

TETON VALLEY HEALTH CARE CONVERSION AGREEMENT

THIS AGREEMENT (“Agreement”) is entered into as of the 10th day of October, 2011 (the “Execution Date”) between and among **BMH, Inc.**, an Idaho nonprofit corporation (“BMH”); **Teton Valley Hospital**, an Idaho County Hospital (the “Hospital”); **Teton Valley Hospital, Inc.**, a newly created Idaho nonprofit corporation (“TVH”); and **Teton County**, an independent public body politic constituting a political subdivision of the State of Idaho (“TC”), each a “Party” and collectively the “Parties”.

RECITALS:

WHEREAS, On August 11, 2011 TC, the Hospital, and BMH entered into a Letter of Intent (“LOI”) whereby the Parties stated their desire to establish a long-term mutually beneficial business arrangement in order to promote the health and wellbeing of the residents of Teton County.

WHEREAS, TC has determined that transferring the Hospital’s assets to TVH and engaging BMH to manage TVH will: (i) provide TC residents and visitors access to the health services offered by BMH, while maintaining local control over healthcare resources; (ii) create the opportunity to leverage best practices, advancements in quality, education, systems, and professional knowledge with other members of BMH; (iii) give TVH access to the credit environment which is available to members of BMH, greater debt financing flexibility, preferred equipment pricing and BMH insurance products; and (iv) better position TC to provide for the long term healthcare needs in TC's service area than if the Hospital continued to operate as a stand- alone facility;

WHEREAS, BMH, TC and TVH desire to enter into an agreement to set forth the details of the proposed transaction and each Party's respective rights, duties, obligations and interests related thereto.

NOW, THEREFORE, for and in consideration of the foregoing recitals and the promises, agreements, covenants, representations and warranties set forth herein, the Parties hereto agree as follows:

ARTICLE I THE FOUNDATION

Section 1.01 The Hospital Foundation (“Foundation”) has contributed in a meaningful way to the operation of the Hospital for many years. BMH and TVH recognize the support the Foundation has provided, and BMH and TVH wish to continue to promote the collaborative relationship that exists. Due to the Hospital's change in ownership, it will be necessary for the Foundation to review and potentially revise its governing documents (Articles of Incorporation, Bylaws, etc.) to demonstrate that the Foundation will continue to support TVH after the Closing Date. The Foundation Director and the leadership of TVH will work closely together to align efforts and to develop a comprehensive philanthropic plan that reflects a unity of interest between TVH and BMH, for the benefit of TVH patients, consistent with the mission, vision, strategic plan and values of TVH.

Section 1.02 All Foundation Funds shall be invested in TVH.

Section 1.03 All capital improvements made with Foundation funds shall become part of the depreciation schedule in the Management Agreement such that replacement of them shall be funded by TVH.

ARTICLE II ASSIGNMENT, LICENSE AND TRANSFER OF ASSETS

Section 2.01 Transfer of Assets. Effective as of the Closing Date, unless otherwise agreed by the Parties, and subject to the terms and conditions of this Agreement, TC shall lease, transfer or assign to TVH an interest in TC's and the Hospital's property, equipment, inventory, accounts receivable, pre-paid expenses, supplies, furniture, business records, trademarks, trade secrets, cash and other tangible and intangible assets (collectively "Hospital Assets"), as set forth below:

(a) **Contracts.** All of the Hospital's and/or TC's contracts, agreements and leases identified on Exhibit, attached hereto and incorporated herein, shall be assigned to, and assumed by, TVH as of the Closing Date (collectively the "Assigned Contracts").

(b) **Patients.** All of the Hospital's patients shall be transferred to TVH upon commencement of the Lease as defined below.

(c) **Licenses.** The Hospital's and/or TC's rights to all licenses, intellectual property, franchises, accreditations, registrations, permits, approvals, use of software, consents and all applications therefore and waivers of any requirements pertaining thereto (if any), issued to the Hospital or to TC in connection with TC's ownership and operation of the Hospital (collectively the "Hospital Licenses") shall be transferred or assigned to, and assumed by, TVH as of the Closing Date. A complete description of the Hospital Licenses is set forth on Exhibit attached hereto and incorporated herein.

(d) **Real Property.** On or before the Closing Date TC shall give TVH a leasehold interest in that certain real property owned by TC which contains the land and buildings comprising the Hospital, as well as certain physician clinics and sites of health care delivery and ancillary medical services (the "Hospital Real Property"). The Hospital Real Property is fully described on Exhibit, attached hereto and incorporated herein.

(e) **Tangible Personal Property.** On or before the Closing Date TC shall give TVH a leasehold interest in all tangible personal property owned, used, maintained or operated by TC or the Hospital, whichever the case may be, including, without limitation, all equipment, furniture, fixtures, machinery, vehicles, office furnishings, instruments, leasehold improvements, spare parts and, to the extent assignable or transferable by TC or the Hospital, all rights to warranties of any manufacturer or vendor with respect thereto ("Hospital Tangible

Personal Property”). The Hospital Tangible Personal Property is fully described on Exhibit____, attached hereto and incorporated herein.

(f) **Intangibles.** All intangible assets, patents, patent applications, trade names, trademarks, copyrights, service marks, intellectual property and goodwill associated with the business and operation of the Hospital, including the exclusive rights to the name “Teton Valley Health Care” and any other trade names and logos used by the Hospital and, to the extent assignable, all warranties (express or implied) and rights and claims that may be asserted, and all telephone and facsimile numbers, electronic mail addresses, domain names and websites currently used by the Hospital (the “Hospital Intangibles”) shall be transferred to TVH as of the Closing Date. The Hospital Intangibles are identified on Exhibit____, attached hereto and incorporated herein.

(g) **Hospital Records.** To the extent transferable or assignable, all available Hospital documents, books, records, operating and policy manuals and files and computer software, whether in hard copy or other form, shall be transferred to TVH as of the Closing Date.

(h) **Hospital Operating Inventory.** The Hospital’s inventory of usable goods and supplies, including without limitation, pharmaceuticals and medications, food, janitorial supplies, office supplies, forms, consumables, disposables, linens and medical supplies existing and wherever located (collectively “Hospital Operating Inventory”) shall be transferred to TVH as of the Closing Date. The Hospital Operating Inventory is identified on Exhibit____, attached hereto and incorporated herein.

(i) **Prepayments and Receivables.** All accounts receivable, prepayments (including deposits, escrows, prepaid taxes and receivables from whatever source, including those which have been charged off as bad debt) owned by or owed to the Hospital as of the Closing Date, less any associated third party liabilities or receivables, shall be transferred to TVH as of the Closing Date and thereafter. Provided further, that TVH shall receive the value of receivables owed by the Medicare, Medicaid, and other public or private payer programs (collectively the “Government Patient Receivables”). Donor-restricted funds or endowments shall not be transferred if such transfer would be against the donor's intent (the “Excluded Restricted Funds”). Any donor-restricted funds or endowments transferred shall be transferred with such restrictions intact.

