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WEBER
DEPT: *Land Resources*
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LEASE

THIS LEASE, made and entered into this 12th day of May, 1986, by and between St. Benedict's Hospital, *St. Benedict's Hospital*
County, Utah, hereinafter called "Lessor", and JAMES A. BATCH, of Ogden, Weber *James A. Batch*
County, Utah, hereinafter called "Lessee",

WITNESSETH:

WHEREAS, Lessor is the owner of a tract of ground in Washington Terrace, Weber County, Utah, and

WHEREAS, Lessor has agreed to enter into a lease with Lessee covering the same, and the parties desire to reduce their agreement to writing,

NOW, THEREFORE, in consideration of their mutual promises hereinafter contained, and the faithful performance thereof by each of them, it is hereby covenanted and agreed as follows:

1. Lessor does hereby lease and let to Lessee, and Lessee does hereby lease and let from Lessor a certain tract of ground owned by Lessor in Washington Terrace, Weber County, Utah, as described in Exhibit "A", attached hereto and incorporated herein by reference, said tract consisting of 3.32 acres, more or less.

2. It is understood and agreed between the parties that Lessee contemplates a development of said tract for medical professional building purposes, and that the same will require development and approvals and Lessor does authorize Lessee to file application for, and to pursue development and approvals of the property in accordance with the purposes of this lease, and does agree to cooperate with Lessee therein, provided that all expenses incident thereto shall be borne by the Lessee.

3. Lessee shall have one (1) month from the date of this lease within

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which to secure zoning, to secure pre-construction financing, to verify access and other pertinent information relative to the property and to start construction. In the event the Lessee shall for any reason not proceed forward with the project with due diligence to completion, this lease shall be null and void and without force and effect.

4. This lease shall be for a term of thirty five (35) years, with two (2) ten (10) year options. The rental for the within premises shall be a fair market value for rental of the land as established by a valuation expert mutually approved by Lessor and Lessee. The term shall commence on the date rent is first paid hereunder. The term shall not be extended without the approval of Lessor and Lessee.

5. Lessor shall furnish to Lessee, as soon as possible after the date of this agreement, a preliminary title report covering the property in question. Lessee does acknowledge that Lessor has heretofore furnished a survey of the property. At the time rent shall commence, Lessor shall furnish a Lessee's title policy in the amount of the estimated construction costs of the medical office building established by agreement of the parties at the Lessee's expense. The preliminary title report to be furnished hereunder shall be accompanied by copies of any documents referred to therein, and in the event of any defects in title which cannot be cured this lease shall be null and void at the option of Lessee which option shall be exercised within 30 days after provision of the preliminary title report.

6. Lessor does covenant and agree that in the event of default at any time during the term, he will look solely to the land and improvements then erected upon the premises and there shall be no personal liability on the part of the Lessee, or its successors or assigns, for any deficiency. Provided that

Lessee shall be liable without regard to its interest in the building, for indemnifying Lessor from and against liability imposed on Lessor for any acts or omissions to act of Lessee and its agents, employees, officers and tenants. Lessor shall pay the general and special real estate taxes for the year 1966, and shall pay and be responsible for a like sum to apply in each successive year of the term toward all taxes in excess of that sum to be paid by the Lessee.

7. As part of the consideration for the within lease, Lessor does grant to Lessee, and its successors in interest, a right of first refusal to purchase the within property at any time during the lease term in the event that Lessor shall determine to sell this property for a price equal to that offered for Lessor's interest in a bona fide offer by a third party. In the event Lessee shall elect to exercise said right, it shall notify Lessor in writing, in person or by certified mail, at the address then designated for the payment of rent, and thereupon Lessor shall convey the property upon the same terms and conditions as contained in the third party offer. It is further agreed that in the event Lessor shall elect to sell the property at any other time during the term or extended term Lessee shall have the right of first refusal for a period of thirty (30) days after written notice of such intention, upon the same terms and conditions as therein contain. In the event Lessee shall not exercise said right of first refusal, then the sale may be made to such third person as Lessor may elect, but said sale shall be subject to all of the terms and conditions contained in the written notice and in this lease, including a subsequent right of first refusal as relates to the purchaser. Any change in the terms of the sale shall require Lessor to reoffer the property to the Lessee with the same period available for acceptance.

