

LEASE AGREEMENT

This Lease Agreement (“Lease”) or (“Agreement”) is made effective as of April 23rd, 2024 (the “Effective Date”), by and between the City of South Bend, Department of Redevelopment, acting by and through its governing body, the South Bend Redevelopment Commission (the “Landlord”), and Beacon Health System, an Indiana nonprofit corporation (the “Tenant”), with offices at 3245 Health Drive, Granger, Indiana 46530 (each a “Party,” and together, the “Parties”).

RECITALS

A. As of the Effective Date of this Lease, Landlord owns certain real property and improvements located in South Bend, Indiana, commonly known as parcel number 71-08-12-153-003.000-026 and more particularly described in the description attached Exhibit 1 (the “Property”).

B. Tenant previously owned and occupied the Property pursuant to a Ground Lease, which the Parties agreed to extinguish pursuant to the terms of a certain Development Agreement made between the Parties, dated March 28, 2024.

C. The Parties have agreed that Tenant will be able to continue occupying and using a portion of the existing space in the Property on the Effective Date for a limited time period and under the terms set forth herein.

NOW, THEREFORE, in consideration of the mutual promises and obligations set forth in this Lease, the adequacy of which is hereby acknowledged, the Parties agree as follows:

1. Leased Premises. Landlord hereby leases to Tenant and Tenant hereby leases from Landlord the 1st, 3rd, 4th and 5th Floors of the Property, as further depicted in the attached **Exhibit 2** (the “Leased Premises”). Landlord reserves the right to perform maintenance and improvements to the Property to modify, increase, or decrease the location, dimension, size, and height of improvements in the Property at its sole discretion after consultation with Tenant.

2. Lease Term.

a. The term of this Lease shall begin on the Effective Date and end no later than December 31, 2025, subject to the Termination and Surrender and Holdover provisions set forth herein.

b. Tenant shall have the option to vacate and terminate a portion of the Leased Premises at any time during the term of the Lease, with a written notice of that intention at least 45 days in advance, with the reduction of Rent set forth herein.

3. Rent. In consideration hereof, the Tenant covenants and agrees to pay all existing utility accounts in Tenant’s name before the Effective Date and other routine costs of building maintenance and daily operations incurred by Tenant during the Lease Term, as described in Section 9 of this Lease. Tenant shall keep all utilities currently in Tenant’s name throughout the term of this Lease, except as otherwise set forth herein. The Parties acknowledge that immediately prior to the Effective Date, Tenant owned and occupied the Property under a long-term lease and had sufficient utilities for its needs as of the Effective Date. If new utilities must be added or

accessed during the term of the Lease, Landlord may agree to allow the installation of such utility service, provided that the Parties negotiate in good faith a cost sharing agreement acceptable to Landlord in its sole discretion.

Rent shall be paid to Landlord as set forth below, in lawful United States currency without notice, demand, deduction, set-off, counterclaim or recoupment, and without relief from valuation or appraisal laws, in month installments commencing on the Effective Date and during the entire term on or before the first (1st) day of each calendar month, in advance.

- i. During the time Tenant leases the entirety of the Leased Premises, the rental amount payable shall be Seven Thousand Five Hundred Dollars (\$7,500.00) per month, except for the initial month following the Effective Date, which shall be pro-rated.
- ii. In the occasion that Tenant vacates the 3rd, 4th, and 5th Floor of the Property and only occupies the 1st Floor of the Property, the rental amount payable shall be Five Thousand Dollars (\$5,000.00) per month. For the reduced rental rate to apply, Tenant must provide written notice to Landlord at least 45 days in advance of its intent to vacate the 3rd, 4th, and 5th Floors of the Leased Premises.

In the event rent is not paid on or before the first day of the month it becomes due, Tenant shall also pay Landlord a late charge, which shall be equal to \$150.00 per day for each day rent is late after the first of the month with a five (5) day grace period before late fees are charged.

4. Quiet Enjoyment. Landlord warrants that it is the owner in fee simple of the Property, and that it has full right and authority to enter into this Lease, subject to all easements, restrictions, liens, encumbrances, rights-of-way and other matters of record. Landlord agrees that if Tenant observes all of the terms and conditions of, and performs all of its obligations under, this Lease, then, at all times during the Term, subject to the terms and conditions of this Lease, Tenant shall have the peaceful and quiet enjoyment of possession of the Property, without any manner of hindrance from parties claiming under, by, or through Landlord, except as otherwise set forth in Section 1 of this Lease and as communicated to Tenant.

