

**SUPPLEMENTAL PROPERTY
AGREEMENT**

**MARK TWAIN HEALTH CARE DISTRICT,
a political subdivision of the State of California**

and

**MARK TWAIN MEDICAL CENTER,
a California nonprofit public benefit corporation**

[FEBRUARY __, 2019]

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SUPPLEMENTAL PROPERTY AGREEMENT

THIS SUPPLEMENTAL PROPERTY AGREEMENT (this “*Agreement*”) is made and effective as of February __, 2019 (the “*Execution Date*”) by and between Mark Twain Health Care District, a political subdivision of the State of California (“*District*”), and Mark Twain Medical Center, a California nonprofit public benefit corporation (“*MTMC*”). District and MTMC are referred to individually as a “*Party*” or collectively as the “*Parties*.”

RECITALS

WHEREAS, in 1990 the District entered into a collaborative arrangement with St. Joseph’s Regional Health System of Stockton (“*St. Joseph’s*”) to manage and make continuing improvements to Mark Twain Hospital, which later was renamed the Mark Twain Medical Center (the “*Medical Center*”);

WHEREAS, as part of the collaboration, the District and St. Joseph’s formed MTMC, and the District then entered into an agreement with MTMC to lease the Medical Center to MTMC pursuant to that certain Lease Agreement, dated as of January 1, 1990 (the “*1990 Lease*”), which lease contains a December 31, 2019 expiration date;

WHEREAS, St. Joseph’s later merged into Catholic Healthcare West, which was later renamed as Dignity Health, a California nonprofit public benefit corporation (“*Dignity Health*”);

WHEREAS, in connection with the December 31, 2019 expiration date of the 1990 Lease and in light of the District Board’s desire to continue and improve operations of the Medical Center and the District, the District Board undertook a multi-year planning process to identify an approach to best meet the District’s objectives of enhancing the economic viability of the Medical Center and promoting a broad range of healthcare services to the residents of Calaveras County;

WHEREAS, as the result of negotiations and opportunities for public input, Dignity Health and the District have determined that the optimal choice for meeting the long term needs of the communities served by the District include, without limitation, an early termination of the 1990 Lease and execution of a new long-term lease between the District and MTMC (the “*New Hospital Lease*”), as well as a Corporate Reorganization, as more particularly described in that certain Pre-Lease Agreement dated as of February [REDACTED], 2019 between the District and Dignity Health (the “*Pre-Lease Agreement*”);

WHEREAS, Dignity Health and Catholic Healthcare Initiatives, a Colorado nonprofit corporation (“*CHI*”), have entered into that certain Ministry Alignment Agreement, dated as of December 6, 2017, pursuant to which Dignity Health and CHI have agreed to align their respective health ministries (“*CHI Transaction*”);

WHEREAS, District is the fee owner or lessee of the sites noted on Schedule 1 attached hereto which have been leased (or subleased) by District to MTMC (“*District Ancillary Premises*”), which Schedule the Parties shall update from time to time as further District Ancillary Premises may be added or removed, as provided in Article VI below;

WHEREAS, MTMC operates, owns and/or leases from parties other than the District those other medical and health care related clinics or other facilities in Calaveras County related to MTMC's operation of the Hospital noted on Schedule 2 attached hereto (the "**MTMC Ancillary Premises**"), which Schedule the Parties shall update from time to time as further MTMC Ancillary Premises may be added or removed, as provided in Article VI below (for clarity, the MTMC Ancillary Premises are properties that are neither owned nor leased by District);

WHEREAS, in connection with the early termination of the 1990 Lease, which requires the District to purchase certain of MTMC's assets relating to the Medical Center, the District Ancillary Premises and the MTMC Ancillary Premises upon termination thereof, and the implementation of the Corporate Reorganization, and as a condition of the New Hospital Lease, and as more fully provided in the Pre-Lease Agreement, Dignity Health and the District agreed that the District and MTMC would enter into an agreement to implement and clarify District's purchase of those MTMC's assets (the "**Effective Date Hospital Assets**" as more fully described below) at the expiration of the 1990 Lease. This Agreement constitutes the Supplemental Property Agreement described in the Pre-Lease Agreement; and

WHEREAS, in addition to District's purchase of the Effective Date Hospital Assets from MTMC, the Parties are entering into this Agreement to provide for the terms and conditions of MTMC's use of the Effective Date Hospital Assets during the Term of this Agreement, and to provide for District's obligation to purchase MTMC's then-current Hospital Assets (excluding the Effective Date Hospital Assets which are being leased to MTMC hereunder) and assume related contracts, at the end of the Term of this Agreement.

NOW, THEREFORE, in consideration of the foregoing premises and the mutual promises and covenants contained in this Agreement, and for their mutual reliance, the Parties hereto agree as follows:

ARTICLE I DEFINITIONS

1.1 Definitions. As used in this Agreement, and unless the context requires a different meaning, the following terms have the meanings given below. All other capitalized terms not otherwise defined in this Agreement have the meaning given such term in the Pre-Lease Agreement.

(a) "**Action**" is as defined in the Pre-Lease Agreement.

(b) "**Alterations**" shall mean alterations, additions, or improvements (including construction-in-progress) to any of the Combined Premises, including, without limitation, capital replacements, permanent equipment acquisition and installation, renovations, legal compliance modifications and repair of casualty damage (including Building Fixtures, but excluding Trade Fixtures).

(c) "**Ancillary Premises**" means the District Ancillary Premises and the MTMC Ancillary Premises.

- (d) “*Bill of Sale*” means the bill of sale in substantially the form attached hereto as Attachment 1.1(c).
- (e) “*Building Fixtures*” means “fixtures” as defined in UCC §9102 (but excluding Trade Fixtures).
- (f) “*Combined Premises*” means the Medical Center and the Ancillary Premises.
- (g) “*Dispute*” is as defined in Section 11.1.
- (h) “*District Acquisition Cost*” means [Insert dollar amount once calculated] Dollars (\$), which the Parties acknowledge and agree equals the net book value of MTMC’s Effective Date Hospital Assets as of Effective Date, less \$4,699,000.00.
- (i) “*District Ancillary Premises*” is as defined in the Recitals.
- (j) “*Effective Date*” means the Closing Date under the Pre-Lease Agreement.
- (k) “*Effective Date Hospital Assets*” means those MTMC owned Alterations and FF&E respecting the Combined Premises listed in the schedule attached hereto as Attachment 1.1(h) (but excluding the Angels Camp Clinic construction-in-progress expenditures incurred and recorded after June 30, 2018).
- (l) “*Execution Date*” is as defined in the introductory clause of this Agreement.
- (m) “*FF&E*” means any furniture, fixtures, equipment, machinery, tools, signs and other personal property, including Trade Fixtures (whether movable or attached), but excluding Building Fixtures.
- (n) “*Government Entity*” is as defined in the Pre-Lease Agreement.
- (o) “*HA Purchase Price*” is as defined in Section 9.2.
- (p) “*Hospital Assets*” means all Alterations and FF&E located at the Combined Premises, as well as MTMC-owned inventory and supplies located at the Combined Premises.
- (q) “*Knowledge*” is as defined in the Pre-Lease Agreement.
- (r) “*Laws*” is as defined in the Pre-Lease Agreement.
- (s) “*Lease Related Transactions*” is as defined in the Pre-Lease Agreement.
- (t) “*MTMC Ancillary Premises*” is as defined in the Recitals.
- (u) “*Person*” is as defined in the Pre-Lease Agreement.

(v) “*Pre Lease Agreement*” is as defined in the Recitals.

(w) “*Premises Lease(s)*” mean the New Hospital Lease and/or the underlying occupancy agreement (e.g. lease, sublease, etc.) respecting a particular Ancillary Premises, as applicable.

(x) “*Representatives*” is as defined in Section 3.5.

(y) “*Term*” means the period of time between the Effective Date of this Agreement and the expiration or earlier termination of the New Hospital Lease, such that the term of this Agreement shall be coterminous with the term of the New Hospital Lease, and shall automatically terminate upon the expiration or earlier termination of the New Hospital Lease (except as to those provisions which expressly survive hereunder).

ARTICLE II

TRANSFER AND PURCHASE OF EFFECTIVE DATE HOSPITAL ASSETS

2.1 Transfer of the Effective Date Hospital Assets. Upon the terms and subject to the conditions set forth in this Agreement, on the Effective Date, MTMC shall sell, assign, transfer, convey and deliver to District, and District shall accept from MTMC, all of MTMC’s right, title and interest in and to MTMC’s Effective Date Hospital Assets, which transfer shall be in the current “AS-IS” condition of such Effective Date Hospital Assets and is made without warranty or representation of any kind or nature. Furthermore, the Parties acknowledge that MTMC will, concurrently with this sale to the District, lease back from the District all of the Effective Date Hospital Assets pursuant to Article V below (and pursuant to the New Hospital Lease with respect to Alterations pertaining to the Medical Center) in the current “AS-IS” condition of such Effective Date Hospital Assets.

2.2 Effectuation of Transfer of Effective Date Hospital Assets. To effectuate the transfer of the Effective Date Hospital Assets, on the Effective Date:

(a) District shall pay to MTMC, via a wire transfer to an account designated by MTMC, in immediately available U.S. cash dollars, an amount equal to the District Acquisition Cost, as provided in the Pre-Lease Agreement;

(b) Each Party shall execute and deliver at least two (2) originals of the Bill of Sale, conveying the Effective Date Hospital Assets to the District, and deliver at least one (1) duly executed counterpart original to the other Party, such that each Party shall have at least one (1) fully executed original.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF MTMC

MTMC represents and warrants to the District that the following representations and warranties are true and correct as of the Execution Date. If the Effective Date is a date other than the Execution Date, these representations and warranties shall also be true and correct as of the Effective Date.

3.1 Organization, Power, Absence of Conflicts.

(a) Organization; Good Standing.

(i) MTMC is a nonprofit public benefit corporation duly organized, validly existing and in good standing under the laws of the State of California (the “*State*”), and has full power and authority to carry on its business in the State and is duly licensed, qualified or admitted to do business and is in good standing in every jurisdiction in which MTMC conducts business.

(b) Authority; No Conflict; Required Filings and Consents.

(i) MTMC has all requisite power and authority to conduct its business as now being conducted, to execute, deliver and enter into this Agreement, to consummate the transactions contemplated hereby and to perform its obligations hereunder. The execution and delivery of this Agreement, and the consummation of the transactions contemplated hereby, have been duly authorized by all necessary action on the part of MTMC. This Agreement has been duly executed and delivered by MTMC and is a legal, valid and binding obligation of MTMC, enforceable against MTMC in accordance with its terms, except to the extent that enforceability may be limited by applicable bankruptcy, reorganization, insolvency, moratorium or other Laws affecting the enforcement of creditors' rights generally and by general principles of equity, regardless of whether such enforceability is considered in a proceeding at law or equity.

(ii) The execution and delivery by MTMC of this Agreement, does not, and consummation of the transactions contemplated hereby will not, (A) conflict with, or result in any violation or breach of any provision of the governing documents of MTMC, as amended to date, (B) violate any Law applicable to MTMC, or (C) conflict with or result in a breach of, or give rise to a right of termination of or loss of benefit under, or accelerate the performance required by the terms of any judgment, court order or consent decree, or any material agreement to which MTMC is party or constitute a default thereunder.

(iii) Neither the execution and delivery of this Agreement by MTMC nor the consummation of the transactions contemplated hereby will require any consent, approval, order or authorization of, or registration, declaration or filing with, or notification to any Governmental Entity or any Person by MTMC, except for such consents, approvals, orders, authorizations, registrations, declarations and filings that are identified in the corresponding schedule of the Pre-Lease Agreement.

3.2 Litigation, Claims or Investigations. There is no Action pending or, to MTMC’s Knowledge, threatened against MTMC (a) which, if adversely determined, could reasonably be expected to materially adversely affect MTMC’s ability to perform hereunder, (b) which seeks to enjoin or obtain damages due to the Lease Related Transactions (as defined in the Pre-Lease Agreement), or (c) which could reasonably be expected to have a material adverse effect on MTMC’s ability to conduct the operations of the Combined Premises on or after the Effective Date.

3.3 Brokers and Finders. MTMC has not entered into any contracts, agreements, arrangements or understandings with any Person that could give rise to any claim for a broker's, finder's or agent's fee or commission or other similar payment in connection with the negotiations leading to this Agreement or the consummation of the transactions contemplated herein.

3.4 Material Misstatements or Omissions. Subject to qualifications expressly set forth in this Article III regarding knowledge, the representations and warranties of MTMC in this Article III do not contain any untrue statement of fact and do not omit any fact necessary to make the representations and warranties of MTMC not misleading in any material respect.

3.5 No Other Representations. The District acknowledges and agrees that, except as expressly set forth in this Agreement or in the other Transaction Documents (as defined in the Pre-Lease Agreement), neither MTMC, nor its respective officers, directors, attorneys, financial advisors, agents or other representatives (collectively "**Representatives**"), is making any representation or warranty, express or implied, with respect to MTMC.

ARTICLE IV REPRESENTATIONS AND WARRANTIES OF THE DISTRICT

The District represents and warrants to MTMC that the following representations and warranties are true and correct as of the Execution Date. If the Effective Date is a date other than the Execution Date, these representations and warranties shall also be true and correct as of the Effective Date.

4.1 Organization, Power, Absence of Conflicts.

(a) The District has all requisite power and authority to conduct its business as now being conducted, to execute, deliver and enter into this Agreement, to consummate the transactions contemplated hereby and to perform its obligations hereunder. The execution and delivery of this Agreement, and the consummation of the transactions contemplated hereby, have been duly authorized by all necessary action on the part of the District. This Agreement has been duly executed and delivered by the District and is a legal, valid and binding obligation of the District, enforceable against the District in accordance with its terms, except to the extent that enforceability may be limited by applicable bankruptcy, reorganization, insolvency, moratorium or other Laws affecting the enforcement of creditors' rights generally and by general principles of equity, regardless of whether such enforceability is considered in a proceeding at law or equity.

(b) The execution and delivery by the District of this Agreement does not, and consummation of the transactions contemplated hereby will not, (A) conflict with, or result in any violation or breach of any provision of the governing documents of the District, as amended to date, (B) violate any Law applicable to the District, or (C) conflict with or result in a breach of, or give rise to a right of termination of or loss of benefit under, or accelerate the performance required by the terms of any judgment, court order or consent decree, or any material agreement to which the District is party or constitute a default thereunder.

(c) Neither the execution and delivery of this Agreement by the District nor the consummation of the transactions contemplated hereby will require any consent, approval,

order or authorization of, or registration, declaration or filing with, or notification to any Governmental Entity or any Person by the District, except for such consents, approvals, orders, authorizations, registrations, declarations and filings that are identified in the corresponding schedule of the Pre-Lease Agreement.

4.2 Litigation, Claims or Investigations. There is no Action pending or, to the District's Knowledge, threatened against the District (a) which, if adversely determined, could reasonably be expected to materially adversely affect the District's ability to perform hereunder, (b) which seeks to enjoin or obtain damages due to the Lease Related Transactions, or (c) which could reasonably be expected to have a material adverse effect on MTMC's ability to conduct the operations of the Combined Premises on or after the Effective Date.

4.3 Brokers and Finders. The District has not entered into any contracts, agreements, arrangements or understandings with any Person that could give rise to any claim for a broker's, finder's or agent's fee or commission or other similar payment in connection with the negotiations leading to this Agreement or the consummation of the transactions contemplated herein.

4.4 Intentionally Omitted.

4.5 Material Misstatements or Omissions. Subject to qualifications expressly set forth in this Article IV regarding knowledge, the representations and warranties of the District in this Article IV do not contain any untrue statement of fact and do not omit any fact necessary to make the representations and warranties of the District not misleading in any material respect.

4.6 No Other Representations. MTMC acknowledges and agrees that, except as expressly set forth in this Agreement, neither the District nor any of its Representatives, is making any representation or warranty, express or implied, with respect to the District, as applicable.

ARTICLE V

USE OF EFFECTIVE DATE HOSPITAL ASSETS DURING TERM; INSURANCE

5.1 District hereby leases back to MTMC, and MTMC hereby leases from District, the Effective Date Hospital Assets, at no additional charge to MTMC other than Rent payable under the New Hospital Lease (but excluding the Medical Center's Alterations and Building Fixtures, as such Medical Center Alterations and Building Fixtures are part of the "Leased Premises" under the New Hospital Lease).

5.2 MTMC shall maintain the Effective Date Hospital Assets in good condition and repair, ordinary wear and tear and casualty damage excepted. Notwithstanding the foregoing, MTMC may dispose of any Effective Date Hospital Assets which become inadequate, obsolete, worn out, unsuitable, undesirable, unnecessary or are of no reasonable further use to MTMC in connection with its operations; provided, that if any disposed equipment has a salvage value in excess of Ten Thousand Dollars (\$10,000), MTMC shall provide District with prior notice of its disposal, and District shall have the right to purchase such equipment from MTMC at its Stipulated Value. Stipulated Value shall be the lesser of said equipment's salvage value or its net book value as of the Effective Date of the Lease Agreement, multiplied by: 0% during the

first year of the Lease Agreement, 10% during the second year, 20% during the third year, 30% during the fourth year, 40% during the fifth year, 50% during the sixth year, 60% during the seventh year, 70% during the eighth year, 80% during the ninth year, 90% during the tenth year, and 100% thereafter. In no event shall MTMC be required to replace any of the Effective Date Hospital Assets not otherwise required to operate the Medical Center in compliance with the New Hospital Lease, or to operate any of the other Ancillary Premises in compliance with such Premises Leases (any such replacement to be at MTMC's sole discretion). If and to the extent any such Effective Date Hospital Assets are replaced by MTMC during the Term (excluding replacements using applicable casualty proceeds), such replacements shall be the sole property of MTMC for the duration of the Term, and shall in no event be deemed Building Fixtures, even if affixed to the applicable premises. Such exclusion shall not limit District's obligation to purchase such replacements pursuant to Article IX below.

5.3 MTMC covenants and agrees that MTMC will keep the Hospital Assets adequately insured at all times against loss or damage by fire, lightning, vandalism, malicious mischief and all other risks reasonably and customarily covered by the extended coverage insurance endorsement then in use in the State, in an amount equal to the "full replacement value" thereof. As used in this Agreement, the term "full replacement value" is the cost of repairing or replacing such items, whichever is less, with replacements that are substantially identical in kind, quality and capacity without deduction for depreciation. Such insurance shall otherwise be in conformance with the requirements of Sections 6.1 and 6.3 of the New Hospital Lease. During the Term of this Agreement, MTMC shall use the proceeds of the insurance maintained under this paragraph for the repair or replacement of the Hospital Assets, whichever is less. In the event the New Hospital Lease terminates as a result of casualty damage (thereby resulting in the termination of this Agreement), District shall be entitled to proceeds of the insurance respecting the Hospital Assets. Notwithstanding anything to the contrary in this Section 5.3, if there is any conflict between the terms of the New Hospital Lease and the terms of this Section 5.3, the terms of the New Hospital Lease shall control as to the Medical Center.

ARTICLE VI ADDITIONAL ANCILLARY PREMISES

6.1 Additional District Ancillary Premises. If the Parties enter into additional Premises Leases for additional District Ancillary Premises, or if a Premises Lease which is for a District Ancillary Premises expires (not in holdover) or is otherwise terminated, then Schedule 1 shall be deemed to have been revised to reflect such change, and the Parties shall cooperate with one another to revise Schedule 1 to either add or remove such District Ancillary Premises to/from Schedule 1, as applicable.

6.2 Additional MTMC Ancillary Premises

(a) If MTMC desires to obtain additional MTMC Ancillary Premises and (1) MTMC's acquisition debt or the aggregate "net present value of the rental" (as defined below) of same, when added to all of the Premises Leases for MTMC Ancillary Premises (with the addition of such newly proposed MTMC Ancillary Premises) plus the sum of MTMC's long-term debt is less than or equal to the 75% debt-to-capital ratio threshold as set forth in Section 5.13 of the New Hospital Lease, and (2) MTMC's obtaining such MTMC Ancillary Premises does not result

in the cumulative net book value exceeding the applicable cumulative net book value threshold set forth in Section 4.4(a) of the New Hospital Lease, then MTMC may enter into such purchase or Premises Lease for such MTMC Ancillary Premises without the District's consent, Schedule 2 shall be deemed to have been revised to reflect such change, and the Parties shall cooperate with one another to revise Schedule 2 to add such further MTMC Ancillary Premises to Schedule 2; provided, however, that if the term of any proposed Premises Lease(s) for MTMC Ancillary Premises would extend beyond the Term of the New Hospital Lease (including Extension Terms), then MTMC may not enter into such Premises Lease for such MTMC Ancillary Premises unless the District consents thereto, which consent shall not be unreasonably withheld, conditioned or delayed.