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8. Lessor does covenant and agree that it will subordinate its interest in the property to the terms of such notes and mortgages as Lessee may from time to time require to be placed upon the property for the purpose of erecting improvements, which mortgages shall be in such amount as will be equal to the cost of the said improvements, including title expenses, architect's fees, attorney's fees, construction and permanent financing fees, interest during construction, commissions and such other expenses as relate to the said improvements. Lessor agrees to execute such documents as may be necessary from time to time to effect such subordination, whether accomplished at one time or from time to time during the term of the lease.

9. All expenses relative to the property and its maintenance shall be the sole responsibility of the Lessee except as hereinbefore specifically set forth.

10. The Lessee will not permit any mechanics', laborers' or materialmen's liens to stand against the demised premises for any labor or materials furnished to Lessee or claimed to have been furnished to Lessee in connection with work of any character performed or claimed to have been performed on said premises by or at the direction or sufferance of Lessee; provided, however, that Lessee shall have the right to contest the validity or amount of any such lien or claimed lien, and provided that Lessee shall give reasonable security as may be demanded by Lessor of Lessee to insure payment thereof, and prevent any sale, foreclosure, or forfeiture of the premises by reason of such nonpayment, provided such security need not exceed on and one-half times the amount of such lien or claimed lien. On final determination of the lien or claim for lien, Lessee shall immediately pay any judgment rendered with all proper costs and charges and shall have the lien released and satisfied.

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Lessee's own expense.

14. Lessee covenants that during the original term of this lease, or any renewal term, in the use of occupation of the demised premises and the buildings, structures, fixtures and improvements thereon, and sidewalks adjacent thereto, Lessee will, at its own expense, comply with all zoning and building restrictions and all applicable laws, ordinances, and regulations of duly constituted public authorities now or hereafter in any manner affecting the demised premises or the sidewalks adjacent thereto, or any buildings, structures, fixtures and improvements or the use thereof. The lessee further agrees that it will not permit any unlawful occupation, business or trade to be conducted on said premises, or any use to be made thereof contrary to any law, ordinance or regulation as aforesaid with respect thereto, and further agrees to protect Lessor and said premises against any tax, charge or penalty imposed or levied upon said premises on account of any failure of Lessee or persons using said premises to comply with the law and the provisions of this lease; provided, however, that Lessee shall have the right to use the premises for any lawful purpose and shall be entitled to contest by legal proceedings at its own expense the application of any law, regulation or ordinance to the demised premises.

NOTWITHSTANDING, Any provision of this lease to the contrary, the building constructed on the premises shall be used solely and exclusively, for medical office purposes. Lessee shall not and shall not permit any of its sublessees to use the building for any purposes other than the practice of medicine and shall not use the building or permit any sublessee to use the building in any manner

(1) at variance with the ethical and religious directives for Catholic Health Facilities

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(ii) In any manner, activity or service which shall be competitive with any activity or service of St. Benedict's Hospital.

A. Lessor shall have the right to approve the form and content of any and all subleases of space in the building, which consent shall not be unreasonably withheld.

B. Lessor shall have the right to approve any and all subleases of space in the building, which right shall not be unreasonably withheld.

C. Lessee shall operate and manage building in such manner as shall not damage any relationship between St. Benedict's Hospital and the physicians practicing therein (who may also be sublessees of Lessee).

12. Lessee shall submit to lessor for lessor's approval, all plans and specifications and working drawings for construction of the building, approval of which shall not be unreasonably withheld. Said plans and specifications shall provide for construction of a "quality" office building. "Quality" shall not be established with reference to any other office building located on the St. Benedict's Medical Center Campus.

13. A. In the event the improvements constructed by the Lessee on the land are damaged or destroyed by fire or other casualty and the Lessee in its sole discretion chooses to reconstruct such improvements, and such reconstruction can be accomplished within a 12 month period, this lease shall continue to be in full force and effect and Lessee shall be entitled to receive any and all insurance proceeds payable on the account of said loss. In the event Lessee reconstructs the said improvements after destruction by fire or other casualty, the rent herein reserved shall abate from the date of such destruction until the date on which Lessee opens for business in the reconstruction improvements, and this lease shall be extended by written lease modification agreement for a period of

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time equal to the period of time in which rent was abate which time period shall not, in any event, exceed 12 months.