5. Use. The Property shall be used and occupied for physical therapy services and as a health and fitness center and all other work performed by employees of Tenant in the ordinary course of their duties on behalf of, associated with, and/or affiliated with Tenant and consistent with Tenant's past use of the Property. Tenant shall continue to retain the same rights to parking during the term of this Lease as previously provided in the Ground Lease for the Property, including the roof of the parking garage and other spaces otherwise designated. The Property may not be used for any other purpose inconsistent with Tenant's use before the Effective Date without the prior written approval of the Landlord.

6. Landlord Maintenance and Repairs. Landlord agrees to maintain the Property in a condition of safety and habitability appropriate to the use of the Property as physical therapy services and as a health and fitness center and consistent with its condition as of the Effective Date. Landlord shall, at its expense: (a) keep the building and its foundations, structure, floors, ceilings, utility infrastructure, and roof of the Property in good order, repair and condition; and (b) maintain the exterior walls of the Property in a structurally sound condition, except to the extent that there

is damage caused by any act or omission of Tenant or its employees, agents, contractors, invitees or licensees, and (c) replace window glass that may be damaged or broken, except to the extent that any damage or breakage is caused by any act or omission of Tenant or its employees, agents, contractors, invitees or licensees. Landlord shall be responsible for the alteration, renovation, repairs, replacement and maintenance of all gas, water, electricity, heating, ventilating, and cooling equipment and systems serving the Property (the "Utility Systems"); provided, however, that Landlord may bill Tenant for any repairs or replacement if Landlord's consultant determines with reasonable certainty that the need to repair or replace the Utility Systems was solely and as a direct result of Tenant's misuse thereof or Tenant's failure to notify the Landlord of any malfunctioning. Except as provided in this Section 6, Landlord shall be obligated to make construction, reconstruction, alterations, renovations, maintenance, repairs, replacements, or improvements of any kind to or for the Property, or any fixtures or equipment contained therein.

7. Tenant Maintenance and Repairs. Tenant shall have access to the portions of the 2nd floor that contain pool mechanicals and is responsible for maintenance of the pool mechanicals while Tenant continues to lease the 3rd, 4th, and 5th floors of the building for the purpose of operating a health and fitness center. Except for construction, reconstruction, alterations, renovations, maintenance, or repairs to be performed by Landlord, Landlord's obligations pursuant to Section 6, or in areas used by Landlord, Tenant in the areas used by Tenant shall: (a) keep the Property clean, neat, sanitary and safe, and in good order, repair and condition, including, without limitation, that Tenant shall make all minor, routine maintenance, routine repairs, or routine replacements to the Property and shall provide routine janitorial services at Tenant's sole expense; (b) keep all glass in windows, doors, fixtures, and other locations clean and in good order, repair, and condition, and replace interior light bulbs or fluorescent lights as needed. The Tenant shall be responsible for notifying the Landlord of any visible, known damage to, malfunctioning of, or apparent repairs necessary to be made to the Utility Systems used by Tenant in the Property. Said improvements shall be agreed to without amending this Lease and performed by Landlord with Tenant reimbursing Landlord after completion and approval of the improvements. Tenant's improvements under this clause and Tenant's responsibility shall not exceed Ten Thousand Dollars (\$10,000.00), documented by sufficient invoices. Tenant shall not make any alterations, additions, repairs, or improvements to the Leased Premises unless agreed to by Landlord in advance.

8. Hazardous Substances. With the exception of chemicals typically used for the maintenance of swimming pools, the Tenant shall not knowingly cause or permit the use, generation, release, manufacture, refining, production, processing, storage, or disposal of any hazardous substances, as that term is defined under any present or future federal, state, or municipal law, ordinance, rule or regulation applicable to the environmental condition of the Property ("Hazardous Substances"). Should the Landlord knowingly require the use or storage of any Hazardous Substances for any purpose allowed herein, except as otherwise noted, Landlord shall provide notice to Tenant of Landlord's use or storage of such Hazardous Substance and the purpose thereof. Tenant may continue to store substances for maintenance of the pool facilities while this Lease remains active, but upon Landlord's request, Tenant must remove any remaining Hazardous Substances upon termination of the Lease.

