

Note: See Reserve

Per Law - List in Minutes & Record 2.7
in Contract file

SALE OF MANATEE MEMORIAL HOSPITAL
FROM COUNTY OF MANATEE TO MANATEE
HOSPITALS AND HEALTH SYSTEMS, INC.

INDEX OF

CLOSING DOCUMENTS

- A.1 Acquisition Agreement ("Acq. Agree.") among the County of Manatee ("Manatee"), the Board of Trustees of Manatee Memorial Hospital ("Trustees"), and Manatee Hospitals and Health Systems, Inc. ("MHHS"), dated May 9, 1984.
- A.2 Manatee Memorial Hospital ("Hospital") Financial Statements (Exhibit I, Acq. Agree.).
- A.3 Real Property Description (Exhibit II, Acq. Agree.).
- A.4 Tangible Personal Property (Exhibit III, Acq. Agree.).
- A.5 Bond Obligations to be Assumed by MHHS (Exhibit IV, Acq. Agree.).
- A.6 Retirement Plan (Exhibit IVA, Acq. Agree.).
- A.7 Agreement to Provide Reimbursement for Eligible Services to Qualified Individuals between Manatee and MHHS dated July 25, 1984 (Exhibit V, Acq. Agree.). - Orig to Contract File
- A.8 MHHS Note dated July 25, 1984, in the principal sum of \$20,000,000, bearing interest at the rate of 10% (Exhibit VI, Acq. Agree.).
- A.9 Letter dated July 25, 1984, to Baptist Hospitals and Health Systems, Inc. ("BHHS") and MHHS from Ernst and Whinney (Exhibit VII, Acq. Agree.).
- A.10 Litigation Affecting Hospital (Exhibit VIII, Acq. Agree.).
- A.11 Guaranty executed by BHHS, dated July 25, 1984 (Exhibit IX, Acq. Agree.).
- A.12 Employment Contracts and Policies (Exhibit X, Acq. Agree.).
- A.13 Insurance Policies and Programs (Exhibit XI, Acq. Agree.).

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BOARD OF COUNTY COMMISSIONERS, MANATEE COUNTY

- A.14 Contracts and Leases (Exhibit XII, Acq. Agree.).
- A.15 Litigation Affecting MHHS and BHHS (Exhibit XIII, Acq. Agree.).
- A.16 Escrow Agreement among Manatee, MHHS and First National Bank of Florida dated May 9, 1984.
- A.17 Assumption Agreement among Manatee, Trustees, and MHHS dated July 25, 1984.
- A.18 MHHS certified resolutions and incumbency.
- A.19 MHHS Certificate of representations and warranties.
- A.20 MHHS Certificate of Good Standing.
- A.21 BHHS certified resolutions and incumbency.
- A.22 BHHS Certificate of Good Standing.
- A.23 Hospital Certificate of representations and warranties.
- A.24 Hospital Incumbency Certificate.
- A.25 Lewis and Roca, attorneys for MHHS and BHHS, opinion including the Dye, Scott & Deitrich opinion as to Florida law.
- A.26 James M. Nixon, II, Trustees' counsel, opinion.
- A.27 Keith F. Roberts, attorney for Manatee, opinion.
- A.28 Deed from Trustees of Internal Improvement Trust Fund of the State of Florida to Manatee County dated July 24, 1984, recorded in O.R. Vol. 1086 at Page 1821, Manatee County.
- A.29 Deed from Manatee to MHHS dated July 25, 1984, recorded in O.R. VoA. 1086 at Page 1925, Manatee County.
- A.30 Assignment of the Cleve and Cady Trusts to MHHS dated July 25, 1984.
- A.31 Assignments of Judgments; between Trustees and MHHHS dated July 25, 1984:

- A.31.1 Short Form.
- A.31.2 Long Form.
- A.32 Assignment and Bill of Sale to MHHS dated July 25, 1984.
- A.33 Assignment of Atwood Lease to MHHS.
- A.34 Hold Harmless Agreement among Manatee, MHHS and BHHS dated July 25, 1984.
- A.35 Instructions dated July 25, 1984, to Escrow Agent Pursuant to Escrow Agreement.
- A.36 Department of Health and Rehabilitative Services letter dated June 14, 1984, regarding licensing.
- A.37 Attorneys' Title Insurance Fund Commitment Number C-600249.
- A.38 Certificate of Manatee, Trustees and MHHS with respect to Exhibit IV of Acq. Agree.