(b) If MTMC desires to obtain additional MTMC Ancillary Premises and (1) MTMC's acquisition debt or the aggregate "net present value of the rental" (as defined below) of same, when added to all of the Premises Leases for MTMC Ancillary Premises (with the addition of such newly proposed MTMC Ancillary Premises) plus the sum of MTMC's long-term debt exceeds the 75% debt-to-capital ratio threshold as set forth in Section 5.13 of the New Hospital Lease, or (2) MTMC's obtaining such MTMC Ancillary Premises results in the cumulative net book value exceeding the applicable cumulative net book value threshold set forth in Section 4.4(a) of the New Hospital Lease, then MTMC may not enter into such purchase or Premises Lease for such MTMC Ancillary Premises unless the District consents thereto, which consent the District may withhold, condition or delay in its sole discretion. If District approves such MTMC Ancillary Premises, then Schedule 2 shall be deemed to have been revised to reflect such change, and the Parties shall cooperate with one another to revise Schedule 2 to add such further MTMC Ancillary Premises to Schedule 2. As used herein, the term "net present value of the rental" shall mean the stream of recurring minimum rent payments due to the applicable landlord for base rent (excluding common area maintenance charges (if any)) during the then current minimum lease term (i.e. excluding option terms), discounted at 6% per annum.

(d) If a Premises Lease which is for a MTMC Ancillary Premises expires or is otherwise terminated, then Schedule 2 shall be deemed to have been revised to reflect such change, and the Parties shall cooperate with one another to revise Schedule 2 to remove such MTMC Ancillary Premises from Schedule 2.

ARTICLE VII UTILITIES

District shall have the obligation to pay for Utilities (as defined in the New Hospital Lease) to the Combined Premises, if and to the extent so provided in the New Hospital Lease.

ARTICLE VIII ALTERATIONS AND ADDITIONAL FF&E DURING THE TERM

MTMC may make Alterations to the Combined Premises and/or acquire FF&E for the Combined Premises provided that they are consistent with the limitations on use contained in the applicable Premises Lease, and further provided that MTMC shall obtain the prior written consent of the District (not to be unreasonably withheld, conditioned or delayed) for such Alterations and FF&E that, as of the then-current Expiration Date of the New Hospital Lease,

would cause the cumulative net book value (i.e. amortized cost) of all such Alterations made and FF&E acquired, including all Ancillary Premises real property owned (rather than leased) by MTMC (if any), during the Term of the New Hospital Lease, to exceed the applicable thresholds set forth in Section 4.4(a)(i) of the New Hospital Lease. Notwithstanding the above, it shall be unreasonable for District to withhold, condition or delay consent to any FF&E that replaces worn or damaged Effective Date Hospital Assets and/or that is legally required in connection with the operation of the Hospital or to otherwise comply with MTMC's obligations under the New Hospital Lease or any other Premises Lease(s) for the Ancillary Premises as to such Ancillary Premises.

ARTICLE IX
TRANSFER AND PURCHASE OF HOSPITAL ASSETS AT END OF TERM

9.1 Lease Assumptions

At the end of the Term of this Agreement, District will:

(i) with respect to the District Ancillary Premises, terminate all rights of possession of MTMC under any applicable Premises Leases;

(ii) with respect to the MTMC Ancillary Premises (including subsequently acquired MTMC Ancillary Premises added to Schedule 2 pursuant to Article VI above), if such MTMC Ancillary Premises is leased from a third party to MTMC then MTMC shall assign and District shall assume each such Premises Lease and all obligations as "MTMC" under each such Premises Lease at the end of the Term of this Agreement. The Parties will cooperate to obtain any landlord consents to such assignment and assumption as of the end of the Term of this Agreement. District acknowledges and agrees that such assumption obligation shall include the obligation of District to assume each Premises Lease for which MTMC is a sublessor, including, without limitation, any part-time subleases.

(iii) with respect to equipment leases for FF&E, MTMC shall assign and District shall assume each such lease and all obligations as "MTMC" under each such lease at the end of the Term of this Agreement. The Parties will cooperate to obtain any equipment lessor consents to such assignment and assumption as of the end of the Term of this Agreement.

9.2 Purchase of Hospital Assets.

(i) At the end of the Term of this Agreement, in accordance with the payment schedule set forth in subsection (ii) below, and excluding any MTMC owned FF&E actually removed by MTMC's creditor(s) as permitted under Section 4.5 of the New Hospital Lease, District shall pay to MTMC an amount equal to the fair market value (as determined in accordance with the procedures set forth in Schedule 9.2 attached hereto) at the time of such termination or expiration of all of the Hospital Assets respecting the Combined Premises (including, without limitation, replacements of the Effective Date Hospital Assets), and including the fair market value of all MTMC Ancillary Premises real property owned (rather than leased) by MTMC (if any), minus: (a) the net book value as of the Effective Date of the Lease Agreement of any remaining Effective Date Hospital Assets, multiplied by: 100% if termination

occurs prior to the first anniversary of the Effective Date of the Lease Agreement, 90% if termination occurs prior to the second anniversary, 80% if termination occurs prior to the third anniversary, 70% if termination occurs prior to the fourth anniversary, 60% if termination occurs prior to the fifth anniversary, 50% if termination occurs prior to the sixth anniversary, 40% if termination occurs prior to the seventh anniversary, 30% if termination occurs prior to the eighth anniversary, 20% if termination occurs prior to the ninth anniversary, 10% if termination occurs prior to the tenth anniversary, and 0% thereafter, and (b) the outstanding balance of any Non-Electrical Utilities payable by MTMC to Landlord pursuant to Section 3.5(c) of the New Hospital Lease, if any, that have not yet been paid to District as additional rent (collectively, the “*HA Purchase Price*”). MTMC shall deliver to District at the end of the Term of this Agreement good and marketable title to all such Hospital Assets owned by MTMC and so purchased by District at the end of the Term of this Agreement (by execution of a bill of sale in substantially the same form as the bill of sale executed concurrently with the Effective Date of this Agreement in connection with the conveyance to District of the Effective Date Hospital Assets), and shall transfer to District any FF&E leased by MTMC if District assumes the applicable lease(s). Notwithstanding the foregoing, if District disapproved any MTMC request(s) for Alterations and/or FF&E during the Term, District may nevertheless elect to purchase any or all such disapproved Alterations and/or FF&E at the end of the Term as a part of the Hospital Assets, however, MTMC shall have no obligation to convey any such disapproved Alterations and/or FF&E to District unless District so elects to purchase such Alterations and FF&E from MTMC in accordance with this paragraph.

(ii) The HA Purchase Price may be paid in installments as follows: (a) accrued interest plus twenty (20%) percent of the HA Purchase Price shall be paid by District within one hundred and eighty (180) days after the end of the Term of this Agreement; and (b) each year thereafter for four (4) consecutive years on the annual anniversary of the one hundred and eightieth (180th) day after the end of the Term of this Agreement, the then accrued interest plus another twenty (20%) percent of the HA Purchase Price shall be paid by District to MTMC until the HA Purchase Price and all accrued interest has been paid in full. Provided, however, that District may, without penalty, prepay any amount owing. And further provided, that the amount due shall accrue interest (from the end of the Term) compounded monthly, at the Wall Street Journal Prime Rate (or in the event such rate is no longer published or otherwise available, such comparable replacement rate as may be reasonably agreed by the Parties) plus one (1%) percent adjusted monthly. And further provided, that should MTMC seek to dissolve following end of the Term of this Agreement and MTMC determines that the provisions of this subsection (ii) permitting payment over time may become a constraining factor in the wind-up of MTMC’s affairs, then the District shall use commercially reasonable and diligent efforts to obtain alternative financing to enable District to pay the outstanding balance of the HA Purchase Price (including accrued by unpaid interest) in full so as to permit MTMC to timely wind-up its affairs and dissolve; provided, however, that District shall not have any obligation to accept any such alternate financing that is on terms less favorable to District than the terms set forth in this subsection (ii). At the end of the Term of this Agreement (and as a condition of MTMC’s execution and delivery of the bill of sale under subsection (i) above), District shall execute a promissory note in form reasonably acceptable to MTMC reflecting the terms of this subsection (ii).

The obligations under this Article IX shall survive the termination of this Agreement.

ARTICLE X
ADDITIONAL COVENANTS AND AGREEMENTS

10.1 Further Assurances. Each Party shall execute and deliver such instruments, in form and substance mutually agreeable to the Parties, as the other Party may reasonably require in order to carry out the terms of this Agreement.

ARTICLE XI
DISPUTE RESOLUTION

11.1 Dispute Resolution. Except as otherwise provided in this Agreement, any dispute, claim or controversy arising out of or relating to this Agreement, or the breach, termination, enforcement, interpretation, or validity thereof (collectively, a “*Dispute*”) shall be settled in accordance with the Dispute Resolution provisions set forth in Section 17.4 of the New Hospital Lease.

11.2 Attorneys' Fees and Costs. Subject to Section 11.1 above, if either Party brings an action or proceeding arising out of or relating to this Agreement, the non-prevailing Party shall pay to the prevailing Party reasonable attorneys’ fees and costs incurred in such action. Any judgment or order entered shall contain a provision providing for the recovery of attorneys’ fees and costs incurred in enforcing such judgment. The prevailing Party shall be the Party who is entitled to recover its costs of suit (as determined by the court of competent jurisdiction or the arbitrator), whether or not the action or proceeding proceeds to final judgment or award.

11.3 Survival. This Article XI shall survive the expiration or termination of this Agreement.

ARTICLE XII
MISCELLANEOUS

12.1 Notices. All notices or communications required or permitted under this Agreement shall be given in writing and shall be delivered to the Party to whom notice is to be given either (a) by personal delivery (in which cases such notice shall be deemed given on the date of delivery), (b) by next business day courier service (e.g., Federal Express, UPS or other similar service) (in which case such notice shall be deemed given on the business day following date of deposit with the courier service), or (c) by United States mail, first class, postage prepaid, registered or certified, return receipt requested (in which case such notice shall be deemed given on the third (3rd) day following the date of deposit with the United States Postal Service). In each case, notice shall be delivered or sent to the address noted below, or to such other address as provided by a Party to the other Party, from time to time, pursuant to this Section.

<u>To District:</u>	President, Board of Directors
	Mark Twain Health Care District
	P.O. Box 95
	San Andreas, CA 95249

With a copy to: Executive Director
Mark Twain Health Care District
P.O. Box 95
768 Mountain Ranch Road
San Andreas, CA 95249

With a copy to: Best, Best and Krieger
Attn.: Colin Coffey
2001 N. Main Street, Suite 390
Walnut Creek, CA 94596

To MTMC: Board of Trustees
Mark Twain Medical Center
768 Mountain Ranch Road
San Andreas, CA 95249
Attn: Chairperson

With a copy to: Mark Twain Medical Center
768 Mountain Ranch Road
San Andreas, CA 95249
Attn: President and CEO

and a copy to: Dignity Health
10901 Gold Center Drive
Rancho Cordova, CA 95670
Attn: Corporate Real Estate

and

and a copy to: Dignity Health
3400 Data Drive
Rancho Cordova, CA 95670
Attn: Legal Department

12.2 Counterparts. This Agreement may be executed in one or more counterparts and may be exchanged by email transmission, each of which shall be deemed to be an original but all of which together shall constitute one and the same document.

12.3 Captions and Section Headings. Captions and section headings are for convenience only, are not a part of this Agreement and may not be used in construing it.

12.4 Cooperation. Each of the Parties agrees to cooperate in the effectuation of this Agreement and the related transactions and to execute any and all additional documents and to take such additional action as is reasonably necessary or appropriate for such purposes.

12.5 Entire Agreement. This Agreement, including any certificate, schedule, exhibit or other document delivered pursuant to its terms, and each of the other Transaction Documents (as defined in the Pre-Lease Agreement) executed concurrently herewith, constitutes the entire agreement between the Parties related to the subject matter hereof, and supersedes all prior agreements and understandings between the Parties relating to the subject matter hereof, except that this Agreement does not supersede the terms and conditions which survive the Closing under the Pre-Lease Agreement. There are no verbal agreements, representations, warranties, or undertakings between the Parties other than as provided or referenced herein, and those included in the Pre-Lease Agreement and the New Hospital Lease, and this Agreement may not be amended or modified in any respect, except by a written instrument signed by the Parties to this Agreement.

12.6 Conflict.

(a) In the event of any inconsistency or conflict between the terms and conditions set forth in this Agreement and the terms and conditions set forth in the attachments or exhibits to this Agreement, the terms and conditions of this Agreement shall govern.

(b) In the event of any inconsistency or conflict between the terms and conditions set forth in this Agreement and the terms and conditions of any of the Premises Leases for the MTMC Ancillary Premises, the terms of the Premises Lease for the MTMC Ancillary Premises shall control.

(c) In the event of any inconsistency or conflict between the terms and conditions set forth in this Agreement and the terms and conditions of the New Hospital Lease or any of the Premises Leases for the District Ancillary Premises, the terms of this Agreement shall control, except with respect to the real property under the New Hospital Lease, in which event the New Hospital Lease shall control.

12.7 Governing Laws. This Agreement is to be governed by and construed in accordance with the internal laws of the State.

12.8 Assignment. This Agreement shall not be assigned or otherwise transferred by any Party without the prior written consent of the other Party. Notwithstanding anything contained in this Agreement to the contrary, MTMC may assign this Agreement to any assignee of the Lease (assigned in accordance with the terms of the Lease). Furthermore, notwithstanding anything to the contrary herein, District acknowledges that it is aware of the proposed merger between Dignity Health and Catholic Health Initiatives (the “CHI Transaction”) and that the CHI Transaction is expressly permitted and will not be deemed a prohibited assignment or other transfer of this Agreement.

12.9 Expenses. Each Party shall be responsible for the payment of all attorney fees and costs incurred by such Party in connection with the negotiation, due diligence and completion of the final terms of this Agreement.

12.10 No Third-Party Beneficiaries. Except as expressly provided otherwise in this Agreement, the terms and provisions of this Agreement (including provisions regarding employee and employee benefit matters) are intended solely for the benefit of the Parties and

their respective successors and permitted assigns, and are not intended to confer third-party beneficiary rights upon any other person.

12.11 Certain References. As used in this Agreement, and unless the context requires otherwise: references to “*include*” or “*including*” mean including without limitation; references to any document are references to that document as amended, consolidated, supplemented or replaced by the Parties thereto from time to time; references to any law are references to that law as amended, consolidated, supplemented or replaced from time to time and all rules and regulations promulgated thereunder; references to time are references to California time; and the gender of all words includes the masculine, feminine and neuter, and the number of all words includes the singular and plural.

12.12 Waiver. No delay or failure to require performance of any provision of this Agreement shall constitute a waiver of the performance of such provision or any other instance. Any waiver granted by a Party must be in writing, and shall apply solely to the specific instance expressly stated.

12.13 Severability. In the event that any one or more of the provisions contained in this Agreement shall be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained in this Agreement shall not in any way be affected or impaired. To the extent permitted by applicable law, each Party to this Agreement waives any provision of law which renders any provision of this Agreement invalid, illegal or unenforceable in any respect. In the event any provision of this Agreement shall be held invalid, illegal or unenforceable, the Parties shall use all reasonable efforts to substitute a valid, legal and enforceable provision which implements the purposes and intents of this Agreement.

12.14 Successors and Assigns. The covenants and conditions contained herein, apply to and bind the heirs, successors, executors, administrators and assigns of the Parties.

12.15 Consent. Except as otherwise provided in the Agreement, any time MTMC is required to obtain the District’s approval or consent of District or an agent of District under the terms of the Agreement, District and/or its agent shall not unreasonably withhold, condition or delay its approval or consent. Except where a different response period is expressly set forth in this Agreement, District’s failure to respond within thirty (30) days of receipt of request for approval or consent shall be deemed approval. Whenever this Agreement grants District or MTMC the right to take action, exercise discretion, establish rules and regulations or make allocations or other determinations (other than decisions to exercise expansion, contraction, cancellation, termination or renewal options), District and MTMC shall act reasonably and in good faith and take no action which might result in the frustration of the reasonable expectations of sophisticated parties concerning the benefits to be enjoyed under the Agreement.

[Signature page follows]

IN WITNESS WHEREOF, the Parties have duly executed this Agreement effective as of the date first above written.

DISTRICT:

MARK TWAIN HEALTH CARE DISTRICT, a
political subdivision of the State of California

By: _____
Name: _____
Title: _____

MTMC:

Mark Twain Medical Center, a California
nonprofit public benefit corporation

By: _____
Name: _____
Title: _____

ATTACHMENT 1.1(c)
FORM OF BILL OF SALE

[See Attached]

BILL OF SALE

THIS BILL OF SALE (this “*Bill of Sale*”) is entered into as of _____, 20____ by and between Mark Twain Medical Center, a California nonprofit public benefit corporation (“*Transferor*”) and Mark Twain Health Care District, a political subdivision of the State of California (“*Transferee*”).

RECITALS

A. Transferee and Transferor are parties to that certain Supplemental Property Agreement dated as of _____, 20____ (the “**Transfer Agreement**”), pursuant to which, among other things, Transferor has agreed to sell, assign, transfer, convey and deliver to Transferee, and Transferee has agreed to purchase and acquire from Transferor the Effective Date Hospital Assets (as defined in the Transfer Agreement and more specifically set forth on Exhibit A attached hereto and incorporated by reference).

B. All capitalized terms used but not otherwise defined herein shall have the respective meanings ascribed to them in the Transfer Agreement.

NOW, THEREFORE, in consideration of the foregoing premises and the mutual promises and covenants contained in this Agreement and set forth in the Transfer Agreement, and for their mutual reliance, the parties hereto agree as follows: :

1. Transferor hereby sells, assigns, transfers, conveys and delivers to Transferee, now and forever, all of Transferor’s right, title and interest in and to the Effective Date Hospital Assets, which Effective Date Hospital Assets are being transferred in their current “**AS-IS**” condition without warranty or representation of any kind or nature except as otherwise expressly provided in the Transfer Agreement.

2. Transferor and Transferee each hereby covenant and agree that it will, at any time and from time to time after the date hereof, at the request of the other and without additional consideration, execute and deliver such other instruments or documents of sale, transfer, conveyance and assignment, and take such other actions as may reasonably be necessary to (a) effectively sell, assign, transfer, convey and deliver the Effective Date Hospital Assets to Transferee and its successors and assigns, and (b) otherwise carry out the purpose of transferring ownership and possession of the Effective Date Hospital Assets in accordance with the Transfer Agreement.

3. Miscellaneous.

(a) This Bill of Sale is subject in all respects to the provisions of the Transfer Agreement, and shall be of no force and effect unless and until the District Acquisition Cost is paid by District to MTMC.

(b) This Bill of Sale may not be amended or modified otherwise than by an instrument in writing signed by Transferor and Transferee.

(c) This Bill of Sale shall be binding upon and inure to the benefit of the Parties and their respective successors and assigns.

(d) This Bill of Sale may be executed in one or more counterparts and may be exchanged by email transmission, each of which shall be deemed to be an original but all of which together shall constitute one and the same document.

(e) This Bill of Sale is to be governed by and construed in accordance with the internal laws of the State of California.

[Signature Page Follows]

IN WITNESS WHEREOF, the Parties have duly executed this Bill of Sale effective as of the date first above written.

TRANSFEROR:

MARK TWAIN MEDICAL CENTER, a
California nonprofit public benefit corporation

By: _____
Name: _____
Title: _____

TRANSFeree:

MARK TWAIN HEALTH CARE DISTRICT, a
political subdivision of the State of California

By: _____
Name: _____
Title: _____

EXHIBIT "A" TO BILL OF SALE
LIST OF EFFECTIVE DATE HOSPITAL ASSETS

[See Attached]¹

¹ NTD: To be attached at Closing.

SCHEDULE 1

DISTRICT ANCILLARY PREMISES

AS OF EFFECTIVE DATE:

<u>NAME</u>	<u>ADDRESS</u>
FMC - San Andreas (Sublease)	704 Mountain Ranch Road, Suites 103, 104 and 105 San Andreas, CA 95249
Specialty Care Center - San Andreas (Sublease)	704 Mountain Ranch Road, Suite 102 San Andreas, CA 95249

SCHEDULE 2

MTMC ANCILLARY PREMISES

AS OF EFFECTIVE DATE:

<u>NAME</u>	<u>ADDRESS</u>
FMC - Angels Camp	222 S. Main Street Angels Camp, CA 95222
FMC - Arnold	2182 Hwy 4, Suite A-100 Arnold, CA 95223
FMC - Copperopolis	3505 Spangler Lane, Suite 400 Copperopolis, CA 95228
FMC - Valley Springs	1919 Vista Del Lago Drive, Suites 9A, 9B and 10 Valley Springs, CA 95252
Specialty Care Center – Angels Camp	585 Stanislaus Street, Suite A Angels Camp, CA 95222
Medical Office Building Space for Specialty Time-Share Subleases ²	700 Mountain Ranch Road, Suite C San Andreas, CA 95249
Mark Twain Cancer Center	700 Mountain Ranch Road, Suite B San Andreas, CA 95249
Mark Twain Rural Clinic	702 Mountain Ranch Rd San Andreas, CA 95249

² This Suite is subleased by MTMC to multiple physicians. District's assumption at the end of the Term includes District's assumption of those subleases.

