

FIRST AMENDMENT TO LEASE

THIS First Amendment to Lease (this "**Amendment**") is entered into as of December 19, 2013 (the "**Effective Date**") between the Travis County Healthcare District, a political subdivision of the State of Texas ("**Landlord**"), and Seton Family of Hospitals, a Texas nonprofit corporation ("**Tenant**").

RECITALS:

A. Landlord and Tenant entered into a certain lease agreement (the "**Original Lease**") dated effective June 1, 2013, (the Original Lease and this Amendment are hereinafter collectively referred to as the "**Lease**") for the Premises described therein (the "**Premises**"); and

B. Landlord and Tenant have agreed to adjust the rental amount owed by Tenant to Landlord under the Original Lease; and

C. As a consequence thereof, Landlord and Tenant now modify certain provisions of the Lease in accordance with terms and conditions of this Amendment.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree, and the Lease is modified as follows:

AGREEMENTS:

1. **Definitions.** All capitalized terms not otherwise defined herein have the meanings given them in the Original Lease. The defined term "Fixed Rent" in Section 1.1 of the Lease is hereby deleted.
2. Article 4 of the Original Lease is hereby deleted and replaced with the following:

ARTICLE 4 **PAYMENT OBLIGATIONS**

4.1 Rent. Commencing on the Effective Date and continuing through the end of the Term of this Lease, Tenant shall pay to Landlord rent as follows:

(a) \$1,806,060 ("**Base Rent**") annually through September 30, 2025 and thereafter as provided in Section 4.2 below; plus

(b) \$19,197,904 ("**Catch Up Rent**"); plus

(c) The amount ("**Contingent Rent**") determined as follows:

(i) For the period commencing on June 1, 2013 and continuing thereafter through August 31, 2013, Contingent Rent shall be \$7,628,853.

(ii) For the period commencing on September 1, 2013 and continuing thereafter through August 31, 2014, Contingent Rent shall be \$30,515,412.

(iii) Commencing on or before September 1, 2014 (or commencing as soon as reasonably practicable after such date), and continuing on or before the first day of September of each year thereafter (or commencing as soon as reasonably practicable after each such date), and continuing throughout the remainder of the Term of this Lease, Tenant shall calculate the Net Patient Service Revenues that shall have been realized by Tenant during the Fiscal Year ended immediately prior to each such date. In the event that Tenant shall have realized in excess of \$150,000,000 in Net Patient Service Revenues during such Fiscal Year, Tenant shall pay Landlord, with regard to the twelve-month period that shall commence on the first day of October immediately following such Fiscal Year, an amount equal to 14% of such Net Patient Service Revenues. Any such Contingent Rent shall be paid in twelve equal monthly installments, on the first day of each month, commencing on October 1 and continuing thereafter through September 30 of each such twelve-month period. In the event that Tenant shall not have realized at least \$150,000,000 in Net Patient Service Revenues during any such Fiscal Year, Tenant shall not be obligated to pay Landlord any Contingent Rent with regard to such twelve-month period. Subject to the mutual agreement of Landlord and Tenant, the calculation of Net Patient Service Revenues, as set forth herein, may be reevaluated from time to time.

(iv) Any provision contained herein to the contrary notwithstanding: (A) in no event shall Tenant be obligated to pay Landlord any amount of Contingent Rent, with regard to any twelve-month period occurring during the Term of this Lease that, when aggregated with the Base Rent exceed the fair market value of lease rentals payable with regard to the Premises.

As used in this Section 4.1(c), the terms "**Fiscal Year**" shall mean Tenant's fiscal year, which shall end on June 30 of each year, and "**Net Patient Service Revenues**" shall mean the total patient revenues of University Medical Center Brackenridge, excluding all Medicaid supplemental payments and reduced by revenue deductions, which deductions shall include an allowance for contractual allowances, discounts, bad debt and charity care amounts.

Base Rent shall be paid in monthly installments in the amount of \$150,505. The first monthly installment of Base Rent shall be due and payable on the Effective Date, and subsequent monthly installments of Base Rent shall be due and payable on or before the first day of each succeeding calendar month in accordance with the provisions of this Section 4.1.

Catch Up Rent shall be paid in one lump sum within fifteen (15) days after the Effective Date for the fair market value of Tenant's use of the Premises from October 1, 2012 through the Effective Date.

Contingent Rent, if any, shall be calculated in accordance with the provisions of Section 4.1(c), above, which Contingent Rent, if any, shall be paid by Tenant to Landlord in advance, on the first day of each month, commencing on June 1, 2013, and continuing thereafter throughout the remainder of the Term of this Lease. Rent for any partial calendar month within the Term shall be appropriately pro-rated. Tenant shall pay all installments of Rent by wire transfer of immediately available funds to an account designated by Landlord in a notice given to Tenant or in any other manner mutually acceptable to Landlord and Tenant.

