

ASSET PURCHASE AGREEMENT

by and between

PURCHASER

NorCal HealthConnect, LLC

AND

SELLER

**North Sonoma County Healthcare District,
a political subdivision of the State of California organized pursuant
to the Local Health Care District Law**

Dated as of December 23, 2020

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ASSET PURCHASE AGREEMENT

This Asset Purchase Agreement (this “Agreement”) is made as of December 23, 2020 (the “Effective Date”) by and between North Sonoma County Healthcare District, a political subdivision of the State of California organized pursuant to the Local Health Care District Law (Div. 23 of the California Health and Safety Code) (“Seller” or “District”), and NorCal HealthConnect, LLC, a California limited liability company (“Purchaser”).

R E C I T A L S:

A. Seller (I) engages in the business of delivering acute care services to the public through the critical access hospital in Healdsburg, California known as Healdsburg District Hospital (the “Hospital”) and (II) owns and operates other healthcare businesses incident to the operation of the Hospital and a free-standing clinic, all as specifically identified on Schedule A-1 (the “Other Businesses”). The Hospital and the Other Businesses are referred to herein collectively as the “Seller Businesses.”

B. The parties seek to promote the health and well-being of the people of North Sonoma County through a partnership with a community-focused, regionally-based health system that is committed to making the strategic investments in the Seller Businesses necessary to ensure their long-term viability and provision of high-quality health care services to all.

C. Purchaser desires to purchase from Seller, and Seller desires to sell to Purchaser, the Seller Businesses and substantially all of the assets with respect to the operation of the Seller Businesses, for the consideration and upon the terms and conditions contained in 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 1

SALE AND TRANSFER OF ASSETS; CONSIDERATION; CLOSING

1.1. **Consideration for Transaction.** The parties mutually acknowledge that Seller’s sole purpose is to organize, secure and preserve the availability of hospital and health care services to the people of North Sonoma County, and that it otherwise has no pecuniary interest in commercial transactions. As such, Purchaser shall furnish fair and reasonable consideration for the Transaction in the form of both monetary and non-monetary commitments to Seller and to the communities served by Seller. Subject to the terms and conditions of this Agreement, such consideration shall include:

1.1.1. Fifteen Million Dollars (\$15,000,000) in total monetary investments in the communities served by the District and in the population health of the District, including: (a) Ten Million Dollars (\$10,000,000) in Capital Expenditures as defined and set forth in Section 12.4; and (b) Five Million Dollars (\$5,000,000) (the “Cash Purchase Amount”). The Cash Purchase Amount shall be payable by wire transfer of immediately available funds to Seller to the

account(s) and in the amounts specified by Seller to Purchaser in writing no later than five (5) business days prior to Closing.

1.1.2. the assumption of the Assumed Obligations defined in Section 1.8 and the indemnification from Seller's liabilities as set forth in Section 15.3; and

1.1.3. satisfying the Service Commitments set forth in Section 12.3.

1.2. **Closing and Closing Date.** The consummation of the transactions contemplated by this Agreement ("Closing") shall take place on December 31, 2020, or such other date and time as the parties shall mutually agree ("Closing Date") through Escrow Agent (as defined below); provided that all conditions precedent and other matters required to be completed as of the Closing Date have been or will be completed on such date. The Closing shall be deemed to have occurred and to be effective as among the parties as of 11:59 p.m. on the Closing Date (the "Effective Time"). At Closing, Escrow Agent shall promptly undertake all of the following in the manner and order set forth:

1.2.1. Cause the Grant Deed (defined below) to be recorded in the Official Records of Sonoma County and file (or record), as applicable, the Financing Statements (defined below);

1.2.2. Except to the extent delivered directly by one party to the other, deliver: (a) to Purchaser at least one fully executed original of the Bill of Sale, and Real Estate Assignment (as those terms are defined below), conformed copies of the original recorded Grant Deed and the filed Financing Statements (with the applicable recording and filing information thereon); (b) to Seller at least one fully executed original of the Bill of Sale and Real Estate Assignment and (c) to Purchaser, Seller and any other persons entitled thereto, copies (or originals if available) of any other documents or instruments delivered to Escrow Agent in connection with the transaction contemplated hereby; and

1.2.3. Disburse the Cash Purchase Amount to Seller.

1.2.4. Disburse the Cash Transfer Amount to Purchaser.

1.3. **Items to be Delivered by Seller at Closing.** At or before the Closing, Seller shall deliver or cause to deliver to Purchaser or Escrow Agent the following, duly executed by Seller and acknowledged where appropriate:

1.3.1. General Assignment, Bill of Sale and Assumption of Liabilities in the form of Exhibit 1.3.1 (the "Bill of Sale");

1.3.2. Assignment and Assumption of Real Estate Lease in the form of Exhibit 1.3.2 for the Leased Real Property (the "Real Estate Assignment");

1.3.3. Grant Deed(s) in the form of Exhibit 1.3.3 ("Grant Deed");

1.3.4. a certificate of the Chair of the Board of Seller certifying to Purchaser, to his actual knowledge: (a) the accuracy of the representations and warranties set forth in Article 2

hereof and compliance with Seller's covenants set forth in this Agreement, (b) that, except as specifically set forth therein, all consents and approvals that are required from any person, entity or Governmental Entity in connection with the consummation of the transactions contemplated by this Agreement by Seller, or that are required in order to prevent a breach or default under, or termination of, any agreement which is included as part of the Assets, have been obtained and (c) that all of the conditions contained in Article 6 have been satisfied or waived. For purposes of this Agreement, the term "Governmental Entity" shall mean any (i) nation, state, county, city, town, village, district, or other jurisdiction of any nature; (ii) federal, state, local, municipal, foreign, or other government; (iii) governmental or quasi-governmental authority of any nature (including any governmental agency, branch, department, official, or entity and any court or other tribunal); (iv) multinational organization or body; or (v) body exercising, or entitled to exercise, any administrative, executive, judicial, legislative, police, regulatory, or taxing authority or power of any nature;

1.3.5. a certificate of the corporate Secretary of Seller certifying to Purchaser, to his or her actual knowledge: (a) the incumbency of the officers of Seller on the Effective Date and on the Closing Date and bearing the authentic signatures of all such officers who shall execute this Agreement and any additional documents contemplated by this Agreement and (b) the due adoption and text of the resolutions of the Board of Directors of Seller authorizing (i) the transfer of the Assets and Assumed Obligations by Seller to Purchaser and (ii) the execution, delivery and performance of this Agreement and all ancillary documents and instruments by Seller, and that such resolutions have not been amended or rescinded and remain in full force and effect on the Closing Date;

1.3.6. an owner's affidavit in the form of Exhibit 1.3.6 (and gap indemnity if the Grant Deed records on a date following the Closing Date) required by the Title Company (as defined below) for issuance of the Title Policy;

1.3.7. UCC-3 financing statement amendments assigning any and all financing statements which correspond to a personal property lease that is among the Assumed Obligations (the "Financing Statements");

1.3.8. the Certificate of Election from the office of the clerk of the County of Sonoma, California certifying the results of the Approval Election;

1.3.9. satisfactory evidence of reconveyance of all deeds of trust encumbering the Real Estate;

1.3.10. copies of certificates of insurance evidencing insurance as well as the "tail" coverage required to be maintained pursuant to Section 4.15, if applicable;

1.3.11. copies of all third party consents and waivers (as executed by such third parties) required in connection with the transfer of the Assets by Seller to Purchaser and/or in connection with Purchaser's assumption of the Assumed Obligations;

1.3.12. a list of source or access codes to computers, combinations to safe(s) and the location of and keys to safe deposit boxes, if any;

1.3.13. Limited Power of Attorney for use of DEA and Other Registration Numbers, and DEA Order Forms, (the “Power of Attorney”);

1.3.14. such reasonable or customary supplemental escrow instructions or other instruments reasonably required by Escrow Agent; provided, however, that no such instruments shall be inconsistent or in conflict with, amend or supersede any portion of this Agreement, and shall expressly so state (the “Supplemental Escrow Instructions”); and

1.3.15. satisfactory evidence that the fund restrictions described in Section 4.15 have been released and that the cash balances in the Seller accounts described in Schedule 1.6(r) have been deposited with the Purchaser.

1.3.16. such other instruments, certificates, consents or other documents as are reasonably necessary to carry out the transactions contemplated by this Agreement and to comply with the terms hereof, or as required pursuant to the terms of this Agreement.

1.4. **Items to be Delivered by Purchaser at Closing.** At or before the Closing, Purchaser shall execute and deliver or cause to be delivered to Seller or Escrow Agent the following, duly executed by Purchaser where appropriate:

1.4.1. payment of the Cash Purchase Amount, which shall be deposited into an account identified by Seller;

1.4.2. the Bill of Sale;

1.4.3. the Real Estate Assignment;

1.4.4. Guaranty Agreement in the form of Exhibit 1.4.4, executed by Western HealthConnect, a Washington nonprofit corporation (“Western HealthConnect”);

1.4.5. a certificate of the President of Purchaser certifying to Seller, to his or her actual knowledge: (a) the accuracy of the representations and warranties set forth in Article 3 hereof and compliance with Purchaser’s covenants set forth in this Agreement, (b) that, except as specifically set forth therein, all consents and approvals that are required from any person, entity or Governmental Entity in connection with the consummation of the transactions contemplated by this Agreement by Purchaser have been obtained, and (c) that all of the conditions contained in Article 7 have been satisfied or waived;

1.4.6. a certificate of the corporate Secretary of Purchaser certifying to Seller, to his or her actual knowledge: (a) the incumbency of the officers of Purchaser on the Effective Date and on the Closing Date and bearing the authentic signatures of all such officers who shall execute this Agreement and any additional documents contemplated by this Agreement, (b) the due adoption and text of the resolutions of the sole director of Purchaser authorizing the execution, delivery and performance of this Agreement and all ancillary documents and instruments by Purchaser, and that such resolutions have not been amended or rescinded and remain in full force and effect on the Closing Date;

1.4.7. favorable original certificate of good standing, or comparable status, of Purchaser, issued by the California Secretary of State dated no earlier than a date which is seven (7) calendar days prior to the Closing Date;

1.4.8. the Supplemental Escrow Instructions (if any); and

1.4.9. a certificate of the President of Purchaser certifying to Seller that the due inquiry obligations of Seller described in Section 2.23 in connection with the provision of the representations and warranties of Seller described in Article 2 of this Agreement have been satisfied.

1.4.10. such other instruments, certificates, consents or other documents as are reasonably necessary to carry out the transactions contemplated by this Agreement, including, but not limited to a preliminary change of ownership report (PCOR), and to comply with the terms hereof, or as required pursuant to the terms of this Agreement.

1.5. **Transfer Taxes; Recording Charges.** Purchaser shall be responsible for all excise and transfer taxes, if any, including any documentary transfer taxes, with regard to purchase and sale of the Owned Real Property and other Assets and the consummation of the transaction described in this Agreement. Purchaser shall be responsible for all recording charges in connection with the conveyance of the Assets to Purchaser, including all recording and other charges in connection with removal of Disallowed Liens and Encumbrances. Purchaser shall be responsible for all other closing costs customary in practice for real estate transactions in Sonoma County.

1.6. **Transfer of Seller Assets.** On the basis of the representations and warranties of the parties and subject to the terms and conditions set forth in this Agreement, Seller shall sell, transfer and deliver to Purchaser, and Purchaser shall purchase from Seller, on the Closing Date and for the consideration hereinafter provided, all of Seller's right, title and interest in and to the assets, properties and businesses of Seller (whether owned or leased), as a going concern, used or useful in connection with the operation of the Seller Businesses, of every kind and description, wherever located, whether tangible or intangible, real, personal or mixed, as such assets shall exist on the Closing Date, excluding the Excluded Assets (as defined in Section 1.7 below), such transfer being deemed to be effective as of the Effective Time, including, without limitation, the following assets, properties and businesses (collectively, the "Assets"):

(a) all of Seller's right, title and interest in the real property that is owned by Seller, including any real property owned by Seller and used with respect to the operation of any Seller Businesses (collectively, the "Real Estate"), subject to the Permitted Exceptions, subject to the express terms of this Agreement, which Real Estate is described on Schedule 1.6(a) (such description to include a legal description and address) together with all buildings, improvements, construction in progress and fixtures (the "Improvements") and all construction in progress and all rights of way, easements and appurtenances thereto (collectively, the "Owned Real Property");

(b) all of Seller's rights and interest with respect to the real property that is leased by Seller, including any real property that is leased by Seller and used with respect to the

operation of any Seller Businesses, which leased real property is described on Schedule 1.6(b) (the “Leased Real Property”), including Seller’s rights with respect to any Improvements thereon (the Owned Real Property and the Leased Real Property are collectively referred to herein as the “Real Property”);

(c) all of the tangible personal property owned by Seller, including any tangible personal property that is owned by Seller and used with respect to the operation of any Seller Businesses and/or the Real Property, including all equipment, furniture, fixtures, machinery, vehicles, office furnishings, leasehold improvements, computers and other data processing equipment (the “Personal Property”);

(d) all of those advance payments, prepayments, prepaid expenses, deposits and the like which exist as of the Closing Date, subject to the prorations provided in Section 1.5 of this Agreement, which were made with respect to the operation of any of the Seller Businesses and which are determined by Purchaser to be (i) useable by Purchaser and (ii) transferable to Purchaser (the “Prepays”);

(e) all inventories of supplies, drugs, food, janitorial and office supplies and other disposables and consumables located at any of the Seller Businesses, or used with respect to the operation of any of the Seller Businesses (the “Inventory”);

(f) all of Seller’s rights, to the extent assignable or transferable, to all licenses, permits, approvals, certificates of exemption, franchises, accreditations and registrations and other governmental licenses, permits or approvals issued with respect to the Real Property or the operation of any Seller Businesses (the “Licenses”), including, without limitation, Seller’s Medicare participation agreement(s), provider IDs and other Licenses described on Schedule 2.16(a);

(g) all of Seller’s interest in and to all Real Estate Leases and all personal property leases with respect to the operation of any Seller Businesses (all Real Estate Leases and personal property leases are, collectively, the “Leases”), including those Leases which are described on Schedule 1.6(g);

(h) all of Seller’s interest in and to all contracts and agreements (including, but not limited to, purchase orders) with respect to the operation of any Seller Businesses (the “Contracts”);

(i) all documents, records, operating manuals, files and computer software with respect to the operation of any of the Seller Businesses or the Real Property, including, without limitation, all patient records, medical records, employee records, financial records with respect to the operation of any of the Seller Businesses, equipment records, construction plans and specifications, medical and administrative libraries, and, except as provided in Section 1.7(s), all Hospital medical staff records and files;

(j) all rights in all warranties and guarantees of any manufacturer or vendor in connection with the Personal Property;

(k) all goodwill associated with the Seller Businesses and the businesses evidenced by the Assets;

(l) all benefits, proceeds or any other amounts payable under any policy of insurance maintained by Seller with respect to the Seller Businesses or the Assets;

(m) all intellectual property and proprietary rights, including: (i) all U.S. and foreign patents, patent applications, and patent disclosures, together with all reissuances, continuations, continuations-in-part, revisions, extensions, and reexaminations thereof; (ii) all inventions and discoveries (whether or not patentable and whether or not reduced to practice); (iii) all U.S. and foreign trademarks, service marks, trade names, service names, brand names, company names, trade dress rights, and logos (in each case regardless whether registered) and all goodwill associated with any of the foregoing, other than the tradenames “North Sonoma County Healthcare District,” “Bridging Health” and their associated registered trademarks, service marks and logos as applicable; (iv) all U.S. and foreign copyrights (regardless whether registered); (v) all trade secrets and confidential business information (including, without limitation, ideas, concepts, formulae, know-how, research and development information, drawings, specifications, designs, plans, proposals, technical data, financial, business and marketing plans, and customer and supplier lists and related information); (vi) all proprietary computer software and computerized databases, in both source code and object code forms; (vii) all digital assets specific to the Hospital and any Hospital externally branded names or programs in the form of websites and web addresses (urls)/domain names, and social media accounts and handles; (viii) all U.S. and foreign registrations and applications and licenses pertaining to the foregoing; in each case, as used or held for use with respect to the operation of any of the Seller Businesses (collectively the “Intellectual Property”), including, without limitation, the names of the Seller Businesses set forth on Schedule 1.6(m) and all variants thereof;

(n) all telephone numbers used in connection with the operation of any of the Seller Businesses;

(o) all deposits held by Seller in connection with future services to be rendered by the Seller Businesses and which are determined by Purchaser to be relevant to Purchaser’s operation of the Assets on and after the Effective Time;

(p) all claims, causes of action, choses in action, rights of recovery, rights of set off and rights of recoupment related to or associated with the physical condition of any Asset;

(q) all rights to receive payments from, or otherwise in connection with, the California Hospital Quality Assurance Fee Program for any applicable period after the Closing Date; and

(r) subject to the Purchaser’s continued compliance with any applicable donor restrictions, all cash, cash equivalents, short-term investments, including all balances contained in the Seller accounts described in Schedule 1.6(r)(1) (“Cash Transfer Amount”) and the legal ownership of Seller’s “Accounts Payable” Bank Account maintained at American River Bank (Acct. No.2210010275), but excluding balances in Seller’s Main Cash Bank Account maintained at American River Bank (Acct. No. 2004695) (“A/R Account”) which is subject to and governed

by the provisions of Section 14.3; **provided that** that the District shall be entitled to withhold One Million Dollars (\$1,000,000) from the Cash Transfer Amount (“Withhold Amount”) to be used exclusively by the District to pay for the services described on Schedule 1.6(r)(2) (“Audit Services”); and **provided further that**, following the District’s payment of all costs incurred by the District in connection with the Audit Services, the balance of the Withhold Amount shall be released to the Purchaser within fifteen (15) calendar days.