SCHEDULE 1.1(h)
SCHEDULE OF EFFECTIVE DATE HOSPITAL ASSETS³

[See Attached]

³ NTD: This schedule should include the Alterations and FF&E at the Medical Center location, as well as all current Other Premises and Additional Premises locations.

SCHEDULE 9.2
FAIR MARKET VALUE OF HOSPITAL ASSETS

The “fair market value” of the Hospital Assets for purposes of Section 9.2 (“FMV”) shall be determined as follows:

A. Step One – Negotiation Period. Commencing no later than the date which is nine (9) months prior to the expiration or termination of the Lease, and continuing as necessary until the date which is one hundred eighty (180) days prior to the expiration or earlier termination of the Lease (the “Negotiation Period”) the Parties will cooperate in good faith to come to agreement on the FMV of the Hospital Assets, including selecting and engaging a nationally recognized appraisal firm to assist with the FMV determination (the “Joint Appraiser”). The Parties shall cooperate with one another, and such Joint Appraiser, in making such FMV determination. Each Party shall pay (i) one half (1/2) of the fees and expenses of the Joint Appraiser; and (ii) for all fees, costs and expenses of its own accountants and advisors and all of its other expenses incurred in connection with such appraisal. If the Parties are unable to agree upon a FMV determination during the Negotiation Period, then the Parties shall proceed to Step Two below.

B. Step Two. Objecting Party’s Appraiser. If the Parties are unable to come to agreement on the FMV during the Negotiation Period, then the following shall apply. If one of the Parties is willing to accept the opinion of the Joint Appraiser as to the FMV of the Hospital Assets, then the other Party shall be deemed the “Objecting Party” hereunder. If neither Party is willing to accept the opinion of the Joint Appraiser as to the FMV of the Hospital Assets, then the Parties shall flip a coin to determine which Party shall be the Objecting Party. Within twenty (20) days following the expiration of the Negotiation Period, the Objecting Party, at its cost, shall retain a new nationally recognized appraisal firm (“Objecting Party’s Appraiser”). Unless mutually agreed otherwise by the Parties, the Objecting Party’s Appraiser shall be given a copy of the Joint Appraisal. The Objecting Party shall deliver to the Other Party the appraisal (the “Objecting Party’s Appraisal”) prepared by the Objecting Party’s Appraiser no later than sixty (60) days after the expiration of the Negotiation Period. If the other Party does not approve of the FMV as determined by the Objecting Party’s Appraiser, or the Parties are not otherwise able to come to agreement on the FMV determination, within ninety (90) days following the expiration of the Negotiation Period, then the Parties shall proceed to Step Three below.

C. Step Three – Other Party’s Appraiser. If the other Party rejects the FMV determination of the Objecting Party’s Appraiser, then within one hundred ten (110) days following the expiration of the Negotiation Period, the other Party, at its cost, shall retain a new nationally recognized appraisal firm (“Other Party’s Appraiser”). Unless mutually agreed by the Parties, the Other Party’s Appraiser shall be given a copy of the Joint Appraisal, but shall not be given a copy of the Objecting Party’s Appraisal. The other Party shall deliver to the Objecting Party the appraisal (the “Other Party’s Appraisal”) prepared by other Party’s Appraiser no later than one hundred fifty (150) days after the expiration of the Negotiation Period. If the Objecting Party does not approve of the FMV

as determined by Other Party's Appraiser, or the Parties are not otherwise able to come to agreement on the FMV determination, within one hundred eighty (180) days following the expiration of the Negotiation Period, then the Parties shall proceed to Step Four below.

D. Step Four – Final Resolution. If, within one hundred eighty (180) days following the expiration of the Negotiation Period, the Parties are still unable to resolve their differences on FMV, then the FMV for the Hospital Assets shall be deemed to be the average of the two appraisals which are closest in amount (resolving the differences between the three appraisals by averaging the two most closely aligned, rather than averaging all three, removes the impact of one appraisal that is a clear outlier).

The Parties agree that the appraisal process set forth in this Exhibit is the sole and exclusive process pursuant to which the FMV of the Hospital Assets shall be determined, and neither shall seek a remedy under any other provision of this Lease or at law unless the other Party has failed to comply with the requirements of this Exhibit.

EQUITY TRANSFER AGREEMENT

**MARK TWAIN HEALTH CARE DISTRICT,
a political subdivision of the State of California**

and

**DIGNITY HEALTH,
a California nonprofit public benefit corporation**

[FEBRUARY __, 2019]

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EQUITY TRANSFER AGREEMENT

THIS EQUITY TRANSFER AGREEMENT (this “*Agreement*”) is made and effective as of February __, 2019 (the “*Execution Date*”), by and between Mark Twain Health Care District, a political subdivision of the State of California (“*District*”), and Dignity Health, a California nonprofit public benefit corporation (“*Dignity Health*”). District and Dignity Health are referred to individually as a “*Party*” or collectively as the “*Parties*.”

RECITALS

WHEREAS, in 1990 the District entered into a collaborative arrangement with St. Joseph’s Regional Health System of Stockton (“*St. Joseph’s*”) to manage and make continuing improvements to Mark Twain Hospital, which later was renamed the Mark Twain Medical Center (the “*Medical Center*”);

WHEREAS, as part of the collaboration, the District and St. Joseph’s formed the Mark Twain Medical Center corporation, a California nonprofit public benefit corporation (the “*Corporation*”), and the District then entered into an agreement with the Corporation to lease the Medical Center to the Corporation pursuant to that certain Lease Agreement, dated as of January 1, 1990 (the “*1990 Lease*”), which lease contains a December 31, 2019 expiration date;

WHEREAS, St. Joseph’s later merged into Catholic Healthcare West, which was later renamed as Dignity Health;

WHEREAS, in order to prepare for the expiration of the 1990 Lease and in light of the District Board’s desire to continue and improve operations of the Medical Center and the District, the District Board undertook a multi-year planning process to identify an approach to best meet the District’s objectives of enhancing the economic viability of the Medical Center and promoting a broad range of healthcare services to the residents of Calaveras County;

WHEREAS, as the result of negotiations and opportunities for public input, Dignity Health and the District have determined that the early termination of the 1990 lease and execution of a new long-term lease between the District and the Corporation (the “*New Lease*”) would provide the optimal choice for meeting the long term needs of the communities served by the District;

WHEREAS, in connection with the negotiation for the New Lease and the termination of the 1990 Lease, the District and Dignity Health also agreed to restructure the corporate joint venture, including, but not limited to, the adoption of new restated bylaws, the adoption of amended and restated articles of incorporation and the creation of a new community board to provide for broad community input into the operations of the Medical Center (“*Partnership Reorganization*”), as more particularly described in that certain Pre-Lease Agreement, dated as of [January __, 2019] (“*Pre-Lease Agreement*”);

WHEREAS, the Corporation’s current articles of incorporation contemplate that upon dissolution, the Corporation’s assets will be divided equally between Dignity Health and the District;

WHEREAS, the Partnership Reorganization includes the adoption of amended and restated articles of incorporation, which state that upon dissolution, ninety-nine percent (99%) of the Corporation's assets will be distributed to Dignity Health and one percent (1%) will be distributed to the District ("*New MTMC Articles*");

WHEREAS, in connection with the adoption of the New MTMC Articles, the District and Dignity Health now wish to effectuate the transfer of the right to forty-nine percent (49%) of the assets of the Corporation upon its dissolution from the District to Dignity Health ("*Transferred Equity Interest*");

WHEREAS, the New Lease provides that, upon the termination or expiration of the New Lease, the District is obligated to purchase from the Corporation certain of the Corporation's assets at their then fair market value, including all alterations, additions and improvements of the Medical Center(the "*District's Asset Purchase Obligation*");

WHEREAS, the Parties have agreed that, as an alternative to the District Asset Purchase Obligation, the District shall have an option, as memorialized in this Agreement, to instead purchase from Dignity Health its right to ninety-nine percent (99%) of the assets of the Corporation upon its dissolution.

NOW, THEREFORE, in consideration of the foregoing premises and the mutual promises and covenants contained in this Agreement, and for their mutual reliance, the Parties hereto agree as follows:

ARTICLE I DEFINITIONS

1.1 Definitions. As used in this Agreement, and unless the context requires a different meaning, the following terms have the meanings given below. All other capitalized terms not otherwise defined in this Agreement have the meaning given such term in the Pre-Lease Agreement.

- (a) "*Closing*" means such date, time or place as may be agreed upon in writing by the Parties, subject to Article IX of the Pre-Lease Agreement.
- (b) "*Effective Date*" means the Closing Date under the Pre-Lease Agreement.
- (c) "*DCC*" means Dignity Community Care, a Colorado nonprofit corporation formed by Dignity Health.
- (d) "*Local Hospital District Law*" means Section 32000 of the California Health and Safety Code et seq.

1.2 Other Defined Terms. The following terms shall have the meanings defined for such terms in the Sections set forth below:

<u>Term</u>	<u>Section</u>
“Agreement”	Preamble
“Certificate of Amendment”	2.3
“Corporation”	Recitals
“Dignity Health”	Preamble
“Dispute”	4.1
“District”	Preamble
“District Equity Interest”	Recitals
“Equity Transfer Consideration”	2.2
“Execution Date”	Preamble
“Medical Center”	Recitals
“New Lease”	Recitals
“New MTMC Articles”	Recitals
“Partnership Reorganization”	Recitals
“Party” or “Parties”	Preamble
“Post-Closing Certificate of Amendment”	3.4
“Post-Closing Equity Interest”	3.1
“Post-Closing Equity Interest Consideration”	3.2
“Post-Closing Equity Transfer Date”	3.1
“Post-Closing Payment”	3.3
“Post-Closing Balance”	3.3
“Pre-Lease Agreement”	Recitals
“Option”	3.1
“1990 Lease”	Recitals

ARTICLE II TRANSFER OF DISTRICT EQUITY INTEREST

2.1 Transfer of Equity Interest. Upon the terms and subject to the conditions set forth in this Agreement, on the Effective Date, District shall transfer, assign, convey and deliver to Dignity Health, and Dignity Health shall accept from District, all of District’s right, title and interest in the Transferred Equity Interest.

2.2 Equity Transfer Consideration. As consideration for the transfer of the Transferred Equity Interest and the Partnership Reorganization affecting the Corporation described in Article II of the Pre-Lease Agreement, Dignity Health shall pay the District Fourteen Million, Five Hundred Thousand Dollars (\$14,500,000.00) at Closing (“**Equity Transfer Consideration**”). The Equity Transfer Consideration represents forty nine percent (49%) of the liquidation value of the Corporation as of the Effective Date.

2.3 Effectuation of Transfer of District Equity Interest. To effectuate the transfer of the Transferred Equity Interest, at the Closing:

(a) Dignity Health shall pay to District in immediately available U.S. cash dollars an amount equal to the Equity Transfer Consideration to an account designated in writing by District at least three (3) business days prior to the Closing Date.

(b) District and Dignity Health shall arrange for the delivery of a fully executed certificate of amendment for the New MTMC Articles requesting an effective date that is the Closing Date (“*Certificate of Amendment*”).

(c) District and Dignity Health shall ensure that the Certificate of Amendment is received by the California Secretary of State at least three (3) business days prior to the Closing Date.

ARTICLE III NEW LEASE TERMINATION AND OPTION TO PURCHASE DIGNITY HEALTH EQUITY INTEREST

3.1 Option to Purchase Dignity Health Equity Interest. As set forth in this Article III, as an alternative to the District’s Asset Purchase Obligation under Section 15.3 of the New Lease, and as partial consideration for District entering into this Agreement and the New Lease, Dignity hereby grants to District an option (the “*Option*”), but not the obligation, to purchase, at its fair market value, Dignity Health’s right to ninety-nine percent (99%) of the Corporation assets upon the Corporation’s dissolution (the “*Dignity Health Equity Interest*”). District’s Option shall commence (the “*Option Commencement Date*”) when the first of the following occurs: (i) District receives from the Corporation an Early Termination Notice (as such term is defined in the New Lease), (ii) District delivers to the Corporation a termination notice under Section 9.4(a) of the New Lease, or (iii) the date that is three (3) years before the expiration of the maximum thirty (30)-year term of the New Lease, and shall terminate on the date that is one-hundred and eighty (180) days prior to the scheduled New Lease termination date (as identified in the New Lease or the applicable termination notice) (the “*Option Period*”). District may exercise its Option at any time during the Option Period by written notice to Dignity Health. District and Dignity Health acknowledge that Local Hospital District Law, and in particular of Section 32126 thereof, as it may be amended prior to any exercise of the Option, may impose certain requirements with respect to District’s exercise of its Option and the parties covenant to cooperate in good faith to satisfy any requirements thereunder so as to give the full effect of District’s exercise of the Option. Should: (i) District timely exercise the Option, (ii) the parties satisfy any applicable requirements of Local Hospital District Law with respect to same and (iii) District fulfill its obligations under such Option, then District shall not have any obligation under Section 15.3 of the New Lease to purchase the Hospital Assets (as such term is defined in the New Lease) from the Corporation; provided that the District shall retain all rights and remain obligated under Exhibit C to the New Lease regarding Transition/Surrender Protocols, as reasonably modified in light of District’s exercise of the Option.

3.2 Transfer of Equity Interest at New Lease Termination. In the event that District exercises its Option, then upon the effective date of the termination or expiration of the New Lease (“*Dignity Health Equity Transfer Date*”), Dignity Health shall, in accordance with Section 3.5 below, assign, transfer, convey and deliver to District, and District shall accept from

Dignity Health, all of Dignity Health's right, title and interest in and to the Dignity Health Equity Interest.

3.3 Dignity Health Equity Transfer Consideration. As consideration for the transfer of the Dignity Health Equity Interest, District shall pay Dignity Health the fair market value of the Dignity Equity Interest ("***Dignity Health Equity Transfer Consideration***") as of the effective date of the termination or expiration of the New Lease. The fair market value of the Dignity Health Equity Interest shall be determined by an independent valuation company acceptable to both parties ("***Appraisal***"). The Appraisal must be completed at least thirty (30) days in advance of the Dignity Health Equity Transfer Date and any and all costs incurred in connection with the completion of the Appraisal shall be divided equally between Dignity Health and District.

3.4 Payment of the Dignity Health Equity Transfer Consideration. Subject to the District's right to make payments as set forth below, the full amount of the Dignity Health Equity Transfer Consideration shall be due and payable on the Dignity Health Equity Transfer Date. Notwithstanding the foregoing, the District may elect to pay the Dignity Health Equity Transfer Consideration as follows. The District shall pay a minimum of twenty percent (20%) of the full amount of the Dignity Health Equity Transfer Consideration within one hundred eighty (180) days after the Dignity Health Equity Transfer Date. The District shall pay the remaining unpaid principal portion ("***Remaining Balance***"), which shall accrue interest at the Wall Street Journal Prime rate plus one percent (1%), adjusted monthly, in four (4) equal annual installments of principal, plus the full amount of then-accrued and unpaid interest, commencing the first anniversary of the Dignity Health Equity Transfer Date. District may prepay the amounts due at any time and such prepayments shall not be subject to any pre-payment penalties.

3.5 Effectuation of Transfer of Dignity Health Equity Interest. To effectuate the transfer of the Dignity Health Equity Interest:

(a) District shall pay to Dignity Health in immediately available U.S. cash dollars an amount equal to the at least twenty percent (20%) of the Dignity Health Equity Transfer Consideration to an account designated in writing by Dignity Health at least three (3) business days prior to the Dignity Health Equity Transfer Date.

(b) District and Dignity Health shall arrange for the preparation and delivery of a fully executed certificate of amendment for articles of incorporation of the Corporation that reflect District's one hundred percent (100%) right to the assets of the Corporation upon its dissolution and requesting an effective date that is the Dignity Equity Transfer Date ("***Certificate of Amendment***").

(c) District and Dignity Health shall arrange for (1) the preparation and adoption of new bylaws for the Corporation that are consistent with the transfer of the Dignity Health Equity Interest to the District as of the Dignity Health Equity Transfer Date; and (2) any corresponding documentation related to the reconstitution of the Corporation's Board of Directors as of the Dignity Health Equity Transfer Date.

(d) District and Dignity Health shall ensure that the Certificate of Amendment is received by the California Secretary of State at least three (3) business days prior to the Dignity Equity Transfer Date.

ARTICLE IV DISPUTE RESOLUTION

4.1 Dispute Resolution. Except as otherwise provided in this Agreement, any dispute, claim or controversy arising out of or relating to this Agreement, or the breach, termination, enforcement, interpretation, or validity thereof (collectively, a “*Dispute*”) shall be settled in accordance with the Dispute Resolution provisions set forth in Article XII of the Pre-Lease Agreement.

4.2 Attorneys' Fees and Costs. If either Party brings an action or proceeding arising out of or relating to this Agreement, the non-prevailing party shall pay to the prevailing Party reasonable attorneys’ fees and costs incurred in such action. Any judgment or order entered shall contain a provision providing for the recovery of attorneys’ fees and costs incurred in enforcing such judgment. The prevailing party shall be the party who is entitled to recover its costs of suit (as determined by the court of competent jurisdiction or the arbitrator), whether or not the action or proceeding proceeds to final judgment or award.

4.3 Term/Survival. The term of this Agreement shall commence on the Execution Date and shall continue until the earlier to occur of (i) the expiration of the Option Period without the District having exercised the Option, or (ii) the District’s payment of all amounts owed to Dignity under Section 3.4 above. Article III, and this Article IV shall survive the expiration or termination of this Agreement.

ARTICLE V MISCELLANEOUS

5.1 Notices. All notices, requests, demands and other communications under this Agreement must be in writing and shall be deemed duly given, unless otherwise expressly indicated to the contrary in this Agreement, (i) when personally delivered, or (ii) one Business Day after delivery to a nationally recognized overnight courier service for next Business Day delivery, in any case addressed to the Parties or their permitted assigns at the following addresses (or at such other address as is given in writing by a Party to the other Parties):

To District: President, Board of Directors
Mark Twain Health Care District
P.O. Box 95
San Andreas, CA 95249

With a copy to: Executive Director
Mark Twain Health Care District
P.O. Box 95
San Andreas, CA 95249

To Dignity Health: Chief Administrative Officer
Dignity Health
185 Berry Street, Suite 300
San Francisco, CA 94107

With a copy to: Associate General Counsel
Dignity Health
3400 Data Drive
Rancho Cordova, CA 95670

5.2 Counterparts. This Agreement may be executed in one or more counterparts and may be exchanged by email transmission, each of which shall be deemed to be an original but all of which together shall constitute one and the same document.

5.3 Captions and Section Headings. Captions and section headings are for convenience only, are not a part of this Agreement and may not be used in construing it.

5.4 Cooperation. Each of the Parties agrees to cooperate in the effectuation of this Agreement and the related transactions and to execute any and all additional documents and to take such additional action as is reasonably necessary or appropriate for such purposes.

5.5 Entire Agreement. This Agreement, including any certificate, schedule, exhibit or other document delivered pursuant to its terms, constitutes the entire agreement between the Parties, and supersedes all prior agreements and understandings between the Parties relating to the subject matter hereof, except that this Agreement does not supersede the terms and conditions of the New Lease nor those which survive the Closing under the Pre-Lease Agreement. There are no verbal agreements, representations, warranties, or undertakings between the Parties other than as provided herein, and those included in the Pre-Lease Agreement, and this Agreement may not be amended or modified in any respect, except by a written instrument signed by the Parties to this Agreement. In the event of any inconsistency or conflict between the terms and conditions set forth in this Agreement and the terms and conditions set forth in the attachments or exhibits to this Agreement, the terms and conditions of this Agreement shall govern.

5.6 Governing Laws. This Agreement is to be governed by and construed in accordance with the internal laws of the State of California.

5.7 Further Assurances. Each Party shall execute and deliver such instruments, in form and substance mutually agreeable to the Parties, as the other Party may reasonably require in order to carry out the terms of this Agreement.

5.8 Assignment. This Agreement shall not be assigned or otherwise transferred by any Party without the prior written consent of the other Party. Notwithstanding the foregoing, Dignity may assign all of its right, title and interest in this Agreement to DCC, upon which assignment DCC shall assume all of the rights, duties and liabilities of Dignity hereunder and all references hereunder to “Dignity” shall be references to “DCC.”

5.9 Expenses. Each Party shall be responsible for the payment of all attorney fees and costs incurred by such Party in connection with the negotiation, due diligence and completion of the final terms of this Agreement.

5.10 No Third-Party Beneficiaries. Except as expressly provided otherwise in this Agreement, the terms and provisions of this Agreement (including provisions regarding employee and employee benefit matters) are intended solely for the benefit of the Parties and their respective successors and permitted assigns, and are not intended to confer third-party beneficiary rights upon any other person. Notwithstanding the foregoing, DCC is intended to be a third-party beneficiary of this Agreement.