(j) **Medicaid/Medicare contracts.** All Medicaid and Medicare contracts shall be assumed by TVH and TVH shall assume all existing liability with the assignment and transfer of the current provider numbers.

(k) **Pension Plans.** The Hospital’s existing pension plan shall be rolled over to TVH.

Section 2.02 Value of Hospital Assets. The value of the Hospital Assets is initially estimated to be _____. The actual and final value assigned to the Hospital Assets (“Value of Hospital Assets”) shall be determined by BMH and TC not

more than one year from the Closing Date using the audited financial statements for the Hospital for fiscal year end 2011.

ARTICLE III LIABILITIES

Section 3.01 Assumed Liabilities. Effective as of the Closing Date, as part of the consideration for the Hospital Assets, TVH shall assume all Known and Contingent Liabilities, as described below (collectively “Assumed Liabilities”):

(a) **Known Liabilities.** Known liabilities are those liabilities that were incurred by the Hospital in the ordinary course of business which have not been paid as of the Execution Date (“Known Liabilities”). Known Liabilities in excess of Ten Thousand 00/100ths Dollars (\$10,000.00) are described on Exhibit _____, attached hereto and incorporated herein.

(b) **Contingent Liabilities.** Contingent liabilities means an existing condition, situation, or set of circumstances involving uncertainty as to a possible liability to TVH that will ultimately be resolved when one or more events occur or fail to occur (“Contingent Liabilities”). Nothing herein shall be deemed to waive or compromise any rights under any insurance coverage maintained or to be maintained by the Hospital, TC, TVH or BMH. Nothing herein shall be deemed to waive or compromise any defense or counterclaim that could be made or asserted by or on behalf of the Hospital or any of the Parties with respect to any claim, act, action or obligation, whether or not covered by insurance. Nothing herein shall be deemed to waive or compromise any rights, defense or counterclaim that could be made or asserted by or on behalf of the Hospital or any of the Parties with respect to any claim, suit or action under or otherwise covered by or subject to the Idaho Torts Claims Act. The Parties agree that TVH may obtain new provider numbers from governmental or private payers and not use the Hospital's provider numbers.

(c) **Excluded Liabilities.** TVH shall not assume liabilities that are not Known Liabilities or Contingent Liabilities (“Excluded Liabilities”). Certain Excluded Liabilities are described on Exhibit _____, but Exhibit _____ is not an exhaustive list of Excluded Liabilities. Liability for all Excluded Liabilities shall remain with TC.

Section 3.02 Wells Fargo Bond. The Hospital is the issuer of a bond to which Wells Fargo is the Trustee (the “Hospital Bond”). This agreement shall be contingent upon the Hospital Bond issuance being transferred to or assumed by TVH upon the following conditions:

(a) The transfer does not result in a default under any of the Hospital Bond documents,

(b) Validation by the Hospital Bond Trustee of the Hospital's ability to convert to a non-profit entity without an effect on the tax exempt status of the Hospital Bond, and

(c) TVH shall indemnify TC for all Hospital Bond payments after the conversion.

ARTICLE IV EMPLOYMENT MATTERS

Section 4.01 Upon the Closing Date, TVH shall offer employment to all Hospital employees who are in good standing under human resource policies in place at the Hospital as of the Closing Date. All such employees shall be eligible to participate in the employee benefits and retirement programs available at TVH as of the Closing Date, as amended and updated from time to time thereafter. All performance records of employees, including any disciplinary action in place against an employee at the time of the Closing Date, shall carry forward. Notwithstanding anything herein to the contrary, no provision of this Agreement is intended to or shall create any beneficial or other rights in any person or entity other than the Parties hereto.

Section 4.02 Hospital CEO Virgil Boss to become an employee of BMH.

(a) Upon execution of the BMH Management Agreement, Virgil Boss shall become an employee of BMH.

(b) TVH shall pay Virgil Boss's compensation as a pass through in the BMH Management Agreement, which compensation shall not be diminished from its current structure.

(c) Virgil Boss's performance evaluation will be included in an overall evaluation of BMH by TVH.

(d) After Virgil Boss's employment at BMH ends, BMH shall conduct a search for his replacement. TVH and BMH shall work collaboratively to approve the choice for the senior officer that will manage the TVH and the Hospital.

(e) The terms of this Article will be incorporated in the BMH Management Agreement.

ARTICLE V HOSPITAL MANAGEMENT AND HEALTHCARE SERVICES AGREEMENT

Section 5.01 BMH and TVH covenant and agree to provide the services and operate the TVH facilities pursuant to the terms and conditions of a Hospital Management and Healthcare Services Agreement, which shall be entered into between TVH and BMH prior to the Closing Date (the "HMHS Agreement"). The closing of this Agreement shall be conditioned upon the parties' ability to successfully negotiate the HMHS Agreement.

Section 5.02 The terms of the HMHS Agreement shall include but in no way be limited to the following:

- (a) **Selection of external financial auditors.** Terms of selection of a mutually acceptable external financial auditor.
- (b) **TVH Capital Improvements Plan.** Investment in TVH must be greater than or equal to the depreciation of TVH assets. **Performance of this covenant shall be measured based on a three year running average, however the first 18 months must show at least an investment equal to or greater than 75% of such depreciation.** Failure to meet this covenant will be an event of default.
- (c) **Annual Management Fee.** An annual management of \$54,000.00 to be paid by TVH to BMH on a monthly basis in level increments of \$4,500.00.
- (d) **Term.** The term of the HMHS Agreement shall be 5 years with a 5 year renewal option. Unless either party gives at least six month advance notice prior to expiration of the term to renegotiate or terminate the HMHS Agreement, it shall automatically renew.
- (e) **Bonus Fee.** A bonus shall be paid from TVH to BMH in an amount equal to 10% of net operating profit for profitability above \$50,000 based on the audited results of each fiscal year.
- (f) **No Material Changes.** It will be an event of default if there is (i) any change in the financial condition, assets, liabilities, properties or results of operation of BMH which has had or could reasonably to expect to have, in the aggregate, a materially adverse effect on BMH's ability to perform under the HMHS Agreement; (ii) any damage, destruction or loss, whether or not covered by insurance, which has had or could reasonably to be expected to have, in the aggregate, a materially adverse effect on BMH's ability to perform under the HMHS Agreement; (iii) any disposition by BMH of any material property, rights or other assets owned by or employed in BMH business other than in the ordinary course of business that could reasonably be expected to have in the aggregate, a materially adverse effect on BMH's ability to perform under the HMHS Agreement; (iv) any amendment or termination of any material contract which has had or could have, in the aggregate, a materially adverse effect on BMH's ability to perform under the HMHS Agreement; (v) any material change in the key officers that could reasonably be expected to have in the aggregate a materially adverse effect on BMH's ability to perform under the HMHS Agreement; or (vi) any event or condition of any character which has had or could reasonably be expected to have, in the aggregate, a materially adverse effect on BMH's ability to perform under the HMHS Agreement.
- (g) The HMHS shall be cross defaulted with the Lease (as the term Lease is defined below).