9. Utility Services. The Parties acknowledge that Tenant owned and occupied the Property pursuant to the terms of a Ground Lease immediately prior to entering into this Lease. Tenant acknowledges that the Property previously contained the necessary mains, meters, connections, and conduits for gas, water, and sewer facilities and electric service to the Property, as well as equipment, products, goods, services, materials, and supplies needed for proper operation of the heating ventilating and cooling system (“HVAC System”) located in the Property. During the time Tenant leases the Leased Premises, Tenant shall: (a) maintain accounts for all sewer, water, gas, electricity, telephone, and other utility services (“Utilities”) used by Tenant at the Property solely in its name; (b) promptly pay all charges for Utilities in Tenant’s name; and (c) deliver to Landlord, upon demand, receipts or other satisfactory evidence of payment of the charges for Utilities. In the occasion that Tenant vacates the 3rd, 4th, and 5th Floors of the Property and only occupies the 1st Floor of the Property, the Parties shall transfer all Utilities into Landlord’s name, and Landlord shall become responsible for paying all Utilities expenses associated with the Property. At all times, Landlord shall provide the equipment, products, goods, services, materials, and supplies needed for proper operation of the HVAC System as of the Effective Date and through the term of the Lease.

10. Loss of Use. In the event the Leased Premises are made untenable or are partially destroyed by weather, Act of God, act of nature, water, gas, fire, explosion, or other casualty, provided such total or partial destruction is not caused by Tenant, (a) the Lease Premises shall be repaired as speedily as possible, at Landlord’s sole discretion and expense; and (b) either Party may elect to terminate this Lease by notifying the other Party in writing within thirty (30) days of the casualty.

11. Tenant Abandonment. Tenant understands and agrees if it abandons the Leased Premises during the term of this tenancy, Tenant shall not be relieved of its duties and obligations under this Lease before the date of abandonment. Exercise of Tenant’s rights under the Compliance or Termination provisions shall not constitute abandonment.

12. Force Majeure. With the exception of the payment of Rent, in the event that either Party is unable to perform any of its obligations under this Lease, or to enjoy any of its benefits, because of pandemic; epidemic; water, gas, fire, explosion, or other casualty; natural disaster; or decrees of governmental bodies not the fault of the affected Party (“Force Majeure Event”), the Party who has been so affected shall immediately or as soon as is reasonably possible under the circumstances give notice to the other Party and shall do everything possible to resume performance. Upon receipt of such notice, all obligations under this Lease shall be immediately suspended. If the period of nonperformance exceeds thirty (30) days from the receipt of notice of the Force Majeure Event, the Party whose ability to perform has not been so affected may, by giving written notice, terminate this Lease.

13. Tenant’s Liability Insurance. Tenant, at its expense, shall maintain during the Lease Term and any holdover period, commercial general liability insurance on the Property covering Tenant as the named insured and identifying Landlord as an “additional insured” with terms satisfactory to Landlord and with companies qualified to do business in the State, for limits of not less than \$1,000,000.00 for bodily injury, including death resulting therefrom, and personal

injury for any one (1) occurrence, \$1,000,000.00 property damage insurance, or a combined single limit in the amount of \$5,000,000.00. At all times, Tenant shall maintain limits naming Landlord as an “additional insured” in an amount sufficient to cover any possible liability Landlord may have pursuant the amounts set forth at Indiana Code § 34-13-3-4, as the same may be amended, superseded or recodified from time to time. Landlord will continue to maintain during the Lease Term and any holdover period the types and amounts of coverage it had as of the Effective Date.

14. Coverage Verification. All policies of insurance required by this Lease to be maintained by Tenant shall be in a form, and maintained with an insurer, reasonably satisfactory to Landlord, and Tenant shall provide written notice to Landlord at least thirty (30) days in advance of the cancellation, termination, or change of or to any such policy. Additionally, Tenant shall cause Landlord to receive certificates of such insurance, duly executed by the insurance company or the general agency writing such policies, and effective not later than the Effective Date. Tenant shall cause Landlord to receive appropriate renewal or replacement certificates not less than ten (10) days prior to the expiration of any such policy or policies. Tenant shall also furnish Landlord with certificates evidencing such coverages from time to time upon Landlord’s request. If Tenant shall fail to timely procure or renew any of the insurance required under this Lease, Landlord may obtain replacement coverage and the cost of same shall be payable by Tenant immediately.

15. Assignment and Sublease. Tenant shall not assign this Lease or sublet the Property. Notwithstanding anything to the contrary contained herein, Tenant shall be liable without limitation for the acts and omissions of any third party allowed by Tenant to use the Property.