4.2 Adjusted Base Rent. Commencing on October 1, 2025 and continuing on the first day of October of each year thereafter through the expiration of the Term of this Lease or until

the earlier termination hereof, Tenant shall pay Landlord base rent ("**Adjusted Base Rent**"), in the amount of \$10,000 per annum; provided, however, the amount of Rent, including Adjusted Base Rent, shall be further adjusted at the time the parties enter into the Lease Amendment in accordance with Section 17.1. Tenant shall pay all installments of Adjusted Base Rent by wire transfer of immediately available funds to an account designated by Landlord in a notice given to Tenant or in any other manner mutually acceptable to Landlord and Tenant.

4.3 Additional Rent. All amounts required to be paid by Tenant under the terms of this Lease (including Impositions and Contingent Rent), other than Base Rent and Adjusted Base Rent, are herein from time to time collectively referred to as "**Additional Rent.**" Base Rent and Additional Rent (or, as applicable, Adjusted Base Rent and Additional Rent) are herein collectively referred to as "**Rent.**"

4.4 No Abatement. Except as expressly provided in this Lease and except as expressly provided in the Ancillary Agreements: (a) no happening, event, occurrence or situation during the Term, whether foreseen or unforeseen, and however extraordinary, shall relieve Tenant from its obligations hereunder to pay Rent, or entitle Tenant to any abatement, diminution, reduction, offset or suspension of Rent whatsoever; and (b) Tenant waives any right now or hereafter conferred upon it by statute or other Applicable Law, to any abatement, diminution, reduction, offset or suspension of Rent because of any event, happening, occurrence or situation whatsoever.

4.5 Permissible Offset of Rent. Any provision contained in this Lease to the contrary notwithstanding, at any time or from time to time during the Term of this Lease, Tenant shall be entitled to offset, against the Rent otherwise payable by Tenant to Landlord under this Lease, any amounts owed by Landlord (or any Affiliate of Landlord) to Tenant (or any Affiliate of Tenant) under any of the Ancillary Agreements.

3. Section 15.4(f) of the Original Lease is hereby deleted and replaced with the following:

(f) Notwithstanding anything to the contrary set forth in this Lease, until (i) Landlord and UT-Austin have entered into the UT-Austin/Landlord Agreement and (ii) Landlord and Tenant have entered into the New Teaching Hospital Agreement, Tenant shall have the right, in its sole and absolute discretion, to terminate this Lease and pay to Landlord the Rental Damages as liquidated damages for Tenant's termination of this Lease in the time and manner set forth in this Section 15.4(f). The Rental Damages payment is in lieu of paying (i) any Base Rent, Adjusted Base Rent or Additional Rent (or damages for any of the foregoing) that would have accrued during the remainder of the Term of this Lease beyond the Termination Date, and (ii) any other damages that would be caused by Tenant as a result of Tenant terminating this Lease under this Section 15.4(f). Landlord and Tenant acknowledge and agree that (i) the actual amount of Landlord's damages for Tenant's termination of this Lease under this Section 15.4(f) are very difficult and impracticable to forecast and determine, and (ii) the liquidated damages provided for in this Section 15.4(f) are a fair and reasonable estimate of Landlord's damages that would be caused by Tenant's termination of this Lease under this Section 15.4(f). If Tenant exercises its right to terminate this Lease and pay to Landlord the Rental Damages as described in this Section 15.4(f), Landlord and Tenant agree that the following shall apply:

(i) Tenant will exercise this termination option by giving Landlord a Termination Notice including the tender of payment of the Rental Damages to an escrow agent reasonably acceptable to the Parties (the "Escrow Agent") to be held in escrow under a commercially reasonable escrow agreement to be agreed upon by the Parties. Subject to Section 15.4(f)(ii), the Termination Date shall be one (1) year after the receipt of such notice.

(ii) Upon receipt of such notice, Landlord may invoke the Post-Termination Services Period provided for in Section 8.1.3 of the Master Agreement for the five-year period following the Termination Notice Date. In the event that the Post-Termination Services Period has been invoked the final Term of this Lease shall be coterminous with the Post-Termination Services Period.

(iii) As promptly as practicable and in any case not less than ninety (90) days prior to the Final Termination Date, Tenant shall provide Landlord with a reasonable description of Tenant's Personal Property.

(iv) Within sixty (60) days after Tenant provides a reasonable description of Tenant's Personal Property to Landlord, Landlord shall identify in writing those items of Tenant's Personal Property that Landlord wishes to retain following the Final Termination Date (the "Landlord-Acquired Property"). If Landlord fails to respond within such sixty (60) day period, then Landlord will be deemed to have waived its right under this process to identify and retain the Landlord-Acquired Property. Tenant, at its option, may then identify the Landlord-Acquired Property, if any.

