), respectively: (1) the handling, use, storage, treatment, discharge, release, generation, creation, removal, or disposal of Hazardous Substances, (2) construction activities in areas likely to contain tanks, pipelines, containers or conduits of Hazardous Substances or that otherwise pose significant risks under Environmental Laws, (3) alterations, replacements, additions, changes or improvements to the Real Property in an amount in excess of one million dollars (\$1,000,000) or (4) construction activities affecting clinical systems or areas essential to maintaining a safe environment for patients and staff. Unless otherwise specified above, the types and minimum amounts of insurance for Lessee's contractors are as follows:

(i) Commercial general liability. Commercial General Liability Insurance insuring against claims for bodily injury, property damage, personal injury and advertising injury that shall be no less comprehensive and no more restrictive than the coverage provided by the Insurance Services Office (ISO) form for Commercial General (CG 00-01-12-04), as may be updated or superseded from time to time, or its equivalent. By its terms or appropriate endorsements, such insurance shall include the following coverage unless otherwise consented to by Lessor: Bodily Injury, Property Damage, Fire, Legal Liability, Personal Injury, Blanket Contractual, Independent Contractors, Premises Operations, Products and Completed Operations (for a minimum of ten (10) years following final completion of the particular Project). The policy shall not be endorsed to exclude the perils of explosion (x), collapse (c) and underground (u) exposures without the advance written approval of Lessor. The coverage shall be primary and non-contributory. All policies shall be endorsed to waive all rights of subrogation against the Lessor and the State of Hawaii. The Lessor and the State of Hawaii shall be named as Additional Insureds under the Commercial General Liability policy of insurance per standard ISO endorsement forms 2010 (06/04) for ongoing operations and 2037 (07/04) for products/completed operations, or their equivalent. The policy definition of "occurrence" shall include both property damage and bodily injury resulting from faulty workmanship. The following minimum limits shall apply to the above coverage:

General Aggregate	\$3,000,000
Products/Completed Operations Aggregate	\$2,000,000
Each Occurrence Limit	\$2,000,000
Personal/Advertising Injury	\$1,000,000
Fire Damage (any one fire)	\$100,000
Medical Payments (any one person)	\$5,000

(ii) Automobile liability insurance. Hawaii no-fault automobile liability insurance, covering any auto (all owned, hired, and non-owned autos), with a combined single limit not less than Two Million Dollars (\$2,000,000) each accident (bodily injury and

property damage combined); or a bodily injury limit of not less than One Million Dollars (\$1,000,000) per person and Two Million Dollars (\$2,000,000) per accident, and property damage limits of not less than One Million Dollars (\$1,000,000) per accident.

(iii) Workers' compensation and employers' liability. Workers' compensation coverage meeting the statutory requirements of the State of Hawaii and any other state in which employees are hired or work is performed, and including employers' liability coverage with minimum limits of One Million Dollars (\$1,000,000) each for bodily injury by accident (each accident), for bodily injury by disease (each employee), and for bodily injury by disease (policy limit), or as otherwise required by applicable federal and State of Hawaii laws.

(iv) Builder's risk. Lessee or Lessee's contractors shall procure property insurance written on a builder's risk, all risk, or equivalent policy form, including insurance against the perils of fire (with extended coverage) and risks of physical loss or damage including but not limited to theft, vandalism, malicious mischief, collapse, earthquake, flood, windstorm, testing and start up. Coverage shall also apply to temporary buildings that become part of the finished structure and debris removal, and demolition occasioned by enforcement of any applicable building codes or similar legal requirements. The amount of insurance shall be no less than the initial contract sum, plus the value of subsequent contract modifications and the cost of materials supplied or installed by others, comprising the total value for the entire Project at the site on a replacement cost basis, including reasonable compensation for architect or engineer services and expenses. This property insurance shall include coverage for portions of the Project when stored off site or in transit. Such property insurance shall be maintained until the Project is completed or put to its intended use, whichever is later. This insurance shall include the insurable interests of Lessor, Lessee and Lessee's contractors, subcontractors, and sub-subcontractors in the Project, as their interest may appear. If this property insurance includes deductible provisions, Lessee or its contractors as contractually obligated shall pay all deductibles or costs not covered because of such deductible provisions. There shall be no coinsurance clause greater than twenty percent (20%).

(v) Professional liability. When any architects, engineers, construction managers, or other professional consultants are hired by Lessee or Lessee's contractors, professional liability insurance covering their errors and omissions shall be maintained with limits of at least One Million Dollars (\$1,000,000) claims-made policy. If or when such policies are renewed or replaced, any policy retroactive date on the renewal or replacement policy must coincide with, or precede the date work started under the contract for professional services. Any claims-made policy that is not renewed or replaced must have an extended reporting period of at least six (6) years unless otherwise agreed by Lessor.

(vi) Contractor's pollution liability. Lessee or Lessee's contractors shall procure and maintain Contractor's Pollution Liability insurance that shall provide coverage for environmental impairment liability for both first party remediation, and third party bodily injury and/or property damage, in an amount equal to a minimum of One Million Dollars (\$1,000,000) per occurrence and Two Million Dollars (\$2,000,000) in the aggregate; provided, however, that if defense cost afforded by this coverage is not separate from the limit of liability,

limits shall be a minimum of Two Million Dollars (\$2,000,000) per occurrence and Three Million Dollars (\$3,000,000) in the aggregate. Coverage shall be provided on an occurrence basis, or if not possible, claims made. Any claims-made policy that is not renewed or replaced must have an extended reporting period of at least six (6) years unless otherwise agreed by Lessor.

(vii) Umbrella or excess liability. Lessee or Lessee's contractors shall procure and maintain Umbrella or Excess Liability insurance with limits of not less than \$5,000,000 per occurrence. Coverage must be excess of any General Liability, Automobile Liability, and Employers Liability insurance and limits required hereunder. This coverage shall be structured to "follow form" of all underlying policies, terms and conditions.

(c) Lessee and Sublessee Requirements. Lessee shall, at its sole cost and expense, procure, maintain, and keep in full force and effect during and throughout the Term, the types and minimum amounts of insurance coverage specified below and in accordance with the types of coverage and limitations set forth below adequate to protect Lessee against the risks mentioned herein, subject to the same general provisions contained in Section 4.17(a) above. Any sublessees are subject to the same insurance requirements of Lessee unless otherwise agreed by Lessor or otherwise specified herein. If Lessee or any sublessee desires additional coverage, such Lessee and/or sublessee(s), as applicable, are responsible for the procurement and cost of such additional coverage.

(i) Commercial general liability ("Occurrence Form"). Minimum limits of One Million Dollars (\$1,000,000) each occurrence and Two Million Dollars (\$2,000,000) general aggregate coverage, covering bodily injury and death, property damage, and personal/advertising injury which is subject to a personal/advertising injury aggregate of at least One Million Dollars (\$1,000,000) arising out of Lessee's operation of the Hospitals or Leased Property, products, and completed operations or the lease, use, management, maintenance, replacement, or repair of the Equipment and Furnishings on or after the Transfer Completion Date. The policy shall include contractual liability for any general indemnification agreement in this Lease. Such indemnification shall include bodily injury and property damage obligations assumed in the Lease and a One Million Dollar (\$1,000,000) limit for products and completed operations.

(ii) [Reserved.]

(iii) Workers' compensation and employers' liability. Workers' compensation coverage meeting the statutory requirements of the State of Hawaii and any other state in which employees are hired or work is performed, and including employers' liability coverage with minimum limits of One Million Dollars (\$1,000,000) each for bodily injury by accident (each accident), for bodily injury by disease (each employee), and for bodily injury by disease (policy limit), or as otherwise required by applicable federal and State of Hawaii laws.

(iv) [Reserved.]

(v) [Reserved.]

(vi) Fire and extended coverage insurance for other hazards and perils (also known as “Commercial Property Insurance”). On all of the buildings, structures and other leasehold improvements constituting Leased Property and fixtures, equipment, furniture, furnishings and other personal property constituting Leased Property, whether owned by Lessor or Lessee, or any part(s) or portion(s) thereof, including business interruption coverage, as would be procured and maintained by a reasonable and prudent owner or operator thereof, the necessary fire policy or policies and extended special form coverage for other hazards and perils such as, but not limited to, fire, hail, windstorm, hurricane, equipment breakdown, flood, earthquake, lightning, explosion, smoke, sprinkler leakage, vandalism, malicious mischief, damage by aircraft and glass, in an amount equal to one hundred percent (100%) of the replacement value of all buildings, structures, other leasehold improvements, trade fixtures, equipment, furniture, furnishings, and other personal property, per occurrence arising from any cause.

(vii) [Reserved.]

(viii) Automobile liability insurance. Hawaii no-fault automobile liability insurance, covering any auto (all owned, hired, and non-owned autos), with a combined single limit not less than Two Million Dollars (\$2,000,000) (bodily injury and property damage combined); or a bodily injury limit of not less than One Million Dollars (\$1,000,000) per person and Two Million Dollars (\$2,000,000) per accident, and property damage limits of not less than One Million Dollars (\$1,000,000) per accident.

(ix) Medical professional and errors and omissions claims. The Lessee shall maintain insurance covering medical professional liability and errors and omissions, claims for any damages caused by an error, omission or any negligent acts. Limits of not less than Two Million Dollars (\$2,000,000) per claim and Four Million Dollars (\$4,000,000) in the aggregate for each such policy shall be provided.

(x) Umbrella or Excess Liability insurance. Lessee shall maintain Umbrella or Excess Liability insurance with limits of not less than Ten Million Dollars (\$10,000,000) per occurrence or per claim in accordance with the structure of the underlying policy or policies. Such coverage must be excess of any General Liability, Automobile Liability, Hospital Professional Liability, Employers Liability, and Helipad insurance and limits required under this Lease, and shall be structured to “follow form” of all underlying policies, terms and conditions.

(xi) Helipad insurance. Lessee shall maintain Non-Owned Aircraft Liability Coverage with a minimum limit of Five Million Dollars (\$5,000,000) per occurrence.

(d) Lessee and Sublessee Recommended Coverages. Lessee shall either (i) at its sole cost and expense, procure, maintain, and keep in full force and effect during and throughout the Term the types and minimum amounts of recommended insurance coverage specified below, subject to the same general provisions contained in Section 4.17(a) above, or (ii) reimburse and indemnify, defend and hold harmless Lessor and its insurers pursuant to

Section 4.15 of this Lease should Lessor or any of its insurers expend any premiums, deductibles, retentions and/or funds which would have been covered by the minimum amounts of optional insurance (or self-insurance) coverage specified below.

(i) Water damage legal liability insurance. Combined single limit coverage for water damage legal liability of not less than Fifty Thousand Dollars (\$50,000) per occurrence arising from any one cause.

(ii) Pollution legal liability. Coverage of not less than Three Million Dollars (\$3,000,000) per occurrence and Five Million Dollars (\$5,000,000) in the aggregate for environmental impairment liability for both first party remediation, and third party bodily injury and/or property damage (including damage to natural resources) resulting from any pollution condition or conditions associated with or arising solely out of Lessee's operations of the Hospitals after the Transfer Completion Date.

(iii) Storage Tank insurance. Storage Tank Liability Insurance covering all Above-Ground Storage Tanks on the Leased Property with a minimum limit of One Million Dollars (\$1,000,000) per incident and Three Million Dollars (\$3,000,000) in the aggregate. Any claims made policy that is not renewed or replaced must have an extended reporting period of at least six (6) years.

Section 4.18. Disputes. All controversies or disputes between the Parties which arise under, or by virtue of, this Lease shall be negotiated in good faith to resolve the dispute in a reasonable manner. Until such controversy or dispute has been resolved, the Parties shall escalate negotiations to a senior executive or senior administrator of Lessor and a senior executive of Lessee, who shall meet in person to discuss the matter, which meeting shall take place within thirty (30) days of the initial notice of such dispute unless agreed otherwise by the Parties. If the dispute is not resolved within ninety (90) days following such a meeting (or such other period as the Parties may mutually agree), the Parties may pursue any or all remedies available to them under this Lease and under applicable law. In the event of a dispute that arises under Section 1.4(3), Section 4.41, Section 4.42, or Section 4.43 of this Lease or that otherwise concerns Hospital Operations (as defined in Section 4.42), the Parties shall utilize the Dispute procedures set forth in Section 14.7 of the Transfer Agreement in lieu of this Section 4.18 of the Lease.

Section 4.19. Lessor's lien. Lessor shall have a lien on all the buildings and improvements placed on the Real Property by Lessee, on all machinery, trade equipment, and trade fixtures, kept or used on the Real Property, whether the same is exempt from execution or not, and on the rents of all improvements and buildings located on the Real Property, for all Lessor's costs, attorneys' fees, all taxes and assessments paid by Lessor on behalf of Lessee, and for the payment of all money provided in this Lease to be paid by Lessee, and this lien shall continue until the amounts due are paid; provided, however, (i) Lessor may not place a lien on any Post-Closing Property, and (ii) as reasonably requested by Lessee, Lessor shall subordinate its Lessor's lien in connection with any financing or refinancing of equipment used in the operation of a Hospital or any upgrade of a Hospital.

Section 4.20. Mortgage. Lessee shall not mortgage, hypothecate, or pledge the Real Property, and any mortgage, hypothecation, or pledge shall be null and void.

Section 4.21. [Reserved.]

Section 4.22. [Reserved.]

Section 4.23. [Reserved.]

Section 4.24. Condemnation. If at any time, during the term of this Lease, any portion of the Real Property should be condemned, or required for public purposes by the United States of America, or any county or city and county, the rent shall be reduced in proportion to the value of the portion of the Leased Property condemned. Lessee shall be entitled to receive from the condemning authority the proportionate value of Lessee's permanent improvements so taken in the proportion that it bears to the unexpired term of this Lease; provided that Lessee may, in the alternative, at its sole discretion, remove and relocate its improvements to the remainder of the Real Property occupied by Lessee. Lessee shall not by reason of the condemnation be entitled to any claim against Lessor for condemnation or indemnity for leasehold interest and all compensation payable or to be paid for or on account of the leasehold interest by reason of the condemnation shall be payable to and be the sole property of Lessor. The foregoing rights of Lessee shall not be exclusive of any other to which Lessee may be entitled by law. Where the portion taken renders the remainder unsuitable for the use or uses for which the Leased Property were leased, Lessee shall have the option to surrender this Lease and be discharged and relieved from any further liability as provided in Section 1.3(b)(i) above; provided that Lessee may remove the permanent improvements constructed, erected and placed by it within any reasonable period allowed by Lessor. Lessor will use its best efforts, to the extent reasonably possible, to provide Lessee with at least ninety (90) days prior written notice of any condemnation.

Section 4.25. Right to enter; Inspection of premises. Upon advance written notice being given in accordance with this Section 4.25, the agents, employees, contractors or representatives of both Lessor and the Maui Board shall have the right to enter and cross any portion of the Real Property and to gain access to the Leased Property for the purpose of performing any public, statutory, or official duties, which in the case of the Maui Board shall be for the sole purpose of performing the Maui Board's statutory function under Section 323F-54, HRS, and examining the state of the Real Property's repair and condition. Except in the event of an emergency as reasonably determined by Lessor, the agents, employees, contractors, or representatives shall provide Lessee with at least twenty-four hours prior written notice as to portions of the Leased Property for which access is sought and arrange for such access to occur during a Hospital's normal business hours so as to not otherwise interfere unreasonably with patient care or Lessee's use and enjoyment of the Real Property as provided in Section 4.12 and Section 4.31 of this Lease. Notwithstanding the foregoing, nothing herein shall limit nor preclude Lessor and its agents, employees, contractors, or representatives from entry, access, or any other action on the Real Property in connection with and/or in furtherance of Lessor's duties specific to the Leased Property.

Section 4.26. Inspection by prospective tenants. Within three hundred sixty five days (365) of the termination or expiration of this Lease, Lessor shall have the right to authorize any person or persons to enter upon and inspect the Leased Property at all reasonable times for purposes of informing and apprising that person or persons of the condition of the Leased Property preparatory to a disposition of the Leased Property; provided, however, that any entry and inspection (a) shall be conducted during reasonable hours after notice to enter is first given to Lessee, (b) shall not unreasonably interfere with patient care, and (c) shall, if Lessee so requires, be made in the company of Lessee or designated agents of Lessee.

Section 4.27. No waiver. The acceptance of Rental Payments or Other Required Payments by Lessor shall not be deemed a waiver of any breach by Lessee of any term, covenant, or condition of this Lease, nor of Lessor's rights in the event of any breach of this Lease. The payment of Rental Payments or Other Required Payments by Lessee shall not be deemed a waiver of any breach by Lessor of any term, covenant, or condition of this Lease, nor of Lessee's rights in the event of any breach of this Lease. The failure of any Party to insist upon strict performance of any term, covenant, or condition, or to exercise any option conferred in this Lease, in any one or more instances, shall not be construed as a waiver or relinquishment of any term, covenant, condition, or option.

Section 4.28. Extension of time. Notwithstanding any provision contained in this Lease, when applicable, Lessor may for good cause shown, allow additional time beyond the time or times specified in this Lease for Lessee to comply, observe, and perform any of the lease terms, conditions, and covenants.

Section 4.29. Amendment. This Lease may be amended, and the terms of this Lease may be modified, only by a writing signed by each Party. Any matter referred to in this Lease as mutually agreed to or designated by the Parties shall be evidenced by such a writing.

Section 4.30. [Reserved.]