Section 5.03 HMHS Agreement shall be cross defaulted with the Lease (referenced below) such that any event of termination under either agreement will be an event of termination under the other agreement.

**ARTICLE VI
LIQUID ASSET TRANSFER AGREEMENT**

TVH and TC shall execute a Liquid Asset Transfer Agreement (the "LATA") by which TC shall transfer all of the Hospital's liquid assets to TVH, subject to certain terms and conditions. The consideration for such transfer shall be an annual payment from TVH to TC in the amount of \$70,000.00. This flat annual payment will be in lieu of a rate of return on the base level of working capital invested by TC in TVH. In addition, the LATA shall provide for an additional payment by TVH to TC for annual surplus in an amount equal to five percent of GAAP Earnings from Operations based on the annual external audit report. TC agrees that it shall invest this \$70,000.00 per year payment into the Hospital as part of its annual budget.

**ARTICLE VII
EXECUTION OF LEASE AGREEMENT**

TVH and TC shall execute an agreement whereby TVH leases all of the Hospital's real property as a turnkey hospital operation (the "Lease"). The terms of the Lease shall include but in no way be limited to the following:

Section 7.01 Leasehold term of 99 years with a \$1.00 per year rent payment.

Section 7.02 The following will constitute some of the events of termination of the Lease:

(a) TVH cash on hand dropping below 30 days, unless within 5 business days of notice of such event TVH is able to cure this event of termination or the parties come to an alternative agreement.

(b) All or substantially all of the assets of TVH are sold, merged, leased, transferred, consolidated or undergo a direct or indirect change of control transaction pursuant to which a person or entity not controlled by, in control of, or under common control with TVH, assumes ownership of, or material approval authority (in excess of 50%) over TVH.

(c) All or substantially all of the assets of BMH are sold, merged, leased, transferred, consolidated or undergo a direct or indirect change of control transaction pursuant to which a person or entity not controlled by, in control of, or under common control with BMH, assumes ownership of, or material approval authority (in excess of 50%) over BMH.

(d) Any third party, such as a federal or state agency, brings an action against TVH or BMH which action may result in the loss of any license, permit, or other necessary

approval of either party to conduct their business. Notwithstanding, no termination will be triggered until the later of 60 days from the filing of such action or any timeframe allowed for resolution of such action.

ARTICLE VIII PURCHASE OPTION

Section 8.01 If TC and TVH decide to sever their leasehold relationship and TC wishes to sell all or substantially all of the assets that were leased to TVH (a “Triggering Event”), BMH shall have the right to purchase all such assets (“Purchase Option”), whether real or personal, tangible or intangible, owned, used, maintained or operated by TVH (or any successor or transferee entity) as of the date the Purchase Option is exercised, as stated in the most recent GAAP financial statement for TVH (“Option Assets”).

Section 8.02 Purchase Price. If BMH exercises its Purchase Option, the purchase price shall be _____ (“Purchase Price”).

ARTICLE IX DISSOLUTION OR SALE OF ALL OR SUBSTANTIALLY ALL TVH ASSETS

Section 9.01 In the event of a dissolution or sale of TVH which does not result in the exercise by BMH of the Purchase Option, a plan of dissolution shall not be approved and implemented by TVH unless, consistent with the then applicable provisions of the Idaho Nonprofit Corporation Act or other applicable law, such plan provides for priority distribution of TVH's assets as follows:

(a) **Third-Party Claims.** The payment, satisfaction, release or reservation for all lawful third-party claims against TVH paid in the order required by law.

(b) **Intercompany Loans.** Repayment of all intercompany loans or transfers by and between BMH and TVH.

(c) **Remaining Assets.** The remainder of TVH's Assets shall be distributed in the following order of priority:

- (i) To TC
- (ii) In accordance with the Idaho Nonprofit Corporation Act

ARTICLE X EXECUTION DATE AND CLOSING DATE REQUIREMENTS

Section 10.01 Execution Date Deliveries. The execution of this Agreement by the Parties shall be subject to receipt of the items specified in subsections (a) and (b) below. No Party shall be deemed to have executed this Agreement until it has received or waived all required deliveries.

(a) **BMH Resolutions.** On or before the BMH board meeting following the Execution Date, BMH shall deliver to TC a copy of resolutions of the BMH Board of Directors, certified by the Secretary of BMH, authorizing and approving the execution of this Agreement, the performance of all actions to be taken on behalf of BMH pursuant to this Agreement, and the completion of all transactions contemplated herein.

(b) **TC Resolutions.** On the Execution Date, TC shall deliver to BMH a copy of resolutions of the TC Board of County Commissioners authorizing and approving the execution of this Agreement, the performance of all actions to be taken on behalf of TVH and TC pursuant to this Agreement, and the completion of all transactions contemplated herein.

Section 10.02 Closing Date; Closing.

(a) The transactions contemplated herein will close and become effective within 60 days after all conditions precedent herein and all obligations of the parties hereto have been fully complied with, but in no event after December 31, 2012 (the "Closing Date"); provided, that as of the Closing Date, all of the conditions precedent set forth in this Agreement have occurred, including the delivery by each Party of all documents required to be delivered by such Party as set forth in this Article (the "Closing Date Documents"), except for any documents for which delivery has been waived in writing by the Party not required to produce such document as of the Closing Date.

(b) **Time of Closing.** At the Closing, all documents to be executed and actions to be taken, pursuant to this Agreement, as of the Closing Date, shall be deemed to have been executed as of 12:01 a.m. on the Closing Date and to have been taken substantially concurrently.

Section 10.03 Closing Document Deliveries. At the Closing, the Parties shall deliver the following documents:

(a) **BMH.** At Closing, BMH shall deliver the following document (the "BMH Closing Documents"):

(i) A Certificate of the President and Chief Executive Officer of BMH, dated as of the Closing Date, certifying, to the Best Knowledge of such Officer after Reasonable Inquiry (as defined in subsection (c) below), as to the continued accuracy and completeness of BMH's representations and warranties, and its performance of the covenants and conditions precedent, set forth in this Agreement.

(ii) A certificate of the Secretary of BMH, dated as of the Closing Date, certifying as to the due adoption and continued effectiveness of, and attaching a copy of,

the resolutions of the BMH Board approving with respect to BMH, the actions and transactions required or contemplated by this Agreement.

(iii) Copies of the BMH Bylaws, certified by the Secretary of BMH as of the Closing Date.

(iv) Such other instruments and documents as may be reasonably necessary to carry out the transactions contemplated or required by this Agreement and to comply with the terms thereof.

(b) **TC and TVH.** At Closing, TC and TVH shall deliver the following document (the “TC Closing Documents”):

(i) A certificate of the Secretary of TVH, dated as of the Closing Date, certifying as to the due adoption and continued effectiveness of, and attaching a copy of, the resolutions of TVH approving with respect to TVH, the actions and transactions required or contemplated by this Agreement.

(ii) Copies of the Articles of TVH and the TVH Bylaws, certified by the Secretary of TVH as of the Closing Date.

