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AMENDED AND SUBSTITUTED LEASE

AGREEMENT

This Lease Agreement (Lease) made and entered into effective as of July 1, 2002, hereinafter "Effective Date," by and between **CITY OF JONESBORO**, hereinafter referred to as Landlord, and **ST. BERNARD'S HOSPITAL, INC., d/b/a ST. BERNARD'S MEDICAL CENTER**, hereinafter referred to as Tenant, based on the mutual promises, undertakings, covenants, and conditions herein expressed:

RECITALS:

1. Landlord and Tenant entered into an Agreement dated July 1, 2002 for the lease of the Huntington Building.
2. Landlord and Tenant desire to amend and substitute the prior agreement with this Amended and Substituted Lease Agreement.
3. Landlord and Tenant agree that this Amended and Substituted Lease Agreement supercedes the prior agreement entered into between the parties and shall be the governing lease agreement for the "leased premises".

IT IS THEREFORE AGREED BY AND BETWEEN THE PARTIES HERETO AS FOLLOWS:

1. Premises. The Landlord, for and in consideration of the covenants, conditions, agreements and stipulations of the Tenant hereinafter expressed, does hereby demise and lease unto the Tenant certain premises located at 900-B W. Monroe, Jonesboro, Craighead County, Arkansas, 72401 more particularly described in Exhibit A attached hereto and incorporated herein by reference, with all tenements, improvements and appurtenances thereunto belonging or in any way appertaining, said premises being hereinafter referred to as the "leased premises."

2. Term.

(a) The Initial Term. Unless otherwise terminated pursuant to the terms hereof, the initial term of this Lease is for a period of two (2) years commencing on the Effective Date and ending at midnight on the second (2<sup>nd</sup>) anniversary thereof, which may be referred to hereinafter as the "Initial Term." The Initial Term and any Extended Terms shall be referred to hereafter as "Term."

(b) Extended Term. Upon the expiration of the Initial Term of this Lease, the term of this Lease may be extended for an additional one (1) year period (the "Extended Term") if the Tenant shall give Landlord notice in writing at least thirty (30) days prior to the expiration of the Initial Term that it intends to extend the term of this Lease. The Extended Term hereunder shall be subject to all the terms and conditions of this Lease.

3. Rent. As rental for the leased premises, Tenant shall pay to Landlord, without deduction, counterclaim or setoff, annual rental in the sum of \$1.00 per annum month, payable on the date of execution of this Agreement and on the Anniversary Date of the Effective Date thereafter during the term hereof.

4. Use of Property. The leased premises shall be used by Tenant for operation of Senior Life Centers through Tenant's contract with East Arkansas Area Agency on Aging and for the operation of an Adult Day Care Center. The leased premises shall not be used for any other purpose without the written consent of Landlord which shall not be unreasonably withheld. Tenant shall comply with all applicable laws or requirements of any governmental entity. Tenant shall not cause or allow a public or private nuisance on the leased premises. Tenant shall be permitted to use the leased premises during normal business hours. The kitchen space and former family life room of the leased premises may be used by other parties after normal business hours at the discretion of Landlord.

5. Taxes. Landlord agrees to pay for all ad valorem real estate taxes and assessments, if any, on the leased premises.

6. Utilities. Landlord agrees to cause the necessary mains, conduits and other facilities to be provided to supply water, electricity and gas used in the leased premises. Tenant hereby agrees to pay all expenses of occupancy including licenses and utilities.

7. Insurance. Landlord may maintain and pay for such liability, fire and extended coverage insurance on the leased premises, including any improvements thereon, in an amount equal to the full insurable value of the improvements with proper clauses in the policies of insurance making the losses payable to Landlord and Tenant as their respective interests may appear.

Tenant shall provide liability insurance with companies approved by Landlord insuring Landlord and Tenant against claims for personal injury, death or property damage in the minimum amount of \$1,000,000.00 in the aggregate per occurrence.

Landlord shall specifically be made an additional insured in all of the above mentioned policies. Tenant shall promptly provide Landlord with copies of insurance policies and endorsements evidencing the above insurance coverages.

8. Repairs, Maintenance and Replacement. Tenant shall, during the term of this lease and any renewal or extension hereof, at its sole expense, keep the leased premises in as good order and repair as it is at the date of commencement of this Lease, reasonable wear and tear and damage by accidental fire or other casualty not within the control of Tenant excepted.

9. Alteration. Tenant shall not make any alterations, additions or improvements to the leased premises without the prior written consent of the Landlord, which consent shall not be

unreasonably withheld, and all alterations, additions or improvements made by either of the parties hereto upon the leased premises, except movable equipment and trade fixtures put in at the expense of the Tenant, shall be the property of the Landlord, and shall remain upon and be surrendered with the leased premises without molestation or injury. Landlord hereby authorizes Tenant to make the improvements to the leased premises described in Exhibit "A" attached hereto. Tenant may remove its equipment or trade fixtures provided any damage done to the leased premises in the removal of any such equipment or trade fixtures is promptly repaired by Tenant, and if not repaired by Tenant in a reasonable time and manner, Landlord may repair same and Tenant shall pay the cost thereof.