Section 4.31. Quiet enjoyment. Lessor covenants and agrees with Lessee that upon payment of Rental Payments and Other Required Payments at the times and in the manner provided and the observance and performance of these covenants, terms, and conditions on the part of Lessee to be observed and performed, Lessee shall and, except as otherwise provided in this Lease or the Transfer Agreement, may have, hold, possess, and enjoy the Leased Property for the Term, without hindrance or interruption by Lessor or any other person or persons lawfully claiming by, through, or under it. In furtherance of the foregoing, prior to the Transfer Completion Date, Lessor shall remove from the Real Property assets that are not Leased Property or Transferred Assets (as defined in the Transfer Agreement).

Section 4.32. Surrender. In accordance with the provisions of Section 1.3, Lessee shall, at the end of the Term or other earlier termination of this Lease, peaceably deliver unto Lessor possession of the Leased Property in a clean and orderly condition, together with all improvements existing or constructed thereon, in accordance with the provisions of Article X of

the Transfer Agreement. Furthermore, upon the expiration or earlier termination of this Lease, should Lessee fail to remove any and all of Lessee's personal property from the Leased Property, after thirty (30) days advanced written notice thereof (specifying the personal property in question), Lessor may remove any and all personal property from the Leased Property and either deem the property abandoned and dispose of the property or place the property in storage at the reasonable cost and expense of Lessee, and Lessee does agree to pay all reasonable costs and expenses for disposal, removal, or storage of the personal property. Notwithstanding the foregoing, the terms and conditions of the reversion and surrender of Post-Closing Property are set forth in the Transfer Agreement. This Section 4.32 shall survive the expiration or earlier termination of this Lease.

Section 4.33. Non-warranty. As set forth in the Transfer Agreement, except as expressly set forth in this Lease, the Transfer Agreement, or Act 103, (a) Lessor does not warrant the conditions of the Leased Property, as the same are being leased "as is", and (b) Lessor is not making any representations or warranties, express or implied, with respect to the Leased Property, and Lessee hereby acknowledges and agrees that the Leased Property is being leased "as is, where is, with all faults" on the terms and conditions in this Lease.

Section 4.34. Historic preservation. In the event any historic properties or burial sites, as defined in HRS § 6E-2, are found on the Real Property, Lessee and Lessee's agents, employees and representatives shall immediately stop all land utilization or work or both and contact the State of Hawaii, Historic Preservation Office, in compliance with Chapter 6E, HRS.

Section 4.35. Recordation. This Lease may not be recorded in any State of Hawaii land recording system without the prior written approval of Lessor.

Section 4.36. Hawaii law. This Lease shall be construed, interpreted, and governed by the laws of the State of Hawaii.

Section 4.37. Exhibits and Attachments. All exhibits and attachments referred to are attached to this Lease and hereby are deemed incorporated by reference. If there is any inconsistency between the statements in this Lease and those in those exhibits or attachments (other than an exception expressly set forth in an exhibit or attachment with respect to a specifically identified representation), then the statements in this Lease control. The statements in the exhibits and attachments refer only to the provisions in the section of this Lease to which they expressly relate and not to any other provision in this Lease. This Lease, including the background recitals, exhibits and attachments, along with any other agreement incorporated in this Lease by reference supersede all previous agreements and constitute the entire agreement of whatsoever kind or nature existing between the Parties.

Section 4.38. [Reserved.]

Section 4.39. Partial invalidity. If any term, provision, covenant or condition of this Lease should be held to be invalid, void or unenforceable, the remainder of this Lease shall continue in full force and effect and enforceable in accordance with its terms and shall in no way

be affected, impaired or invalidated thereby.

Section 4.40. Time is of the essence. Time is of the essence in all provisions of this Lease.

SPECIAL CONDITIONS

Section 4.41. Statement of purpose. This Lease is entered into as an integral part of the transactions contemplated by the Transfer Agreement in order to accomplish Act 103's stated purposes, including Act 103's goal of ensuring that the people of Maui and Lanai continue to have access to an open community hospital delivering healthcare services available to the public regardless of the type (or lack) of health insurance coverage a member of the public seeking healthcare services from Lessee has (or has not). As set forth in Section 13.6(f) of the Transfer Agreement, Lessee is committed to (a) operate the Hospitals as community hospitals, caring for patients regardless of insurance, and (b) pursuing the strategic commitments described in HRS § 323F-60; and (c) investing in and using the Hospitals to provide quality health care services and improve the delivery of those services to the communities presently served by the Hospitals, including reasonable efforts to expand clinical service lines, upgrade facilities and equipment, implement physician primary care and specialty recruitment and retention initiatives, introduce innovative approaches to fill physician coverage gaps, leverage technology, endeavor to develop community linkages with community organizations and healthcare providers and suppliers to improve continuity of care and reduce wait times, and promote evidence-based medicine.

Section 4.42. Maui Board.

(a) As custodial caretaker of the Real Property referenced in HRS § 323F-54, the Maui Board shall be responsible for overseeing the performance of the terms and conditions of this Lease by Lessee. Notwithstanding the foregoing, and for avoidance of doubt, Lessee shall have exclusive control of all matters related to the management, operation, and provision of healthcare services at the Hospitals ("**Hospital Operations**"), and the Maui Board's responsibility described herein relates solely to Lessee's performance of the terms and conditions of this Lease as custodial caretaker of the Real Property referenced in HRS § 323F-54. Lessee shall communicate with Lessor as to any Lease matters with any notice provided in accordance with Section 4.58 below. As between Lessor and the Maui Board, Lessor shall have the sole authority to act on matters relating to this Lease unless otherwise provided in an agreement between Lessor and the Maui Board, a copy of which shall be provided to Lessee. Nothing in this Lease is intended, and it is not the intent of the parties, to cause or result in the State of Hawaii, Lessor, or the Maui Board having any responsibility for or control over the management or operation of the Hospital Operations.

(b) Lessee shall provide Lessor and the Maui Board with copies of Lessee's annual financial reports for purposes of the Maui Board's carrying out its responsibilities under this Section 4.42 and confirming Lessee's compliance with Section 4.43. In addition, Lessee will provide Lessor and the Maui Board with any information as may be reasonably requested by

Lessor or the Maui Board to determine whether or not Lessee is in material compliance with the terms and conditions of this Lease; provided that, in accordance with Section 4.42(a) of this Lease, such information relates to the Maui Board's role as custodial caretaker of the Real Property as referenced in HRS § 323F-54.

Section 4.43. Reinvestment in Maui; Disputes. As set forth in Section 13.6(e) of the Transfer Agreement, after the fifth (5th) year of the Initial Term of the Transfer Agreement (as defined in the Transfer Agreement), provided Lessee attains the Minimum Margin (as defined in the Transfer Agreement), excess operating revenue will be reinvested in the Hospitals. The Parties recognize that Lessor may engage a certified public accountant to audit the books and records of the Lessee to confirm Lessee's compliance with this Section, and Lessee shall respond to information requests of Lessor's certified public accountant in accordance with Section 4.42(b) of this Lease. If Lessor's certified public accountant concludes, as a result of such audit, that Lessee violated this Section, Lessor shall provide a copy of such accountant's report and underlying work papers ("**Auditor's Report**") to Lessee for prompt review by Lessee's certified public accountants. Any Dispute (as defined under the Transfer Agreement) arising under this Section or relating to the Auditor's Report shall be subject to the dispute resolution provisions in Section 14.7 of the Transfer Agreement. If there is no Dispute regarding the Auditor's Report, Lessee shall comply with its obligations under this Section and Section 13.6(e) of the Transfer Agreement.

Section 4.44. Use of Equipment and Furnishings. Lessee shall maintain current lists of Major Equipment and Furnishings comprising the Leased Property and make them available to Lessor upon reasonable request. Lessee shall ensure that its use of Equipment and Furnishings shall comply at all times in all material respects with all applicable laws, ordinances, regulations, and statutes of any federal, state, or municipal government now hereafter in effect.

Section 4.45. Alienation of Equipment and Furnishings. As set forth in Section 2.6(c) of the Transfer Agreement, Lessee has the right on an as-needed basis in the ordinary course of business or to further the successful operations of the Hospitals to, in its sole discretion, take out of operation, service, repair, replace or trade-in any Equipment or Furnishings, subject to any limits on the alienation of such Equipment or Furnishings that are subject to the Capital Leases. Any equipment, assets and properties obtained by Lessee to replace any Equipment or Furnishings or associated with any equipment traded-in shall be deemed Post-Closing Property subject the terms and conditions of the Transfer Agreement, including Section 2.6(c) and Article X of the Transfer Agreement. If Lessee intends to sell, alienate, convey, or otherwise transfer or dispose of any Major Equipment or Furnishings to a third party (which shall not include any trade-in of Major Equipment and Furnishings for new or replacement Major Equipment and Furnishings) that may still be used in a commercially reasonable manner (taking into account, but not limited to, consideration of such Major Equipment's or Furnishings' condition and life expectancy and the cost of any reasonably necessary maintenance and/or repairs), Lessee shall provide advance written notice to Lessor and the Maui Board and the opportunity for Lessor or the Maui Board, within thirty (30) days of the date of the notice, at Lessor's or the Maui Board's sole cost and expense, to take possession of such Major Equipment and Furnishings and remove such Major Equipment or Furnishings from

the Real Property. In the event that such Major Equipment and Furnishings are not removed from the Real Property, Lessee may freely sell, alienate, convey, or otherwise transfer or dispose of such Equipment or Furnishings and reinvest the proceeds in the Hospitals. The Parties further recognize and agree that, during the Term, Lessee periodically may offer Lessor the opportunity to remove from the Real Property such other Equipment and Furnishings as Lessee no longer intends to use in connection with Hospital Operations, including, without limitation, replaced computers and such other information technology hardware that does not rise to the level of Major Equipment and Furnishings and has little trade-in value, but may be deployed by Lessor for other public purposes. Accordingly, Lessee will adopt a policy for the orderly disposition of other Equipment and Furnishings consistent with the spirit of this Section 4.45.

Section 4.46. Lost and stolen Equipment and Furnishings. In the event Major Equipment or Furnishings are lost or stolen, Lessee shall either: (1) promptly replace the Major Equipment or Furnishings at Lessee's expense with comparable items of substantially similar specification and value, which items shall be owned by Lessor and be considered Equipment and Furnishings subject to this Lease, or (2) pay to Lessor the net book value of the Major Equipment and Furnishings.

Section 4.47. Sublease of MMMC Extension and Common Areas.

As disclosed in the Transfer Agreement, Lessor was a party to a certain joint development and lease arrangement more fully described in (a) that certain letter agreement dated July 28, 1993, and related agreement dated March 14, 1994, between MRHS and Bobby C. Baker, M.D., Inc. ("**Baker**") pursuant to which the parties developed an oncology center ("**JV Facility**") located adjacent to the MMMC Facility, which agreement provided that the JV Facility was owned jointly as tenants-in-common, (b) that certain Ground Lease and Space Use Agreement between Lessor and Baker dated July 18, 2005, which agreement further set forth the exclusive right to occupy and use certain portions of the JV Facility by the MMMC Facility and Baker, respectively, and (c) that certain Ground Lease and Space Agreement between Lessor and Baker dated March 5, 2012, as amended by that certain Amendment to Ground Lease and Space Agreement effective April 30, 2013 (which agreements with Baker are referred to collectively as the "**Baker Arrangements**"). Under Section 1.1(c) of this Lease, the Baker Arrangements are Use Agreements and, accordingly, Lessee shall have no obligations, liabilities or rights under or related to the Baker Arrangements except as expressly set forth in this Section 4.47. **Exhibit "G-1"**, attached hereto and made a part hereof, describes the parcels of land and the building comprising the JV Facility that were the subject of the Baker Arrangements. **Exhibit "G-2"**, attached hereto and made a part hereof, describes and clearly delineates between the JV Facility space historically used exclusively by Baker (the "**RadOnc Center**"), the JV Facility space used exclusively by the MMMC Facility (the "**MMMC Extension**"), and common areas in the JV Facility space ("**Common Areas**"). Despite the listing of the Baker Arrangements as Use Agreements, subject to obtaining any and all required consents and approvals by the Lenders as specified on **Exhibit "H"**, Lessor hereby agrees to sublease to Lessee the space utilized by the MMMC Extension, and the right to access the Common Areas on the terms and conditions set forth in this Lease, and such subleased space shall be considered Leased Property. Lessor shall retain all rights, title, and interests in and to, and all obligations,

and liabilities related to the JV Facility and the Baker Arrangements. Lessor also reserves the right to take appropriate action and to seek any and all remedies available at law and in equity against Baker for Baker's default of the Baker Arrangements. Notwithstanding the foregoing, if necessary, Lessee agrees to negotiate in good faith with the Lessor to establish an accurate, commercially reasonable, fair market value system that complies with applicable laws for allocating certain utilities (*i.e.*, water/sewer and electricity) between the RadOnc Center space, the MMMC Extension, and the Common Areas. In connection with the foregoing, the Lessor agrees to promptly install or cause to have installed by any person occupying the RadOnc Center space, any necessary sub-metering devices to enable appropriate prorating of such utility services.

Section 4.48. Environmental general provisions.

(a) Lessor and Maui Board retained liabilities. Under HRS § 323F-54, the Maui Board is to remain the custodial caretaker of the Real Property. Under HRS § 323F-56, Lessor and the Maui Board, separately or collectively, are responsible for any and all obligations incurred by the Hospitals, MRHS, or Lessor prior to the Transfer Completion Date. Nothing contained in this Lease, including, without limitation, this Section 4.48, Section 4.49, or Section 4.50, shall be construed to require Lessee to assume any obligation or liability relating to Hazardous Substances (as defined herein) located on, in or under the Real Property prior to the Transfer Completion Date, including, without limitation, remediation, abatement, removal or disposal required to comply with any Environmental Laws (as defined herein) unless Lessee's (i) construction or renovation on, in, or under the Leased Property, (ii) negligent actions, or (iii) grossly negligent omissions create such obligation or liability. For purposes of compliance with Environmental Laws, Lessor, as the owner of the Real Property, shall be the signatory and designated generator for all manifests for disposal of Hazardous Substances that existed on, in or under the Leased Property prior to the Transfer Completion Date. Likewise, nothing contained in this Lease, including, without limitation, this Section 4.48, Section 4.49, or Section 4.50, shall be construed to require Lessee to assume any obligation or liability relating to the Kula Facility Repairs, which shall remain the sole responsibility of Lessor.

(b) Lessor representations. In consideration for Lessee's covenants under this Lease, including, without limitation, the covenants contained in Section 4.48, Section 4.49, and Section 4.50, Lessor represents to Lessee as follows with respect to the Real Property prior to the Transfer Completion Date: (1) to the best of Lessor's Knowledge (as defined herein), there are no pending or notice of threatened claims, actions, causes of action, investigations, or written notices by any person alleging potential liability (including potential liability for investigatory costs, cleanup costs, governmental response costs, natural resource damages, property damages, personal injuries or penalties) against Lessor, MRHS, or the Hospitals relating to any Environmental Laws; (2) to the best of Lessor's Knowledge, Lessor, MRHS, and the Hospitals have not assumed or undertaken or otherwise become subject to any liability or corrective obligation of any other person relating to any Environmental Laws; and (3) to the best of Lessor's Knowledge, the Hospitals and the operations and properties of the Hospitals are and at all times have been in material compliance with Medical Waste (as defined herein) laws.

(c) Lessee compliance with environmental regulations. Without limiting any other provision herein, and subject to Section 4.48(a), Lessee shall comply with all applicable federal, state and county environmental impact regulations, including but not limited to HRS Chapter 343, as amended, and regulations governing historic preservation.

Section 4.49. Environmental site assessments.

(a) Baseline. Lessee has obtained a Phase I environmental site assessment dated November 2, 2015, and intends to obtain a Phase II environmental site assessment and "Facilities Conditions Assessment" ("FCA") prior to the Transfer Completion Date, which assessments (collectively the "**Environmental Assessments**") the Parties agree establish the environmental baseline condition of the Real Property as between the Parties as of the Transfer Completion Date (provided, however, that should the Environmental Assessments reports not be provided to Lessor at least one week prior to the Transfer Completion Date, the Parties agree that only the Phase I shall establish the environmental baseline condition of the Real Property) including, but not limited to, the condition of any underground storage tanks present within the Real Property as of the Transfer Completion Date, which underground storage tanks Lessor shall remain responsible for in accordance with applicable federal, state, and county laws.

(b) Upon termination or assignment. Prior to termination (under Section 1.3) or assignment (under Section 4.13) of this Lease, Lessee shall conduct a Phase I environmental site assessment and, subject to Section 4.48(a), conduct a complete remediation, abatement, removal, and disposal, if necessary, satisfactory to the standards required by the Federal Environmental Protection Agency or the State of Hawaii, Department of Health, with any remediation, abatement, removal or disposal costs to be borne in accordance with HRS, Section 323F-56 (as in effect as of the Transfer Completion Date) and Section 4.48(a). Failure to comply with the provisions of this paragraph shall not extend the term of this Lease or prevent termination of this Lease. Lessor, at its sole option, may refuse to approve assignment unless this evaluation and abatement provision has been performed. Lessee's obligation to remediate, abate, remove, and dispose of Hazardous Substances shall be subject to Section 4.48(a).

(c) Lessor action. In addition or in the alternative, in the event Lessee fails to conduct a Phase I environmental site assessment and/or comply with the provisions of Section 4.49(b) prior to termination or revocation of this Lease or the assignment of this Lease under Section 4.13, Lessor may, at its sole option if Lessee does not do so, arrange for performance of such provisions of Section 4.49(b), with all costs and expenses of such performance to be charged to and paid by Lessee.

