

June 3, 2019

Client-Matter: 24901-045

Mr. Scott Chan  
Deputy Attorney General  
California Department of Justice  
Office of the Attorney General  
Charitable Trusts Section  
455 Golden Gate Avenue, Suite 11000  
San Francisco, Ca. 94102

Re: St. Joseph Health System (SJHS) and Adventist Health Systems/West (AHW)

Dear Mr. Chan:

In a letter dated May 8, 2019, you requested that SJHS and AHW (collectively, the "Applicants") provide your office with additional information pertaining to the Applications for Attorney General Consent submitted by those parties. On behalf of SJHS and AHW (as applicable), set forth herein are explanatory and clarification materials in response to your letters. We will be pleased to provide any further clarification or explanations as needed.

This letter will be included in the Applicants' website postings and in the hospital reading rooms as a supplement to the extensive materials already included on the websites and in the reading rooms.

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(1) The reference to the Attorney General in the Board minutes from the Napa Lake Region Governing Board, dated September 12, 2018, was in error, and Applicants are not aware of any such document referenced therein. Further explanation as to the content of the minute would require privileged information, as the explanation involves communications between AHW representatives and counsel.

(2) The Applicants anticipate that the ST Network will be renamed Collabria Health following the closing of the proposed transaction. This change will consist of a change in the ST Network's legal/corporate name to Collabria Health.

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(3) With respect to whether, post-closing, any employee and/or board member of SJHS and/or AHW will hold any board position, or serve dual roles as an employee and/or board member, at the ST Network, please see the Applicants' response set forth in Paragraph (4) to the Attorney General's April 24, 2019 letter, which identifies the employees and/or board members of SJHS, AHW or their affiliated entities who will also hold board positions at the ST Network.

Upon the closing of the proposed transaction, SJHS and AHW do not anticipate that any employees or officers of the ST Network will concurrently hold positions as employees, officers or board members at SJHS, AHW or their respective affiliates. Similarly, SJHS and AHW do not anticipate that any employees or officers of SJHS, AHW or their respective affiliates will concurrently hold positions as employees or officers of the ST Network. As noted above, certain employees and/or board members of SJHS, AHW and their affiliated entities (identified in the Applicants' response to the Attorney General's April 24, 2019 letter – *see* Paragraph (4) therein) will hold board positions at the ST Network.

(4) Since January 1, 2017: (i) SJHS received a Request for Proposal from Sutter Health with respect to Sutter Coast Hospital in February 2018; and (ii) both SJHS and AHW received a Request for Proposal from Mendocino Coast District Hospital in April 2019.

(5) The Applicants have not yet selected the individuals who would serve on the CIN's Board of Managers. The Applicants expect the board of managers would include individuals from the parties' respective physician groups, along with representatives from any other physician groups included in the CIN. The Applicants anticipate the board of managers would be half physicians and half administrators.

(6) The Applicants have not yet developed formal plans for the actions and functions of the board of managers of the CIN.

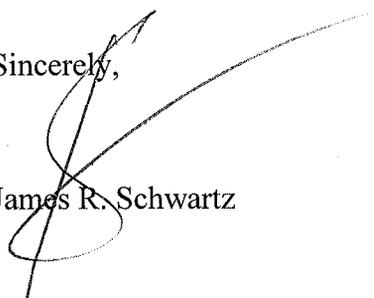
(7) The Master Formation Agreement ("MFA") between SJHS and AHW does not provide for, or require, any changes to the medical and/or healthcare services maintained at any of the health facilities that are the subject of the proposed transaction. Other than as previously described in AHW's responses concerning Adventist Health St. Helena, including with respect to

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the reproductive services at the St. Helena facility, the Applicants have no current plans to discontinue emergency department or reproductive services at their respective affiliated hospitals during the five years after the closing of the proposed transaction. Due to, among other things, hospital seismic requirements, the dynamic nature of the healthcare industry—including the evolution over time of both (i) the manner and settings in which health care is delivered to patients and (ii) the health care needs of the communities served by the Applicants (and other providers)—and the uncertainty of economic factors that impact both health care payors and providers, it is increasingly difficult for the Applicants to plan for events more than five years in the future.

If you have any questions about the foregoing responses, or require any additional information, please let us know. Thank you for your professional courtesy and cooperation in this matter.

Sincerely,



James R. Schwartz

cc: Yemi O. Adeyanju, Esq.  
Robert L. Layton, Esq.