(s) all accounts, notes, interest and other receivables of Seller, and all claims, rights, interests and proceeds related thereto, including all accounts and other receivables, and cost report settlements related thereto, arising from the rendering of services to inpatients and outpatients at any Seller Businesses, billed and unbilled, recorded and unrecorded, for services provided by Seller prior to the Effective Time whether payable by private pay patients, private insurance, third party payors, Medicare, Medi-Cal, TRICARE, Blue Cross, or by any other source (“Accounts Receivable”);

(t) all documents, records, correspondence, work papers and other documents relating to the Accounts Receivable, the Seller Cost Reports or rights to settlements and retroactive adjustments on the Seller Cost Reports (the “Receivable Records”)

(u) all rights to receive payments from, or otherwise in connection with, the California Hospital Quality Assurance Fee Program for any applicable period on or prior to the Closing Date;

(v) the original or true and correct copies of all documents, books, records, forms and files relating to the Assets, including, without limitation, original patient records (subject to Seller’s right of access to such records contained in Section 13.7), medical records, all other medical and financial information regarding patients of the Seller Businesses, patient lists, employment and personnel records relating to the Hired Employees, and personnel policies and manuals; **provided, however**, that the Assets shall not include the Excluded Assets as defined in Section 1.7 below; and **provided further** that the Assets shall be transferred “**AS IS, WHERE IS**”. **EXCEPT AS OTHERWISE SET FORTH IN THIS AGREEMENT, IT IS EXPRESSLY AGREED THAT PURCHASER ACCEPTS THE ASSETS, “AS IS, WHERE IS, AND WITH ALL FAULTS” AS OF THE CLOSING DATE. EXCEPT FOR THOSE EXPRESSLY SET FORTH IN THIS AGREEMENT, SELLER HAS NOT MADE ANY REPRESENTATION OR WARRANTY REGARDING ANY OF THE ASSETS OR ANY OTHER MATTER REGARDING OR RELATING TO THE TRANSACTION CONTEMPLATED HEREBY. EXCEPT FOR THOSE EXPRESSLY SET FORTH IN THIS AGREEMENT, SELLER HEREBY DISCLAIMS, AND PURCHASER FOREVER WAIVES AND RELEASES, ALL REPRESENTATIONS AND WARRANTIES OF ANY KIND, WHETHER EXPRESS OR IMPLIED, WITH RESPECT TO THE ASSETS AND RIGHTS OR ANY OTHER RELATED MATTER REGARDING OR RELATING TO THE TRANSACTION CONTEMPLATED HEREBY, INCLUDING, BUT NOT LIMITED TO, THE WARRANTY OF MERCHANTABILITY AND THE WARRANTY OF FITNESS FOR A PARTICULAR USE.**

1.7. **Excluded Assets.** Notwithstanding anything to the contrary in Section 1.6, Seller shall retain the following assets (collectively, the “Excluded Assets”), which assets shall not be transferred by Seller to Purchaser:

- (a) the contracts identified on Schedule 1.7(a);
- (b) assets owned and provided by vendors of services or goods to any of the Seller Businesses;
- (c) all organization minutes, minute books and records relating to, arising from or otherwise documenting the Seller’s performance of its governmental functions;
- (d) all documents, records, correspondence, work papers and other documents relating to the Excluded Assets; and
- (e) any assets identified on Schedule 1.7(e).

1.8. **Assumed Obligations.** On the Closing Date, Seller shall assign, and Purchaser shall assume, any and all liabilities and obligations of Seller relating to the ownership and operation of the Hospital and the Seller Businesses, including without limitation any and all liabilities and obligations of Seller under its participation agreement(s), provider identification number(s), registration, certification or other statuses with federal, state and private-payor health care programs, including but not limited to Medicare, Medi-Cal, TRICARE and (to the extent assignable) commercial payors, with the exception of Excluded Liabilities described in Section 1.9 (collectively, the “Assumed Obligations”):

1.9. **Excluded Liabilities.** Without limiting the foregoing, Purchaser shall have no responsibility with respect to the following liabilities or obligations (the “Excluded Liabilities”):

- (a) any and all liabilities related to Seller’s long-term debt described on Schedule 1.9(a);
- (b) any debts, obligations, claims of other liabilities to the extent that their assumption by Purchaser would eliminate or limit a governmental immunity which would otherwise be available to Seller;
- (c) any debts, obligations, claims or other liabilities of Seller to Purchaser that result from a breach of this Agreement;
- (d) any liabilities to the extent paid for by a policy of insurance held by Seller (but not, the sake of clarity, any deductible obligation of Seller or excess above any coverage limits), or to the extent Seller is otherwise indemnified therefor;
- (e) any liabilities resulting from the willful misconduct or intentional misrepresentation of Seller its directors or officers while acting within the scope of their duties;
- (f) liabilities associated with the Excluded Assets, including any such liabilities and obligations arising prior to, on or after the Closing Date; and

- (g) any other liabilities and obligations identified on Schedule 1.9(g).

ARTICLE 2

REPRESENTATIONS AND WARRANTIES OF SELLER

The truth, accuracy and completeness of the representations, and warranties of Seller contained in this Agreement shall be conditions precedent to Purchaser's obligation to close under this Agreement; provided, however, that Purchaser shall have no obligation to investigate the truth, accuracy or completeness of said representations and warranties and, in the event any of same are not true, accurate and/or complete, but Purchaser nonetheless elects to close hereunder, such shall not constitute a waiver of any of Purchaser's rights and remedies described in this Agreement. As an inducement to Purchaser to enter into this Agreement and to consummate the transactions contemplated by this Agreement, Seller hereby represents and warrants to Purchaser as to the following matters as of the Effective Date of this Agreement, and, except as otherwise specifically provided in this Article 2, shall be deemed to remake all of the following representations and warranties of the Closing Date. Notwithstanding any other provision of this Agreement to the contrary, except for deficiencies arising from the willful misconduct or intentional misrepresentation of Seller, its directors and officers, Purchaser and Seller expressly agree that any inaccuracy or other deficiency, regardless of its materiality, with respect to the representations and warranties contained in this Article 2 shall not constitute a breach of this Agreement, and that Purchaser's sole and exclusive remedy in the event of any such deficiency shall be forbearance from Purchaser's obligation to close, without further rights or remedies under this Agreement at law or in equity, including rights of indemnification; provided that any such deficiency arising from the willful misconduct or intentional misrepresentation of the Seller, its directors and officers, shall be governed by the indemnity provisions set forth in Article 15.

2.1. **Organization and Good Standing.** Seller is a political subdivision of the State of California, organized, existing and acting under and pursuant to the Local Health Care District Law of the State of California, constituting Division 23 of the California Health and Safety Code.

2.2. **Authority; Validity; No Breach.**

(a) Seller has the full power and authority to (i) own, lease and operate its properties and assets as presently owned, leased and operated, and (ii) carry on its businesses as such businesses are now being conducted.

(b) Seller has the full right, power, legal capacity and authority, without the consent of any other person, to execute, deliver and carry out the terms of this Agreement and all documents and agreements necessary to give effect to the provisions of this Agreement and to consummate the transactions contemplated hereby. All corporate and other actions required to be taken by Seller to authorize the execution, delivery and performance of this Agreement, all documents executed by Seller which are necessary to give effect to this Agreement, and all transactions contemplated hereby, have been duly and properly taken or obtained or will be duly and properly taken or obtained by Seller prior to the Closing Date. No other corporate or other action on the part of Seller is necessary to authorize the execution, delivery and performance of

this Agreement, all documents necessary to give effect to this Agreement and all transactions contemplated hereby.

(c) This Agreement is, and the other documents to be delivered at Closing will be, the lawful, valid and legally binding obligation of Seller and enforceable in accordance with their respective terms. Except as set forth on Schedule 2.2(c), the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby will not, with or without the giving of notice and/or the passage of time: (i) violate or conflict with the Articles of Incorporation or Bylaws of Seller or any provision of law, statute, rule or regulation to which Seller is subject; (ii) violate or conflict with any judgment, order, writ or decree of any court applicable to Seller; (iii) violate or conflict with any law or regulation applicable to Seller; or (iv) result in the breach or termination of any provision of, or create rights of acceleration or constitute a default under, the terms of any indenture, mortgage, deed of trust, contract, agreement or other instrument to which Seller is a party or by which Seller is bound or result in the creation or imposition of any material lien, privilege, charge or encumbrance upon any of the Assets.

2.3. **Consents and Approvals.** Except as set forth on Schedule 2.3, no consent, approval, permit, waiver, authorization or other action of or by any court, Governmental Entity or nongovernmental person or entity, is required in connection with (a) the sale and/or assignment of the Assets to Purchaser, or (b) the execution, delivery or performance of this Agreement by Seller. Seller shall be responsible for and shall take any and all steps necessary, at its sole expense, to obtain all such consents, approvals and authorizations prior to the Closing and shall keep Purchaser informed as to the status of obtaining such consents.

2.4. **Financial Statements.**

(a) Seller has provided Purchaser with true and complete copies, to the actual knowledge of Seller, its directors and officers, of audited financial statements of Seller with respect to the operation of the Seller Businesses for the fiscal years ended December 2019, and December, 2018 (the “Financial Statements”), the unaudited balance sheets of Seller with respect to the operation of the Seller Businesses as of September 2020 (the “Balance Sheet”), and the unaudited income statements of Seller with respect to the operation of the Seller Businesses for the nine months then ended (the “Income Statement”). In addition, Seller shall provide to Purchaser, as promptly as each becomes available prior to the Closing Date, but in no event later than twenty-five days after the end of each calendar month prior to the Closing Date, all other interim financial statements (the “Interim Financial Statements”) with respect to the operation of the Seller Businesses. The Financial Statements, Balance Sheet, Income Statement and Interim Financial Statements referred to in this Section are and will be, to the actual knowledge of Seller, its directors and officers, true, complete and correct in all material respects and will present fairly and accurately the financial condition of the Seller Businesses and the results of their operations at the dates and for the periods indicated and will have been prepared in conformity with generally accepted accounting principles, applied consistently for the periods specified, except that the Interim Financial Statements need not contain any of the footnotes required to comply with generally accepted accounting principles. Further, the Balance Sheet presents, to the actual knowledge of Seller, its directors and officers, fairly and accurately the financial condition of the Seller Businesses as of the date thereof and the Income Statement presents, to the actual

knowledge of Seller, its directors and officers, fairly the results of operations of the Seller Businesses for the period indicated. From and after the date of the Balance Sheet, Seller has not (and at Closing shall not have) made any material changes in its accounting methods or practices.

(b) Except as set forth on Schedule 2.4(b), since the date of the Balance Sheet:

(i) Seller has not increased any compensation payable, made any bonus payment to or otherwise entered into one or more bonus agreements with any employee, except in the ordinary course of business in accordance with Seller's customary personnel policies, or as disclosed to Purchaser in writing on or prior to the Effective Date;

(ii) Seller has not created, incurred, assumed or permitted to exist any new mortgage, deed of trust, pledge or other lien or encumbrance upon any of the Assets;

(iii) Seller has not acquired (whether by purchase or lease) or sold, assigned, leased, or otherwise transferred or disposed of any property, plant, equipment, Asset or any portion of the Seller Businesses except in the ordinary course of business with comparable replacement thereof;

(iv) Except for the medical gas project, the fire panel upgrade, and as otherwise previously disclosed in writing to Purchaser, Seller has not authorized or undertaken any capital projects with respect to the Seller Businesses, except equipment purchases, repairs and replacements occurring in the ordinary course of business as previously conducted and not exceeding One Hundred Thousand Dollars (\$100,000) for any single item or an aggregate of Two Hundred Fifty Thousand Dollars (\$250,000) for all such item;

(v) there has not occurred any damage, destruction, or loss, whether or not covered by insurance, of any of the assets of Seller (other than Excluded Assets), ordinary wear and tear excepted, in an amount which exceeds Seventy-Five Thousand Dollars (\$75,000) or which adversely affects the ability of Seller to continue to conduct its business in all material respects as such business was conducted during the periods covered by the Financial Statements or the Income Statement;

(vi) except for the discharge of obligations contemplated by this Agreement in connection with the Closing, Seller has not paid, discharged, or satisfied any material liability or obligation (whether absolute, accrued, contingent or otherwise), other than by payment, discharge or satisfaction in the ordinary course of business;

(vii) Seller has not cancelled or waived any material rights in respect of any assets of Seller, except in the ordinary course of business;

(viii) Seller has not, except for routine payments made in the ordinary course of business, paid any amount to any Governmental Entity, incurred, imposed or based upon any legal requirement related to the provision of health care items or services or environmental protection; or

(ix) Seller has not instituted or settled any litigation, action or legal proceeding before any court or Governmental Entity relating to Seller, its businesses or the Assets, other than routine tax contests or appeals.

2.5. **Absence of Undisclosed Liabilities.** Except as set forth on Schedule 2.5, the Assets are not subject to any liens, privileges, pledges, security interests, rights of first refusal, options, restrictions, encumbrances, liabilities or defects in title of any nature, whether absolute, accrued, contingent, unasserted, asserted or otherwise.

2.6. **Absence of Adverse Facts, Circumstances and Changes.** Except for the COVID-19 pandemic, or as set forth on Schedule 2.6, no facts or circumstances exist, nor to the knowledge of Seller are there any facts or circumstances likely to occur (excluding those facts or circumstances relative to market forces, regulatory changes and the effect of use and aging), which might reasonably be expected to materially and adversely affect the working capital, financial condition, Assets, liabilities, reserves, business, operations or prospects of the Seller Businesses.

2.7. **Title to and Condition of Real Property.**

(a) Schedule 2.7(a) sets forth a legal description of all real property that constitutes a part of the Owned Real Property. To the knowledge of Seller, except as identified in any title commitment or title report referenced on Schedule 9.1, Seller has good, clear and insurable fee simple title to such Owned Real Property subject to all matters of record.

(b) To Seller's knowledge, Schedule 2.7(b) sets forth an accurate and complete list of all contracts, agreements, leases, subleases, options and commitments, oral or written, affecting the Real Property, including any Leased Real Property or real property that is under contract to be acquired or leased by Seller to be used in the operation of the Seller Businesses including the Hospital, or any interest therein, pursuant to which Seller is a lessor, sublessor, lessee or sublessee (collectively referred to as the "Real Estate Leases"). To Seller's knowledge, Schedule 2.7(b) includes the rent and security deposit, if any, for each Real Estate Lease. To Seller's knowledge, Seller has provided Purchaser with complete and correct copies of all Real Estate Leases. Except for the Real Estate Leases and any other items listed on Schedule 2.7(b), to Seller's knowledge there are no purchase contracts, no leases of space within real property owned or leased by Seller, options, rights of first refusal or other agreements of any kind, oral or written, formal or informal, whereby any person or entity will have acquired or will have any basis to assert any right, title or interest in, or right to the possession, use, enjoyment or proceeds of, any part or all of the Owned Real Property or the leasehold interest in the Leased Real Property.

To Seller's knowledge, except as set forth on Schedule 2.7(b): (i) the Real Estate Leases in which Seller is the landlord are freely assignable by Seller to Purchaser and the Real Estate Leases in which Seller is the tenant are either freely assignable by Seller or Seller has obtained consents from the landlords under such Leases with respect to the assignment of such Real Estate Leases by Seller to Purchaser; (ii) the Real Estate Leases have not been modified, amended or assigned, are legally valid, binding and enforceable in accordance with their respective terms and are in full force and effect; (iii) there are no monetary defaults and no

material nonmonetary defaults by Seller or, to the knowledge of Seller, any other party to the Real Estate Leases; and (iv) Seller has not received written notice of any default, offset, counterclaim or defense under any of the Real Estate Leases that has not been cured, and Seller has no knowledge of any other defaults, offsets, counterclaims or defenses under any of the Real Estate Leases by any party thereto.

(c) Except as set forth on Schedule 2.7(c), to the knowledge of Seller the Owned Real Property is zoned to permit the uses for which it is presently used and/or intended to be used without variances or conditional use permits.

(d) To Seller's knowledge, Seller has not entered into any written agreement or commitment to grant an easement, right-of-way or license for the use of the Real Property except as disclosed on Schedule 2.7(b) or in any title commitment or title report referenced on Schedule 9.1.

(e) Neither the whole nor any portion of the Real Property owned, leased, occupied or used by Seller has been condemned, requisitioned or otherwise taken by any public authority that has not been completed (a "Public Taking"), and no written notice of any incomplete Public Taking has been received by Seller with regard to the Real Property. To the knowledge of Seller, no such Public Taking is threatened or contemplated. Seller has no knowledge of any outstanding requirements for public improvements to be made and/or which have not heretofore been assessed, and, to the knowledge of Seller, there are no special, general or other assessments pending, threatened against or affecting the Real Property (except those expressly identified in any title commitment or title report referenced on Schedule 9.1). All installments of any assessments due and payable on or before the Closing will be paid by Seller (subject to proration pursuant to Section 1.5 above).

2.8. **Title to and Condition of Personal Property and Leased Personal Property.**

(a) Seller has good, clear title to and ownership of all of the Personal Property. Except as set forth on Schedule 2.8(a), none of the Assets (excluding the Real Property which for purposes of this Section 2.8(a) is subject to, as of the Closing Date, (i) any security interest, mortgage, pledge, lien, privilege, right of first refusal, option, restriction, liability, covenant, charge or encumbrance of any kind or character whatsoever, whether direct or indirect, whether accrued, absolute, contingent or otherwise; or (ii) any claims whereby any person or entity other than Purchaser will have acquired or will have a basis to assert any right, title or interest in, or right to possession, use, enjoyment or proceeds of any of the Personal Property.

(b) Seller has provided Purchaser with complete and correct copies of all of the Personal Property Leases. Except as set forth on Schedule 2.8(b): (i) the Personal Property Leases are freely assignable by Seller to Purchaser, have not been modified, amended or assigned, are legally valid, binding and enforceable in accordance with their respective terms and are in full force and effect; (ii) there are no monetary defaults and no material nonmonetary defaults by Seller or, to Seller's knowledge, any other party to the Personal Property Leases; (iii) Seller has not received written notice of any default, offset, counterclaim or defense under any Personal Property Leases and Seller has no knowledge of any other defaults, offsets, counterclaims or defenses under any of the Personal Property Leases by any party thereto; and

(iv) to the knowledge of Seller, no condition or event has occurred which with the passage of time or the giving of notice or both would constitute a default or material breach by Seller of the terms of any of the Personal Property Leases.