Section 4.50. Environmental compliance - Lessee's duties

(a) Definitions. For purposes of this Lease, Lessee agrees and understands that the following terms shall have the following meanings:

"**Environmental Laws**" shall mean all federal, state and local laws of every nature including statutes, ordinances, rules, regulations, codes, standards, directives of

every kind, guidelines, interpretations of the foregoing by any court, legislative body, agency or official with relevant subject matter jurisdiction, judicial decisions, orders, rulings or judgments, or rules of common law which currently are in effect or which may come into effect through enactment, issuance, promulgation, adoption or otherwise, which in any way pertain to, relate to, or have any relevance to the environment, health or safety. These Environmental Laws include, but are not limited to, regulations and orders of the federal Environmental Protection Agency and of the State of Hawaii, Department of Health.

“Hazardous Substance” shall mean and include any chemical, substance, organic or inorganic material, controlled substance, object, condition, waste, living organism, or combination thereof which is, may be, or has been determined by proper state or federal authority under any Environmental Law to be, hazardous to human health or safety or detrimental to the environment. This term shall include, but not be limited to, petroleum hydrocarbons, asbestos, radon, polychlorinated biphenyls (PCBs), methane, fuels of any kind, and other materials or substances that are regulated by state or federal authorities.

“Lessor’s Knowledge” shall mean the actual knowledge of the chief executive officer of Lessor after reasonable inquiry with the chief executive officer of MRHS.

“Medical Waste” shall mean: (1) pathological waste, (2) blood, (3) sharps, (4) waste from surgery or autopsy, (5) dialysis waste, including contaminated biological equipment and supplies, (6) cultures and stocks of infectious agents and associated biological agents, (7) contaminated animals, (8) isolation wastes, (9) contaminated equipment, (10) laboratory waste, and (11) various other biological waste and discarded materials contaminated with or exposed to blood, excretion or secretions from human beings or animals. Medical Waste also includes any substance, pollutant, material or contaminant listed or regulated as “Medical Waste” or “Infectious Waste” or other similar terms by federal, state, or county laws insofar as they purport to regulate Medical Waste, or impose requirements relating to Medical Waste, and includes “Regulated Waste” governed by the U.S. Occupational Safety & Health Administration.

(b) Lessee’s activities and duties.

(i) Compliance with Environmental Laws. Subject to Section 4.48(a), Lessee agrees, at its sole expense and cost, to comply with all Environmental Laws that apply to the Real Property during the term of this Lease, and Lessee’s occupancy or use of, and activities on, the Real Property. This duty shall survive the expiration or termination of this Lease. Subject to Section 4.48(a), failure of Lessee to comply in all material respects with any Environmental Laws shall constitute a breach of this Lease for which Lessor shall be entitled, in its discretion, to terminate this Lease, exercise its remedies under this Lease, including remediating any condition on behalf of Lessee at Lessee’s expense under Section 4.50(b)(v) and Section 4.50(b)(vii), and take any other action at law or in equity it deems appropriate.

(ii) Hazardous Substances. Lessee shall not use, store, treat, dispose, discharge, release, generate, create, or otherwise handle any Hazardous Substance, or allow the same by any third person, on the Real Property without first obtaining the prior written consent

of Lessor and complying with all Environmental Laws, including giving all required notices, reporting to, and obtaining permits from all appropriate authorities, and complying with all provisions of this Lease.

(iii) Notice to Lessor. Lessee shall keep Lessor regularly informed regarding all environmental law related matters affecting Lessee or the Real Property. This duty shall include, without limiting the foregoing duty, providing Lessor with a current and complete list of all Hazardous Substances of every kind which were not identified in the Phase II environmental site assessment (or in the Phase I environmental site assessment if that assessment established the environmental baseline condition for the Real Property) report or which become known on or after the Transfer Completion Date, and with evidence that Lessee has in effect all required and appropriate permits, licenses, registrations, approvals and other consents that may be required of or by federal, state, and county authorities under all Environmental Laws. This duty shall also include providing prompt written notice of any investigation, enforcement action, remediation or other regulatory action, order of any type, or any legal action, initiated, issued, or any indication of an intent to do so, communicated in any way to Lessee by any federal, state, or county authority or any individual which relates in any way to any Environmental Law, any Hazardous Substance, Lessee, or the Real Property. This written notice to Lessor shall include Lessee promptly providing Lessor with copies of all written communications from private parties or state, county, and federal authorities, including copies of all correspondence, claims, complaints, warnings, reports, technical data and any other documents received or obtained by Lessee. At least thirty (30) days prior to termination of this Lease, or termination of the possession of the Leased Property by Lessee, whichever shall first occur, Lessee shall provide Lessor with written evidence reasonably satisfactory to Lessor that Lessee has materially complied with all Environmental Laws, including any orders issued by any governmental authority to Lessee that relate to the Real Property.

(iv) Notice to authorities. In addition to any other notice requirements under Section 4.50(b)(iii), Lessee shall provide written notice to the State of Hawaii, Department of Health, with a copy to Lessor, at least thirty (30) days prior to expiration or termination of this Lease, or thirty (30) days prior to Lessee's termination of possession of the Real Property, whichever occurs first, that Lessee intends to vacate the Real Property and terminate its operations on the Real Property. Lessee shall allow the agents or representatives of said authority access to the premises at any and all reasonable times for the purpose of inspecting the premises and taking samples of any material for inspection or testing for compliance with any Environmental Laws. Lessee shall provide copies of said written notices to Lessor at the time said notices are provided to said authorities.

(v) Disposal/removal. Except for: (1) materials that are lawfully sold in the ordinary course of Lessee's business, and for which Lessee has obtained all required authorizations from appropriate authorities, and (2) Hazardous Substances on, in or under the Real Property before the Transfer Completion Date which have not been disturbed by Lessee, Lessee shall cause any Hazardous Substances to be removed from the Leased Property for disposal. This duty shall include the transportation of said Hazardous Substances from the premises solely by duly licensed Hazardous Substance transporters to duly licensed facilities for

final disposal as required by all applicable Environmental Laws with any disposal costs to be borne in accordance with HRS, Section 323F-56 (as in effect as of the Transfer Completion Date) and Section 4.48(a). Within ten (10) days of each such disposal, Lessee shall provide Lessor with copies of documentary proof, including manifests, receipts or bills of lading, which reflect that said Hazardous Substances have been properly removed and disposed of in accordance with all Environmental Laws.

(vi) Environmental investigations and assessments. Lessee shall cause to be conducted such investigations and assessments of the Leased Property to determine the presence of any Hazardous Substance on, in, or under the Leased Property as may be reasonably directed (a) by Lessor for good cause or (b) directly or indirectly by any federal or state authority. Lessee shall retain a competent and qualified person or entity that is satisfactory to Lessor or the applicable governmental authority, as the case may be, to conduct said investigations and assessments. Lessee shall direct said person or entity to provide Lessor or the applicable governmental authority, if so requested, with testable portions of all samples of any soils, water, ground water or other material that may be obtained for testing, and provide directly to Lessor and the applicable governmental authority, at the sole expense of Lessee, written results of all tests on said samples upon completion of said testing.

(vii) Remediation. In the event that, on or after the Transfer Completion Date, any Hazardous Substance is used, stored, treated, disposed on the Real Property, handled, discharged, released, or determined to be present on the Real Property, or to have migrated from the Real Property, Lessee shall remediate the Real Property, or any location off the Real Property to which it is determined that the Hazardous Substance has migrated, of any Hazardous Substances. Said duty to remediate includes the removal and disposal of said Hazardous Substances in accordance with Section 4.50(b)(v). This duty to remediate includes strictly complying with all Environmental Laws and directives to remediate said Hazardous Substances issued from Lessor or any federal or state governmental authority charged with enforcing the Environmental Laws. This duty to remediate shall include replacement of any materials, such as soils, so removed with material that is satisfactory to Lessor and any governmental authority, as the case may be. Remediation costs shall be borne in accordance with HRS, Section 323F-56 (as in effect as of the Transfer Completion Date) and Section 4.48(a).

(viii) Tanks, pipelines; inspections and repairs. All tanks, pipelines, containers or conduits of any kind that may at any time be used to contain, or may be intended to contain, Hazardous Substances of any type (hereinafter referred to as a "**HS Facility**"), that Lessee intends to install on the Real Property during the Term, must be installed above ground level in such manner that allows for periodic inspection and maintenance of the HS Facility for purposes of determining the existence of leaks and discharges from, and deterioration of any kind to, and that allows repair of, the HS Facility. Lessee shall provide Lessor with prior notice of Lessee's intent to install an HS Facility to allow Lessor ample time, as determined by Lessor, to inspect such HS Facility. Unless and until each HS Facility and its manner of installation are approved by Lessor, said HS Facility shall not be installed. Within one hundred twenty (120) days prior to the installation or use of an HS Facility, Lessee shall submit a contingency plan to

control and remedy any spill, discharge or leak from any HS Facility proposed to be installed by Lessee on the Real Property, which plan shall include the cleanup of all Hazardous Substances so spilled, discharged or leaked, all to the reasonable satisfaction of Lessor. Lessee shall also submit a plan for Lessee to conduct, or have conducted, regular inspections of all HS Facilities to be installed on the Real Property by Lessee during the Term for the purpose of prevention of any leak, discharge or spill from said HS Facilities. Said contingency plan and inspection plan are subject to the approval of Lessor, which will not be unreasonably withheld or delayed. Failure to submit said plans, or to comply with said plans, constitutes a breach of this Lease, giving Lessor the right to terminate this Lease in accordance with Section 1.3(e) and pursue Lessor's remedies under this Lease, at law, or in equity.

(ix) Restoration and surrender of premises. Subject to Section 4.48(a), upon the expiration or earlier termination of this Lease (other than for a termination under Section 1.3(b)(i)(a)), Lessee hereby agrees to restore the Real Property (with the exception of any Real Property condemned, withdrawn or taken under Section 4.24 or 4.54), at its sole cost and expense, including the soil, water and structures on, in, or under the Real Property, to substantially the same condition as the Real Property existed as of the Transfer Completion Date, ordinary wear and tear to the structures and improvements excepted. In the event Lessee does not restore the Real Property to substantially the same condition as it existed as of the Transfer Completion Date, wear and tear to the structures and improvements excepted, Lessee understands and agrees that Lessor may exercise its rights under Section 4.50(b)(x), and until such time as the restoration is complete to the reasonable satisfaction of Lessor, Lessee shall be liable for (i) the Rental Payments in the same manner and amount as if this Lease had continued in effect during the same period of restoration, and (ii) if the Real Property is not useable or habitable for the operation of the Hospitals due to Lessee's failure to restore the Real Property as required under this Section 4.50(b)(ix), the Other Required Payments until such time as the Real Property is useable or habitable for the operation of the Hospitals or the restoration is complete, whichever is earlier.

(x) Lessor's right to act. In the event Lessee fails for any reason to comply with any of its duties under this Section 4.50 or under any Environmental Laws within the time set for doing so, or, if no time is set for doing so, within a reasonable time as determined by Lessor, Lessor shall have the right, but not the obligation, in its sole discretion, to perform those duties, or cause them to be performed. Lessee hereby grants access to the Leased Property at all reasonable hours to Lessor, its agents and anyone designated by Lessor in order to perform said acts and duties. Any cost, expense or liability of any type that may be incurred by Lessor in performing said acts or duties shall be the sole responsibility of Lessee, and Lessee hereby agrees to pay for those costs and expenses within thirty (30) days of the receipt of an invoice, and indemnify, defend and hold harmless Lessor for any liability incurred. This obligation shall extend to any costs and expenses incident to enforcement of the right to act, including litigation costs, attorneys' fees, and the cost and fees for collection of said cost, expense or liability.

(xi) Release and indemnity. The provisions of this Section 4.50(b)(xi) are subject to HRS § 323F-56 (as in effect as of the Transfer Completion Date) and Section 4.48(a). Lessee hereby agrees to release Lessor from any liability of any kind, including, but not

limited to, any liability for any damages, penalties, fines, judgments or assessments that may be imposed or obtained by any person, agency or governmental authority against Lessor and/or Lessee, by reason of any violation of Environmental Laws concerning the Leased Property. Lessee hereby agrees to indemnify, defend with counsel suitable to Lessor, and hold harmless Lessor from any liability that may arise in connection with, or by reason of, any occurrence involving any Hazardous Substance that may be alleged to be connected or related in any way with the Leased Property, the use of the Real Property, or this Lease, including the presence of any Hazardous Substance on the Real Property. Lessee understands and agrees that any assessments, fines or penalties that may be assessed against Lessee or Lessor by reason of any Environmental Law violation concerning the Real Property, shall be paid, complied with, and in every way satisfied by Lessee, and not Lessor. The provisions of this Section 4.50(b)(xi) shall not apply, and Lessee shall have no liability or responsibility arising in any manner as a result of or related to any underground storage tanks present within the Real Property as of the Transfer Completion Date unless Lessee's (i) construction or renovation on, in, or under the Leased Property or (ii) negligent actions (which shall not be construed to include omissions) create such obligation or liability related to any underground storage tanks.

Section 4.51. Lessor's insurance. Lessor shall maintain the insurance policies covering the Leased Property as specified on Schedule 4.13 of the Transfer Agreement (as may be amended by mutual agreement of the Parties prior to the Transfer Completion Date) in accordance with the types of coverage and limitations set forth on Schedule 4.13 of the Transfer Agreement during the Term of the Lease. Lessor shall add Lessee as an additional insured to the Lessor's insurance policies unless not permitted for commercial property insurance or storage tank liability insurance. Any insurance policies required under this Section 4.51 may be carried under blanket policies or self-insurance covering other properties or activities of Lessor, and the terms of such policies shall be reasonably acceptable to Lessee to satisfy such insurance requirements hereunder.

Section 4.52. Capital Leases and Nonassignable Contracts.

(a) The Parties acknowledge and agree that any granting of rights and interests of Lessor in the Capital Leases and the Nonassignable Contracts remain subject to the terms and conditions of the respective leases and contracts and contingent upon and subject to the terms and conditions of any related consent that may be required under the respective leases and contracts. Lessee hereby acknowledges and agrees that any such granting of rights and interest may be terminated or otherwise modified for reasons beyond Lessor's control; provided that Lessor will cooperate with Lessee as reasonably required to avoid such termination or any material modification. Lessee further agrees that upon any granting of rights and interests of Lessor in any such lease or contract, Lessee shall pay to Lessor the rent due under such lease or contract which would otherwise be payable by Lessor in accordance with Section 2.3(a) and (b), shall comply with any and all terms and conditions relating to any such granting of rights and interests as more specifically set forth in **Exhibit "E"**, and shall indemnify Lessor in accordance with Section 4.15 of this Lease for any failure by Lessee to make a required Capital Lease Payment or Nonassignable Contract Payment. During the Term, Lessor shall notify Lessee in accordance with Section 4.58 in the event of any actual or notice of noncompliance with, or a

breach or default of, a Capital Lease or a Nonassignable Contract. During the Term, Lessor shall comply with all material terms and conditions set forth in the Capital Leases and Nonassignable Contracts, including, without limitation, making timely payments required under the applicable Capital Leases and Nonassignable Contracts through the use of the Capital Lease Payments and Nonassignable Contract Payments received by Lessee or otherwise.

(b) The Parties acknowledge that the Capital Leases are financing leases and that Lessor has covenanted that it will not use or permit any person to use the fixtures, equipment, facilities and improvements financed by such Capital Leases (the “**Financed Property**”) in such a manner or to such an extent as would result in the inclusion of interest received under the Capital Leases in gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the “**Code**”) and the applicable Treasury Regulations thereunder (the “**Treasury Regulations**”). The Parties further acknowledge that because of the “change in use” of the Financed Property as a result of this Lease, there needs to be compliance with the remedial action provisions of Treasury Regulation Section 1.141-12(f) which permits a facility financed with a tax-exempt obligation to be used by a 501(c) organization provided, among other things, that the nonqualified obligation is treated as “reissued” for purposes of sections 55 through 59 and 141, 145, 146, 147, 149 and 150 of the Code as of the date of the deliberate action that would otherwise cause the interest on the obligation to be included in gross income and that the obligations thereafter meet all the applicable requirements for tax-exempt status throughout their remaining term. Specifically, the Parties acknowledge that, effective as of the Transfer Completion Date, Lessor and the lessors under the Capital Leases intend to treat the Capital Leases as “reissued” as of the Transfer Completion Date as a “qualified 501(c)(3) bond” within the meaning of section 145 of the Code. Accordingly, the Parties hereby represent and covenant, as applicable, as follows:

(i) Lessee is a Hawaii limited liability company whose sole member is Kaiser Foundation Hospitals, a California nonprofit public benefit corporation (“**KFH**”), and Lessee is, for U.S. federal income tax purposes, disregarded as an entity separate from KFH by operation of Treasury Regulation Section 301.7701-3(b)(1)(ii). Lessee has not (a) elected under Treasury Regulation Section 301.7701-3(c)(1) to be classified for U.S. federal income tax purposes other than as provided in Treasury Regulation Section 301.7701-3(b)(1)(ii), or (b) filed Form 8832 Entity Classification Election (or successor form), to change its classification under Treasury Regulation Section 301.7701-3(c)(1) from that provided by Treasury Regulation Section 301.7701-3(b)(1)(ii), and will not make such election or filing unless it has first caused to be delivered to the Lessor an opinion of nationally recognized bond counsel reasonably acceptable to Lessor (each a “**Bond Counsel**”) to the effect that such election or filing will not, in and of itself, cause interest on the Capital Leases to be included in gross income for federal income tax purposes.

(ii) Lessor and Lessee covenant and agree not to take any action, or omit to take action, where such action or such omission to take action would cause interest on any Capital Lease to be included in gross income for federal income tax purposes and, in the event of such action or omission, such Party will use all reasonable efforts to cure the effect of such action or omission.