5.11 Certain References. As used in this Agreement, and unless the context requires otherwise: references to “include” or “including” mean including without limitation; references to any document are references to that document as amended, consolidated, supplemented or replaced by the Parties thereto from time to time; references to any law are references to that law as amended, consolidated, supplemented or replaced from time to time and all rules and regulations promulgated thereunder; references to time are references to California time; and the gender of all words includes the masculine, feminine and neuter, and the number of all words includes the singular and plural.

5.12 Waiver. No delay or failure to require performance of any provision of this Agreement shall constitute a waiver of the performance of such provision or any other instance. Any waiver granted by a Party must be in writing, and shall apply solely to the specific instance expressly stated.

5.13 Severability. If any provision of this Agreement is held to be unenforceable for any reason, it shall be adjusted rather than voided, if possible, in order to achieve the intent of the Parties to the greatest extent possible. All other provisions of this Agreement shall remain in full force and effect.

5.14 Successors and Assigns. The covenants and conditions contained herein, apply to and bind the heirs, successors, executors, administrators and assigns of the Parties.

[Signature page follows]

IN WITNESS WHEREOF, the Parties have duly executed this Agreement effective as of the date first above written.

DISTRICT:

MARK TWAIN HEALTH CARE DISTRICT, a political subdivision of the State of California

By: _____
Name: _____
Title: _____

DIGNITY HEALTH:

DIGNITY HEALTH, a California nonprofit public benefit corporation

By: _____
Name: _____
Title: _____

LEASE TERMINATION AGREEMENT

This Lease Termination Agreement (the “*Agreement*”) is made this ___ day of February, 2019 (the “*Effective Date*”) by and between Mark Twain Health Care District, a political subdivision of the State of California (“*Landlord*”), and Mark Twain Medical Center, a California nonprofit public benefit corporation (“*Tenant*”), formerly known as Mark Twain St. Joseph’s HealthCare Corporation. Landlord and Tenant are referred to individually as a “*Party*” or collectively as the “*Parties*.”

RECITALS

A. Landlord and Tenant are parties to that certain Lease Agreement dated January 1, 1990 (as amended, the “*Existing Lease*”) respecting the “Leased Premises” (as more fully defined in the Existing Lease) located at 768 Mountain Ranch Road in San Andreas, California, through which MTMC operates the Mark Twain Medical Center hospital (the “*Hospital*”), which Existing Lease is scheduled to expire December 31, 2019.

B. In light of the Landlord’s desire to ensure the continued operation and improvement of the Hospital in a manner to best meet the Landlord’s objectives of enhancing the economic viability of the Hospital and promoting a broad range of healthcare services to the residents of Calaveras County, the Landlord and its Board of Directors have determined that it is in the Landlord’s best interests and of the residents of the district served by Landlord for Landlord to enter into certain agreements respecting the ownership and operation of the Hospital, as more fully set forth in that certain Pre-Lease Agreement dated January __, 2019 (the “*Pre-Lease Agreement*”), including, but not limited to, a new long term lease with Tenant for the Leased Premises, and Tenant desires to enter into a new long term lease for the Leased Premises.

C. Landlord and Tenant have agreed to an earlier termination of the Existing Lease, and have, on the same date as the Effective Date of this Agreement, entered into a new Lease Agreement dated February __, 2019 (the “*New Lease*”) to provide for Tenant’s continued lease of Leased Premises beyond the currently scheduled expiration date of the Existing Lease, which New Lease is scheduled to take effect immediately following the termination of the Existing Lease.

D. Landlord and Tenant wish to provide for said early termination of the Existing Lease effective as of the Commencement Date of the New Lease (as such term is defined in the New Lease), subject to the terms and conditions set forth herein.

AGREEMENT

NOW, THEREFORE, in consideration of the premises and the obligations undertaken by the parties under this Agreement, Landlord and Tenant agree as follows:

1. The Existing Lease shall terminate effective as of the Effective Date (the “*Termination Date*”) in the same manner and with the same effect as if that date had been originally fixed in the Existing Lease for the expiration of the term of the Existing Lease, except

as modified or provided in the Pre-Lease Agreement, the New Lease and the other documents signed by Landlord, Tenant and Dignity Health in connection with the New Lease (the “New Lease Documents”). If there is any conflict between the provisions of the Existing Lease regarding the parties’ respective rights and obligations upon expiration or termination thereof and any provisions of the New Lease Documents, the New Lease Documents shall prevail.

2. Landlord and Tenant acknowledge and agree that Tenant has paid to Landlord all rent and other charges due and payable under the Existing Lease through the Termination Date and Tenant shall have no further obligation to pay any rent or other charges with respect to the Existing Lease.

3. Each party represents that it has not made any assignment, sublease, transfer, conveyance or other disposition of the Existing Lease, or interest in the Existing Lease, or any claim, demand, obligation, liability, action or cause of action arising from the Existing Lease, and that it has full right, power and authority to enter into this Agreement. This Agreement shall be binding on and inure to the benefit of the Parties and their successors.

4. Effective as of the Termination Date, both Landlord and Tenant shall be released from their obligations under the Existing Lease and the Existing Lease shall terminate and no longer be of any force or effect. Notwithstanding the foregoing termination of the Existing Lease, the Parties are not released from their obligations under the Pre-Lease Agreement (the “*Pre-Lease Agreement Obligations*”).

5. Effective as of the Termination Date, except for the Pre-Lease Agreement Obligations and as otherwise expressly set forth in the New Lease, each of the Parties hereby releases and forever absolutely discharges the other Party from any and all claims, demands, damages, debts, liabilities, accounts, reckonings, obligations, costs, expenses, liens, actions and causes of action of every kind and nature whatever, whether now known or unknown, suspected or unsuspected, which it now has, owns or holds, or at any time heretofore has ever had, owned or held, or could, shall or may hereafter have, own or hold, based upon, related to or by reason of the Existing Lease or the Leased Premises, whether occurring or existing at any time whatever heretofore until and including the date hereof. Each of the Parties covenants not to commence or maintain any suit against the other Party whether at law or in equity with respect to any such claims, demands, damages, debts, liabilities, accounts, reckonings, obligations, costs, expenses, liens, actions and causes of action.

The Parties further acknowledge that any or all of them, or their attorneys, may hereafter discover facts different from or in addition to the facts which are now known or believed to be known, and that it is their intention to fully, finally, absolutely and forever settle any and all disputes and differences which to now exist or previously existed, whether known or unknown, arising out of or relating to the Existing Lease arising prior to the Termination Date. The Parties acknowledge that they have been informed by their respective attorneys and/or advisors of, and that they are familiar with, Section 1542 of the Civil Code of the State of California, which provides as follows:

“A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.”

The Parties do hereby release, abandon, waive and relinquish all rights and benefits which they may acquire under Section 1542 of the Civil Code of the State of California, or any statute of similar effect, arising out of or relating to the Existing Lease, except for the Pre-Lease Agreement Obligations and as otherwise expressly set forth in the New Lease.

6. Miscellaneous:

(i) This Agreement may be executed in one or more counterparts and may be exchanged by email transmission, each of which shall be deemed to be an original but all of which together shall constitute one and the same document.

(ii) Captions and section headings are for convenience only, are not a part of this Agreement and may not be used in construing it.

(iii) Each of the Parties agrees to cooperate in the effectuation of this Agreement and to take such additional action as is reasonably necessary or appropriate for such purposes.

(iv) This Agreement constitutes the entire agreement between the Parties respecting the termination of the Existing Lease, and supersedes all prior agreements and understandings between the Parties relating to the subject matter hereof. This Agreement may not be amended or modified in any respect, except by a written instrument signed by the Parties to this Agreement.

(v) This Agreement is to be governed by and construed in accordance with the internal laws of the State of California.

(vi) Each Party shall be responsible for the payment of all attorney fees and costs incurred by such Party in connection with the negotiation, due diligence and completion of the final terms of this Agreement.

(vii) Except as expressly provided otherwise in this Agreement, the terms and provisions of this Agreement are intended solely for the benefit of the Parties and their respective successors and permitted assigns, and are not intended to confer third-party beneficiary rights upon any other person.

(viii) As used in this Agreement, and unless the context requires otherwise: references to “include” or “including” mean including without limitation; references to any document are references to that document as amended, consolidated, supplemented or replaced by the Parties thereto from time to time; references to any law are references to that law as amended, consolidated, supplemented or replaced from time to time and all rules and regulations promulgated thereunder; references to time are references to California time; and the gender of all words includes the masculine, feminine and neuter, and the number of all words includes the singular and plural.

(ix) No delay or failure to require performance of any provision of this Agreement shall constitute a waiver of the performance of such provision or any other instance. Any waiver granted by a Party must be in writing, and shall apply solely to the specific instance expressly stated.

(x) If any provision of this Agreement is held to be unenforceable for any reason, it shall be adjusted rather than voided, if possible, in order to achieve the intent of the Parties to the greatest extent possible. All other provisions of this Agreement shall remain in full force and effect.

(xi) The covenants and conditions contained herein, subject to the provisions as to assignment and subletting, apply to and bind the heirs, successors, executors, administrators and assigns of the Parties.

[Signature page follows]

IN WITNESS WHEREOF, the Parties have duly executed this Agreement effective as of the date first above written.

MARK TWAIN HEALTH CARE DISTRICT, a
political subdivision of the State of California

By: _____
Name: _____
Title: _____

MARK TWAIN MEDICAL CENTER, a
California nonprofit public benefit corporation

By: _____
Name: _____
Title: _____

[MARK TWAIN MEDICAL CENTER LETTERHEAD]

[DATE]

Mark Twain Health Care District
P.O. Box 95
768 Mountain Ranch Road
San Andreas, CA 95249

Re: Waiver of Certain Non-Competition Terms with respect to Valley Springs Health and Wellness Center

The purpose of this letter is to specify the terms upon which Tenant Mark Twain Medical Center (“MTMC”) agrees to grant conditional approval of an exception to the non-competition covenant in Section 11.2 of its Lease between Tenant and Landlord Mark Twain Health Care District (“District”), dated January __, 2019 (“Lease”), related to the Valley Springs Health and Wellness Center (“Center”).

Background. Mark Twain Medical Center hospital has been a community asset in Calaveras County for over sixty-five years. The District and Dignity Health have been involved in a partnership since 1989 through the creation of MTMC corporation, the lease of the Hospital to MTMC and shared involvement in the governance of MTMC. The goal and purpose of that relationship has been to ensure the availability of acute care hospital services and ambulatory care to the people of San Andreas and its surrounding communities in an era when most rural hospitals are challenged financially and some have been unable to survive. MTMC has succeeded where many other failed through the support of the District, Dignity Health, the community and the unique mix of inpatient and outpatient services made available by MTMC.

In order to continue that relationship with that same goal and purpose into the future, the voters of Calaveras County, the District and Dignity Health have agreed to renew their partnership through a restructuring of the MTMC corporation and a new 30 year lease of the

Hospital to MTMC on the terms set forth in the Lease. At the same time, the District desires to use its resources to augment the inpatient and outpatient services of MTMC by establishing and supporting additional community services to expand and broaden the access to health care services for low income and disadvantaged members of the community without threatening the financial health and viability of the Hospital. This waiver is granted with the express understanding that the fundamental interests of the District, Dignity Health and MTMC continue to be aligned financially and that the Center's primary purpose is to ensure health care, community health services and related benefits are available to the uninsured, under-insured and low-income members of the Community.

The parties acknowledge that MTMC currently operates the Valley Springs Rural Health Clinic ("RHC"), which is aged and undersized, and that District and MTMC have been collaborating on plans to construct a replacement of this Valley Springs Rural Health Clinic. District has secured financing which would enable Landlord to develop, construct, own and operate a replacement RHC known as the Center.

To avoid misunderstandings and potential disputes between the parties that could undermine the goal and purposes described, and to protect the financial health and viability of MTMC, the parties have agreed to certain non-competition terms as part of the Lease and agreed by this letter to waive certain of those non-competition terms with specific conditions, in order to permit the District's planned development and operation of the Center, as follows.

I. Conditional Approval of District's Operation of the Center. Notwithstanding Section 11.2 of the Lease, MTMC hereby grants consent to permit District to operate a replacement RHC at the Center, subject to the following terms, conditions and limitations:

(a) MTMC shall relinquish its RHC certification status of its existing RHC within a reasonable time period not exceeding six (6) months days after District opens its new Center. The parties shall coordinate MTMC's decertification of the existing RHC operated by MTMC in Valley Springs with the opening of the District's new Center.

(b) Notwithstanding MTMC's termination of operation of its RHC as described in (a), above, MTMC shall not be precluded from sponsoring the recruitment, employment, or placement of physicians and healthcare providers, including leasing, building and/or operating their supporting healthcare facilities, within the Valley Springs area for the purpose of meeting the needs of the community for Medicare, commercially insured, and private pay patients.

(c) The District's Center shall offer the services of primary care physicians and physician extenders to provide primary health care services to primarily the medically disadvantaged (defined as Medi-Cal beneficiaries, medically indigent persons, and uninsured persons with income at or below 200% of the Federal Poverty Level representing at least eighty-five percent (85%) of Center's patient visits) population of Calaveras County and adjacent counties.

(d) Neither the District nor the Center shall be aligned or associated in any manner with a healthcare system that competes with MTMC in Calaveras or any immediately adjacent county, nor shall the Center or the District operate a remote or satellite location;

(e) District sponsored or employed providers in the Center and MTMC will make best efforts to ensure seamless care delivery to patients through coordination with and utilization of MTMC physician, ambulatory and hospital services, as part of the MTMC

integrated delivery network. MTMC and District will collaborate to remove barriers to integrated care.

(f) Except as allowed under Section g below, any healthcare or healthcare related services other than primary care (including family medicine, internists, pediatrics) provided by physician and physician extenders to be established by District within the Center, including but not limited to services such as clinical laboratory, diagnostic imaging, ambulatory surgery, physical/occupational therapy and specialty services, or any similar supporting services including providers such as specialist physicians and specialist extenders, shall be subject to Sections 11.2, 11.3 and 11.5 of the Lease.

(g) Notwithstanding the limitations described in sub-paragraph (f), above, District may provide office-based CLIA waived laboratory testing, phlebotomy and plain film radiology services utilizing Center-employed staff as long as those services are primarily for Center-registered patients (defined as at least eighty-five percent (85%) of those referrals being made by Center Rural Health providers).

(h) Information from the District regarding its operations, specific to services provided and populations served by and/or in the Center, will be provided to MTMC periodically but no less than annually. Such information shall set forth measures and attestations addressing the Center's compliance with each condition of this waiver.

II. Sale or Transfer of the Center Any sale or lease or other direct or indirect transfer of District's interest in the Center (other than leases of physician office space otherwise permitted under Section 11.2(n) of the Lease) shall be subject to the following:

(a) MTMC's Right of First Offer. Prior to offering the Center for sale or lease or other direct or indirect transfer of its interest therein to any third party (including, without

limitation, transfer of membership or ownership interests, transfer of management control or joint ventures with third parties) (a “Third Party Transferee”), District shall first deliver a written notice (a “Transfer Notice”) to MTMC stating District’s interest in effecting such transaction with a Third Party Transferee and the material terms upon which District would effect such transaction. If MTMC notifies District in writing within ninety (90) days following receipt of a Transfer Notice that it is interested in such transaction (“MTMC’s Election Notice”) in accordance with the terms set forth in the Transfer Notice, then District and MTMC shall, for a period of one hundred twenty (120) days after District’s receipt of MTMC’s Election Notice (the “Negotiation Period”), negotiate in good faith any additional terms for the consummation of that transaction pursuant to a definitive agreement executed by the parties for such transaction. If (i) MTMC fails to timely respond to a Transfer Notice or provides the District written notice that it is not interested in pursuing a transaction on the terms presented in the Transfer Notice, or (ii) notwithstanding the good faith efforts of District and MTMC, they fail to execute a binding agreement for such transaction by the deadline of the expiration of the Negotiation Period, then District may thereafter offer such transaction to any Third Party Transferee, on terms that are no more favorable to the Third Party Transferee than those offered to MTMC in the Transfer Notice. Should District desire to offer such transaction at terms that are more favorable to the Third Party Transferee than those offered to MTMC in the Transfer Notice, then District must give MTMC a new Transfer Notice and MTMC shall have the right to respond to same as set forth above, except that MTMC shall have thirty (30) days to deliver MTMC’s Election Notice and, if MTMC’s right to the transaction lapsed under sub-clause (ii) of the preceding sentence, the parties shall have sixty (60) days to enter into a definitive agreement for the transaction. Should District, after offering such transaction, receive an offer from a potential Third Party Transferee that is more favorable to the

Third Party Transferee than those offered to MTMC in the Transfer Notice and that District is willing to accept, then MTMC shall have the rights set forth in Section (b) below with respect to such offer by the Third Party Transferee. The right of first offer set forth herein is intended to be an ongoing right of first offer for the duration of the Lease, and such right shall terminate on the date the Lease terminates.

(b) MTMC's Right of First Refusal. If District receives a bona fide offer to purchase or lease or otherwise transfer its interest in the Center (whether directly or indirectly, including, without limitation, transfer of membership or ownership interests, transfer of management control or joint ventures with third parties) that District is willing to accept from a Third Party Transferee (a "Third Party Offer"), then District shall deliver a written notice (a "ROFR Offer Notice") to MTMC identifying the transaction, the interest to be sold, leased or transferred, the purchase price and the other material terms and conditions of the Third Party Offer. If MTMC notifies District in writing within sixty (60) days following receipt of a ROFR Offer Notice that it is interested in effecting such transaction on such material terms set forth in the ROFR Offer Notice (the "ROFR Election Notice"), then District and MTMC shall negotiate in good faith the remaining terms for such transaction. If (i) MTMC fails to timely respond to a ROFR Offer Notice, or provides the District written notice that it is not interested in pursuing a transaction on the terms presented in the ROFR Offer Notice or (ii) if, notwithstanding the good faith efforts of District and MTMC, District and MTMC fail to execute a binding agreement for such transaction within one hundred twenty (120) days after the date of District's ROFR Election Notice, then District may at any time thereafter effect such transaction with the Third Party Transferee named therein on such terms and conditions set forth in the ROFR Offer Notice. However, if such transaction is not consummated with the Third Party Transferee within two

hundred seventy (270) days after the expiration of the ninety (90) day option period, or the one hundred twenty (120) day negotiation period, as applicable, MTMC's right of first refusal under this paragraph shall be reinstated and District then shall continue to be obligated to give notice from time to time of any intent to sell, lease or transfer the Leased Premises in accordance with the terms above. Furthermore MTMC shall maintain the right to receive a ROFR Offer Notice and effect the noticed Valley Springs Health and Wellness Center transaction, if any of the terms set forth in the ROFR Offer Notice are changed in any way that, in Tenant's reasonable opinion, favors the Third Party Transferee, including, but not limited to, any reduction in the purchase price or rent for the Center, any alteration to the payment terms for the purchase price or rent in a manner favorable to the Third Party Transferee that, when reduced to a present value, effectively reduces the purchase price or total rent payable, or any other financial incentives or concessions to the Third Party Transferee not included in the original ROFR Offer Notice delivered to MTMC. If District is obligated to re-notice MTMC with respect to the Center under the preceding sentence with respect to a previously received ROFR Offer Notice, MTMC shall have thirty (30) days in which to provide District with a ROFR Election Notice in response to the new ROFR Offer Notice. In no event shall District be obligated to deliver a Transfer Notice under (a), above, or a ROFR Offer Notice prior to granting an easement or license to use any portion of the Center for non-healthcare purposes, or (ii) leasing of office space to a physician as permitted under Section 11.2(n) of the Lease.

(c) Revocation Procedure. A failure by the District to comply with the terms, conditions, and limitations with respect to the operation of the Center described herein shall constitute grounds for rescission by MTMC of this waiver of the non-competition covenant in Section 11.2 of the Lease. In order to invoke its right of rescission of the waiver, MTMC shall

serve notice in writing specifying what term, condition or limitation MTMC believes is in dispute and a recommended course of action to resolve the non-compliance. The dispute shall be subject to the meet and confer and mediation/arbitration process set forth at Section 17.4(c) – (d) of the Lease.

MARK TWAIN MEDICAL CENTER

[NAME]

Mark Twain Healthcare District acknowledges receipt of the Waiver of Certain Non-Competition Terms in the Lease, dated as of February __, 2019, with respect to Valley Springs Health and Wellness Center in accordance with the terms set forth above.

Dated: _____

By: _____

Name: _____

Its: _____

**THIRD AMENDED AND RESTATED BYLAWS
OF
MARK TWAIN MEDICAL CENTER**

**THIRD AMENDED AND RESTATED BYLAWS
OF
MARK TWAIN MEDICAL CENTER**

**ARTICLE I
DEFINITIONS**

The following terms shall have the meanings indicated below for purposes of these Bylaws:

(a) “Action of the Parent Corporation” means a resolution, written consent, or other action of the board of directors of the Parent Corporation, adopted in accordance with and otherwise subject to the corporate bylaws of the Parent Corporation and the California Nonprofit Public Benefit Corporation Law.