(iii) A resolution from the TC Board of County Commissioners (the “BOCC”), dated as of the Closing Date, certifying as to the due adoption and continued effectiveness of, and attaching a copy of, the resolutions of the BOCC approving with respect to TC, the actions and transactions required or contemplated by this Agreement.

(iv) Such other instruments and documents as may be reasonably necessary to carry out the transactions contemplated or required by this Agreement and to comply with the terms thereof.

(c) **Best Knowledge after Reasonable Inquiry.** As used in this Agreement, the phrases “to the Best Knowledge after Reasonable Inquiry” and “to the Best Knowledge” shall mean the actual knowledge of the applicable officer, after performing a reasonable investigation of the applicable representations and warranties, and the facts underlying them.

ARTICLE XI TERM AND TERMINATION

Section 11.01 Term and Termination. The term of this Agreement shall commence on the Execution Date and shall continue into perpetuity, unless sooner terminated by the Parties at any time by their mutual written consent prior to the Closing Date, except that:

(a) **Condition Precedents.** This Agreement shall terminate in its entirety in the event that there is a failure of any condition precedent set forth herein, unless such failure is waived by the party it protects;

(b) **Material Breach.** In the event of a material breach of this Agreement prior to the Closing Date, this Agreement may be terminated at the option of the non-breaching Party, provided that the breaching Party is provided with written notice of the breach and fails to cure the breach within a period of thirty (30) days after receipt of the notice;

(c) **Third-Party Actions.** In the event that there shall have occurred, or notice shall have been given, prior the Closing Date, of an investigation, proceeding, suit or claim by any federal or state agency or any private claimant involving a Party which could have a material adverse impact upon the Party or the ability of such Party to consummate the transactions hereunder, TC (with respect to BMH) or BMH (with respect to TC) shall have the option to terminate this Agreement;

(d) **Execution Deadline.** Unless this Agreement is executed on or before October 20, 2011 by both parties, it shall become null and void unless this timeframe is extended by both parties.

(e) **Errors and Omissions.**

(i) BMH may terminate this Agreement prior to the Closing Date by written notice to TC if BMH reasonably determines, in good faith, that specific information discovered by BMH or contained in any updated or completed Exhibit or officer's certificate which is provided to BMH after the Execution Date, is unacceptable to BMH, and BMH and TC are unable to resolve the issue after good faith efforts by both Parties; and,

(ii) TC may terminate this Agreement prior to the Closing Date by written notice to BMH if the TC reasonably determines, in good faith, that specific information contained in any updated or completed Exhibit or officer's certificate which is provided to TC after the Execution Date, is unacceptable to TC, and TC and BMH are unable to resolve the issue after good faith efforts by both Parties.

ARTICLE XII INDEMNIFICATION

Section 12.01 Indemnified Losses.

(a) **TC Indemnification.** TC shall indemnify and hold BMH harmless from and against all losses, damages, liabilities, obligations, claims, actions, suits, proceedings, demands, judgments, assessments, fines, interest, penalties, costs and expenses, including, without limitation, settlement costs and reasonable legal, accounting, experts and other fees, costs and expenses resulting from or arising out of (i) any misrepresentation or breach of representation or warranty of TC contained in Article XIV of this Agreement and incurred or accrued within a one (1) year period from the Closing Date or (ii) any nonperformance or breach of any covenant or agreement of TC contained in this Agreement.

(b) **BMH Indemnification.** BMH shall indemnify and hold TC harmless from and against all losses, damages, liabilities, obligations, claims, actions, suits, proceedings, demands, judgments, assessments, fines, interest, penalties, costs and expenses, including, without limitation, settlement costs and reasonable legal, accounting, experts and other fees, costs and expenses resulting from or arising out of (i) any misrepresentation or breach of representation or warranty of BMH contained in Article XV of this Agreement and incurred or accrued within a one (1) year period from the Closing Date or (ii) any nonperformance or breach of any covenant or agreement of BMH contained in this Agreement.

(c) **Indemnification Amount.** In determining the amount subject to any claim for indemnification, the amount of any insurance proceeds received by an Covered Party shall be deducted from the amount of the required indemnification payments to be made by such Party.

Section 12.02 Indemnification Procedures.

(a) **Notice of Claim.** The Party seeking indemnification under this Article (the "Covered Party") shall give prompt written notice to the indemnifying Party (the "Indemnifying Party") of the facts and circumstances giving rise to the claim. Any provisions to the contrary herein notwithstanding, if the Covered Party fails to provide the Indemnifying Party with written notice of such claim within a reasonable period of time after the Covered Party receives notice of such claim, the Indemnifying Party will not be obligated to indemnify the Covered Party to the extent that the Indemnifying Party's ability to defend has been irreparably prejudiced by such failure or delay of notice by the Covered Party.

(b) **Consent Required.**

(i) The Covered Party shall not settle or compromise any claim for which the Covered Party is entitled to indemnification hereunder without the prior written consent of the Indemnifying Party, unless legal action shall have been instituted against the Covered Party and the Indemnifying Party has not taken control of such suit within twenty (20) days after notification thereof as provided herein.

(ii) The Indemnifying Party shall not consent to a settlement of, or the entry of any judgment arising from, any claim or legal proceeding, without the prior written consent of the Covered Party, unless (i) the Indemnifying Party admits in writing its liability to hold the Covered Party harmless from and against any losses, damage, expenses and liabilities arising out of such settlement, and (ii) concurrently with such settlement, the Indemnifying Party pays the full amount of all losses, damage, expenses and liabilities to be paid by the Indemnifying Party in connection with such settlement.

Section 12.03 Survival. This Article shall survive the termination of this Agreement.

ARTICLE XIII DISPUTE RESOLUTION

Section 13.01 Initiation of Dispute Resolution Procedures. BMH, TVH and TC acknowledge that notwithstanding their best efforts, disputes may arise between them regarding their respective rights and responsibilities, and obligations and liabilities, under this Agreement and in any document delivered at the Closing. In each instance, unless an alternative dispute resolution process is explicit in the relevant document, BMH, TVH and TC will attempt to resolve the dispute in good faith in a manner consistent with their respective philosophies and missions, and their goals and objectives in entering into the Agreement. However, if the dispute is not resolved, any Party involved in the dispute, if such Party, acting reasonably and in good faith, believes the issue in dispute is of a material and substantive nature, shall have the right to initiate the dispute resolution procedures contained in this Article, by giving written notice to the other Party as set forth herein.

Section 13.02 Dispute Resolution Procedures.

(a) **Notice of Dispute.** Not later than ten (10) days after BMH, TVH or TC gives written notice of such Party's intention to initiate dispute resolution procedures pursuant to this Article, the President or Chief Executive Officer of BMH or his/her designee and the President or Chief Executive Officer of TVH or his/her designee shall meet and either (i) select a process within their discretion to resolve the issue in dispute or (ii) at the request of either, submit the issue in dispute to non-binding mediation.

(b) **Selection of Resolution Process.** Not later than ten (10) days after the meeting pursuant to subsection (a) above, or such later date as they shall mutually agree upon, BMH, TVH and TC shall either (i) jointly adopt dispute resolution procedures to resolve the issue in dispute, if they agree upon a process other than mediation, or (ii) jointly appoint a mediator.