(iii) Without limiting the generality of the foregoing, Lessee covenants and agrees, with respect to each Capital Lease, that prior to the final maturity of such Capital Lease, unless it has received and filed with the Lessor an opinion of a Bond Counsel to the effect that failure to comply with any of the following covenants or agreements, in whole or in part, will not adversely affect the exclusion from gross income for federal income tax purposes of interest paid or payable on such Capital Lease:

(A) Use of Net Sale Proceeds. Lessee will not use or permit to be used, directly or indirectly, the proceeds of any Capital Lease in any trade or business carried on by any person who is not an “**Exempt Person**” (*i.e.*, a state or political subdivision thereof or a Tax-Exempt Organization). For purposes of the preceding sentence, (1) use of proceeds by an organization described in Section 501(c)(3) of the Code with respect to an unrelated trade or business, determined according to Section 513(a) of the Code, does not constitute a use by an Exempt Person; (2) use of any Financed Property constitutes use of proceeds of the applicable Capital Lease to the extent of the cost of such property financed by such Capital Lease; (3) any use of proceeds of an Capital Lease in any manner consistent with the guidelines set forth in Revenue Procedure 97-13, as amplified by Notice 2014-67 or applicable successor guidance, shall not constitute the use of such proceeds in the trade or business of one who is not an Exempt Person; and (4) any use of proceeds to pay costs of issuance shall constitute the use of such proceeds in the trade or business of an entity who is not an Exempt Person.

(B) Federally Guaranteed Obligations. Lessee will not cause any Capital Lease to be treated as “federally guaranteed” obligations for purposes of Section 149(b) of the Code.

(C) Information Reporting Requirements. Lessee will cooperate with Lessor in its compliance with the information reporting requirements of Section 149(e)(2) of the Code requiring certain information regarding the MMMC Capital Leases to be filed with the Internal Revenue Service within prescribed time limits.

(D) Notification of the Internal Revenue Service. Lessee will timely notify the Internal Revenue Service of any changes in its organizational documents or method of operations affecting the tax-exempt status of Lessee required by the Treasury Regulations to be provided to the Internal Revenue Service to the extent that the Internal Revenue Service does not already have knowledge of any such changes.

(c) To the extent that, after the Transfer Completion Date, any material changes to published rulings of the IRS, or amendments to the Code or the Treasury Regulations would require additional covenants from Lessor or Lessee to preserve the excludability from gross income of interest on an issue of Capital Leases for federal income tax purposes, the Parties shall negotiate in good faith to take necessary actions to comply with such changed or amended legal requirements.

Section 4.53. Vending machines. The Lessee shall not install, maintain, operate, or permit the installation, maintenance, or operation of any currency, coin, token, or credit card-operated vending machine or device, for the purpose of vending or providing any product (including food and beverage items) or service (for the purpose hereof, amusement or entertainment shall be deemed a service) upon any part or portion of the Leased Property, without the prior written approval of the Lessor; provided, however, that Lessor's prior written approval shall not be required as to any vending machine or device existing as of the Transfer Completion Date. Vending machines include, but are not limited to, newspaper racks, and any currency and coin-operated devices. Lessee shall observe, comply with, and abide by HRS § 102-14, affecting the installation and operation of any vending machines (including newspaper racks, and any currency or coin-operated devices) on the Real Property, if applicable. Notwithstanding the foregoing, nothing in this Lease is intended, and it is not the intent of the Parties, to cause or result in Lessee being considered (1) a public or quasi-public body, governmental authority, or subdivision thereof, or other public entity, or (2) a party to any agreement affecting the installation or operation of any vending machines on the Real Property.

Section 4.54. Withdrawal. Lessor shall have the right to withdraw the Real Property, or any portion thereof, at any time during the term of this Lease upon giving reasonable notice and without compensation, except as otherwise provided in this Lease, for public uses or purposes, for constructing new roads or extensions, or changes in line or grade of existing roads, for rights of way and easements of all kinds, and this Lease shall be subject to the right of Lessor to remove soil, rock or gravel as may be necessary for the construction of roads and rights of way within or without the Real Property; provided that upon the withdrawal, or upon the taking which causes any portion of the land originally leased to become unusable for the specific use or uses for which it was leased, the rent shall be reduced in proportion to the value of the land withdrawn or made unusable, and if any permanent improvement is destroyed or made unusable in the process of the withdrawal or taking, the proportionate value shall be paid based upon the unexpired term of this Lease, and the Lease may be terminated in accordance with Section 1.3(b)(i).

Section 4.55 Loans. The Parties recognize and agree that certain Leased Property of the MMMC Facility is subject to a series of loans separate and apart from the Capital Leases (collectively referred to herein as the "**Loans**"), as evidenced by the following: (a) that certain Master Trust Indenture dated as of April 1, 2008, as amended and supplemented by that certain Supplemental Master Indenture No. 1 for Obligation No. 1 dated as of April 1, 2008 and Supplemental Master Indenture No. 3 for Obligation No. 3 dated as of January 15, 2015 and a further Supplemental Master Indenture to be effective as of the Transfer Completion Date modifying certain covenants in connection with the transactions under this Lease ("**Master Indenture**") by and between Lessor, MRHS, and the Bank of New York Mellon Trust Company, N.A. f/k/a The Bank of New York Trust Company, N.A. as master trustee ("**Master Trustee**"); (b) that certain Bond Trust Indenture dated as of September 12, 2012, as amended by that certain Supplemental Bond Indenture dated as of March 28, 2014 ("**Bond Indenture**") by and between Lessor, MRHS and Regions Bank as bond trustee ("**Bond Trustee**"); (c) Hawaii Health Systems Corporation (Maui Regional System) Revenue Bonds, Series 2012A ("**Series 2012A Bonds**") issued under the Bond Indenture, held by AgTexas, FLCA ("**AgTexas**"), and

guaranteed by the United States of America, acting through the Rural Housing Service, United States Department of Agriculture (“**USDA**”); (d) Hawaii Health Systems Corporation (Maui Regional System) Revenue Bonds, Series 2012B (“**Series 2012B Bonds**”) issued under the Bond Indenture and held by First Hawaiian Bank (“**First Hawaiian**”); and (e) Hawaii Health Systems Corporation (Maui Regional System) Master Indenture Revenue Bond No. 3 (“**Obligation No. 3**”) issued under the Master Indenture and held by USDA. (The Master Trustee, Bond Trustee, AgTexas, First Hawaiian, and USDA may be referred to herein collectively as the “**Lenders**”). The Parties acknowledge and agree that the leasing of the Leased Property to Lessee on the Transfer Completion Date is subject to the condition that, prior to the Transfer Completion Date, the Lenders have consented in writing to the leasing contemplated by this Lease as further set forth in Section 4.62(a) of this Lease.

Section 4.56. Options to extend. Lessee has the option to extend the term of this Lease for two successive periods of ten (10) years each, subject to the following conditions. Each respective ten-year option (“**Extension**”) is subject to the following conditions: (i) the rights herein shall apply only as to and may be exercised only by the originally named Lessee and not any other assignee, sublessee, or other transferee of Lessee’s interest in this Lease; and (ii) Lessee shall not be in material default under this Lease on the date that Lessee delivers notice of its exercise of the respective Extension or on the date that the extended term commences. If Lessee properly exercises the respective Extension and all conditions set forth herein are satisfied, the term shall be extended for the respective Extension period. If Lessee wishes to exercise the Extension, Lessee shall deliver written notice (“**Preliminary Notice**”) to Lessor no less than fifteen (15) months before the expiration of the initial thirty (30) year term or the first renewal term, as the case may be. Within thirty (30) days after Lessor’s receipt of Lessee’s Preliminary Notice, Lessor shall deliver written notice to Lessee stating the proposed rent for the respective Extension term as of the commencement date of the respective Extension, which may, but need not be, based on the fair market value. If Lessee does not agree with the proposed rent, the Parties shall confer in good faith to establish the rent for the respective Extension. If Lessee wishes to exercise the respective Extension, Lessee must, on or before the date occurring three hundred sixty-five (365) days prior to the commencement of the Extension term, exercise the Extension by delivering written notice to Lessor (the “**Exercise Notice**”). If Lessee fails to timely deliver a Preliminary Notice or Exercise Notice, Lessee shall be considered to have elected not to exercise the respective Extension and to have elected to terminate this Lease. If Lessee timely delivers the Exercise Notice, Lessor and Lessee shall execute an amendment to this Lease extending the Term on the terms and conditions set forth herein within thirty (30) days of Lessor’s receipt of the Exercise Notice.

Section 4.57. Interpretation. In this Lease, unless the context requires otherwise: (1) “**days**” shall mean calendar days, unless otherwise specified; (2) “**Lessee**” means and includes Lessee, its members, officers, employees, invitees, successors or permitted assigns; (3) “**sublessee**” means and includes anyone holding a portion or interest less than the entire leasehold interest of Lessee, successors or permitted assigns of Lessee; (4) reference to any Party includes references to its respective successors and permitted assigns; and (5) with respect to any matter or thing, the terms “**including**” or “**include**” mean including but not limited to such matter or thing. The divisions of this Lease into articles, sections, and subsections and the use of

headings in connection therewith are solely for convenience and have no legal effect in the construing the provisions of this Lease. Where specific language is used to clarify or illustrate by example a general statement contained in this Lease, the specific language is not deemed to modify, limit, or restrict the construction of the general statement being clarified or illustrated. References to any document (including this Lease) are references to that document as amended, consolidated, supplemented, novated, or replaced by the Parties from time to time.

Section 4.58. Notices. All notices, demands, requests or other communications required, desired or permitted to be given or made under this Lease by either party hereto shall be in writing and shall be deemed to have been duly given or served if delivered personally to, when actually received by recognized overnight courier, or five (5) days after being deposited in the United States mail, postage prepaid, by certified or registered mail, return receipt requested, addressed to the party intended to receive such notice, at the addresses set forth below, or at such other addresses as the parties may designate from time to time by notice given to the other party in the manner hereinafter set forth, to wit:

To LESSEE: Maui Health System, a Kaiser Foundation Hospitals, LLC
3288 Moanalua Road
Honolulu, Hawaii 96819
Attention: President/CEO and Chairman of the Board

with a copy to (which shall not constitute notice):

Kaiser Foundation Hospitals/Health Plan
711 Kapiolani Blvd.
Honolulu, Hawaii 96813
Attention: Vice President & Regional Counsel

To LESSOR: Hawaii Health Systems Corporation
3674 Kilauea Avenue
Honolulu, Hawaii 96816
Attn: Chief Executive Officer

with a copy to (which shall not constitute notice):

Maui Regional System Board
3674 Kilauea Avenue
Honolulu, Hawaii 96816
Attn: Board Chair

Section 4.59. Counterparts; electronic signatures. This Lease may be signed in one or more counterparts, each of which will be deemed to be an original copy of this Lease and all of which, when taken together, will be deemed to constitute one and the same agreement. The exchange of copies of this Lease and of signature pages by facsimile transmission or

Portable Document Format (PDF) constitutes effective signing and delivery of this Lease as to the Parties and may be used in lieu of the original Lease for all purposes. Signatures of the Parties transmitted by facsimile and PDF are deemed to be their original signatures for any purposes whatsoever.

Section 4.60. Transfer Agreement. In the event of any conflict between the terms and conditions of this Lease and the terms and conditions of the Transfer Agreement, the terms and conditions of the Transfer Agreement shall control.

Section 4.61. MMMC Foundation. Pursuant to Lease 11-0233 ("**MMMC Foundation Lease**"), effective November 1, 2010 between Lessor and the Maui Memorial Medical Center Foundation, Inc. ("**MMMC Foundation**"), MMC Foundation leases 473 square feet of space located on the MMC Facility, at 285 Mahalani Street, Apartment 4, Wailuku, Hawaii 96793 ("**MMMC Foundation Leased Property**"). As listed in **Exhibit "C"**, the MMC Foundation Leased Property is not Leased Property pursuant to this Lease. Notwithstanding the foregoing, if the MMC Foundation Lease is terminated, Lessor shall notify Lessee of such termination and offer Lessee the option to use and operate the MMC Foundation Leased Property pursuant to the terms and conditions of this Lease. Lessee shall have fifteen (15) days to respond to such offer, and if Lessee agrees to use and operate the MMC Foundation Leased Property, this Lease shall be amended, in writing, to include the MMC Foundation Leased Property as Leased Property under this Lease (and remove such property from **Exhibit "C"**).

Section 4.62. Conditions Precedent to Lease Taking Effect. Notwithstanding anything to the contrary contained in this Lease, the obligations of the Parties under this Lease are subject to the satisfaction, on or before the Transfer Completion, of all of the conditions precedent set forth in this Section 4.62, any of which may be waived in writing by the Parties:

(a) Approvals and Consents Relating to Loans. The Parties shall have received reasonably satisfactory evidence that the required consents, approvals, or authorizations of the applicable Lenders under the Loans, in each case as set forth on **Exhibit "H"**, have been obtained, and the Parties shall have mutually agreed in writing (on an amendment to **Exhibit "H"** or otherwise) to comply with any and all conditions required by the USDA or other Lenders to grant such consents and approvals. (To facilitate satisfaction of this condition, the Parties shall endeavor to complete **Exhibit "H"** within thirty (30) days of the execution of this Lease).

(b) Capital Leases. The conditions set forth in Section 8.13 of the Transfer Agreement shall have been met to Lessee's reasonable satisfaction. In addition, the Parties shall have received reasonably satisfactory evidence that the consents, approvals, or authorizations set forth on **Exhibit "E"** have been obtained or, alternatively, the requirements for the prepayment or defeasance of the Lessor's obligations to make lease payments under the Capital Leases have been met and the applicable Capital Lease(s) have been paid and satisfied in full.

Further, the Parties shall have mutually agreed in writing (on **Exhibit "E"** or otherwise) to comply with any and all conditions required for such consents and approvals as set forth in **Exhibit "E"**).

(c) KFH Representations and Covenants. Lessor shall have received KFH's executed representations and covenants, in substantially the same form as set forth on **Exhibit "I"** attached hereto.

(d) Delivery of Exhibits, Attachments and Addenda. The Parties shall have mutually agreed upon the substance of the following Exhibits, Attachments and Addenda required to be attached to this Lease:

- (i) Addenda to Exhibit "A-1" (MMMC Permitted Encumbrances);
- (ii) Addenda to Exhibit "A-2" (Kula Permitted Encumbrances);
- (iii) Addenda to Exhibit "A-3" (Lanai Permitted Encumbrances);
- (iv) Exhibit "D-1" (MMMC Facility Major Equipment and Furnishings);
- (v) Exhibit "D-2" (Kula Facility Major Equipment and Furnishings);
- (vi) Exhibit "D-3" (Lanai Facility Major Equipment and Furnishings);
- (vii) Exhibit "F" (Nonassignable Contracts);
- (viii) Exhibit "H" (Approvals and Consents Related to Loans); and
- (ix) Attachment 3 (Nonassignable Contracts Payments).

If any of the conditions of Section 4.62 have not been met as of the Transfer Completion Date to a Party's reasonable satisfaction or otherwise waived, this Lease shall not be deemed effective until such date and time as may be mutually agreed in writing by the Parties. The Parties further recognize that the Exhibits and Attachments referenced in Section 4.62 are "ancillary documents required under the Lease" as contemplated by and for purposes of Sections 8.19 and 9.8 of the Transfer Agreement (and Sections 8.21 and 9.11 of the Transfer Agreement), regardless of the prior execution and delivery of this Lease.

[Remainder of Page Intentionally Left Blank.]

IN WITNESS WHEREOF, the _____ has caused the seal of the _____ to be hereunto affixed and the parties hereto have caused these presents to be executed the day, month and year first above written.

HAWAII HEALTH SYSTEMS CORPORATION



Linda Rosen, M.D., M.P.H.

Its Chief Executive Officer

LESSOR

APPROVED AS TO FORM:

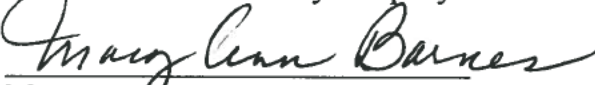


Douglas S. Chin

Attorney General of the State of Hawaii

Dated: 4-22-16

MAUI HEALTH SYSTEM,
A KAISER FOUNDATION HOSPITALS LLC,
a Hawaii limited liability company



Mary Ann Barnes

Its Chairman and Chief Executive Officer

LESSEE

The undersigned, MAUI REGIONAL SYSTEM BOARD OF HAWAII HEALTH SYSTEMS CORPORATION, hereby consents to the terms of the foregoing State of Hawaii Hospital Facilities Lease (Maui Memorial Medical Center, Kula Hospital & Clinic, and Lanai Community Hospital) effective as of the Transfer Completion Date and hereby acknowledges and agrees to assume its duties and responsibilities under said Lease as custodial caretaker of the Real Property as mandated by HRS § 323F-54, and more particularly set forth in Section 4.42 of said Lease.

Avery B. Chumbley
Its Chairperson



STATE OF Hawaii
COUNTY OF Honolulu

)
) ss.:
)

On this 22nd day of April, 20 16, before me personally appeared Linda Rosen, MD, MPH, to me personally known, who, being by me duly sworn or affirmed, did say that such person executed the foregoing instrument as the free act and deed of such person, and if applicable, in the capacity shown, having been duly authorized to execute such instrument in such capacity.



JON CHRISTIAN K.S. LIU
(Print or Type Name of Notary)

[Signature]
(Signature of Notary)

Notary Public, State of Hawaii
My Commission Expires: 11-21-16

NOTARY CERTIFICATION STATEMENT

Document Identification or Description:

Hospital Facilities Lease

Doc. Date: APR 22 2016 or ☐ Undated at time of
notarization.