(b) “Action of the System Corporation” means a resolution, written consent, or other action of the board of directors of the System Corporation, adopted in accordance with and otherwise subject to the corporate bylaws of the System Corporation and the Colorado Revised Nonprofit Corporation Act.

(c) “Articles of Incorporation” means the articles of incorporation of this Corporation.

(d) “Board” or “Board of Directors” means the board of directors of this Corporation.

(e) “Bylaws” means these Third Amended and Restated Bylaws.

(f) “Code” means the Internal Revenue Code of 1986, as now in effect or as subsequently amended from time to time.

(g) “Corporation” means Mark Twain Medical Center, a California nonprofit public benefit corporation.

(h) “Director” means a person who is serving on the Board of Directors. The Directors are this Corporation’s directors for all purposes of the California Nonprofit Corporation Law.

(i) “District” means Mark Twain Health Care District, a public agency.

(j) “Governance Matrix” means the Governance Matrix attached to these Bylaws as Exhibit A and incorporated herein by reference, which sets forth certain reserved rights and powers of the System Corporation, the Parent Corporation, and their affiliates, and which may be amended from time to time as set forth in the Governance Matrix. The Corporation shall be considered a “Subsidiary” for purposes of the Governance Matrix.

(k) “Hospital” means Mark Twain Medical Center, the general acute care hospital licensed to this Corporation.

(l) “Ministry Alignment Agreement” means that certain Ministry Alignment Agreement dated as of December 6, 2017, by and between Catholic Health Initiatives, a Colorado nonprofit corporation (“CHI”), and Dignity Health, a California nonprofit public benefit corporation.

(m) “Parent Corporation” means Dignity Health, a California nonprofit public benefit corporation, recognized as a tax-exempt charitable organization under Section 501(c)(3) of the Code, or its successor in interest.

(n) “Quality Committee” means the Quality Committee of the Parent Corporation.

(o) “Statement of Common Values” means the Statement of Common Values, attached hereto as Exhibit B, as amended from time to time in accordance with the Governance Matrix.

(p) “System Corporation” means CHI, as later re-named pursuant to the provisions of the Ministry Alignment Agreement.

(q) “System” means the health care system controlled, coordinated, directed, and supervised by the System Corporation, which system is comprised of hospitals, other health facilities, and other health-related activities and entities.

ARTICLE II PRINCIPAL OFFICE

The principal office of this Corporation shall be in the County of Calaveras, State of California. This Corporation may also have an office or offices at such other places within or without the State of California as the Board may from time to time establish.

ARTICLE III PURPOSES

Section 1. Purposes. This Corporation is a nonprofit public benefit corporation and is not organized for the private gain of any person. It is organized under the California Nonprofit Public Benefit Corporation Law for charitable purposes. The specific purposes of this Corporation shall be as set forth in the Articles of Incorporation.

Section 2. Mission and Values. Within the context of its purposes as such purposes are more specifically set forth in the Articles of Incorporation, this Corporation shall operate as part of the System. Accordingly, this Corporation shall operate in a manner that conforms to (i) the mission, vision, core values, rules, policies, and procedures of the Parent

Corporation, and (ii) the Statement of Common Values, as any of (i) or (ii) may be adopted or amended from time to time by the Parent Corporation and/or the System Corporation.

Section 3. Activities.

(a) Notwithstanding any other provision of these Bylaws, this Corporation shall not carry on any other activities not permitted to be carried on (i) by a corporation exempt from federal income tax under Section 501(c)(3) of the Code, or (ii) by a corporation contributions to which are deductible under Section 170(c)(2) of the Code.

(b) Except as permitted by law, no substantial part of the activities of this Corporation shall consist of carrying on propaganda or otherwise attempting to influence legislation, nor shall this Corporation participate in, or intervene in (including the publication or distribution of statements), any political campaign on behalf of or in opposition to any candidate for public office.

**ARTICLE IV
MEMBERSHIP**

This Corporation shall not have any members, as that term is defined in Section 5056 of the California Nonprofit Corporation Law.

**ARTICLE V
RIGHTS AND POWERS OF THE PARENT CORPORATION AND THE SYSTEM
CORPORATION**

Section 1. Reserved Rights and Powers. The Parent Corporation and the System Corporation shall each have the specific reserved rights and powers set forth in the Governance Matrix, as well as those set forth in these Bylaws (collectively, the “**Reserved Rights and Powers**”). In the event of a conflict or inconsistency between these Bylaws and the Governance Matrix, the Governance Matrix shall prevail.

Section 2. No Action without Approval.

(a) Unless the Governance Matrix provides otherwise, neither the Board nor any Director, officer, agent, or employee of this Corporation shall take any action requiring one or more approvals under the Governance Matrix without first having secured such approvals.

(b) Unless the Governance Matrix provides otherwise, in the exercise of its respective Reserved Rights and Powers, the Parent Corporation and/or the System Corporation, as the case may be, may grant or withhold approval of any matter or action, in whole or in part, or may, in its complete discretion, recommend such other or different actions or matters as it deems appropriate.

Section 3. Action of the Parent Corporation. The Parent Corporation shall exercise its Reserved Rights and Powers by an Action of the Parent Corporation. The Parent

Corporation may, by an Action of the Parent Corporation, delegate or appoint the President of the Parent Corporation, or any other officer or senior manager of the Parent Corporation, to exercise, as a designated representative, the Reserved Rights and Powers of the Parent Corporation. Request for an Action of the Parent Corporation may be made through the President of the Parent Corporation or such other persons as the President of the Parent Corporation may designate from time to time. Any Action of the Parent Corporation shall be valid if the action taken is certified by the secretary, assistant secretary, or other duly authorized officer of the Parent Corporation to have been taken in accordance with the procedural requirements established in the bylaws of the Parent Corporation and to be the Action of the Parent Corporation.

Section 4. Action of the System Corporation. The System Corporation shall exercise its Reserved Rights and Powers by an Action of the System Corporation. The System Corporation may, by an Action of the System Corporation, delegate or appoint the President of the System Corporation, or any other officer or senior manager of the System Corporation, to exercise, as a designated representative, the Reserved Rights and Powers of the System Corporation. Request for an Action of the System Corporation may be made through the President of the System Corporation or such other persons as the President of the System Corporation may designate from time to time. Any Action of the System Corporation shall be valid if the action taken is certified by the secretary, assistant secretary, or other duly authorized officer of the System Corporation to have been taken in accordance with the procedural requirements established in the bylaws of the System Corporation and to be the Action of the System Corporation.

Section 5. Inspection Rights.

(a) Articles and Bylaws. This Corporation shall keep at its principal office in California current copies of the Articles of Incorporation and Bylaws of this Corporation, which shall be open to inspection by the Parent Corporation at all reasonable times.

(b) Accounting Records; Minutes. The Parent Corporation (through an employee, agent, or attorney) may inspect and copy the accounting books and records of this Corporation and the minutes of the proceedings of the Board or any Board Committee, at any reasonable time.

ARTICLE VI BOARD OF DIRECTORS

Section 1. Corporate Powers; Exercise By Board. This Corporation shall have powers to the full extent allowed by law, except as limited by these Bylaws or the Articles of Incorporation. Subject to the Reserved Rights and Powers, all powers and activities of this Corporation shall be exercised and managed by the Board directly or, if delegated, under the ultimate direction of the Board.

Section 2. Number of Directors; Appointment and Term of Office. This Corporation shall have five (5) voting Directors. As of the date these Bylaws take effect, the Directors shall be those persons whose names are listed in Exhibit C attached to these Bylaws,

and each shall serve until the later of the date set forth next to his or her name in Exhibit C, or the date his or her successor is appointed. Thereafter, in accordance with the Governance Matrix and this Section 2, the Board of Directors shall identify persons acceptable to the Board for appointment as Directors and recommend them to the Parent Corporation for approval. Four (4) of the Directors (the “**Parent Corporation Directors**”) shall each be a member of System management, but no Parent Corporation Director may also be a board member of the District. The District shall nominate one of its incumbent board members for the Corporation to recommend to the Parent Corporation for approval as the fifth Director (the “**District Director**”); such approval by the Parent Corporation shall not be unreasonably withheld. All Directors shall serve terms of three (3) years, up to a maximum of three (3) consecutive three-year terms following the date these Bylaws take effect; provided, however, that, at the election of the Corporation or the Parent Corporation, any three-year term may be reduced to allow for staggering of terms or to permit a Director to serve the maximum number of consecutive years under these Bylaws. No Director may serve more than a maximum of ten (10) consecutive years on the Board; provided that he or she will again be eligible for appointment after a one-year hiatus following such a ten-year period.

Section 3. Limitations on Interested Persons. At all times, not more than forty-nine percent of the Directors of this Corporation may be interested persons. An interested person means either:

(a) any person currently being compensated by this Corporation for services rendered to it within the previous twelve months, whether as a full-time or part-time employee, independent contractor, or otherwise, excluding any reasonable compensation paid to a Director in his or her capacity as Director; or

(b) any brother, sister, ancestor, descendant, spouse, brother-in-law, sister-in-law, son-in-law, daughter-in-law, mother-in-law, or father-in-law of any such person.

Section 4. Vacancies. A vacancy shall be deemed to exist on the Board in the event that the actual number of Directors is less than the authorized number for any reason. Vacancies for any Director position may be filled, for the unexpired portion of the term, in the same manner as these Bylaws provide for regular appointments to such Director position.

Section 5. Resignation and Removal of Directors. Resignations from the Board shall be effective upon receipt in writing by the Chair, the Chief Executive Officer, or the Secretary of this Corporation, unless a later effective date is specified in the resignation. Notwithstanding any other provision of these Bylaws, the Parent Corporation may remove any Director without cause at any time in accordance with the requirements of the Governance Matrix.

Section 6. Regular Board Meetings; Annual Meeting. Regular meetings of the Board shall be held on such dates and at such times and places as may be fixed by the Board and communicated to the individual Directors. Ordinarily, regular meetings shall be conducted at least quarterly. One of the regular meetings shall be designated as the annual meeting and shall be held each year for the purpose of organization, installation/introduction of new Directors, election of officers, and the transaction of other business.

Section 7. Special Board Meetings. Special meetings of the Board may be called by the Chair, the Chief Executive Officer, or any two Directors, and must be noticed in accordance with Section 8 of this Article.

Section 8. Notice of Special Meetings. Notice of any special meeting of the Board shall state the date, place, and time of the meeting and shall be given to each Director at least four days before any such meeting if given by first-class mail or forty-eight hours before any such meeting if given personally, by telephone (including a voice messaging system), or by other electronic transmission such as email, in compliance with Article XIVSection 5 of these Bylaws.

Section 9. Waiver of Notice. The transactions of any meeting of the Board, however called and noticed and wherever held, shall be valid as though taken at a meeting duly held after proper call and notice, if a quorum is present, and if, either before or after the meeting, each of the Directors not present provides in writing a waiver of notice, a consent to holding the meeting, or an approval of the minutes. The waiver of notice or consent need not specify the purpose of the meeting. All waivers, consents, and approvals shall be filed with the corporate records or made a part of the minutes of the meeting. Notice of a meeting shall also be deemed given to any Director who attends the meeting without protesting the lack of adequate notice before the meeting or at its commencement.

Section 10. Quorum; Acts of the Board. A majority of the total number of Directors currently serving shall constitute a quorum. The act of a majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board, except as otherwise provided in these Bylaws or in the California Nonprofit Public Benefit Corporation Law. A meeting at which a quorum is initially present may continue to transact business notwithstanding the withdrawal of Directors, if any action taken is approved by at least a majority of the required quorum for such meeting.

Section 11. Director Voting. Each Director shall have one vote on each matter presented to the Board for action. No Director may vote by proxy. Director voting shall not be conducted by email except as set forth in Section 12 of this Article.

Section 12. Action Without a Meeting. Any action required or permitted to be taken by the Board may be taken without a meeting if all Directors consent to such action in writing, provided that all requirements of Section 5211(b) of the California Nonprofit Public Benefit Corporation Law are met. A Director may provide such written consent by email or other electronic transmission, provided that the requirements of Article XIVSection 5 of these Bylaws are met. Such written consents shall be filed with the minutes of the proceedings of the Board and shall have the same force and effect as the unanimous vote of the Board.

Section 13. Telephone and Electronic Meetings.

(a) Directors may participate in a meeting through use of conference telephone, electronic video screen communication, or other electronic transmission in compliance with Article XIVSection 5 of these Bylaws so long as all of the following apply:

(i) each Director participating in the meeting can communicate with all of the other Directors concurrently; and

(ii) each Director is provided with the means of participating in all matters before the Board, including the capacity to propose, or to interpose an objection to, a specific action to be taken by the Corporation.

(b) For the avoidance of doubt, since email does not meet the requirements set forth in paragraph (a) of this Section 13, electronic meetings shall not be conducted via email.

Section 14. Standard of Care.

A. General.

(i) A Director shall perform the duties of a Director, including duties as a member of any Board Committee on which the Director may serve, in good faith, in a manner such Director believes to be in the best interest of this Corporation, and with such care, including reasonable inquiry, as an ordinarily prudent person in a like situation would use under similar circumstances.

(ii) In performing the duties of a Director, a Director shall be entitled to rely on information, opinions, reports, or statements, including financial statements and other financial data, in each case prepared or presented by:

(a) one or more officers or employees of this Corporation whom the Director believes to be reliable and competent as to the matters presented;

(b) counsel, independent accountants, or other persons as to matters which the Director believes to be within such person's professional or expert competence; or

(c) a committee upon which the Director does not serve that is composed exclusively of any combination of Directors or persons described in (a) or (b) above, as to matters within the committee's designated authority, provided that the Director believes such committee merits confidence;

so long as in any such case, the Director acts in good faith after reasonable inquiry when the need therefor is indicated by the circumstances and without knowledge that would cause such reliance to be unwarranted.

(iii) Except as provided in Section 5233 of the California Nonprofit Public Benefit Corporation Law, a person who performs the duties of a Director in accordance with this Section shall have no liability based upon any failure or alleged failure to discharge that person's obligations as a Director, including, without limiting the generality of the foregoing, any actions or omissions which exceed or defeat a public or charitable purpose to which this Corporation, or assets held by it, are dedicated.

B. Investments. In investing and managing the Corporation's investments, the Board shall comply with Section 5240 of the California Nonprofit Public Benefit Corporation Law, and shall invest the Corporation's assets in a manner consistent with all policies and procedures of the Parent Corporation and/or the System Corporation, as applicable, regarding investment and management of assets (as the same may be adopted or amended from time to time by the Parent Corporation and/or the System Corporation, as applicable).

Section 15. Director Inspection Rights. Every Director shall have the absolute right at any reasonable time to inspect and copy all books, records, and documents of, and to inspect the physical properties of, this Corporation.

Section 16. Compensation; Reimbursement of Expenses. Directors shall receive no compensation for services as Directors, but the Board may authorize, by resolution, the reimbursement to a Director of actual reasonable expenses incurred in carrying out his or her duties as a Director, such as for attending meetings of the Board and Board Committees. This Section shall not be construed to preclude any Director from serving the Corporation in any other capacity and receiving compensation for such services.

Section 17. Participation of Chief Executive Officer. The Chief Executive Officer of this Corporation, for as long as he or she holds the office, shall be invited to attend, shall receive notice of, and shall fully participate in, without any voting rights, all meetings of the Board, including all executive sessions of the Board unless otherwise directed by the Board, and all meetings of any Board Committees.

ARTICLE VII COMMITTEES

Section 1. Board Committees. The Board may, by resolution adopted by a majority of the Directors then in office, create any number of "Board Committees," each consisting of two or more Directors, and only of Directors, to serve at the pleasure of the Board. Appointments to any Board Committee shall be by a majority vote of the Directors then in office. Unless otherwise provided in these Bylaws, Board Committees may be delegated all the authority of the Board, except for (i) those actions which, pursuant to these Bylaws or the Governance Matrix, require approval of any person or entity other than the Board, and (ii) the powers to:

- (a) Approve any action for which the California Nonprofit Public Benefit Corporation Law also requires approval of the members or approval of a majority of all members, regardless of whether the Corporation has members;
- (b) fill vacancies on the Board or on any Board Committee;
- (c) fix compensation of Directors for serving on the Board or any Board Committee;
- (d) amend or repeal these Bylaws or adopt new Bylaws;

- (e) amend or repeal any resolution of the Board which by its express terms is not so amendable or repealable;
- (f) create any other Board Committees or appoint the members of any Board Committees;
- (g) spend corporate funds to support a nominee for Director after there are more nominees than can be appointed; or
- (h) approve any self-dealing transaction except as provided in Section 5233(d)(3) of the California Nonprofit Public Benefit Corporation Law.

Section 2. Advisory Committees. The Board may establish one or more “Advisory Committees” to the Board by resolution adopted by a majority of a quorum of Directors present at the meeting. The members of any Advisory Committee may include both Directors and non-Directors (including individuals from the community whose participation is deemed by the Board to be appropriate or valuable). The Board shall appoint persons to serve on an Advisory Committee by a majority of a quorum of Directors present at the meeting. Advisory Committees may not exercise the authority of the Board to make decisions on behalf of this Corporation, but shall be restricted to making recommendations to the Board or Board Committees, and implementing Board or Board Committee decisions and policies under the supervision and control of the Board or Board Committee.

Section 3. Committee Supervision and Reliance. If a committee is composed and appointed as required by Section 1 above (concerning Board Committees), it may act with the authority of the Board to the extent and with the scope provided by the Board. Otherwise, the Board shall remain responsible for oversight and supervision of the committee as an Advisory Committee. If a committee meets the criteria of Article VI, Section 14.A.(ii)(c), the individual Directors may rely on it in discharging their fiduciary duties as provided in that Section.

Section 4. Meetings and Governance.

(a) Of Board Committees. Meetings and actions of Board Committees shall be governed by and held and taken in accordance with the provisions of Article VI of these Bylaws concerning meetings and actions of the Board, with such changes in the content of those Bylaws as are necessary to substitute the Board Committee and its members for the Board and its members. Minutes shall be kept of each meeting of any Board Committee and shall be filed with the corporate records.

(b) Of Advisory Committees. Subject to the authority of the Board, Advisory Committees may determine their own meeting rules and whether minutes shall be kept.

(c) Committee Governance. The Board may adopt rules for the governance of any Board or Advisory Committee not inconsistent with the provisions of these Bylaws.

ARTICLE VIII OFFICERS

Section 1. Officers. The officers of this Corporation shall be a Chair of the Board (who may be referred to as the “**Chair**”), a Vice Chair, a Secretary, a President (who may be referred to as the “**Chief Executive Officer**” or the “**Hospital President**”), and a Chief Financial Officer. This Corporation may also have such other officers as the Board or the Chief Executive Officer may appoint from time to time. Any number of offices may be held by the same person, except that no person serving as the Secretary or the Chief Financial Officer may serve concurrently as the Chair or the Chief Executive Officer.

Section 2. Election and Appointment; Term of Office. The Chair, the Vice Chair, and the Secretary shall each be elected annually by the Board from among the incumbent Directors, and each shall hold office for a term of one (1) year or until he or she resigns, is removed by the Board or is otherwise disqualified to serve, or until his or her successor is duly elected and qualified. As required by the Governance Matrix, the Chief Executive Officer shall be appointed by the Chief Operating Officer of the System Corporation, after consultation with the Board, and shall serve subject to the terms of any contract of employment. The Chief Financial Officer shall also be appointed by the Chief Operating Officer of the System Corporation, and shall serve subject to the terms of any contract of employment. The Chief Executive Officer and the Chief Financial Officer shall each serve without term, unless one is set forth in such officer’s contract of employment, if any.

Section 3. Removal. Subject to the Governance Matrix and the rights, if any, of an officer under any contract of employment, (i) any officer, except the Chief Executive Officer and the Chief Financial Officer, may be removed, with or without cause, by the Board or by an officer on whom such power of removal may be conferred by the Board, and (ii) the Chief Executive Officer and the Chief Financial Officer may be removed, with or without cause, by the Chief Operating Officer of the System Corporation.

Section 4. Resignation. Any officer may resign at any time by giving written notice to this Corporation. Any resignation shall take effect on receipt of that notice by the Corporation or at any later time specified by that notice and, unless otherwise specified in that notice, the acceptance of the resignation shall not be necessary to make it effective. Any resignation is without prejudice to the rights, if any, of this Corporation under any contract to which the officer is a party.

Section 5. Vacancies. A vacancy in any office for any reason shall be filled in the same manner as these Bylaws provide for election or appointment to that office.

Section 6. Chair. The Chair shall preside at all meetings of the Board, and shall have such other powers and duties as may from time to time be prescribed by the Board or these Bylaws.