16. Indemnification. To the extent allowed by law and subject to the limits of Indiana’s Tort Immunity Statute, Tenant shall indemnify, defend, and hold harmless Landlord from any and all loss, costs (including reasonable attorney’s fees), and liability on account of any damages, injuries, claims, and demands to the extent caused by negligent errors, omissions, or misconduct of Tenant, its agents, invitees, or employees but only to the extent that same are caused by the negligence, misconduct, or other fault of Tenant, its agents, invitees, or employees. To the extent allowed by law and subject to the limits of Indiana’s Tort Immunity Statute, Landlord shall indemnify, defend, and hold harmless Tenant from all loss, costs (including reasonable attorney’s fees), and liability on account of any damages, injuries, claims, and demands to the extent caused by the negligent errors, omissions, or misconduct of Landlord, its agents, invitees, or employees.

17. Termination. In the event that either Party breaches any covenant or obligation in this lease, including the nonpayment of rent and any late fees assessed, the non-breaching Party shall give the breaching party written notice of any intent to terminate this lease for such breach and of the cause therefore. If the breaching Party does not correct the breach specified within thirty (30) days (or, in the event the breach is of a nature that cannot be reasonably remedied within thirty (30) days, fails to commence to remedy such breach within thirty (30) days and continue with reasonable diligence to correct same) this Lease may then be terminated by thirty (30) days’ written notice by the non-breaching Party to the breaching Party for such uncured cause. Upon cancellation or termination of this Lease, Tenant shall be released from any further obligation under the terms of this Lease arising after the date of such termination. If the Lease is cancelled or terminated due to an uncured breach by Tenant, Tenant must vacate the Property within ten (10) business days.

Tenant may terminate the lease for any reason upon five (5) business days written notice to Landlord.

18. Surrender and Holdover. Upon the termination of this Lease by lapse of time or otherwise, Tenant agrees that it will surrender and deliver to Landlord possession of the Property in substantially the same condition as on the Effective Date, ordinary wear and tear excepted. Tenant shall remove all of Tenant's personal property prior to such surrender and delivery. Any personal property not removed by Tenant within ten (10) business days of Landlord's written demand will be deemed abandoned and Landlord may, after a 2nd written notice allowing one (1) business day, dispose of such personal property as allowed under Ind. Code § 5-22-22. In the event that Tenant does not vacate the Property upon the termination of this Lease, Tenant shall pay Landlord a delay fee in the amount of Three Hundred Dollars (\$300.00) per day through December 31, 2025. If Tenant has not vacated the Property as of January 1, 2025, Tenant shall pay Landlord a delay fee in the amount of Five Hundred Dollars (\$500.00) per day. This Section shall survive the termination of this Lease.

19. Notices. Any notices or communications required or requested to be given under the terms of this Lease shall be deemed properly given if mailed by United States mail, registered and with postage prepaid, if to:

To Landlord at:

Executive Director of Community Investment
Department of Community Investment
City of South Bend
227 W. Jefferson Blvd., 1200N
South Bend, Indiana 46601

With a copy to:

Corporation Counsel
Department of Law
City of South Bend
227 W. Jefferson Blvd., 1200S
South Bend, Indiana 46601

To Tenant at:

Beacon Health System, Inc.
3245 Health Drive
Granger, IN 46530

With a copy to:

Beacon Properties Administration
100 Navarre Plate, Suite 6645
South Bend, IN 46601

Addresses for notices may be changed by delivery notice of such change in the manner provided above.

20. Brokers. Landlord and Tenant each represent and warrant that they have not obligated the other to compensate any real estate agent, broker or finder or their intermediary in connection with the negotiation, preparation or execution of this Lease.

21. Severability. If any provisions of this Lease shall be invalid or unenforceable, the remainder hereof shall nevertheless continue in full force and effect.

22. Waiver. Neither the failure nor any delay on the part of a Party to exercise any right, remedy, power or privilege under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right, remedy, power or privilege preclude any other or further exercise of the same or of any right, remedy, power or privilege, nor shall any waiver of any right, remedy, power or privilege with respect to any occurrence be construed as a waiver of such right, remedy, power or privilege with respect to any other occurrence. No waiver shall be effective unless it is in writing and is signed by the Party asserted to have granted such waiver.

23. Counterparts; Signatures. This Agreement may be separately executed in counterparts by the Parties, and the same, when taken together, will be regarded as one original Agreement. Electronically transmitted signatures will be regarded as original signatures.

24. Authority. Each undersigned person signing on behalf of their respective Party certifies that they are duly authorized to bind their respective Party to the terms of this Agreement.

25. Governing Law and Jurisdiction. This Agreement will be governed by and construed in accordance with the laws of the State of Indiana. Any dispute arising hereunder shall be heard in the state courts located in St. Joseph County.

26. Entire Agreement. The Lease contains the entire agreement and understanding between the Parties hereto and may not be amended or changed except by agreement in writing executed by the Parties.

