

**COMMUNITY SERVICE CONTRIBUTION AGREEMENT
BETWEEN
AHS HOSPITAL CORP./NEWTON MEDICAL CENTER
AND
THE TOWN OF NEWTON**

This COMMUNITY SERVICE CONTRIBUTION AGREEMENT (this "Agreement"), dated August 22, 2016, is by and between **AHS HOSPITAL CORP./NEWTON MEDICAL CENTER**, a nonprofit corporation under Title 15 of the New Jersey Statutes, having its principal office at 175 High Street, Newton, NJ 07860 ("AHS"), and **THE TOWN OF NEWTON**, a municipal corporation of the State of New Jersey, having an office at 39 Trinity Street, Newton, NJ 07860 (the "Town").

RECITALS

WHEREAS, AHS owns certain property in the Town identified as Block 1.01, Lot 4, 175 High Street, on the Tax Map of the Town, which property and improvements thereon comprise AHS's main hospital campus (collectively, the "Property"); and

WHEREAS, the Property is exempt from taxation for the tax year 2016 pursuant to N.J.S.A. 54:4-3.6; and

WHEREAS, notwithstanding the Property's exemption from taxation, in recognition of the public safety services provided by the Town that benefit the Property and its occupants, and, more particularly, to offset some of the costs incurred by the Town to provide such public safety services during tax years 2016 through 2020, AHS desires to make a community service contribution to the Town, subject to the terms and conditions set forth under this Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants, terms and conditions set forth in this Agreement, the parties hereto hereby agree as follows:

1. The recitals set forth above are made part of this Agreement.
2. For tax years 2016 through 2020, AHS will make a community service contribution towards public safety services that benefit the Property and its occupants in an amount of \$135,050 annually. This community service contribution will be based on a Licensed-Bed Contribution as defined in Paragraphs 3 through 6 below.
3. A community service contribution in the amount of \$135,050 annually will be paid for public safety services provided by the Town during tax years 2016 through 2020 that benefit the Property and its occupants. This community service contribution (hereinafter referred to as the "Licensed-Bed Contribution") is equivalent to the licensed-bed community service contribution presented to the New Jersey Legislature during the 2014-2015 Legislative Session in the form of Senate Bill No. 3299 and Assembly Bill No. 4903. This community service contribution is determined in accordance with the formula proposed in the bills: it equals \$2.50 a day for each licensed acute care bed at the Property ($\$2.50 \times 148 \text{ beds} \times 365 \text{ days}$). Further, for the tax year 2017 and each year thereafter, the community service contribution in the amount of \$135,050 shall increase by 2% over the prior tax year's community service contribution.
4. In the event the applicable real property tax exemption provision for not for profit hospitals pursuant to N.J.S.A. 54:4-3.6 is amended and/or replaced by legislation enacted subsequent to the date of this Agreement (the "Legislation") and, as a result of the Legislation, the total net revenue to the Town, including the payment of any municipal share of taxes

(excluding school and county tax shares) on any assessment on the Property and any community service contribution, resulting from said Legislation, will exceed the amounts to be paid pursuant to this Agreement for the years 2016 to 2020, then and in that event AHS agrees to pay to the Town the greater sum due to the Town. In other words, AHS shall be required to pay the greater sum due to the Town notwithstanding any Legislation applicable to not for profit hospitals seeking real property exemptions in New Jersey. In the event the greater sum is the amount due to the Town as a result of this Agreement, the Town waives any right to collect any amount provided for as a result of the Legislation.

5. The parties agree that should AHS be obligated to pay a community service contribution or any property tax or similar assessment in connection with the Property for tax years 2016 through 2020, whether based upon the number of licensed acute care beds or otherwise, and whether the result of the Legislation, or a challenge to the property tax exemption applicable to the Property or otherwise, such obligation of AHS will be reduced by the aggregate amount of the community service contribution AHS agrees to pay under this Agreement.

6. For the years 2017 through 2020, the Licensed-Bed Contribution will be paid in four equal installments on February 1, May 1, August 1 and November 1 of each tax year. The first three installments for the year 2016 shall be paid within thirty (30) days after the execution and delivery of this Agreement, and the remaining installment shall be paid on November 1, 2016. Should the Licensed-Bed Contribution be increased in accordance with the penultimate sentence of Paragraph 4 above, then the remaining installments due under this Paragraph will be adjusted equally to effect payment of the increased amount.

7. Within fourteen (14) days of execution of this Agreement, the Town will withdraw any pending tax appeals in regard to Block 1.01, Lot 4, 175 High Street, Newton, New Jersey, and the Town will not initiate or in any way support a challenge to the tax exempt status of the Property for tax years 2016 through 2020. AHS will simultaneously withdraw any Answer and Counterclaim in regard to any pending tax appeals in regard to Block 1.01, Lot 4, 175 High Street, Newton, New Jersey.

8. Nothing contained in this Agreement shall be interpreted to interfere with the Constitutional and statutory authority of the Tax Assessor concerning the assessment and tax exempt status of the Property, including, but not limited to, the obligation to impose added and omitted assessments as required by law.