(c) **Selection of Mediator.** If BMH, TVH and TC cannot agree upon a mediator within the ten (10) day period, or within such other period as they mutually agree upon, then BMH and TVH shall each appoint a mediator acceptable to it within the following ten (10) days, and the two (2) mediators shall jointly appoint, within ten (10) days after the date on which the second mediator is appointed, a third mediator who shall mediate the issue in dispute.

(d) **Good Faith Participation and Expenses.** BMH, TVH and TC shall engage in a good faith effort to resolve the issue in dispute following their joint adoption of dispute resolution procedures, or the appointment of one or more mediators. BMH and TC each shall share equally the fees and expenses of the mediator(s) and such other costs and expenses as they shall mutually agree upon.

**ARTICLE XIV
REPRESENTATIONS AND WARRANTIES OF TC AND THE HOSPITAL**

TC and the Hospital each hereby gives, as of the Execution Date, and will give, as of the Closing Date (the Execution Date and the Closing Date are each referred to herein as a

“Representation Date”) the following representations and warranties to BMH (provided, however, that the Parties agree that as of the Execution Date, certain of the Exhibits referenced below in this Article may be incomplete or subject to updating, provided that all Exhibits shall be complete no later than ten (10) days prior to the Closing Date).

Section 14.01 Due Organization; Good Standing; Power. TC is a validly existing political subdivision of the State of Idaho and the Hospital is a validly existing County Hospital and TC and the Hospital have the requisite power to carry on their business as now being conducted, including the authority to own, operate, lease, license, transfer and assign the Hospital Assets.

Section 14.02 Authorization.

(a) **Authority.** TC and the Hospital have the full power and authority to enter into and to perform their respective obligations under this Agreement. Further, the execution, delivery and performance of this Agreement by TC and the Hospital have been duly and properly authorized by proper action in accordance with applicable laws are not in contravention of the terms of any resolution or act or governing instrument, or amendment thereto and have been duly authorized by the TC BOCC and the Hospital Board of Directors.

(b) **Lawful Agreement.** This Agreement constitutes the lawful, valid and legally binding obligation of TC and the Hospital, enforceable against them in accordance with their terms, except as enforceability may be limited to bankruptcy, insolvency or other laws of general application affecting the enforcement of creditors' rights and by general equitable principles.

Section 14.03 No Violation; Approvals.

(a) **Valid Agreement.** To the Best Knowledge of TC and the Hospital and after Reasonable Inquiry: the execution, delivery and performance of this Agreement will not result in the creation of any lien, charge or encumbrance of any kind or the termination or acceleration of any indebtedness or other obligation of TC or the Hospital related to the Hospital Assets, and is not prohibited by, does not violate or conflict with any provisions of, and does not constitute a default under or breach of (i) any contract, lease, agreement, indenture, mortgage, pledge, sublease, option, assignment, permit, license, approval or other commitment related to the Hospital Assets to which TC or the Hospital is a party or is subject or by which TC or the Hospital Assets, are bound, or (ii) any judgment, decree, order, writ or injunction of any court or regulatory authority, or any law, statute, rule or regulation.

(b) **Approval.** To the Best Knowledge of TC and the Hospital, and after Reasonable Inquiry: no approval, authorization, registration, consent, order or other action of or filing that has not occurred or been obtained with or from any person or entity, including any court, administrative agency or other governmental authority, is required for the execution and delivery by TC and the Hospital of this Agreement or the consummation of the transactions contemplated or required hereby. Anything herein to the contrary notwithstanding, TC and the

Hospital make no representations or warranties as to the compliance of the transactions contemplated hereby with applicable antitrust laws.

Section 14.04 Financial Statements. The Hospital has delivered to BMH true and correct copies of the audited financial statements and interim financial statements of the Hospital for the last two (2) years, as well as the current years budget (collectively, the “Hospital Financial Statements”). To the Best Knowledge of the Hospital and after Reasonable Inquiry, the Hospital Financial Statements are complete and present fairly in all material respects the financial position of the Hospital, and the results of the Hospital's operations, changes in net assets and cash flows at the dates and for the periods indicated, in conformity with generally accepted accounting principles, applied consistently for the periods specified, including the consistent use of assumptions, practices, procedures and terminology.

Section 14.05 Interim Changes; Hospital. To the Best Knowledge of TC and the Hospital and after Reasonable Inquiry, there has not been, after the date of the Hospital Financial Statements: (i) any change in the financial condition, assets, liabilities, properties or results of operation of the Hospital which has had or could reasonably to expect to have, in the aggregate, a materially adverse effect on the Hospital; (ii) any damage, destruction or loss, whether or not covered by insurance, which has had or could reasonably to be expected to have, in the aggregate, a materially adverse effect on the Hospital; (iii) any disposition by TC of any material property, rights or other assets owned by or employed in the Hospital other than in the ordinary course of business; (iv) any amendment or termination of any material contract which has had or could have, in the aggregate, a materially adverse effect on the Hospital; or (v) any event or condition of any character which has had or could reasonably be expected to have, in the aggregate, a materially adverse effect on the Hospital.

Section 14.06 Legal Proceedings. Except as disclosed on Exhibit, attached hereto and incorporated herein, the Hospital is not a defendant in, or, to the Knowledge of TC and the Hospital, threatened with any action, suit, proceeding, complaint, charge, hearing, investigation, or arbitration or other method of settling disputes or disagreements which could reasonably be expected to materially and adversely affect the Hospital's business or financial condition. The Hospital and TC have not received any notice of any investigation, threatened or contemplated, by any Federal, state or local governmental or regulatory agency, including those involving its business practices and policies, which could reasonably be expected to have, in the aggregate, a materially adverse effect on the Hospital.

Section 14.07 Hospital License and Permits. The Hospital holds all governmental licenses, permits, certificates, consents and approvals which are material to its business and operations. No notice from any governmental authority in respect to the revocation, termination, suspension has been given to TC or the Hospital.

Section 14.08 No Material Omissions, Representations, Warranties and Certificates. To the Best Knowledge of TC and the Hospital, and after Reasonable Inquiry, the representations and warranties of TC and the Hospital contained in this Agreement, and each certificate or other document delivered by TC and the Hospital pursuant to this Agreement, or in connection with the transactions contemplated or required hereby, are accurate, correct and complete, and do not

contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements and information contained herein not misleading.

Section 14.09 Compliance with Law. To the Best Knowledge of TC and the Hospital and after Reasonable Inquiry, the Hospital is in material compliance with all laws, regulations, ordinances, decrees and orders applicable to it, which are material to its business and operations.

Section 14.10 Insurance. Adequate and appropriate insurance is maintained by the Hospital in which insure assets used primarily in connection with the operations of the Hospital.

Section 14.11 Government Health Care Programs. The Hospital is not engaged in any termination proceeding as to its participation in the Medicare or Medicaid programs or any other federal or state government health care program (collectively the "Government Health Care Programs").