B. In the event the improvements constructed by the Lessee are substantially destroyed by fire or other casualty and the Lessee in its sole discretion does not deem it advisable to reconstruct such improvements, Lessee may elect to terminate this lease on the lease cancellation date by giving to Lessor notice of its intention so to do within thirty (30) days of the destruction, it being agreed that the lease cancellation date shall be the date on which Lessee completes the removal of rubble and debris resulting from such fire or other casualty. Lessee shall, at its sole cost and expense and with reasonable promptness, act to remove all debris and rubble from the land and return the land to the conditions obtained at the date of this lease.

14. Lessee agrees to protect, indemnify and save harmless Lessor from and against any and all claims, demands and causes of action of any nature whatsoever, and any expenses incident to defense of any by Lessor therefrom for injury to or death of persons or loss of or damage to property occurring on the demised premises or in any manner growing out of or connected with Lessee's use and occupancy of said premises during the original term of any renewal term of this lease, and any period of time Lessee is in possession of the demised premises prior to the commencement date or after the expiration date of this lease.

15. Lessee agrees to maintain in full force during the term of this lease, and any renewal hereof, a policy of public liability insurance under which Lessor (and such other persons as are in privity of estate with Lessor as may be set out in notice from time to time) and Lessee are named as insureds, as their interests shall appear, and under which the insurer agrees to indemnify and hold

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Lessee and Lessor and those in privity of estate with Lessor, harmless from and against all cost, expense and/or liability arising out of or based upon any and all personal injuries sustained and accidents occurring as an alleged consequence of any act or omission on the part of Lessee, its agents or its employees. Such policy shall be noncancellable with respect to Lessor and Lessor's said designees except upon thirty (30) days written notice to Lessor. A duplicate original of said policy or certificate of coverage, shall at all times be provided to Lessor. The minimum limits of liability of such insurance shall be ONE MILLION DOLLARS (\$1,000,000) per incident, for injury (or death) to persons, and THREE MILLION DOLLARS (\$3,000,000) annual aggregate, and ONE HUNDRED THOUSAND DOLLARS (\$100,000) for property damage.

16. A. If the whole of the demised premises shall be taken by right of eminent domain by any municipality, public authority or other body having the right of eminent domain, this lease shall terminate on the date of vesting of title in the condemning authority pursuant to such proceedings. In the event of such termination, the proceeds of such condemnation, whether by condemnation award of settlement, shall be apportioned as follows: The Lessor shall receive that percentage thereof applicable to the then value of the land and any damage to the remaining land, less, however, the value of the lease hold estate, the Lessee shall receive the balance of such award. All rent shall be adjusted to the date of such lease termination. The "then value of the land" shall be established by a valuation expert mutually acceptable to Lessor and Lessee. The cost of such appraisal shall be divided equally between Lessor and Lessee.

B. If a sufficient part of the demised premises shall be taken under the right of eminent domain, (1) so that in the sole judgment of the Lessee the remainder cannot be reasonably or practicably used for the same purpose as

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before said condemnation or taking, and the condemnation or taking will prevent the use of the remaining premises for the purpose for which the premises are then being utilized; or (2) in the event of a restriction of any kind or nature resulting from a condemnation of a part of the premises; or (3) the taking of part or all of an abutting street available for ingress to the egress from the demised premises which would prevent or substantially interfere with the Lessee's use of the demised premises for the same purpose as before such condemnation or taking, Lessee shall have the option of cancelling this lease. Said cancellation shall be effected by notice in writing delivered to Lessor within sixty (60) days from the date of such restriction or taking, and shall be effective as of the date of such restriction or taking, and any rental paid to Lessor on the demised premises beyond the date of such taking or restriction shall be refunded. In the event of such partial taking, and whether or not this Lease is terminated, the proceeds of such condemnation, including damage to the remainder of said demised premises not taken, whether by condemnation award or by settlement, the parties solely for the purpose of an objective standard of apportionment, agree to apportion such proceeds between the Lessor and Lessee in the following manner: Lessor shall receive that portion thereof equal to the percentage of the value of all the demised land, which value shall be established as provided in section A of this paragraph, that the area of the land taken bears to the total area of the demised land, and the Lessee shall receive the balance of such award. If Lessee does not elect to cancel this lease in the event of a partial taking, the rent herein reserved shall be reduced by an amount in the same percentile proportion of the partial taking to the total land area of the herein demised premises prior to the partial taking.