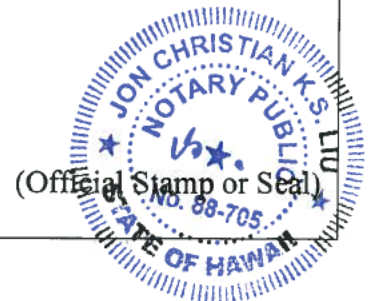
No. of Pages: 12 Jurisdiction: First Circuit
(in which notarial act is performed)

[Signature]
Signature of Notary

APR 22 2016

Date of Notarization and
Certification Statement

JON CHRISTIAN K.S. LIU
Printed Name of Notary



STATE OF Hawaii)
) ss.:
COUNTY OF Honolulu)

On this 22nd day of April, 2016, before me personally appeared Mary Ann Barnes, to me personally known, who, being by me duly sworn or affirmed, did say that such person executed the foregoing instrument as the free act and deed of such person, and if applicable, in the capacity shown, having been duly authorized to execute such instrument in such capacity.



JON CHRISTIAN K.S. LIU
(Print or Type Name of Notary)
[Signature]
(Signature of Notary)

Notary Public, State of Hawaii
My Commission Expires: 11-29-16

NOTARY CERTIFICATION STATEMENT

Document Identification or Description:

Hospital Facilities Lease

Doc. Date: APR 22 2016 or ☐ Undated at time of notarization.

No. of Pages: 72 Jurisdiction: First Circuit
(in which notarial act is performed)

[Signature]
Signature of Notary

APR 22 2016

Date of Notarization and
Certification Statement

JON CHRISTIAN K.S. LIU
Printed Name of Notary



Exhibit "A-1"
(MMMC Facility)

ATTACHED



Exhibit "A-1"



STATE OF HAWAII
SURVEY DIVISION
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
HONOLULU

C.S.F. No. 25,490

February 22, 2016

(REVISED – FEBRUARY 2016)
MAUI MEMORIAL HOSPITAL SITE

Kalua, Wailuku, Maui, Hawaii

Being a portion of Royal Patent 4475, Land Commission Award 7713, Apana 23 to V. Kamamalu conveyed to the Hawaii Health Systems Corporation by the following:

- A. Deed: State of Hawaii to Hawaii Health Systems Corporation dated May 17, 1999 and recorded as Document No. 99-091448 (Land Office Deed S-28346).
- B. Quitclaim Deed: County of Maui to Hawaii Health Systems Corporation dated December 22, 1998 and recorded as Document No. 99-049328.
- C. Quitclaim Deed: County of Maui to Hawaii Health Systems Corporation dated December 5, 2000 and recorded as Document No. 2001-034546.
- D. Quitclaim Deed: Pan Pacific Medical Development, Inc. to Hawaii Health Systems Corporation dated October 9, 2002 and recorded as Document No. 2002-182031.

Being also Lots 1 and 2 of Maui Memorial Medical Center Subdivision, LUCA File No. 3.1787 and Lot B-1-A-1-B of Maui Memorial Hospital Lot, LUCA File No. 3.1367.

Beginning at the south corner of this parcel of land and on the north side of Mahalani Street, the coordinates of said point of beginning referred to Government Survey Triangulation Station "LUKE" being 1043.42 feet North and 2098.94 feet East, thence running by azimuths measured clockwise from True South:-

1. 141° 42' 40" 94.92 feet along the remainder of R.P. 4475, L.C.
Aw. 7713, Ap. 23 to V. Kamamalu;
2. 105° 15' 330.00 feet along the remainder of R.P. 4475, L.C.
Aw. 7713, Ap. 23 to V. Kamamalu;
3. 198° 31' 30" 234.30 feet along the remainder of R.P. 4475, L.C.
Aw. 7713, Ap. 23 to V. Kamamalu;
4. 141° 42' 40" 189.30 feet along the remainder of R.P. 4475, L.C.
Aw. 7713, Ap. 23 to V. Kamamalu;
5. 224° 01' 30" 671.49 feet along the remainder of R.P. 4475, L.C.
Aw. 7713, Ap. 23 to V. Kamamalu;
6. 275° 49' 30" 221.44 feet along the remainder of R.P. 4475, L.C.
Aw. 7713, Ap. 23 to V. Kamamalu;
7. 252° 56' 30" 179.49 feet along the remainder of R.P. 4475, L.C.
Aw. 7713, Ap. 23 to V. Kamamalu;
8. 302° 47' 30" 205.10 feet along the remainder of R.P. 4475, L.C.
Aw. 7713, Ap. 23 to V. Kamamalu;
9. 318° 38' 30" 298.96 feet along the remainder of R.P. 4475, L.C.
Aw. 7713, Ap. 23 to V. Kamamalu;
10. Thence along the remainder of R.P. 4475, L.C. Aw. 7713, Ap. 23 to V. Kamamalu
on a curve to the right with a radius of
20.00 feet, the chord azimuth and distance
being:
350° 43' 51" 21.25 feet;

February 22, 2016

11. Thence along the north side of Mahalani Street on a curve to the right with a radius of 544.96 feet, the chord azimuth and distance being:
28° 24' 36" 106.17 feet;
12. Thence along the north side of Mahalani Street on a curve to the right with a radius of 544.96 feet, the chord azimuth and distance being:
36° 06' 12" 40.00 feet;
13. Thence along the north side of Mahalani Street on a curve to the right with a radius of 544.96 feet, the chord azimuth and distance being:
44° 24' 12" 117.65 feet;
14. 50° 36' 562.99 feet along the north side of Mahalani Street;
15. Thence along the north side of Mahalani Street on a curve to the right with a radius of 688.20 feet, the chord azimuth and distance being:
52° 58' 56.84 feet;
16. Thence along the north side of Mahalani Street on a curve to the right with a radius of 688.20 feet, the chord azimuth and distance being:
56° 59' 55" 40.00 feet;
17. Thence along the north side of Mahalani Street on a curve to the right with a radius of 688.20 feet, the chord azimuth and distance being:
59° 32' 25" 21.05 feet;
18. Thence along the north side of Mahalani Street on a curve to the right with a radius of 688.20 feet, the chord azimuth and distance being:
66° 02' 49" 135.04 feet
to the point of beginning and containing an
AREA OF 18.103 ACRES.

Vehicle access into and from Mahalani Street shall not be permitted over and across Courses 10, 11, 13, 14, 15 and 17 of the above-described Maui Memorial Hospital Site.

February 22, 2016

TOGETHER WITH, Easements 5, 8, 9, and 11 as designated on Maui Memorial Hospital Lot Subdivision, LUCA File No. 3.1774, and shown on plan attached hereto and made a part hereof and more particularly described as follows:

Being portions of Royal Patent 4475, Land Commission Award 7713, Apana 23 to V. Kamamalu and Royal Patent 1996, Land Commission Award 420 to Kuihelani.

EASEMENT 5 for Drainage and Sewerline Purposes

Beginning at the southeast corner of this easement and the end of Course 7 of the above-described Maui Memorial Hospital Site, the coordinates of said point of beginning referred to Government Survey Triangulation Station "LUKE" being 2088.47 feet North and 2537.45 feet East, thence running by azimuths measured clockwise from True South:-

1. 72° 56' 30" 20.93 feet along the above-described Maui Memorial Hospital Site;
2. 180° 00' 15" 575.93 feet along the remainders of Lots 1 and 2 of Maui Memorial Hospital Lot Subdivision;
3. 270° 00' 15" 20.00 feet along Lot B-1-A-1-C of Maui Memorial Hospital Lot Subdivision;
4. 0° 00' 15" 546.00 feet along Lot B-2 of Maui Memorial Hospital Lot Subdivision;
5. 359° 58' 46" 23.79 feet along Lot 3 of Maui Memorial Hospital Lot Subdivision to the point of beginning and containing an AREA OF 11,457 SQUARE FEET.

EASEMENT 8 for Drainage Purposes

Beginning at the southwest corner of this easement, the coordinates of said point of beginning referred to Government Survey Triangulation Station "LUKE" being 2246.93 feet North and 2306.92 feet East, thence running by azimuths measured clockwise from True South:-

1. 181° 45' 30" 15.14 feet along the remainder of Lot 1 of Maui Memorial Hospital Lot Subdivision;
2. 264° 02' 211.21 feet along the remainders of Lots 1 and 2 of Maui Memorial Hospital Lot Subdivision;
3. 0° 00' 15" 15.08 feet along the remainder of Lot 2 of Maui Memorial Hospital Lot Subdivision;
4. 84° 02' 211.68 feet along the remainders of Lots 1 and 2 of Maui Memorial Hospital Lot Subdivision to the point of beginning and containing an AREA OF 3171 SQUARE FEET.

EASEMENT 9 for Drainage Purposes

Beginning at the northeast corner of this easement and at the northeast corner Lot 2 of Maui Memorial Hospital Lot Subdivision, the coordinates of said point of beginning referred to Government Survey Triangulation Station "LUKE" being 2658.26 feet North and 2537.48 feet East, thence running by azimuths measured clockwise from True South:-

1. 0° 00' 15" 15.00 feet along the Lot B-2 of Maui Memorial Hospital Lot Subdivision;

- | | | |
|----|--------------|---|
| 2. | 90° 00' 15" | 91.17 feet along the remainder Lot 2 of Maui Memorial Hospital Lot Subdivision; |
| 3. | 180° 00' 15" | 15.00 feet along the remainder of Lot 2 of Maui Memorial Hospital Lot Subdivision; |
| 4. | 270° 00' 15" | 91.17 feet along Lot B-1-A-1-C of Maui Memorial Hospital Lot Subdivision to the point of beginning and containing and AREA OF 1368 SQUARE FEET. |

EASEMENT 11 for Drainage and Sewerline Purposes

Beginning at the southwest corner of this easement and at the end of Course 6 of the above-described Maui Memorial Hospital Site, the coordinates of said point of beginning referred to Government Survey Triangulation Station "LUKE" being 2035.82 feet North and 2365.86 feet East, thence running by azimuths measured clockwise from True South:-

- | | | |
|----|--------------|--|
| 1. | 174° 12' | 12.25 feet along Lot B-1-A-2 of Maui Memorial Hospital Lot Subdivision; |
| 2. | 144° 51' | 139.50 feet along Lot B-1-A-2 of Maui Memorial Hospital Lot Subdivision; |
| 3. | 181° 45' 30" | 97.95 feet along B-1-A-2 of Maui Memorial Hospital Lot Subdivision; |
| 4. | 264° 02' | 20.18 feet along the remainder of Lot 1 of Maui Memorial Hospital Lot Subdivision; |
| 5. | 1° 45' 30" | 93.99 feet along the remainder of Lot 1 of Maui Memorial Hospital Lot Subdivision; |

February 22, 2016

6. 324° 51' 138.06 feet along the remainder of Lot 1 of Maui Memorial Hospital Lot Subdivision;
7. 354° 12' 13.51 feet along the remainder of Lot 1 of Maui Memorial Hospital Lot Subdivision;
8. 72° 56' 30" 20.39 feet along the above-described Maui Memorial Hospital Site to the point of beginning and containing an AREA OF 4952 SQUARE FEET.

TOGETHER ALSO WITH, Easements A, D and E as described in indenture dated July 5, 1983 and recorded in Liber 17160, Page 225, and shown on plan attached hereto and made a part hereof and more particularly described as follows:

Being portions of Royal Patent 4475, Land Commission Award 7713, Apana 23 to V. Kamamalu.

Being also portions of Lot B-1-B-2, and Lots 1 and 2 of Hale O Manao Lana Hou Phase II, LUCA File No. 3.1634.

EASEMENT A for Waterline Purposes

Beginning at the northeast corner of this easement, the true azimuth and distance from the end of Course 1 of the above-described Maui Memorial Hospital Site being: 105° 15' 81.97 feet, the coordinates of said point of beginning referred to Government Survey Triangulation Station "LUKE" being 1139.52 feet North and 1961.05 feet East, thence running by azimuths measured clockwise from True South:-

1. 20° 15' 104.92 feet along the remainders of Lots 1 and 2 of Hale O Mana Lana Hou Phase II and Lot B-1-B-2;

- | | | |
|----|----------|---|
| 2. | 40° 00' | 43.69 feet along the remainder of Lot B-1-B-2; |
| 3. | 85° 36' | 21.00 feet along the north side of Mahalani Street; |
| 4. | 220° 00' | 55.77 feet along the remainder of Lot B-1-B-2; |
| 5. | 200° 15' | 101.00 feet along the remainders of Lot B-1-B-2 and
Lots 1 and 2 of Hale O Mana Lana Hou
Phase II; |
| 6. | 285° 15' | 15.06 feet along the above-described Maui Memorial
Hospital Site to the point of beginning and
containing an AREA OF 2291 SQUARE
FEET. |

EASEMENT D for Parking Lot Purposes

Beginning at the southeast corner of this easement and at the end of Course 3 of the above-described Maui Memorial Hospital Site, the coordinates of said point of beginning referred to Government Survey Triangulation Station "LUKE" being 1426.92 feet North and 1796.19 feet East, thence running by azimuths measured clockwise from True South:-

- | | | |
|----|--------------|---|
| 1. | 18° 31' 30" | 38.69 feet along the above-described Maui Memorial
Hospital Site; |
| 2. | 140° 41' 30" | 101.81 feet along the remainder of Lot 1 of Hale O
Manao Lana Hou Phase II; |
| 3. | 230° 41' 30" | 20.96 feet along the remainder of Lot 1 of Hale O
Manao Lana House Phase II; |
| 4. | 140° 41' 30" | 18.94 feet along the remainder of Lot 1 of Hale O
Manao Lana Hou Phase II; |

5. 230° 41' 30" 13.57 feet along the remainder of Lot 1 of Hale O Manao Lana Hou Phase II;
6. 321° 42' 40" 100.17 feet along the above-described Maui Memorial Hospital Site to the point of beginning and containing an AREA OF 3309 SQUARE FEET.

EASEMENT E for Electrical Purposes

Beginning at the northwest corner of this easement, the true azimuth and distance from the end of Course 2 of the above-described Maui Memorial Hospital Site being: 285° 15' 140.00 feet, the coordinates of said point of beginning referred to Government Survey Triangulation Station "LUKE" being 1167.94 feet North and 1856.82 feet East, thence running by azimuths measured clockwise from True South:-

1. 285° 15' 36.78 feet along the above-described Maui Memorial Hospital Site;
2. 60° 00' 30.94 feet along the remainder of Lot 1 of Hale O Manao Lana Hou Phase II;
3. 105° 15' 15.00 feet along the remainder of Lot 1 of Hale O Manao Lana Hou Phase II;
4. 195° 15' 21.97 feet along the remainder of Lot 1 of Hale O Manao Lana Hou Phase II to the point of beginning and containing an AREA OF 569 SQUARE FEET.

SUBJECT, HOWEVER, to the following easements as shown on plan attached hereto and made a part hereof:

1. Easement 1 for Access Purposes as described in deed dated October 28, 1993 and recorded as Document No. 93-203161.
2. Easement 2 for Sewerline Purposes as described in deed dated October 28, 1993 and recorded as Document No. 93-203161.
3. Easements 3 and 4 for Sewerline Purposes as designated on Maui Memorial Medical Center Subdivision, LUCA File No. 3.1787.
4. Easement 5 for Underground Electrical Line Purposes as designated on Maui Memorial Medical Center Subdivision, LUCA File No. 3.1787.
5. Easement 2B for Sewerline Purposes covered by Grant of Easement: Hawaii Health Systems Corporation to County of Maui dated July 25, 2007 and recorded as Document No. 2008-056949.
6. Easement J for Sewerline Purposes covered by Grant of Easement: County of Maui to Lokahi Pacific dated June 17, 1985 and recorded in Liber 18849, Page 272.
7. Perpetual Non-Exclusive Fire Hydrant Easement F-1 covered by Grant of Easement: Hawaii Health Systems Corporation dated October 20, 2006 and recorded as Document No. 2006-195052.

C.S.F. No. 25,490

February 22, 2016

SUBJECT, ALSO to a proposed road widening parcel (7.00 feet wide)
along the north side of Mahalani Street.

SURVEY DIVISION
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
STATE OF HAWAII

By: *Gerald Z. Yonashiro*
Gerald Z. Yonashiro
Land Surveyor rk

Compiled from CSF 22100
and other Govt. Survey Records.

Exhibit "A-2"
(Kula Facility)

ATTACHED

Exhibit "A-2"



STATE OF HAWAII
SURVEY DIVISION
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
HONOLULU

C.S.F. No. 25,491

February 22, 2016

(REVISED-FEBRUARY 2016)
KULA SANATORIUM SITE
WATER TANK SITES 1 AND 2
AND WATER PIPELINE EASEMENTS A, B, C AND D

Keokea, Makawao, Maui, Hawaii

Being Grant S-16,003 to the Hawaii Health Systems Corporation.

