

_____, 1996 at _____ P.M., or at such other location, date, and time as may be agreed upon by the parties (the "Closing Date").

SECTION 1.8 City Lease. Lakewood and the City shall enter into a new real and personal property lease (the "Lease"), on terms and conditions acceptable to the City, Lakewood and CCF, which provides for the lease of the real and personal property currently occupied or used by Lakewood for a term of thirty (30) years, with an option of Lakewood to renew for an additional thirty (30) years, subject to CCF's approval, and substantially in the form of Exhibit 1.8. The rent payable under such lease shall be agreed to by the City, Lakewood and CCF. CCF shall have the right to cure any and all defaults of Lakewood under such lease. If CCF does not grant approval and Lakewood desires to renew such Lease, CCF shall have the option to terminate this Agreement pursuant to Section 10.2.2.

1.8.1 Notwithstanding any provisions in this Agreement to the contrary, CCF acknowledges and agrees that no provision of this Agreement will cause Lakewood to take or omit to take any action that could cause Lakewood to fail to perform or to observe, or otherwise be in default of, any of its obligations under the Lease, referred to in Section 1.8.

SECTION 1.9 Participation on CCF's Board of Trustees. CCF shall amend its Code of Regulations to provide that Lakewood shall have the right to elect the Chairman of the Lakewood Board of Trustees to the Board of Trustees of CCF.

ARTICLE 2. POST-CLOSING COMMITMENTS

SECTION 2.1 Covenants and Rights of CCF. From and after the Closing Date, the parties agree as follows:

2.1.1 CCF shall assure that Lakewood shall have a cash to debt ratio of 1:1 on a fiscal year basis. Such ratio shall be determined based on the annual audited financial statement of Lakewood. Cash shall include all cash in any accounts of Lakewood maintained for any purpose, whether or not such purpose is limited to a specific use; provided, however, that cash shall not include: (a) cash on deposit for any employee welfare plan maintained by Lakewood which represents: (i) funds contributed by employees, (ii) funds contributed to such employee welfare plan which represent employer matching funds which Lakewood is legally obligated to contribute, or (iii) funds representing the vested portion of such plan; or (b) funds generated from Medical Staff dues. Cash shall also include marketable securities. Cash shall also include the proceeds of any disposition of accounts receivable, whether or not such disposition is at the direction of CCF, as provided in Section 1.1.2.4, above, provided that such proceeds shall only count towards cash for the amount received for accounts receivable that exceed by thirty percent (30%), as measured in days in receivable, the median accounts receivable referenced in Section 1.1.2.4. Debt shall include, but not be limited to, revolving

1.1.3.3 The Member shall elect three trustees, which selection shall not be subject to any right of approval by the City or any other body;

1.1.3.4 The Immediate Past President of Lakewood's Medical Staff shall be a trustee; and

1.1.3.5 The remaining nine trustees shall be selected in accordance with the nomination process in existence prior to the Closing, unless the Code of Regulations is changed as permitted by Section 1.1.1.1, above, provided, however, that at all times during the term of this Agreement, the remaining nine trustees shall be nominated by a committee of Lakewood's Board of Trustees and first approved by the Lakewood Board of Trustees and then to the ratification by the Member, which ratification shall be acted upon by the Member's Board of Trustees or Executive Committee of the Board of Trustees, so long as the lease, referred to in Section 1.8, below, remains in effect.

Notwithstanding the foregoing, except with regard to the trustees selected under Section 1.1.3.3, the Member shall not have the right to remove any of the trustees or fill vacancies, except consistent with the ratification right set forth above for the initial election of trustees. Vacancies shall be filled in the same manner as provided for above with respect to the trustee's original appointment. The Board of Trustees of Lakewood shall otherwise retain the right to remove trustees (other than trustees selected under Section 1.1.3.3, or as otherwise provided in the Lease).