17. Subject to the provisions contained hereinabove, Lessee may sublet

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or assign the demised premises, or any portion thereof, at any time during the term of this lease, or any renewal hereof.

18. Any notice required hereunder shall be delivered in person or by certified mail, and addressed as follows:

Lessor: St. Benedict's Enterprises
3017 Taylor Avenue
Ogden, Utah 84403
Attention: President

Lessee: James A. Hatch
P.O. Box 9663
3297 Harrison Blvd.
Suite 111
Ogden, Utah 84403

19. The Lessee shall at all times hereunder, have sufficient financial resources to assume the responsibilities required and contemplated hereunder of the Lessee. The Lessee shall periodically at the request of Lessor, provide Lessor with sufficient evidence (to the reasonable satisfaction of Lessor) of his financial viability and ability to carry out the terms and provisions hereby.

20. This agreement shall constitute the entire agreement between the parties, any modifications hereof to be in writing.

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IN WITNESS WHEREOF, the parties hereto have executed this lease, the day and year first above written.

[Signature]
James A. Hatch, Lessee

STATE OF UTAH)
 :SS.
COUNTY OF WEBER)

SUBSCRIBED AND SWORN to before me this 13th of MAY, 1986.



Sister Doreen Knight
NOTARY PUBLIC
Residing in Ogden, Utah

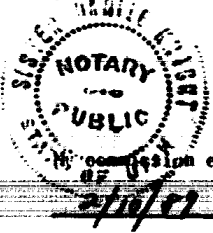
ST. BENEDICT'S ENTERPRISES

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By Stephen E. Foreman
Stephen E. Foreman

STATE OF UTAH)
 :SS.
COUNTY OF WEBER)

On the 13th day of MAY, 1986, before me, personally appeared Stephen E. Foreman who acknowledged before me that he is the President of St. Benedict's Enterprises, and signed the foregoing lease.

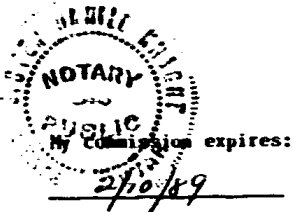


Sister Doreen Knight
NOTARY PUBLIC
Residing in Ogden, Utah

By Sister Jacquelyn Dubay
Sister Jacquelyn Dubay, Secretary

STATE OF UTAH)
) :SS.
COUNTY OF WEBER)

On the 15th day of MAY, 1986, before me, personally
appeared Sister Jacquelyn Dubay who acknowledged that she is the Secretary of St.
Benedict's Enterprises, and signed the foregoing Lease.



Denise Knight
NOTARY PUBLIC

Residing in Ogden Utah

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EXHIBIT A

**LAND LEASE DESCRIPTION
FIGURE 1
(REVISED VERSION March 17, 1966)**

Beginning at the SE Corner, Section 17, T.2N., R.1W., 2LN, thence N00-26'-00"E 635.0 feet along the section line thence; West 432.45 feet to a point of beginning which point is the northeast corner of the here described parcel. Thence; S00-26'-00"W 230.0 feet thence; N89-34'-00"W 308.0 feet thence; N00-26'-00"E 218.08 feet thence; S89-37'-03"E 81.55 feet thence; N00-21'-46"E 195.0 feet thence; S89-34'-00"E 125.75 feet thence; N72-25'-34"E 133.67 feet more or less to the exterior wall of the ST. BENEDICTS Hospital thence; along said wall the following four (4) courses: S17-34'-26"E 71.93 feet, S65-01'-18"W 11.21 feet, S18-11'-01"E 26.24 feet, N74-27'-37"E 10.84 feet, thence; leaving said exterior wall and running S17-34'-26"E 41.49 feet thence; S89-34'-00"E 130.0 feet to the point of beginning.

Containing +/- 3.32 acres

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