KULA SANATORIUM SITE

Beginning at the west corner of this parcel of land, at the northwest corner of Grant 421 to Kamaukoli and at the northeast corner of Grant 469 to J. Richardson, the coordinates of said point of beginning referred to Government Survey Triangulation Station "PUU O KALI" being 11,322.60 feet South and 8841.77 feet East, thence running by azimuths measured clockwise from True South:-

1. 213° 10' 45" 648.48 feet along Parcel B of Keokea Government Remnants;
2. 259° 08' 15" 184.95 feet along Parcel B of Keokea Government Remnants to the west side of retaining wall;

3. Thence along the west side of retaining wall along Parcel B of Keokea Government Remnants, the direct azimuth and distance being:
203° 49' 40" 203.98 feet;
4. 121° 07' 107.66 feet along Parcel B of Keokea Government Remnants;
5. 215° 00' 380.00 feet along Grant 6921 to Board of Hawaiian Evangelical Association;
6. 125° 00' 350.00 feet along Grant 6921 to Board of Hawaiian Evangelical Association;
7. 231° 15' 148.25 feet along the southeast side of Thompson Road;
8. 225° 12' 138.50 feet along the southeast side of Thompson Road;
9. 255° 29' 119.00 feet along the southeast side of Thompson Road;
10. 246° 56' 66.67 feet along the southeast side of Thompson Road;
11. 156° 56' 128.81 feet across Thompson Road and along the remainder of Parcel A of Keokea Government Remnants;
12. 237° 23' 373.00 feet along the southeast side of Kula Highway;
13. 247° 10' 215.00 feet along the southeast side of Kula Highway to the west end of Haleakala Road, Federal Aid Project E-13-A;
14. 330° 16' 13.00 feet along the west end of Haleakala Road, Federal Aid Project E-13-A;
15. 240° 16' 234.22 feet along the southerly side of Haleakala Road, Federal Aid Project E-13-A;
16. 350° 20' 17.83 feet along Parcel C of Keokea Government Remnants;

- | | | |
|-----|--------------|---|
| 17. | 286° 28' | 277.81 feet along Parcel C of Keokea Government Remnants; |
| 18. | 322° 37' | 108.50 feet along Parcel C of Keokea Government Remnants; |
| 19. | 42° 03' | 126.70 feet along Parcel C of Keokea Government Remnants; |
| 20. | 314° 28' 30" | 201.87 feet along Parcel C of Keokea Government Remnants; |
| 21. | 25° 44' 10" | 788.55 feet along Parcel C of Keokea Government Remnants; |

Thence along the east side of retaining wall along Parcel C of Keokea Government Remnants for the next two (2) courses, the direct azimuths and distances between points along said retaining wall being:

- | | | |
|-----|--------------|---|
| 22. | 330° 46' 15" | 138.47 feet; |
| 23. | 4° 31' 10" | 207.66 feet; |
| 24. | 291° 45' 45" | 139.48 feet along Parcel C of Keokea Government Remnants; |
| 25. | 307° 59' 30" | 95.76 feet along Parcel C of Keokea Government Remnants; |
| 26. | 33° 42' 30" | 284.98 feet along Parcel C of Keokea Government Remnants; |
| 27. | 40° 07' | 332.27 feet along Parcel C of Keokea Government Remnants; |
| 28. | 34° 53' 55" | 642.49 feet along Parcel C of Keokea Government Remnants; |

29. 114° 37' 20" 1197.50 feet along Grant 486, Apana 2 to Kaalauka, Grant 492 to Hilea and Grant 421 to Kamaukoli to the point of beginning and containing a GROSS AREA OF 60.999 ACRES and a NET AREA OF 60.472 ACRES, after excluding therefrom EXCLUSION 1 containing an AREA OF 0.527 ACRE, said EXCLUSION 1 being more particularly described as follows:

EXCLUSION 1:

Being a portion of the Government (Crown) Land of Keokea.

Being also a portion of Thompson Road.

Beginning at the northeast corner of this parcel of land, being also the end of Course 13 of the above-described Kula Sanatorium Site and on the south side of Haleakala Road, Federal Aid Project E-13-A, the coordinates of said point of beginning referred to Government Survey Triangulation Station "PUU O KALI" being 9341.40 feet South and 10,152.08 feet East, thence running by azimuths measured clockwise from True South:-

- | | | |
|----|----------|---|
| 1. | 330° 16' | 13.00 feet along the west end of Haleakala Road,
Federal Aid Project E-13-A; |
| 2. | 54° 49' | 124.51 feet along Kula Sanatorium Site; |
| 3. | 48° 03' | 121.39 feet along Kula Sanatorium Site; |
| 4. | 41° 27' | 259.13 feet along Kula Sanatorium Site; |
| 5. | 66° 56' | 113.83 feet along Kula Sanatorium Site; |

- | | | |
|-----|----------|--|
| 6. | 156° 56' | 40.00 feet across Thompson Road; |
| 7. | 246° 56' | 104.78 feet along Kula Sanatorium Site; |
| 8. | 221° 27' | 252.39 feet along Kula Sanatorium Site; |
| 9. | 228° 03' | 126.07 feet along Kula Sanatorium Site; |
| 10. | 234° 49' | 4.47 feet along Kula Sanatorium Site; |
| 11. | 247° 10' | 126.56 feet along the southeast side of Kula Highway
to the point of beginning and containing an
AREA OF 0.527 ACRE. |

RESERVING to the State of Hawaii, its successors and assigns, a non-exclusive easement over the existing roads for access purposes, over and across the above-described Kula Sanatorium Site.

WATER TANK SITE 1

Beginning at the west corner of this parcel of land and on the northerly boundary of Grant 393 to Kealiiolelo, the coordinates of said point of beginning referred to Government Survey Triangulation Station "PUU O KALI" being 12,263.50 feet South and 10,894.80 feet East, thence running by azimuths measured clockwise from True South:-

- | | | |
|----|--------------|--|
| 1. | 204° 37' 20" | 213.96 feet along Parcel C of Keokea Government
Remnants; |
| 2. | 294° 37' 20" | 100.00 feet along Parcel C of Keokea Government
Remnants; |

3. 24° 37' 20" 213.96 feet along Parcel C of Keokea Government Remnants;
4. 114° 37' 20" 100.00 feet along Grant 415 to Nahaolelua and Grant 393 to Kealiiolelo to the point of beginning and containing an AREA OF 21,396 SQUARE FEET.

WATER TANK SITE 2

Beginning at the east corner of this parcel of land, the coordinates of said point of beginning referred to Government Survey Triangulation Station "PUU O KALI" being 10,563.18 feet South and 10,995.05 feet East, thence running by azimuths measured clockwise from True South:-

1. 39° 46' 50.00 feet along Parcel C of Keokea Government Remnants;
2. 129° 46' 50.00 feet along Parcel C of Keokea Government Remnants;
3. 219° 46' 50.00 feet along Parcel C of Keokea Government Remnants;
4. 309° 46' 50.00 feet along Parcel C of Keokea Government Remnants to the point of beginning and containing an AREA OF 2500 SQUARE FEET.

WATER TANK SITES 1 and 2 shall have access to the Main Government Road over and across the Keokea Government Remnants and the Kula Sanatorium Site, over the existing roads as shown on plan attached hereto and made a part hereof.

WATER PIPELINE EASEMENT A:

Being a strip of land ten (10.00) feet wide and extending five (5.00) feet on each side of the following-described centerline:

Beginning at the southeast end of this centerline, on the west boundary of the above-described Water Tank Site 1, the true azimuth and distance to the northwest corner of said Water Tank Site 1 being: 204° 37' 20" 63.51 feet, the coordinates of said point of beginning referred to Government Survey Triangulation Station "PUU O KALI" being 12,126.73 feet South and 10,957.48 feet East, thence running by azimuths measured clockwise from True South:-

1. 135° 17' 228.39 feet;
2. 155° 17' 15" 638.55 feet;
3. 148° 46' 30" 248.23 feet to the easterly boundary of Kula Sanatorium Site and containing an AREA OF 11,152 SQUARE FEET.

WATER PIPELINE EASEMENT B:

Being a strip of land ten (10.00) feet wide and extending five (5.00) feet on each side of the following-described centerline:

Beginning at the north end of this centerline, on the south boundary of the above-described Water Tank Site 2, the true azimuth and distance to the west corner of said Water Tank Site 2 being: 129° 46' 36.75 feet, and the coordinates of said point of beginning referred to Government Survey Triangulation Station "PUU O KALI" being 10,593.14 feet South and 10,952.89 feet East, thence running by azimuths measured clockwise from True South:-

1. 28° 56' 40" 127.97 feet;
2. 34° 45' 45" 222.22 feet;
3. 40° 18' 30" 350.60 feet;
4. 1° 54' 229.45 feet to the end of Course 2 of the above-described Water Pipeline Easement A and containing an AREA OF 9302 SQUARE FEET.

WATER PIPELINE EASEMENT C:

Being a strip of land ten (10.00) feet wide and extending five (5.00) feet on each side of the following-described centerline:

Beginning at the west end of this centerline, on the easterly boundary of the above-described Kula Sanatorium Site, the true azimuth and distance to the end of Course 20 of said Kula Sanatorium Site being: 205° 44' 10" 498.86 feet and the coordinates of said point of beginning referred to Government Survey Triangulation Station "PUU O KALI" being 10,103.93 feet South and 10,539.76 feet East, thence running by azimuths measured clockwise from True South:-

1. On a curve to the left with a radius of 479.00 feet, the chord azimuth and distance being:
326° 04' 50" 193.59 feet;
2. 314° 25' 20" 409.29 feet to the northwest boundary of the above-described Water Tank Site 2 and containing an AREA OF 6042 SQUARE FEET.

February 22, 2016

WATER PIPELINE EASEMENT D:

Being a strip of land ten (10.00) feet wide and extending five (5.00) feet on each side of the following-described centerline:

Beginning at the west end of this centerline, on the easterly boundary of the above-described Kula Sanatorium Site, the true azimuth and distance to the end of Course 21 of said Kula Sanatorium Site being: $25^{\circ} 44' 10''$ 130.74 feet, the coordinates of said point of beginning referred to Government Survey Triangulation Station "PUU O KALI" being 10,247.11 feet South and 10,470.74 feet East, thence running by azimuths measured clockwise from True South:-

1. $275^{\circ} 38'$ 177.90 feet to the end of Course 1 of the above-described Water Pipeline Easement C and containing an AREA OF 1779 SQUARE FEET.

SURVEY DIVISION
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
STATE OF HAWAII

By: *Gerald Z. Yonashiro*
Gerald Z. Yonashiro
Land Surveyor

rk

Compiled from CSF 24086
and other Govt. Survey Records.

Exhibit "A-3"
(Lanai Facility)

ATTACHED

Exhibit "A-3"



STATE OF HAWAII
SURVEY DIVISION
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
HONOLULU

C.S.F. No. 25,492

February 22, 2016

(REVISED-FEBRUARY 2016)
LANAI COMMUNITY HOSPITAL SITE

PARTS 1, 2 AND 3

Island of Lanai, Hawaii

PART 1:

Being all of Lot 756 as shown on Map 67 of Land Court Application 862, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii, containing an AREA OF 93,246 SQUARE FEET, covered by Transfer Certificate of Title 540,911 issued to the Hawaii Health Systems Corporation (Land Office Deed S-28374).

Lot 756 is subject, however, to a grant of easement in favor of Maui Electric Company, Limited and Hawaiian Telephone Company dated March 23, 1955 and filed as Document No. 172242 in the Office of the Assistant Registrar of the Land Court of the State of Hawaii.

Lot 756 is subject, also, to any other encumbrances that may be noted on Transfer Certificate of Title 540,911.

PART 2:

Being all of Lot 416-A as shown on Map 72 of Land Court Application 862, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii, containing an AREA OF 10,039 SQUARE FEET, covered by Transfer Certificate of Title 540,911 issued to the Hawaii Health Systems Corporation (Land Office Deed S-28374).

Lot 416-A is subject, however, to any encumbrances that may be noted on Transfer Certificate of Title 540,911.

February 22, 2016

PART 3:

Being all of Lot 758-H as shown on Map 70 of Land Court Application 862, filed in the Office of the Assistant Registrar of the Land Court of the State of Hawaii, containing an AREA OF 6539 SQUARE FEET, covered by Transfer Certificate of Title 540,911 issued to the Hawaii Health Systems Corporation (Land Office Deed S-28374).

Lot 758-H is subject, however, to any encumbrances that may be noted on Transfer Certificate of Title 540,911.

SURVEY DIVISION
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
STATE OF HAWAII

By: *Gerald Z. Yonashiro*
Gerald Z. Yonashiro
Land Surveyor

rk

Compiled from CSF 22,843 and
Ld. Ct. Records.

Exhibit "B-1"
(Map of MMMC Facility)

ATTACHED

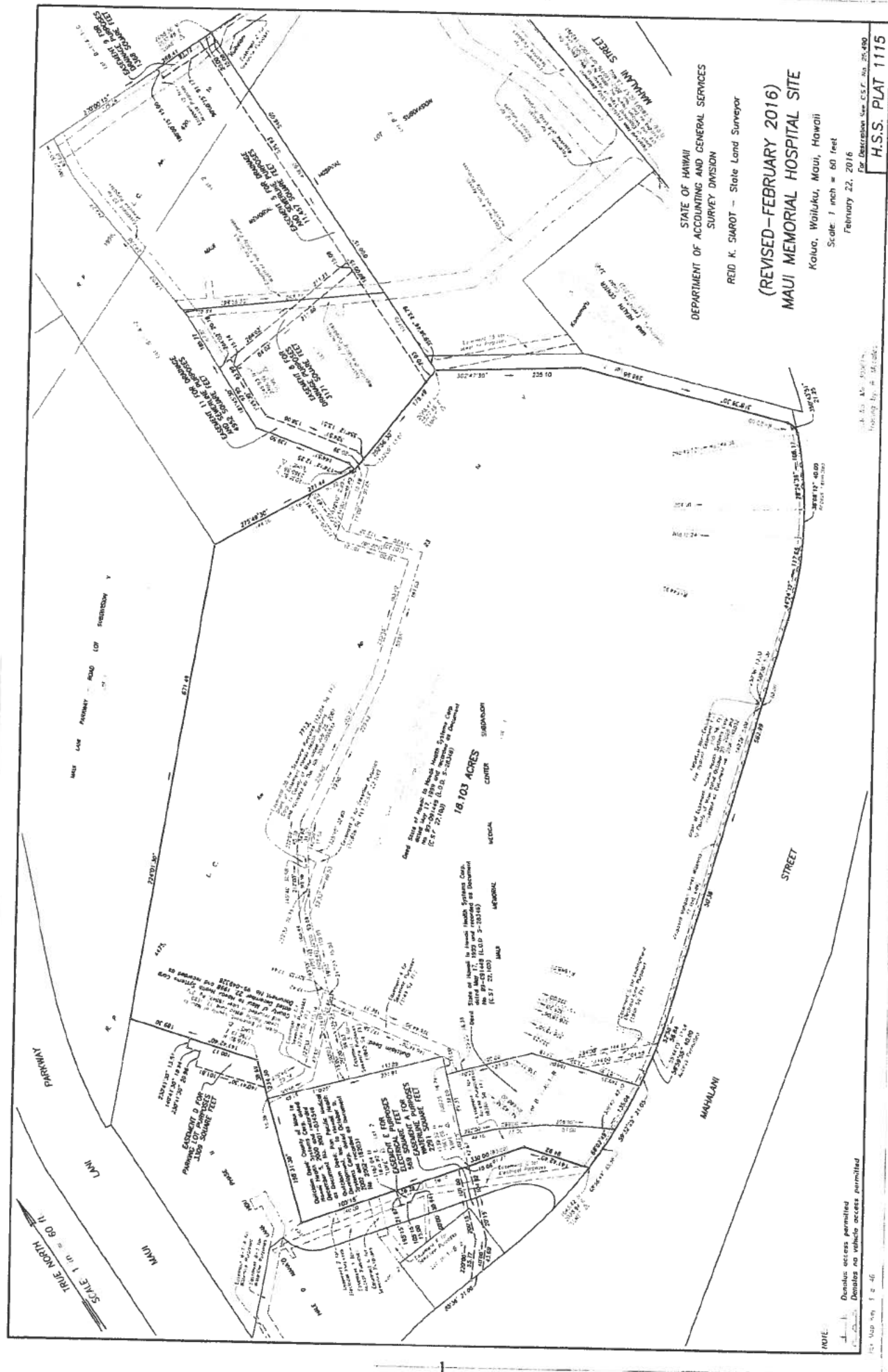


Exhibit "B-2"
(Map of Kula Facility)

ATTACHED

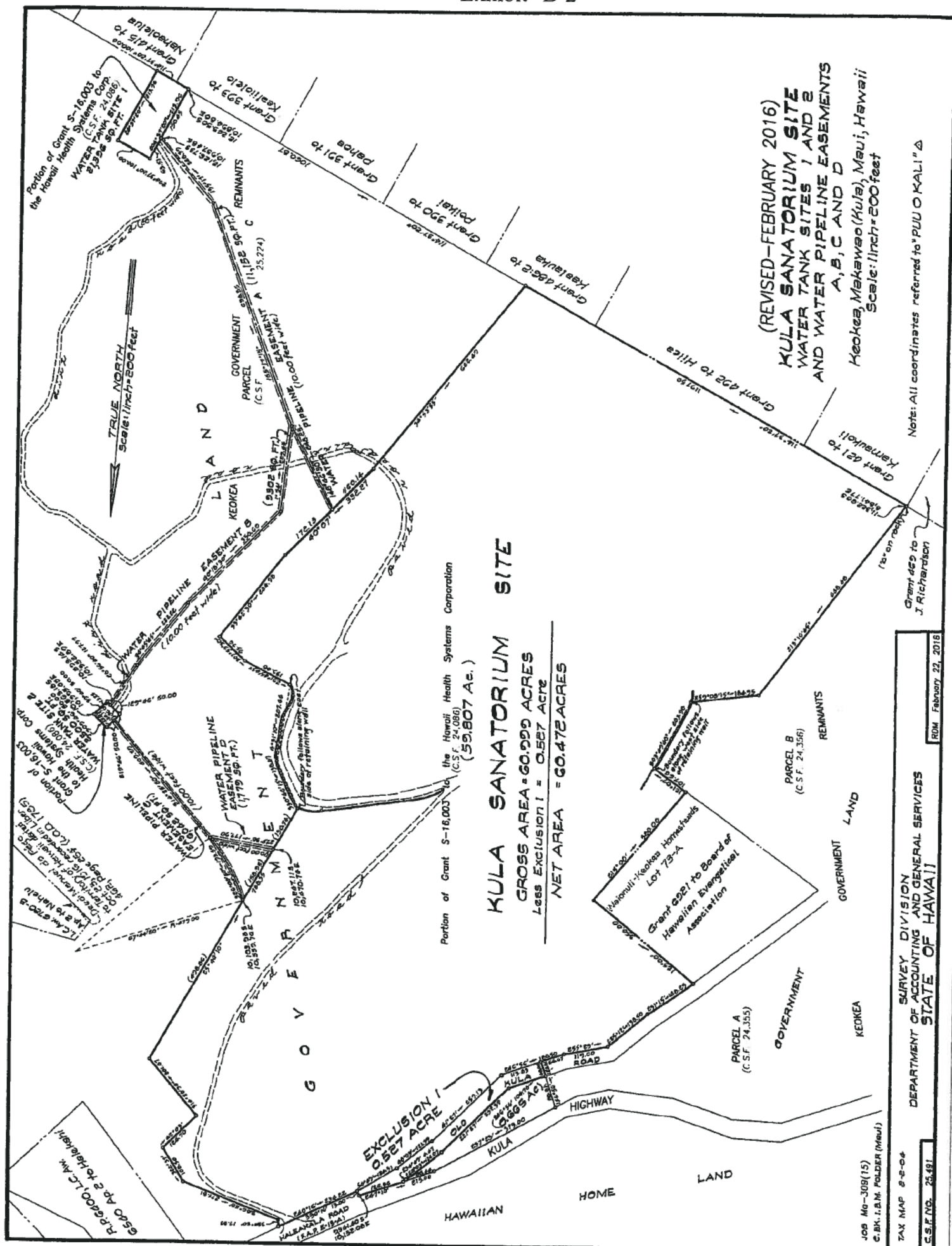


Exhibit "B-3"
(Map of Lanai Facility)