CARLTON, FIELDS, WARD, EMMANUEL, SMITH & CUTLER, P. A.

ATTORNEYS AT LAW

TAMPA - ORLANDO - PENSACOLA - TALLAHASSEE

GIDDINGS E. MABRY 1877-1968
O. K. REAVES 1877-1970
DOYLE E. CARLTON 1885-1972

600 NORTH FLORIDA AVENUE

POST OFFICE BOX 3239

TAMPA, FLORIDA 33601

(813) 223-5366

TELEX: CARFIELDS 52-2520

August 21, 1984

EDWARD C. ADKINS
THOMAS D. AITKEN
JAMES W. AULT
GEORGE BARFORD
DAVID A. BEYER
CHRISTINE K. BILODEAU
RUSSELL S. BOGUE, III
JOHN W. BOULT
FRANK C. BOZEMAN
J. DIXON BRIDGERS, III
MARK A. BROWN
DAVID P. BURKE
CHARLES J. CACCIABEVE
JORDAN F. CAMENKER
STEPHEN M. CHRISTIAN
ROBERT L. CIOTTI
JOSEPH B. COFER
ANNE C. CONWAY
C. TIMOTHY CORCORAN, III
ROBERT W. COURTNEY
CHRIS S. COUTROULIS
JEFFREY A. CRAMER
F. MALCOLM CUNNINGHAM, JR.
JOHN J. CUNNINGHAM, JR.
EDWARD I. CUTLER
JAMES O. DAVIS, III

PAUL C. DAVIS
DAVID S. DEE
NATHANIEL L. DOLINER
DAVISSON F. DUNLAP
KATHLEEN S. EDWARDS
MICHEL G. EMMANUEL
NANCY J. FAGGIANELLI
EDWARD W. GERECKE
LEONARD H. GILBERT
MARK E. GRANTHAM
JAMES A. GRESSER
CHRISTOPHER L. GRIFFIN
EURICH Z. GRIFFIN
W. DOUGLAS HALL
DONALD E. HEMKE
RUTH BARNES HIMES
J. BRADFORD HINES
TIMOTHY A. HUNT
THOMAS F. ICARD, JR.
GREGORY G. JONES
JOHN P. KUDER
JOHN J. KUZINEVICH
JAMES M. LANDIS
HYWEL LEONARD
JOHN B. LIEBMAN
WILLIAM V. LINNE

A. BROADDUS LIVINGSTON
RALPH F. MANGIONE
JOHN P. MCADAMS
J. ROBERT MCCLURE, JR.
RICHARD C. MCCREA, JR.
WILLIAM F. MCGOWAN, JR.
GEORGE C. McLARRY
GEORGE N. MEROS, JR.
WILLIAM JONES MILLER
WILLIAM D. MITCHELL
WRIGHT MOULTON
DAVID G. MULOCK
PERRY Y. NEWSON
EDWARD P. NICKINSON, III
MICHAEL F. NUECHTERLEIN
JOHN K. OLSON
WILLIAM C. OWEN
WILLIAM D. PALMER
BARBARA PANKAU
ROBERT W. PASS
JENNETH L. PEMBERTON
ROBERT M. QUINN
LILLIAN J. REYES
R. ANDREW ROCK
DEBORAH H. ROSS
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THOMAS D. SCANLON
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JAMES A. URBAN
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J. BRENT WALKER
LAWRENCE M. WATSON, JR.
LINDA F. WELLS
JAMES R. WILEY
ROBERT C. WILKINS, JR.
EDWIN L. WILLIAMSON, JR.
PETER J. WINDERS
JAMES D. WING
GEORGE N. WOOD
GWYNNE A. YOUNG
ROBERT L. YOUNG
GEORGE ZADOROZNY
PETER W. ZINOBER