10. Liens. Tenant agrees to pay promptly for any work or materials provided by laborers or materialmen in or about the leased premises, and Tenant shall not permit or suffer any lien to attach to the leased premises and shall promptly cause any such lien, or any claim therefor, to be released; provided, however, that in the event Tenant contests any such lien, Tenant agrees to indemnify Landlord and, if requested, to deposit with Landlord cash or a surety bond in form and company satisfactory to Landlord in an amount equal to twice the amount of such contested claim.

11. Damages to Premises. If the leased premises are destroyed by fire or other casualty to the extent that all of the leased premises are partially destroyed and the cost of restoring the leased premises to its condition immediately prior to such damage shall equal or exceed fifty percent (50%) of its value immediately prior to such damage, the Landlord may, at its election, (a) proceed with due diligence to repair or restore the same to the same condition as existed before such damage or destruction, or (b) cancel the Lease as of the date of such damage or destruction by written notice not less than thirty (30) days after such damage or destruction. Should the Landlord elect to repair or restore, all rent shall abate until the leased premises are repaired or restored and possession has been redelivered to the Tenant. Should the Landlord elect to cancel, then the rent shall be adjusted as of the date on which the damage occurs.

If the leased premises are partially destroyed or injured, whereby the Tenant shall be deprived of only a portion of said premises, and the cost of repairing such damage shall be less than fifty percent (50%) of the value of the premises immediately prior to such damage, the Landlord will proceed with due diligence to repair the same to the same condition as existed before such damage or injury and a proportionate allowance shall be made from the rent during the period required for such repairs, in the proportion which the number of square feet of which Tenant is deprived by such damage and the making of such repairs bears to the total square feet in the leased premises.

12. Eminent Domain. If greater than fifty percent (50%) in area of the leased premises is taken by eminent domain, Tenant may cancel this lease as of the date of such taking of possession by written notice to Landlord given not less than thirty (30) days after such taking. If less than fifty percent (50%) of the leased premises is taken and such taking does not materially impair Tenant's ability to continue its normal business operations on the leased premises, Tenant may elect to continue the lease. In such event, rent subsequent to the taking shall be reduced in the proportion that the number of square feet taken bears to the total square footage of the leased premises. Landlord and Tenant shall, to the extent possible, each negotiate separately with the taking authority for

compensation for any and all damages, loss or injury that each may suffer as the result of any permanent taking of all or any portion of the leased premises. If the question of damages for the taking is litigated in court, then the parties agree to cooperate with each other in the trial of such action to the end of obtaining the highest award possible in the court having jurisdiction of said cause.

13. Indemnification. Tenant shall upon demand indemnify, defend and save harmless the Landlord and its employees and agents from and against all loss, liabilities, costs, claims, damages, actions, and related expenses for personal or bodily injury, death, loss or damage to property, or violation of applicable law that directly or indirectly result from its possession, occupancy or use of the leased premises, or from any of its negligent or willful acts, errors or omissions (or those of its employees, agents or subcontractors). Landlord shall upon demand indemnify, defend and save harmless Tenant and its employees and agents from and against all loss, liabilities, costs, claims, damages, actions, and related expenses for personal or bodily injury, death, loss or damage to property, or violation of applicable law that directly or indirectly result from (i) any possession, occupancy or use of the leased premises prior to the beginning of this Lease, (ii) Landlord's breach of any agreement, covenant, representation or warranty hereunder, or (iii) from any of Landlord's negligent or willful acts, errors or omissions (or those of its employees, agents or subcontractors).

14. Assignment and Subletting. Tenant shall not sublet the premises in whole or in part and shall not sell, assign, mortgage, pledge, or in any manner transfer this Lease, or any interest herein, without in each case having obtained Landlord's written consent, which consent shall not be unreasonably withheld. In the event of such assignment or subletting, Tenant shall remain liable for the performance of this lease.

15. Default of Tenant. (a) If the Tenant defaults in the performance of any of the covenants, terms, conditions or provisions of this Lease, including nonpayment of rent, and after written notice from the Landlord, Tenant fails to cure such default within thirty (30) days after receipt of such notice (or fails to cure with due diligence if the default is of such nature as to require more than 30 days), then the Landlord may, at its option (but shall not be required to do so), perform the same for the account of the Tenant and any amount paid or expenses incurred by the Landlord in the performance thereof shall be deemed additional rent and payable when the next installment of rent shall become due. Additionally, if the Tenant defaults in performance of this Lease, or if Tenant shall make an assignment for the benefit of creditors, or if the interest of the Tenant in the leased premises shall be sold under execution or other process of law, or if the Tenant shall be adjudged a bankrupt, or if a receiver or trustee shall be appointed for the Tenant by any Court, and, after written notice from the Landlord, Tenant fails to cure such default of condition within 30 days after receipt of such notice (or fails to cure with due diligence if the default is of such nature as to require more than 30 days), then the Landlord may lawfully re-enter the leased premises without any demand for possession therefor, and recover possession of the leased premises and the improvements thereof, expel the Tenant and those holding under the Tenant and no allowance shall be paid to the Tenant. Such re-entry shall not constitute trespass and shall not prejudice any other remedies which might otherwise be provided by law for breach of covenant, and upon entry, the rights of the Tenant under this Lease shall terminate. Landlord shall be entitled to recover from Tenant any and all reasonable