27. Successors and Assigns. This Lease shall be binding upon and shall inure to the benefit of the Parties hereto, their respective successors and assigns.

28. Compliance. The Parties shall comply with all federal, state and local laws and ordinances, lawful orders, and regulations affecting the Property, and the health, cleanliness, safety, construction, occupancy and use of same, in effect from time to time. Further, the Parties covenant and agree to make a good faith effort to provide and maintain a drug-free workplace at the Property. Tenant and Landlord shall give written notice to the other within one (1) business

day after receiving actual notice that any employee of Tenant or Landlord has been convicted of a criminal drug violation occurring at the Property. Additionally, the Tenant shall comply with all applicable laws and regulations in their hiring and employment practices and policies for any activity occurring at the Property and covered by this Lease. The Tenant shall also comply with all federal, state, and municipal laws, regulations, and standards applicable to their activities pursuant to this Lease including, but not limited to, the requirements imposed by Ind. Code 22-9-1-10 (non-discrimination), the provisions of Ind. Code 5-22-16.5 (disqualification for dealings with the government of Iran), and the provisions of Ind. Code 22-5-1.7 (requiring E-Verify for new employees and prohibiting employment of unauthorized aliens). Each of the foregoing provisions is incorporated herein as if set forth in full, and the Tenant certifies that it is in compliance with each such provision and shall remain in compliance through the term of this Lease. The Tenant certifies by entering into this Lease neither it nor its respective executives nor any of their respective subcontractors are presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from entering into this Lease by any federal agency or by any department, agency or political subdivision within the United States.

29. Memorandum of Lease. Upon written request by Tenant, a Memorandum of Lease in recordable form shall be executed by both Parties and recorded in conformance with the laws of the State of Indiana at Tenant's sole cost and expense.

Signature Page Follows

IN WITNESS WHEREOF, Landlord and Tenant have duly executed this Lease as of the day and year written below.

“LANDLORD”

SOUTH BEND REDEVELOPMENT COMMISSION

Troy Warner, Vice President

ATTEST:

Vivian Sallie, Secretary

“TENANT”

BEACON HEALTH SYSTEM, INC.