ATTACHED

893 1488 862

MAP 67

LAND COURT
STATE OF HAWAII

LAND COURT APPLICATION 862

CONSOLIDATION OF LOT 164, AS SHOWN ON MAP 22
AND LOTS 693 AND 694 AS SHOWN ON MAP 35
AND RESUBDIVISION OF SAID CONSOLIDATION
INTO LOTS 755, 756, AND 757
ISLAND OF LANAI, STATE OF HAWAII



1149 Bethel St.
Honolulu, Hawaii
February 24, 1966

PARK ENGINEERING, INC.
Engineers & Surveyors
Robert S. Torigoe
Registered Professional Surveyor
Certificate Number 1361-S

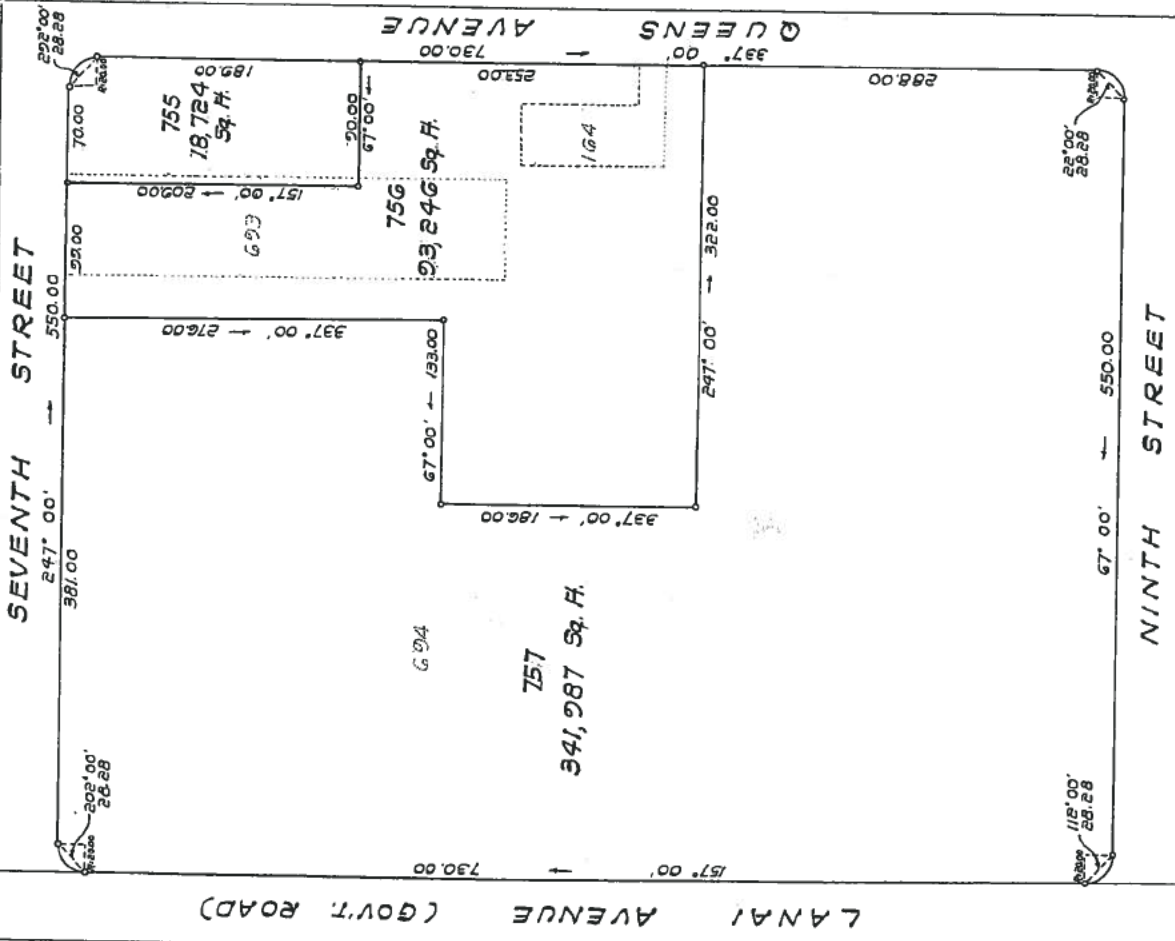
Owner: Castle & Cooke, Inc.
Owner's Certificate of Title: 26220

AUTHORIZED AND APPROVED BY ORDER OF THE JUDGE
OF THE LAND COURT DATED SEPTEMBER 9, 1966
BY ORDER OF THE COURT

Richard K. Lapinski
REGISTRAR OF THE LAND COURT

Filed Aug. 8, 1966 Paul Ogloff

10' x 15" = 1 Sq. Ft.



Map No. 862
1, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100

862

MAP 72

LAND COURT STATE OF HAWAII

LAND COURT APPLICATION 862

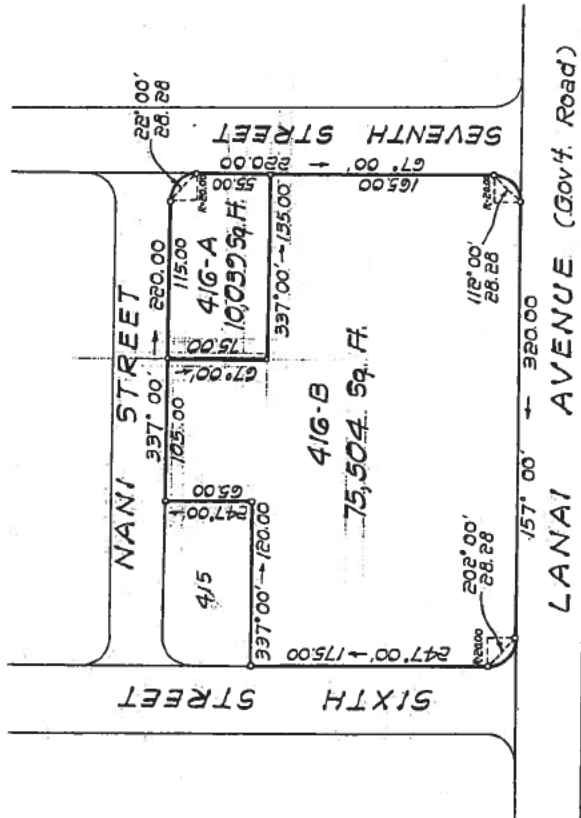
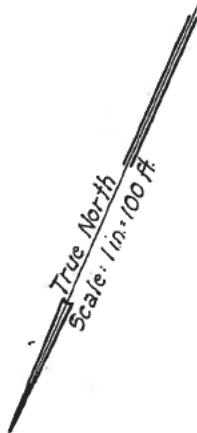
SUBDIVISION OF LOT 41G
AS SHOWN ON MAP 24
INTO LOTS 41G-A AND 41G-B
ISLAND OF LANAI, HAWAII



PARK ENGINEERING, INC.
Engineers & Surveyors
Masao Kawahara
Registered Professional Surveyor
Certificate Number 1246-S

1142 Bethel St.
Honolulu, Hawaii
January 14, 1970

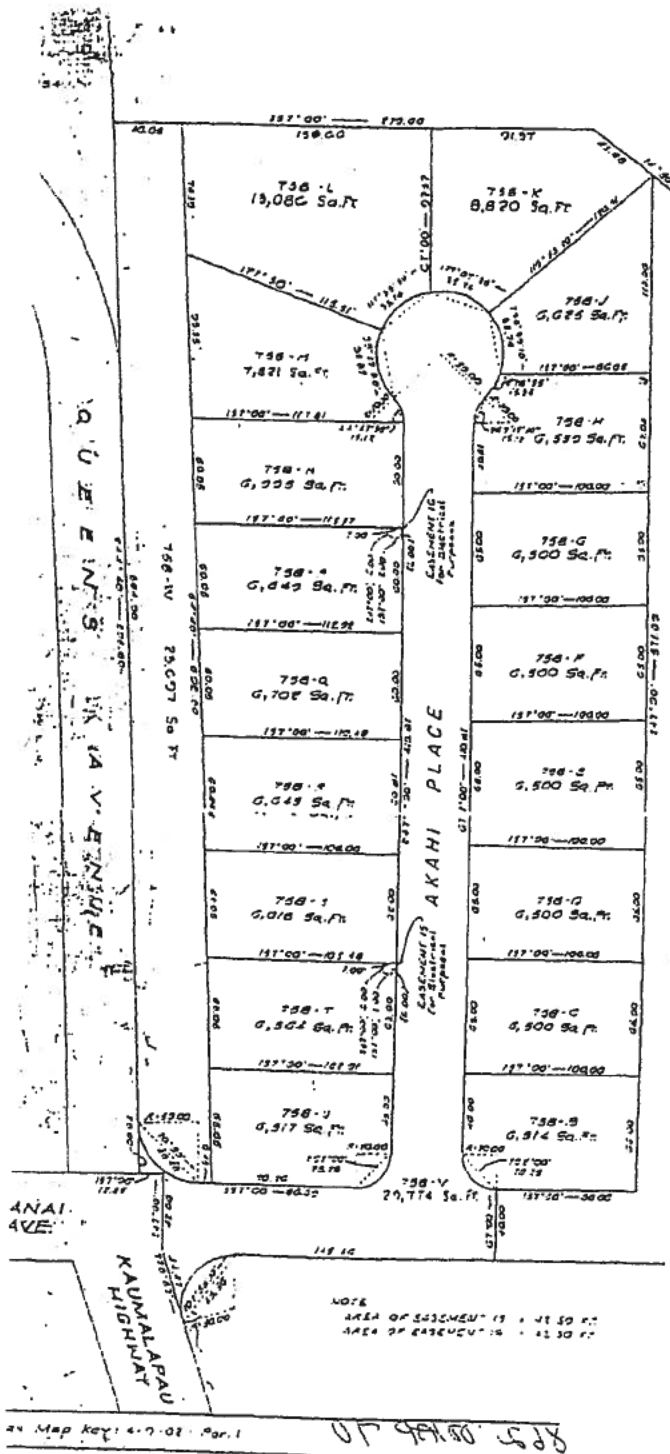
Owner: Castle & Cooke, Inc.
Owner's Certificate of Title: 96990



AUTHORIZED AND APPROVED BY ORDER OF THE JUDGE
OF THE LAND COURT DATED MAY 4, 1970
BY ORDER OF THE COURT.

Rudolph K. Espinosa
REGISTRAR OF THE LAND COURT
Filed April 25, 1970 *Kenneth A. Smith, Deputy Registrar*
10" x 15" = 1.0 Sq. Ft.

Tax Map Key: 2nd Div 4-2-11:5



LAND COURT

STATE OF HAWAII

LAND COURT APPLICATION 862

SUBDIVISION OF LOT 758
AS SHOWN ON MAP CO
INTO LOTS 758-A TO 758-V, INCLUSIVE
758-J TO 758-N INCLUSIVE AND 758-P TO 758-W INCLUSIVE
AND DESIGNATION OF EASEMENTS IS AND IS
AT LANAI, HAWAII

BELT, COLLINS & ASSOCIATES, LTD.

AUGUST 24, 1987
1987 Represented and
Honolulu, Hawaii



William D. Ho
Registered Land Surveyor
Registered Certificate No. 716

OWNER: Castle & Cooke, Inc.

OWNER'S CERTIFICATE OF TITLE: 90950

AUTHORIZED AND APPROVED BY ORDER
OF THE JUDGE OF THE LAND COURT
DATED SEPTEMBER 22, 1987
BY ORDER OF THE COURT.

James J. Shimoda
REGISTRAR OF THE LAND COURT

REDUCED
NOT TO SCALE

Filed Aug 24, 1987
James J. Shimoda
Registrar of the Land Court

OFFICIAL APPROVED
Department of the
Attorney General

Exhibit "C"
(Use Agreements)

1. Ground Lease and Space Use Agreement dated July 18, 2005, between Lessor and Bobby C. Baker, M.D., Inc., which incorporates that certain agreement between MRHS and Bobby C. Baker, M.D., Inc., dated July 28, 1993 (as amended by that certain agreement between the State of Hawaii Department of Health and Bobby C. Baker, M.D., Inc., dated March 14, 1994).
2. Ground Lease and Space Agreement, effective March 5, 2012, by and between Maui Memorial Medical Center, a division of Hawaii Health Systems Corporation, and Bobby C. Baker, M.D., Inc., d/b/a Pacific Cancer Institute, as amended by Amendment to Ground Lease and Space Agreement, effective April 30, 2013, by and between Maui Memorial Medical Center, a division of Hawaii Health Systems Corporation, and Bobby C. Baker, M.D., Inc., d/b/a Pacific Cancer Institute.
3. Subject to Section 4.61 of the Lease, Lease 11-0233, effective November 1, 2010 between Lessor and the Maui Memorial Medical Center Foundation, Inc., leasing 473 square feet of space located on the MMMC Facility.

Exhibit "D-1"
(MMMC Facility Major Equipment and Furnishings)

TO BE COMPLETED PURSUANT TO SECTION 1.1(B) OF LEASE

Exhibit "D-2"
(Kula Facility Major Equipment and Furnishings)

TO BE COMPLETED PURSUANT TO SECTION 1.1(B) OF LEASE

Exhibit "D-3"
(Lanai Facility Major Equipment and Furnishings)

TO BE COMPLETED PURSUANT TO SECTION 1.1(B) OF LEASE

Exhibit "E"
(Capital Leases)

1. Leasing Schedule No. 67, effective December 18, 2004, as amended January 12, 2006, to Master State and Municipal Lease/Purchase Agreement, dated September 18, 1998, by and between Academic Capital Government Finance, Inc. ("**Academic Finance**"), and Lessor for Noresco Energy Equipment located at MMC Facility with Lessee's acknowledgment and acceptance of the condition that any transfer of rights or interests in said Master State and Municipal Lease/Purchase Agreement under this Lease is contingent upon and subject to the terms of Academic Finance's prior written consent in accordance with Paragraph 22 of said Master State and Municipal Lease/Purchase Agreement. [See Dataroom Documents, Clean Team 9.2.4 and 9.2.8]
2. Leasing Schedule # 358-0002469-001 to that certain Master Lease Purchase Agreement dated December 30, 2010, between Siemens Public, Inc. ("**Siemens**") and Lessor, for a) Outlook 100 ES general infusion pumps, b) Sterrad 100 NX Plasma Sterilizer SPD, c) Instrument Dryer for SPD, d) Washer/Disinfector, SPD, e) steam sterilizer for Prevac and Flash SPD, f) eight (8) OR Tables, g) 51 Phillips MMS multi-measurement modules upgraded, h) new Security Cameras, and i) VM Ware System, all as more specifically described in said Leasing Schedule, with Lessee's acknowledgment and acceptance of the condition that any transfer of rights or interests in said Leasing Schedule under this Lease is contingent upon and subject to the terms of Siemens prior written consent in accordance with Paragraph 18 of said Master Lease Purchase Agreement. [See Dataroom Documents, Clean Team 9.2.1 and 9.2.9]
3. Financing Lease between Academic Finance, as lessor, and Lessor, as lessee, dated as of May 25, 2007, for leased premises consisting of the first floor emergency department at the MMC Facility, with Lessee's acknowledgment and acceptance of (a) the underlying Facilities Space Lease, dated May 25, 2007, by Lessor to Academic Finance, and (b) the condition that any transfer of rights or interests in said Financing Lease under this Lease is contingent upon and subject to the terms of Academic Finance's prior written consent in accordance with Article VII of said Financing Lease (which consent is subject to certain other conditions (including opinion from a nationally-recognized bond counsel that a sublease will not adversely affect the exemption from federal gross income of the interest portion of the Lease Payment (as defined therein)).). [See Dataroom Document, Clean Team 9.2.2]
4. Financing Lease between Academic Finance, as lessor, and Lessor, as lessee, dated as of April 18, 2006, for leased premises consisting of third floor of the MMC Facility, with Lessee's acknowledgment and acceptance of (a) the underlying Facilities Space Lease, dated April 18, 2006, by Lessor to Academic Finance, and (b) the condition that any transfer of rights or interests in said Financing Lease under this Lease is contingent upon and subject to the terms of Academic Finance's prior written consent in accordance with Article VII of said Financing Lease (which consent is subject to certain other conditions (including opinion from a nationally-recognized bond counsel that a sublease will not adversely affect the exemption from federal gross income of the interest portion of the Lease Payment (as defined therein)). [See Dataroom Document, Clean Team 9.2.3]

EXHIBIT "F"
(Nonassignable Contracts)

TO BE COMPLETED PURSUANT TO SECTION 1.1(C) OF LEASE

EXHIBIT "G-1"
(JV Facility Property Description)

All of that certain parcel of land (being portion of the land(s) described in and covered by Royal Patent Number 4475, Land Commission Award Number 7713, Apana 23 to V. Kamamalu) situate, lying and being at Kalua, Wailuku, Island and County of Maui, State of Hawaii, bearing Tax Key designation 3-8-046-036 (2), and containing an area of 5,250 square feet, more or less.