By Hand Delivery

Mr. David F. Rothfuss
Assistant to County Administrator
Manatee County
1115 W. Manatee Avenue
Bradenton, Florida 33506

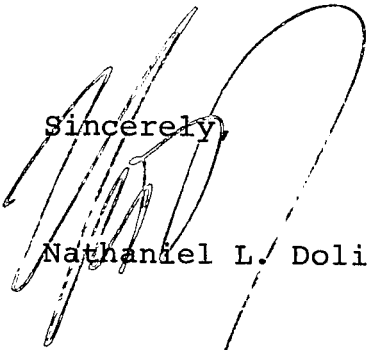
Re: Sale of Manatee Memorial Hospital

Dear Dave:

Enclosed are the County's original set of documents in connection with the sale of the Manatee Memorial Hospital to Manatee Hospitals and Health Systems, Inc.

Best regards.

Sincerely,


Nathaniel L. Doliner

NLD/cb
w/enclosures

cc: Leonard H. Gilbert, Attorney at Law

COUNTY

AUG 23 1984

ADMINISTRATOR

1.8
Bond 7/25

MANATEE HOSPITALS AND HEALTH SYSTEMS, INC.
NOTE

New York, New York
July 25, 1984

FOR VALUE RECEIVED, the undersigned, Manatee Hospitals and Health Systems, Inc. (herein called "MHHS"), a not-for-profit corporation organized and existing under the laws of the State of Florida, hereby promises to pay to the County of Manatee, Florida, ("Manatee") the principal sum of Twenty Million Dollars (\$20,000,000), plus simple interest at the rate of ten percent (10%) per annum on the unpaid principal from the date hereof, subject to the following terms and conditions:

1. Payments on this Note shall be made in equal annual installments of outstanding principal (together with accrued interest on the unpaid balance) over the thirty year term of this Note; provided, however, that no annual payment of principal or interest shall exceed an amount equal to one-half of the Adjusted Annual Earnings of MHHS for the fiscal year of MHHS immediately preceding the date upon which payment is to be made under this Note.

2. As used herein, "Adjusted Annual Earnings of MHHS" shall mean the excess of gross revenues over expenses of MHHS in each year from Hospital Operations of MHHS computed in accordance with generally accepted accounting principles consistently applied, minus all principal payments on Qualified Debt and minus any amount that must be

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retained by MHHS in order to avoid a current default or a current event of default under, or to comply with covenant obligations contained in any indenture, loan agreements or other instruments undertaken or assumed by MHHS including, without limitation, indebtedness of MHHS under that certain Master Trust Indenture, dated as of September 1, 1981, by and between Phoenix Baptist Hospital and Medical Center, Inc., an Arizona nonprofit corporation, and The Arizona Bank, an Arizona corporation, as supplemented by Supplemental Indenture No. 1 dated as of September 1, 1981 between Phoenix Baptist Hospital and Medical Center, Inc. and The Arizona Bank, as Master Trustee, Supplemental Indenture No. 2 dated as of December 1, 1982 among Phoenix Baptist Hospital and Medical Center, Inc., Northwest Development, Inc., Medical Environments, Inc. and The Arizona Bank, as Master Trustee and Supplemental Indenture No. 3 dated June 1, 1984 among Phoenix Baptist Hospital and Medical Center, Inc., Northwest Development, Inc., Medical Environments, Inc., MHHS and The Arizona Bank, as Master Trustee and the documents related thereto (collectively the "Master Indenture").

3. If with respect to any fiscal year in which there are Adjusted Annual Earnings of MHHS, MHHS shall fail to make all or a portion of the payment that would otherwise be due because amounts were required to be retained from payment to Manatee in order to avoid a current default or a current event of default or to comply with covenant

obligations under any indenture, loan agreement or other instrument undertaken or assumed by MHHS which is not for Qualified Debt, then

- (i) Whenever such retention is no longer needed by MHHS to protect against a current default or current event of default or to comply with covenant obligations, the amount that had been otherwise due to Manatee but retained shall be paid to Manatee even if MHHS does not have Adjusted Annual Earnings for the fiscal year preceding the year in which such payment is to be made; and
- (ii) Notwithstanding the extinguishment of the other obligations of this Note provided for hereinafter, if full payment of principal and interest shall not previously have been made under this Note, the obligation to pay Manatee any amount that had been otherwise due it but retained solely to avoid a current default or current event of default or to comply with covenant obligations unrelated to Qualified Debt shall not be extinguished, and such amount shall be paid to Manatee whenever such retention is no longer needed by MHHS to protect against a current default or current event of default or to comply with covenant

obligations, even if such payment is made beyond the term of this Note.