Section 14.12 No Defaults of Material Contracts. To the Knowledge of TC and the Hospital, the Hospital is not in breach or default in any material respect under any term or provision of any Hospital Material Contract (as defined in the next sentence). For purposes of this Agreement, "Hospital Material Contract" shall mean the following: all contracts, leases (capital and operating), and other agreements entered into by or on behalf of Hospital which are in effect as of the Representation Date, have a remaining term of at least one year, and involve a significant aspect of Hospital operations and annual payments of in amount more than the "materiality limit" as set by the Hospital's auditor.

Section 14.13 Knowledge of TC and the Hospital Standard. As used in this Article, the words "Knowledge of TC and the Hospital" shall mean the actual knowledge of TC and the Hospital, after the performance of a reasonable investigation of the underlying facts relating to the referenced subject matter.

ARTICLE XV REPRESENTATIONS AND WARRANTIES OF BMH

Section 15.01 Due Organization; Good Standing; Power. BMH is an Idaho nonprofit corporation in good standing. BMH is an organization described in Section 501(c)(3) of the Code. BMH is duly organized, validly existing and in good standing under the laws of the State of Idaho, and has the corporate power and authority to own, operate or hold under lease its properties and assets and to carry on its business and operations as presently conducted.

Section 15.02 Corporate Authorization. BMH has the full power and authority to enter into and to perform its respective obligations under this Agreement. The execution, delivery and performance of this Agreement by BMH have been duly and properly authorized by proper corporate action in accordance with applicable laws, their Articles of Incorporation and their corporate Bylaws. This Agreement constitutes the lawful, valid and legally binding obligation of BMH, enforceable against them in accordance with its terms, except as enforceability may be

limited to bankruptcy, insolvency or other laws of general application affecting the enforcement of creditors' rights and by general equitable principles.

Section 15.03 No Violation. The execution, delivery and performance of this Agreement will not result in the creation of any lien, charge or encumbrance of any kind or the acceleration of any indebtedness or other obligation of BMH, except as otherwise provided in this Agreement, and is not prohibited by, and does not violate or conflict with any provisions of, and does not constitute a default under or breach of (i) any contract, lease, agreement, indenture, mortgage, pledge, sublease, option, assignment, permit, license, approval or other commitment to which any is a party or is subject or by which any is bound, or (ii) any judgment, decree, order, writ or injunction of any court or regulatory authority, or any law, statute, rule or regulation applicable to it; provided, however that for the purposes of this sentence, "Representation Date" shall refer only to the Closing Date. No approval, authorization, registration, consent, order or other action of or filing with any person or entity, including any court, administrative agency or other governmental authority, is required (that has not been obtained) for the execution and delivery by BMH and TVH of this Agreement or the consummation by each of the transactions contemplated hereby. Notwithstanding anything herein to the contrary, BMH makes no representations or warranty as to the compliance of the transactions contemplated hereby with applicable antitrust laws.

Section 15.04 Financial Statements. BMH has delivered to TC true and correct copies of the audited financial statements and interim financial statements of BMH for the last two (2) years (collectively, the "BMH Financial Statements"). To the Best Knowledge of BMH and after Reasonable Inquiry, the BMH Financial Statements are complete and present fairly in all material respects the financial position of BMH, and the results of the BMH operations, changes in net assets and cash flows at the dates and for the periods indicated, in conformity with generally accepted accounting principles, applied consistently for the periods specified, including the consistent use of assumptions, practices, procedures and terminology.

Section 15.05 Interim Changes; BMH. There has not been, after the date of the financial disclosures: (i) any change in the financial condition, assets, liabilities, properties or results of operation of BMH which has had or could reasonably to expect to have, in the aggregate, a materially adverse effect on BMH; (ii) any damage, destruction or loss, whether or not covered by insurance, which has had or could reasonably to be expected to have, in the aggregate, a materially adverse effect on BMH; (iii) any disposition by BMH of any material property, rights or other assets owned by or employed in BMH business other than in the ordinary course of business; (iv) any amendment or termination of any material contract which has had or could have, in the aggregate, a materially adverse effect on BMH; or (v) any event or condition of any character which has had or could reasonably be expected to have, in the aggregate, a materially adverse effect on BMH.

Section 15.06 Legal Proceedings. BMH is not a defendant in, or, to the Knowledge of BMH, threatened with any action, suit, proceeding, complaint, charge, hearing, investigation, or arbitration or other method of settling disputes or disagreements which could reasonably be expected to materially and adversely affect its business or financial condition or the ability of BMH to perform hereunder. BMH has not received written notice of any investigation

threatened or contemplated, by any Federal, state or local governmental or regulatory agency, including those involving its business practices and policies which could reasonably be expected to have, in the aggregate, a materially adverse effect on the business BMH.

Section 15.07 Tax-Exempt Status. The Internal Revenue Service has not taken or proposed to take any action to revoke the tax-exempt status of BMH.

Section 15.08 BMH License and Permits. BMH holds all governmental licenses, permits, certificates, consents and approvals which are material to its business and operations (the "BMH License and Permits") all of which are current and valid. No notice from any governmental authority in respect to the revocation, termination, suspension or limitation of any BMH License and Permit has been issued or given, nor to the Knowledge of BMH is the issuance of any such notice proposed or threatened or is there any reasonable basis for such action.

Section 15.09 No Material Omissions. To the Knowledge of BMH, the representations and warranties of BMH contained in this Agreement, and each certificate or other document delivered by BMH pursuant to this Agreement, or in connection with the transactions contemplated or required hereby, are accurate, correct and complete, and do not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements and information contained herein not misleading.

Section 15.10 Compliance with Law. To the Knowledge of BMH, BMH is in material compliance with all laws, regulations, ordinances, decrees and orders applicable to it, which are material to its business and operations.

Section 15.11 Insurance. Adequate and appropriate general liability insurance is maintained by BMH in which the Hospital is a named insured and which otherwise adequately insures the assets and operations of BMH.

Section 15.12 Health Care Program. To the Knowledge of BMH, BMH meets the conditions for participation in the Medicare and Medicaid programs and there is no pending or threatened proceeding or investigation under a Government Health Care Program.

Section 15.13 No Default of Material Contracts. To the Knowledge of BMH, BMH is not in breach or default in any material respect under any term or provision of any BMH Material Contract (as defined in the next sentence). For purposes of this Agreement, "BMH Material Contract" shall mean the following: all contracts, leases (capital and operating), and other agreements entered into by or on behalf of BMH, which are in effect as of the date hereof, have a term of more than one year, and involve a significant aspect of BMH operations and annual payments of more than \$100,000.

Section 15.14 Disclosure. To the Knowledge of BMH, the representations and warranties of BMH contained in this Agreement, and each certificate or other document delivered by BMH pursuant to this Agreement, or in connection with the transactions contemplated hereby, are accurate, correct and complete, and do not contain any untrue

statement of a material fact or omit to state a material fact necessary in order to make the statements and information contained therein not misleading.