BEING THE PREMISES ACQUIRED BY DEED

GRANTOR: State of Hawaii, by its Board of Land and Natural Resources

GRANTEE: Hawaii Health Systems Corporation, a public body corporate and politic and an instrumentality and agency of the State of Hawaii

DATED: May 17, 1999

RECORDED: Document No. 99-091448

All of that certain parcel of land (being portion of the land(s) described in and covered by Royal Patent Number 4475, Land Commission Award Number 7713, Apana 23 to V. Kamamalu) situate, lying and being at Kalua, Wailuku, Island and County of Maui, State of Hawaii, and containing an area of 2,658 square feet, more or less of a portion of the parcel bearing Tax Key designation 3-8-46-13, and more specifically described in the map attached as Exhibit B to this Agreement.

EXHIBIT "G-2"
(JV Facility Schematics)

ATTACHED

Exhibit "G-2"

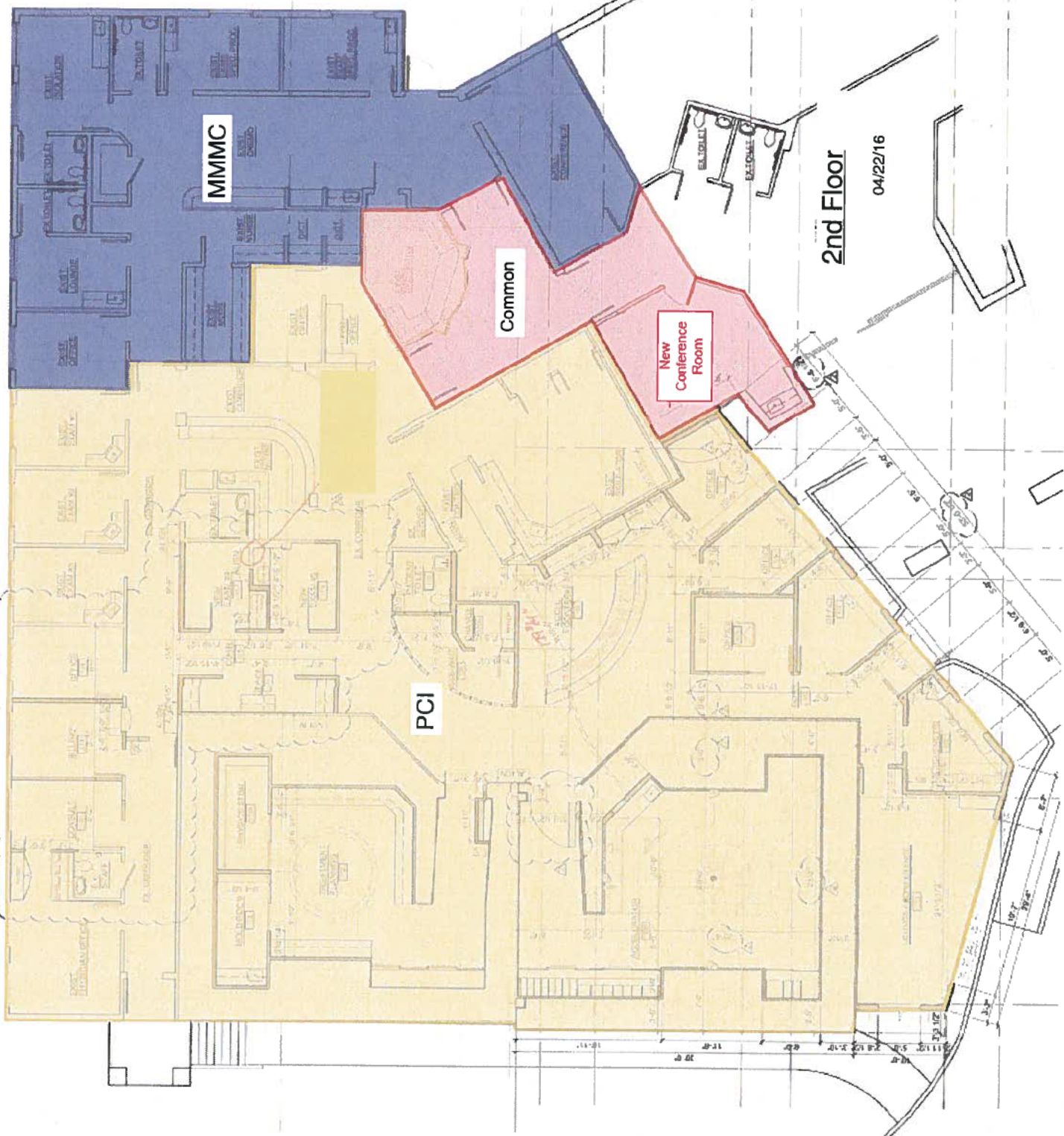


Exhibit "H"
(Approvals and Consents Relating to Loans)

TO BE COMPLETED PURSUANT TO SECTION 4.62(A) OF LEASE

Exhibit "T"
(Form of KFH Tax Certificate)

TAX CERTIFICATE AND AGREEMENT

This Tax Certificate and Agreement (the "Tax Certificate"), dated _____, between Kaiser Foundation Hospitals ("KFH"), a California nonprofit public benefit corporation, and Hawaii Health Systems Corporation ("Lessor"), is being executed in connection with the lease arrangement between the Lessor to Maui Health System, a Kaiser Foundation Hospitals LLC ("Lessee"), a Hawaii limited liability company wholly owned by KFH, pursuant to that certain State of Hawaii Hospital Facilities Lease dated April ____, 2016 (the "Lease"). Capitalized terms not otherwise defined herein shall have the respective meanings set forth in the Lease unless the context requires otherwise.

1. **Purpose of Tax Certificate.** KFH acknowledges and agrees that Lessor and Bond Counsel (as defined in Section 4.52(b)(i) of the Lease) will rely upon this Tax Certificate in connection with any granting of rights and interests of Lessor in the Capital Leases (as defined in Section 1.1(c) of the Lease) as of the Transfer Completion Date and the issuance of Bond Counsel's opinion that the Lease will not adversely affect the exemption from federal gross income of the interest portion of the Lease Payments (as defined in the MMC Facility Capital Leases), respectively.

2. **Tax-Exempt Status of KFH.** KFH is an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986 (the "Code") and is exempt from federal income tax under Section 501(a) of the Code or corresponding provisions of prior law. KFH has received a determination letter confirming its status as a 501(c)(3) organization issued by the Internal Revenue Service, and the determination letter has not been modified, limited or revoked. No proceedings are pending or, to KFH's knowledge, threatened in any way affecting the status of KFH as an organization described in Section 501(c)(3) of the Code, or which would subject any income of KFH to federal income taxation to such extent as would result in the loss of its tax-exempt status under Section 501(a) of the Code or the loss of the exclusion from gross income of interest payable with respect to the Capital Leases for federal income tax purposes under Section 103 of the Code.

3. **Maintenance of Tax-Exempt Status; Compliance.** KFH at all times shall, until the Lessee no longer occupies the Financed Property (as defined in Section 4.52(b) of the Lease) or the Capital Leases are no longer outstanding, (a) maintain its status as an organization described in Section 501(c)(3) of the Code and its exemption from federal income tax under Section 501(a) of the Code or corresponding provisions of future federal income tax laws, and (b) timely file or cause to be filed all materials, returns, reports and other documents required by the Code.

4. **Diversion of Funds for Unrelated Purposes.** Until the Lessee no longer occupies the Financed Property or the Capital Leases are no longer outstanding, KFH will not divert any substantial part of its corpus or income for a purpose or purposes other than those for which it is organized and operated.

5. **Other Matters.** This Tax Certificate shall be construed in accordance with and governed

by the laws of the State of Hawaii. The undersigned is an authorized representative of KFH, and is acting for and on behalf of KFH in executing this Tax Certificate. To the best of the knowledge and belief of the undersigned, there are no other facts or circumstances that would materially change the representations or covenants as set forth herein. Notwithstanding any provision of this Tax Certificate, KFH and Lessor may amend this Tax Certificate and thereby alter any actions allowed or required by this Tax Certificate if such amendment is in writing and based on an opinion of Bond Counsel.

KAISER FOUNDATION HOSPITALS,

By: _____
Name: _____
Title: _____

HAWAII HEALTH SYSTEMS CORPORATION ("Lessor")

By: _____
Linda Rosen, M.D., M.P.H.
Its Chief Executive Officer

Exhibit "J"
(Kula Facility Repairs)

TO BE COMPLETED PURSUANT TO SECTION 4.10 OF LEASE

A. The housing units on the Kula campus (collectively, the "**Housing Units**") include, without limitation, those structures and supporting systems (including, without limitation, cesspools) identified on the "Site Plan" for Kula Hospital and Clinic as Building B (Men's Quarters), K (Nurses Cottage), L (ER Physician Cottage), N (ER Physician Studio), Q (Staff Residences), S (Staff Residence), T (Staff Residence), W (Staff Residence), Z (Staff Residence), and CC (Staff Residence).

B. Lessor shall promptly evaluate whether (1) each of the Housing Units complies with applicable laws, regulations, codes, and ordinances, including, without limitation, Environmental Laws ("**Laws**") and (2) any conditions are associated with any Housing Units that are a potential source of harm or adverse health effect to persons entering such Housing Units or persons otherwise on the Kula campus ("**Safety Hazards**"), which evaluation will include consideration of any deficiencies or other issues identified prior to the Transfer Completion Date via complaints, assessments, inspections, or investigations.

C. Notwithstanding any provision to the contrary in the Lease, before and after the Transfer Completion Date, Lessor is solely responsible (at Lessor's cost and expense) for ensuring that all of the Housing Units (including, without limitation, plumbing, piping, fire safety systems, and all cesspools or sewage systems) comply with applicable Laws and for taking such actions reasonably required to eliminate or mitigate against potential Safety Hazards associated with the Housing Units. Lessor is also responsible for termite treatment and any necessary repairs of termite damage to the Housing Units. Accordingly, if any Housing Unit is deemed to be out of compliance with applicable Laws or to present a Safety Hazard, then, unless such Housing Unit is removed from the Lease under Section 4.10(c), Lessor will develop and implement an appropriate corrective action/remediation plan, which may include, without limitation:

1. Making necessary renovations, repairs or other improvements to remediate the applicable Housing Unit(s) to comply with Laws, which may require abatement or disposal of lead paint or other Hazardous Substances;
2. Remedying any environmental risks or any non-compliance with Environmental Laws associated with large capacity cesspools associated with any of the Housing Unit(s) and, as appropriate, converting to wastewater treatment connection or septic systems;
3. Demolishing (and potentially reconstructing) such non-compliant Housing Unit(s) in compliance with Laws; and/or
4. If necessary to mitigate against potential harm to third persons due to Safety Hazards or non-compliance with Laws, (1) terminating any leases or subleases for the Housing Unit(s), and (2) securing the Housing Units as reasonably necessary to prevent unauthorized entry or trespassing.

Attachment "1-A"
(MMC Facility Rental Payments)

- A. Year 1: \$1,066,968 annually; payable in monthly minimum base rent payments of \$88,914.
- B. Year 2: \$1,067,280 annually; payable in monthly minimum base rent payments of \$88,940.
- C. Year 3: \$1,067,299 annually; payable in monthly minimum base rent payments of \$88,941.59.
- D. Year 4: \$1,068,005 annually; payable in monthly minimum base rent payments of \$89,000.42.
- E. Year 5: \$1,068,377 annually; payable in monthly minimum base rent payments of \$89,031.42.
- F. Year 6: \$1,068,416 annually; payable in monthly minimum base rent payments of \$89,034.67.
- G. Year 7: \$1,072,040 annually; payable in monthly minimum base rent payments of \$89,336.67.
- H. Year 8: \$1,076,149 annually; payable in monthly minimum base rent payments of \$89,679.10.
- I. Year 9: \$1,075,802 annually; payable in monthly minimum base rent payments of \$89,650.17.
- J. Year 10: \$1,076,061 annually; payable in monthly minimum base rent payments of \$89,671.75.
- K. Year 11: \$1,075,906 annually; payable in monthly minimum base rent payments of \$89,658.84.
- L. Year 12: \$1,077,291 annually; payable in monthly minimum base rent payments of \$89,774.25.
- M. Year 13: \$1,077,196 annually; payable in monthly minimum base rent payments of \$89,766.34.
- N. Year 14: \$1,076,646 annually; payable in monthly minimum base rent payments of \$89,720.50.
- O. Year 15: \$1,077,596 annually; payable in monthly minimum base rent payments of \$89,799.67.
- P. Year 16: \$1,078,980 annually; payable in monthly minimum base rent payments of \$89,915.
- Q. Year 17: \$1,077,823 annually; payable in monthly minimum base rent payments of \$89,818.59.
- R. Year 18: \$1,079,105 annually; payable in monthly minimum base rent payments of \$89,925.42.
- S. Year 19: \$1,079,761 annually; payable in monthly minimum base rent payments of \$89,980.10.

T. Year 20: \$1,079,790 annually; payable in monthly minimum base rent payments of \$89,982.50.

U. Year 21: \$1,080,173 annually; payable in monthly minimum base rent payments of \$90,014.42.

V. Year 22: \$1,080,868 annually; payable in monthly minimum base rent payments of \$90,072.34.

W. Year 23: \$1,080,856 annually; payable in monthly minimum base rent payments of \$90,071.34.

X. Year 24: \$1,082,091 annually; payable in monthly minimum base rent payments of \$90,174.25.

Y. Year 25: \$1,081,553 annually; payable in monthly minimum base rent payments of \$90,129.42.

Z. Year 26: \$1,082,222 annually; payable in monthly minimum base rent payments of \$90,185.17.

AA. Year 27: \$1,555,271 annually; payable in monthly minimum base rent payments of \$129,605.92.

BB. Year 28: \$557,196; payable in monthly minimum base rent payments of \$46,433.

CC. Year 29: \$321,117 annually; payable in monthly minimum base rent payments of \$26,759.75.

DD. Year 30: \$480 annually; payable in monthly minimum base rent payments of \$40.

Attachment "1-B"
(Kula Facility Rental Payments)

Each of years 1-30: \$480 annually; payable in monthly minimum base rent payments of \$40.

Attachment "1-C"
(Lanai Facility Rental Payments)

Each of years 1-30: \$480 annually; payable in monthly minimum base rent payments of \$40.

Attachment "2"
(Capital Lease Payments)

Capital Lease Payments shall be due and payable in twelve monthly installments in accordance with the following schedule:

S	Academic Finance - 3rd Floor at MMMC Facility (Ex. E. 4)			Academic Finance - Emergency Department at MMC Facility (Ex. E. 3)			Academic Finance - Nobresco Energy Equipment located at MMMC Facility (Ex. E. 1)			Siemens Equipment Lease (Ex. E. 2)			Total Payments - Capital Leases (Due in Monthly Installments)		
	Principal	Interest	Debt Service	Principal	Interest	Debt Service	Principal	Interest	Debt Service	Principal	Interest	Debt Service	Principal	Interest	Debt Service
6/30/2017	159,150	132,539	291,689	80,051	37,756	117,808	652,982	41,285	694,267	287,159	18,418	305,577	1,179,343	229,998	1,409,341
6/30/2018	168,966	122,722	291,689	84,989	32,819	117,808	341,224	5,910	347,133	294,044	11,534	305,577	889,222	172,985	1,062,208
6/30/2019	179,388	112,301	291,689	90,231	27,577	117,808				301,093	4,484	305,577	570,712	144,363	715,074
6/30/2020	190,452	101,237	291,689	95,796	22,012	117,808				25,415	50	25,465	311,663	123,299	434,961
6/30/2021	202,199	89,490	291,689	101,704	16,103	117,808							303,903	105,594	409,497
6/30/2022	214,670	77,019	291,689	107,977	9,831	117,808							322,647	86,849	409,497
6/30/2023	227,910	63,778	291,689	104,821	3,170	107,990							332,731	66,948	399,679
6/30/2024	241,987	49,721	291,689										241,967	49,721	291,689
6/30/2025	256,892	34,797	291,689										256,892	34,797	291,689
6/30/2026	272,736	18,953	291,689										272,736	18,953	291,689
6/30/2027	166,799	3,353	170,152										166,799	3,353	170,152
6/30/2028															
6/30/2029															
6/30/2030															
6/30/2031															
6/30/2032															
6/30/2033															
6/30/2034															
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6/30/2040															
6/30/2041															
6/30/2042															
6/30/2043															
6/30/2044															
6/30/2045															
Total	2,281,131	805,910	3,087,041	665,568	149,268	814,837	994,206	47,194	1,041,400	907,710	34,487	942,197	4,848,615	1,036,860	5,885,475

Attachment "3"
(Contract Payments)

TO BE COMPLETED PURSUANT TO SECTION 2.3(B) OF LEASE