4. The term "Qualified Debt" shall mean debt incurred in connection with the construction, acquisition, operation, equipping, remodeling or expansion of Manatee Memorial Hospital (the "Hospital") or improvements thereto.

5. The term "Hospital Operations of MHHS" shall mean the hospital operations of MHHS, as the same may exist from time to time, conducted in Manatee County, Florida, within or from the Hospital facility acquired from Manatee as of July 25, 1984, or conducted within or from any successor, replacement facility in the event the existing Hospital facility is no longer used as a hospital, and shall also mean any service of the Hospital existing on July 25, 1984 which has been discontinued at the existing Hospital facility but continued by MHHS elsewhere within Manatee County.

6. In determining "Adjusted Annual Earnings of MHHS" the following items shall not be taken into account as expenses:

- (i) amounts for services, products and supplies paid or incurred by MHHS to any Affiliate of or Person Affiliated With MHHS or to BHHS or any Person Affiliated With BHHS, other than reasonable amounts paid for such services, products and supplies;

(ii) interest paid or incurred on loans to MHHS by any Affiliate of or Person Affiliated With MHHS or to BHHS or any Person Affiliated With BHHS, other than reasonable interest paid on loans which are reasonably needed by MHHS and the terms of which are commercially reasonable.

7. The terms "Affiliate" or "Person Affiliated With" shall mean a person or entity that directly or indirectly, or through one or more intermediaries, controls, or is controlled by, or is under common control with, the person or entity specified. The term "control" (including the terms "controlling," "controlled by" and "under common control with") shall mean the possession, direct or indirect, of the power to direct or cause the direction of management and policies of a person or entity, whether through the ownership of voting securities, by contract or otherwise.

8. All payments shall be applied first to accrued interest and then to principal, except as otherwise provided herein.

9. Payments under this Note shall be made annually 120 days after the end of the fiscal year of MHHS in each year commencing with the fiscal year ending August 31, 1985.

10. The obligation to make payments of principal and interest hereunder are cumulative. If any annual

payment of principal and accrued interest is reduced for the reason that said payment would exceed an amount equal to one-half of the Adjusted Annual Earnings of MHHS for the immediately preceding fiscal year, payment by MHHS of the unpaid portion of such payment shall be deferred until, and such unpaid portion shall be paid on, the next payment date scheduled under this Note on which payment by MHHS under this Note would not exceed an amount equal to one-half of the Adjusted Annual Earnings of MHHS for the fiscal year immediately preceding said scheduled payment date.

11. This Note may be prepaid in whole or in part at the option of MHHS at any time without penalty or premium.

12. This Note shall be extinguished on the thirtieth anniversary of its issuance, and the terms and conditions hereof shall cease to bind MHHS, except as provided in paragraph 3(ii) and in paragraph 13, irrespective of any amounts remaining unpaid on such date.

13. Notwithstanding any extinguishment of this Note on the thirtieth anniversary of its issuance, if full payment of principal and interest shall not previously have been made under this Note, MHHS shall pay to Manatee one-half of its Adjusted Annual Earnings for the Short Period. As used herein, the "Short Period" shall mean the period of time extending from and including the beginning of the fiscal year in which the date of expiration of this Note occurs to and including the date of expiration. For

purposes of determining Adjusted Annual Earnings of MHHS for the Short Period, the Adjusted Annual Earnings of MHHS for its entire fiscal year shall be prorated on a daily basis. Payment of such amount shall be made within 120 days after the end of such fiscal year.