Section 15.15 Knowledge of BMH Standard. As used in this Article, the words “Knowledge of BMH” shall mean the actual knowledge of BMH, after the performance of a reasonably investigation of the underlying facts relating to the referenced subject matter.

ARTICLE XVI NON-COMPETITION COVENANTS

Section 16.01 TC and TVH agree that, except and unless BMH has executed its Purchase Option, TC and TVH shall not directly under its auspices or indirectly under any existing or new provider numbers, as a shareholder, member, partner, investor, director, manager, officer, employee, agent, principal, independent contractor or otherwise, engage in the following activities within Bingham County, Idaho (the “Service Area”) unless specifically allowed by this Article: provide, construct, own, acquire, offer, operate, manage, contribute funds to, control or invest in a hospital, ambulatory surgical treatment facility or imaging facility, or other healthcare facility that is licensed and/or certified by the Idaho Department of Health and Welfare, the Centers for Medicare and Medicaid Services, or a similar state or federal agency or private designee; or other facility that provides or offers healthcare services that are substantially the same as the healthcare services then provided by or on behalf of BMH in the Service Area.

Section 16.02 BMH agrees that BMH shall not directly under its auspices or indirectly under any existing or new provider numbers, as a shareholder, member, partner, investor, director, manager, officer, employee, agent, principal, independent contractor or otherwise, engage in the following activities within Teton County, Idaho (the “Service Area”) unless specifically allowed by this Article: provide, construct, own, acquire, offer, operate, manage, contribute funds to, control or invest in a hospital, ambulatory surgical treatment facility or imaging facility, or other healthcare facility that is licensed and/or certified by the Idaho Department of Health and Welfare, the Centers for Medicare and Medicaid Services, or a similar state or federal agency or private designee; or other facility that provides or offers healthcare services that are substantially the same as the healthcare services then provided by or on behalf of TVH in the Service Area.

Section 16.03 Exception for Cooperation. The parties may engage in any activity described in this Article and its subparts in cooperation with each other, or any other entity controlling, controlled by or under common control with the parties, as authorized and approved by the parties.

Section 16.04 Exception for Unmet Needs. The Parties may engage in any activity described in this Article and its subparts if the following conditions are met:

(a) Either Party makes a good faith determination that there is an unmet need for a specific healthcare facility or service in the other Party’s Service Area (the “Proposed Facility or Service”) and

(b) Either Party gives the other written notice of its determination regarding the need for a Proposed Facility or Service, together with all relevant information in its possession regarding such determination, and in such notice grants the other party a right of first refusal (the "Right of First Refusal") to offer or provide the Proposed Facility or Service in the Service Area. The Right of First Refusal will lapse if not exercised within one hundred eighty (180) days and the other party may thereafter pursue and implement the Proposed Facility and Service; and

(c) Such party takes substantial steps toward developing, building or otherwise providing the Proposed Facility and Service within one hundred twenty (120) days after receiving notice from the other party of its decision not to exercise the Right of First Refusal. If such party does not take substantial steps toward pursuing the Proposed Facility and Service within one hundred twenty (120) days, such party will be prohibited from developing, building or otherwise providing the Proposed Facility and Service in the future without then complying with this Article.

(d) For purposes of determining need under this Article, the need for the Proposed Facility or Service will conclusively be deemed to exist if the Proposed Facility and Service is of a type or nature not then offered or provided by BMH or TVH in the Service Area or the Proposed Facility and Service is not then available in an adequate manner.

Section 16.05 Survival. This Article shall survive the termination of this Agreement for up to one year after termination of the Management Agreement, but only if the Closing has occurred.

ARTICLE XVII INFORMATION TECHNOLOGY

In the event that BMH makes a successful conversion of their information technology to the McKesson software **on or before June 1, 2012**, then TVH shall implement a conversion to the McKesson software under the direction of BMH. In the event BMH fails to make a successful conversion **on or before June 1, 2012**, TVH shall have the option to obtain different software to comply with their Meaningful Use requirements. In the event of a successful conversion by BMH, TVH's conversion shall be timed appropriately and funded in the short term by BMH so as to have a nominal effect on TVH's cash flow and normal capital expenditures. Approval of TVH's specific software components under the McKesson package shall be made by a selection committee composed of TVH providers, IT staff, and TVH's Meaningful Use Committee.

ARTICLE XVIII CONDITIONS PRECEDENT TO OBLIGATIONS OF TC AND TVH

The obligations of TC and TVH to consummate the transactions contemplated by this Agreement are subject to the satisfaction, on or prior to the Closing Date, of the following conditions:

Section 18.01 Accuracy of Warranties; Performance of Covenants. The representations and warranties of BMH contained in herein shall be accurate in all material respects as if made on and as of the Closing Date. BMH shall have performed all of the obligations and complied with each and all of the covenants, agreements and conditions required to be performed or complied with by it on or prior to the Closing Date.

Section 18.02 No Pending Action. No action or proceeding before any court or governmental body will be pending or threatened wherein an unfavorable judgment, decree or order would prevent the carrying out of this Agreement or any of the transactions contemplated hereby, declare unlawful the transactions contemplated by this Agreement or cause such transactions to be rescinded.

Section 18.03 Regulatory Approvals. All regulatory consents and approvals required for the consummation of the transaction contemplated or required by this Agreement shall have been obtained on or before the Closing Date, including but not limited to assignment of all Medicaid and Medicare contracts and assumption of liability for the same from TC to TVH.

Section 18.04 Completion of All Exhibits. All Exhibits to this Agreement shall be complete and otherwise in final form reasonably acceptable to TC and TVH.

Section 18.05 Delivery of BMH Closing Documents. BMH, on or before the Closing Date, shall have delivered the BMH Closing Documents.

Section 18.06 Delivery of Other Agreements. BMH shall have delivered executed copies of all other agreements determined by the Parties to be necessary or appropriate to be entered into as of the Closing Date, relating to the transactions contemplated by this Agreement.

Section 18.07 Third Party Payer Applications. The appropriate applications shall have been submitted to all private and government third party payers as required for TVH to submit claims to third party payers for its and its providers' services, including, without limitation, the 855(a) change of ownership application assigning the Hospital's Medicare provider number to TVH.

Section 18.08 1023 Application. TVH shall have submitted a complete 1023 application for tax exemption to the Internal Revenue Service for consideration.

Section 18.09 Hospital Contracts. All Assigned Contracts and Hospital Licenses shall have been assigned to and assumed by TVH, unless otherwise approved by TVH.

Section 18.10 Approvals and Consents. All approvals and authorizations of third parties required for the consummation of the transactions contemplated by this Agreement shall have been obtained on or before the Closing Date.

Section 18.11 Health Care Services Agreement. The parties shall successfully negotiate a Health Care Services Agreement.

ARTICLE XIX
CONDITIONS PRECEDENT TO OBLIGATIONS OF BMH

The obligations of BMH to consummate the transactions contemplated by this Agreement are subject to the satisfaction, on or prior to the Closing Date, of the following conditions:

Section 19.01 Accuracy of Warranties; Performance of Covenants. The representations and warranties of TC contained in herein shall be accurate in all material respects as if made on and as of the Closing Date. TC shall have performed all of the obligations and complied with all of the covenants, agreements and conditions applicable to it required to be performed or complied with by it on or prior to the Closing Date.