Section 7. Vice Chair. The Vice Chair shall, in the absence of the Chair, carry out the duties of the Chair, and shall have such other powers and duties as may be prescribed from time to time by the Board or these Bylaws.

Section 8. Secretary. The Secretary shall supervise the keeping of a full and complete record of the proceedings of the Board and its committees, shall supervise the giving of such notices as may be proper or necessary, shall supervise the keeping of the minute book of this Corporation, and shall have such other powers and duties as may be prescribed from time to time by the Board or these Bylaws.

Section 9. Chief Executive Officer. The Chief Executive Officer shall be the chief executive officer of this Corporation, and shall generally supervise, direct, and control the business and day-to-day management and administration of this Corporation and the Hospital. The Chief Executive Officer shall have the general powers and duties of management usually vested in the office of president of a corporation and shall have such other powers and duties as may be prescribed from time to time by the System Corporation, the Parent Corporation, the Board, or these Bylaws.

Section 10. Chief Financial Officer. The Chief Financial Officer shall be responsible for the management of this Corporation's financial affairs. The Chief Financial Officer shall supervise the charge and custody of all funds of this Corporation, the deposit of such funds in the manner prescribed by the Board, and the keeping and maintaining of adequate and correct accounts of this Corporation's properties and business transactions, shall render reports and accountings as required, and shall have such other powers and duties as may be prescribed from time to time by the Board or these Bylaws.

Section 11. Duty to Support Mission. Each officer of this Corporation shall adhere to the highest standards of ethical and moral conduct in carrying out his or her duties for this Corporation, and shall act, in all respects, in the best interests of this Corporation and the mission, vision, and values of the Parent Corporation. Failure of any officer to adhere to such standards may be grounds for his or her removal or termination in accordance with these Bylaws.

ARTICLE IX HOSPITAL COMMUNITY BOARD

Section 1. Establishment. This Corporation hereby establishes the Mark Twain Medical Center Community Board (the "**Hospital Community Board**"). The Hospital Community Board shall be operated in the manner described in, and shall have the responsibilities set forth in, the Mark Twain Medical Center Community Board Bylaws attached to these Bylaws as Exhibit D (the "**Hospital Community Board Bylaws**"). Any amendment of or modification to the Hospital Community Board Bylaws shall be subject to the approval of the Board of this Corporation.

Section 2. Authority.

(a) Policies and Procedures. Subject to any mandatory policies and procedures as imposed by the Parent Corporation or the System Corporation, and in accordance with any delegated authority by the Board of this Corporation, the Hospital Community Board shall have authority to approve hospital policies and procedures for hospital services at the Hospital, where such approval is required of a governing body by law, regulation, or accrediting body. The Board of this Corporation may elect to exercise such approval rights by notice to the

Hospital Community Board and, in such case, the referenced policies and procedures shall be deemed approved by the Hospital Community Board.

(b) Quality Assessment, Performance Improvement, Patient Safety, and Utilization Management Activities. In connection with its delegated authority from the Board of this Corporation, the Hospital Community Board shall be responsible for assuring that health care services provided at the Hospital are of high quality, safe, effective, efficient, and consistent with community standards. The Hospital Community Board shall be responsible for ongoing quality assessment, performance improvement, patient safety, and utilization management activities of the Hospital, for assuring that quality and patient safety issues are addressed and resolved appropriately, and for assuring that quality assessment, performance improvement, patient safety, and utilization management activities are consistent with the standards, policies, and procedures established by the Parent Corporation Board and the Quality Committee. The Hospital Community Board shall assure that the Medical Staff (as such term is defined in Article X below) participates in the measurement, assessment, and improvement of clinical and non-clinical processes affecting patient care at the Hospital and takes a leadership role where the clinical processes are the primary responsibility of physicians.

(c) Medical Staff Matters. The Hospital Community Board shall have final authority regarding medical staff matters consistent with Article X of these Bylaws and as set forth in the Hospital Community Board Bylaws.

Section 3. Advisory Role. The Board shall seek the advice of the Hospital Community Board regarding (i) the Hospital mission, vision, and strategic direction, (ii) priorities for the Hospital's community benefits, and (iii) proposals for material changes in clinical services.

Section 4. Values Based Discernment Process. As set forth in Section 1.5 of the Hospital Community Board Bylaws, the Hospital Community Board shall ensure that a Values Based Discernment Process is utilized if the Corporation is considering taking an action (other than one caused by the suspension or termination of privileges resulting from a peer review process) that (i) would eliminate or relocate beyond five (5) miles, any medical service line, department, or rural health clinic; and/or (ii) could reasonably be expected to result in the exodus from Calaveras County of a recognized medical specialty previously available therein. The Board of this Corporation must receive and consider the final report-out from the Values Based Discernment Process, prior to taking the action for which the Values Based Discernment Process was conducted.

Section 5. Composition of Hospital Community Board. The Hospital Community Board shall consist of seven (7) members, as follows:

(a) The person serving as the Chief Executive Officer of the Corporation from time to time shall serve as an *ex officio* voting Hospital Community Board Member for a term that runs concurrently with her or her tenure in that position.

(b) The person serving as the Chief of the Medical Staff from time to time shall serve as an *ex officio* voting Hospital Community Board Member for a term that runs concurrently with her or her tenure in that position.

(c) A Parent Corporation Director who has been selected in accordance with the provisions of Section 6 of this Article shall serve as a voting Hospital Community Board Member (the “**Parent Corporation Member**”).

(d) A District board member who has been selected in accordance with the provisions of Section 6 of this Article shall serve as a voting Hospital Community Board Member (the “**District Member**”).

(e) Three (3) residents of Calaveras County who have been selected in accordance with the provisions of Section 6 of this Article shall serve as voting Hospital Community Board Members (the “**At-Large Members**”).

Section 6. Initial and Subsequent Appointments to Hospital Community Board.

(a) The initial Parent Corporation Member, District Member, and At-Large Members (collectively, the “**Initial Appointed Members**”) of the Hospital Community Board shall be those persons whose names are listed in Exhibit E attached to these Bylaws. Each Initial Appointed Member of the Hospital Community Board shall serve until the later of the date set forth next to his or her name in Exhibit E, or the date his or her successor is selected.

(b) Subsequent appointments to the Parent Corporation Member, District Member, and At-Large Member positions on the Hospital Community Board shall be made as follows:

(i) The Board of this Corporation shall appoint the Parent Corporation Member.

(ii) The District shall nominate one of its incumbent board members for appointment by the Board of this Corporation to the District Member position, which appointment by the Board shall not be unreasonably withheld.

(iii) A nominating committee consisting of the Chief Executive Officer, the Chief of the Medical Staff, the incumbent District Member, and the incumbent Parent Corporation Member shall nominate individuals for appointment by the Board of this Corporation to the At-Large Member positions, which appointments by the Board shall not be unreasonably withheld.

(c) In the exercise of their duties under paragraph (b) of this Section 6, the bodies responsible for nominating and appointing Hospital Community Board Members shall take into account the qualifications and considerations set forth in Sections 2.1, 2.2, and 2.3 of the Hospital Community Board Bylaws.

(d) The Board of this Corporation shall notify the board of directors of the Parent Corporation in writing whenever new appointments to the Hospital Community Board are

made. Such notice shall include the name of each newly appointed Hospital Community Board Member and the expiration date of the term of office for which he or she was appointed.

Section 7. Term of Office for Appointed Members of the Hospital Community Board. Except for (i) the Initial Appointed Members of the Hospital Community Board and (ii) the *ex officio* Hospital Community Board Members, each Hospital Community Board Member's term shall begin on July 1 of the first year for which he or she is appointed and continues until the last day of June in the last year for which he or she is appointed or until his or her replacement is selected and takes office, whichever is later, unless the Hospital Community Board Member resigns or is removed prior to the expiration of his or her term. Any Hospital Community Board Member appointed for the first time, or appointed after fulfilling the Hiatus Period (defined below), shall serve for a term of three (3) years. Thereafter, a Hospital Community Board Member will be eligible for appointment for up to three (3) consecutive three-year terms; provided, however, that, upon the affirmative vote of the Board, any such term may be shorter or longer (not to exceed six months) as is deemed necessary to allow for the staggering of terms, or to permit a Hospital Community Board Member to serve the maximum number of consecutive years allowed under these Bylaws, as determined by the Board. No appointed Hospital Community Board Member may serve more than a maximum of ten (10) consecutive years on the Hospital Community Board; provided, however, that he or she will again be eligible for appointment to the Hospital Community Board one (1) year after the conclusion of such a ten-year period ("**Hiatus Period**").

ARTICLE X MEDICAL STAFF

Section 1. Organization and Governance. The Board shall ensure that the physicians, dentists, podiatrists, and such other practitioners as may be granted medical staff membership and clinical privileges at the Hospital shall be and continue to be organized into a medical staff (the "**Medical Staff**"), in accordance with applicable law. The Medical Staff shall be responsible to the Hospital Community Board and to the Board of this Corporation for the adequacy and quality of medical care and professional work in the Hospital, and for ensuring consistency of practice with respect to the Parent Corporation's quality of care policies. The Medical Staff shall operate in accordance with Medical Staff bylaws that have been (i) established in conformance with the provisions of the Hospital Community Board Bylaws and (ii) approved by the Hospital Community Board.

Section 2. Conflicts. Any conflict between the Medical Staff bylaws and these Bylaws or the Hospital Community Board Bylaws shall be resolved in favor of these Bylaws or the Hospital Community Board Bylaws, and where necessary or applicable the Medical Staff bylaws shall be revised to conform if approved by the applicable Medical Staff governance body; provided, however, that if the Medical Staff governance body does not approve, the conflict shall be solved through a conflict management process jointly approved by the applicable Medical Staff governance body and the Board or, if only the Hospital Community Board Bylaws are in conflict with the Medical Staff bylaws, the Hospital Community Board.

**ARTICLE XI
DESIGNATED PROCEDURES OVERSIGHT COMMITTEE**

Designated Procedures (as such term is defined in the Ministry Alignment Agreement) that are provided at licensed hospital facilities, or clinics owned or operated by the Corporation shall be overseen by an oversight committee established pursuant to the provisions of the Ministry Alignment Agreement.

**ARTICLE XII
CERTAIN TRANSACTIONS**

Section 1. Conflicts of Interest. This Corporation, all of its officers and Directors, and all Hospital Community Board Members, will comply with all applicable Parent Corporation or System policies regarding conflicts of interest, as such policies may be amended by the Parent Corporation or the System Corporation, as applicable, from time to time, as well as all requirements of California law regarding such conflicts, and shall timely complete any and all such disclosure forms as may be deemed necessary or useful by the Parent Corporation or the System Corporation for identifying potential conflicts of interest.

Section 2. Loans. This Corporation shall not make any loan of money or property to, or guarantee the obligation of, any Director or officer.

Section 3. Self-Dealing Transactions. A self-dealing transaction is a transaction to which this Corporation is a party and in which one or more of its Directors has a material financial interest. When considering any self-dealing transaction, the Board shall comply with all requirements of California law regarding such transactions, and shall follow the procedures set forth in any applicable policies of the Parent Corporation or the System Corporation regarding such transactions, as such policies may be amended by the Parent Corporation or the System Corporation, as applicable, from time to time.

**ARTICLE XIII
INDEMNIFICATION**

Section 1. Right of Indemnity. To the fullest extent allowed by Section 5238 of the California Nonprofit Public Benefit Corporation Law, this Corporation shall indemnify its Directors and officers, and may indemnify its other agents, in connection with any proceeding, and in accordance with Section 5238. For purposes of this Article, “agent” shall have the same meaning as in Section 5238(a); “proceeding” shall have the same meaning as in Section 5238(a), including any threatened action or investigation under Section 5233 of the California Nonprofit Public Benefit Corporation Law or brought by the Attorney General; and “expenses” shall have the same meaning as in Section 5238(a), including reasonable attorneys’ fees.

Section 2. Approval of Indemnity. Any agent seeking indemnification under this Article shall submit a written request therefor to the Board in each specific case. To the extent that the agent has been successful on the merits, the Board shall promptly authorize indemnification in accordance with Section 5238(d). Otherwise, the Board shall promptly

determine, by a majority vote of a quorum consisting of Directors who are not parties to the proceeding, whether, in the specific case, the agent has met the applicable standard of conduct stated in Section 5238(b) or Section 5238(c), and, if so, shall (in the case of Directors and officers), or may (in the case of other agents), authorize indemnification to the extent permitted thereby, provided that it has first obtained the written approval of the Parent Corporation for such indemnification.

Section 3. Advancing Expenses.

(a) The Board may authorize the advance of expenses incurred by or on behalf of an agent of this Corporation in defending any proceeding prior to final disposition, if:

(i) the Board finds that the requested advances are reasonable in amount under the circumstances;

(ii) before any advance is made, the agent submits a written undertaking satisfactory to the Board to repay the advance unless it is ultimately determined that the agent is entitled to indemnification for the expenses under this Article; and

(iii) the Board obtains the written consent of the Parent Corporation for any such advance of expenses.

(b) Any advance of expenses authorized pursuant to paragraph (a) of Section 3 shall not be considered or deemed to be a loan to or a guarantee of an obligation of an agent under Section 5236 of the California Nonprofit Public Benefit Corporation Law.

Section 4. Selection of Counsel. In the event the Corporation is obligated to, or has agreed to, pay the expenses of any proceeding against an agent, the agent shall have the right to select counsel of his or her choice, subject to approval by the Corporation, which such approval shall not be unreasonably withheld.

**ARTICLE XIV
MISCELLANEOUS**

Section 1. Fiscal Year. The fiscal year of this Corporation shall end each year on June 30.

Section 2. Contracts, Notes, and Checks. In approving and executing contracts, notes, and checks, the Corporation shall follow all applicable policies of the Parent Corporation or the System Corporation regarding approval requirements and signature authority (as the same may be adopted or amended from time to time by the Parent Corporation or the System Corporation, as applicable).

Section 3. Annual Report.

(a) As required by Section 6321 of the California Nonprofit Public Benefit Corporation Law, the Board, within 120 days of the end of this Corporation's fiscal year, shall

furnish an annual written report (the “**Annual Report**”) to all of the Directors of this Corporation. The Annual Report shall contain the following information:

- (i) the assets and liabilities, including the trust funds of this Corporation, as of the end of the fiscal year;
- (ii) the principal changes in assets and liabilities, including trust funds, during the fiscal year;
- (iii) the revenue or receipts of this Corporation, both unrestricted and restricted for particular purposes, for the fiscal year;
- (iv) the expenses or disbursements of this Corporation, for both general and restricted purposes, for the fiscal year; and
- (v) any information required by Section 6322 of the California Nonprofit Public Benefit Corporation Law (relating to self-dealing transactions and indemnifications during the fiscal year).

(b) As required by Section 6321(b) of the California Nonprofit Public Benefit Corporation Law, the Annual Report shall be accompanied by any report thereon of independent accountants (i.e., an audit) or, if there is no such report, the certificate of an authorized officer of this Corporation that the Annual Report was prepared without an audit from the books and records of this Corporation.

(c) The Annual Report and any accompanying material may be sent by electronic transmission in compliance with Article XIV Section 5 of these Bylaws.

(d) At the request of the Parent Corporation, the Board shall prepare and furnish reports and accountings similar to the above required Annual Report for any fiscal period of the Corporation.

Section 4. Public Inspection. The Corporation shall make the following documents available for public inspection and copying to the extent and in the manner required by the Code: its annual information returns (IRS Form 990), its application for federal tax-exempt status (IRS Form 1023), and its determination letter from the Internal Revenue Service acknowledging exempt status.

Section 5. Electronic Transmissions. Unless otherwise provided in these Bylaws, and subject to any guidelines and procedures that the Board may adopt from time to time, the terms “written” and “in writing” as used in these Bylaws include any form of recorded message in the English language capable of comprehension by ordinary visual means, and may include electronic transmissions, such as facsimile or email, provided (i) for electronic transmissions from the Corporation, the Corporation has obtained an unrevoked written consent from the recipient to the use of such means of communication; (ii) for electronic transmissions to the Corporation, the Corporation has in effect reasonable measures to verify that the sender is the individual purporting to have sent such transmission; and (iii) the transmission creates a record that can be retained, retrieved, reviewed, and rendered into clearly legible tangible form.

Section 6. Electronic Transmissions to Directors. An electronic transmission by the Corporation to any Director of this Corporation is valid only if such Director has affirmatively consented (and has not withdrawn consent) to the use of electronic transmissions, as required by the preceding section. The Corporation shall utilize consent forms in substantially the form attached hereto as Exhibit F to obtain such consent from the Directors.

Section 7. Amendments. Amendments to these Bylaws or to the Articles of Incorporation shall be effective only when approved by the Board, the Parent Corporation, and any other person or entity required in accordance with the Governance Matrix.

Section 8. Periodic Review. These Bylaws shall be reviewed every three years by the Board for compliance with applicable law, the charitable purposes of this Corporation, the objectives, philosophy, and values of the Parent Corporation, and the Statement of Common Values.

Section 9. Governing Law. In all matters not specified in these Bylaws, or in the event these Bylaws shall not comply with applicable law, the California Nonprofit Public Benefit Corporation Law as then in effect shall apply.

Section 10. Fundraising. This Corporation shall comply with all applicable provisions of the Supervision of Trustees and Fundraisers for Charitable Purposes Act (Cal. Gov. Code Sections 12580-12599.8), including the provisions with regard to direct fundraising, to fundraising by a commercial fundraiser or fundraising counsel, and to fundraising for the benefit of this Corporation by any other person or entity.

Section 11. Confidentiality. Except as otherwise publicly disclosed, or in order to appropriately conduct this Corporation's business, the records and reports of this Corporation shall be held in confidence by those persons with access to them.

Section 12. District Access to Information. The Corporation will provide the District with access to operational and financial information necessary to complete District's regulatory, compliance, auditing, and legal obligations as well as reports or metrics specified in the current lease between the District, as landlord, and this Corporation, as tenant.

EXHIBIT A
GOVERNANCE MATRIX

EXHIBIT B
STATEMENT OF COMMON VALUES

EXHIBIT C

**DIRECTORS AS OF EFFECTIVE DATE OF
THIRD AMENDED AND RESTATED BYLAWS**

<u>Name</u>	<u>Expiration Date of Initial Term</u>
Charles (Chuck) Kassis	6/30/2020
Randall Ross	6/30/2021
Chris Champlin	6/30/2021
Janet McInnes	6/30/2022
Lin Reed	6/30/2022

EXHIBIT D

MARK TWAIN MEDICAL CENTER COMMUNITY BOARD BYLAWS

EXHIBIT E

INITIAL APPOINTED MEMBERS OF THE HOSPITAL COMMUNITY BOARD

<u>Name</u>	<u>Hospital Community Board Position</u>	<u>Expiration Date of Initial Term</u>
Chris Champlin	Parent Corporation Member	6/30/2021
Talibah Al-Rafiq	District Member	6/30/2022
Kathy Northington	At-Large Member	6/30/2022
Nick Baptista	At-Large Member	6/30/2021
Bob Becker	At-Large Member	6/30/2020

For clarification and the avoidance of doubt, the Hospital Community Board also includes two *ex-officio* members (see Article IX, Section 5 of the Bylaws).

EXHIBIT F

**FORM OF CONSENT TO THE USE OF ELECTRONIC TRANSMISSIONS
BY DIRECTOR**

In accordance with California Corporations Code §§20, 21, and 5079, and the Bylaws of Mark Twain Medical Center, a California nonprofit public benefit corporation (the "Corporation"), the undersigned director of the Corporation hereby agrees to the following:

1. The Corporation may send meeting notices, annual reports, and all other materials ("Records") to me by electronic transmission at the email address or facsimile number listed below.

2. The Corporation may rely on communications sent by me to the Corporation by electronic transmission from the email address or facsimile number listed below for any purposes, including action by written consent. I hereby certify that the Corporation may reasonably conclude that I am the author of communications so sent.

3. I understand that I have the right to have all Records provided or made available on paper or in nonelectronic form, but only if requested by me in writing. Requested Records shall be provided within a reasonable period of time.

Electronic transmissions may be sent and received as follows:

By email: _____

By facsimile: _____

This consent shall remain in full force and effect until I revoke it in writing and so notify the Corporation.

Date: _____

[Signature]

[Typed/Printed Name]

CERTIFICATE OF SECRETARY OF DIGNITY HEALTH

I, the undersigned, certify that I am presently the appointed and acting Assistant Secretary of Dignity Health, a California nonprofit public benefit corporation (“Dignity Health”), and that the above Third Amended and Restated Bylaws of Mark Twain Medical Center, consisting of 18 pages (plus the attached Exhibits A through F), were approved by the Dignity Health Board of Directors on _____ (the “Approval Date”), to take effect upon the satisfaction of the conditions set forth in the resolutions regarding said Third Amended and Restated Bylaws that were adopted and approved by the Dignity Health Board of Directors on the Approval Date, such satisfaction to be evidenced by the completion and execution of the Certificate of Secretary of Mark Twain Medical Center set forth below.

Executed on this ____ day of _____, at San Francisco, California.

_____, Assistant Secretary
Dignity Health

CERTIFICATE OF SECRETARY OF MARK TWAIN MEDICAL CENTER

I, the undersigned, certify that I am presently the duly elected and acting Secretary of Mark Twain Medical Center, a California nonprofit public benefit corporation (the “Corporation”), and that the above Third Amended and Restated Bylaws, consisting of 18 pages (plus the attached Exhibits A through F), were adopted by the Board of Directors of the Corporation on _____, to take effect on _____.

Executed on this ____ day of _____, at _____.

Secretary of the Board of Directors
Mark Twain Medical Center

**BYLAWS
OF
THE MARK TWAIN MEDICAL CENTER COMMUNITY BOARD**

**ARTICLE 1
ROLE OF HOSPITAL COMMUNITY BOARD**

1.1 General Purposes.

(a) This Hospital Community Board (“**Hospital Community Board**”) shall be referred to as the “Mark Twain Medical Center Community Board.” It shall perform the functions and duties described in these Bylaws in support of Mark Twain Medical Center, referred to in these Bylaws as the “**Local Hospital**” and in support of (i) Mark Twain Medical Center, a California nonprofit public benefit corporation (“**MTMC**” or the “**Corporation**”), the Local Hospital’s operator; and (ii) Dignity Health, a California nonprofit public benefit corporation (“**Parent Corporation**”) and the health system with which it is affiliated (collectively, the “**System**”).

(b) This Hospital Community Board is established and appointed by the Corporation’s Board of Directors (the “**MTMC Board**”). This Hospital Community Board shall be fully engaged in the support of the purposes of the Corporation, the Parent Corporation and the System, and shall follow the *Statement of Common Values*, as adopted by the System.

(c) The Chief Executive Officer of the Local Hospital (“**Hospital President**”) shall be responsible for the operations of this Hospital Community Board. The Hospital President shall coordinate and work with the Senior Executive Vice President & Chief Operating Officer of the Parent Corporation as necessary on Hospital Community Board matters affecting all hospitals in the System.

1.2 Medical Staff and Quality Responsibilities. This Hospital Community Board shall be responsible for the duties in Article 8 (relating to quality assessment and improvement activities and policies and procedures at the Local Hospital) and Article 9 (relating to Medical Staff matters), under the authority and to the extent delegated to it by the MTMC Board herein.

1.3 Community Matters. In addition to the matters delegated to it under Section 1.2 above, this Hospital Community Board shall perform all the following activities:

(a) Mission and Vision. Provide a community perspective and support for the Hospital President, the Corporation, and the System in achieving the mission and vision of the Local Hospital and the System.

(b) Strategic Direction. Assess community health needs, the needs of the Local Hospital medical staff and national trends in healthcare delivery; assist the Hospital President in developing the strategic direction of the Local Hospital consistent with the strategic direction of the Corporation and the Parent Corporation; and monitor the Local Hospital’s implementation of its goals and strategic initiatives.

(c) Advocacy. Serve as a representative of and to the community as well as the elected and appointed officials of all levels of government concerning the important health care issues confronting the Local Hospital, all of which will be consistent with the advocacy programs and priorities established for the System generally.

(d) Healthy Communities. Participate in the process of establishing priorities, plans and programs for the Healthy Communities Initiatives at the Local Hospital, based on an assessment of community needs and assets; approve the community benefit plan for the Local Hospital; and monitor progress toward identified goals. The community benefit plan is developed in accordance with policies and procedures of the Parent Corporation and the System, as applicable, and incorporates system-wide performance measures identified by the Parent Corporation Board for community benefit programs.

1.4 Recommendations for Parent Corporation Board Membership. This Hospital Community Board may, from time to time, suggest individuals that it believes are worthy of consideration for membership on the Parent Corporation Board.

1.5 Strategic Realignment Decisions; Values Based Discernment Process.

(a) This Hospital Community Board will be consulted and asked for comment before any decision is made that would significantly alter the types of clinical services provided to the community by the Local Hospital, or result in the closure of the Local Hospital, whether through merger, joint ventures or sale.

(b) Without limiting the generality of paragraph (a), this Hospital Community Board shall ensure that a Values Based Discernment Process is utilized if the Corporation is considering taking an action (other than one caused by the suspension or termination of privileges resulting from a peer review process) that (i) would eliminate or relocate beyond five (5) miles, any medical service line, department, or rural health clinic; and/or (ii) could reasonably be expected to result in the exodus from Calaveras County of a recognized medical specialty previously available therein. Such Values Based Discernment Process shall be consistent with the process outlined in Attachment A (as amended from time to time) and shall, at a minimum, include participation of the District Member (as such term is defined in the Bylaws of the Corporation), one additional District board member, and the Medical Staff Executive Committee.

ARTICLE 2
HOSPITAL COMMUNITY BOARD MEMBERS

2.1 Qualification of Hospital Community Board Members. Hospital Community Board Members shall be individuals who: support the vision, mission, values, charitable and philanthropic goals of the Local Hospital, the Parent Corporation and the System, are regarded in their community as respected and knowledgeable in their field, are contributing citizens in their community, and are knowledgeable about or willing to become educated about hospital and healthcare matters. Hospital Community Board Members shall have the necessary talents and skills to competently consider the issues within the jurisdiction of this Hospital Community

Board, and meet such other qualifications that are established in policies adopted by the Parent Corporation Board and the System, as applicable.

2.2 Independence of Hospital Community Board. No Hospital Community Board Member shall simultaneously be a member of the Parent Corporation Board. Except for the Hospital President, the Chief of the Medical Staff, and the Parent Corporation Member (as such term is defined in the Bylaws of the Corporation), no Hospital Community Board Member shall simultaneously be an employee of the Local Hospital or the Parent Corporation.

2.3 Diversity. The MTMC Board shall seek to appoint members to the Hospital Community Board that reflect the diversity of the communities served by the Local Hospital, and may consider race, gender, ethnicity, education, sexual orientation, age, religion, culture, organized position, veteran's status and disability, special skills and competencies. Notwithstanding the foregoing, total Hospital Community Board effectiveness, including skill mix and competencies, will be the primary consideration in selecting Hospital Community Board Members. The Hospital Community Board shall conduct an assessment of the needs of the Local Hospital consistent with this Section and Section 2.1 above, and recommend candidates for membership on this Hospital Community Board based on such assessment.

2.4 Conflicts of Interest. Hospital Community Board Members shall be subject to the applicable Parent Corporation or System conflict of interest policy.

2.5 Obligations of Confidentiality. In the course of carrying out his or her duties or responsibilities, each Hospital Community Board Member will receive or have access to confidential and/or proprietary information about the System, the Parent Corporation, System or Parent Corporation affiliates, or the Local Hospital, including, without limitation, patient information, confidential financial, operational, business and planning information, trade secrets, personal information about System, Parent Corporation or Local Hospital employees or staff, information and data related to or derived from Medical Staff credentialing, discipline, governance and appeals processes or quality assessment and performance improvement processes (collectively "**Proprietary Information**"). Each Hospital Community Board Member is required (a) to keep and maintain such Proprietary Information confidential, (b) to use and disclose such Proprietary Information solely for the purpose of carrying out his or her responsibilities as a Hospital Community Board Member, and (c) to not directly or indirectly disclose such Proprietary Information to any third person without the prior written consent of the Hospital President or his or her delegate.

ARTICLE 3 **NUMBER AND SELECTION**

3.1 Composition of Hospital Community Board; Selection of Members and Term of Office. The composition of the Hospital Community Board, and the selection procedure for and term of office of Hospital Community Board Members, shall be as set forth in the Bylaws of the Corporation.

3.2 Removal. The MTMC Board may remove any Hospital Community Board Member with or without cause at any time by notice to the Hospital Community Board Member.

Any removal shall take effect at the date of receipt of that notice or at any later time specified in that notice.

3.3 Resignation. Any Hospital Community Board Member may resign at any time by giving notice to the Chairperson of the Hospital Community Board. Any resignation shall take effect at the date of receipt of that notice or at any time specified in that notice; and unless otherwise specified in that notice, the acceptance of the resignation shall not be necessary to make it effective.

3.4 Vacancy. Any vacancy on this Hospital Community Board shall be filled by the MTMC Board according to the selection procedure described in the Bylaws of the Corporation.

ARTICLE 4 **MEETINGS**

4.1 Place of Meetings. Regular meetings of this Hospital Community Board shall be held at any place within or outside the community of the Local Hospital that has been designated from time to time by the Hospital President. Special meetings of this Hospital Community Board shall be held at any place within or outside the community of the Local Hospital that has been designated in the notice of the meeting.

4.2 Meetings by Telephone. Any meeting, regular or special, may be held by conference telephone or similar communication equipment, so long as all the Hospital Community Board Members participating in the meeting can hear one another, and all such Hospital Community Board Members shall be deemed to be present in person at the meeting.

4.3 Regular Meetings. Regular meetings of this Hospital Community Board may be held without notice at such time as may from time to time be fixed by the Hospital President, by notice.

4.4 Special Meetings. Special meetings of this Hospital Community Board for any purpose or purposes may be called by notice at any time by the Hospital President or the Chairperson of the Hospital Community Board or Hospital Community Board Secretary. The notice need not specify the purpose of the meeting.

4.5 Quorum. A majority of the number of Hospital Community Board Members then serving shall constitute a quorum for the transaction of business by this Hospital Community Board. Every act or decision done or made by a majority of Hospital Community Board Members present at a meeting duly held at which a quorum is present shall be regarded as the act of this Hospital Community Board. A meeting at which a quorum is initially present may continue notwithstanding the withdrawal of Hospital Community Board Members, if any action taken is approved by at least a majority of the required quorum for that meeting.

4.6 Adjournment. A majority of the Hospital Community Board Members present, whether or not constituting a quorum, may adjourn any meeting to another time and place.

4.7 Notice of Adjournment. Notice of the time and place of holding an adjourned meeting need not be given, unless the meeting is adjourned for more than 24 hours, in which

case notice of the time and place shall be given before the time of the adjourned meeting to the Hospital Community Board Members who were not present at the time of the adjournment.

4.8 Waiver of Notice. The business of any meeting of this Hospital Community Board, however called and noticed or wherever held, shall be valid as though it occurred at a meeting duly held after regular call and notice if a quorum is present and if, either before or after the meeting, each of the Hospital Community Board Members not present signs a written waiver of notice, a consent to holding the meeting or an approval of the minutes. The waiver of notice or consent need not specify the purpose of the meeting. All such waivers, consents, and approvals shall be filed with the Hospital Community Board minute book or specifically made a part of the minutes of the meeting. Notice of the meeting shall also be deemed given to any Hospital Community Board Member who attends the meeting without protesting before or at its commencement the lack of notice to such Hospital Community Board Member.

4.9 Written Consent. Any action required or permitted to be taken by this Hospital Community Board may be taken without a meeting, if all the Hospital Community Board Members receive a copy of the written consent request and consent in writing to that action. Such action by written consent shall have the same force and effect as the unanimous vote of Hospital Community Board Members at a meeting. The written consent or consents shall be filed with the minutes of the proceedings of this Hospital Community Board.

4.10 Fees and Compensation of Hospital Community Board Members. Hospital Community Board Members shall not receive fees or compensation for their services. Hospital Community Board Members shall be reimbursed for reasonable material expenses incurred as a Hospital Community Board Member, including, but not limited to, travel costs to and from meetings out of the immediate community.

4.11 Participation of Chief Nurse Executive. The Chief Nurse Executive of the Local Hospital shall be invited to attend all meetings of this Hospital Community Board and shall provide advice and counsel to this Hospital Community Board on all matters related to nursing and clinical care at the Local Hospital.

ARTICLE 5

NOTICE

5.1 Notice Generally. All notices shall be delivered personally or by telephone or electronic mail to each Hospital Community Board Member or sent by first-class mail, charges prepaid, addressed to each person's address as it is shown in the records of this Hospital Community Board. One copy of all notices given shall be delivered to the Hospital Community Board Secretary to keep in the Hospital Community Board minute book. All notices shall be effective upon receipt, except as provided in Section 5.2.

5.2 Notice of Hospital Community Board Meeting. In case the notice of a meeting is mailed, it shall be deposited in the United States mail at least four days before the time of the holding of the meeting. In case the notice of a meeting is delivered personally, by telephone, or electronic mail, it shall be so delivered at least 48 hours before the holding of the meeting. Any oral notice of a meeting may be communicated to each person personally or to any person in that

person's office or home who the person giving the notice has reason to believe will promptly communicate it to the intended recipient.

ARTICLE 6 **OFFICERS**

6.1 Chairperson of the Hospital Community Board; Hospital Community Board Secretary. This Hospital Community Board shall have a Chairperson and a Secretary, and may also have a Vice Chairperson.

(a) Chairperson of the Hospital Community Board. The Chairperson of the Hospital Community Board shall, if present, preside at meetings of this Hospital Community Board, shall collaborate with the Hospital President or his/her designee to set the agenda for such meetings, and shall exercise and perform such other powers and duties as may be, from time to time, assigned by this Hospital Community Board to the Chairperson of the Hospital Community Board. If there is no Vice Chairperson, the Chairperson of the Hospital Community Board shall appoint a temporary chairperson to preside at meetings where the Chairperson of the Hospital Community Board is not present.

(b) Vice Chairperson of the Hospital Community Board. The Vice Chairperson, if any, shall preside at meetings of this Hospital Community Board in the absence of the Chairperson, and perform such other duties and responsibilities as may be assigned to the Vice Chairperson by the Chairperson of this Hospital Community Board.

(c) Hospital Community Board Secretary. The Hospital Community Board Secretary shall keep or cause to be kept, at such place as the Chairperson of the Hospital Community Board may direct, a book of minutes of all meetings and actions of this Hospital Community Board showing: (1) the time and place of meetings and whether regular or special; (2) in the case of special meetings, how authorized and the notice given; and (3) the names of those present at the meetings. The Hospital Community Board Secretary shall give, or cause to be given, notice of all the meetings of this Hospital Community Board required by these Bylaws to be given, shall keep records of names and addresses of the Hospital Community Board Members and officers and shall have such other powers and perform such other duties as may be prescribed by this Hospital Community Board or these Bylaws.

6.2 Appointment. This Hospital Community Board shall appoint the Chairperson of the Hospital Community Board, the Vice Chairperson of the Hospital Community Board (if any), and the Hospital Community Board Secretary from among the Hospital Community Board Members, and each shall serve at the pleasure of this Hospital Community Board for a term of at least one (1) year. This Hospital Community Board may appoint such other officers as the business of this Hospital Community Board may require, each of whom shall hold office for such period, have such authority, and perform such duties as this Hospital Community Board or the Hospital President may from time to time determine. Any number of offices may be held by the same person, except that no person may hold simultaneously the offices of Chairperson of the Hospital Community Board and Hospital Community Board Secretary.

6.3 Removal of Officers. Any officer may be removed, either with or without cause, by this Hospital Community Board at any time, by giving notice to such officer at the address found in this Hospital Community Board's records. Any removal shall take effect at the date of the receipt of that notice or at any later time specified in that notice.

6.4 Resignation of Officers. Any officer may resign at any time by giving notice to the Hospital President and to the Chairperson of the Hospital Community Board. Any resignation shall take effect at the date of the receipt of that notice or at any later time specified in that notice; and, unless otherwise specified in that notice, the acceptance of the resignation shall not be necessary to make it effective.

6.5 Vacancies in Offices. A vacancy in any office because of death, resignation, removal, disqualification, or any other cause shall be filled in the manner prescribed in these Bylaws for regular appointments to that office.

ARTICLE 7 COMMITTEES

7.1 Committees. This Hospital Community Board may establish such teams, work groups, task forces, or committees, as it determines is necessary to provide this Hospital Community Board with information, advice, or recommendations in connection with its responsibilities under these Bylaws, provided, however, that the establishment of any such team, work group, task force, or committee shall not constitute a delegation by this Hospital Community Board of its responsibilities or authority under these Bylaws.

7.2 Conflicts of Interest. All individuals serving on committees established by this Hospital Community Board are subject to the applicable Parent Corporation or System conflict of interest policy.

ARTICLE 8 QUALITY ASSESSMENT AND LOCAL POLICIES AND PROCEDURES

8.1 Local Hospital Policies and Procedures. All Local Hospital policies and procedures for hospital services shall be approved by this Hospital Community Board, where such approval is required to be taken by a governing body by law, regulation, or accrediting body. Such policies and procedures shall be consistent with policies and procedures established by the System and the Parent Corporation Board, as applicable, and the MTMC Board may, by notice to the Hospital Community Board, elect to exercise the approval rights of the Hospital Community Board under this Section 8.1, either in total or in a specific instance. Local Hospital policies and procedures for clinical departments and patient care services shall be developed with the participation of representatives of the Medical Staff of the Local Hospital, designated from time to time by the Chief of Staff of the Local Hospital. All Local Hospital policies and procedures shall be periodically reviewed by this Hospital Community Board to assure they are accurate, conform to current legal and regulatory requirements, and are consistent with actual practice. Each policy shall be reviewed no less than every three (3) years.

8.2 Quality Assessment, Performance Improvement, Patient Safety, and Utilization Management. This Hospital Community Board is responsible for assuring that health care

services provided at the Local Hospital are of high quality, safe, effective, efficient, and consistent with community standards. This Hospital Community Board shall be responsible for: (i) ongoing quality assessment, performance improvement, patient safety, and utilization management activities of the Local Hospital; (ii) assuring that quality and patient safety issues are addressed and resolved appropriately; (iii) assuring that quality assessment, performance improvement, patient safety, and utilization management activities of the Local Hospital are consistent with the standards, policies, and procedures established by the System, the Parent Corporation Board and the Parent Corporation Quality Committee, as applicable; and (iv) communicating quality and patient safety issues of concern and potential performance improvement measures to the Parent Corporation Quality Committee. The Hospital Community Board shall assure that the Medical Staff (a) participates in the measurement, assessment, and improvement of clinical and non-clinical processes affecting patient care and (b) takes a leadership role where the clinical processes are the primary responsibility of physicians. The activities of the Local Hospital (including outcomes, recommendations, and actions) undertaken pursuant to this Section 8.2 shall be reported to this Hospital Community Board, and also to the Parent Corporation Quality Committee in accordance with policies and procedures adopted from time to time by the Parent Corporation Quality Committee.

ARTICLE 9 MEDICAL STAFF MATTERS

9.1 Organization. Physicians, dentists, podiatrists, and such other practitioners practicing at Local Hospital (each, a **“Practitioner”**) shall be organized into a Medical Staff, that is responsible to this Hospital Community Board and the Corporation for the adequacy and quality of medical care rendered to patients at the Local Hospital and the ethical and professional practices of its members. Where clinical psychological services are provided, the Medical Staff may include clinical psychologists, if permitted by law. The Medical Staff shall be responsible to this Hospital Community Board, pursuant to the authority delegated to the Hospital Community Board by the MTMC Board, and to the MTMC Board for the adequacy and quality of medical care and professional work in the Local Hospital, and for ensuring consistency of practice with respect to the Parent Corporation’s quality of care policies. The Medical Staff shall be governed by a Medical Staff Executive Committee and such officers as are selected in accordance with the Medical Staff Bylaws.

9.2 Medical Staff Bylaws.

(a) Purpose. There shall be Medical Staff Bylaws and Rules and Regulations for the Local Hospital, setting forth the Medical Staff’s organization and government (collectively, **“Medical Staff Bylaws”**). The Medical Staff Bylaws shall create an effective organizational unit to discharge the functions and responsibilities delegated to the Medical Staff by this Hospital Community Board and the Corporation, and shall be consistent with The Joint Commission (**“TJC”**) standards, applicable law, the articles of incorporation, bylaws, and policies of the Corporation and the Parent Corporation, and the *Statement of Common Values*, as amended from time to time.