9. If a challenge to the legal enforceability of any paragraph of this Agreement is raised by any third party, AHS agrees to indemnify the Town, defend this Agreement, and pay any and all reasonable legal fees, costs and expenses incurred by the Town and the Town agrees to cooperate in the defense of the terms and provisions of the Agreement.

10. AHS agrees to provide the following Community Health and Community Benefit Work and Service to the Town, which work and services will be implemented in 2016 and continue for five (5) years and thereafter as agreed to by the parties:

a) Needs Assessment. AHS will assist the Town by providing the staff resources and funding reasonably necessary to support a triennial community health needs assessment process, which will be led by the Town and include representatives of AHS and other community-based health and human services organizations in the Town, identified by the Town and AHS (collectively, the "Participants"). AHS will also support the Participants in developing

an implementation plan that prioritizes the community health needs and identifies those actions and interventions to be taken by the Participants to address those needs. AHS will work with the Town and the other Participants to publicize the findings of the needs assessment and the actions being taken in the implementation of the plan, and to measure and report at least annually on progress made on the actions and interventions undertaken by the Participants.

b) Life Safety and Security. AHS will meet annually with representatives of the Newton Town Manager's Office, Newton Police Department, Newton Fire Department, and Newton Volunteer First Aid Squad, to formulate and promote collaborative efforts, actions and training to insure community life safety and security measures.

c) Community and Economic Development. AHS will work with the Newton Town Manager's Office and other appropriate community representatives designated by the Town Manager to promote desirable community and economic development.

11. Any notices, statements, demands, consents, approvals or other communications required or permitted to be given or to be served upon either party hereto in connection with this Agreement, must be in writing and must be delivered personally, sent by a nationally recognized overnight delivery service or sent by United States certified or registered mail, return receipt requested, and will be deemed to have been given and received on the day delivered personally, or on the first business day after the day it is dispatched to a nationally recognized overnight delivery service, or on third business day after so mail. Such notice must be given to the parties at their following respective addresses or at such other address as either party may hereafter designate to the other party in writing in the manner herein above provided:

If to AHS: Atlantic Health System, Inc.
Southgate Office Complex
475 South Street
P.O. Box 1905
Morristown, NJ 07962-1905
Attention: Sheilah O'Halloran
Vice President, Legal Affairs
and General Counsel

and

Susan A. Feeney, Esq.
McCarter & English, LLP
Four Gateway Center
100 Mulberry Street
Newark, NJ 07102

If to Town: Town of Newton
39 Trinity Street
Newton, NJ 07860
Attention: Town Manager

12. This Agreement is binding upon the successors and assigns of any and all of the parties hereto.

13. This Agreement may not be amended in any fashion except by an instrument in writing signed by all of the parties hereto.

14. During the first quarter of the 2020 tax year, the parties agree to meet and discuss the terms of a continued community service contribution by AHS to the Town for the municipal services provided by and expenses incurred by the Town as a result of Newton Medical Center, and any successor medical center being located in the Town.

15. This Agreement will remain in effect for the years 2016 through 2020 unless it is amended or terminated by mutual agreement of the parties hereto.

16. This Agreement may be signed in counterparts, each of which will be deemed an original.

17. Except as otherwise provided in this Agreement, this Agreement constitutes the entire agreement of the AHS and the Town with respect to the subject matter hereof and supersedes any and all prior written or oral understandings, negotiations and agreements.

18. This Agreement was jointly drafted by AHS and the Town and the language of this Agreement shall in all cases be construed as a whole according to its meaning and not strictly for or against any of the parties.

19. AHS and the Town agree to execute or cause its counsel to execute any additional documents and take any further action, which may reasonably be required to consummate this Agreement.

20. The Parties agree to resolve any dispute between them in reference to this Agreement in the Tax Court and either Party may apply to the Tax Court by motion or other appropriate proceeding to enforce this Agreement.

21. If any payment hereunder shall not be made within forty-five (45) days from the date when the same shall be paid, or in the event of a breach by AHS, the Town shall have the option to cancel the Agreement.

22. This Agreement shall be construed under the laws of the State of New Jersey as may be amended.

23. The failure of either party to insist upon strict performance of the terms and conditions of this Agreement shall not be construed as a waiver of any such term or condition, but the same shall be and remain in full force and effect, unless amended in writing.

24. Should any provision of this Agreement be found to be unenforceable, void or contrary to public policy by a court of competent jurisdiction in the form of a final judgment, then said provision shall be deleted from this Agreement. Such deletion, however, shall not affect the remaining provisions of this Agreement which shall remain in effect, unless the intent or purposes of the Agreement are frustrated by such deletion.

25. If a press release is required in response to press inquiries, any such release will be a joint statement agreed to by the parties.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the day and year first above written.

ATTEST:

AHS HOSPITAL CORP./NEWTON MEDICAL
CENTER

Susan Munter

By: Joseph A. Di Paolo
Joseph A. Di Paolo, President

THE TOWN OF NEWTON

Annmarie L. D'Alto

By: Sandra Lee D'Alto
Sandra Lee D'Alto, Mayor