Jeffrey P. Costello, Chief Financial Officer

Date: _____

EXHIBIT 1

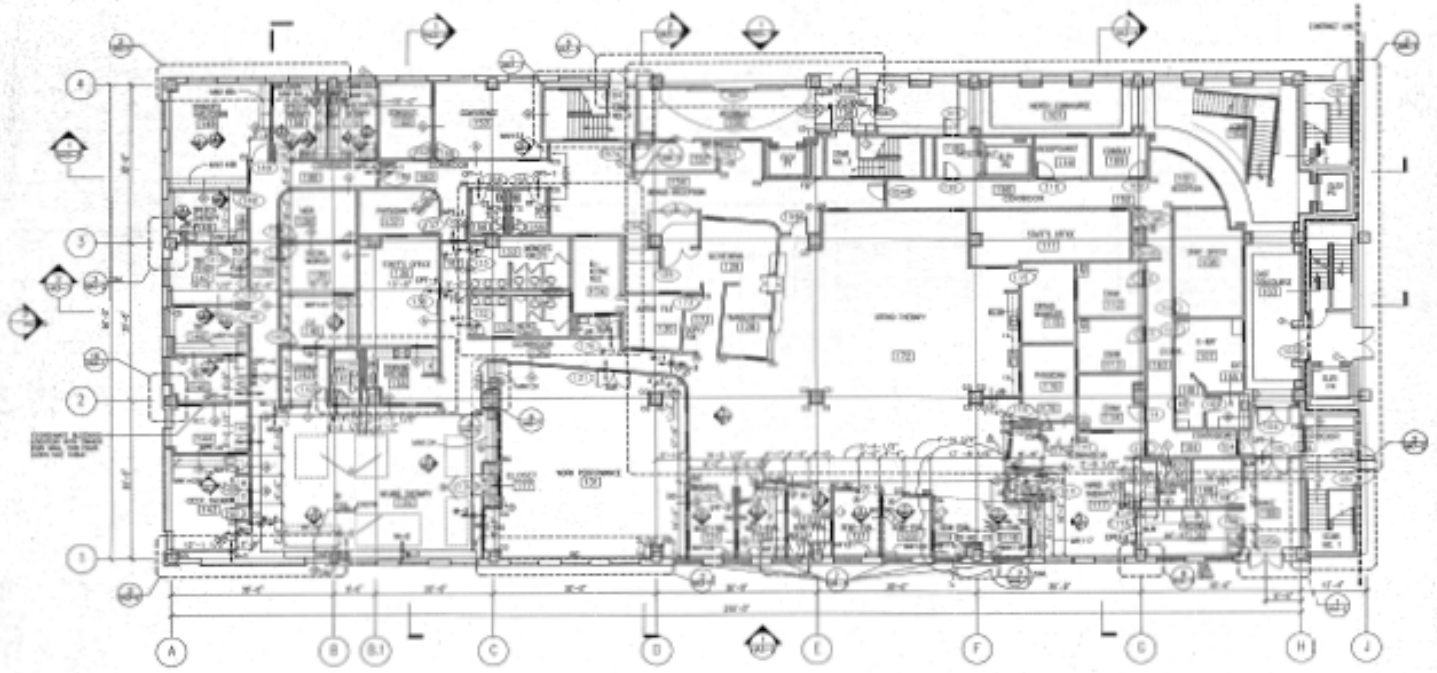
Description of Property

Portions (as described herein) of Lot 1 as shown on the recorded plat of Leighton Plaza First Minor Subdivision recorded on February 23, 2017, as Document No. 1704410 in the Office of the Recorder of St. Joseph County, Indiana. [Parcel Key No. 018-3006-0190; State Parcel ID: 71-08-12-153-003.000-026]

Commonly Known As: 111 W. Jefferson Blvd., South Bend, Indiana 46601 (Fitness Center and Office Space) and 130 S. Main St., South Bend, Indiana 46601 (Parking Garage).