expenses incurred in enforcing any of Landlord's remedies, including reasonable attorneys' fees and the costs of removing Tenant's property from the leased premises.

(b) If Landlord defaults in the performance of any of the covenants, terms, conditions or provisions of this Lease, and after written notice from the Tenant, Landlord fails to cure such default within thirty (30) days after receipt of such notice (or fails to cure with due diligence if the default is of such nature as to require more than 30 days), then the Tenant may, at its option (but shall not be required to do so), perform the same for the account of the Landlord and any amount paid or expenses incurred by the Tenant in the performance thereof shall be deemed prepaid rent and shall be deducted from the next installment and successive installments of rent that become due. Additionally, if the Landlord defaults in performance of this Lease, or if Landlord shall make an assignment for the benefit of creditors, or if the interest of the Landlord in the leased premises shall be sold under execution or other process of law, or if the Landlord shall be adjudged a bankrupt, or if a receiver or trustee shall be appointed for the Landlord by any Court, and, after written notice from the Tenant, Landlord fails to cure such default or condition within 30 days after receipt of such notice (or fails to cure with due diligence if the default is of such nature as to require more than 30 days), then the Tenant may terminate this Lease without further notice to Landlord.

16. Vacancies and Waste. Tenant shall not permit the leased premises to remain vacant for a period of thirty (30) days without Landlord's prior written consent except in cases necessitated by repair, maintenance or alteration. Tenant shall not cause or allow waste to the leased premises. Tenant shall surrender the leased premises at expiration of this Lease in the same condition it was in when delivered to Tenant, destruction by fire, storm, or other casualty, permitted alterations, and ordinary wear and tear excepted.

17. Notices. Wherever in this Lease it shall be required or permitted that notice or demand be given or served by either party to this Lease or on the other, such notice or demand shall be given or served and shall not be deemed to have been duly given or served unless in writing and forwarded by certified or registered mail, addressed as follows:

LANDLORD:

TENANT:

City of Jonesboro

ATTN: MAYOR

\_\_\_\_\_  
Jonesboro, Arkansas \_\_\_\_\_

St. Bernards Hospital, Inc.

ATTN: President

P.O. Box 9320

Jonesboro, Arkansas 72403

18. Successors and Assigns. Subject to any provisions herein restricting the right to assign and sublet, all covenants, promises, conditions and representations herein contained shall be binding upon, apply and inure to the parties hereto and their respective heirs, executors, administrators, successors and assigns.

19. Waiver. The failure of either party to insist upon strict performance by the other of any of the covenants, conditions and agreements of this Lease shall not be deemed a waiver of any of

said party's rights or remedies and shall not be deemed a waiver of any subsequent breach or default by the other in any of the covenants, conditions and agreements of this Lease.

20. Holding Over. If Tenant remains in possession of the leased premises after the expiration of the term of this Lease, or renewal term of this Lease, as the case may be, without a new lease reduced to writing and duly executed, even if Tenant shall have paid, and Landlord shall have accepted, rent in respect to such holding over, Tenant shall be deemed to be occupying the leased premises only as a Tenant from month to month, subject to all the covenants, conditions and agreements of this Lease.

21. Interpretation. The parties hereto agree that it is their intention hereby to create only the relationship of Landlord and Tenant, and no provision hereof, or act of either party hereunder, shall ever be construed as creating the relationship of principal and agent, or a partnership, joint venture or enterprise between the parties hereto.

22. Amendment. Only by written agreement of the parties may this Lease be modified or amended in any manner whatsoever.

23. Governing Law. This terms and conditions of this Lease shall be construed and governed by the laws of the State of Arkansas and any venue for any litigation related to this lease shall be in Jonesboro, Craighead County, Arkansas.

IN WITNESS WHEREOF, the parties hereto have executed this Lease Agreement on the day and year first above mentioned.

LANDLORD

TENANT

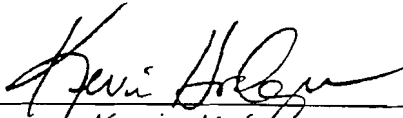
CITY OF JONESBORO

ST. BERNARD'S HOSPITAL, INC.

By

Name:

Title:

  
Name: Kevin Hodges  
Title: VP - Senior Services