14. MHHS has obligated itself to pay, and Baptist Hospitals and Health Systems, Inc., an Arizona nonprofit corporation ("BHHS"), has undertaken to guarantee the timely payment of principal, premium, if any, and interest on certain bonds of Manatee entered into by Manatee for the benefit of the Hospital. The payment schedules and the names of such bonds are set forth in Exhibit IV to the Acquisition Agreement between Manatee and MHHS. Notwithstanding the payment provisions pertaining to this Note set forth above, any payment by either MHHS or BHHS on the obligations of Manatee referred to herein shall be deemed to be a credit under this Note, and shall be applied against the annual payments required under this Note in the order in which such annual payments are to be made beginning with the payment for the fiscal year ending August 31, 1985, so that no annual payments will be made under this Note until the full amount of such credit has been so applied.

15. Any payments under this Note shall be made by wire transfer of immediately available funds of the United States to the Florida bank which is under contract to Manatee for further credit to the account of Manatee County

at such Bank, or in such other manner as Manatee may designate to MHHS in writing.

16. Not more than 120 days after the end of each fiscal year of MHHS, up to and including its fiscal year in which termination of this note occurs, MHHS shall furnish to Manatee:

- (i) audited financial statements (which shall include a balance sheet as of the last day of the fiscal year then ended, a Statement of Revenue and Expense, a Statement of Changes in Fund Balances and a Statement of Changes in Financial Position for the fiscal year then ended), prepared in accordance with generally accepted accounting principles consistently applied;
- (ii) a statement, certified by an independent certified public accountant, showing in detail the computation of Adjusted Annual Earnings for the fiscal year then ended; and
- (iii) a statement disclosing with particularity all payments made by MHHS during the fiscal year then ended to any affiliated entity of MHHS or BHHS.

17. All references in this Note to the revenues from the Hospital Operations of MHHS or to the Annual Adjusted Earnings of MHHS are for the sole purpose of fixing the maximum annual payment under this Note. By accepting

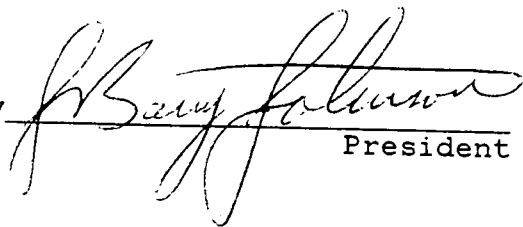
this Note, Manatee acknowledges and agrees that nothing contained herein shall be construed as creating, conferring upon, or transferring to Manatee or any other person or entity any right, title or interest whatsoever in (i) the Gross Revenues or Property as those terms are defined in the Master Indenture of MHHS, BHHS, or of Hospital; (ii) the Annual Adjusted Earnings of MHHS, BHHS or of the Hospital; or, (iii) as creating any lien, encumbrance or charge against the Gross Revenues, Property, any other assets of or the Annual Adjusted Earnings of MHHS, BHHS or of the Hospital.

18. In the event MHHS shall fail to make the payments called for herein, Manatee may proceed to protect its rights by action at law to enforce the payment of the sums then due upon this Note or to enforce any of its other rights hereunder. To the extent lawful, the prevailing party in any such action shall recover from the other party the costs and expenses of such action, including reasonable attorney's fees.

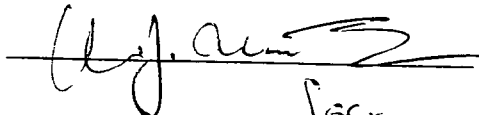
19. This Note, given in connection with the sale of the Hospital by Manatee to MHHS pursuant to an Acquisition Agreement dated May 9, 1984, constitutes the entire understanding of the parties with respect to the matters set forth herein; and, MHHS and Manatee have been represented by counsel of their choosing and have bargained for and negotiated the terms hereof.

20. This Note may not be transferred or assigned in whole or in part except to any governmental agency of Manatee with responsibilities pertaining to health care. This Note shall be binding on MHHS and any successor or assign which is an affiliate of MHHS or BHHS to the extent a Hospital Operation of MHHS is sold or otherwise transferred to it. It shall not be binding upon a transferee of any Hospital Operation of MHHS unless such transferee is an affiliate of MHHS or BHHS.

MANATEE HOSPITALS AND HEALTH
SYSTEMS, INC.

By 
President

ATTEST:


Secy.