1.1.4 All of the rights set forth in this Section 1.1 shall be exercised by CCF in a fiscally prudent manner, consistent with Lakewood's charitable purpose and Lakewood's obligations under the lease, referred to in Section 1.8, below, in order to preserve the operations of Lakewood as a going concern, as defined under generally accepted accounting principles.

1.1.5 Except as otherwise provided in this Article 1, Lakewood's Board of Trustees shall retain the rights, privileges, duties and obligations of trustees provided by Chapter 1702 of the Ohio Revised Code, and any amendments thereto or corresponding provisions of any future law, and all other rights and obligations of trustees under Ohio statutory or case law.

SECTION 1.2 Rights of the City. The City shall have the rights set forth in the lease referred to in Section 1.8, below and annexed hereto as Exhibit 1.8 (the "Lease").

SECTION 1.3 Officers and Trustees of Lakewood; Committee Members.

1.3.1 The parties agree that immediately after the Closing, those individuals listed on Schedule 1.3A, attached hereto and incorporated herein, shall be the members of Lakewood's Board of Trustees. The parties further agree that immediately after the Closing, Lakewood's Board of Trustees shall elect those individuals listed on Schedule 1.3B, attached hereto and incorporated herein, to the office listed opposite such individual's name and that

Lakewood's Board of Trustees shall elect those individuals listed on Schedule 1.3C, attached hereto and incorporated herein, to the committees listed on Schedule 1.3C. Thereafter, the members of the Lakewood Board of Trustees and the committees shall be selected in accordance with the Code of Regulations of Lakewood, subject to the City's rights under the Lease.

1.3.2 The Board of Trustees shall have the full authority provided under Ohio law for the management of Lakewood, subject to the rights of the Member set forth in Sections 1.1 and 2.1.3, and the rights of the City as set forth in the Lease referred to in Section 1.8, below. **The Board of Trustees shall manage the operations of Lakewood in a fiscally responsible manner, consistent with Lakewood's charitable purpose and with Lakewood's obligations under the Lease, so that Lakewood shall be maintained as a going concern,** as defined under generally accepted accounting principles.

SECTION 1.4 Lakewood Medical Staff. All current members of the Lakewood Medical Staff (the "Medical Staff") shall continue to have the same rights and privileges as members of the Medical Staff as such physicians had prior to the Closing; provided, however, that the consummation of the transactions contemplated by this Agreement will not limit the ability of the Lakewood Board of Trustees to grant, withhold or suspend Medical Staff membership or clinical privileges in accordance with the terms and provisions of the Medical Staff Bylaws. Lakewood shall establish Medical Staff development and recruitment plans consistent with overall strategic direction of CCF Health System.

SECTION 1.5 Employees of Lakewood. All persons employed by Lakewood at the time of the Closing shall remain employees of Lakewood after the Closing in positions similar to those held by them prior to the Closing; provided, however, that the consummation of the transactions contemplated by this Agreement shall not limit in any way the ability of Lakewood to terminate or otherwise govern the employment of all employees in a manner consistent with Lakewood's normal personnel policies and procedures.

SECTION 1.6 Integrated Delivery Systems Development and Managed Care Contracting. The parties agree that one of the goals of the integration of Lakewood and the CCF health care system is the development of a regional health care system. Lakewood will be an active participant in such regional health care system. CCF and its Affiliates shall use best efforts to permit Lakewood to become a member of the Cleveland Health Network as of the execution of this Agreement and to maintain Lakewood as a member of the Cleveland Health Network during the term of this Agreement. The development of this regional health care system will allow Lakewood and CCF to improve the quality of health care services offered to residents of the regional area and to improve access to such health care services. The parties also agree that the integration of Lakewood and the CCF health system also will enable the parties to develop and implement a continuing health care system and to evolve or expand the health care services currently being provided by Lakewood.

SECTION 1.7 Closing. The closing of the transactions contemplated by this Agreement (the "Closing") shall take place at _____ on