2.9. **Intellectual Property.**

(a) Seller owns, is licensed to use or otherwise possesses all necessary rights to use all Intellectual Property that is material to the operation of the Seller Businesses as presently operated, and no rights thereto have been granted to others by Seller. All such Intellectual Property is free and clear of all assignments, licenses, restrictions, encumbrances, charges or claims for infringement, and none is subject to any outstanding order, decree, judgment, stipulation or charge, except as set forth on Schedule 2.9. To the knowledge of Seller, there is no unauthorized use, disclosure, infringement or misappropriation of any Intellectual Property rights of Seller, or any Intellectual Property right of any third party to the extent licensed by or through Seller, by any third party, relating in any way to any of the Assets.

(b) To the knowledge of Seller, Seller's use of the Assets does not infringe upon or otherwise violate the rights of others. No one has asserted in writing to Seller that Seller's use of the Assets infringes the patents, trade secrets, tradenames, trademarks, service marks, copyrights or other intellectual property rights of any other person or entity.

2.10. **Contracts, Obligations and Commitments.** All of the contracts which are currently in effect with respect to the operation of the Seller Businesses or the Assets, where the total to be paid in the future under any such contract exceeds Twenty Five Thousand Dollars (\$25,000) or in which such contract cannot be terminated by Seller upon sixty (60) days' notice or less, have been provided or made available to Purchaser, including all of the contracts which are currently in effect with respect to the operation of the Seller Businesses with Seller's referral sources (as determined by any of the Fraud and Abuse Laws), health maintenance organizations, insurance programs, preferred provider organizations, accountable care organizations, other third party payors, and all agreements with respect to the occupancy of the Assets or which contain exclusivity or noncompetition provisions (the "Seller Contracts"). Except as set forth on Schedule 2.10: (a) the Seller Contracts are freely assignable by Seller to Purchaser, have not been modified, pledged, assigned or amended, and all of the Seller Contracts are legally valid, binding and enforceable in accordance with their respective terms and are in full force and effect; (b) there are no defaults by Seller, or to the knowledge of Seller, any other party to the Seller Contracts; (c) Seller has not received written notice of any default, offset, counterclaim or defense under any Scheduled Contract and Seller has no knowledge of any other defaults, offsets, counterclaims or defenses under any of the Seller Contracts by any party thereto; and (d) to the knowledge of Seller, no condition or event has occurred which with the passage of time or the giving of notice or both would constitute a default or material breach by Seller of the terms of any Scheduled Contract. Seller has provided or made available to Purchaser complete and correct copies of all of the Seller Contracts, including all available copies of contracts with referral sources terminated by Seller within the last six (6) years.

2.11. **Inventory.** All inventories of Seller that are used in the Seller Businesses which are among the Assets are properly valued on Seller's books at the lower of cost or market value, on a first-in first-out basis, and contain no material amounts that are not salable, of good and

merchantable quality, and not obsolete and usable for the purposes intended in the ordinary course of business. All of the Inventory is, and at the Closing will be, maintained in such quantities as are appropriate for hospitals of the size of and with the services offered by the Hospital, and at the Closing, shall be approximately in the quantities that exist as of the Effective Date.

2.12. **Employees.**

(a) Except as previously disclosed to Seller in writing, all employees of Seller who provide services at the Hospital or otherwise with respect to the Seller Businesses (collectively, the “Seller Employees”) are “at will” employees. Except as previously disclosed to Purchaser or as set forth on Schedule 2.12(a), Seller is not a party to any oral (express or implied) or written: (i) employment agreement or (ii) agreement that contains any severance or termination pay obligations, with any Seller Employee. Seller shall deliver true and correct copies (or, if not written, accurate descriptions of the parties and terms) of such employment agreements to Purchaser prior to the Closing.

(b) Except as set forth on Schedule 2.12(b), Seller is not a party to, bound by or obligated to contribute to or under, any: pension or retirement plan (except for Social Security), medical, hospitalization, vision, dental, life, disability or other similar benefit plan, deferred compensation plan, or other similar plan, severance plan or policy, or any other similar performance, bonus, incentive or benefit plans, trusts, funds, arrangements, or agreements (all of the foregoing are collectively referred to as the “Benefit Plans”) with respect to Seller Employees. Except as set forth on Schedule 2.12(b), Seller is not in default under any Benefit Plan, and to the knowledge of Seller each has been administered in accordance with its terms, and in accordance with the terms of all laws, including but not limited to ERISA (as defined below) and the Code (as defined below), in each case, to the extent applicable. Except as set forth on Schedule 2.12(b), Seller’s labor practices and policies, whether written or oral, are terminable at the will of Seller and are consistent in all respects with the Benefit Plans.

(c) Except as set forth on Schedule 2.12(c), no Seller Employee or group of employees is represented by any labor union, trade association or other employee organization, no written demand for recognition has been made by any labor union with respect to the Seller Employees, and, to the knowledge of Seller, there is not and has not been any labor union organizing activity at the Hospital or any of the other Seller Businesses. Except as set forth on Schedule 2.12(c), Seller is not a party to any collective bargaining agreement or understanding with any labor union, trade association or other employee organization with respect to any Seller Employees and no such agreements are currently being negotiated.

(d) Except as set forth on Schedule 2.12(d), there is no labor dispute, work stoppage, strike, slowdown, walkout, lockout, or any other interruption or disruption of operations at the Hospital or any of the other Seller Businesses as a result of labor disputes or disturbances with respect to Seller Employees and there is no investigation, grievance, arbitration, complaint, claim or other dispute or controversy (collectively, “Labor Proceeding”) pending or, to the knowledge of Seller, threatened, between Seller and any present or former Seller Employee, nor have any discharges or terminations of any former Seller Employee occurred which, to the knowledge of Seller, would form the basis for any claim of discrimination

against Seller or the Hospital. To the knowledge of Seller, Seller is not aware of any facts or past, current or contemplated event that may reasonably be expected to form the basis for any such Labor Proceeding, nor has there been any such Labor Proceeding involving the Hospital or any other Seller Business within the past five (5) years.

(e) To Seller's knowledge, Seller has complied with and is currently complying with, and Seller has not received any written notice of noncompliance with, any and all applicable laws relating to the employment of labor including, without limitation, any provisions relating to wages, hours, equal employment, occupational safety and health, workers' compensation, unemployment insurance, collective bargaining, immigration, affirmative action and the payment and withholding of social security and other taxes. Seller has withheld all amounts required by law or agreement to be withheld from the wages or salaries of Seller Employees, and Seller is not liable for any material arrears of any tax or penalties for failure to comply with the foregoing.

(f) For each Seller Employee for whom compliance with the Immigration and Nationality Act, as amended (the "Immigration Act") by Seller is required, Seller has properly obtained and retained a complete and true copy of each such employee's Form I-9 (Employment Eligibility Verification Form) and all other records or documents prepared, procured or retained by Seller pursuant to the Immigration Act to the extent Seller is required to do so under the Immigration Act. Seller has not been cited, fined, served with a Notice of Intent to Fine or with a Cease and Desist Order (as such terms are defined in the Immigration Act) at any of the Seller Businesses, nor, to the knowledge of Seller, has any action or administrative proceeding been initiated or threatened against Seller in connection with any of the Seller Businesses, by reason of any actual or alleged failure to comply with the Immigration Act.

2.13. **Taxes.** To Seller's actual knowledge, all federal, state, county and other tax returns, reports, declarations of every nature, and payments with respect thereto (including, without limitation, income, employment, payroll, excise, property, sales and use taxes, unemployment contributions), required to be filed or paid by or on behalf of, or with respect to, Seller and the Assets have been duly and timely filed and/or paid, or will be filed and paid (within the time periods required by law) by Seller on or before the Closing Date. Copies of all such returns or reports have been provided or made available to Purchaser and are true and correct in all respects. Seller has not had, and does not currently have, any dispute with any taxing authority as to taxes of any nature which affects the subject matter of this Agreement. Except as set forth on Schedule 2.13, there is no unassessed tax deficiency proposed in writing or, to the knowledge of Seller, threatened against Seller, and no action, proceeding or audit of any of Seller's returns or reports by any Governmental Entity is pending or, to the knowledge of Seller, threatened by any Governmental Entity for assessment, reassessment or collection of any taxes or assessments affecting the Hospital or its operations. There are no tax liens on any of the Assets other than liens for taxes not yet due and payable. Proper and accurate amounts have been withheld by Seller in compliance with the payroll tax and other withholding provisions of all applicable laws.

2.14. **Litigation or Claims.** To Seller's actual knowledge, except as set forth on Schedule 2.14 (said matters set forth on Schedule 2.14 being collectively referred to herein as "Pending Litigation"), neither Seller, the Seller Businesses (including the Hospital) or the Assets

is engaged in, or a party to or threatened with, nor are the Seller Businesses or the Assets subject to any material adverse effect as a result of, any suit, action, proceeding, inquiry, enforcement action, investigation, claim or demand or legal, administrative, arbitration or other method of settling disputes or disagreements, and Seller, to its actual knowledge, does not know, anticipate or have notice that any such action is likely. Seller has not received written notice, nor has any actual knowledge of, any investigation threatened by any Governmental Entity, that remains unresolved, involving the Assets or operation of the Seller Businesses. To the actual knowledge of Seller, no circumstances exist involving the safety aspects of the Seller Businesses and operations that would cause any obligation to report to any Governmental Entity. None of the Pending Litigation has created a lien, privilege, or a material claim against the Assets.

2.15. **Insurance.** The properties and operations of the Seller Businesses, including the Assets, that are of an insurable nature and are of a character usually insured by similar businesses have been continuously insured by Seller since the date of their acquisition, with the types and amounts of insurance that are adequate to protect Seller, the Assets and their respective financial conditions against the risks involved in the Seller Businesses and ownership of the Assets, either through the purchase of insurance from a third party insurance company or through a self-insurance trust. Seller has provided or made available to Purchaser true and correct copies of all insurance policies currently held by Seller with respect to the Seller Businesses and Assets, and any self-insurance trust, including without limitation, fire, medical malpractice and professional liability, general liability, casualty and property damage, business interruption, extended coverage, products liability, and workers' compensation and any and all other kinds of insurance held by Seller. Such insurance policies are in full force and effect and shall remain in full force and effect through the Closing Date. Certificates of insurance evidencing such insurance coverages shall be delivered or made available to Purchaser at or prior to Closing.

2.16. **Licenses.**

(a) Schedule 2.16(a) sets forth a current, complete and accurate list of the Licenses issued to Seller, including the expiration dates thereof, if any. True and correct copies of the Licenses have previously been delivered to Purchaser by Seller. To Seller's knowledge, except as set forth on Schedule 2.16(a), Seller has all material licenses, permits and franchises required by law or governmental regulations from all applicable federal, state and local authorities and any other regulatory agencies necessary or proper in order to own and/or lease the Assets and to conduct and operate the Seller Businesses, including the Hospital and each of its departments, as presently operated. To Seller's knowledge, Seller previously has complied and is currently complying in all material respects with its obligations under each of the Licenses and all such Licenses are in full force and effect. No written notice from any authority in respect to the threatened, pending or possible revocation, termination, suspension or limitation of any of the Licenses has been received by Seller, nor, to the knowledge of Seller, is Seller aware of the proposed or threatened issuance of any such written notice or action. Seller has previously delivered to Purchaser true, correct and complete copies of any state licensing survey reports received by the Hospital in the two (2) year period prior to the Effective Date, as well as any statements of deficiencies and plans of correction in connection with such reports.

(b) To Seller's knowledge, each employee of Seller who is required by law to have a professional license or certification to perform his or her job for Seller (e.g. a registered

nurse) holds such license or certification in good standing. To Seller's knowledge, no proceeding is pending or threatened, seeking revocation, cancellation, suspension or limitation of any employee's professional license or certification.

2.17. Accreditation; Medicare and Medi-Cal; Third Party Payers.

(a) The Hospital is currently accredited by The Joint Commission in the Critical Access Hospital and Laboratory Program (the "Joint Commission"). Without limiting the generality of the foregoing, to Seller's knowledge the facilities, equipment, staffing and operations of the Hospital satisfy the applicable accreditation standards of the Joint Commission, allowing for correction of any deficiencies identified following survey. Seller has previously delivered to Purchaser true, correct and complete copies of: (i) the Hospital's most recent Joint Commission accreditation survey report, and deficiency list and plan of correction, if any, and a list and description of events in the past two (2) years at the Hospital that constitute Sentinel Events as defined by Joint Commission, if any, and any documentation that was created, prepared and/or produced by the Hospital to satisfy Joint Commission requirements relating to addressing such Sentinel Events; (ii) the Hospital's fire marshal's surveys for the past two (2) years and list of deficiencies, if any; and (iii) the Hospital's boiler inspection reports for the past two (2) years and list of deficiencies, if any. Seller has taken all reasonable steps to correct all deficiencies referenced in this Section 2.17(a).

(b) Except as set forth on Schedule 2.17(b), the Hospital is eligible to receive payment without restriction under Title XVIII of the Social Security Act ("Medicare") and Title XIX of the Social Security Act ("Medicaid") and is a "provider" with valid and current provider agreements and with one or more provider numbers with the federal Medicare, all applicable state Medicaid, Medi-Cal and successor programs (the "Government Programs") through intermediaries or administrative contractors. Except as set forth on Schedule 2.17(b), each of the Other Businesses that historically has received Medicare or Medi-Cal reimbursement is eligible to receive payment without restriction under Medicare and Medi-Cal and is a "provider" with valid and current provider agreements and with one or more provider numbers with the Government Programs through intermediaries, carriers or administrative contractors, as applicable. The Seller Businesses (including the Hospital) received payments under TRICARE, and has a provider agreement or provider number with TRICARE. To Seller's knowledge, each of the Seller Businesses (including the Hospital) is in compliance with the applicable conditions of participation for the Government Programs in all material respects, including but not limited to implementation of utilization review processes. To the knowledge of Seller there is no pending nor threatened proceeding or investigation under the Government Programs involving Seller or any of the Assets, nor to Seller's knowledge has any allegation been made against the Hospital within the past three (3) years by any state or federal agency relating to the federal Emergency Medical Treatment or Active Labor Act ("EMTALA"). Seller has previously delivered to Purchaser true, correct and complete copies of the Hospital's most recent Medicare and Medi-Cal certification survey reports, including any statements of deficiencies and plans of correction, and any statements of deficiencies against the Hospital in the last two (2) years that include any allegation involving EMTALA, and the Hospital's corrective action plans related thereto. Seller has taken all reasonable steps to correct all deficiencies referenced in this Section 2.17(b).

(c) Seller has timely filed, caused to be timely filed and, as to reports due after the Closing, shall timely file, all cost reports and other reports of every kind whatsoever that are required, by law or by written contracts, to have been filed or made with respect to the purchase of services of the Seller Businesses including the Hospital by third party payors, including but not limited to Government Programs and other insurance carriers, and all such reports are or will be complete and accurate when filed. To Seller's knowledge, Seller is and has been in material compliance with filing requirements with respect to cost reports of the Hospital and the other Seller Businesses, and to Seller's knowledge such reports do not claim, and none of the Seller Businesses has received, payment or reimbursement in excess of the amount provided or allowed by applicable law or any applicable agreement, except where excess reimbursement was noted on the cost report. To Seller's knowledge, Seller has not retained and is not retaining any overpayment in violation of section 6402(a) of the Patient Protection and Affordable Care Act. True and correct copies of all such reports for the three (3) most recent fiscal years of Seller and the Hospital and other Seller Businesses have been or will be made available (prior to Closing) to Purchaser. To Seller's knowledge there are no material claims, actions or appeals pending before any commission, board or agency, including any fiscal intermediary, carrier or administrative contractor, Governmental Entity, or the Centers for Medicare & Medicaid Services ("CMS"), with respect to any Government Program cost reports or claims filed on behalf of Seller with respect to the Hospital or other Seller Businesses, on or before the date of this Agreement.

(d) Except as listed on Schedule 2.17(d), (i) no employee nor, to Seller's knowledge, any independent contractor of Seller or any of its affiliates (whether an individual or entity) performing services for the Seller Businesses, has been excluded from participating in any federal health care program (as defined in 42 U.S.C. §1320a-7b(f)) and (ii) none of the Seller Businesses (including the Hospital), or Seller's or any of its affiliates' officers, directors, agents or managing employees (as such term is defined in 42 U.S.C. §1320a-5(b)), has been excluded from Medicare or any federal health care program (as defined in 42 U.S.C. §1320a-7b(f)) or been subject to sanction pursuant to 42 U.S.C. §1320a-7a or 1320a-8 or been convicted of a crime described at 42 U.S.C. §1320a-7b.

2.18. **Medical Staff**. Except as otherwise disclosed in writing to Purchaser, there are no pending or, to the knowledge of Seller, threatened appeals, challenges, disciplinary or corrective actions, or disputes involving applicants to the Hospital's medical staff, current members of the Hospital's medical staff or affiliated health professionals. True and correct copies of Hospital's Medical Staff Bylaws, Hospital's Medical Staff Rules and Regulations, and Hospital's Medical Staff Hearing Procedures, all as presently in effect, and the Hospital's current medical staff roster, have been previously delivered by Seller to Purchaser.

2.19. **Motor Vehicles**. Schedule 2.19 lists all motor vehicles owned or leased by Seller in connection with the operation of the Seller Businesses. As of the Closing Date, all action shall or will have been taken by Seller which is necessary to transfer title to such vehicles which are owned by Seller to Purchaser free and clear of all liens, privileges, security interests, and encumbrances, except for filing the original certificate of title and other required documents, if any, with the California Department of Motor Vehicles.