(v) Within thirty (30) days following the identification of the Landlord-Acquired Property, Tenant shall cause all items of Tenant's Personal Property other than the Landlord-Acquired Property to be removed from the Premises. Within the time period set forth in the escrow agreement to be agreed upon by the Parties, Escrow Agent shall pay the Rental Damages to Landlord, which shall be offset by an amount equal to 50% of the net book value as reflected on the books and records of Tenant of the Landlord-Acquired Property; *provided, however,* that the offset amount for the Landlord-Acquired Property pursuant to this Section 15.4(f)(v) shall not exceed \$20,000,000. Upon payment of such amount provided for in this Section 15.4(f)(v), Tenant will transfer the Landlord-Acquired Property to Landlord by bill of sale or other appropriate conveyance.

(vi) Except for Section 15.5.4(b), the provisions of Section 15.5.4 shall apply.

This Section 15.4(f) shall automatically terminate and be of no further force or effect after Landlord and UT-Austin have entered into the UT-Austin/Landlord Agreement and Landlord and Tenant have entered into the New Teaching Hospital Agreement.

4. Section 19.20 of the Original Lease is hereby deleted and replaced with the following:

19.20 Waiver of Tenant Rights and Benefits Under Section 93.012, Texas Property Code.

Landlord and Tenant are knowledgeable and experienced in commercial leasing transactions and agree that the provisions of this Lease for determining all Base Rent, Adjusted Base Rent, Additional Rent, Contingent Rent and other charges and amounts payable by Tenant, are commercially reasonable and

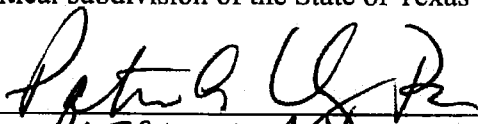
valid even though such methods may not state a precise mathematical formula for determining such charges. ACCORDINGLY, TENANT VOLUNTARILY AND KNOWINGLY WAIVES ALL RIGHTS AND BENEFITS OF A TENANT UNDER SECTION 93.012, TEXAS PROPERTY CODE, AS SUCH SECTION NOW EXISTS.

5. **Multiple Counterparts.** This Amendment may be executed in any number of counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument. The signatures of the parties hereto may be transmitted by facsimile or other electronic delivery, and each such facsimile signature or other electronic delivery signature (including a PDF signature) will, for all purposes, be deemed to be the original signature of the party whose signature it reproduces and be binding upon such party.

EXECUTED to be effective as of the Effective Date.

LANDLORD:

TRAVIS COUNTY HEALTHCARE DISTRICT,
a political subdivision of the State of Texas

By: 
Name: PATRICIA A. YOUNG BROWN
Title: PRESIDENT & CEO

TENANT:

SETON FAMILY OF HOSPITALS,
a Texas nonprofit corporation

By: _____
Name: Tim LaFrey
Title: Executive Vice President - Operations

SETON FAMILY OF HOSPITALS,
a Texas nonprofit corporation

By: _____
Name: Paula Campbell
Title: Senior Vice President and Chief Financial Officer

valid even though such methods may not state a precise mathematical formula for determining such charges. ACCORDINGLY, TENANT VOLUNTARILY AND KNOWINGLY WAIVES ALL RIGHTS AND BENEFITS OF A TENANT UNDER SECTION 93.012, TEXAS PROPERTY CODE, AS SUCH SECTION NOW EXISTS.

5. **Multiple Counterparts.** This Amendment may be executed in any number of counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument. The signatures of the parties hereto may be transmitted by facsimile or other electronic delivery, and each such facsimile signature or other electronic delivery signature (including a PDF signature) will, for all purposes, be deemed to be the original signature of the party whose signature it reproduces and be binding upon such party.

EXECUTED to be effective as of the Effective Date.

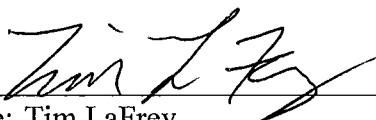
LANDLORD:

TRAVIS COUNTY HEALTHCARE DISTRICT,
a political subdivision of the State of Texas

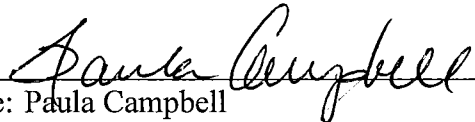
By: _____
Name: _____
Title: _____

TENANT:

SETON FAMILY OF HOSPITALS,
a Texas nonprofit corporation

By:  _____
Name: Tim LaFrey
Title: Executive Vice President - Operations

SETON FAMILY OF HOSPITALS,
a Texas nonprofit corporation

By:  _____
Name: Paula Campbell
Title: Senior Vice President and Chief Financial Officer