(b) Provisions. The Hospital Community Board shall collaborate with Medical Staff leadership to assure that Medical Staff Bylaws shall, at a minimum, provide for:

- (1) A description of the Medical Staff's organization, including categories of Medical Staff membership and appropriate officer positions, with the stipulation that each officer is a Medical Staff member;
- (2) Written, defined criteria for Medical Staff appointment and the granting of clinical privileges, including the categories of Practitioners eligible for Medical Staff membership and clinical privileges, precluding the possibility of discrimination according to color, religion, national origin, race, creed, gender, sexual orientation, disability, or age. The Medical Staff Bylaws shall not deny, or restrict within the scope of their licensure, the voting rights of Medical Staff members, or assign individuals to any special class or category of Medical Staff membership based upon whether such individuals hold an M.D., D.D.S., D.O., or D.P.M. degree, or clinical psychology license, where clinical psychologists are permitted by law and the Medical Staff Bylaws to be Medical Staff members;
- (3) Wherever staffing requirements for a service mandate that the physician responsible for the service be certified or eligible for certification by an appropriate American medical specialty board, such position may be filled by an osteopathic physician who is certified or eligible for certification by the equivalent appropriate American Osteopathic Board;
- (4) Appointing, re-appointing, delineating, restricting, reducing, suspending, terminating, and revoking Medical Staff membership and/or clinical privileges;
- (5) The establishment of controls to facilitate the achievement and maintenance of high standards of ethical practices, including a requirement that all members of the Medical Staff be required to demonstrate their ability to perform surgical and other procedures competently at the time of original appointment and at least every two (2) years thereafter;
- (6) An appeals mechanism for review of decisions to deny, restrict, reduce, suspend, terminate, or revoke Medical Staff membership or clinical privileges;
- (7) A quality assessment and improvement program pursuant to which patient care is regularly evaluated and verification of this evaluation is provided to the Hospital Community Board;

- (8) Attestation by signature of each Practitioner that he or she will abide by the Medical Staff Bylaws and the establishment of other means of enforcement of the Medical Staff Bylaws;
- (9) Adherence to the Statement of Common Values, as amended from time to time;
- (10) An executive committee of the Medical Staff (the “**Medical Staff Executive Committee**”);
- (11) The method of communication between the MTMC Board, Parent Corporation Quality Committee, the Hospital Community Board, administration, and Medical Staff;
- (12) Requiring that only a licensed Practitioner with appropriate clinical privileges shall be directly responsible for patient diagnosis and treatment within the scope of such Practitioner’s license and privileges;
- (13) Requiring that each patient’s general medical condition shall be the responsibility of a physician member of the Medical Staff; and that each patient admitted shall receive a history and physical examination by a physician or surgeon, or where permitted by law, by a Practitioner who is either a member of or approved by the Medical Staff; and that a physician member of the Medical Staff shall be responsible for the care of any medical problems that may be present at the time of admission or that may arise during hospitalization;
- (14) Selection, appointment, and removal of Medical Staff officers and department chairs, including qualifications, responsibilities, and tenures;
- (15) Requiring that Practitioners are eligible or qualified for Medical Staff membership or a grant of clinical privileges, and may practice at the Local Hospital, only if they (A) are duly licensed and in good standing under state law; (B) are not then excluded from any health care program funded in whole or part by the federal government; (C) are not then disbarred as a federal contractor; (D) otherwise have all the appropriate federal, state, and local licenses required to conduct a professional practice at the Local Hospital; and (E) meet minimum professional liability insurance requirements established by the Hospital Community Board.
- (16) Requirements for regular meetings and attendance requirements, if any;

- (17) Requirements and enforcement procedures for timely completion by Practitioners of medical records;
- (18) Applicable requirements for participation of medical staff members in on-call coverage for the emergency department; and
- (19) Any other provisions required by federal, state, and local law.

(c) Development, Review, and Revision. The Medical Staff of the Local Hospital shall develop and adopt Medical Staff Bylaws and review its Medical Staff Bylaws periodically. The Medical Staff shall submit its approved Medical Staff Bylaws and any needed and approved revisions to the Hospital Community Board for approval, which approval shall not be unreasonably withheld, provided that the Medical Staff Bylaws are not inconsistent with the provisions of Section 9.2(b) or applicable laws. By notice to the Hospital Community Board and the Medical Staff Executive Committee, the MTMC Board may elect to exercise the approval rights of the Hospital Community Board under this Section 9.2 (c).

(d) References to Board or Governing Board. All references in Medical Staff Bylaws to the “**Board**” or the “**Governing Board**” shall mean the Hospital Community Board.

(e) Medical Staff Meetings. The Hospital President or his or her designee shall be notified of, and invited to attend, all Medical Staff meetings and all Medical Staff committee meetings. He or she shall have the right to address, and engage in discussions with, the attendees of the meetings, but shall have no right to vote (unless otherwise specified in the Medical Staff Bylaws).

9.3 Medical Staff Executive Committee. On behalf of the Medical Staff, the Medical Staff Executive Committee (“**MSEC**”) shall make recommendations to the Hospital Community Board, concerning the following:

- (a) Appointing, re-appointing, restricting, materially reducing, suspending, terminating, and revoking Medical Staff membership;
- (b) Granting, restricting, reducing, suspending, terminating, and revoking clinical privileges;
- (c) Corrective actions;
- (d) All matters relating to professional competency;
- (e) The structure and organization of the Medical Staff and its quality assessment and performance improvement activities;
- (f) The mechanisms for reviewing credentials, delineating clinical privileges, conducting, evaluating, and revising quality assessment and performance improvement activities, appointment, reappointment, corrective action, and fair hearing procedures, and restriction, reduction, suspension, termination, and revocation of Medical Staff membership or clinical privileges;

(g) The types of Practitioners eligible for staff membership, staff membership categories, categories of Allied Health Professionals (“AHPs”) eligible to practice at the Local Hospital, and the scope of practice for each category of AHP in the Local Hospital, and

(h) Such specific matters as may be referred to it by the MTMC Board, the Parent Corporation Quality Committee, or the Hospital Community Board.

The Hospital Community Board shall take final action on such matters under authority granted by the MTMC Board.

9.4 Applications. All applications for Medical Staff membership and/or clinical privileges shall be in writing and shall contain complete information concerning the applicant’s professional qualifications, current competency, education, training, licensure, practice, experience, professional liability insurance coverage, and such other information as is required by the Medical Staff Bylaws.

9.5 Professional Liability Insurance.

(a) The Hospital Community Board shall establish applicable professional liability insurance requirements for members of the Medical Staff, including liability limits, continuity of coverage, and the licensure, rating, and/or financial requirements for insurance carriers. The professional liability insurance requirements established by the Hospital Community Board must meet any minimum terms and conditions for professional liability insurance established by the Parent Corporation or the System, as applicable, from time to time.

(b) As a condition of initial Medical Staff appointment, reappointment, and/or the granting of clinical privileges, all members of the Medical Staff and other Practitioners providing clinical services must furnish to the Medical Staff, at the time of appointment or reappointment to the Medical Staff, and as requested by the Corporation, the Parent Corporation or the Hospital Community Board, a certificate of insurance evidencing professional liability coverage consistent with the requirements established by the Hospital Community Board. If at any time the Medical Staff member or other Practitioner fails to meet the minimum professional liability insurance requirements established by the Hospital Community Board, then Medical Staff membership and/or clinical privileges of the Medical Staff member or other Practitioner shall be automatically and immediately suspended without notice, unless otherwise determined by the Hospital Community Board, or the body otherwise designated by the Corporation.

9.6 Appointment, Reappointment, and Clinical Privileges of Practitioners. The MSEC shall, consistent with its Medical Staff Bylaws, make recommendations regarding appointment, reappointment, and clinical privileges for all Practitioners who utilize the Local Hospital. MSEC recommendations shall be forwarded to the Hospital Community Board for review. The Hospital Community Board shall take final action on such recommendations under authority granted by the MTMC Board. This Hospital Community Board shall consider an applicant’s background, experience, health, training, demonstrated competency, adherence to professional ethics, reputation, and any other factors appropriate for the furtherance of the purposes of the Local Hospital and its mission, consistent with applicable provisions of the Medical Staff Bylaws and subject to applicable laws.

9.7 Corrective Action or Negative Appointment/Reappointment/Privileging Recommendations. Adverse recommendations of the MSEC regarding appointment, reappointment, specific clinical privileges, and other corrective action shall not be forwarded to the Hospital Community Board until the exhaustion or waiver of any applicable hearing rights provided under the Medical Staff Bylaws and/or state or federal law. If hearing rights are exercised, the Hospital Community Board shall serve as the appeal body to the extent such rights are provided under applicable Medical Staff Bylaws. Final decisions on all such negative MSEC recommendations shall be made by the Hospital Community Board under authority granted by the MTMC Board.

9.8 Negative Hospital Community Board Decision After Favorable MSEC Recommendation. A Hospital Community Board which tentatively decides to reject a positive MSEC recommendation regarding appointment, reappointment, or specific clinical privileges shall first remand the matter back to the MSEC with a written statement of its concerns. Within a reasonable time, as specified by the Hospital Community Board, the MSEC shall resubmit its recommendation and, in doing so, shall address the concerns of the Hospital Community Board. If the MSEC recommendation is still positive, and the Hospital Community Board rejects the recommendation, the Practitioner shall be afforded the applicable hearing rights under the Local Hospital's Medical Staff Bylaws. In such cases, the Hospital Community Board shall appoint the hearing committee. In the event that the Practitioner requests an appeal from the ruling of the hearing committee, the Hospital Community Board shall be responsible for administration of the appeal to the extent that appeal rights are provided under the Medical Staff Bylaws.

9.9 Patient Care Responsibilities. Each Practitioner shall have appropriate authority and responsibility for the care of his or her patients, subject to the scope of his or her licensure and clinical privileges, as delineated by the Medical Staff and approved by the Hospital Community Board, under authority granted by the MTMC Board. Only a member of the Medical Staff with admitting privileges may admit patients to the Local Hospital. Only Practitioners with clinical privileges shall be directly responsible for patient diagnosis and treatment; provided, however, that residents, interns, and medical students in approved teaching programs may diagnose and treat patients, if appropriately supervised by physician members of the Medical Staff, including the teaching faculty.

9.10 Medical Records. Each Practitioner shall maintain complete, accurate, and timely medical records for the Practitioner's patients. All patient medical records shall be owned by the Corporation.

9.11 Quality Assessment and Performance Improvement.

(a) Responsibility to the MTMC Board. The Medical Staff shall be responsible to the Hospital Community Board and the MTMC Board for the adequacy and quality of medical care provided by Medical Staff members and other Practitioners to patients of the Local Hospital, and for ensuring consistency of practice with respect to the Parent Corporation's quality of care policies.

(b) Quality Assessment and Performance Improvement. The Medical Staff is responsible for ensuring that the professional care furnished to patients of the Local Hospital by

members of the Medical Staff is of high quality, safe, efficient, and effective and meets the professional standards of the community, the Local Hospital, the Corporation, and the Parent Corporation. The Medical Staff shall discharge this responsibility by meeting regularly to review, analyze, and appraise its clinical experience and the quality of care rendered by members of the Medical Staff, in conformance with its Medical Staff Bylaws and Local Hospital policies and procedures. The review and analysis shall be based on patient medical records and such other documents and patient information as may be reasonably necessary. The Medical Staff shall identify and implement an appropriate response to findings. Such quality assessment and performance improvement activities shall be regularly reported to this Hospital Community Board and the Parent Corporation Quality Committee and the Executive Vice President – Chief Medical Officer of the Parent Corporation, or his/her designee, in accordance with applicable policies and procedures.

9.12 Medico-Administrative Personnel. Practitioners and/or specified professional personnel engaged by the Corporation and/or the Parent Corporation and assigned to the Local Hospital, either full-time or part-time, either as employees or independent contractors, may be required to make application and maintain membership in good standing on the Medical Staff of Local Hospital, as described in the Medical Staff Bylaws, with the exception of residents in teaching programs, if an exemption is provided to residents under the Medical Staff Bylaws and is permitted by law. Employees of Local Hospital or the Parent Corporation who hold medico-administrative positions at the Local Hospital and who are members of the Medical Staff may be terminated from their employment or contractual relationships with the Local Hospital or the Parent Corporation in accordance with established policies of the Corporation, the System, and/or the Parent Corporation, as applicable, or the terms of their contracts. Upon such termination, such employees shall not have their Medical Staff membership or privileges terminated, unless such termination of Medical Staff membership or privileges is required by the Medical Staff Bylaws, by law, or pursuant to the terms of their employment or contract.

9.13 Exclusive Contracts and Department Closure. The closure of any clinical department or service of the Local Hospital, whereby open clinical privileges are eliminated or exclusive service contracts are entered into, shall be conducted in accordance with requirements of the Medical Staff Bylaws and applicable law, and shall be subject to approval of the Hospital Community Board, under authority granted by the MTMC Board.

9.14 Medical Staff Conflicts of Interest. The Medical Staff and Local Hospital management shall work together to identify those conflicts of interest involving Medical Staff leaders as well as independent practitioners of the Medical Staff that could affect quality of care, treatment, or services provided in the Local Hospital. A written policy shall be established that defines how such conflicts of interest will be disclosed and resolved. Such policy must be approved by this Hospital Community Board (or the MTMC Board) in accordance with Section 8.1 hereof.

ARTICLE 10

INDEMNIFICATION

The Corporation shall indemnify Hospital Community Board Members and Hospital Community Board committee members acting within the scope of their responsibilities

under these Bylaws, as “agents,” as defined in Section 5238 of the California Corporations Code, to the fullest extent provided under California law. In addition, the Corporation shall indemnify Hospital Community Board Members as if they are “executive officers” under Section 5239 of the California Corporations Code.

ARTICLE 11 **MISCELLANEOUS**

11.1 Status of Hospital Community Board. Notwithstanding anything to the contrary in these Bylaws, this Hospital Community Board is not a committee which has been delegated duties of the MTMC Board pursuant to California Corporations Code Section 5212. This Hospital Community Board shall constitute a peer review body under Section 805 of the California Business and Professions Code and similar statutes in other states in which the Parent Corporation operates.

11.2 Uniformity. These Bylaws are adopted by the MTMC Board and shall remain in place until amended or replaced pursuant to Article 12. The Parent Corporation intends that all Hospital Community Boards in the System shall have Hospital Community Board Bylaws which are substantially uniform.

11.3 Maintenance and Inspection of Bylaws. The Hospital President shall keep at the Local Hospital the original or a copy of these Bylaws as amended to date, which shall be open to inspection by the Hospital Community Board Members at all reasonable times during office hours.

11.4 Maintenance and Inspection of Other Records. The minutes of proceedings of this Hospital Community Board shall be kept at such place or places designated by this Hospital Community Board, or, in the absence of such designation, at the Local Hospital. The minutes shall be kept in written form. The minutes shall be open to inspection upon the written demand of any Hospital Community Board Member, at any reasonable time during usual business hours, for a purpose reasonably related to the Hospital Community Board Member’s interests as a Hospital Community Board Member. The inspection may be made in person or by an agent or attorney, and shall include the right to copy and make extracts.

ARTICLE 12 **AMENDMENTS**

New bylaws may be adopted or these Bylaws may be amended or repealed by the MTMC Board, effective within five (5) business days of notice to this Hospital Community Board. This Hospital Community Board may from time to time propose amendments to these Bylaws for consideration and/or adoption by the MTMC Board.

ATTACHMENT A
VALUES BASED DISCERNMENT PROCESS

[to be attached]

CERTIFICATE OF SECRETARY OF MARK TWAIN MEDICAL CENTER

I, the undersigned, certify that:

1. I am the presently appointed and acting Secretary of Mark Twain Medical Center; and
2. The above Bylaws, consisting of _____ (__) pages, are the Bylaws of this Hospital Community Board as adopted by the Mark Twain Medical Center Board on _____, 20__, to take effect on _____.

IN WITNESS WHEREOF, I have subscribed my name on _____, 20__.

Secretary of the Board of Directors
Mark Twain Medical Center

MARK TWAIN HEALTH CARE DISTRICT
CLOSING AND INCUMBENCY CERTIFICATE

I, Ann Radford, FNP, the Secretary of the Board of Directors of the Mark Twain Health Care District (the "*District*"), hereby certifies as follows:

1. Attached hereto as Exhibit A is a true and complete copy of the resolutions adopted by the Board of Directors of the District on January 30, 2019, authorizing the execution, delivery and performance by the District of that certain Pre-Lease Agreement (the "*Pre-Lease Agreement*") between the District and Dignity Health ("*Dignity*"), that certain Lease Agreement (the "*New Lease*") between the District and Mark Twain Medical Center ("*MTMC*"), that certain Supplemental Property Agreement (the "*Supplemental Property Agreement*") between the District and MTMC, that certain Equity Transfer Agreement (the "*Equity Transfer Agreement*") between the District and Dignity, that certain Lease Termination Agreement (the "*Lease Termination Agreement*") between the District and MTMC, and that certain Valley Springs Letter (the "*Valley Springs Letter*") between the District and MTMC (the Pre-Lease Agreement, The New Lease, the Supplemental Property Agreement, the Equity Transfer Agreement, the Lease Termination Agreement and the Valley Springs Letter are collectively referred to herein as the "*District Documents*." Said resolutions have not been amended, modified or rescinded since their adoption and remain in full force and effect.

2. The representations and warranties of the District contained in the District Documents are true and correct in all material respects on and as of the date hereof with the same effect as if made on such date.

3. The District has complied with all the agreements and satisfied all the conditions on its part to be satisfied under the District Documents at or prior to the date hereof.

4. The following named persons are duly elected or appointed and have been duly qualified as, and on this day are, the acting representatives of the District presently holding the titles set forth opposite their respective names below, and the signatures below set opposite their names are their genuine signatures:

Authorized Representatives:

<u>Name</u>	<u>Title</u>	<u>Signature</u>
Lin Reed	President	_____
Randy Smart, M.D.	Executive Director	_____

5. In accordance with the Resolutions, the Authorized Representatives are authorized to execute and deliver the District Documents and are authorized to act on behalf of

the District and execute and deliver any and all documents necessary and written instructions from time to time required, all in accordance with the provisions of the District Documents.

IN WITNESS WHEREOF, the undersigned Secretary of the Board of Directors of the District has executed this Certificate on February __, 2019.

Ann Radford, FNP
Secretary of the Board of Directors

I, Lin Reed, President of the Board of Directors of the District, hereby certify that Ann Radford, FNP, has been duly elected or appointed and has been duly qualified as, and on this day is, the Secretary of the Board of Directors, and the signature above is her genuine signature.

IN WITNESS WHEREOF, I have executed this Certificate on February __, 2019.

Lin Reed
President of the Board of Directors

Exhibit A

Resolutions

THIRD AMENDED AND RESTATED ARTICLES OF INCORPORATION

OF

MARK TWAIN MEDICAL CENTER

I.

The name of this corporation is MARK TWAIN MEDICAL CENTER.

II.

A. This corporation is a nonprofit public benefit corporation and is not organized for the private gain of any person. It is organized under the Nonprofit Public Benefit Corporation Law for charitable purposes.

B. The specific purposes of this corporation are:

1. To maintain, conduct, equip and operate one or more establishments, institutions or hospitals for the reception and care of the sick, injured and disabled, and to provide diagnosis and treatment for patients.

2. In addition to the foregoing specific and primary purposes, but not in derogation of or by limitation upon any of such specific and primary purposes, the general purposes for which this corporation is formed are:

a. To educate, teach and train and to assist financially and otherwise in the educating, teaching and training of health care personnel, and to provide facilities for the same.

b. To promote, operate or maintain such other activities and programs as may be deemed advisable for the betterment of the general health of the community.

c. To engage in and conduct charitable, educational and scientific activities.

d. To do all other acts necessary or expedient for the administration of its affairs and the attainment of its charitable purposes; and, in furtherance of its charitable purposes, to have and to exercise all the rights and powers conferred on nonprofit corporations under the Nonprofit

Corporation Law of the State of California as such law is now in effect or may at any time hereafter be amended.

III.

A. This corporation is organized and operated exclusively for charitable purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, or the corresponding section of any future federal tax code (the “Code”).

B. No substantial part of the activities of this corporation shall consist of carrying on propaganda, or otherwise attempting to influence legislation, and the corporation shall not participate or intervene in any political campaign (including the publishing or distribution of statements) on behalf of or in opposition to any candidate for public office.

C. Notwithstanding any other provision of these Articles of Incorporation, this corporation shall not conduct any activities not permitted to be conducted by a corporation exempt from taxation under Section 501(c)(3) of the Code or by a corporation the contributions to which are deductible by a contributor under Section 170(c)(2) of the Code.

IV.

The property of this corporation is irrevocably dedicated to charitable purposes and no part of the net income or assets of this corporation shall ever inure to the benefit of any director, officer or member thereof or to the benefit of any private person. Upon the dissolution or winding up of the corporation, ninety-nine percent (99%) of its assets remaining after payment, or provision for payment, of all debts and liabilities of this corporation shall be distributed to Dignity Health, a California nonprofit public benefit corporation organized and operated exclusively for charitable purposes, and one percent (1%) shall be distributed to the Mark Twain Health Care District or a nonprofit fund, foundation or corporation, selected by the Board of Directors of the Mark Twain Health Care District, that is organized and operated exclusively for charitable purposes and that qualifies as an exempt organization under Section 501(c)(3) of the Code and under Section 214 of the California Revenue and Taxation Code (or

the corresponding section of any future California tax code). In the event Dignity Health no longer exists or no longer qualifies as an exempt organization under Section 501(c)(3) of the Code and under Section 214 of the California Revenue and Taxation Code (or the corresponding section of any future California tax code), such ninety-nine percent (99%) shall be distributed to its designated successor California nonprofit public benefit corporation that is organized and operated exclusively for charitable purposes and that qualifies as an exempt organization under Section 501(c)(3) of the Code and under Section 214 of the California Revenue and Taxation Code (or the corresponding section of any future California tax code).