EXHIBIT 2

Floor Plans

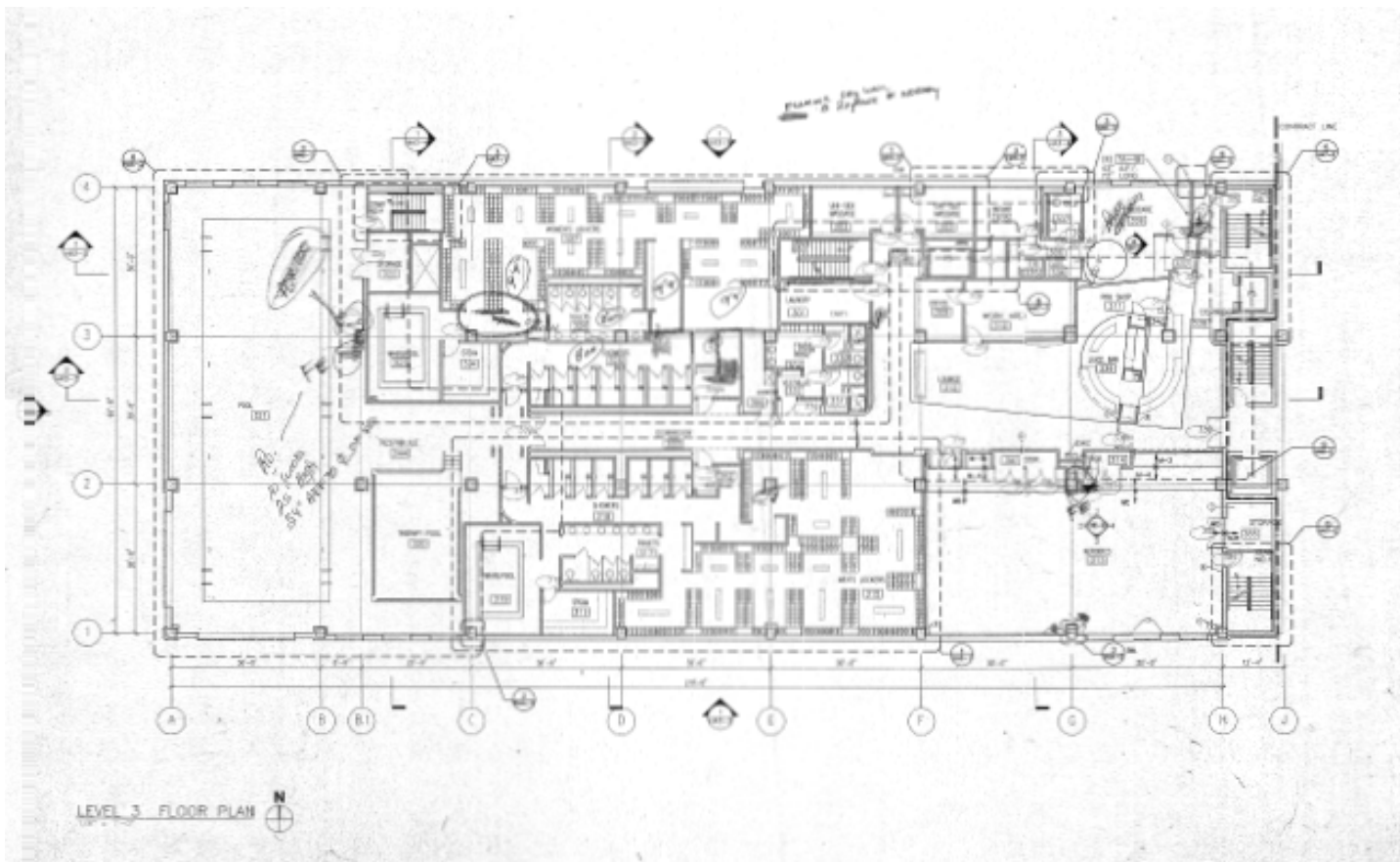


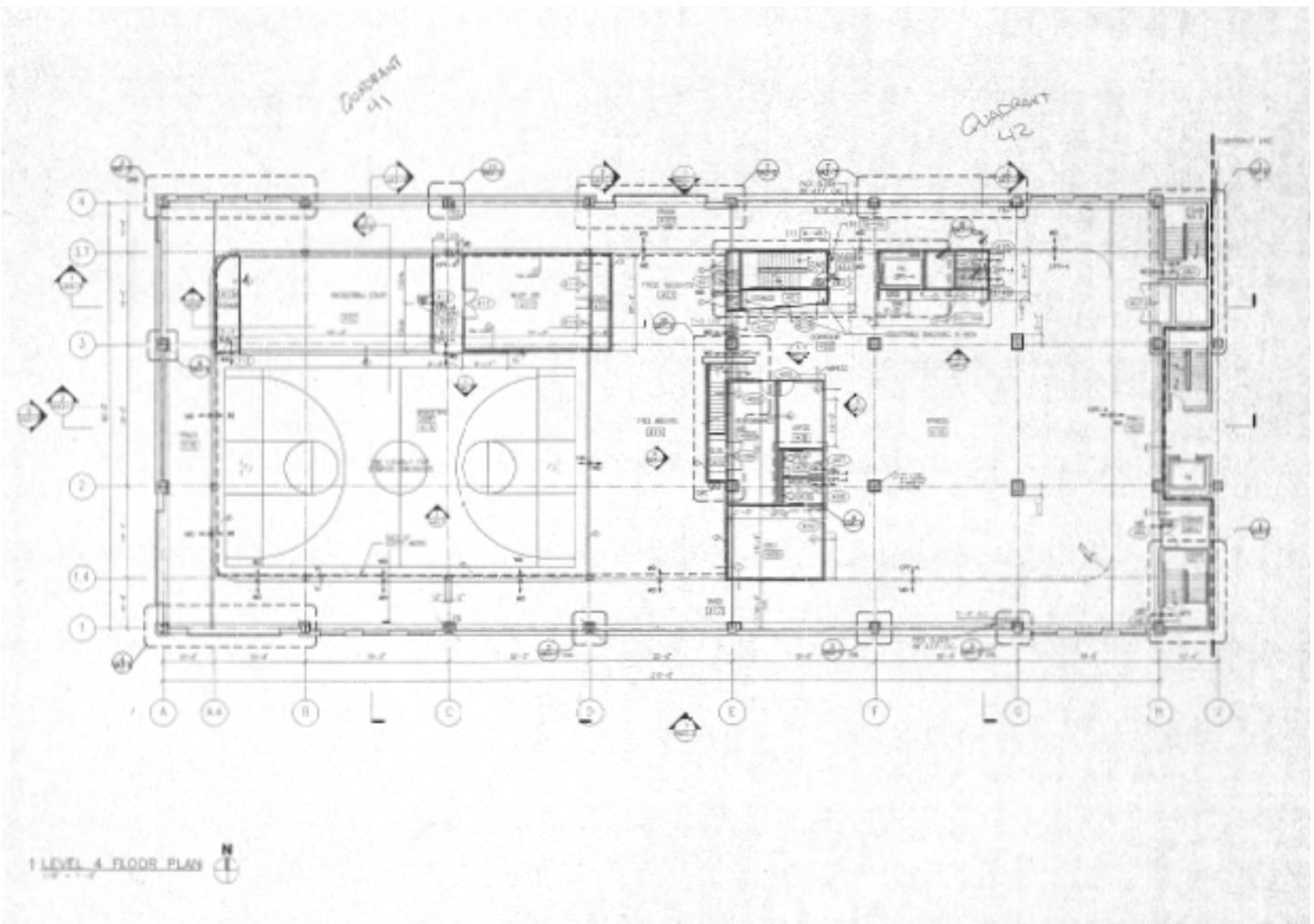
1 LEVEL 1 FLOOR PLAN

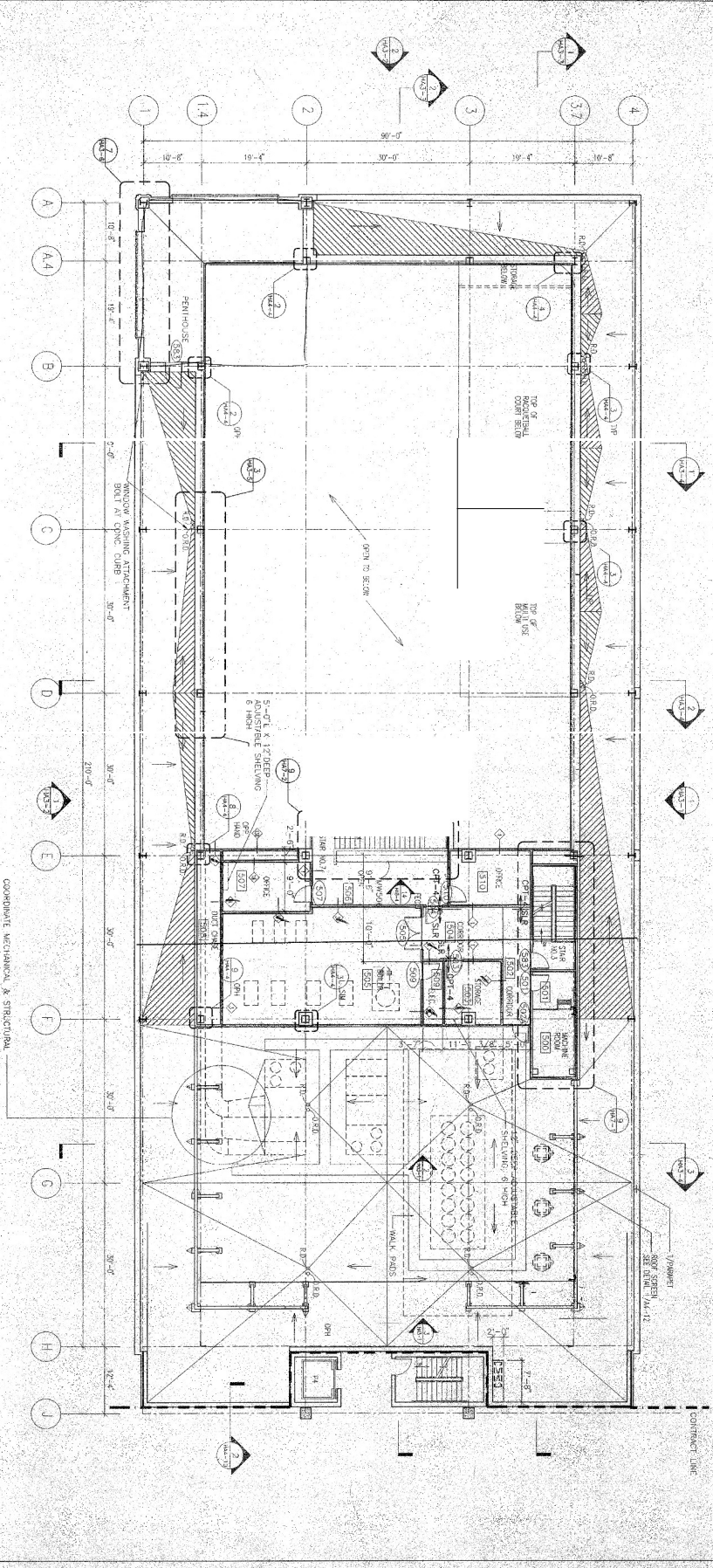


LEGEND

- CG CORNER GUARD
- BG BUMPER GUARD
- DENOTES WALL OPENING







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COORDINATE MECHANICAL & STRUCTURAL

<p>MEMORIAL HEALTH SYSTEM MEMORIAL HEALTH CENTER SOUTH BAY, MIAMI</p>		<p>LEBAN DESIGN GROUP INC. ARCHITECTS 400 WEST PALM BLVD., SUITE 1700 WEST PALM BEACH, FL 33411</p>		<p>MEMORIAL HEALTH SYSTEM SOUTH BAY, MIAMI</p>	
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