2.20. Compliance with Law.

(a) To Seller's knowledge, except as set forth on Schedule 2.20(a), or as set forth in a writing delivered by Seller to Purchaser on or prior to the Effective Date which specifically makes reference to Section 2.20(a), Seller, with respect to the Seller Businesses and the Assets, is, and has been since January 1, 2016, in full compliance in all material respects with all applicable laws, rules, regulations (including, without limitation, applicable health care laws, rules and regulations, including those relating to Medicare and Medi-Cal reimbursement and to the payment or receipt of illegal remuneration, including 42 U.S.C. § 1320a-7b(b) (the Medicare/Medicaid anti-kickback statute), 42 U.S.C. 1395nn (the Stark Statute), 42 U.S.C. § 1320a-7a, 42 U.S.C. § 1320a-7b(a), 42 U.S.C. § 1320a-7b(c) and any analogous state laws) (collectively, the "Fraud and Abuse Laws"), ordinances or orders of any court or Governmental Entity (including, without limitation, Environmental Laws, civil rights laws, fire codes, confidentiality laws, record and document maintenance laws, zoning ordinances, building, occupancy and use restrictions, and public and occupational health and safety codes), and Seller has not received any notice, written or otherwise, of noncompliance with respect thereto.

(b) Schedule 2.20(b), or a writing delivered by Seller to Purchaser on or prior to the Effective Date which specifically makes reference to Section 2.20(b), sets forth reports assessing the status, as of the date of such reports, of the Seller Businesses' compliance with the Alfred E. Alquist Hospital Facilities Seismic Safety Act (the "Seismic Safety Act").

(c) Seller is not a party to, or otherwise bound by, a corporate integrity agreement with the Office of the Inspector General of the U.S. Department of Health and Human Services ("HHS"), or any similar agreement with any Governmental Entity. Seller has not been requested to enter into, and Seller is not in the process of negotiating, any such agreement.

(d) Seller has not made and is not in the process of making a voluntary self-disclosure under the Self-Referral Disclosure Protocol established by the Secretary of HHS pursuant to Section 6409 of the Patient Protection and Affordable Care Act, or under the self-disclosure protocol established and maintained by HHS' Office of the Inspector General, or any United States Attorney or other Governmental Entity. Except as set forth on Schedule 2.20(d) or as set forth in a writing delivered by Seller to Purchaser on or prior to the Effective Date which specifically makes reference to Section 2.20(d), Seller is not currently considering any such self-disclosure, and to Seller's knowledge, Seller does not have an obligation to make any such self-disclosure in lieu of repayment under section 6402(a) of the Patient Protection and Affordable Care Act.

(e) The Seller Businesses operate under a compliance program, all policies and procedures of which have been provided or made available to Purchaser, along with such other documentation and information requested by Purchaser concerning the Seller Businesses compliance program.

2.21. HIPAA/Privacy. To Seller's knowledge, except as provided on Schedule 2.21 or as set forth in a writing delivered by Seller to Purchaser on or prior to the Effective Date which specifically makes reference to Section 2.21, Seller is, and since January 1, 2016 has been, in material compliance with the applicable requirements of the Health Insurance Portability and

Accountability Act of 1996, as amended by the Health Information Technology for Economic and Clinical Health Act, enacted as Title XIII of the American Recovery and Reinvestment Act of 2009, ("HIPAA") and the implementing regulations thereunder governing the privacy of individually identifiable information and the security of such information, state law governing the privacy and security of health-related medical information or personal information, and any "business associate" agreement entered into by Seller. Seller and the Seller Businesses have at all times taken the necessary steps (including, without limitation, implementing reasonable and appropriate technical, physical and administrative safeguards, and monitoring compliance therewith) to (a) protect personally identifiable information, including protected health information ("PHI") (as defined under HIPAA) (collectively, "Personally Identifiable Information"), against unauthorized access, use, transfer, modification, disclosure, misuse, destruction, loss, or anticipated threats or hazards, and (b) ensure the availability, integrity and confidentiality of any such PHI in compliance with applicable laws. To Seller's knowledge, except as provided on Schedule 2.21, since January 1, 2016, Seller and the Seller Businesses have not suffered any actual breach, unauthorized disclosure or misuse of any Personally Identifiable Information and, to the knowledge of Seller, Seller and the Seller Businesses have not suffered any threatened breach, unauthorized disclosure or misuse of any Personally Identifiable Information. Except as set forth on Schedule 2.21, Seller and the Seller Businesses have not been the subject of any claim, proceeding or, to Seller's knowledge, investigation relating to the actual breach, unauthorized disclosure or misuse of any Personally Identifiable Information and, to the knowledge of Seller, Seller and the Seller Businesses have not been the subject of any threatened claim, proceeding or investigation relating to the threatened breach, unauthorized disclosure or misuse of any Personally Identifiable Information.

2.22. **Environmental Matters.** Except as identified on Schedule 2.22 or otherwise disclosed in the Environmental Reports (defined below):

(a) Brian Seekins, the Director of Plant Operations for Seller, has no knowledge of any specific material violation of Environmental Law by Seller in its ownership or operation of Seller Businesses and the Assets. To Seller's knowledge, Seller possesses and is complying with the terms and conditions of all Environmental Permits set forth on Schedule 2.22 in all material respects. No material change in facts or circumstances reported or assumed in the applications for or the granting of the Environmental Permits exists. There are not any proceedings pending or, to Seller's knowledge, threatened which would jeopardize the validity of any of the Environmental Permits.

(b) In the ten (10) year period preceding the Effective Date, Seller has not received any written Environmental Claim that has not been resolved; and there is no Environmental Claim pending or, to the knowledge of Seller, threatened against Seller, the Real Property or any Person whose liability for Environmental Claims Seller may have assumed contractually or by operation of law. To the knowledge of Seller, there are no circumstances that can reasonably be expected to form the basis of any such Environmental Claim, including with respect to any off-site disposal location currently or formerly used by Seller or any of its predecessors or affiliates or with respect to previously owned or operated facilities.

(c) To Seller's knowledge, neither Seller nor its affiliates, or any of Seller's predecessors, has treated, stored, disposed of, arranged for or permitted the disposal of,

transported, handled, or released any Hazardous Substance, or owned or operated the Real Property in such a manner as has given or would give rise to any liabilities (contingent or otherwise) or investigative, corrective or remedial obligations, pursuant to CERCLA or any other Environmental Laws.

(d) To Seller's knowledge, (i) there are above ground oxygen tanks and underground fuel storage tanks, each of which have been disclosed to Purchaser, but no septic tanks, pits, sumps or lagoons on or under the Real Property; (ii) there is likely asbestos in the flooring of the hospital and perhaps elsewhere, and Seller has provided Purchaser a copy of an asbestos report; (iii) Seller is unaware of any PCBs on the Real Property; (iv) no Environmental Lien has attached to, or land use restriction has been imposed pursuant to Environmental Laws to address the presence of Hazardous Materials at, the Real Property or any other property now or formerly operated or used in connection with the Seller Businesses and/or the Assets or otherwise by Seller or its respective predecessors or affiliates; and (v) while Seller is unaware of any specific presence of *Stachybotrys chartarum* or other mold present at, in, or on the Assets, including the Hospital and the Real Property, such molds may exist.

(e) To Seller's knowledge, there is no Environmental Condition at, under, or emanating from, the Real Property.

(f) Seller has not entered into any consent order, consent decree, settlement agreement or other similar agreement with any Governmental Entity that imposes ongoing or outstanding obligations under Environmental Laws on Seller or the Real Property, other than the Environmental Permits.

(g) Except as provided in the Real Estate Leases generally, Seller has not assumed by contract or other writing any liability, including without limitation any obligation for corrective action or to conduct Remedial Action, of any other Person relating to Environmental Laws.

(h) To the knowledge of Seller, (i) neither the Real Property nor any other property operated or used in connection with the Seller Businesses and/or the Assets by Seller, is listed or proposed for listing on the National Priorities List pursuant to CERCLA, or listed on the Comprehensive Environmental Response Compensation Liability Information System List, or any similar state list of sites, and (ii) no condition at such properties exists that, if known to a Governmental Entity, would qualify such property for inclusion on any such list.

(i) Neither this Agreement nor the consummation of the transactions contemplated by this Agreement will result in any obligations for site investigation or cleanup, or consent to or of government agencies or third parties, pursuant to any of the so called "transaction triggered" or "responsible property transfer" Environmental Laws or any other Environmental Law.

(j) To Seller's knowledge, Schedule 2.22(j) identifies all environmental audits, investigations or assessments or occupational health studies (including, but not limited, to Phase I and Phase II reports, the results of any groundwater, surface water, air and soil testing, underground storage tank tests, building material or paint testing, and all written communications

between Seller and federal, state or local governments regarding Environmental Laws and/or OSHA matters relating to the Assets, their operations or Seller in connection with the Assets or their operations), known to or undertaken by or on behalf of Seller, or at the request or order of any Governmental Entity with respect to Seller, the Hospital, or the Assets (the “Environmental Reports”), and Seller has provided Purchaser with copies of the Environmental Reports.

(k) Upon the execution of this Agreement, Purchaser may obtain the services of a consultant to conduct an environmental site assessment, conduct a comprehensive asbestos, lead paint, lead-in-drinking water and PCB survey of the Real Property and prepare an estimate of the present cost of asbestos removal and/or abatement and remediation costs for any other environmental problems with regard to the Real Property (the “Phase I”). The consultant shall be hired solely by Purchaser and the cost of the services of such consultant for the Phase I shall be borne by Purchaser. Purchaser shall not perform any invasive testing without Seller’s consent, which consent shall not be unreasonably withheld.

(l) For purposes of this Agreement, the term:

(i) “Environmental Claim” means any claim, action, complaint, cause of action, citation, order, investigation or notice by a Governmental Entity alleging potential liability (including, without limitation, potential liability for investigatory tests, cleanup costs, governmental response costs, natural resources damages, property damages, diminution in value, personal injuries, or penalties) arising out of, based on or resulting from (A) the presence, or release into the environment, of any Hazardous Substances at any location, (B) any Environmental Condition, or (C) any other circumstance forming the basis of any violation, or alleged violation, of any Environmental Law.

(ii) “Environmental Condition” means a condition of the soil, surface waters, groundwater, stream sediments, air and/or similar environmental media, including a condition resulting from any Release or threatened Release of Hazardous Substances, either on or off a property resulting from any activity, inactivity or operations occurring on such property, that, by virtue of Environmental Laws or otherwise, (a) requires notification, investigatory, corrective or remedial measures, and/or (b) comprises a basis for claims against, demands of and/or liabilities of Seller or Purchaser, or in respect of the Real Property or any real property formerly owned by Seller.

(iii) “Environmental Laws” means all federal, state and local environmental statutes, laws, common law ordinances, orders, rules, regulations and moratoria now or hereafter in effect and as amended, and any judicial or administrative interpretation thereof, including any judicial or administrative order, consent decree or judgment, relating to human health, the environment, safety, natural resources or Hazardous Substances, including, without limitation, the Clean Air Act, as amended (“CAA”); the Federal Water Pollution Control Act, as amended (“CWA”); the Safe Drinking Water Act, as amended (“SDWA”); the Resource Conservation and Recovery Act, as amended (“RCRA”); the Hazardous Material Transportation Act, as amended (“HMTA”); the Toxic Substances Control Act, as amended (“TSCA”); the Atomic Energy Act, as amended; the Federal Insecticide, Fungicide and Rodenticide Act, as amended; the Occupational Safety and Health Act of 1970, as amended (“OSHA”); the Comprehensive Environmental Response, Compensation and Liability Act, as amended by the

Superfund Amendments and Reauthorization Act of 1986, as amended (“CERCLA”); and all other similar federal, state and municipal laws, ordinances, orders, rules, regulations or moratoria (collectively “Environmental Laws”).

(iv) “Environmental Lien” shall mean any lien in favor of any Governmental Entity in connection with any liability under any Environmental Laws, or damage arising from, or costs incurred by, such Governmental Entity in response to a Release or threatened Release of Hazardous Substances.

(v) “Environmental Permits” means any and all permits, approvals, registrations, identification numbers, licenses and other authorizations required under or issued pursuant to any applicable Environmental Law.

(vi) “Hazardous Substance” means (A) petroleum and petroleum products, radioactive materials, asbestos-containing materials, urea formaldehyde foam insulation, transformers or other equipment that contain polychlorinated biphenyls (“PCBs”), mold, including *Stachybotrys chartarum*, and radon gas, (B) other chemicals, materials or substances defined as or included in the definition of “hazardous substances”, “hazardous wastes”, “hazardous materials”, “extremely hazardous wastes”, “restricted hazardous wastes”, “toxic substances”, “toxic pollutants”, “medical wastes”, “biohazardous wastes”, “contaminants” or “pollutants”, or words of similar import, under any applicable Environmental Law, and (C) any other chemical, material or substance that is regulated by or subject to standards of liability pursuant to any Environmental Law.

(vii) “Release” means any release, threatened release, spill, emission, leaking, pumping, pouring, emitting, emptying, escape, injection, deposit, disposal, discharge, dispersal, dumping, leaching or migration of Hazardous Substance in the indoor or outdoor environment, including the movement of Hazardous Substance through or in the air, soil, surface water, ground water or property.

(viii) “Remedial Action” means any action to (A) investigate, evaluate, assess, test, monitor, clean up, remove, respond to, treat, abate, remedy, correct or handle in any other way any Environmental Condition, including any Release or presence of Hazardous Substances, whether on-site or off-site, (B) prevent the Release of Hazardous Substances so that they do not migrate, endanger or threaten to endanger public health or the environment, or (C) perform remedial investigations, feasibility studies, corrective actions, closures, or post-remedial or post-closure studies, investigations, operations, maintenance and monitoring.

2.23. **CARES Act Compliance.** Seller has complied with the terms and conditions of the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”), with respect to funding received and recorded as income since March 2020.

2.24. **No Untrue or Inaccurate Representations or Warranties.** The representations and warranties of Seller contained in this Article 2 are accurate, correct and complete, and do not contain any untrue statement of material fact or omit to state a material fact necessary in order to make the statements and information contained therein not misleading. There is no fact that materially adversely affects or in the future may, to Seller’s knowledge, materially adversely

affect the ability of Seller to fully perform this Agreement and the transactions contemplated hereby, that has not been set forth and described in this Agreement or in a certificate, exhibit or other written statement furnished to Purchaser pursuant to this Agreement. Seller shall promptly notify Purchaser, in writing, of any facts or circumstances which come to Seller's attention and which cause, or through the passage of time may cause, any of Seller's representations and warranties in this Article 2 to be untrue or misleading at any time from the date of this Agreement until the Closing Date. Certain of the representations contained in this Agreement require Seller's "knowledge." For purposes of this Agreement, Seller's "knowledge" shall mean the knowledge of those individuals set forth on Schedule 2.23, after due and reasonable inquiry.

ARTICLE 3

REPRESENTATIONS AND WARRANTIES OF PURCHASER

The truth, accuracy and completeness of the representations and warranties of Purchaser contained in this Agreement shall be conditions precedent to Seller's obligation to close under this Agreement; provided, however, that Seller shall have no obligation to investigate the truth, accuracy or completeness of said representations and warranties. As an inducement to Seller to enter into this Agreement and to consummate the transactions contemplated by this Agreement, Purchaser hereby represents and warrants to Seller as to the following matters, and, except as otherwise provided herein, shall be deemed to remake all of the following representations and warranties as of the Closing Date. Notwithstanding any other provision of this Agreement to the contrary, Seller and Purchaser expressly agree that any inaccuracy or other deficiency, regardless of materiality, with respect to the representations and warranties contained in this Article 3 shall not constitute a breach of this Agreement, and that Seller's sole and exclusive remedy in the event of any such deficiency shall be forbearance from Seller's obligation to close, without further rights or remedies under this Agreement at law or in equity, including rights of indemnification; provided that any such deficiency arising from the willful misconduct or intentional misrepresentation of the Purchaser, its directors and officers, shall be governed by the indemnity provisions set forth in Article 15.

3.1. **Organization and Good Standing.** Purchaser is a limited liability company duly organized, validly existing and in good standing under the laws of the State of California.

3.2. **Authority; Validity; No Breach.**

(a) Purchaser has the full corporate power and authority to (i) own, lease and operate its properties and assets as presently owned, leased and operated, and (ii) carry on its businesses as such businesses are now being conducted.

(b) Purchaser has the full right, power, legal capacity and authority, without the consent of any other person, to execute, deliver and carry out the terms of this Agreement and all documents and agreements necessary to give effect to the provisions of this Agreement and to consummate the transactions contemplated hereby. All corporate and other actions required to be taken by Purchaser to authorize the execution, delivery and performance of this Agreement, all documents executed by Purchaser which are necessary to give effect to this Agreement, and all transactions contemplated hereby, have been duly and properly taken or

obtained or will be duly and properly taken or obtained by Purchaser prior to the Closing Date. No other corporate or other action on the part of Purchaser is necessary to authorize the execution, delivery and performance of this Agreement, all documents necessary to give effect to this Agreement and all transactions contemplated hereby.

(c) This Agreement is, and the other documents to be delivered at Closing will be, the lawful, valid and legally binding obligation of Purchaser and enforceable in accordance with their respective terms, except for any limitation on enforceability resulting from applicable bankruptcy, insolvency, moratorium or similar laws affecting the rights of creditors' generally or general equity principles. Except as set forth on Schedule 3.2(c), the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby will not, with or without the giving of notice and/or the passage of time: (i) violate or conflict with the Articles of Incorporation or Bylaws of Purchaser or any provision of law, statute, rule or regulation to which Purchaser is subject; (ii) violate or conflict with any judgment, order, writ or decree of any court applicable to Purchaser; (iii) violate or conflict with any law or regulation applicable to Purchaser; or (iv) result in the breach or termination of any provision of, or create rights of acceleration or constitute a default under, the terms of any indenture, mortgage, deed of trust, contract, agreement or other instrument to which Purchaser is a party or by which Purchaser is bound.

3.3. **Litigation or Claims.** Purchaser is not engaged in, or a party to or threatened with, any suit, action, proceeding, inquiry, enforcement action, investigation, claim or demand or legal, administrative, arbitration or other method of settling disputes or disagreements which could reasonably be expected to have a material adverse effect on Purchaser's ability to operate the Hospital on or after the Closing or that would otherwise affect adversely the ability of Purchaser to perform its obligations under this Agreement.

3.4. **Solvency.** Purchaser is not insolvent and will not be rendered insolvent as a result of any of the transactions contemplated by this Agreement. For purposes hereof, the term "solvency" means that: (i) the fair salable value of Purchaser's tangible assets, as applicable, is in excess of the total amount of its liabilities (including for purposes of this definition all liabilities, whether or not reflected on a balance sheet prepared in accordance with generally accepted accounting principles, and whether direct or indirect, fixed or contingent, secured or unsecured, and disputed or undisputed); (ii) Purchaser is able to pay its debts and obligations in the ordinary course as they mature; and (iii) Purchaser has capital sufficient to carry on its businesses and all businesses which it is about to engage.

3.5. **Ability to Perform.** Purchaser has the ability to obtain funds in cash in amounts equal to the Cash Purchase Amount by means of credit facilities or otherwise and will at the Closing have immediately available funds in cash, which are sufficient to pay the Cash Purchase Amount and to pay any other amounts payable at the Closing pursuant to this Agreement and to consummate the transactions contemplated by this Agreement.

3.6. **Brokers.** Purchaser has not entered into any contracts, agreements, arrangements or understandings with any person or firm 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 by this Agreement.

3.7. **No Untrue or Inaccurate Representations or Warranties.** The representations and warranties of Purchaser contained in this Article 3 are accurate, correct and complete, and do not contain any untrue statement of material fact or omit to state a material fact necessary in order to make the statements and information contained therein not misleading. There is no fact that materially adversely affects or in the future may, to Purchaser's knowledge, materially adversely affect the ability of Purchaser to fully perform this Agreement and the transactions contemplated hereby, that has not been set forth and described in this Agreement or in a certificate, exhibit or other written statement furnished to Seller pursuant to this Agreement. Purchaser shall promptly notify Seller, in writing, of any facts or circumstances which come to Purchaser's attention and which cause, or through the passage of time may cause, any of Purchaser's representations and warranties in this Article 3 to be untrue or misleading at any time from the date of this Agreement until the Closing Date. Certain of the representations contained in this Agreement require Purchaser's "knowledge." For purposes of this Agreement, Purchaser's "knowledge" shall mean the actual knowledge of those individuals set forth on Schedule 3.8, after due and reasonable inquiry.

ARTICLE 4

PRE-CLOSING COVENANTS OF SELLER

4.1. **Access and Information; Inspections.** From the Effective Date until Closing, Seller shall afford to the officers and agents of Purchaser (which shall include accountants, attorneys, bankers and other consultants and agents of Purchaser) full and complete access during normal business hours to and the right to inspect the plants, properties, agreements, books, accounts, records and all other relevant documents and information with respect to the assets, liabilities and business of the Seller Businesses. From the Effective Date until Closing, Seller shall furnish Purchaser with such additional financial and operating data and other information in Seller's possession as to businesses and properties of the Seller Businesses as Purchaser or its representatives may from time to time reasonably request, without regard to where such information may be located. Purchaser's right of access and inspection shall be subject to reasonable prior written notice to an authorized representative of Seller set forth below, and exercised in such a manner as not to interfere unreasonably with the operations of the Seller Businesses; provided, that all disclosures of information shall be consistent with the confidentiality, anti-trust protocols of the parties and any non-disclosure agreements entered into (or to be entered into) among Purchaser, its representatives and Seller. Such access may include consultations with the personnel of Seller as well as any physicians on the medical staff of the Hospital. Further, Purchaser may undertake physical inspections of the Real Property, including, without limitation, environmental (including without limitation a Phase I environmental site assessment and/or asbestos survey), mechanical and structural surveys of the Real Property, and may examine all documents related to Environmental Laws or related to any private agency or Governmental Entity which licenses or certifies any operations or procedures at the Real Property. The extent or scope of any inspection or survey of the Assets or Seller Businesses to be undertaken by Purchaser under this Section 4.1 shall be determined by Purchaser in its

reasonable discretion. Purchaser acknowledges that it shall coordinate its inspection activities contemplated by this Section 4.1 through Seller's Chief Executive Officer or his designee.

4.2. **Estoppels and Consents.** Prior to Closing, Seller shall use commercially reasonable efforts to obtain estoppels and consents executed by the lessors, master lessors and tenants with respect to all Real Estate Leases in a form reasonably acceptable to Purchaser.

4.3. **Notices.** From the Effective Date until Closing: (a) Seller shall promptly notify Purchaser in writing of any lawsuits, claims, administrative actions, investigations, hearings or other proceedings, threatened in writing or commenced against and served upon Seller, its officers, or directors, relating to or involving in any material way, the Seller Businesses or the Assets; (b) Seller shall immediately notify Purchaser in writing of (i) any material adverse change in the financial position, earnings, prospects or business of Seller or any of the Seller Businesses compared to the status of Seller and the Seller Businesses as reflected in the Financial Statements and (ii) any material change, loss or damage to the Assets, whether or not covered by insurance occurring at any time after the Effective Date and (c) Seller shall promptly notify Purchaser in writing of the settlement or compromise of any pending or threatened action against Seller that involves the payment of an amount less than or equal to One Hundred Fifty Thousand Dollars (\$150,000) for any particular action.

4.4. **Conduct of Business.** On and after the Effective Date and prior to the Closing, and except as otherwise consented to or approved in writing by an authorized officer of Purchaser or required by this Agreement, Seller shall with respect to the operation of the Seller Businesses:

(a) operate the Seller Businesses as presently operated and only in the ordinary course, and consistent with such operation, comply in all material respects with all applicable legal and contractual obligations of Seller;

(b) undertake reasonable efforts to preserve the business organization of the Seller Businesses intact, and the goodwill of Seller's suppliers, patients, physicians and others with whom Seller has business relationships;

(c) maintain inventories of goods and supplies at the Hospital and the other Seller Businesses at levels not less than those usually maintained at such Seller Businesses, or otherwise as reasonably required by current business circumstances;

(d) pay in full before delinquency all bills and invoices for labor, services, materials, supplies and equipment of any kind arising from the ownership, operation, management, repair, maintenance or leasing of the Real Property as well as all other debts and liabilities in the ordinary course of business consistent with such obligations;

(e) make and continue to make or cause to be made all repairs, restoration, replacements and maintenance that may be necessary to maintain the Assets in as good a condition as they exist as of the Effective Date;

(f) use Seller's reasonable efforts and do or cause to be done all such acts and things as may be reasonably necessary to retain the services of the Seller Employees; and

(g) preserve Seller's rights under the Contracts and Leases.

4.5. **Negative Covenants.** From the Effective Date until Closing, with respect to the operation of the Seller Businesses, Seller shall not without the prior written consent of Purchaser, which shall not be unreasonably denied or delayed, or except as may be required by law:

(a) amend or terminate any of the Leases or Contracts, enter into any new contract or commitment, or incur or agree to incur any liability, except in the ordinary course of business (which ordinary course of business shall include renewals of any Lease or Contract), and in no event with respect to any such contract, commitment or liability as to which the total to be paid during the term of any such renewed Lease or Contract exceeds the amount paid under the immediately preceding Lease or Contract by One Hundred Thousand Dollars (\$100,000), notwithstanding whether such Lease or Contract would be renewed in the ordinary course of business, or as to any new contract, commitment or liability (which is not in the nature of a renewal) the aggregate amount to be paid or incurred exceeds One Hundred Thousand Dollars (\$100,000), notwithstanding whether such new contract, commitment or liability would be entered into or incurred in the ordinary course of business; provided, that in no event shall the aggregate value of all increased amounts to be paid or liability incurred by Seller under such renewed contracts plus the aggregate value of all amounts to be paid or liability incurred by Seller under such new contracts, commitments or liabilities exceed Two Hundred Fifty Thousand Dollars (\$250,000) in the aggregate;

(b) increase compensation payable or to become payable or make any bonus payment to or otherwise enter into one or more bonus agreements with any employee, except in the ordinary course of business in accordance with Seller's customary personnel policies, or except as in accordance with Section 2.4(b)(i) and any other any employee agreements in place as of the Effective Date which have been provided to Purchaser prior to the Effective Date;

(c) create, incur, assume or permit to exist any new debt, mortgage, deed of trust, pledge or other lien or encumbrance upon any of the Assets;

(d) sell, assign, lease, or otherwise transfer or dispose of any property, plant, equipment, Asset or any portion of the Seller Businesses except in the ordinary course of business with comparable replacement thereof;

(e) acquire (whether by purchase or lease) any property, plant or equipment exceeding Twenty Five Thousand Dollars (\$25,000) individually, or Seventy Five Thousand Dollars (\$75,000) in the aggregate, excluding any purchase or lease or any property, plant or equipment specifically set forth on Schedule 4.6(e);

(f) take any action outside the ordinary course of business;

(g) authorize or undertake any capital projects with respect to the Seller Businesses, except equipment purchases, repairs and replacements occurring in the ordinary course of business as heretofore conducted and not exceeding One Hundred Thousand Dollars

(\$100,000) for any single item or an aggregate of Two Hundred Fifty Thousand Dollars (\$250,000) for all such items, excluding any capital project specifically set forth on Schedule 4.6(g);

(h) except in connection with the Closing, pay, discharge, or satisfy any material liability or obligation (whether absolute, accrued, contingent or otherwise), other than by payment, discharge or satisfaction in the ordinary course of business;

(i) settle or compromise any pending or threatened action that (i) would involve the payment of an amount greater than One Hundred Fifty Thousand Dollars (\$150,000) for any particular action, (ii) involves or results in any restriction on the business or operations of Seller or (iii) includes any admission of fault or wrongdoing by Seller; or

(j) cancel or waive any rights in respect of any assets of Seller, except in the ordinary course of business.

4.6. **Required Approvals.** Between the Effective Date and the Closing Date, Seller will: (a) use its reasonable commercial efforts to obtain, as promptly as practicable, all material consents, approvals, authorizations, clearances and licenses required to be obtained by Seller to carry out the transactions contemplated by this Agreement; (b) provide such other information and communications to Governmental Entities as such Governmental Entities may reasonably request; and (c) cooperate with Purchaser in Purchaser's obtaining, as soon as practicable, all material consents, approvals, authorizations, clearances and licenses required to be obtained by Purchaser to carry out the transactions contemplated by this Agreement. All such consents, approvals and authorizations shall be approved as to form by Purchaser in writing.

4.7. **No-Shop.** From the Effective Date until the Closing, Seller shall not, and shall cause its respective affiliates, members, officers, directors, employees, investment bankers, brokers or agents to not, without the prior written consent of Purchaser, which consent may be withheld in Purchaser's sole discretion:

(a) offer for sale or lease all or any portion of the Assets or the Seller Businesses whether by merger, consolidation or otherwise;

(b) solicit, encourage, negotiate or take other action to facilitate offers to buy or acquire all or any portion of the Assets or the Seller Businesses whether by merger, consolidation or otherwise;

(c) hold discussions with any Person (other than Purchaser or its affiliates) looking toward such an offer or solicitation; or

(d) except in the ordinary course of business (and subject to Section 4.6(d)), enter into any agreement with any Person (other than Purchaser or its affiliates) with respect to the sale, lease or other disposition of all or any portion of the Assets or the Seller Businesses whether by merger, consolidation or otherwise.

If Seller or any Person acting for or on behalf of any of the foregoing, receives from any Person (other than Purchaser or its affiliates) any offer, solicitation, inquiry or informational request

referred to above, Seller will promptly (i) advise such Person, by written notice, of the substantive terms of this Section 4.10, (ii) advise Purchaser of such offer, solicitation, inquiry or request, and (iii) deliver to Purchaser a copy of such notice together with a copy of all documents that constitute, relate or refer to any and all responses to such offer, solicitation, inquiry or request.

4.8. **WARN.** Seller shall take any and all action which may be necessary to comply with the terms and provisions of the Workers Adjustment and Retraining Notification Act and any state equivalent (collectively, "WARN") as a result of the transactions contemplated by this Agreement. All notices sent to any Seller Employee by Seller regarding or in connection with such transactions, including, without limitation, any notices sent to Seller Employees pursuant to the provisions of WARN, shall be subject to the prior written approval of Purchaser. Seller hereby expressly assumes all liability for any action, claims or damages (including severance liability) which may be imposed against Seller or Purchaser as a result of Seller's failure to comply with the provisions of WARN.

4.9. **Seller's Efforts to Close.** Seller shall use its reasonable commercial efforts to satisfy all of the conditions precedent set forth in Articles 6 and 7 to its or Purchaser's obligations under this Agreement (provided, that Seller shall use its best efforts to satisfy the conditions precedent set forth in Section 8.2(c)) to the extent that Seller's action or inaction can control or influence the satisfaction of such conditions.

4.10. **Termination of Seller Employees.** Upon the Effective Time, the Seller Employees shall cease to be employees of Seller and shall be removed from Seller's payrolls. Seller shall terminate effective as of the Effective Time the active participation of all of the Seller Employees in all of the Seller Plans, and shall cause each Seller Plan to comply with all applicable laws (including but not limited to, the applicable provisions of the Consolidated Omnibus Budget Reconciliation Act of 1985 ("COBRA")) in connection with such termination of Seller Employees as of the Closing Date.

4.11. **Tail Insurance.** Prior to the Closing Date, Seller shall purchase "tail" insurance for all types of current insurance on a "claims made" form, including but not limited to professional and general liability coverages with the maximum reporting that Seller, in consultation with Purchaser, determines to be commercially available from Seller's insurance carriers, without any lapse in coverage. Purchaser shall be named as an additional insured on all "tail" insurance obtained or maintained by Seller pursuant to this Section 4.14. The premium and other costs of the "tail" insurance shall be paid by Purchaser. Such "tail" insurance shall be issued by insurance companies reasonably satisfactory to Purchaser that have a minimum AM Best rating of A minus Financial Category VII. At least five business days prior to closing Seller shall provide evidence of all tail insurance. Prior to Closing Seller shall transfer all claims made policies for which tail coverage will be required, the underlying insurance policies, and associated tail endorsements. Seller shall, upon Purchaser's request, provide certificate(s) of insurance to Purchaser evidencing the continued effectiveness of such insurance policies.

4.12. **Occurrence Insurance.** In the event that a pending claim, or a loss or liability identified in Schedule 2.14 is covered by an occurrence-based insurance policy is incurred by

Seller but is not fully paid out prior to the Closing Date, then Seller agrees to resolve such claim to completion with Purchaser's assistance, and the proceeds of such claim shall be assigned to Purchaser. . Such resolution of the claim shall include a release of Purchaser from all liability from Seller and the claimant. Seller shall preserve all records related to such claim, and shall reasonably cooperate in resolving and may not settle such claim without Purchaser's prior approval. Seller agrees to preserve any insurance policies currently on site and to consent to share copies of all historic insurance policies with Purchaser after the Closing Date in the possession of any broker providing current or past services. Purchaser agrees to provide Seller access to such insurance policies maintained on site upon reasonable notice during business hours.

4.13. **Restricted Funds.** Seller shall take any and all actions, including, but not limited to approval by the District Board, required to release or remove the restrictions associated with the funds described on the attached Schedule 4.13.

4.14. **CARES Act Funds.** Seller shall maintain a sixty percent (60%) reserve for CARES Act funding until Closing and shall not alter the reserve prior to Closing without Purchaser's prior written approval.

ARTICLE 5

PRE-CLOSING COVENANTS OF PURCHASER

5.1. **Purchaser's Efforts to Close.** Purchaser shall use its reasonable commercial efforts to satisfy all of the conditions precedent set forth in Articles 6 and 7 to Purchaser's or Seller's obligations under this Agreement to the extent that Purchaser's action or inaction can control or influence the satisfaction of such conditions.

5.2. **Required Approvals.** Between the Effective Date and the Closing Date, Purchaser will: (a) use its reasonable commercial efforts to obtain, as promptly as practicable, all material consents, approvals, authorizations, clearances and licenses required to be obtained by Purchaser to carry out the transactions contemplated by this Agreement; (b) provide such other information and communications to Governmental Entities as such Governmental Entities may reasonably request; and (c) cooperate with Seller in Seller's obtaining, as soon as practicable, all material consents, approvals, authorizations, clearances and licenses required to be obtained by Seller to carry out the transactions contemplated by this Agreement.

ARTICLE 6

CONDITIONS PRECEDENT TO OBLIGATIONS OF SELLER

Seller's obligation to sell the Assets and Seller's obligation to close the transactions as contemplated by this Agreement shall be subject to the satisfaction of each of the following conditions on or prior to the Closing Date unless specifically waived in writing by Seller in whole or in part at or prior to the Closing.

6.1. **Warranties True and Correct.** Each of the representations and warranties made by Purchaser and set forth in this Agreement and in the exhibits and schedules attached hereto shall be true and correct in all material respects when made and as of the Closing Date.

6.2. **Signing and Delivery of Instruments.** Purchaser shall have executed and delivered all documents, instruments and certificates required to be executed and delivered pursuant to the provisions of this Agreement.

6.3. **Unfavorable Action or Proceeding.** On the Closing Date, no orders, decrees, judgments or injunctions of any court or Governmental Entity shall be in effect, and no claims, actions, suits, proceedings, arbitrations or investigations shall be pending or threatened, which challenge or seek to challenge, or which could prevent or cause the rescission of, or inhibit, the consummation of the transactions contemplated in this Agreement.

6.4. **Electorate Approval.** The clerk of the County of Sonoma, California shall have certified the results of an election called by Seller in which the voters of the Seller shall have approved the proposed transfer of assets contemplated by this Agreement (“Approval Election”).

6.5. **Valuation.** The parties shall have received a valuation supporting the fair market value of the consideration set forth in Section 1.1.

6.6. **Performance of Covenants.** Purchaser shall have in all respects performed or complied with each and all of the obligations, covenants, agreements and conditions required to be performed or complied with by it on or prior to Closing.

6.7. **Consents, Approvals and Authorizations.** The parties shall have obtained all material consents, licenses, approvals, permits, waivers and authorizations from the California Attorney General and other Governmental Entities and third parties that are necessary or required for completion of the transactions contemplated by this Agreement.

6.8. **Exhibits and Schedules.** The provisions of all exhibits and schedules attached to this Agreement that were not attached at the Effective Date or to the extent updated by Purchaser after the Effective Date, shall be acceptable to Seller in its reasonable discretion.

6.9. **Other Deliverables.** Purchaser shall have provided to the Title Company or Seller those certain items, including but not limited to the Cash Purchase Amount, set forth in Section 1.4.

ARTICLE 7

CONDITIONS PRECEDENT TO OBLIGATIONS OF PURCHASER

Purchaser’s obligation to purchase the Assets and to close the transactions contemplated by this Agreement shall be subject to the satisfaction of each of the following conditions on or prior to the Closing Date unless specifically waived in writing by Purchaser in whole or in part at or prior to the Closing.

7.1. **Warranties True and Correct.** Each of the representations and warranties made by Seller and set forth in this Agreement, exhibits and schedules attached hereto shall be true and correct in all material respects when made and as of the Closing Date; provided that, notwithstanding any other provision of this Agreement to the contrary, any failure of this condition shall not give rise to further rights or remedies at law or in equity unless such failure is due to the willful misconduct or intentional misrepresentation of Seller, its directors or officers.

7.2. **Consents, Approvals and Authorizations.** The parties shall have obtained all material consents, licenses, approvals, permits, waivers and authorizations that are necessary or required for completion of the transactions contemplated by this Agreement, including approval from Western HealthConnect, Sponsors Council and the Purchaser's Board.

7.3. **Signing and Delivery of Instruments.** Seller shall have executed and delivered all documents, instruments and certificates required to be executed and delivered pursuant to all of the provisions of this Agreement.

7.4. **Performance of Covenants.** Seller shall have performed or complied with each and all of the obligations, covenants, agreements and conditions required to be performed or complied with by Seller on or prior to Closing.

7.5. **Unfavorable Action or Proceeding.** On the Closing Date, no orders, decrees, judgments or injunctions of any court or Governmental Entity shall be in effect, and no claims, actions, suits, proceedings, arbitrations or investigations shall be pending or threatened, (a) which challenge or seek to challenge, or which could prevent or cause the rescission of, or inhibit, the consummation of the transactions contemplated in this Agreement, or (b) which would materially and adversely affect the operation of the Seller Businesses by Purchaser following the Closing Date.

7.6. **Governmental Concurrences.** Purchaser shall have obtained the concurrences of the necessary Governmental Entities to the effect that Purchaser will not be required to comply with any additional governmental regulations (other than those applicable to the Seller Businesses on the Effective Date) concerning construction, physical plant, structural requirements and physical integrity as a result of Seller's transfer of the Assets to Purchaser. In addition, Purchaser shall have obtained assurances from all of the necessary Governmental Entities, in form and substance reasonably satisfactory to Purchaser, that Purchaser will be granted, as of the Effective Time, all governmental approvals, licenses, permits, clearances, provider numbers and/or contracts necessary or appropriate for the operation of the Seller Businesses by Purchaser in a manner as determined by Purchaser in its sole discretion.

7.7. **Bulk Sales and Tax Clearance.** All requirements of any applicable bulk sales or transfer laws under applicable provisions of the California Uniform Commercial Code or other applicable creditors' rights laws shall have been satisfied by Purchaser on Seller's behalf and the applicable statutory notice period shall have elapsed. All applicable tax authorities shall have issued all state and local tax clearances with respect to Seller which are either required by law or otherwise available and reasonably requested by Purchaser.

7.8. **Material Adverse Change.** There shall not have been any material adverse change as contemplated by Section 4.3(b)(i) or 4.3(b)(ii) above.

7.9. **Exhibits and Schedules.** The provisions of all exhibits and schedules attached to this Agreement that were not attached at the Effective Date or to the extent updated by Seller after the Effective Date, shall be acceptable to Purchaser in its reasonable discretion.

7.10. **Title Matters.** Purchaser shall have received the Survey, as defined in Section 10.2 hereof, and the Title Company shall have issued or irrevocably committed to issue to Purchaser the Title Policy in compliance with Section 10.1 hereof. Only Permitted Exceptions shall be disclosed as exceptions to title in the Title Policy.

7.11. **Valuation.** The parties shall have received a valuation supporting the fair market value of the consideration set forth in Section 1.1.

7.12. **Electorate Approval.** The clerk of the County of Sonoma, California shall have certified the results of an election called by Seller in which the voters of the Seller shall have approved the proposed transfer of assets contemplated hereby.

ARTICLE 8

DESTRUCTION OF ASSETS; TERMINATION

8.1. **Destruction of Assets.** For purposes of this Agreement, damage or destruction to the Assets shall be deemed a "Material Casualty" if, as reasonably determined by the Parties, (i) the estimated cost to repair such damage or destruction in the aggregate (the "Aggregate Damage") exceeds Five Million Dollars (\$5,000,000) or (ii) the damage or destruction to the Assets materially impairs the operation of a significant component of the Seller Businesses.

(a) If, prior to or as of the Closing Date, any portion of the Assets or any portion of the properties of Seller which are used in the operation of the Seller Businesses have suffered loss or damage on account of fire, flood, wind, hurricane, earthquake, accident, act of war, terrorist act, civil commotion or other cause or event (whether or not similar to the foregoing), and such casualty is a Material Casualty, Purchaser shall have the right to terminate this Agreement by giving written notice to Seller within ten (10) calendar days after the date Purchaser acquires knowledge that such casualty constitutes a Material Casualty.

(b) If such damage or destruction is not a Material Casualty, the parties' duties and obligations under this Agreement shall not be affected and the Closing shall proceed as scheduled; provided, however, that Seller shall assign, transfer and set over to Purchaser all of Seller's right, title and interest in and to any and all commercial insurance policies and associated proceeds on account of such damage or destruction not remedied or repaired by Seller prior to the Closing. Seller shall obtain Purchaser's prior consent to any repairs or replacement which shall not be unreasonably withheld.

(c) If such damage or destruction constitutes a Material Casualty, and Purchaser does not terminate this Agreement as provided in Section 8.1(a) above, despite such

Material Casualty, then at the Closing, Seller shall assign, transfer and set over to Purchaser all of Seller's right, title and interest in and to any and all commercial insurance policies and associated proceeds on account of such damage or destruction, and if such third party insurance proceeds are insufficient to repair, restore and/or replace the affected Assets or properties, the difference between the cost to repair, restore and/or replace and the amount of such proceeds and deductible(s) shall be deducted from the Cash Purchase Amount, in an amount not to exceed One Million Dollars (\$1,000,000). Seller shall obtain Purchaser's prior consent to any repairs or replacement which shall not be unreasonably withheld.

(d) If Seller and Purchaser are unable to agree as to the amount of Aggregate Damage and/or whether a Material Casualty has occurred in connection with this Section 8.1, the amount of Aggregate Damage and/or determination whether a Material Casualty has occurred shall be determined a mutually agreed upon loss consultant (the "Loss Consultant"). The Loss Consultant, acting as an expert and not as an arbitrator, shall determine the definitive amount of the Aggregate Damage or shall otherwise determine whether a Material Casualty has occurred, by selecting either the submission of Seller or the submission of Purchaser, without making any adjustment thereto, which selection shall occur no later than ten (10) days following the date the Loss Consultant has received the submission from each of Seller and Purchaser. The decision of the Loss Consultant shall be conclusive and binding as between Seller and Purchaser, and the costs of such review shall be borne by the party whose submission is not selected by the Loss Consultant. If the decision of the Loss Consultant will fall on a date that is after the Termination Date, then the Termination Date will be extended until ten (10) days after the date of the Loss Consultant's decision.

8.2. **Termination**. This Agreement may be terminated at any time prior to Closing:

- (a) by the mutual written consent of the parties;
- (b) pursuant to Section 8.1 above;
- (c) by Seller or Purchaser (the "Nondefaulting Party"), if a material breach of any provision of this Agreement has been committed by the other party (the "Breaching Party") and such breach has not been (i) waived in writing by the Nondefaulting Party or (ii) cured by the Breaching Party to the reasonable satisfaction of the Nondefaulting Party within fifteen (15) business days after service by the Nondefaulting Party upon the Breaching Party of a written notice which describes the nature of such breach;
- (d) by Purchaser if any of the conditions in Article 7 have not been satisfied as of the Closing Date or if satisfaction of any such condition is or becomes impossible (other than through the failure of Purchaser to comply with its obligations under this Agreement) and Purchaser has not waived such condition in writing on or before the Closing Date;
- (e) by Seller if any of the conditions in Article 6 have not been satisfied as of the Closing Date or if satisfaction of any such condition is or becomes impossible (other than through the failure of Seller to comply with its obligations under this Agreement) and Seller has not waived such condition in writing on or before the Closing Date; or

(f) by either Seller or Purchaser, if the Closing has not occurred (other than through the failure of any party seeking to terminate this Agreement to comply fully with its obligations under this Agreement) on or before December 31, 2020 (the "Termination Date").

8.3. **Termination Consequences.** If this Agreement is terminated pursuant to Section 8.2, all further obligations of the parties under this Agreement shall terminate, except that the obligations in Sections 2.9(d), 8.3, 8.4 and 17.12 shall survive.

8.4. **Costs.** In the event of a termination of this Agreement pursuant to Section 8.2 hereof, except as expressly provided otherwise herein, each party (a) shall pay the costs and expenses incurred by it in connection with this Agreement and (b) except as expressly limited in this Agreement, may pursue any of its legal rights or remedies granted to such party by law against the other party to this Agreement.

ARTICLE 9

TITLE MATTERS

9.1. **Title Policy.** As a condition to Closing, at Purchaser's sole cost and expense, First American Title Company (the "Title Company") shall deliver to Purchaser at the Closing, or be irrevocably committed to deliver to Purchaser within ten (10) days after the Closing, an ALTA Extended Coverage Owner's Title Insurance Policy (the "Title Policy") (i.e., the Title Policy shall have deleted or modified those standard and general exceptions which are customarily deleted or modified so as to afford full "extended form coverage." The Title Policy amount shall equal the full insurable value of the Owned Real Property and, at Purchaser's option, the full insurable value of some or all of the Leased Real Property. The Title Policy shall show fee simple title to (full ownership interest in) the Owned Real Property subject only to those exceptions listed on Schedule 9.1 hereto (the "Permitted Exceptions") and leasehold title to, at Purchaser's option, some or all of the Leased Real Property, in Purchaser. At Purchaser's option, Purchaser may purchase such endorsements to the Title Policy as Purchaser may desire. Purchaser shall pay all title insurance premiums and related work charges and expenses for issuance of the Title Policy (including any expenses or charges for title reports or title commitments). All recording charges in connection with the conveyance of the Assets to Purchaser shall be borne by Purchaser.

ARTICLE 10

POST-CLOSING MATTERS

10.1. **Excluded Assets and Excluded Liabilities.** Any asset or any liability, all other remittances and all mail and other communications that are determined by this Agreement, the parties' agreement, or, absent such agreement, determined by dispute resolution, to be or otherwise relate to an Excluded Asset or an Excluded Liability and that is or comes into the possession, custody or control of Purchaser (or its successors-in-interest or assigns, or its respective affiliates) shall forthwith be transferred, assigned or conveyed by Purchaser (or its respective successors-in-interest or assigns and its respective affiliates) to Seller at Seller's cost, and Seller shall accept each such Excluded Asset and Excluded Liability. Until such transfer,

assignment and conveyance, Purchaser (and its respective successors-in-interest and assigns and its respective affiliates) shall not have any right, title or interest in or obligation or responsibility with respect to such asset or liability except that Purchaser shall hold such asset in trust for the benefit of Seller.

10.2. **Assets and Assumed Obligations.** Any asset or any liability, all other remittances and all mail and other communications that are determined by this Agreement, the parties' agreement, or, absent such agreement, determined by dispute resolution, to be or otherwise relate to an Asset or an Assumed Obligation and that is or comes into the possession, custody or control of Seller (or its successors-in-interest or assigns, or its respective affiliates) shall forthwith be transferred, assigned or conveyed by Seller (or its respective successors-in-interest or assigns and its respective affiliates) to Purchaser at Purchaser's cost, and Purchaser shall accept each such Asset and Assumed Obligation. Until such transfer, assignment and conveyance, Seller (and its respective successors-in-interest and assigns and its respective affiliates) shall not have any right, title or interest in or obligation or responsibility with respect to such asset or liability except that Seller shall hold such asset in trust for the benefit of Purchaser.

ARTICLE 11

POST-CLOSING COVENANTS OF SELLER

11.1. **Noncompetition.** As an inducement to Purchaser to enter into this Agreement and to consummate the transactions contemplated hereby, for the lesser period of either (i) five (5) years following the Closing Date, or (ii) Purchaser's continued performance of the Service Commitments defined in Section 12.3, Seller will not, without the prior written consent of Purchaser, within the Hospital's Service Area ("Hospital Service Area" for this purposes means the boundaries of the District), directly or indirectly develop, construct, own or operate a critical access/acute care hospital, medical/surgical hospital or provide services customarily incident to an critical access/acute care hospital or medical/surgical hospital, or other ancillary healthcare services (including ambulatory surgery centers, imaging centers, and physician practices. In the event that the provisions contained in this Section 11.1 shall ever be deemed to exceed the time or geographic limits or any other limitations permitted by applicable law in any jurisdiction, then such provisions shall be deemed reformed in such jurisdiction to the maximum extent permitted by applicable law.

11.2. **Parcel Tax.** Purchaser recognizes that Seller receives annual revenue support from a parcel tax approved by the community in the amount of approximately \$3.5 million (the "Parcel Tax Proceeds"). The parties acknowledge that the purposes for which Parcel Tax Proceeds may be used include meeting the costs of providing continued local access to emergency, acute care, and other medical services for residents of the District and visitors to the area, repaying outstanding indebtedness and providing for ongoing operating and capital improvement expenses of the District. In order to fulfill the intended purpose of the Parcel Tax Proceeds, and in recognition of Purchaser's commitments to furnish such services in this Agreement, Seller agrees to assign all of the Parcel Tax Proceeds to Purchaser and Purchaser agrees to use the Parcel Tax Proceeds to provide such services; **provided, however,** that the following amounts shall be subtracted from the Parcel Tax Proceeds prior to their assignment:

(1) an amount equal to Seller's debt service described on the attached Schedule 11.2(a) or any subsequent refinancing thereof; and (2) beginning in the eleventh (11th) year following Closing, and ending upon the expiration or earlier termination of the commitment described in Section 12.3(a), an amount not to exceed \$250,000 per year in 2020 dollars, adjusted annually for cost of living (CPI-U, West Region, all items), to fund the administrative operations of the District in accordance with a budget described on Schedule 11.2(b).

11.3. **Enforceability.** Seller hereby acknowledges that the covenants contained in Section 11.1 above are a condition precedent to Purchaser's entering into this Agreement, and that such restrictions are reasonable and necessary to protect the legitimate interests of Purchaser following the Closing. Seller also hereby acknowledges that any violation of Section 11.1 would result in irreparable injury to Purchaser and the remedy at law for any breach of Section 11.1 would be inadequate. Seller specifically acknowledges and agrees that Purchaser shall be entitled to an equitable accounting of all earnings, profits and other benefits arising from such breach, and Seller and Purchaser further agree that the reasonable fees and expenses, including attorneys' fees, incurred by the party prevailing in any legal action commenced under Section 11.1 shall be borne by the non-prevailing party.

ARTICLE 12

POST-CLOSING COVENANTS OF PURCHASER

12.1. **Local Community Board:**

(a) Purchaser shall maintain a local governing board with responsibility over the Seller Businesses ("Community Board") with delegated authorities derived from the Purchaser, as further described in its bylaws ("Community Board Bylaws"). The composition and function of the Community Board will be designed to comply with the community benefit standards, inurement prohibition and private benefit restrictions of IRC 501(c)(3). There shall be a single class of voting board members having equal voting rights and authority. No less than one-third of the voting members of the Community Board shall consist of residents of the Hospital Service Area.

(b) Seller shall have the right to nominate one (1) voting member to the Community Board and the Community Board shall act upon such nomination in accordance with the Community Board Bylaws and governance policies ("Seller Designated Director"). Seller's Designated Director shall be subject to the same removal rights as any member of the Community Board. If a Seller Designated Director is removed, Seller shall have the right to nominate his or her replacement subject to Community Board approval in accordance with its Community Board Bylaws, governance policies and this Section 12.1. Notwithstanding the foregoing, no more than one Seller appointee may be removed, nor more than one Seller nominee rejected, within any single 12-month period, respectively.

(c) Seller shall have the right to nominate one (1) voting member to each of the Community Board's Quality Committee and the Community Board's Community Benefit Committee ("Seller Designated Committee Members"). Seller's Designated Committee Members shall be subject to the same removal rights as any member of the Community Board. If

a Seller Designated Committee Member is removed, Seller shall have the right to nominate his or her replacement subject to Community Board approval in accordance with its Bylaws and governance policies and this Section 12.1.

Purchaser and Seller agree that the foregoing rights and protections have been incorporated into the Community Board Bylaws attached as Exhibit 12.1. Prior to the Closing, Purchaser shall provide to Seller a copy of the Purchaser's Operating Agreement which shall be consistent with the provisions of this Section 12.1. Such Operating Agreement and Community Board Bylaws shall be effective as of the Effective Time. Such Operating Agreement and Community Board Bylaws or other governing document of the Community Board shall thereafter be subject to amendment from time to time as determined by Purchaser in accordance with the amendment provisions set forth in each respective document, provided further that such amendments are consistent with this Section 12.1 and applicable law. Purchaser shall give Seller thirty (30) days prior written notice and a copy of any proposed amendment to such Operating Agreement, Community Board Bylaws or other governing documents that relates to or may otherwise impact the provisions of this Section 12.1. In the event of any elimination or substantial diminishment of the Parcel Tax Proceeds, Purchaser's obligations under this Section 12.1 shall be terminated immediately.

12.2. **Charity Care; Community Benefits Programs.** For so long as Purchaser operates the Hospital, Purchaser shall adopt, maintain and adhere to the applicable policy or policies on charity and indigent care maintained by Western HealthConnect as required under state and federal law, subject to changes in legal requirements or governmental guidelines or policies (such as implementation of universal healthcare coverage). Purchaser shall provide the community benefit programs at a level consistent with at least those set forth on, and in accordance with, Schedule 12.2 as determined pursuant to Purchaser or Western HealthConnect metrics for community benefit investments and community benefit programs ("Community Benefit Programs") within the Hospital Service Area.

12.3. **Service Commitments.** For the periods of time indicated below following the Closing Date, Purchaser shall perform and abide by the following (collectively, the "Service Commitments"):

(a) operate and maintain the Hospital as a full time, Medicare-participating critical access hospital with a 24/7 dedicated emergency department for a minimum of thirty (30) years; **provided, however,** that in the event that cost-based reimbursement under CAH designation is eliminated, Purchaser shall operate the Hospital as a facility offering inpatient capabilities and dedicated emergency services at least comparable to those furnished as of the Closing for at least twenty (20) years post-Closing;

(b) provide the health care services currently furnished at the Hospital or services comparable to such services as changes in technology and medical science may provide, as described on Schedule 12.3;

(c) adhere to policies of providing medically necessary care to anyone who requires it regardless of race, gender, age, national origin, insurance status, ability to pay or any

other prohibited discriminatory criteria to meet all obligations imposed by the State of California and the federal government for granting and maintaining its hospital license;

(d) fund capital expenditures for the Hospital and its campus (including outpatient and offsite locations operated under the Hospital license or in affiliation with the Hospital) as appropriately determined in accordance with Purchaser's policies and procedures, sufficient to satisfy the covenants and commitments set forth in this Agreement and to fund the Capital Expenditures described below in Section 12.4;

(e) continue to engage in community collaboration and partnerships to improve the health outcomes in the geographic area served by the District

(f) operate the Hospital with a commitment to quality, safety, patient satisfaction, and employee and physician engagement in a manner consistent with the Hospital's PI Quality Plan and policies, as they may be developed over time, for as long as Purchaser operates the Hospital;

(g) operate and maintain the Hospital and the Seller Businesses for the benefit of the communities served by Seller (in a manner comparable with Cal. Health and Safety Code § 32121(p)(2)(A)(iv) or any successor statute) as long as Purchaser operates the Hospital; and

(h) cause the Hospital to participate in the Medicare, Medi-Cal and TRICARE programs and other governmental programs and maintain Joint Commission accreditation as long as Purchaser operates the Hospital; and

Notwithstanding Purchaser's commitments described in this Section 12.3, Purchaser shall have no obligation to offer elective abortions, physician assisted suicide or the destruction of human embryos at the Hospital ("Restricted Services"). Requests for Restricted Services will be accommodated externally.

Purchaser shall not proceed with any surrender of the Hospital's CAH designation, or termination or material reduction of any core Hospital service or program described above in Section 12.3 during the applicable time period that such service or program is required to be supported or maintained by Purchaser pursuant to this Section 12.3 without the approval of a supermajority vote (at least two-thirds) of the Community Board, as further specified in the Community Board Bylaws. Notwithstanding the foregoing, the Purchaser's obligations under this Section 12.3 shall terminate immediately if: (i) a natural disaster, i.e. earthquake, fire, flood, or other geologic processes, destroys or substantially destroys the communities within the District, thus rendering it impossible to maintain the Hospital as a CAH with a dedicated emergency department; or (ii) there is any elimination or substantial diminishment of the Parcel Tax Proceeds. Further, if there are other disruptions that substantially impair the commitments or make them impracticable to maintain, Purchaser may seek consent from the District to waive or suspend any such commitments as provided in this Section 12.3.

12.4. **Investment Commitment.** Purchaser shall expend or commit to expend, and/or shall cause one or more of its affiliates to expend or commit to expend, during the ten (10) year period following the Closing Date, at least Ten Million Dollars (\$10,000,000) (the "Investment

Commitment”) on investments in, or development or expansion of, the Hospital or healthcare improvements, equipment, and/or programs or services supportive of community and population health of the District (“Capital Expenditures”). The Capital Expenditures made by Purchaser may include, but are not limited to, expenditures for new equipment, equipment replacement, information systems, facility renovations, new facilities, medical office space, and development of new services, quality improvement programs, physician recruitment and as required to maintain the Service Commitments described in Section 12.3 of this Agreement or as otherwise approved by a supermajority vote (at least two-thirds) of the Community Board. Notwithstanding the foregoing, in the event of any elimination or substantial diminishment of the Parcel Tax Proceeds, Purchaser’s obligations under this Section 12.4 shall be terminated immediately.

12.5. **Physicians.** Purchaser will assume, honor and comply with all existing written agreements between Seller and its independent physicians as set forth in Schedule 12.5. For employed physicians, Purchaser will employ those physicians directly and assume their employment agreements, to the extent allowable under NorCal HealthConnect’s benefit programs.

12.6. **Medical Staff.** Subject to the outcome of due diligence, as of the Closing, Purchaser shall adopt the medical staff bylaws of the Hospital and the credentialed status of its practitioners in existence as of such date. The Hospital shall maintain its own independent medical staff and be responsible for decisions on admitting clinical privileges as well as medical staff memberships.

12.7. **Sale, Transfer or Assignment of Assets.** Neither Purchaser nor any Affiliate of Purchaser shall cause or permit the sale, conveyance, lease or other transfer, directly or indirectly, of all or substantially all of the Assets or the Hospital operations to a third party without: (a) the approval of a supermajority (at least two-thirds) of the Community Board, as further specified in the Community Board Bylaws; and (b) the approval of the Seller if such sale occurs prior to the fifth (5th) anniversary of the Closing. Notwithstanding the foregoing, Purchaser may transfer, assign, sell or lease the entirety of the Hospital and the Assets without Seller’s consent to an Affiliate of Purchaser. As used herein, Affiliate of Purchaser is as defined as any entity that is wholly owned or controlled by Western HealthConnect. Any transferee, including an Affiliate of Purchaser, shall be bound by all applicable provisions of this Agreement for the duration of the applicable term, including with respect to the provisions set forth in Section 12.1 relating to the Community Board Bylaws. In no event shall any such transfer modify or expand the scope of any Restricted Services.

12.8. **Regular Reports.** Purchaser shall report at least twice per year to Seller or Seller’s assignee regarding the Hospital’s financial status, programmatic efforts, progress toward its strategic plan and its Capital Expenditures to-date by category and amount toward its total Investment Commitment. Purchaser shall provide Seller with copies of Purchaser’s internally generated annual financial statements and interim/mid-year financial statements within one hundred fifty (150) days after the end of each fiscal year and mid-year thereafter. Each year Purchaser shall provide evidence of that it is maintaining all licenses, permits, accreditations, and approvals necessary for Purchaser to operate the Hospital.

12.9. **Preservation and Access to Records After the Closing.**

(a) From the Closing Date until seven (7) years after the Closing or such longer period as required by law, which period shall be ten (10) years for medical records and radiology records (the “Document Retention Period”), Purchaser shall keep and preserve all medical records, patient records, medical staff records and other books and records of the Seller Businesses existing as of the Closing relating to tax or other liabilities of Seller prior to the Closing, but excluding any records which are among the Excluded Assets. Purchaser will afford to the representatives of Seller, including its counsel and accountants, reasonable access to, and copies of, such records with respect to time periods on or prior to the Closing Date (including, without limitation, access to records of patients treated at the Seller Businesses on or prior to the Closing Date) during normal business hours after the Closing Date, to the extent reasonably needed by Seller (or its affiliates) for business or litigation purposes. Purchaser shall notify patients regarding the transfer of the custodian of their records/images as required by law, and provide instructions on how to obtain copies of such records/images.

(b) In connection with (i) the transition of the Seller Businesses pursuant to the transaction contemplated by this Agreement, (ii) Seller’s rights to the Excluded Assets, and (iii) Seller’s obligations under the Excluded Liabilities, Purchaser shall after the Closing Date give Seller and its representatives access during normal business hours to Purchaser’s books, accounts and records and all other relevant documents and information with respect to the assets, liabilities and business of the Seller Businesses as representatives of Seller may from time to time reasonably request, all in such manner as not to unreasonably interfere with Purchaser’s business or with the operations of the Seller Businesses.

ARTICLE 13

EMPLOYEES

Purchaser shall provide offer letters to all “Active Seller Employees” on or before the Effective Time setting forth terms and conditions of employment at no less than each such Active Seller Employee’s then current wage or salary and at or within Sonoma County (including via telecommute). For purposes of this Agreement, “Active Seller Employees” shall mean Seller Employees who are actually providing services to Seller as of the Closing Date and who are in good standing (including all employees currently on leave of absence), and shall exclude any Seller Employee (a) whose employment status has been suspended or restricted as a result of disciplinary or other action, (b) who is otherwise not providing services to Seller for any reason as of the Closing, or (c) who is listed on Schedule 13. Seller shall identify, for Purchaser’s review and approval, which Seller Employees are among the Active Seller Employees. Such identification by Seller shall include, (a) in the case of those Seller Employees identified by Seller as not constituting Active Seller Employees, the reason any Seller Employees failed to constitute Active Seller Employees, and (b) in the case of any Seller Employee identified as an Active Seller Employee that is not providing services on the Closing Date as a result of a routine absence as described above, the nature of such absence.

Seller shall not, from the Effective Date until the Closing Date, directly or indirectly, solicit any Seller Employee for employment by Seller after the Closing Date. Further, Seller

shall not, for a period of twelve (12) months after the Closing Date, directly or indirectly, hire, employ, manage, consult with, seek services from or in any manner engage any Seller Employees who have accepted an offer of employment with Purchaser or any of its affiliates (collectively, the “Hired Employees”) as of the Effective Time. Purchaser shall notify Seller in writing within five (5) business days after the Closing Date of the names of the Seller Employees that have accepted employment with Purchaser or an affiliate of Purchaser as of the Effective Time. No provision of this Agreement shall prevent Seller or any of its affiliates from employing or contracting with (i) any Hired Employee whose employment has been terminated by Purchaser, (ii) after thirty (30) calendar days from the date of termination of employment, any employee whose employment has been terminated by the employee, or (iii) James Schuessler, as an independent contractor, if Seller chooses to engage him for part-time consulting services for strategic planning services.

Purchaser acknowledges and agrees that (A) Active Seller Employees shall be offered the same or greater wages and benefits packages that, in aggregate, are no less than the total compensation package such Hired Employees received from Seller as of the Closing Date for at least twelve (12) months from the Closing Date, with no downward adjustments, subject to the eligibility requirements of the underlying benefit plans; (B) Purchaser shall assume and shall pay and satisfy when due, all of Seller’s obligations, if any, to pay accrued but not paid wages and paid time off to Seller Employees; (C) except for retirement plan vesting, Purchaser shall make good faith efforts to give Hired Employees credit for length of service for purposes of determining eligibility for participation in the various benefit plans offered by Purchaser or its designated affiliate post-Closing, and (D) to the extent permitted under the Purchaser’s benefit plans, exclusions for pre-existing conditions and applicable waiting periods with respect to health insurance coverage provided to Hired Employees by Seller shall be waived. Purchaser covenants and agrees that it shall continue to employ in comparable positions the Hired Employees for a period of no less than six (6) months following the Closing Date, unless Purchaser sooner terminates the employment of any Hired Employee for cause or in the event any Hired Employee voluntarily resigns or retires.

Any unemployment benefits costs associated with the termination of the employment of a Seller Employee with Seller or with any other subsequent employer where Seller would be an employer for the previous four (4) quarters will be the sole responsibility of Purchaser, and Purchaser shall reimburse Seller for any such costs billed to it. Purchaser shall remain obligated under this subparagraph until such time as Seller is no longer an employer of record for the previous four (4) quarters for the benefit year indicated by the unemployment statement of benefits.

The understandings set forth in this Article 13 are solely for the purpose of defining the obligations between Purchaser and Seller and shall not be construed as creating any employment contract or other agreement between either Purchaser or Seller, on the one hand, and any Seller Employee, on the other hand. The terms and provisions of this Article 13 are intended solely for the benefit of Seller and Purchaser and their respective permitted successors or assigns, and it is not the intention of the parties to confer, and this Agreement shall not confer, third-party beneficiary rights upon any other person, including any Seller Employee or Hired Employee. All Seller Employees or Hired Employees shall remain terminable “at-will” by Purchaser (or its

designated affiliate) or Seller, as the case may be, except to the extent otherwise required by law or by any preexisting employment or other agreement which has been specifically assumed by Purchaser under this Agreement.

ARTICLE 14

TAX AND COST REPORT MATTERS

14.1. **Tax Matters; Allocation of Cash Purchase Amount.** The Cash Purchase Amount shall be allocated among each category of Assets and among each of the Seller Businesses in accordance with Schedule 14.1 (which Schedule 14.1 shall be attached hereto in a form as mutually agreed by Seller and Purchaser on or prior to the Closing). Seller and Purchaser hereby agree to allocate the Cash Purchase Amount in accordance with Schedule 14.1, to be bound by such allocations, to account for and report the purchase and sale of the Assets contemplated hereby for federal and state tax purposes in accordance with such allocations, and not to take any position (whether in tax returns, tax audits, or other tax proceedings), which is inconsistent with such allocations without the prior written consent of the other party.

14.2. **Cost Report Matters.** Upon reasonable notice and during normal business office hours, Purchaser will reasonably cooperate with and timely pay or reimburse Seller any and all documented, third-party out of pocket expenses in regard to the preparation, filing, handling, disputes and appeals of any cost reports and/or other claims adjudications matters relative to governmental program reimbursement of Seller relating to periods ending prior to the Effective Time (the "Seller Cost Reports"). Such cooperation shall include the providing of statistics and obtaining files at the Seller Businesses and the coordination with Seller pursuant to adequate notice of Medicare and Medi-Cal exit conferences or meetings. Purchaser will, upon reasonable notice, during normal business office hours, and subject to applicable law regarding confidentiality of patient records, provide Seller reasonable access to all records of the Seller Businesses and will allow Seller and its representatives to copy any documents relating to the Seller Cost Reports and appeals thereof.

14.3. **License to Use Provider Numbers.** Seller hereby grants Purchaser a license and hereby appoints Purchaser as its agent and its attorney-in-fact, to use Seller's name, provider number(s) and employer identification number(s) on the terms and for the purposes set forth in this Section. Following the Closing Date and until Purchaser receives its tie-in notice from the Medicare contractor, to the extent permitted by law and to preserve cash flow to the Hospital pending the tie-in notice, Purchaser shall be permitted (i) to submit all claims and other documents necessary or appropriate for billing for health care services delivered by the Hospital or other Seller Businesses in the name of same under its or their provider number or numbers; (ii) to collect, receive payment of, receipt for and give discharges and releases of all claims for such health care services; (iii) to make demand with respect to, settle, compromise and adjust such claims; and (iv) to take possession of and endorse in the name of the Seller any note, check, money order, insurance payment or any other instrument received as payment for such health care services. Seller shall continue to deposit any funds received by it with respect to the Hospital or other Seller Businesses, in the form received, in the A/R Account maintained in the name of Seller at American River Bank (the "Account Bank"). The Seller will provide instructions to the Account Bank for it to sweep all of the funds in the A/R Account at the end of

each business day of the Account Bank into an operating account at the Account Bank, which operating account will be maintained in the name and under the sole control of Purchaser (the "Operating Account"). The Seller shall not terminate or amend such sweep instructions without the prior written consent of Purchaser. Funds deposited in the Operating Account referenced in this Section shall be the sole property of Purchaser, representing accounts receivable transferred to Purchaser under this Agreement. The Seller agrees to execute and deliver from time to time all such documents and instruments as may be required by Purchaser to effectuate the provisions of this Section.

ARTICLE 15

SURVIVAL AND INDEMNIFICATION

15.1. **Survival.** Except as expressly set forth in this Agreement to the contrary, all representations and warranties of Purchaser and Seller, respectively, contained in this Agreement or in any document delivered pursuant hereto shall be deemed to be material and to have been relied upon by Purchaser and Seller, respectively, and shall continue to be fully effective and enforceable, subject to the restrictions set forth in this Agreement, following the Closing Date for eighteen (18) months (the "Survival Period") and shall thereafter be of no further force and effect; provided, however, that: (a) the Survival Period for the representations and warranties of Seller set forth in Sections 2.12 (Employees), 2.13 (Taxes), 2.17 (Accreditation; Medicare and Medi-Cal; Third Party Payors), 2.22 (Compliance with Law), 2.21 (HIPAA/Privacy) and 2.22 (Environmental Matters) shall continue to be fully effective and enforceable following the Closing Date until six (6) months following the expiration of the applicable statute of limitations, if any (including all periods of extension, whether automatic or permissive); (b) the Survival Period for the representations and warranties contained in Sections 2.1 (Organization and Good Standing), 2.2 (Authority; Validity; No Breach), 2.7(a) (Title to and Condition of Real Property), 2.8(a) (Title to and Condition of Personal Property and Leased Personal Property), 3.1 (Organization and Good Standing) and 3.2 (Authority; Validity; No Breach) shall continue to be fully effective and enforceable for seven (7) years following the Closing Date; and (c) notice of a claim must be received by Seller within the Survival Period, provided that if there is an outstanding notice of such claim at the end of the applicable Survival Period in compliance with the terms of this Agreement, such applicable Survival Period shall not end in respect of such claim until such claim is resolved. The indemnifications contained in Sections 15.2 and 15.3 shall continue to be fully effective and enforceable for seven (7) years following the Closing Date. The representations and warranties of Purchaser and of Seller, respectively, shall not be affected by any investigation, disclosure, verification, inspection or examination by any party hereto or by anyone on behalf of any such party, except as specifically set forth herein or in an exhibit or document delivered pursuant to this Agreement.

15.2. **Indemnification of Purchaser by Seller.**

(a) Seller shall keep and save Purchaser, and its affiliates, directors, officers, employees, agents and other representatives, forever harmless from and shall indemnify and defend Purchaser against any and all judgments, liabilities, penalties, fees, claims, expenses, fines, damages, and costs, including reasonable attorneys' fees ("Damages"), whether direct or

consequential and no matter how arising, to the extent, connected with or arising or resulting from (i) any breach of any representation or warranty of Seller under this Agreement arising from the willful misconduct or intentional misrepresentation of Seller, its directors or officers, (ii) any breach or default by Seller of any covenant or agreement of Seller under this Agreement other than the representations and warranties set forth in Article 2; (iii) the Excluded Liabilities, and (iv) the Excluded Assets. No provision in this Agreement shall prevent Seller from pursuing any of its legal rights or remedies that may be granted to Seller by law against any person or legal entity other than Purchaser or any affiliate of Purchaser.

(b) Purchaser shall promptly give written notice to Seller in the event that any claim is made against Purchaser or the Assets for which Seller has agreed to indemnify Purchaser as set forth in this Agreement, and Seller shall thereupon undertake to defend promptly and hold Purchaser free and harmless therefrom, using counsel reasonably satisfactory to Purchaser. Once the defense thereof is assumed by Seller, Seller shall keep Purchaser advised of all developments in the defense thereof and in any related litigation, and Purchaser shall be entitled at all times to participate in the defense thereof at its own expense. If Seller fails to discharge or undertake to defend against any such liability within fifteen (15) days after written notice thereof, then Purchaser may settle the same and shall provide notice of the terms thereof to Seller within ten (10) days after settlement, subject to Purchaser giving Seller not less than ten (10) business days prior written notice of the terms of the proposed settlement before it is executed. Seller's liability shall be conclusively established by such settlement (the amount of such liability shall include, but shall not be limited to, the settlement consideration and the reasonable attorneys' fees, costs and expenses incurred by Purchaser in effecting such settlement). This indemnity shall not foreclose any other rights or remedies of Purchaser or its assigns that they may have under law or under this Agreement to enforce the provisions of this Agreement.

15.3. **Indemnification of Seller by Purchaser.**

(a) Purchaser shall keep and save Seller and its directors, officers, employees, agents and other representatives, forever harmless from and shall indemnify and defend Seller against any and all Damages, whether direct or consequential and no matter how arising, in any way related to, connected with or arising or resulting from (i) any breach of any representation or warranty of Purchaser under this Agreement, (ii) any breach or default by Purchaser under any covenant or agreement of Purchaser under this Agreement; (iii) the Assumed Obligations, (iv) any Damages arising from the operation of the Seller Businesses, known or unknown, whether arising before or after the Effective Date, except those arising from the willful misconduct or intentional misrepresentation of Seller its directors or officers while acting within the scope of their duties; and (iv) any other obligation or liability specifically assumed by Purchaser in this Agreement. No provision in this Agreement shall prevent Purchaser from pursuing any of its legal rights or remedies that may be granted to Purchaser by law against any person or legal entity other than Seller.

(b) Seller shall promptly notify Purchaser in the event that any claim is made against it for which Purchaser has agreed to indemnify Seller as set forth in this Agreement, and Purchaser shall thereupon undertake to defend promptly and hold Seller free and harmless therefrom, using counsel reasonably satisfactory to Seller. Once the defense thereof is assumed

by Purchaser, Purchaser shall keep Seller advised of all developments in the defense thereof and in any related litigation, and Seller shall be entitled at all times to participate in the defense thereof at its own expense. If Purchaser fails to discharge or undertake to defend against any such liability within fifteen (15) days after written notice thereof, then Seller may settle the same and shall provide notice of the terms thereof to Purchaser within ten (10) days after settlement, subject to Seller giving Purchaser not less than ten (10) business days prior written notice of the terms of the proposed settlement before it is executed. Purchaser's liability shall be conclusively established by such settlement (the amount of such liability shall include both the settlement consideration and the reasonable attorneys' fees, costs and expenses necessarily incurred by Seller in effecting such settlement). This indemnity shall not foreclose any other rights or remedies that Seller or its assigns may have under law or under this Agreement to enforce the provisions of this Agreement.

15.4. **Indemnification Assistance; Subrogation; Insurance.**

(a) Any party entitled to indemnification hereunder (the "Indemnified Party") agrees to give the party which would be liable for Damages to an Indemnified Party (the "Indemnifying Party") reasonable access to the books and records and employees of the Indemnified Party in connection with the matters for which indemnification is sought hereunder (but only for claims which are asserted against or sought to be collected from such Indemnified Party by a person other than Seller, Purchaser or their respective affiliates (a "Third Party Claim")), to the extent the Indemnifying Party reasonably deems necessary in connection with its rights and obligations hereunder.

(b) The Indemnified Party shall assist and cooperate with the Indemnifying Party in the conduct of litigation, the making of settlements and the enforcement of any right of contribution to which the Indemnified Party may be entitled from any person or entity in connection with the subject matter of any litigation subject to indemnification hereunder which involves a Third Party Claim. In addition, the Indemnified Party shall, upon the reasonable request by the Indemnifying Party or counsel selected by the Indemnifying Party (with reimbursement of any reasonable fees, wages, costs or expenses incurred by the Indemnified Party or an employee thereof in connection therewith), attend hearings and trials, assist in the securing and giving of evidence, assist in obtaining the presence or cooperation of witnesses, and make available its own personnel in connection with any claim which involves a Third Party Claim.

(c) Following indemnification as provided for hereunder, the Indemnifying Party shall be subrogated to all rights of the Indemnified Party with respect to all persons or entities relating to the matter for which indemnification has been made.

(d) The Indemnified Party will use its commercially reasonable efforts to recover under insurance policies or indemnity, contribution or other similar agreements for any Damages. (If any such proceeds are received by any Indemnified Party or any of its affiliates with respect to any Damages after payment has been made to the Indemnified Party with respect thereto, the Indemnified Party shall promptly pay back the amount of such proceeds (up to the amount received by the Indemnified Party with respect to such Damages) to the Indemnifying

Party). The parties will treat any payment received pursuant to this Article as an adjustment to the Cash Purchase Amount for tax purposes.

ARTICLE 16

SPECIFIC PERFORMANCE

Seller acknowledges that the Seller Businesses and the Assets are unique, that a failure by Seller to complete the transactions contemplated by this Agreement will cause irreparable injury to Purchaser, and that actual damages for any such failure may be difficult to ascertain and may be inadequate. Accordingly, Purchaser shall be entitled to seek specific performance of any of the provisions of this Agreement in addition to any other legal or equitable remedies to which Purchaser may otherwise be entitled, except as may otherwise be limited herein, for a failure by Seller to complete the transactions contemplated by this Agreement.

Purchaser acknowledges that a failure by Purchaser to abide by its covenants contained herein to be undertaken following the Closing will cause irreparable injury to Seller, and that actual damages for any such failure may be difficult to ascertain and may be inadequate. Accordingly, Seller shall be entitled to seek specific performance of any of the covenants of Purchaser contained herein to be undertaken following the Closing in addition to any other legal or equitable remedies to which Seller may otherwise be entitled, except as may otherwise be limited herein, for a failure by Purchaser to abide by its covenants contained herein to be undertaken following the Closing. Without limiting the generality of the foregoing, recognizing that Purchaser's Service Commitments and Investment Commitments constitute substantial elements of consideration inducing Seller to enter into this Agreement, Seller and Purchaser expressly agree that, notwithstanding the dispute resolution provisions set forth in Article 17: (i) Seller shall be entitled to seek immediate, court-enforced injunctive relief, including temporary relief and/or restraining order, as it determines necessary to enforce such Commitments; (ii) Purchaser expressly waives and agrees not to request the posting of a bond in any such proceeding; and (iii) Purchaser agrees that Seller shall be entitled to retain, at its sole discretion, any future Parcel Tax Proceeds pending final resolution of such proceeding.

ARTICLE 17

MISCELLANEOUS PROVISIONS

17.1. **Further Assurances and Cooperation.** Seller shall execute, acknowledge and deliver to Purchaser any and all other assignments, consents, approvals, conveyances, assurances, documents, certificates and instruments reasonably requested by Purchaser at any time and shall take any and all other actions reasonably requested by Purchaser at any time for the purpose of more effectively assigning, transferring, granting, conveying and confirming to Purchaser, the Assets. After consummation of the transaction contemplated herein, the parties agree to cooperate with each other in regards to all matters arising from the transition of ownership of the Assets and the business of the Seller Businesses from Seller to Purchaser.

17.2. **Successors and Assigns.** All of the terms and provisions of this Agreement shall be binding upon and shall inure to the benefit of and be enforceable by the respective successors

and assigns of the parties hereto; provided, however, that no party hereto may assign any of its rights or delegate any of its duties under this Agreement without the prior written consent of the other party; **provided, however** that: (a) Purchaser may assign any of its rights or delegate any of its duties under this Agreement to any Affiliate of Western HealthConnect; and (b) prior to any dissolution of Seller, Seller may assign, in its sole discretion, its remaining rights and obligations under the this Agreement to another tax-exempt community-based organization having among its charitable purposes the health and well-being of the residents of the District. No assignment shall relieve the assignor of its obligations under this Agreement nor effect its terms.

17.3. **Governing Law; Venue.** This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of California as applied to contracts made and performed within the State of California. Any and all court proceedings related to the subject matter hereof shall be maintained in California state courts in Sonoma County, which applicable court shall have exclusive jurisdiction for such purpose.

17.4. **Amendments.** This Agreement may not be amended other than by written instrument signed by the parties hereto.

17.5. **Exhibits and Schedules.** All exhibits and schedules referred to in this Agreement shall be attached hereto and are incorporated by reference herein. From the Effective Date until the Closing, the parties agree that either Seller or Purchaser may update the schedules and exhibits as reasonably necessary.

17.6. **Notices.** Any notice, demand or communication required, permitted, or desired to be given hereunder shall be deemed effectively given when personally delivered, when received by facsimile or overnight courier, or five (5) calendar days after being deposited in the United States mail, with postage prepaid thereon, certified or registered mail, return receipt requested, addressed as follows:

If to Seller: North Sonoma County Healthcare District
Attn: Chief Executive Officer
1375 University Avenue
Healdsburg, California 95448

With a copy to:
William J. Arnone, Jr.
Merrill, Arnone & Jones, LLP
3554 Round Barn Blvd, #303
Santa Rosa, California 95403

If to Purchaser: NorCal HealthConnect, LLC
Attn: President
1111 Sonoma Avenue, Suite 308
Santa Rosa, California 95405

With a copy to:
Providence St. Joseph Health
Attn: Department of Legal Affairs
3345 Michelson Drive, Suite 100
Irvine, California 92612

or at such other address as one party may designate by notice hereunder to the other parties.

17.7. **Headings.** The section and other headings contained in this Agreement and in the exhibits and schedules to this Agreement are included for the purpose of convenient reference only and shall not restrict, amplify, modify or otherwise affect in any way the meaning or interpretation of this Agreement or the exhibits and schedules hereto.

17.8. **Fair Meaning.** This Agreement shall be construed according to its fair meaning and as if prepared by all parties hereto.

17.9. **Gender and Number; Construction.** All references to the neuter gender shall include the feminine or masculine gender and vice versa, where applicable, and all references to the singular shall include the plural and vice versa, where applicable. Unless otherwise expressly provided, the word "including" followed by a listing does not limit the preceding words or terms and shall mean "including, without limitation."

17.10. **Third Party Beneficiary.** None of the provisions herein contained are intended by the parties, nor shall they be deemed, to confer any benefit on any person or entity not a party to this Agreement.

17.11. **Expenses and Attorneys' Fees.** Except as otherwise provided in this Agreement, each party shall bear and pay its own costs and expenses relating to the preparation of this Agreement and to the transactions contemplated by, or the performance of or compliance with any condition or covenant set forth in, this Agreement, including without limitation, the disbursements and fees of their respective attorneys, accountants, advisors, agents and other representatives, incidental to the preparation and carrying out of this Agreement, whether or not the transactions contemplated hereby are consummated. If any action is brought by any party to enforce any provision of this Agreement, the prevailing party shall be entitled to recover its court costs and expenses and reasonable attorneys' fees.

17.12. **Counterparts.** This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same Agreement, binding on all of the parties hereto. The parties agree that facsimile or electronic .PDF copies of signatures shall be deemed originals for all purposes hereof and that a party may produce such copies, without the need to produce original signatures, to prove the existence of this Agreement in any proceeding brought hereunder.

17.13. **Entire Agreement.** This Agreement, the exhibits and schedules, and the documents referred to herein contain the entire understanding among the parties with respect to the transactions contemplated hereby and supersede all prior or contemporaneous agreements, understandings, representations and statements, oral or written, among the parties on the subject matter hereof, and shall be of no further force or effect.

17.14. **No Waiver.** Any term, covenant or condition of this Agreement may be waived at any time by the party which is entitled to the benefit thereof but only by a written notice signed by the party expressly waiving such term or condition. The subsequent acceptance of performance hereunder by a party shall not be deemed to be a waiver of any preceding breach by the other party of any term, covenant or condition of this Agreement, other than the failure of such party to perform the particular duties so accepted, regardless of such party's knowledge of such preceding breach at the time of acceptance of such performance. The waiver of any term, covenant or condition shall not be construed as a waiver of any other term, covenant or condition of this Agreement.

17.15. **Severability.** If any term, provision, condition or covenant of this Agreement or the application thereof to any party or circumstance shall be held to be invalid or unenforceable to any extent in any jurisdiction, then the remainder of this Agreement and the application of such term, provision, condition or covenant in any other jurisdiction or to persons or circumstances other than those as to whom or which it is held to be invalid or unenforceable, shall not be affected thereby, and each term, provision, condition and covenant of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

17.16. **Dispute Resolution.** Except as expressly provided elsewhere in this Agreement, the parties shall, as soon as reasonably practicable after one party gives written notice of a dispute arising out of this Agreement ("Dispute") to the other party (the "Dispute Notice"), meet and confer in good faith regarding such Dispute at such time and place as mutually agreed upon by the parties. The Dispute Notice shall identify the nature of the Dispute and all requested relief. The adverse party shall respond in writing to the Dispute Notice within ten (10) business days after its receipt thereof, and the parties shall meet within twenty (20) days thereafter through duly authorized and empowered corporate or company officers or managers in an attempt to resolve any such Dispute. If a party's representative does not have such authority to resolve the Dispute, the other party may elect to terminate the meet and confer process and, at its option, proceed directly to litigation. In advance of such meeting, each party shall furnish the other with written documents upon which it relies to support its contentions.

If the Parties do not resolve the Dispute within thirty (30) days from the date of receipt of the Dispute Notice, the parties agree to attempt to resolve those issues through non-binding mediation conducted by the Judicial Arbitration and Mediation Services, Inc. ("JAMS") or American Arbitration Association ("AAA"). The parties agree to jointly select a mediator. If they are unable to do so, then a mediator will be chosen, upon application by the parties, by the Administrator of JAMS or AAA. The mediation process shall continue until the earliest to occur of the following: (i) the Dispute is resolved, (ii) the mediator makes a finding that there is no possibility of resolution through mediation, or (iii) thirty (30) days have elapsed since the Dispute was first scheduled for mediation.

All information exchanged during the negotiation and mediation processes shall be regarded as “without prejudice” communications for the purposes of settlement negotiations and shall be treated as confidential by the parties and their representatives unless otherwise required by law. However, evidence that is independently admissible or discoverable shall not be rendered inadmissible or non-discoverable by virtue of its use during negotiation or mediation.

The parties agree that the representatives selected to participate in the mediation process will have the authority required to resolve the Dispute.

The parties agree that they will each be responsible for the costs of their own legal counsel and personal travel. Fees and expenses of the mediator and all administrative costs of the mediation, such as the cost of a meeting room, if any, shall be borne equally by the parties.

Upon termination of the mediation, if the parties have not resolved the Dispute, the parties shall pursue binding arbitration conducted by JAMS or AAA.

17.17. **Public Announcements.** Neither party shall issue any press release or make any public announcement of the transaction subject to this Agreement without the prior written consent of the other party, provided that either party may make any such announcement as may be required by law.

17.18. **Time is of the Essence.** Time is of the essence for all dates and time periods set forth in this Agreement and each performance called for in this Agreement.

17.19. **Confidentiality and Non-Disparagement.** Except as required by law or regulation, including but not limited to the California Brown Act and other public disclosure requirements applicable to Seller, or as necessary to enforce this Agreement, neither party shall disclose the terms of this Agreement to any non-party; provided that the parties may disclose such terms to their financial and legal advisors, and to selected agents, employees, affiliates, officers, directors, successors, and assigns. Each party agrees that it will not make any statements, written or oral, which denigrate, disparage, or defame the goodwill or reputation of the other party in any manner whatsoever. If suit is filed to enforce any part of this Confidentiality and Non-Disparagement provision of this Agreement, or to otherwise seek redress for breach of this provision, the prevailing party shall be entitled to recover all of its attorneys’ fees relating to the dispute

[Signature Page Follows]

IN WITNESS WHEREOF, this Agreement has been entered into as of the day and year first above written.

PURCHASER:

NorCal HealthConnect, LLC

By: _____
Name: _____
Its: _____

SELLER:

North Sonoma County Healthcare District

By: _____
Name: _____
Its: _____

[Signature Page Asset Purchase Agreement]