Section 19.02 No Pending Action. No action or proceeding before any court or governmental body will be pending or threatened wherein an unfavorable judgment, decree or order would prevent the carrying out of this Agreement or any of the transactions contemplated hereby, declare unlawful the transactions contemplated by this Agreement or cause such transactions to be rescinded.

Section 19.03 Regulatory Approvals. All regulatory consents and approvals required for the consummation of the transactions contemplated or required by this Agreement shall have been obtained on or before the Closing Date.

Section 19.04 Approvals and Consents. All approvals and authorizations of third parties required for the consummation of the transactions contemplated by this Agreement shall have been obtained on or before the Closing Date.

Section 19.05 Completion of All Exhibits. All Exhibits to this Agreement shall be complete and otherwise in final form reasonably acceptable to BMH.

ARTICLE XX
GENERAL PROVISIONS

Section 20.01 Amendment. Except as otherwise provided in this Agreement, no amendment of any provision of this Agreement shall be effective unless the same shall be in writing and signed by all of the Parties.

Section 20.02 Notices. All notices, requests, demands and other communications hereunder shall be in writing and shall be delivered personally or sent by overnight courier or registered or certified mail, postage prepaid, as follows:

If to **BMH**:
Attn: CEO
98 Poplar Street

With a copy to: CFO

Blackfoot Idaho
83221

If to **TC**:
Board of County Commissioners
150 Courthouse Drive
Driggs, ID 83422

With a copy to:
Kathleen Spitzer
Teton County Prosecutor's Office

If to **TVH**:
Attn: CEO
Teton Valley Health Care
120 E. Howard Ave.
Driggs, ID. 83422

With a copy to:
Herbert Heimerl
Heimerl Law Firm, PC
P.O. Box 499
Victor, ID 83452

A party may change its address for receiving notice by written notice given to the others named above. All notices shall be effective when received by the Parties, if by personal delivery or overnight courier, or two (2) business days after being deposited in the mail addressed as set forth above, if mailed.

Section 20.03 Expenses. Except as otherwise expressly provided in this Agreement, each Party shall pay its own costs and expenses in connection with the transactions contemplated or required hereby. The prevailing party(ies) in any litigation concerning or arising out of this Agreement shall be entitled to receive payment for all reasonable attorneys fees, costs and expenses incurred in connection therewith, including reasonable attorneys' fees incurred on appeal. Notwithstanding the foregoing, BMH shall share the equally in the Hospital's legal costs for preparation of this Agreement as well as the HMHS Agreement. This cost sharing provision shall survive the closing or termination of this Agreement.

Section 20.04 Entire Transaction. This Agreement contains the entire understanding of the Parties with respect to the transactions contemplated hereby and supersedes all of the agreements and understandings of the Parties on the subject matter hereof, except that, to the extent that any agreement (including any agreement the form of which is attached hereto as an Exhibit) is referred to herein in such manner as to clearly indicate that such agreement is designed to detail the agreement of the Parties with respect to the specified subject matter, the terms of such agreement will govern with respect to such subject matter, except that the dispute resolution procedures set forth in Article shall apply to disputes under any agreement delivered on or prior to the Closing.

Section 20.05 Application of Law. This Agreement shall be governed by and construed in accordance with the internal laws of the State of Idaho and the Parties hereby consent to the jurisdiction of Idaho courts over all matters relating to this Agreement.

Section 20.06 Headings. Headings of Articles in this Agreement and the table of contents hereof are solely for convenience or reference, do not constitute a part hereof and shall not affect the meaning, construction or effect hereof.

Section 20.07 Gender. Unless the context otherwise indicates, words importing the singular shall be deemed to include the plural, and vice versa, and the use of the neuter, masculine or feminine gender is for convenience only and shall be deemed to mean and include any other gender, as appropriate.

Section 20.08 Further Assurances. Up to and after the Closing, each Party shall take such further actions and execute and deliver such additional documents and instruments as may be reasonably requested by another Party in order to perfect and complete the transactions contemplated herein.

Section 20.09 Waiver of Terms. Any of the terms or conditions of this Agreement may be waived at any time by the Party which is entitled to the benefit thereof but only by a written notice signed by the Party waiving such terms or conditions. The waiver of any term or condition shall not be construed as a waiver of any other term or condition of this Agreement.

Section 20.10 Invalidity. In case any one more of the provisions contained herein shall, for any reason, be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Agreement, but this Agreement shall be construed as if such invalid, illegal or unenforceable provision or provisions had never been contained herein.

Section 20.11 Exhibits. The attached Exhibits shall be construed with and as an integral part of this Agreement to the same extent as if the same had been set forth verbatim herein.

Successors and Assigns. This Agreement shall be binding on the Parties hereto and their respective successors and permitted or required assigns. No Party may assign its rights in the Agreement or delegate its duties or its obligations under this Agreement to a third party without first obtaining the prior written consent of the other Parties. Notwithstanding, either party may make assignment of this Agreement to an affiliate. An "affiliate" of either party means a parent, any corporation or other entity (i) which parent or party has the right or power to control; (ii) the members, shareholders or directors of which are subject to designation, election or appointment by such parent or party; (iii) the members, shareholders, corporate directors or trustees of which are the same as the directors of the parent or such party; or (iv) the members, shareholders or corporate directors of which are selected by the same entity which selects a majority of the parent's or such party's directors.

Section 20.12

Section 20.13 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

Section 20.14 Access to Records and Information. To the extent applicable to this Agreement and to any agreement contemplated hereunder or entered into pursuant hereto between or among the Parties, the Parties agree to comply with the requirement of Section 1861(v)(1)(I) of the Social Security Act and regulations promulgated thereunder.

Section 20.15 Risk of Loss. Notwithstanding any other provisions hereof to the contrary, risks of loss in respect of casualty to the Hospital (including Hospital Assets) shall be borne by TC until the Closing Date and by TVH from and after the Closing Date.

Section 20.16 Time is of the Essence. Time is of the essence for the performance of all activities contemplated by the Parties hereunder.

Section 20.17 Binding Effect. This Agreement shall be binding upon and inure to the benefit of the Parties, and their successors and any permitted assigns pursuant to Section 20.12.

Section 20.18 No Third Party Beneficiaries. There shall be no third party beneficiaries to this Agreement.

The remainder of this page has been left intentionally blank.

IN WITNESS WHEREOF, the Parties, acting through their duly authorized representatives, have executed this Agreement as of the Execution Date.

BMH, Inc.

By: _____
Name:
Title:

TETON COUNTY, IDAHO

Kathy Rinaldi, Commissioner

Kelly Parks, Commissioner

Bob Benedict, Commissioner

TETON VALLEY HOSPITAL

By: Teton County, Idaho

By: _____
Name:
Title:

TETON VALLEY HOSPITAL, INC.

By: _____
Name:
Title: