ADVENTIST HEALTH SYSTEM/WEST

APPLICATION FOR ATTORNEY GENERAL CONSENT

PURSUANT TO CALIFORNIA CORPORATIONS CODE

SEC. 5920. ET SEQ.

TITLE 11, CALIFORNIA, ADMIN. CODE

Sec. 999.5(d)

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DESCRIPTION OF THE TRANSACTION
Title 11, Cal. Admin. Code, § 999.5(d)(1)(A)

Full Description of the Proposed Agreement and Transaction

Adventist Health System/West and St. Joseph Health System

Master Formation Agreement – Joint Operating Company

Parties

Adventist Health System/West ("AH"), a California nonprofit religious corporation, is a California based health system serving three (3) states (California, Oregon and Hawaii). For this transaction, five (5) of AH’s Northern California hospital facilities are coming under the management of the ST Network, LLC (a joint operating company to be created pursuant to the proposed transaction) as further described below. The five (5) hospital facilities are owned by four (4) separately incorporated California nonprofit religious corporations.

St. Joseph Health System ("SJHS"), a California nonprofit public benefit corporation, is part of an integrated Catholic healthcare delivery system sponsored by the St. Joseph Health Ministry. SJHS’s operations serve numerous communities throughout the State of California, including ten (10) acute care hospitals located within the State. Four (4) of these hospitals, each located in Northern California, will be part of the ST Network.¹

For the purposes of this Application (seeking California Attorney General consent to the proposed transaction described below), AH and the four (4) AH affiliated nonprofit religious corporations noted below are referred to collectively as “AH” or “Applicant” herein.

Overview of the Proposed Transaction

AH has signed a Master Formation Agreement ("MFA") and related documents² to create a joint operating company ("JOC") named the ST Network, LLC³, in conjunction with SJHS. The ST Network will be an integrated delivery network throughout the counties of Humboldt, Lake, Mendocino, Napa, Solano, and Sonoma, consisting of the health care facilities, entities and business currently owned and/or operated by either SJHS ministries or Adventist Health entities participating in the network.

As noted above, five (5) AH facilities will be included in the ST Network:

¹ A wholly-owned subsidiary of SJHS, St. Joseph Health Northern California, LLC ("SJHNC LLC"), holds the assets of each of these four facilities. SJHNC LLC is a co-applicant in SJHS’s separately-submitted application to the Attorney General seeking a waiver/consent to the proposed transaction.
² The operative transaction documents are the MFA, the Operating Agreement, and the Participating Entity Agreements – all of which are included in Section (1)(B) of this Application.
³ The ST Network, LLC is a California limited liability company that will be classified as a 501(c)(3) tax-exempt corporation. AH and SJHS, both tax-exempt charitable entities, will be the sole members of ST Network, LLC (hereafter, the “ST Network”).
(1) Adventist Health Clearlake Hospital, Inc. dba Adventist Health Clear Lake;
(2) Willits Hospital, Inc. dba Adventist Health Howard Memorial;
(3) St. Helena Hospital dba Adventist Health St. Helena;
(4) St. Helena Hospital dba Adventist Health Vallejo; and
(5) Ukiah Adventist Hospital dba Adventist Health Ukiah Valley.  

Four (4) SJHS hospitals will be included in the ST Network:

(1) Queen of the Valley Medical Center;
(2) Santa Rosa Memorial Hospital;
(3) St. Joseph Hospital of Eureka; and
(4) Redwood Memorial Hospital of Fortuna.

While each of AH and SJHS will retain title and ownership of its own health facilities that are subject to the MFA, the JOC will manage and have authority over each system’s participating hospitals, pursuant to the terms of the MFA. Each of AH and SJHS will appoint an equal number of members to the JOC Board.

AH and SJHS propose to create the ST Network in order to further their shared goal of providing improved access to quality healthcare throughout the region, with a particular emphasis on vulnerable and underserved populations. Both organizations seek to create a partnership that recognizes and builds upon their faith based traditions and common values of dignity, excellence, and service.

In particular, there are significant opportunities to provide care closer to home for more patients by concentrating on centers of excellence, creating a broader and deeper value-based provider network, integrating clinically across systems, and collaborating on health information sharing and care management. By realizing these opportunities, the ST Network should be able to reduce the substantial outmigration that occurs today as patients will be able to access care locally that presently they travel substantial distances to obtain. The JOC will also allow AH and SJHS to stabilize volumes, strengthen quality, and reduce costs, particularly in Napa County. The ST Network will further provide opportunities to expand the provision of managed Medi-Cal services to those who rely on Medi-Cal for their health care.

It is critical to note that both the AH and SJHS hospitals will continue to operate under their own religious mission and values and neither is imposing its ecclesiastical precepts or policies on the other. In this regard, the AH facilities will continue to be Adventist institutions and will continue to adhere to the values of the Seventh-day Adventist Church. Similarly, the SJHS facilities will continue to be Catholic institutions and will continue to be subject to the Ethical and Religious Directives for Catholic Healthcare Services (“Directives”). The AH facilities will not be subject to the Directives or Catholic teaching, nor to the SJHS Statement of Common Values, and the AH facilities shall exclusively retain the (a) ownership of assets related to; (b) governance responsibility for; (c) operational management of; and (d) revenues and expenses generated by, the provision of services that are contrary to the Directives.  

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4 As further specified in the MFA, additional businesses and entities of SJHS and Adventist Health will also participate in the ST Network.
provisions are intended to ensure that both parties to the JOC continue to operate in a manner consistent with their own ecclesiastical standards.

Summary of the Agreement

• Governance Structure

The MFA provides for the formation of a joint operating company (i.e., the ST Network, LLC) that will manage certain AH entities and SJHS ministries participating in the JOC. AH and SJHS will each be a corporate member of the JOC with 50% membership, and their respective financial interests percentages in the JOC will initially be 31% AH and 69% SJHS (based upon the respective parties’ historical comparative net incomes / EBIDA from the participating facilities).

The newly-formed JOC will have shared governance. AH and SJHS will nominate an equal number of representatives to the JOC board.

• Separate Corporate Existence and Assets

Each of the JOC participants will preserve and retain its separate corporate existence from and after the closing date of the proposed transaction. The MFA and related agreements do not involve the sale, transfer, lease, exchange, option, conveyance, or other disposition of the assets of any non-profit corporation in California.

• Religious Identity and Values

As noted above, the AH and SJHS hospitals will continue to operate under their own religious mission and values and neither is imposing its ecclesiastical precepts or policies on the other. The AH facilities will continue to be Adventist institutions and will continue to adhere to the values of the Seventh-day Adventist Church. The AH facilities will not be subject to the Directives or Catholic teaching, nor to the SJHS Statement of Common Values. SJHS facilities will continue to be Catholic institutions and will continue to be subject to the Directives.

• Presumptive Split of Earnings – Financial Terms

AH and SJHS will share in the aggregate operating EBIDA generated by the JOC participants. Effective as of the closing date, 31% will be allocated to AH and 69% will be allocated to SJHS, subject to the adjustments described in the JOC Operating Agreement.

• Employees – Union Contracts

The MFA and related agreements will effect no change in the status of any non-executive employees of either AH or SJHS. All current union contracts (and MOUs) will continue to be honored in full and all employees will remain employed by the entity that currently employs them.
• Physician Staff Privileges

The MFA will have no effect on physician rights and privileges. After the closing date of the proposed transaction, the medical staff of each JOC participant will remain independent. Each JOC participant will continue to be responsible for maintaining its own medical staff for its facilities, and decisions on admitting and clinical privileges and medical staff memberships in the facilities of any JOC participant will be retained by such JOC Participant and its medical staff.

• Operating Agreement and Participating Entity / Ministry Agreements

Additional terms pertaining to the proposed transaction are set forth in the Operating Agreement for the ST Network and the Participating Entity / Ministry Agreements attached to Section (1)(B) of this Application. The Operating Agreement includes a description of the JOC and its purpose, specifies member approval rights and certain reserved rights of the parties, provides for the management of the JOC, and addresses certain financial matters, including capital contributions and distributions.

The Participating Entity/Ministry Agreements identify each of the JOC participants and specify the terms and conditions pursuant to which those participants will participate in the ST Network. As noted above, five AH-affiliated health facilities will be participants in the JOC: Adventist Health Clearlake Hospital, Inc., dba Adventist Health Clear Lake; Willits Hospital, Inc., dba Adventist Health Howard Memorial; St. Helena Hospital dba Adventist Health St. Helena; St. Helena Hospital dba Adventist Health Vallejo; and Ukiah Adventist Hospital dba Adventist Health Ukiah Valley.

• AH Affiliates

There will be no material change to the Articles of Incorporation or Bylaws of any of the affiliated hospitals or health facilities.
Complete Copy of the Proposed Agreement

A complete copy of the MFA between AH and SJHS is attached to this Section of the Application. In addition, complete copies of the related transaction documents, including the Operating Agreement for the ST Network and the template Participating Entity / Ministry Agreements are also attached to this Section of the Application.
SACRED TRUST NETWORK
MASTER FORMATION AGREEMENT
BETWEEN
ST. JOSEPH HEALTH SYSTEM
AND
ADVENTIST HEALTH SYSTEM/WEST
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MASTER FORMATION AGREEMENT

THIS MASTER FORMATION AGREEMENT (this “Agreement”) is made and entered into as of April 10, 2018 (the “Execution Date”), by and between ST. JOSEPH HEALTH SYSTEM, a California nonprofit public benefit corporation (“SJHS”), and ADVENTIST HEALTH SYSTEM/WEST, a California nonprofit religious corporation doing business as Adventist Health (“AH”). Each of SJHS and AH are referred to individually as a “Party” and collectively as the “Parties.”

RECITALS

WHEREAS, SJHS is the sole member of St. Joseph Health Northern California, LLC, a charitable California limited liability company (“SJHNC”), through which it operates a regional health system of health care providers and ancillary organizations in Northern California;

WHEREAS, AH is the sole member of each of the AH Participating Entities, through which it operates a regional health system of health care providers and ancillary organizations in Northern California;

WHEREAS, SJHS and AH share a common goal of providing improved access to quality healthcare throughout the counties of Humboldt, Lake, Mendocino, Napa, Solano and Sonoma (the “Sacred Trust Region”), with a particular emphasis on those who are vulnerable;

WHEREAS, in response to the evolution of healthcare delivery and design, and to implement their shared goals and objectives, the Parties seek to create a partnership that recognizes and builds upon the unique and common elements of the organizations’ faith traditions where they are committed to the healing ministry of Jesus and the common values of dignity, excellence and service; and

WHEREAS, SJHS and AH envision maintaining separate hospital ministries that are uniquely Catholic and uniquely Adventist, while integrating their respective delivery networks within the Sacred Trust Region in a way that supports the most effective and efficient delivery of population health services to the communities that they serve.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained in this Agreement, the Parties agree as follows:

ARTICLE I
DEFINITIONS

In addition to the words and terms elsewhere defined in this Agreement, the following words and terms as used in this Agreement shall have the following meanings unless the context or use indicates another or different meaning or intent:

“AAA” shall have the meaning set forth in Section 11.1(a).

“Adventist” means of or relating to the Seventh-day Adventist Church.
“Affiliate” of a Person shall mean any corporation, partnership, limited liability company, sole proprietorship or other person or entity which directly or indirectly through one or more intermediaries controls, is controlled by or is under common control with such Person.

“Affiliation” means a material relationship or a material arrangement of any kind to: (a) merge with any Person; (b) consolidate with any Person; (c) enter into a Contract with any Person for the management or operation of any health care facility; (d) lease any health care facility to or from any Person; (e) become an Affiliate of any Person; (f) enter into any joint venture or other arrangement which involves the granting or one or more reserved powers or the sharing of profits and/or losses with any Person; or (g) enter into any arrangement with any Person by which such Person becomes a controlling entity. The JOC Board from time to time may establish standards as to what constitutes a “material relationship” or a “material arrangement.”

“Agreement” shall have the meaning set forth in the Preamble.

“AH” shall have the meaning set forth in the Preamble.

“AH Directors” shall have the meaning set forth in Section 3.2.

“AH Disclosure Schedules” shall have the meaning set forth in Article VI.

“AH Indemnified Party” shall have the meaning set forth in Section 12.2.

“AH Intellectual Property” shall mean patents, trademarks, service marks, trade names and other such intellectual property rights necessary or intended for operations of the AH Participating Entities.

“AH Licenses and Permits” means the licenses, permits, registrations, certificates, consents, accreditation and approvals as are necessary to enable AH and the AH Participating Entities to own, occupy and lease its properties and assets and to conduct and operate the businesses of the AH Participating Entities.

“AH Participating Entities” shall have the meaning set forth in Section 2.4(b).

“AH Plans” means (i) each pension, profit sharing, bonus, deferred compensation, or other retirement plan or arrangement of the AH Participating Entities, whether oral or written, which constitutes an “employee pension benefit plan” as defined in Section 3(2) of ERISA (whether or not subject to ERISA), (ii) each medical, health, disability, insurance or other plan or arrangement of the AH Participating Entities, whether oral or written, which constitutes an “employee welfare benefit plan” as defined in Section 3(1) of ERISA (whether or not subject to ERISA), and (iii) each other employee benefit or perquisite provided by the AH Participating Entities, in which any employee of any AH Participating Entity participates in his or her capacity as such.

“AH Real Property” shall mean the real property comprising all the real property owned or leased by AH or the AH Participating Entities held for use in the operations of the AH Participating Entities.
“AH Subsidiaries” shall mean the Subsidiaries of the AH Participating Entities as set forth in Exhibit F.

“AHPN” shall have the meaning set forth in Section 2.4(b)(6).

“Amending Party” shall have the meaning set forth in Section 8.5.

“Approvals” means and includes any approval, authorization, consent, notice, qualification or registration, or any extension, modification, amendment or waiver of any of the foregoing, of or from, or any notice, statement, filing or other communication to be filed with, delivered to or required from, any Governmental Authority or other Person.

“CERCLA” shall mean the Comprehensive Environmental Response, Compensation, and Liability Act.

“Closing” shall have the meaning set forth in Section 7.1.

“Closing Date” shall have the meaning set forth in Section 7.1.

“Code” shall mean the Internal Revenue Code of 1986, as amended.

“Collaborative Process” shall have the meaning set forth in Section 2.6(d).

“Contract” means contracts, agreements, indentures, notes, bonds, mortgages, loans, instruments, licenses, commitments or other arrangements, understandings, undertakings, commitments or obligations, whether written or oral, but excluding all Leases.

“Corporate Documents” means an entity’s articles of incorporation, code of regulations, delegation agreement, corporate bylaws, partnership agreement, operating agreement, and comparable documents, as appropriate given the entity’s form of legal organization.

“Directives” means the latest edition of the Ethical and Religious Directives for Catholic Health Care Services, issued from time to time by the United States Conference of Catholic Bishops, as may be amended from time to time.

“EEOC” shall mean the U.S. Equal Employment Opportunity Commission.

“Effective Time” shall have the meaning set forth in Section 7.1.

“Encumbrance” means any lien, pledge, mortgage, assessment, deed of trust, security interest, lease, sublease, levy, claim, charge or other encumbrance of any kind, option to purchase, right of first refusal, easement, servitude, right of way, encroachment, covenant, proxy, voting trust or voting agreement, transfer restriction under any shareholder or similar agreement or encumbrance or any conditional sale contract, title retention contract or other agreement or arrangement to give or to refrain from giving any of the foregoing.

“Environmental Laws” means all federal, state and local laws that relate to the protection of human health and safety, the environment or natural resources including the Comprehensive

“GAAP” means United States generally accepted accounting principles as in effect from time to time, consistently applied.

“Governmental Program” means Medicare, Medi-Cal and any other federal or state health care financing programs.

“Governance Matrix” means the Sacred Trust Network Sponsorship/Governance Authority Matrix as set forth in the JOC Operating Agreement, as adopted or amended by the JOC Board from time to time, subject to the reserved rights of the Members and Sponsor.

“Governmental Authority” means any foreign, federal, state, municipal, national, local government, or other governmental department, court, commission, board, bureau, agency or instrumentality or political subdivision thereof, or any entity or officer exercising executive, legislative or judicial, regulatory or administrative functions of or pertaining to any government or any court, in each case, whether of the United States or any other country, or a state, territory or possession thereof, or the District of Columbia, in each case having jurisdiction over the applicable person or entity.

“Hazardous Substances” means (a) any hazardous or toxic waste, substance or material defined as such in (or for the purposes of) any Environmental Laws, (b) asbestos and asbestos-containing material, (c) any polychlorinated biphenyl, (d) any petroleum product, including diesel, gasoline, fuel oil, crude oil or a constituent of such product, (e) radiation and radioactive materials, (f) medical waste and (g) any other chemical, material or substance, exposure to which is prohibited, limited or regulated by any Environmental Law.

“Healthcare Laws” means any and all federal and state laws regulating healthcare goods or services, or payment therefor, including, but not limited to, Title XVIII and Title XIX of the Social Security Act, the federal Anti-Kickback Statute (42 U.S.C. Section 1320a-7(b)), the Stark Law (42 U.S.C. Section 1395nn), the Anti-Inducement Law (42 U.S.C. Section 1320a-7a(a)(5)), the civil False Claims Act (31 U.S.C. Sections 3729 et seq.), the administrative False Claims Law (42 U.S.C. 1320a-7b(a)), the administrative simplification provisions of the Health Insurance Portability and Accountability Act of 1996 (42 U.S.C. Sections 1320d et seq.), the exclusion laws (42 U.S.C. Section 1320a-7), the anti-misleading statements provision (42 U.S.C. Section 1320a-8), and the regulations promulgated pursuant to such laws, each as amended from time to time.

“Heritage” shall have the meaning set forth in Section 2.4(d).

“Indebtedness” means to a Person (a) obligations of such Person relating to indebtedness for borrowed money, (b) obligations of such Person evidenced by bonds, notes, debentures or
similar instruments and (c) obligations in the nature of guarantees by such Person of obligations of any other Person of the type described in clauses (a) and (b) above, in each case together with all accrued interest thereon and any applicable fees or penalties.

“Indemnifying Party” shall have the meaning set forth in Section 12.4.

“JAMS” shall have the meaning set forth in Section 11.1(a).

“JOC” shall have the meaning set forth in Section 2.1.

“JOC Board” shall have the meaning set forth in Section 3.2.

“JOC Operating Agreement” shall have the meaning set forth in Section 3.1(b).

“JOC Participants” shall have the meaning set forth in Section 2.4(c).

“JOC Participation Agreements” means, collectively, the SJHS Participating Ministry Agreements set forth in Exhibit B, and the AH Participating Entity Agreements set forth in Exhibit C.

“Knowledge” and similar references to a Party’s knowledge shall mean and refer to all matters to which (i) the Party has received a written notice; or (ii) the actual knowledge after reasonable investigation by the person set forth on Exhibit E under that Party’s name.

“Leases” means any leases with respect to personal or real property to which a JOC Participant is a party or by which it is bound or which relate to the operation of a JOC Participant.

“Legal Proceeding” means any action, order, writ, injunction, judgment or decree outstanding or any dispute, claim, suit, litigation, proceeding, labor dispute, arbitration, audit or investigation by or before any Governmental Authority.

“Liabilities” mean any debts, losses, damages, adverse claims, fines, penalties, liabilities or obligations (whether direct or indirect, known or unknown, asserted or unasserted, absolute or contingent, accrued or unaccrued, matured or unmatured, determined or determinable, liquidated or unliquidated, or due or to become due, and whether in contract, tort, strict liability or otherwise), and including all costs and expenses relating thereto including all fees, disbursements and expenses of legal counsel, experts, engineers and consultants and costs of investigation.

“LEIE” shall mean the OIG’s List of Excluded Individuals and Entities.

“Material Adverse Effect” means with respect to any event, change or occurrence that, individually or in the aggregate, has had, or would reasonably be expected to have, a material adverse effect on a Member and its JOC Participants taken as a whole or an effect that materially impairs the ability of a Member or its JOC Participants to perform its obligations under, or to consummate the transactions contemplated by, this Agreement, the JOC Operating Agreement or the JOC Participation Agreements, but excluding any effect resulting or arising from any of the following: (a) any change that is generally applicable to the healthcare industry or such industry....
in the State of California, (b) any change due to actual or proposed changes in Law, (c) any change in general business, economic or market conditions, (d) the entry into, or compliance with the terms of, this Agreement or the announcement, pendency or consummation of the transactions contemplated by this Agreement, the JOC Operating Agreement or the JOC Participation Agreements, (e) any national or international political event or occurrence, including acts of war or terrorism, or (f) any change or proposed changes in GAAP or the interpretation thereof.

“Member”, collectively the “Members,” shall have the meaning set forth in Section 2.1.

“OIG” shall mean the U.S. Department of Health & Human Services Office of Inspector General.

“Ordinary Course of Business” shall mean an action taken by a Party only if that action: (a) is consistent in nature, scope and magnitude with the past practices of such Party and is taken in the ordinary course of the normal, day-to-day operations of such Party, (b) does not require special or separate authorization by the governing body or owners of such Party (or by any Party or group of persons exercising similar authority) and does not require any other separate or special authorization of any nature, and (c) is similar in nature, scope and magnitude to actions customarily taken, without any separate or special authorization, in the ordinary course of the normal, day-to-day operations of other parties that are in the same line of business as such Party.

“Party,” collectively the “Parties,” shall have the meaning set forth in the Preamble.

“Permitted Encumbrances” means: (a) statutory encumbrances for current taxes not yet due and payable; (b) as to leased assets, statutory interests of the lessors thereof and interests set forth in the applicable lease; (c) purchase money liens securing rental payments under capital lease arrangements; (d) encumbrances of landlords and mechanics’, carriers’, workers’, repairers’ and similar encumbrances arising or incurred in the Ordinary Course of Business and not yet delinquent; (e) zoning and other land use regulations imposed by governmental entities having jurisdiction over any of the SJHS Real Property or AH Real Property which are not violated by the current use and operation of such real property and the existence of which do not and would not reasonably be expected to materially impair the marketability, value or use and enjoyment of such property; (f) with respect to owned real property, covenants, conditions, restrictions, easements and other similar matters of record; (g) encumbrances arising under worker’s compensation, unemployment insurance, social security, retirement and similar legislation not yet due and payable; and (h) the existing master trust indenture, other debt instruments, existing security interests, and collateral arrangements relating to the current obligated group.

“Person” means any natural person, partnership, corporation, trust, association or other legal entity.

“Presumptive Split” shall have the meaning set forth in Section 4.1.

“PSJH” means Providence St. Joseph Health.

“RCRA” shall mean the Resource Conservation and Recovery Act.
“Receiving Party” shall have the meaning set forth in Section 8.5.

“Returns” means all informational or tax returns, including, without limitation, employee payroll tax returns, employee unemployment tax returns and franchise tax returns.

“Sacred Trust Network” shall have the meaning set forth in Section 2.4(a).

“Sacred Trust Region” shall have the meaning set forth in the Recitals.

“Senior Executives” shall have the meaning set forth in Section 11.1(a).

“SJHS” shall have the meaning set forth in the Preamble.

“SJHS Directors” shall have the meaning set forth in Section 3.2.

“SJHS Disclosure Schedules” shall have the meaning set forth in Article V.

“SJHS Indemnified Party” shall have the meaning set forth in Section 12.3.

“SJHS Intellectual Property” shall mean patents, trademarks, service marks, trade names and other such intellectual property rights necessary or intended for operations of the SJHS Participating Ministries.

“SJHS Licenses and Permits” means the licenses, permits, registrations, certificates, consents, accreditation and approvals as are necessary to enable SJHS and the SJHS Participating Ministries to own, occupy and lease its properties and assets and to conduct and operate the businesses of the SJHS Participating Ministries.

“SJHS Participating Ministries” shall have the meaning set forth in Section 2.4(c).

“SJHS Plans” means (i) each pension, profit sharing, bonus, deferred compensation, or other retirement plan or arrangement of the SJHS Participating Ministries, whether oral or written, which constitutes an “employee pension benefit plan” as defined in Section 3(2) of ERISA (whether or not subject to ERISA), (ii) each medical, health, disability, insurance or other plan or arrangement of the SJHS Participating Ministries, whether oral or written, which constitutes an “employee welfare benefit plan” as defined in Section 3(1) of ERISA (whether or not subject to ERISA), and (iii) each other employee benefit or perquisite provided by the SJHS Participating Ministries, in which any employee of any SJHS Participating Ministry participates in his or her capacity as such.

“SJHS Real Property” shall mean the real property comprising all of the real property owned or leased by SJHS or the SJHS Participating Ministries held for use in the operations of the SJHS Participating Ministries.

“SJHS Subsidiaries” shall mean the Subsidiaries of the SJHS Participating Ministries as set forth in Exhibit F.
"Sponsor" shall mean the Co-Sponsors’ Council, the group of individuals serving Providence Ministries and St. Joseph Health Ministry, who have agreed to exercise the authority and responsibilities as the corporate member of Providence St. Joseph Health from a civil law perspective, and who have covenanted to ensure the healing ministry of Jesus is carried out in a manner consistent with the mission and in fidelity with the Catholic Church from a canon law perspective.

"Subsidiary" means any Person in which a JOC Participant owns or holds any ownership, membership or other interest.

"Taxes" means all taxes, assessments or other governmental charges (including, without limitation, excise taxes, sales taxes, value added taxes, taxes withheld from employees’ salaries and other withholding taxes and obligations and all deposits required to be made with respect thereto), levies, assessments, deficiencies, imports, duties, licenses and registration fees and charges of any nature whatsoever, including any interest and penalties thereon, imposed by any government or taxing authority that are levied upon property, assets, income or franchises.

ARTICLE II
DESCRIPTION OF THE SACRED TRUST
NETWORK AND OBJECTIVES

2.1 Formation of the JOC. Prior to the Closing Date, the Parties will form a charitable California limited liability company that elects to be classified as a 501(c)(3) tax-exempt corporation for federal income tax purposes to serve as the joint operating company (the “JOC”) for the Sacred Trust Network (as defined below). Each Party will be a corporate member of the JOC (each, a “Member” and collectively, the “Members”). The Parties’ respective percentage membership interests in the JOC will initially be sixty-nine percent (69%) SJHS and thirty-one percent (31%) AH.

2.2 Function of Sacred Trust Network as a Joint Operating Company. The JOC is a joint operating company, and, as such, shall manage and have authority over the JOC Participants pursuant and subject to the terms of this Agreement, subject to certain reserved rights of the Members and Sponsor. The JOC represents the common and unifying commitment of the Members to work together for the good of the communities and customers served by their respective health care facilities and ministries. The Members share a common commitment to caring for the whole person through programs such as pastoral care, charity care, community wellness, health education, and care for the poor and vulnerable. This common commitment shall be continued and enhanced through the operations of the JOC and the Sacred Trust Network. However, at all times, governance and management of the JOC Participants shall be conducted in a manner that is respectful and preserves the distinct identity, values, philosophy and tradition of such facilities and ministries as either Adventist or Catholic, as applicable.

2.3 Purposes of the JOC

(a) The JOC will be organized and shall be operated exclusively for one or more exempt purposes within the meaning of the Code Section 501(c)(3) and Sections 214 and 23701d of the California Revenue and Taxation Code (the “California Tax Code”). The JOC will be
operated exclusively to further the exempt purposes of its Members as specified in the Code Section 501(c)(3) and California Tax Code Sections 214 and 23701d. Consistent with the foregoing, the principal purpose of the JOC is to carry on any lawful business or activity which may be conducted by a limited liability company under the California Limited Liability Company Act, as amended from time to time (the “Act”), including, specifically, the maintenance, management, promotion and operation of the Sacred Trust Network and related charitable health programs, services and businesses, and to exercise all other powers necessary or reasonably connected or incidental to such purpose and business that may be legally exercised by the JOC under the Act.

(b) In connection with and furtherance of the exempt purposes of the JOC, the JOC shall operate and manage an integrated healthcare delivery network throughout the Sacred Trust Region that recognizes and builds upon the unique and common elements of the Parties’ respective heritages and faith traditions where they are committed to the healing ministry of Jesus and the common values of dignity, excellence and service.

(c) The JOC intends to achieve its purposes through:

(1) The management of the day to day affairs of each of the AH Participating Entities and the SJHS Participating Ministries (each as defined below), subject to Section 2.3(d) and pursuant to the terms and conditions of the JOC Participation Agreements;

(2) The ownership of health care services, facilities and ministries, or assets contributed by the Members or acquired by the JOC after the Effective Date, subject to such JOC Board, Member and/or Sponsor approvals as may be required of the JOC Operating Agreement;

(3) Membership or other ownership of investment interests in other Persons contributed by the Members or acquired by or formed by the JOC after the Effective Date, subject to such JOC Board, Member and/or Sponsor approvals as may be required by the JOC Operating Agreement; and

(4) Entering into the arrangements described in Section 2.4(d).

(d) The JOC shall not govern, manage or finance the provision of activities and procedures that are contrary to the Directives at AH Participating Entities. Such activities and procedures shall be governed, managed and financed exclusively by AH and the AH Participating Entities, subject to Section 2.6.

2.4 The Sacred Trust Network.

(a) The Sacred Trust Network will be an integrated delivery network throughout the Sacred Trust Region consisting of the health care facilities, entities and businesses owned and/or operated by the AH Participating Entities within the Sacred Trust Region and the health care facilities, entities and businesses owned and/or operated by the SJHS Participating Ministries within the Sacred Trust Region (the “Sacred Trust Network”).

(b) The following AH health care facilities, entities and businesses will continue to be owned by AH but will be operated and managed by the JOC, subject to Section 2.3(d), as part of
the Sacred Trust Network as of the Closing Date (collectively, the "AH Participating Entities"): 

(1) St. Helena Hospital (which owns and operates the hospital facilities known as Adventist Health St. Helena and Adventist Health Vallejo); 

(2) Adventist Health Clearlake Hospital, Inc. (which owns and operates the hospital facility known as Adventist Health Clear Lake); 

(3) Ukiah Adventist Hospital (which owns and operates the hospital facilities known as Adventist Health Ukiah Valley); 

(4) Willits Hospital, Inc. (which leases and operates the hospital facility known as Adventist Health Howard Memorial); and 

(5) Western Health Resources, with respect to the home care and/or hospice businesses and operations in the Sacred Trust Region. 

(c) The following SJHS health care facilities, entities and businesses will continue to be owned by SJHS and/or St. Joseph Health Northern California, LLC, as applicable, but will be operated and managed by the JOC as part of the Sacred Trust Network as of the Closing Date (collectively, the "SJHS Participating Ministries" and, together with the AH Participating Entities, the "JOC Participants"): 

(1) St. Joseph Health Northern California, LLC (which owns and operates the hospital facilities known as Santa Rosa Memorial Hospital, Queen of the Valley Medical Center, St. Joseph Hospital of Eureka, and Redwood Memorial Hospital of Fortuna); and 

(2) St. Joseph Home Care Network. 

(d) Additionally, as of the Closing Date, the JOC will enter into a Clinical Integration and Collaboration Agreement with each of St. Joseph Heritage Healthcare ("Heritage") and Adventist Health Physician Network ("AHPN") under which Heritage and AHPN will collaborate with the JOC and the JOC Participants in the delivery of professional medical services to patients within the Sacred Trust Region in a manner consistent with the discussions between the Parties prior to the Execution Date. Furthermore, after the Closing Date, the Parties intend to work in good faith to develop a more comprehensive clinical integration physician alignment strategy for the Sacred Trust Region, encompassing Heritage’s, AHPN’s, and the Parties’ other medical foundation clinics, hospital-based physician clinics, and rural health clinics to achieve the Parties’ common goals and to best meet the needs of the communities of the Sacred Trust Region. 

2.5 Separate Corporate Existence. Each JOC Participant shall preserve and retain its separate corporate existence from and after the Closing Date. From and after the Closing Date, the members of the Boards of Directors/Trustees of each JOC Participant shall continue to be elected, appointed and removed by the Person, body or authority designated in the Corporate Documents of such JOC Participant.
2.6 Religious Identity and Values.

(a) Activities of SJHS, PSJH and the SJHS Participating Ministries are subject to the Directives and to Catholic teaching. The SJHS Participating Ministries will continue to be Catholic institutions and Affiliates of SJHS. The SJHS Participating Ministries will carry out the mission of SJHS and will comply with the mission, canonical or civil legal obligations of SJHS. Neither the JOC nor the JOC Board will exercise any control over the SJHS Participating Ministries, which would cause the SJHS Participating Ministries to violate the mission, canonical or legal obligations of SJHS or the SJHS Participating Ministries. Any assets acquired by the JOC will not be considered by that very fact to become ecclesiastical goods; consequently, they will not be subject to canonical regulations regarding their administration. If existing ecclesiastical goods are acquired by the JOC, appropriate arrangements will be made beforehand regarding their administration and eventual alienation.

(1) If SJHS determines, in good faith, that any health care program, service, procedure or other action of AH or any of the AH Participating Entities could cause any SJHS Participating Ministry to violate the Directives or Catholic teaching (each, a “Disputed AH Action”), SJHS shall request in writing to AH the commencement of the Collaborative Process. Upon receipt of such written request, AH shall not implement any new program, service, procedure or other action until AH and SJHS have completed the Collaborative Process.

(2) Similarly, if AH or any AH Participating Entity intends to implement any health care program, service, procedure or other action (each, an “AH Proposed Action”) at any AH Participating Entity that could reasonably be interpreted to cause any SJHS Participating Ministry to violate the Directives or Catholic teaching, AH shall provide advance written notification to SJHS and shall not implement the AH Proposed Action until AH and SJHS have completed the Collaborative Process.

(b) Subject to Section 2.6(a) and Section 2.6(c), the activities of AH and the AH Participating Entities are not subject to, and will not become subject to, the Directives, the Statement of Common Values or Catholic teaching. The AH Participating Entities will continue to be Adventist institutions and Affiliates of AH. The AH Participating Entities will continue to carry out the mission of AH, comply with and adhere to the values, guidelines and corporate and system-wide policies of AH and the Seventh-day Adventist Church, including policies to ensure that a substantial proportion of Management Level employees at the AH Participating Entities are members in regular standing of the Seventh-day Adventist Church. Subject to Section 2.6(a) and Section 2.6(c), neither the JOC nor the JOC Board will exercise any power or control over the AH Participating Entities which would cause the AH Participating Entities to violate the beliefs, mission, or legal obligations of the Seventh-day Adventist Church, AH or the AH Participating Entities. In order to preserve the Adventist culture and mission, hiring at the department director level and above (the “Management Level”) with respect to the AH Participating Entities shall be conducted at the respective AH Participating Entities by an individual designated by the chief executive officer of the AH Participating Entities. Policies shall be implemented to ensure that a substantial proportion of Management Level employees and above of the AH Participating Entities are members in regular standing of the Seventh-day Adventist Church.
(1) If AH determines, in good faith, that any health care program, service, procedure or other action of the Sacred Trust Network, SJHS or any of the SJHS Participating Ministries could cause AH or any AH Participating Entity to violate the core values of AH or of the Seventh-day Adventist Church (each, a “Disputed SJHS Action”, and, together with a Disputed AH Action, a “Disputed Action”), AH shall request in writing to SJHS the commencement of the Collaborative Process. Upon receipt of such written request, SJHS shall not implement any new program, service, procedure or other action until AH and SJHS have completed the Collaborative Process.

(2) Similarly, if SJHS or any SJHS Participating Ministry intends to implement any health care program, service, procedure or other action (each, a “SJHS Proposed Action”, and, together with an AH Proposed Action, a “Proposed Action”) at any SJHS Participating Ministry that could reasonably be interpreted to cause any AH Participating Entity to violate the core values of AH or the Seventh-day Adventist Church, SJHS shall provide advance written notification to AH and shall not implement the SJHS Proposed Action until AH and SJHS have completed the Collaborative Process.

(c) Upon such request (as described in Section 2.6(a)(1) or Section 2.6(b)(1), or notification (as described in as described in Section 2.6(a)(2) or Section 2.6(b)(2)), AH and SJHS shall engage in good faith in a collaborative process to evaluate and resolve the issues relating to the Disputed Action or Proposed Action in such a way that is not violative of (1) the Directives or of Catholic teaching, or (2) the core values of AH or of the Seventh-day Adventist Church, as further described in Sections 2.6(d), 2.6(e) and 2.6(f) (the “Collaborative Process”).

(d) The Collaborative Process shall involve communications and meetings between up to five (5) representatives designated by each of the Members, which representatives shall include the PSJH Senior Vice President of Theology and Ethics, two (2) members of the PSJH Co-Sponsors’ Council and one (1) SJHS mission leader, over a forty-five (45) day period commencing upon the date of receipt by AH of the SJHS notification or by SJHS of the AH notification (as applicable) during which the Members shall, in good faith (i) discuss the specific Disputed Action or Proposed Action; (ii) determine whether the specific Disputed Action or Proposed Action is, as the case may be (A) in the interpretation of SJHS or the Roman Catholic Bishop of Santa Rosa, violative of the Directives or Catholic teaching; or (B) in the interpretation of the President of the Pacific Union Conference of the Seventh-day Adventist Church (the “AH Conference President”) or in the reasonable interpretation of AH, violative of the core values of AH or the Seventh-day Adventist Church; and (iii) if so determined the Roman Catholic Bishop of Santa Rosa, SJHS, AH or the AH Conference President, as applicable, identify reasonable alternatives to the specific Disputed Action or the Proposed Action, or alternative ways in which the specific Disputed Action or Proposed Action may be implemented such that it is not violative of the Directives or Catholic teaching, or of the core values of AH or the Seventh-day Adventist Church.

(e) Determinations regarding interpretation of the Directives and of Catholic teaching by SJHS or the Roman Catholic Bishop of Santa Rosa shall be made in good faith but shall not be subject to further analysis, interpretation, or dispute resolution and shall be controlling for purposes of this Section 2.6. The Roman Catholic Bishop of Santa Rosa has ultimate authority for interpreting the Directives.
(f) Determinations regarding interpretation of the core values of AH and of the Seventh-day Adventist Church by AH or the AH Conference President shall be made in good faith but shall not be subject to further analysis, interpretation, or dispute resolution and shall be controlling for purposes of this Section 2.6. The AH Conference President has ultimate authority for interpreting the core values of AH and the Seventh-day Adventist Church.

(g) If at the conclusion of the collaborative period described in Section 2.6(d) the Members are unable to agree upon alternatives to a specific Disputed Action or specific Proposed Action that is determined (1) by the Roman Catholic Bishop of Santa Rosa to be violative of the Directives or of Catholic teaching, or (2) by the AH Conference President to be violative of the core principles of AH or the Seventh-day Adventist Church, and the Party proposing the Proposed Action or engaging in such Disputed Action continues to implement the specific Proposed Action or fails to promptly cease the specific Disputed Action, or takes material steps to initiate a specific Disputed Action or specific Proposed Action, then the Party adversely affected by such specific Disputed Action or such specific Proposed Action shall have the right to cause dissolution of the JOC set forth in Section 12 of the JOC Operating Agreement.

2.7 Bond Compliance. Neither the JOC nor the JOC Board will exercise any power or take or approve any action which, at the time the power is exercised or the action taken, would reasonably be expected to cause either Member or any JOC Participant to fail to satisfy the obligations, covenants, terms or conditions, or to be otherwise in violation of, any master trust indenture, supplemental master indenture, bond indenture, supplemental bond indenture, tax document or other loan or credit documents relating to any material Indebtedness of either Member, and JOC Participant or any entity included in such Member’s obligated group, if any or would adversely effect the tax exempt status of any debt financing.

ARTICLE III
STRUCTURE, GOVERNANCE AND MANAGEMENT OF THE SACRED TRUST NETWORK

3.1 JOC Authority.

(a) Subject to Section 2.6 and those decisions specifically reserved to one or more of the Members, the Sponsor or the JOC Participants in the JOC Operating Agreement and/or those actions or decisions for which approval of the Members, the Sponsor or the JOC Participants, as applicable, are required under the JOC Operating Agreement, the JOC shall have full and complete authority, power and discretion over the management of the business and affairs of the JOC and the JOC Participants, subject to Section 2.3(d).

(b) The JOC shall coordinate and have authority over the management of the business and affairs of the JOC and the JOC Participants, subject to Section 2.3(d), pursuant and subject to the terms of the JOC Operating Agreement to be executed and delivered by the Parties as of the Closing Date substantially in the form attached as Exhibit A (the “JOC Operating Agreement”), the SJHS Participating Ministry Agreements to be executed and delivered by the JOC and each of the SJHS Participating Ministries as of the Closing Date substantially in the form attached as Exhibit B (the “SJHS Participating Ministry Agreements”), and the AH
Participating Entity Agreements to be executed and delivered by the JOC and each of the AH Participating Entities as of the Closing Date substantially in the form attached as Exhibit C (the "AH Participating Entity Agreements"). Collectively, the AH Participating Entity Agreements and the SJHS Participating Ministry Agreements are the "JOC Participation Agreements".

3.2 **JOC Board.** The governing board of the JOC (the "JOC Board") will initially consist of ten (10) voting members, five (5) of whom will be appointed by AH (the "AH Directors"), and five (5) of whom will be appointed by SJHS including one designated by the Sponsor (the "SJHS Directors"). At least one (1) of the AH Directors initially appointed by AH shall be a person who is not employed on a full-time or substantially full-time basis by AH or any of its Affiliates, and at least one (1) of the SJHS Directors initially appointed by SJHS shall be a person who is not employed on a full-time or substantially full-time basis by SJHS or any of its Affiliates. The individuals who will initially serve on the JOC Board are set forth on Exhibit D.

3.3 **Initial JOC Board Officers.** The JOC Board shall initially have a Chair and a Vice Chair. The individuals who will initially serve as JOC Board Chair and the JOC Board Vice Chair are set forth on Exhibit D.

3.4 **Initial JOC President and Chief Executive Officer.** The initial JOC President and Chief Executive Officer (the "JOC CEO") shall be Kevin Klockenga. Thereafter, the JOC Board will have the sole and exclusive power and authority to appoint and remove (i.e., hire and fire) the JOC CEO.

3.5 **JOC Participant President/JOC CEOs.** The Presidents/CEOs and other executive managers of the JOC Participants in office as of the Closing Date will serve as the initial executive managers of such JOC Participants. Thereafter, the JOC CEO will have the power and authority to appoint and remove (i.e., hire and fire) the President/CEO of each of the JOC Participants after consultation with the Board of Directors/Trustees of the applicable JOC Participant; provided, however, that the President/CEO of any AH Participating Entity must at all times be a member in regular standing of the Seventh-day Adventist Church.

**ARTICLE IV**

POWERS AND OBLIGATIONS CONCERNING THE JOC ACTIVITIES OF THE JOC PARTICIPANTS

4.1 **Presumptive Split.** The Parties will share in the aggregate Operating EBIDA (as defined in the JOC Operating Agreement) generated by the JOC Participants. Effective as of the Closing Date, sixty-nine percent (69%) will be allocated to SJHS and thirty-one percent (31%) will be allocated to AH. This allocation, and the process for adjustment, is described in more detail in the JOC Operating Agreement (the "Presumptive Split").

4.2 **JOC Strategic and Business Plans.** The JOC shall develop, approve, and oversee the implementation of strategic and business plans for the operations and activities of the JOC, the JOC Participants and the Sacred Trust Network, subject to the terms and conditions set forth in the JOC Operating Agreement. Each JOC Participant shall work with the JOC to develop, and shall submit periodically to the JOC for its approval and/or revision, a proposed business plan for
its operations and activities that implement the strategic and business plans approved by the JOC Board.

4.3 **JOC Capital Expenditure and Operating Budgets.** The JOC shall develop and oversee the implementation of annual capital and operating budgets for the JOC and the JOC Participants, subject to the terms and conditions set forth in the JOC Operating Agreement.

4.4 **New, Expanded or Renewed Affiliations by JOC Participants.** The JOC Participants shall not renew, extend, expand, terminate or modify an existing Affiliation, or enter into a new Affiliation without the approval of the JOC Board, as set forth in the JOC Operating Agreement. Consistent with Section 2.6, the JOC Board will determine the applicability of the Directives and the core values of AH or of the Seventh-day Adventist Church to new participants in the JOC that are not AH Participating Entities or SJHS Participating Ministries.

4.5 **Payer Relationships.** The JOC shall directly negotiate and manage all relationships with payors on behalf of the Sacred Trust Network, including the JOC and the JOC Participants.

4.6 **Medical Staff Matters.** As of the Closing Date, the medical staff of each JOC Participant shall remain independent. Each JOC Participant will be responsible for maintaining its own medical staff(s) for its facilities, and decisions on admitting and clinical privileges and medical staff memberships in the facilities of any JOC Participant will be retained by such JOC Participant and its medical staff.

4.7 **Employees.** Nothing in this Agreement shall alter or affect the JOC Participants’ status as separate and distinct employers, nor shall it alter or affect relationships with employees or bargaining units within their operations and labor relations within their organizations.

4.8 **Branding.** Each JOC Participant will initially retain its current marks and brands as its primary identifier. The Parties shall, through the JOC, develop a mark and brand for the Sacred Trust Network, and a co-branding strategy for co-branding the Sacred Trust Network and the facilities, programs and services operated by the JOC and the JOC Participants.

4.9 **Corporate Services.** Each Party will initially continue to provide corporate and other shared services to its respective JOC Participants post-transaction on the same terms as such services are provided by the Parties as of the Execution Date (the “**CBO Services**”) upon the terms and subject to the conditions set forth in the CBO Services Agreements by and between the JOC and each of the Members and the JOC Participants to be mutually agreed upon and executed on or before the Closing Date. Each Party acknowledges that, beginning six (6) months following the Closing Date, the JOC may, upon approval by the JOC Board, consolidate the CBO Services to one Party and/or outsource the CBO Services to a third-party vendor.

**ARTICLE V**

**REPRESENTATIONS AND WARRANTIES OF SJHS**

SJHS represents and warrants to AH that, as of the Execution Date and the Closing Date, except as specifically disclosed in the Disclosure Schedules delivered by SJHS to AH as of the Execution Date, as amended or supplemented prior to the Closing Date in accordance with Section 8.5 of this Agreement (the “**SJHS Disclosure Schedules**”) (all such exceptions noted in
the SJHS Disclosure Schedules being numbered to correspond to the applicable subsection of this Article V).

5.1 **Due Organization.** SJHS and each of the SJHS Participating Ministries is a corporation duly organized, validly existing and in good standing under the laws of the State of California, and SJHS and each of the SJHS Participating Ministries is exempt from taxation under Section 501(a) of the Code as an organization described in Section 501(c)(3) of the Code.

5.2 **Authority.** SJHS and each of the SJHS Participating Ministries has all requisite corporate power and authority and has obtained all necessary corporate approvals and consents to execute, deliver and carry out this Agreement, the JOC Operating Agreement and the SJHS Participating Ministry Agreements, and to consummate the transactions contemplated hereby and thereby. All corporate and other actions required to be taken by SJHS and each of the SJHS Participating Ministries to authorize the execution, delivery and performance of this Agreement, the JOC Operating Agreement and the SJHS Participating Ministry Agreements, and all transactions contemplated hereby and thereby, have been duly and properly taken by SJHS and each of the SJHS Participating Ministries. No other corporate or other action on the part of SJHS, the SJHS Participating Ministries or any other Affiliate or Sponsor of SJHS is or will be necessary to authorize the execution, delivery and performance of this Agreement, the JOC Operating Agreement and the SJHS Participating Ministry Agreements, or the transactions contemplated hereby and thereby.

5.3 **Subsidiaries.** SJHS and each of the SJHS Participating Ministries holds of record and beneficially owns all the outstanding equity interests of each SJHS Subsidiary, free and clear of any Encumbrances other than Permitted Encumbrances. All the issued and outstanding shares of capital stock or other equity interest of each SJHS Subsidiary (i) have been duly authorized and validly issued and are fully paid and non-assessable and (ii) were issued in compliance with all applicable state and federal securities laws. There are no outstanding rights, options, warrants, convertible securities, subscription rights, conversion rights, exchange rights or other agreements that require any SJHS Subsidiary to issue or sell any shares of its capital stock or other equity interest (or securities convertible into or exchangeable for shares of its capital stock). No SJHS Subsidiary is obligated to redeem or otherwise acquire any of its outstanding shares of capital stock.

5.4 **Real Property.** SJHS or the SJHS Participating Ministries are vested with title to the SJHS Real Property within the Sacred Trust Region, together with all buildings, improvements and fixtures thereon and all appurtenances and rights thereto, and neither SJHS nor the SJHS Participating Ministries has created any Encumbrances which cause title to the SJHS Real Property to be defeasible or which will materially interfere with the use by the JOC of the SJHS Real Property in a manner consistent with the current use by SJHS or the SJHS Participating Ministries, other than the Permitted Encumbrances.

(a) If any Encumbrances (other than Permitted Encumbrances) are asserted against the SJHS Real Property by, through or under SJHS or the SJHS Participating Ministries, SJHS or the SJHS Participating Ministries shall obtain the release of such Encumbrances;
(b) Neither SJHS nor the SJHS Participating Ministries has received notice of a violation of any applicable ordinance or other law, order, regulation or requirement, and none has received notice of condemnation, lien, assessment or the like, relating to any part of the SJHS Real Property or the operation thereof;

(c) To the Knowledge of SJHS, the SJHS Real Property and its operations are in compliance with respect to all applicable zoning ordinances (excepting only instances of non-compliance which will not materially adversely affect the business of SJHS or the SJHS Participating Ministries), and the consummation of the transactions contemplated herein will not result in a violation of any applicable zoning ordinance or the termination of any applicable zoning variance now existing and, if the improvements on the SJHS Real Property are damaged or destroyed subsequent to the Closing Date, the repair or replacement of same to the condition existing immediately prior to the Closing Date will not violate applicable zoning ordinances (assuming there has been no change in such zoning ordinances), and the buildings and improvements on the SJHS Real Property comply with all building codes (excepting only instances of non-compliance which will not materially adversely affect the business of the JOC); and

(d) The SJHS Real Property and improvements thereon are in good condition, reasonable wear and tear excepted. Without limiting the generality of the foregoing, to the Knowledge of SJHS, (i) each of (A) the heating, ventilation and air conditioning system ("HVAC"), (B) the mechanical, electrical and plumbing system ("MEP") and (C) the roof of each SJHS Real Property is in good working condition and is free from material defects, subject, however, to ordinary wear and tear and (ii) the foundation, walls and all structural components of the buildings and other improvements upon the SJHS Real Property are free from material defects.

5.5 **Title to Assets.** Except for Permitted Encumbrances, the SJHS Participating Ministries own, free and clear of all Encumbrances, all right, title and interest in and to all properties and assets (whether real, personal or mixed and whether tangible or intangible) used in the operation of the SJHS Participating Ministries (except for assets held under capitalized or operating leases and the assets of tenants, patient, residents or visitors to their facilities).

5.6 **Insurance.** All binders and policies of insurance maintained by SJHS or the SJHS Participating Ministries have been issued under valid and enforceable policies or binders for the benefit of SJHS or the SJHS Participating Ministries and all such policies or binders are in full force and effect and are in amounts and for risks, casualties and contingencies which are customarily insured against by enterprises in businesses like those operated by SJHS and the SJHS Participating Ministries. No notice of cancellation or nonrenewal with respect to, or material increase of premiums for, any insurance has been received by SJHS within twenty-four (24) months immediately preceding the Closing Date, and, to the Knowledge of SJHS, there is no claim that could give rise to a notice of cancellation or nonrenewal or a material increase in premiums for any insurance.

5.7 **Financial Statements.** SJHS has previously delivered true and correct copies of its audited consolidated financial statements for its most recent three (3) full fiscal years and its most recent currently available unaudited financial statements (collectively, the "SJHS
Financial Statements”). The SJHS Financial Statements are complete, true and correct in all material respects, present fairly and accurately the financial position of the respective party, the results of its operations at the dates and for the periods indicated and have been prepared in conformity with GAAP, except that the unaudited financial statements do not conform to GAAP. From and after the date of the most recent audited financial statements, neither SJHS nor the SJHS Participating Ministries has made any change in its accounting methods or practices.

5.8 Licenses and Permits. The SJHS Participating Ministries hold all SJHS Licenses and Permits as are necessary to enable them to own, occupy and lease its properties and assets and to conduct and operate their respective businesses. No SJHS Participating Ministry is in default in any material respect under any such SJHS Licenses and Permits, and all such SJHS Licenses and Permits are in full force and effect. No notice from any authority in respect to the revocation, termination, suspension or limitation of any SJHS License or Permit has been issued or given, nor is SJHS aware of the proposed or threatened issuance of any such notice. To the Knowledge of SJHS, there is no basis for any such action which could have a materially adverse effect upon SJHS’s or the SJHS’s Participating Ministries’ ability to own, operate or lease their respective properties and assets as presently owned, operated and leased and to conduct their respective businesses as they are presently conducted.

5.9 Medicare, Medicaid, and Other Reimbursement.

(a) Neither SJHS nor any SJHS Participating Ministry is engaged in termination proceedings as to its participation in Medicare or Medicaid or has received notice that its current participation in Medicare or Medicaid is subject to any contest, termination or suspension as a result of alleged violations or any noncompliance with participation requirements.

(b) SJHS and the SJHS Participating Ministries meet the conditions for participation in the Medicare and Medicaid programs, and there are no pending or, to the Knowledge of SJHS, threatened proceedings or investigations under such programs involving any of the foregoing.

(c) To the Knowledge of SJHS, material liabilities and contractual adjustments of SJHS and the SJHS Participating Ministries under any third-party payor or reimbursement programs have been properly reflected and adequately reserved for in the SJHS Financial Statements.

5.10 Exclusion from Health Care Programs. SJHS and the SJHS Participating Ministries perform monthly monitoring, including review of the LEIE pursuant to OIG guidance, to determine whether any officers, directors, employees, agents or independent contractors of SJHS or the SJHS Participating Ministries has been: (a) excluded from participating in any Governmental Program; (b) subject to sanction or been indicted or convicted of a crime, or pled nolo contendere or to sufficient facts, in connection with any allegation of violation of any Governmental Program requirement or Healthcare Laws; (c) debarred or suspended from any federal or state procurement or non-procurement program by any government agency; or (d) designated a Specially Designated National or Blocked Person by the Office of Foreign Asset Control of the U.S. Department of Treasury. SJHS and the SJHS Participating Ministries maintain accurate documentation of such monthly LEIE searches.
5.11 Compliance with Laws.

(a) SJHS and the SJHS Participating Ministries are not in violation of any law, rule, regulation, ordinance or order of any Governmental Authority, which could have a Material Adverse Effect on the businesses of SJHS or the SJHS Participating Ministries, nor has SJHS or the SJHS Participating Ministries received any actual notice of noncompliance with respect thereto from any Governmental Authority.

(b) SJHS and the SJHS Participating Ministries: (i) are not a party to a Corporate Integrity Agreement with the OIG; (ii) have no reporting obligations pursuant to any settlement agreement entered into with any Governmental Authority; (iii) in the last six years, have not been the subject of any Governmental Program investigation conducted by any federal or state enforcement agency which could have a Material Adverse Effect on the business of SJHS or the SJHS Participating Ministries; (iv) in the last six years, have not been a defendant in any qui tam/False Claims Act litigation; and (v) in the last six years, have not been served with or received any search warrant, subpoena, civil investigative demand, contact letter, or telephone or personal contact by or from any Governmental Authority (except in the Ordinary Course of Business or connection with medical services provided to third-parties who may be defendants or the subject of investigation into conduct unrelated to the operation of the health care businesses conducted by SJHS and the SJHS Participating Ministries).

5.12 Employees and Labor Relations. There is no pending or threatened employee strike, work stoppage or labor dispute concerning the employees of the SJHS Participating Ministries. Except as disclosed by SJHS to AH referencing this Section 5.12, no collective bargaining agreement exists or is currently being negotiated concerning the employees of the SJHS Participating Ministries, no demand has been made for recognition by a labor organization by or with respect to any employees of the SJHS Participating Ministries, no union organizing activities by or with respect to any employees of the SJHS Participating Ministries are taking place, and none of the employees of the SJHS Participating Ministries are represented by any labor union or organization. There is no unfair practice claim against any of the SJHS Participating Ministries before the National Labor Relations Board or any strike, dispute, slowdown, or stoppage pending or threatened against or involving the SJHS Participating Ministries and none has occurred. To the Knowledge of SJHS, the SJHS Participating Ministries are in material compliance with all federal and state laws respecting employment and employment practices, terms and conditions of employment, and wages and hours concerning the employees of the SJHS Participating Ministries. To the Knowledge of SJHS, none of the SJHS Participating Ministries are engaged in any unfair labor practices concerning the employees of the SJHS Participating Ministries. There are no pending or threatened EEOC claims, wage and hour claims, unemployment compensation claims, nor workers’ compensation claims concerning the employees of the SJHS Participating Ministries.

5.13 Employee Benefits.

(a) Each of the SJHS Plans is a church plan as defined in Section 3(33) of ERISA and Section 414(e) of the Code with respect to which no election has been made under Section 410(d) of the Code, and is exempt from Titles I and IV of ERISA and the corresponding
provisions of the Code, including, but not limited to, Code Sections 411,412 and 430 through 436.

(b) With respect to each SJHS Plan, to the Knowledge of SJHS, neither SJHS nor any SJHS Participating Ministry has any direct or indirect, actual or contingent liability, other than to make payments for contributions, premiums or benefits when due in the ordinary course, all of which payments that are due having been made. None of the assets of SJHS or SJHS Participating Ministries are subject to any lien under ERISA or the Code.

(c) All the SJHS Plans have been administered in material compliance with ERISA, to the extent applicable, and the applicable provisions of the Code. There are no “accumulated funding deficiencies” within the meaning of ERISA or the Code or any federal excise taxes due in respect of the SJHS Plans.

5.14 Litigation and Proceedings. Except as disclosed by SJHS to AH referencing this Section 5.14, no SJHS Participating Ministry is engaged in, a party to, or, to the Knowledge of SJHS, has been threatened with any action, suit, proceeding, complaint, charge, hearing, investigation or arbitration or other method of settling disputes or disagreements that may materially and adversely affect its business or financial condition or questions the ability of SJHS or any SJHS Participating Ministry to perform their obligations under this Agreement, the JOC Operating Agreement or the SJHS Participating Ministry Agreements. SJHS has not received any notice of any investigation, threatened or contemplated, by any Governmental Authority, including investigations involving the business practices and policies of SJHS or the SJHS Participating Ministries.

5.15 Third Party Payer Cost Reports. The cost reports for the SJHS Participating Ministries or their respective operations prior to Closing, for the Government Programs for the fiscal years through December 31, 2016, required to be filed on or before the date hereof have been timely filed. All such cost reports are in material compliance with governmental filing requirements. To the Knowledge of SJHS, no SJHS Participating Ministry has received reimbursement in excess of the amount provided by law resulting in an overpayment with respect to the SJHS Participating Ministries, or their respective operations prior to Closing.

5.16 Medical Staff Matters. To the Knowledge of SJHS, there are no pending or threatened disputes with applicants, medical staff members or health professional affiliates at the SJHS Participating Ministries and all appeal periods in respect of any medical staff member or applicant against whom an adverse action has been taken have expired.

5.17 Tax Liabilities Disclosures.

(a) All Returns for periods through and including the Closing Date which are required to be filed have been filed or will be filed in the manner provided by law, and all Returns are or will be true and correct and accurately reflect the tax liabilities of the SJHS Participating Ministries for the periods or other matters covered by such tax returns;

(b) All taxes, penalties, interest, and any other statutory additions, including income taxes, estimated taxes, alternative minimum taxes, excise taxes, sales taxes, use taxes, value-added taxes, gross receipts taxes, franchise taxes, capital stock taxes, employment and payroll-
related taxes, withholding taxes, stamp taxes, transfer taxes, windfall profit taxes, environmental
taxes and property taxes, which have become due by the SJHS Participating Ministries pursuant
to the Returns, and any assessments received by the SJHS Participating Ministries have been
paid when due or adequately provided for, except for amounts that have been contested in good
faith;

(c) There are no tax liens on any of the assets of SJHS or any of the SJHS
Participating Ministries; and

(d) Proper and accurate amounts have been withheld by SJHS and the SJHS
Participating Ministries from its employees for all periods in full and complete compliance with
the tax and other withholding provisions of all applicable laws and all such amounts have been
duly and validly remitted to the proper taxing authority.

5.18 **Tax Exempt Status.** Each of SJHS and the SJHS Participating Ministries is an exempt
organization under Section 501(a) of the Code as an organization described in Section 501(c)(3)
of the Code, and is not a “private foundation” within the meaning of Section 509(a) of the Code.
The Internal Revenue Service has not taken, nor, to the Knowledge of SJHS, proposed to take,
any action to revoke the tax-exempt status of SJHS or any of the SJHS Participating Ministries,
and has not announced, nor, to the Knowledge of SJHS, proposed to announce, that SJHS or a
SJHS Participating Ministry is a “private foundation” within the meaning of Section 509(a) of
the Code. There has been no change in its organization or operations that could result in a loss of
SJHS or a SJHS Participating Ministry’s status as an organization described in Section 501(c)(3)
of the Code or that could cause SJHS or a SJHS Participating Ministry to be treated as a “private
foundation” within the meaning of Section 509(a) of the Code.

5.19 **Environmental Law Disclosures.** To the Knowledge of SJHS, the SJHS Real Property
is not subject to any environmental liabilities and no part of the SJHS Real Property is in
violation of any Environmental Laws. To the Knowledge of SJHS, there are no pending or
unresolved notices, claims, suits, citations, orders or decrees relating to environmental matters or
occupational safety and health matters on the SJHS Real Property. To the Knowledge of SJHS,
no Hazardous Substances (which for purposes of this Section shall be defined as in CERCLA
and additionally include petroleum products and crude oil or any fraction thereof) have been, and
through the Closing Date, no Hazardous Substance will be, improperly disposed of on or
Released (which for purposes of this Section shall be defined as in CERCLA) or discharged from
(including soil or groundwater contamination) or in respect of any part of the SJHS Real
Property. To the Knowledge of SJHS, there are no leaking underground storage tanks at the
SJHS Real Property or material quantities of friable damaged asbestos containing materials at the
SJHS Real Property that must be abated or removed to comply with applicable Environmental
Laws. Prior to Closing, SJHS shall not allow and shall cause the SJHS Participating Ministries
to not allow any Hazardous Substances to be discharged, Released, possessed, managed,
processed or otherwise handled on any part of the SJHS Real Property in a manner which is in
violation of applicable Environmental Laws or which could result in a material liability under
any applicable law.

5.20 **Intellectual Property; No Infringement.** To the Knowledge of SJHS, no proceedings
are pending or threatened that challenge the validity of the ownership by SJHS or the SJHS
Participating Ministries of any SJHS Intellectual Property. SJHS and the SJHS Participating Ministries have not licensed anyone to use such SJHS Intellectual Property and SJHS has no Knowledge of the use or infringement or any such SJHS Intellectual Property.

5.21 **No Interim Change.** Since December 31, 2017 there has not been: (a) any change in the financial condition, assets, liabilities, personnel, properties or results of operation of the businesses of the SJHS Participating Ministries that have had or, to the Knowledge of SJHS, could have, in the aggregate, a Material Adverse Effect on the businesses of the SJHS Participating Ministries taken as a whole; (b) any damage, destruction or loss, whether or not covered by insurance, which have had or, to SJHS's Knowledge could have, in the aggregate, a Material Adverse Effect on the businesses of the SJHS Participating Ministries taken as a whole; (c) any disposition by SJHS or the SJHS Participating Ministries of any property, rights or other assets owned by or employed in the businesses of the SJHS Participating Ministries, except for the disposition of property, rights or other assets in the Ordinary Course of the Business of SJHS or the SJHS Participating Ministries; (d) any amendment or termination of any Contract which has had or, to the Knowledge of SJHS, could have, in the aggregate, a Material Adverse Effect on the businesses of the SJHS Participating Ministries taken as a whole.

5.22 **No Material Omissions.** To the Knowledge of SJHS: (a) the statements, representations and warranties contained in this Agreement, and each exhibit, certificate or other written statement delivered pursuant to this Agreement, or in connection with the transactions contemplated hereby are accurate, correct and complete, do not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements and information contained therein not misleading; and (b) there is no fact which adversely affects or in the future may, to the Knowledge of SJHS, adversely affect the businesses, operations, properties, prospects or condition, financial or otherwise, of the SJHS Participating Ministries, taken as a whole, or the ability of SJHS to fully perform this Agreement and the transactions contemplated hereby.

**ARTICLE VI**

**REPRESENTATIONS AND WARRANTIES OF AH**

AH represents and warrants to SJHS that, as of the Execution Date and the Closing Date, except as specifically disclosed in the Disclosure Schedules delivered by AH to SJHS as of the Execution Date, as amended or supplemented prior to the Closing Date in accordance with Section 8.5 of this Agreement (the “AH Disclosure Schedules”) (all such exceptions noted in the AH Disclosure Schedules being numbered to correspond to the applicable subsection of this Article VI).

6.1 **Due Organization.** AH and each of the AH Participating Entities is a corporation duly organized, validly existing and in good standing under the laws of the State of California, and AH and each of the AH Participating Entities is exempt from taxation under Section 501(a) of the Code as an organization described in Section 501(c)(3) of the Code.

6.2 **Authority.** AH and each of the AH Participating Entities has all requisite corporate power and authority and has obtained all necessary corporate approvals and consents to execute, deliver and carry out this Agreement, the JOC Operating Agreement and the AH Participating
Entity Agreements, and to consummate the transactions contemplated hereby and thereby. All corporate and other actions required to be taken by AH and each of the AH Participating Entities to authorize the execution, delivery and performance of this Agreement, the JOC Operating Agreement and the AH Participating Entity Agreements, and all transactions contemplated hereby and thereby, have been duly and properly taken by AH and each of the AH Participating Entities. No other corporate or other action on the part of AH, the AH Participating Entities or any Affiliate of AH is or will be necessary to authorize the execution, delivery and performance of this Agreement, the JOC Operating Agreement and the AH Participating Entity Agreements, or the transactions contemplated hereby and thereby.

6.3 **Subsidiaries.** AH and each of the AH Participating Entities holds of record and beneficially owns all the outstanding equity interests of each AH Subsidiary, free and clear of any Encumbrances other than Permitted Encumbrances. All the issued and outstanding shares of capital stock or other equity interest of each AH Subsidiary (i) have been duly authorized and validly issued and are fully paid and non-assessable and (ii) were issued in compliance with all applicable state and federal securities laws. There are no outstanding rights, options, warrants, convertible securities, subscription rights, conversion rights, exchange rights or other agreements that require any AH Subsidiary to issue or sell any shares of its capital stock or other equity interest (or securities convertible into or exchangeable for shares of its capital stock). No AH Subsidiary is obligated to redeem or otherwise acquire any of its outstanding shares of capital stock.

6.4 **Real Property.** AH and the AH Participating Entities are vested with title to the AH Real Property within the Sacred Trust Region, together with all buildings, improvements and fixtures thereon and all appurtenances and rights thereto, and neither AH nor the AH Participating Entities has created any Encumbrances which cause title to the AH Real Property to be defeasible or which will materially interfere with the use by the JOC of the AH Real Property in a manner consistent with the current use by AH and the AH Participating Entities, other than the Permitted Encumbrances.

(a) If any Encumbrances (other than Permitted Encumbrances) are asserted against the AH Real Property by, through or under AH and the AH Participating Entities, AH and the AH Participating Entities shall obtain the release of such Encumbrances.

(b) Neither AH nor the AH Participating Entities has received notice of a violation of any applicable ordinance or other law, order, regulation or requirement, and none has received notice of condemnation, lien, assessment or the like, relating to any part of the AH Real Property or the operation thereof.

(c) To the Knowledge of AH, the AH Real Property and its operations are in compliance with respect to all applicable zoning ordinances (excepting only instances of non-compliance which will not materially adversely affect the business of AH or the AH Participating Entities), and the consummation of the transactions contemplated herein will not result in a violation of any applicable zoning ordinance or the termination of any applicable zoning variance now existing and, if the improvements on the AH Real Property are damaged or destroyed subsequent to the Closing Date, the repair or replacement of same to the condition existing immediately prior to the Closing Date will not violate applicable zoning ordinances.
(assuming there has been no change in such zoning ordinances), and the buildings and improvements on the AH Real Property comply with all building codes (excepting only instances of non-compliance which will not materially adversely affect the business of the JOC).

(d) The AH Real Property and improvements thereon are in good condition, reasonable wear and tear excepted. Without limiting the generality of the foregoing, to the Knowledge of AH, (i) each of (A) the HVAC, (B) the MEP and (C) the roof of each AH Real Property is in good working condition and is free from material defects, subject, however, to ordinary wear and tear and (ii) the foundation, walls and all structural components of the buildings and other improvements upon the AH Real Property are free from material defects.

6.5 Title to Assets. Except for Permitted Encumbrances, the AH Participating Entities own, free and clear of all Encumbrances, all right, title and interest in and to all properties and assets (whether real, personal or mixed and whether tangible or intangible) used in the operation of the AH Participating Entities (except for assets held under capitalized or operating leases and the assets of tenants, patient, residents or visitors to their facilities).

6.6 Insurance. All binders and policies of insurance maintained by AH or the AH Participating Entities have been issued under valid and enforceable policies or binders for the benefit of AH or the AH Participating Entities and all such policies or binders are in full force and effect and are in amounts and for risks, casualties and contingencies which are customarily insured against by enterprises in businesses like those operated by AH or the AH Participating Entities. No notice of cancellation or nonrenewal with respect to, or material increase of premiums for, any insurance has been received by AH within twenty-four (24) months immediately preceding the Closing Date, and, to the Knowledge of AH there is no claim that could give rise to a notice of cancellation or nonrenewal or a material increase in premiums for any insurance.

6.7 Financial Statements. AH has previously delivered true and correct copies of its audited consolidated financial statements for its most recent three (3) full fiscal years and its most recent currently available unaudited financial statements (collectively, the “AH Financial Statements”). The AH Financial Statements are complete, true and correct in all material respects, present fairly and accurately the financial position of the respective party, the results of its operations at the dates and for the periods indicated and have been prepared in conformity with GAAP, except that the unaudited financial statements do not conform to GAAP. From and after the date of the most recent audited financial statements, neither AH nor the AH Participating Entities has made any change in its accounting methods or practices.

6.8 Licenses and Permits. The AH Participating Entities hold all AH Licenses and Permits as are necessary to enable them to own, occupy and lease its properties and assets and to conduct and operate their respective businesses. No AH Participating Entity is in default in any material respect under any such AH Licenses and Permits, and all such AH Licenses and Permits are in full force and effect. No notice from any authority in respect to the revocation, termination, suspension or limitation of any AH License or Permit has been issued or given, nor is AH aware of the proposed or threatened issuance of any such notice. To the Knowledge of AH there is no basis for any such action which could have a materially adverse effect upon AH’s or the AH Participating Entity’s ability to own, operate or lease their respective properties and assets as
presently owned, operated and leased and to conduct their respective businesses as they are presently conducted.

6.9 Medicare, Medicaid, and Other Reimbursement.

(a) Neither AH nor any AH Participating Entity is engaged in termination proceedings as to its participation in Medicare or Medicaid or has received notice that its current participation in Medicare or Medicaid is subject to any contest, termination or suspension as a result of alleged violations or any noncompliance with participation requirements.

(b) AH and the AH Participating Entities meet the conditions for participation in the Medicare and Medicaid programs, and there are no pending or, to the Knowledge of AH, threatened proceedings or investigations under such programs involving any of the foregoing.

(c) To the Knowledge of AH, material liabilities and contractual adjustments of AH and the AH Participating Entities under any third-party payor or reimbursement programs have been properly reflected and adequately reserved for in the AH Financial Statements.

6.10 Exclusion from Health Care Programs. AH and the AH Participating Entities perform monthly monitoring, including review of the LEIE pursuant to OIG guidance, to determine whether any officers, directors, employees, agents or independent contractors of AH or the AH Participating Entities has been: (a) excluded from participating in any Governmental Program; (b) subject to sanction or been indicted or convicted of a crime, or pled nolo contendere or to sufficient facts, in connection with any allegation of violation of any Governmental Program requirement or Healthcare Laws; (c) debarred or suspended from any federal or state procurement or non-procurement program by any government agency; or (d) designated a Specially Designated National or Blocked Person by the Office of Foreign Asset Control of the U.S. Department of Treasury. AH and the AH Participating Entities maintain accurate documentation of such monthly LEIE searches.

6.11 Compliance with Laws.

(a) AH and the AH Participating Entities are not in violation of any law, rule, regulation, ordinance or order of any Governmental Authority, which could have a Material Adverse Effect on the businesses of AH or the AH Participating Entities, nor has AH or the AH Participating Entities received any actual notice of noncompliance with respect thereto from such Governmental Authority.

(b) AH and the AH Participating Entities: (i) are not a party to a Corporate Integrity Agreement with the OIG; (ii) have no reporting obligations pursuant to any settlement agreement entered into with any Governmental Authority; (iii) in the last six years, have not been the subject of any Governmental Program investigation conducted by any federal or state enforcement agency which could have a Material Adverse Effect on the business of AH or the AH Participating Entities; (iv) in the last six years, have not been a defendant in any qui tam/False Claims Act litigation; and (v) in the last six years, have not been served with or received any search warrant, subpoena, civil investigative demand, contact letter, or telephone or
personal contact by or from any Governmental Authority (except in the Ordinary Course of Business or connection with medical services provided to third-parties who may be defendants or the subject of investigation into conduct unrelated to the operation of the health care businesses conducted by AH and the AH Participating Entities).

6.12 **Employees and Labor Relations.** There is no pending or threatened employee strike, work stoppage or labor dispute concerning the employees of the AH Participating Entities. No collective bargaining agreement exists or is currently being negotiated concerning the employees of the AH Participating Entities, no demand has been made for recognition by a labor organization by or with respect to any employees of the AH Participating Entities, no union organizing activities by or with respect to any employees of the AH Participating Entities are taking place, and none of the employees of the AH Participating Entities are represented by any labor union or organization. There is no unfair practice claim against any of the AH Participating Entities before the National Labor Relations Board or any strike, dispute, slowdown, or stoppage pending or threatened against or involving the AH Participating Entities and none has occurred. To the Knowledge of AH, the AH Participating Entities are in material compliance with all federal and state laws respecting employment and employment practices, terms and conditions of employment, and wages and hours concerning the employees of the AH Participating Entities. To the Knowledge of AH, none of the AH Participating Entities are engaged in any unfair labor practices concerning the employees of the AH Participating Entities. There are no pending or threatened EEOC claims, wage and hour claims, unemployment compensation claims, nor workers’ compensation claims concerning the employees of the AH Participating Entities.

6.13 **Employee Benefits.**

(a) Each of the AH Plans is a church plan as defined in Section 3(33) of ERISA and Section 414(e) of the Code with respect to which no election has been made under Section 410(d) of the Code, and is exempt from Titles I and IV of ERISA and the corresponding provisions of the Code, including, but not limited to, Code Sections 411, 412 and 430 through 436.

(b) With respect to each AH Plan, to the Knowledge of AH, neither AH nor any AH Participating Ministry has any direct or indirect, actual or contingent liability, other than to make payments for contributions, premiums or benefits when due in the ordinary course, all of which payments that are due having been made. None of the assets of AH or AH Participating Entities are subject to any lien under ERISA or the Code.

(c) All the AH Plans have been administered in material compliance with ERISA, to the extent applicable, and the applicable provisions of the Code. There are no “accumulated funding deficiencies” within the meaning of ERISA or the Code or any federal excise taxes due in respect of the AH Plans.

6.14 **Litigation and Proceedings.** No AH Participating Entity is engaged in, a party to, or, to the Knowledge of AH, has been threatened with any action, suit, proceeding, complaint, charge, hearing, investigation or arbitration or other method of settling disputes or disagreements that may materially and adversely affect its business or financial condition or questions the
ability of AH or any AH Participating Entity to perform their obligations under this Agreement, the JOC Operating Agreement or the AH Participating Entity Agreements. AH has not received any notice of any investigation, threatened or contemplated, by any Governmental Authority, including investigations involving the business practices and policies of AH or the AH Participating Entities.

6.15 Third Party Pavor Cost Reports. The cost reports for the AH Participating Entities or their respective operations prior to Closing, for the Government Programs for the fiscal years through December 31, 2016, required to be filed on or before the date hereof have been timely filed. All such cost reports are in material compliance with governmental filing requirements. To the Knowledge of AH, no AH Participating Entity has received reimbursement in excess of the amount provided by law resulting in an overpayment with respect to the AH Participating Entities, or their respective operations prior to Closing.

6.16 Medical Staff Matters. To the Knowledge of AH, there are no pending or threatened disputes with applicants, medical staff members or health professional affiliates at the AH Participating Entities and all appeal periods in respect of any medical staff member or applicant against whom an adverse action has been taken have expired.

6.17 Tax Liabilities Disclosures.

(a) All Returns for periods through and including the Closing Date which are required to be filed have been filed or will be filed in the manner provided by law, and all Returns are or will be true and correct and accurately reflect the tax liabilities of the AH Participating Entities for the periods or other matters covered by such tax returns;

(b) All taxes, penalties, interest, and any other statutory additions, including Income Taxes, estimated taxes, alternative minimum taxes, excise taxes, sales taxes, use taxes, value-added taxes, gross receipts taxes, franchise taxes, capital stock taxes, employment and payroll-related taxes, withholding taxes, stamp taxes, transfer taxes, windfall profit taxes, environmental taxes and property taxes, which have become due by the AH Participating Entities pursuant to the Returns, and any assessments received by the AH Participating Entities have been paid when due or adequately provided for, except for amounts that have been contested in good faith;

(c) There are no tax liens on any of the assets of AH or any of the AH Participating Entities; and

(d) Proper and accurate amounts have been withheld by AH and the AH Participating Entities from its employees for all periods in full and complete compliance with the tax and other withholding provisions of all applicable laws and all such amounts have been duly and validly remitted to the proper taxing authority.

6.18 Tax Exempt Status. Each of AH and the AH Participating Entities is an exempt organization under Section 501(a) of the Code as an organization described in Section 501(c)(3) of the Code, and is not a “private foundation” within the meaning of Section 509(a) of the Code. The Internal Revenue Service has not taken, nor, to the Knowledge of AH, proposed to take, any action to revoke the tax-exempt status of AH or any of the AH Participating Entities, and has not announced, nor, to the Knowledge of AH, proposed to announce, that AH or a AH Participating
Entity is a “private foundation” within the meaning of Section 509(a) of the Code. There has been no change in its organization or operations that could result in a loss of AH or a AH Participating Entity’s status as an organization described in Section 501(c)(3) of the Code or that could cause AH or a AH Participating Entity to be treated as a “private foundation” within the meaning of Section 509(a) of the Code.

6.19 Environmental Law Disclosures. To the Knowledge of AH, the AH Real Property is not subject to any environmental liabilities and no part of the AH Real Property is in violation of any Environmental Laws. To the Knowledge of AH, there are no pending or unresolved notices, claims, suits, citations, orders or decrees relating to environmental matters or occupational safety and health matters on the AH Real Property. To the Knowledge of AH, no Hazardous Substances (which for purposes of this Section shall be defined as in CERCLA and additionally include petroleum products and crude oil or any fraction thereof) have been, and through the Closing Date, no Hazardous Substance will be, improperly disposed of or Released (which for purposes of this Section shall be defined as in CERCLA) or discharged from (including soil or groundwater contamination) or in respect of any part of the AH Real Property. To the Knowledge of AH, there are no leaking underground storage tanks at the AH Real Property or material quantities of friable damaged asbestos containing materials at the AH Real Property that must be abated or removed to comply with applicable Environmental Laws. Prior to Closing, AH shall not allow and shall cause the AH Participating Entities to not allow any Hazardous Substances to be discharged, Released, possessed, managed, processed or otherwise handled on any part of the AH Real Property in a manner which is in violation of applicable Environmental Laws or which could result in a material liability under any applicable law.

6.20 Intellectual Property: No Infringement. To the Knowledge of AH, no proceedings are pending or threatened that challenge the validity of the ownership by AH or the AH Participating Entities of any AH Intellectual Property. AH or the AH Participating Entities have not licensed anyone to use such AH Intellectual Property and AH has no Knowledge of the use or infringement or any such AH Intellectual Property.

6.21 No Interim Change. Since December 31, 2017, there has not been: (a) any change in the financial condition, assets, liabilities, personnel, properties or results of operation of the businesses of the AH Participating Entities that have had or, to the Knowledge of AH, could have, in the aggregate, a Material Adverse Effect on the businesses of the AH Participating Entities taken as a whole; (b) any damage, destruction or loss, whether or not covered by insurance, which have had or, to AH’s Knowledge could have, in the aggregate, a Material Adverse Effect on the businesses of the AH Participating Entities taken as a whole; (c) any disposition by the AH Participating Entities of any property, rights or other assets owned by or employed in the businesses of AH or the AH Participating Entities, except for the disposition of property, rights or other assets in the Ordinary Course of the Business of AH or the AH Participating Entities; (d) any amendment or termination of any Contract which has had or, to the Knowledge of AH, could have, in the aggregate, a Material Adverse Effect on the businesses of the AH Participating Entities taken as a whole.

6.22 No Material Omissions. To the Knowledge of AH: (a) the statements, representations and warranties contained in this Agreement, and each exhibit, certificate or other written statement delivered pursuant to this Agreement, or in connection with the transactions
contemplated hereby are accurate, correct and complete, do not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements and information contained therein not misleading; and (b) there is no fact which adversely affects or in the future may, to the Knowledge of AH, adversely affect the businesses, operations, properties, prospects or condition, financial or otherwise, of the AH Participating Entities, taken as a whole, or the ability of AH to fully perform this Agreement and the transactions contemplated hereby.

ARTICLE VII
CLOSING; CLOSING DELIVERABLES

7.1 Closing. Subject to the satisfaction or waiver by the appropriate Party of all the conditions precedent to Closing specified herein, the consummation of the transactions described in this Agreement (the “Closing”) shall take place through the electronic exchange of documents on September 30, 2018, or such other date mutually agreed upon by the Parties (the “Closing Date”). The Closing will be effective as of 12:01 a.m. on the day following the Closing Date (the “Effective Time”).

7.2 Deliverables of the Parties at the Closing.

(a) By SJHS. At or prior to the Closing, unless otherwise waived in writing by AH, SJHS shall deliver to AH:

(1) A certificate of the President or Chief Executive Officer of SJHS, dated as of the Closing Date, certifying as to the continued accuracy and completeness in all material respects of the representations and warranties made by SJHS, and SJHS’s performance in all material respects of the covenants set forth in this Agreement;

(2) A certificate of the Secretary of SJHS and each of its JOC Participants, dated as of the Closing Date, certifying as to the due adoption and continued effectiveness of, and attaching a copy of, the resolutions of the board of trustees of SJHS and each of its JOC Participants approving the actions and transactions required or contemplated by this Agreement;

(3) Evidence of approval by the Sponsor;

(4) The JOC Operating Agreement duly executed by SJHS;

(5) The SJHS Participating Ministry Agreements duly executed by each of the SJHS Participating Ministries;

(6) The Clinical Integration and Collaboration Agreement described in Section 2.4(d) hereof duly executed by Heritage; and

(7) Such other instruments and documents as may be reasonably necessary to carry out the transactions contemplated or required by this Agreement and to comply with the terms hereof.
(b) **By AH.** At or prior to the Closing, unless otherwise waived in writing by SJHS, AH shall deliver to SJHS:

1. A certificate of the President or Chief Executive Officer of AH, dated as of the Closing Date, certifying as to the continued accuracy and completeness in all material respects of the representations and warranties of AH and AH's performance in all material respects of the covenants set forth in this Agreement;

2. A certificate of the Secretary of AH and each of its JOC Participants, dated as of the Closing Date, certifying as to the due adoption and continued effectiveness of, and attaching a copy of, the resolutions of the board of directors of AH and each of its JOC Participants approving the actions and transactions required or contemplated by this Agreement;

3. The JOC Operating Agreement duly executed by AH;

4. The AH Participating Entity Agreements duly executed by each of the AH Participating Entities;

5. The Clinical Integration and Collaboration Agreement described in Section 2.4(d) hereof duly executed by AHPN; and

6. Such other instruments and documents as may be reasonably necessary to carry out the transactions, contemplated or required by this Agreement and to comply with the terms hereof.

**ARTICLE VIII**

**PRE-CLOSING COVENANTS**

Through the Closing Date, each Party hereby agrees to keep, perform and fully discharge, or to cause to be kept, performed and fully discharged, as applicable, the following covenants and agreements, as applicable:

**8.1 Interim Conduct of Business.**

(a) Each Party shall and shall cause each of its JOC Participants to:

1. Operate its business within the Sacred Trust Region as a going concern, consistent with prior practices and in the Ordinary Course of Business;

2. Preserve, protect and maintain its business, properties and assets within the Sacred Trust Region; and

3. Preserve the goodwill of all individuals and entities having business or other relations with it or them, including physicians, employees, patients, customers and suppliers.
(b) With respect to its respective JOC Participants, the Parties shall not, and shall ensure that their respective JOC Participants do not, take or approve any of the following actions without the prior written consent of the other Party:

(1) pay any bonus or make any profit-sharing or similar payment to, or increase the amount of the wages, salary, commissions, fees, fringe benefits or other compensation or remuneration payable to, any of its directors, managers, officers, employees or independent contractors other than severance plans adopted in connection with this transaction, other than in the Ordinary Course of Business;

(2) hire any employee or retain any independent contractor, other than in the Ordinary Course of Business;

(3) permit or allow any of its assets to become subjected to any Encumbrance except a Permitted Encumbrance, other than in the Ordinary Course of Business;

(4) make any change in any method of accounting or accounting practice or policy, other than in the Ordinary Course of Business;

(5) acquire by merging or consolidating with, or by purchasing a substantial portion of the assets or capital stock or other equity interest of, or by any other manner, any business or any Person or otherwise acquire any assets (other than inventory) with a value in excess of five million dollars ($5,000,000);

(6) make or incur capital expenditures (including entering into any capital lease) that are not currently budgeted and that, in the aggregate, are in excess of five million dollars ($5,000,000);

(7) sell, lease, license or otherwise dispose of any of its assets that are material, individually or in the aggregate, to it and its business, including, but not limited to, the SJHS Real Property or AH Real Property, other than in the Ordinary Course of Business;

(8) amend or terminate any Lease of real property or material tangible personal property, other than in the Ordinary Course of Business;

(9) terminate or allow to be terminated any insurance policy in effect as of the Execution Date without simultaneous replacement with a similar policy, or fail to maintain, with financially responsible insurance companies, insurance on its tangible assets in such amounts and against such risks and losses as are consistent with past practice;

(10) commence or settle any Legal Proceeding other than medical malpractice proceedings, other than in the Ordinary Course of Business;

(11) enter into any Contract or transaction involving payments of greater than five million dollars ($5,000,000) unless part of the budget for such JOC Participant as of the Execution Date;
(12) discontinue the payment of its accounts payable that are payable in the Ordinary Course of Business or materially deviate from or alter any of its practices, policies or procedures in paying accounts payable or collecting accounts receivable; cancel, compromise, waive or release any right or claim (or series of related rights and claims) for an amount in excess of five million dollars ($5,000,000); or

(13) agree, commit or offer (in writing or otherwise) to take any of the actions described in the preceding clauses of this Section 8.1(b).

8.2 Preserve Accuracy of Representations and Warranties. Each Party shall, and shall cause its JOC Participants to, not take any action that would render any representation or warranty of such Party contained in this Agreement inaccurate or untrue as of the Closing Date. Each Party shall promptly notify the other Party in writing of any facts or circumstances that come to its attention and that cause, or through the passage of time may cause, any of the representations and warranties of that Party contained in this Agreement to be untrue or misleading. Each Party shall promptly notify, and cause its JOC Participants to notify, the other Party of any lawsuits, claims, administrative actions or other Legal Proceedings asserted or commenced against it, or its owners, directors, officers or employees involving in any material way the ability of the notifying Party to consummate the transactions contemplated or required by this Agreement, the JOC Operating Agreement or the JOC Participation Agreements.

8.3 Access to Information. Each Party shall, and shall cause its JOC Participants to, give the other Party and their representatives full and free access, during normal business hours, to all properties, books, records, Contracts and other materials pertaining to the JOC Participants as may be reasonably requested (and in accordance with guidelines approved by the Parties’ antitrust counsel), subject to reasonable advance notice and provided that no Party shall exercise such rights of access in such manner as would unduly interfere with the operations of the JOC Participants or the work of the JOC Participants’ personnel or the activities of their patients or guests. Each Party shall, and shall cause its JOC Participants to, cooperate in keeping the other Party fully informed and shall promptly notify the other Party of any material adverse change in the business or prospects of any JOC Participant, and the respective operations to be managed pursuant to the JOC Operating Agreement.

8.4 Third Party Authorizations. The Parties shall, and shall cause their JOC Participants to, use their respective commercially reasonable efforts to obtain expeditiously all Approvals that may be necessary or appropriate under applicable laws and under all Contracts to which a JOC Participant is a party or is bound, or to the extent necessary for the valid execution, delivery and performance of this Agreement, the JOC Operating Agreement or the JOC Participation Agreement.

8.5 Modification of Schedules. During the period from the Execution Date through the Closing Date, either Party (an “Amending Party”) may amend the Disclosure Schedules delivered by such Party on the Execution Date. The other Party (the “Receiving Party”) shall have twenty-one (21) days to either approve or reject the newly amended Disclosure Schedule, and if the Amending Party delivers an amended Disclosure Schedule less than twenty-one (21) days prior to the Closing Date, the Receiving Party may, at its option, extend the Closing Date for such period as may be necessary to give the Receiving Party twenty-one (21) days to consider
whether to approve or reject such newly amended Disclosure Schedule. A Receiving Party who
fails to approve or disapprove the Disclosure Schedule within that time shall be deemed to have
accepted the Disclosure Schedule. If a Receiving Party approves the amended Disclosure
Schedule, the approved Disclosure Schedule shall become the final Disclosure Schedule. If a
Receiving Party timely rejects the amended Disclosure Schedule, and the Parties are unable to
resolve their disagreement within twenty-one (21) days, the Receiving Party may: (a) elect to
close over the issue; or (b) may elect to terminate this Agreement by providing notice to the
Amending Party.

8.6 **Additional Financial Information.** Within twenty (20) business days following the
end of each month from and after the Execution Date, each Member will deliver to the other
Member true and complete copies of the unaudited balance sheets and the related unaudited
statements of income (on a consolidated basis) of its respective JOC Participants for such month.
Such financial statements will be prepared from and in accordance with the accounting principles
applied prior to the Execution Date, except any changes as are required to conform to
modifications in GAAP, and will fairly present, in all material respects, the financial position and
results of operations as of the date and for the period indicated, subject to the absence of
footnotes and to year-end adjustments.

**ARTICLE IX**

**SJHS CONDITIONS PRECEDENT TO CLOSING**

The obligations of SJHS to consummate the transactions contemplated by this Agreement are, at
the option of SJHS, subject to the satisfaction, on or before the Closing Date, of the following
conditions:

9.1 **Delivery of Closing Deliverables.** AH shall have delivered to SJHS the closing
deliverables set forth in Section 7.2(b).

9.2 **Regulatory Approvals.** All regulatory consents and approvals required for the
consummation of the transactions contemplated or required by this Agreement shall have been
obtained, including, without limitation, the Parties or their JOC Participants shall have obtained a
Consent or waiver of California Corporations Code Section 5920 et seq. by the California
Attorney General, as applicable to the Parties and/or the JOC Participants, to consummate the
transactions contemplated herein ("AG Approval").

9.3 **Accuracy of Representatives and Warranties.** The representations and warranties of
AH contained herein shall be true, accurate and complete in all material respects as if made on
and as of the Closing Date, subject to any amended AH Disclosure Schedule accepted by SJHS
on or before the Closing Date.

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

9.5 **No Pending Action.** No action or proceeding before any court or governmental body
will be pending or threatened wherein an unfavorable judgment, decree or order would prevent
the carrying out of this Agreement, the JOC Operating Agreement or the JOC Participation
Agreements, or any of the transactions contemplated hereby or thereby, declare unlawful the transactions contemplated by this Agreement, the JOC Operating Agreement and the JOC Participation Agreements, or cause any such transactions to be rescinded.

9.6  **No Bankruptcy.** Neither AH nor any AH Participating Entity shall: (a) be in receivership or dissolution; (b) have made any assignment for the benefit of creditors; (c) have admitted in writing its inability to pay its debts as they mature; (d) have been adjudicated bankrupt; or (e) have filed a petition in voluntary bankruptcy, a petition or answer seeking reorganization or an arrangement with creditors under the federal bankruptcy law or any other similar law or statute of the United States or any state, nor shall any such petition have been filed against AH or any AH Participating Entity.

9.7  **Consents.** All material consents, approvals and authorizations of third parties required for the consummation of the transactions contemplated or required by this Agreement, the JOC Operating Agreement and the JOC Participation Agreements shall have been obtained.

9.8  **No Material Adverse Effect.** There shall not have occurred a Material Adverse Effect with respect to AH and/or the AH Participating Entities, taken as a whole, and no event shall have occurred or circumstances shall exist that would reasonably be expected to have a Material Adverse Effect with respect to AH and/or the AH Participating Entities, taken as a whole.

9.9  **Tax Exempt Status.** The JOC shall have received from the Internal Revenue Service an exemption letter formally recognizing the JOC as an exempt organization under Section 501(a) of the Code as an organization described in Section 501(c)(3) of the Code, and not a “private foundation” within the meaning of Section 509(a) of the Code.

9.10 **Delivery of Other Agreements.** AH, AHPN and each of the AH Participating Entities shall have executed and delivered those agreements described in Section 7.2(b) and any other agreements reasonably determined by the Parties to be necessary or appropriate to be entered into as of the Closing Date to consummate the transactions contemplated by this Agreement, the JOC Operating Agreement and the JOC Participation Agreements.

**ARTICLE X**

**AH CONDITIONS PRECEDENT TO CLOSING**

The obligations of AH to consummate the transactions contemplated by this Agreement are, at the option of AH, subject to the satisfaction, on or before the Closing Date, of the following conditions:

10.1 **Delivery of Closing Deliverables.** SJHS shall have delivered to AH the closing deliverables set forth in Section 7.2(a).

10.2 **Regulatory Approvals.** All regulatory consents and approvals required for the consummation of the transactions contemplated or required by this Agreement shall have been obtained, including, without limitation, the Parties or their JOC Participants shall have obtained AG Approval.
10.3 **Accuracy of Representatives and Warranties.** The representations and warranties of SJHS contained herein shall be true, accurate and complete in all material respects as if made on and as of the Closing Date, subject to any amended SJHS Disclosure Schedule accepted by AH on or before the Closing Date.

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

10.5 **No Pending Action.** No action or proceeding before any court or governmental body will be pending or threatened wherein an unfavorable judgment, decree or order would prevent the carrying out of this Agreement, the JOC Operating Agreement and the JOC Participation Agreements, or any of the transactions contemplated hereby or thereby, declare unlawful the transactions contemplated by this Agreement, the JOC Operating Agreement and the JOC Participation Agreements, or cause any such transactions to be rescinded.

10.6 **No Bankruptcy.** Neither SJHS nor any SJHS Participating Ministry, shall: (a) be in receivership or dissolution; (b) have made any assignment for the benefit of creditors; (c) have admitted in writing its inability to pay its debts as they mature; (d) have been adjudicated bankrupt; or (e) have filed a petition in voluntary bankruptcy, a petition or answer seeking reorganization or an arrangement with creditors under the federal bankruptcy law or any other similar law or statute of the United States or any state, nor shall any such petition have been filed against SJHS or any SJHS Participating Ministry.

10.7 **Consents.** All material consents, approvals and authorizations of third parties required for the consummation of the transactions contemplated or required by this Agreement, the JOC Operating Agreement and the JOC Participation Agreements, shall have been obtained.

10.8 **No Material Adverse Effect.** There shall not have occurred a Material Adverse Effect with respect to SJHS and/or the SJHS Participating Entities, taken as a whole, and no event shall have occurred or circumstances shall exist that would reasonably be expected to have a Material Adverse Effect with respect to SJHS and/or the SJHS Participating Entities, taken as a whole.

10.9 **Tax Exempt Status.** The JOC shall have received from the Internal Revenue Service an exemption letter formally recognizing the JOC as an exempt organization under Section 501(a) of the Code as an organization described in Section 501(c)(3) of the Code, and not a “private foundation” within the meaning of Section 509(a) of the Code.

10.10 **Delivery of Other Agreements.** SJHS, Heritage and each of the SJHS Participating Ministries shall have executed and delivered those agreements described in Section 7.2(a) and any other agreements reasonably determined by the Parties to be necessary or appropriate to be entered into as of the Closing Date to consummate the transactions contemplated by this Agreement, the JOC Operating Agreement and the JOC Participation Agreements.
ARTICLE XI
DISPUTE RESOLUTION

11.1 Dispute Resolution.

(a) For matters other than those described in Section 2.6, the Parties agree in the event of a dispute under this Agreement, the respective senior executives from the Members with primary responsibility for their respective Northern California operations (the “Senior Executives”) shall meet promptly (within five business days) and confer in good faith to resolve any disputed issue. Should the dispute not be resolved by the Senior Executives within thirty (30) days, then the Chief Executive Officer of AH and the Chief Executive Officer of SJHS shall meet and confer in good faith to resolve such dispute for a period of thirty (30) days. Should the dispute not be resolved by the Chief Executive Officers, the Parties agree to pursue non-binding mediation conducted by the Judicial Arbitration and Mediation Services, Inc. (“JAMS”) or American Arbitration Association (“AAA”).

(b) Should the dispute not be resolved through non-binding mediation, the Parties shall pursue binding arbitration conducted by JAMS or AAA. The selection and number of arbitrator(s) shall be determined by agreement of the Parties. The prevailing Party shall be entitled to reasonable costs and attorney fees (including allocated costs of in-house counsel) incurred in bringing any action or proceeding, declaratory or otherwise, arising out of or relating to this Agreement. Nothing in this Section 11.1(b) shall constitute a waiver of any of the benefits of a statute of limitations or equitable defense.

ARTICLE XII
INDEMNIFICATION

12.1 Survival. The representations and warranties of the Parties contained in this Agreement shall survive the Closing for a period of eighteen (18) months after the Closing Date; provided, however, that (a) the representations and warranties set forth in Sections 5.1, 5.2, 5.18, 6.1, 6.2 and 6.18 shall survive the Closing indefinitely, (b) the representations and warranties set forth in Sections 5.9, 5.10, 5.11, 5.13, 5.15, 5.17, 5.19, 6.9, 6.10, 6.11, 6.13, 6.15, 6.17 and 6.19 shall survive the Closing until ninety (90) days following the expiration of the applicable statute of limitations with respect to the particular matter that is the subject matter thereof (in each case, the “Survival Period”); provided, however, that any obligations under Sections 12.2 and 12.3 shall not terminate with respect to any Losses as to which the Party to be indemnified shall have given written notice (stating in reasonable detail the basis of the claim for indemnification) to the Indemnifying Party before the termination of the applicable Survival Period.

12.2 Indemnification by SJHS. SJHS, at its sole cost and expense, will defend, indemnify and hold AH, AH Affiliates and their respective trustees, directors, officers, employees, agents, representatives and designees, in their official and personal capacities (each, an “AH Indemnified Party”), harmless from and against any and all claims, demands, suits, damages, judgments, liabilities, losses and expenses, including without limitation personal or bodily injury to or death of any person, defamation, infringement of copyright, trademark, patent or other intellectual property, and reasonable attorneys’ fees and expenses of litigation (collectively, “Losses”), to which the AH Indemnified Party may become subject actually or allegedly arising
out of, relating to or resulting from: (a) the willful misconduct and/or negligence of SJHS or its trustees, directors, officers, employees, volunteers, agents, representatives and designees while acting within the scope of their duties and pursuant to this Agreement; (b) any breach of any representation or warranty of SJHS in Article V of this Agreement; or (c) any failure of SJHS to fulfill any covenant or agreement pursuant to this Agreement.

12.3 Indemnification by AH. AH, at its sole cost and expense, will defend, indemnify and hold SJHS, SJHS Affiliates and their respective trustees, directors, officers, employees, agents, representatives and designees, in their official and personal capacities (each, an “SJHS Indemnified Party”), harmless from and against any and all Losses, to which the SJHS Indemnified Party may become subject actually or allegedly arising out of, relating to or resulting from: (a) the willful misconduct and/or negligence of AH or its trustees, directors, officers, employees, volunteers, agents, representatives and designees while acting within the scope of their duties and pursuant to this Agreement; (b) any breach of representation or warranty of AH set forth in Article VI of this Agreement; or (c) any failure of AH to fulfill any covenant or agreement pursuant to this Agreement.

12.4 Procedure for Indemnification. In the event that any claim is asserted against a Party hereto as to which such Party is entitled to indemnification hereunder, such Indemnified Party shall, as promptly as possible and in any case within ten (10) business days after learning of such claim, notify the Party obligated to indemnify it (the “Indemnifying Party”) thereof in writing. In the event the Indemnified Party shall fail to give notice of such claim as aforesaid, the Indemnifying Party shall have no obligation to indemnify the Indemnified Party with respect to such claim. The Indemnifying Party shall have the right, upon written notice to the Indemnified Party within ten (10) business days after receipt from the Indemnified Party, to conduct the defense against such claim in its own name, or if necessary in the name of the Indemnified Party. In the event that the Indemnifying Party shall fail to give such notice, it shall be deemed to have elected not to conduct the defense of the subject claim, and in such event, the Indemnified Party shall have the right to conduct the defense of the subject claim and to compromise and settle the claim without prior consent of the Indemnifying Party and the Indemnifying Party shall reimburse the Indemnified Party for all reasonable expenses related to Indemnified Party’s defense of such claim. In the event that the Indemnifying Party does elect to conduct the defense of the subject claim, the Indemnified Party will cooperate with and make available to the Indemnifying Party such assistance and materials as may be reasonably requested by it, all at the expense of the Indemnifying Party, and the Indemnified Party shall have the right at its expense to participate in the defense, provided that the Indemnified Party shall have the right to compromise and settle the claim only with the prior written consent of the Indemnifying Party; provided, further, that if counsel for the Indemnified Party shall reasonably determine that there is a conflict between the Indemnified Party and the Indemnifying Party, Indemnified Party shall have the option to select its own counsel and Indemnifying Party shall reimburse Indemnified Party for all reasonable expenses related to Indemnified Party’s defense of such claim. Any judgment entered or settlement agreed upon in the manner provided herein shall be binding upon the Indemnifying Party, and shall conclusively be deemed to be an obligation with respect to which the Indemnified Party is entitled to indemnification hereunder.
ARTICLE XIII
GENERAL PROVISIONS

13.1 Termination.

(a) This Agreement may be terminated at any time prior to the Closing:

(i) by written consent of each Party;

(ii) by written notice of either Party if the AG Approval imposes conditions, requirements or directives which are unacceptable to that Party in its sole and absolute discretion;

(iii) by either Party if the Closing shall not have occurred on or before December 31, 2018; provided, however, that this provision shall not be available to SJHS if AH has the right to terminate this Agreement under subsection (iv) and this provision shall not be available to AH if SJHS has the right to terminate this Agreement under subsection (v);

(iv) by AH if there is a material breach of any representation or warranty set forth in Article V of this Agreement or any covenant or agreement to be complied with or performed by SJHS pursuant to the terms of this Agreement or the failure of a condition set forth in Article X to be satisfied (and such condition is not waived in writing by AH) on or prior to the Closing Date, or the occurrence of any event which results or would result in the failure of a condition set forth in Article X to be satisfied on or prior to the Closing Date; provided, however, that AH may not terminate this Agreement prior to the Closing Date if SJHS has not had a reasonable opportunity to cure such failure;

(v) by SJHS if there is a material breach of any representation or warranty set forth in Article VI of this Agreement or any covenant or agreement to be complied with or performed by AH pursuant to the terms of this Agreement or the failure of a condition set forth in Article IX to be satisfied (and such condition is not waived in writing by SJHS) on or prior to the Closing Date, or the occurrence of any event which results or would result in the failure of a condition set forth in Article IX to be satisfied on or prior to the Closing Date; provided, however, that SJHS may not terminate this Agreement prior to the Closing Date if AH has not had a reasonable opportunity to cure such failure.

(b) In the event of any termination of this Agreement:

(i) each Party shall redeliver all documents, work papers and other material of the other Parties relating to the transactions contemplated by this Agreement, whether obtained before or after the execution of this Agreement, to the Party furnishing the same;

(ii) no Party shall have any liability or further obligation to any other Party, except for any willful breach of this Agreement occurring prior to the proper termination of this Agreement; and
(iii) each Party shall pay the fees and expenses of its own advisors including accountants and attorneys, in preparing and negotiating this Agreement and the transactions and arrangements contemplated by this Agreement.

13.2 Amendment and Waiver. Except as otherwise provided in this Agreement, no amendment of any provision of this Agreement shall in any event be effective, unless the same shall be in writing and signed by the Parties. Any of the terms or conditions of this Agreement may be waived at any time by the Party which is entitled to the benefit thereof (on its own behalf and on behalf of its JOC Participants), but only by a written notice signed by the Party waiving such terms or conditions. The waiver of any term or condition of this Agreement shall not be construed as a waiver of any other term or condition of this Agreement.

13.3 Confidentiality. The Parties shall hold in confidence terms and conditions of this Agreement and all information regarding the Parties and the JOC Participants obtained in connection with the negotiation and performance of this Agreement, and shall not divulge to third parties or use in a manner detrimental to the other JOC Participants such information; provided, however, that the foregoing shall not apply to information that (a) was known by the Party when received, (b) is or hereafter becomes lawfully obtainable from other sources, or (c) is necessary to disclose by law.

13.4 Press Releases. No public release or announcement concerning the transactions contemplated under this Agreement shall be issued by any Party unless the Party desiring to issue the public release or announcement first consults with and obtains the prior written consent of the other Party as to the timing, form, and content of such public release or announcement, except as such release or announcement may be required by applicable law.

13.5 Notices. All notices required or permitted hereunder shall be in writing and shall be served on the parties at the addresses set forth in below. Any such notices shall be either: (a) sent by overnight delivery using a nationally recognized overnight courier, in which case notice shall be deemed delivered one business day after deposit with such courier; or (b) sent by personal delivery, in which case notice shall be deemed delivered upon receipt. A Party’s address may be changed by written notice to the other party; provided, however, that no notice of a change of address shall be effective until actual receipt of such notice.

To SJHS: St. Joseph Health System  
Attn: Mike Butler, President  
3345 Michelson Drive  
Irvine, CA 92612

With copy to: Yemi Adeyanju, Esq.  
Associate General Counsel  
Department of Legal Affairs  
Providence St. Joseph Health  
3345 Michelson Dr, Suite 100  
Irvine, CA 92612
To AH: Adventist Health
Attn: Bill Wing, President
2100 Douglas Boulevard
Roseville, California 95661

With copy to: Meredith Jobe, Esq.
Vice President/General Counsel
Office of General Counsel
Adventist Health
2100 Douglas Boulevard
Roseville, CA 95661

13.6 Expenses. Except as otherwise expressly provided in this Agreement, each Party shall pay its own costs and expenses in connection with the transactions contemplated hereby. If any action is brought by a Party to enforce any provision of this Agreement, the prevailing Party or Parties shall be entitled to recover court costs, arbitration expenses and reasonable attorneys’ fees.

13.7 Counterparts. This Agreement may be executed in two (2) counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same Agreement.

13.8 Entire Transaction. This Agreement and the documents referred to herein contain the entire understanding of the Parties with respect to the transactions contemplated herein and supersedes all other agreements and understandings of the Parties on the subject matter hereof.

13.9 Governing Law. This Agreement shall be governed by and construed in accordance with the internal laws of the State of California.

13.10 Headings. Headings of articles and sections in this Agreement and the table of contents hereof are solely for convenience of reference, do not constitute a part hereof, and shall not affect the meaning, construction, or effect hereof.

13.11 Articles. All references to “Articles” and “Sections” in this Agreement are to Articles and Sections of this Agreement, unless otherwise specifically provided.

13.12 Gender. Unless the context otherwise indicates, words importing the singular shall include the plural and vice versa and the use of the neuter, masculine, or feminine gender is for convenience only and shall be deemed to mean and include the neuter, masculine, or feminine gender.

13.13 Partial Invalidity. In case any one or more of the provisions contained herein shall, for any reason, be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision of this Agreement, but this Agreement shall be construed as if such invalid, illegal or unenforceable provision or provisions had never been contained herein.
13.14 **Exhibits and Schedules.** The Exhibits and Schedules identified in this Agreement shall be construed with and as an integral part of this Agreement to the same extent as if the same had been set forth verbatim herein.

13.15 **Assignment.** Except as otherwise expressly permitted by this Agreement, the rights and obligations of a Party to this Agreement may be assigned only with the prior written consent of the other Party. Any transfer not permitted under this Section 13.15 shall be null and void and of no effect whatsoever.

13.16 **Binding Agreement.** This Agreement shall be binding upon and inure only to the benefit of the Parties hereto and their respective permitted assigns and permitted successors, and shall not inure to the benefit of or be enforceable by any other Person.

13.17 **Third Party Beneficiaries.** The Parties intend that no third party may rely upon the terms of this Agreement or have any rights or claims by reason of this Agreement.

* * *

[Signature Page to Follow]
IN WITNESS WHEREOF, the Parties hereto have executed or caused this Agreement to be executed on the day and year first above written.

ST. JOSEPH HEALTH SYSTEM

By: ____________________________
Name: Mike Butler
Title: President

ADVENTIST HEALTH SYSTEM/WEST

By: ____________________________
Name: Scott Reiner
Title: Chief Executive Officer
IN WITNESS WHEREOF, the Parties hereto have executed or caused this Agreement to be executed on the day and year first above written.

ST. JOSEPH HEALTH SYSTEM

By: ____________________________
Name: Mike Butler
Title: President

ADVENTIST HEALTH SYSTEM/WEST

By: ____________________________
Name: Scott Reiner
Title: Chief Executive Officer
Exhibit A
JOC Operating Agreement

See attached.
Exhibit B
SJHS Participating Ministry Agreement

See attached.
Exhibit C
AH Participating Entity Agreements

See attached.
Exhibit D

Initial JOC Board

To be completed prior to the Closing Date.
Exhibit E
Knowledge Group

SJHS Knowledge Group:
Raju Iyer
Kevin Klockenga
Jo Ann Escasa-Haigh

AH Knowledge Group:
Jeff Eller
Joe Reppert
Exhibit F
AH and SJHS Subsidiaries

AH Subsidiaries
Adventist Health Ukiah Valley owns a 33.3% interest in Hospital Drive Medical Plaza Association

Adventist Health Ukiah Valley owns a 9% interest in Ukiah Valley Medical Plaza, LP

Adventist Health St. Helena owns 50% interest in TakeTEN, LLC

SJHS Subsidiaries
St. Joseph Health Northern California, LLC dba Santa Rosa Memorial Hospital, Queen of the Valley Medical Center, St. Joseph Hospital of Eureka, and Redwood Memorial Hospital of Fortuna

St. Joseph Home Care Network

SRM Alliance Hospital Services dba Petaluma Valley Hospital

Queen of the Valley Medical Center Foundation

Redwood Memorial Foundation

Northbay Endoscopy Center, LLC (66.67% ownership)

Center for Maternal, Newborn and Child Health, LLC (50% ownership)
OPERATING AGREEMENT

OF

ST NETWORK, LLC

(a charitable California Limited Liability Company)

Dated and Effective

as of

[__________]
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OPERATING AGREEMENT

of

ST NETWORK, LLC
(a Charitable California Limited Liability Company)

This Operating Agreement of Sacred Trust Network (this “Agreement”) is dated effective as of [__________, 2018] (the “Effective Date”) by and among ST Network, LLC, a charitable California limited liability company (the “JOC”), St. Joseph Health System, a California nonprofit public benefit corporation (“SJHS”), and Adventist Health System/West, a California nonprofit religious corporation doing business as Adventist Health (“AH”), as members of the JOC (SJHS and AH, each, a “Member”, and collectively, the “Members”).

1. DEFINITIONS.

In addition to the words and terms elsewhere defined in this Agreement, the following words and terms as used in this Agreement shall have the following meanings unless the context or use indicates another or different meaning or intent:

“AAA” shall have the meaning set forth in Section 8.8(c).

“Act” means the California Limited Liability Company Act, 6 California Code Sections 18-101 et. seq. as amended from time to time (or any corresponding provisions of succeeding law).

“Additional Mandatory Contributions” shall have the meaning set forth in Section 9.2(b).

“Additional Non-Mandatory Contributions” shall have the meaning set forth in Section 9.2(c).

“Affiliate” of a Person shall mean any corporation, partnership, limited liability company, sole proprietorship or other person or entity which directly or indirectly through one or more intermediaries controls, is controlled by or is under common control with such Person.

“Affiliation” means a material relationship or a material arrangement of any kind to: (a) merge with any Person; (b) consolidate with any Person; (c) enter into a Contract with any Person for the management and/or operation of any material health care facility or ministry; (d) lease any material health care facility or ministry to or from any Person; (e) become an Affiliate of any Person; (f) enter into any joint venture or other arrangement which involves the granting or one or more reserved powers or the sharing of profits and/or losses with any Person; or (g) enter into any arrangement with any Person by which such Person becomes a controlling entity. The JOC Board from time to time may establish standards as to what constitutes a material health care facility for purposes of this provision.

“Agreement” shall have the meaning set forth in the preamble.

“AH” shall have the meaning set forth in the preamble.

“AH Directors” shall have the meaning set forth in Section 8.2.
“AH Non-Employed Director” shall have the meaning set forth in Section 8.2.

“AH Participating Entities” shall mean and include: (a) St. Helena Hospital (which owns and operates the hospital facilities known as Adventist Health St. Helena and Adventist Health Vallejo); (b) Adventist Health Clearlake Hospital, Inc. (which owns and operates the hospital facility known as Adventist Health Clear Lake); (c) Ukiah Adventist Hospital (which owns and operates the hospital facility known as Adventist Health Ukiah Valley); (d) Willits Hospital, Inc. (which owns and operates the hospital facility known as Adventist Health Howard Memorial); and (e) Western Health Resources, with respect to the home care and/or hospice businesses and operations in the Sacred Trust Region.

“AH Proposed Action” shall have the meaning set forth in Section 3.5(a)(ii).

“AHPN” means Adventist Health Physicians Network, a California nonprofit religious corporation.

“Bankruptcy Event” means (a) the assignment by a Person for the benefit of creditors; (b) the commencement of a voluntary bankruptcy case by a Person; (c) the adjudication of a Person as bankrupt or insolvent; (d) the filing by a Person of a petition or answer seeking for such Person any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any statute, law or rule; (e) the filing by a Person of an answer or other pleading admitting or failing to contest the material allegations of a petition filed against such Person in any proceeding of this nature; (f) seeking, consenting to or acquiescing in the appointment of a trustee, receiver or liquidator for a Person or of all or any substantial part of such Person’s property; (g) the commencement of an involuntary bankruptcy case against a Person that has not been dismissed on or before the one hundred twentieth (120th) day after the commencement of the case; or (h) the appointment, without a Person’s consent, of a trustee, receiver or liquidator either of such Person or of all or any substantial part of such Person’s property, which appointment is not vacated or stayed on or before the ninetieth (90th) day after appointment or is not vacated on or before the ninetieth (90th) day after expiration of any such stay.

“California Tax Code” shall have the meaning set forth in Section 3.2(a).

“Canonically” means matters pertaining to the canons of the Code of Canon Law of the Roman Catholic Church.

“Capital Account” shall have the meaning set forth in Section 9.6(a).

“Capital Charge” means the annual amortization amount of the Episodic Capital over the duration of the charge (e.g., an amortization with a duration of 10 years equals ten percent (10%) Capital Charge of the total amount of the Episodic Capital applied each year (beginning the first fiscal year after such investment is first made) for a ten (10) year duration) or as otherwise approved by the JOC.

“Cash Available for Distribution” means all cash of the JOC generated by operations and all cash received as distributions from any subsidiaries of the JOC (but not including casualty insurance proceeds or condemnation awards or proceeds from the sale, exchange or other disposition of all or substantially all of the JOC’s assets), less (a) all operating expenses of the
JOC, (b) interest payments and current principal payments on any indebtedness of the JOC, and (c) reserves for future needs and contingent and other liabilities and obligations of the JOC as reasonably determined by the JOC Board in consultation with the senior management of the JOC from time to time.

“CBO Services Agreements” means the corporate services agreements by and between the JOC and each of the Members and the JOC Participants pursuant to which the Members provide revenue cycle, finance, human resources and other corporate support services for the operation of the JOC.

“CEO Meet and Confer Period” shall have the meaning set forth in Section 8.8(c).

“Change of Control” means with respect to any Person: (a) any transaction or series of related transactions involving such Person and any Independent Third Person, including, without limitation, merger or consolidation of such Person or other contract or arrangement, that results in such Independent Third Person becoming the beneficial owner of more than fifty percent (50%) of the then-outstanding voting securities or other voting membership or ownership interests of such Person; (b) the sale, transfer or lease of all or substantially all of the assets of such Person, in a single transaction or series of related transactions, to any Independent Third Person; and/or (c) any joint venture, management arrangement or similar transaction with any Independent Third Person that results in such Independent Third Person becoming the owner, operator or manager of all or substantially all of the assets of such Person. Neither a change in the voting members of the governing body of a Member nor the issuance of membership interest to a holding company with the same or substantially the same members of the governing body of a Member shall constitute a Change in Control of the Member. Notwithstanding the foregoing, a change in the sponsorship of any Person that consists solely of a change of the sponsorship interest to another public juridic person that is affiliated with the Catholic Church, shall not constitute a Change of Control.


“Collaborative Process” shall have the meaning set forth in Section 3.5(c).

“Conflicted Member” shall have the meaning set forth in Section 7.5.

“Conflicts of Interest Policy” shall have the meaning set forth in Section 3.3(c)(v).

“Corporate Documents” means an entity’s articles of incorporation, code of regulations, delegation agreement, corporate bylaws, partnership agreement, operating agreement, governance matrices and comparable documents, as appropriate given the entity’s form of legal organization.

“Directives” means the latest edition of the Ethical and Religious Directives for Catholic Health Care Services, issued from time to time by the United States Conference of Catholic Bishops, as amended from time to time.

“Directors” shall have the meaning set forth in Section 8.2.
“Disinterested Member” shall have the meaning set forth in Section 7.5.

“Disputed AH Action” shall have the meaning set forth in Section 3.5(a)(i).

“Disputed SJHS Action” shall have the meaning set forth in Section 3.5(b)(i).

“Dissolution Event” shall have the meaning set forth in Section 12.3.

“EBIDA” means earnings before interest, depreciation and amortization, as determined in accordance with GAAP consistently applied.

“Economic Interest” means a Member’s share of the JOC’s Profits, Losses and distributions of the JOC’s assets pursuant to this Agreement and the Act, but does not include any other rights of a Member, including, but not limited to, the right to vote or participate in the management or, except as provided in Section 17704.10 of the Act, any right to information concerning the business and affairs of the JOC.

“Effective Date” means the date first written above.

“Encumbrance” means any mortgage, pledge, assessment, security interest, lease, sublease, lien, adverse claim, levy, right of way, easement, encroachment, covenant, charge or other encumbrance of any kind, or any conditional sale contract, title retention contract or other agreement or arrangement to give or to refrain from giving any of the foregoing.

“Episodic Capital” means strategic capital investments greater than Five Million Dollars ($5,000,000) that cause an unusual movement of assets from one Member to the other or a strategic investment in one or more JOC Participants that a pro-forma financial analysis projects will result in greater than two percent (2%) of JOC EBIDA in excess of the Capital Charge.

“Fair Market Value” of any property means the cash price at which a willing and able seller would sell, and a willing and able buyer would buy, such property (a) in an arm’s-length transaction, (b) assuming that such property was being sold free of Encumbrances and in a manner reasonably designed to solicit all possible buyers, and (c) assuming that both the buyer and selling party have reasonable knowledge of relevant facts.

“GAAP” means United States generally accepted accounting principles as in effect from time to time, consistently applied.

“Governance Matrix” means the Sacred Trust Network Sponsorship/Governance Authority Matrix as set forth in Appendix B, as adopted or amended by the JOC Board from time to time subject to the reserved rights of the Members and Sponsor.

“Health Care Laws” means, to the extent applicable, (i) the False Claims Act, 31 U.S.C. §§3729 et seq.; (ii) Civil Monetary Penalties Law, 42 U.S.C. §1320a 7a; (iii) federal and state anti-kickback statutes, including, but not limited to, 42 U.S.C. §1320a 7b (also known as the “Anti-Kickback Statute”); (iv) federal and state referral laws, including, but not limited to 42 U.S.C. §1395nn (also known as the “Stark Law”); (v) criminal false claims statutes (e.g., 18 U.S.C. §§ 287 and 1001), (vi) the Program Fraud Civil Remedies Act of 1986 (31 U.S.C. § 3801 et seq.), (vii) the anti-fraud and related provisions of the Health Insurance Portability and
Accountability Act of 1996, as amended by the Health Information Technology Economic Clinical Health Act of 2009 (e.g., 18 U.S.C. §§ 1035 and 1347), (viii) TRICARE Laws (10 U.S.C. § 1071 et seq.), (ix) rules or regulations promulgated pursuant to any of the foregoing statutes; or (x) any other federal or state law or regulation of general applicability to health care services fraud and kickback/fee-splitting prohibitions governing or regulating the delivery of health care services and management of health care providers, or regulating medical billing or reimbursement, including but not limited to all applicable Medicare and Medicaid statutes and regulations, in each case including the regulations promulgated under such laws, as amended and superseded from time to time.


“Independent Appraiser” means a nationally or regionally recognized business valuation firm, which firm shall be independent of and otherwise not an Affiliate of either Member.

“Independent Third Person” means any Person that is not the JOC, a Member, or any of their respective Affiliates.

“Initial Capital Contribution” shall have the meaning set forth in Section 9.2(a).

“JAMS” shall have the meaning set forth in Section 15.1.

“JOC” shall have the meaning set forth in the preamble.

“JOC Board” shall have the meaning set forth in Section 8.1.

“JOC EBIDA” shall have the meaning set forth in Section 9.1.

“JOC-Owned Assets” shall have the meaning set forth in Section 3.2(c)(ii).

“JOC-Owned Entities” shall have the meaning set forth in Section 3.2(c)(iii).

“JOC Participation Agreements” means the JOC Participation Agreements entered into as of the Effective Date by and between the JOC and each of the JOC Participants.

“JOC Participants” means the AH Participating Entities and the SJHS Participating Ministries.

“Legal Impediment” means (a) the adoption, amendment or other modification of any federal, state or local law, regulation or ordinance, (b) an interpretation of such a law, regulation or ordinance by a governmental agency or court that nationally recognized health care counsel engaged by a Member determines is more likely than not to be upheld in a court of law, or (c) published guidance from any federal, state or local government, agency, authority, commission or other governmental body, in each case that would reasonably be expected to cause any term, covenant, condition or provision of this Agreement or any Related Party Transaction, or the manner in which the JOC or the Sacred Trust Network is operated (i) to jeopardize the licensure of any JOC-Owned Asset or JOC-Owned Entity or any hospital or other facility owned or operated by such Member or any of its respective Affiliates, the participation of any hospital or other facility owned or operated by such Member or any of its Affiliates (other than a JOC-
Owned Asset or JOC-Owned Entity) in the Medicare, Medi-Cal or any other governmental healthcare financing program, the accreditation of any JOC-Owned Asset or JOC-Owned Entity or any hospital or other facility owned or operated by such Member or any of its respective Affiliates by The Joint Commission or any other nationally recognized, Medicare deeming accreditation organization, or (ii) to violate any applicable statute, regulation or ordinance in any manner that could reasonably be expected to have a material adverse effect on such Member or any of its respective Affiliates.

“Legal Impediment Negotiation Period” has the meaning set forth in Section 3.10.

“Legally Impacted Member” has the meaning set forth in Section 3.10.

“Material Deadlock” shall have the meaning set forth in Section 8.8(a).

“Material Debt Obligation” means borrowings, promissory notes, debt instruments, or guaranties by or on behalf of the JOC, any JOC-Owned Entity or any JOC Participant that would cause the aggregate debt obligations of the JOC, such JOC-Owned Entity or such JOC Participant to exceed an amount equal to twenty-five percent (25%) of such Person’s most recent 12-month trailing EBIDA.

“Master Formation Agreement” means that certain Master Formation Agreement for the Formation of Sacred Trust Network by and between SJHS and AH dated as of April 10, 2018.

“Membership Interest” means a Member’s entire interest in the JOC, including the Member’s Economic Interest, any right to vote on or participate in management and any right to receive information concerning the business and affairs of the JOC.

“Member”, and collectively, the “Members” shall have the meaning set forth in the Recitals to this Agreement.

“Non-Employed Directors” shall have the meaning set forth in Section 8.2.

“Payor” means any third-party payor, including employers, trusts, state and federal governmental health care programs, health insurance companies, health plans and health maintenance organizations, preferred provider organizations and other entities authorized by applicable law to underwrite, sponsor or administer a plan of health care benefits.

“Percentage Interest” means the Economic Interest of a Member, expressed as a percentage, as may be adjusted from time to time in accordance with the provisions of this Agreement.

“Person” means any natural person, partnership, corporation, trust, association or other legal entity.

“Presumptive Split” means the allocation of JOC EBIDA to the Members in accordance with Appendix C to this Agreement.

“Proprietary Information” means any information in whatever form or format (including any formula, pattern, compilation, device, method, technique or process) that has economic value from not being generally known to the public or to other persons and includes confidential
information about a Member or the JOC, its patients, customers, suppliers, joint venturers, licensors, licensees, distributors, and other persons with whom such Member or the JOC does business. Proprietary Information includes, without limitation, confidential information relating to the business of such Member or the JOC, internal business procedures, processes, techniques, methods, ideas, discoveries, developments, records, research and development data and programs, trade secrets, computer programs and protocols, software, development tools and architectures, patient or customer lists and related information, contract terms, contracting policies, sales data, sales programs, computer programs, fee schedules, budgets, business plans, financial information and data, policies and procedures, information and records relating to providers and provider relationships, information and records relating to enrollee and patient claims and medical history, information and records relating to third-party payors and payor relationships, personnel and payroll information, and any other such information that is deemed confidential and/or proprietary. Proprietary Information shall not include (A) information independently developed without use of Proprietary Information; (B) information that is or becomes publicly known through no breach of the terms of this Agreement; and (C) information that a person lawfully acquires from a person not subject to obligations of confidentiality.

“PSJH” means Providence St. Joseph Health, a California nonprofit public benefit corporation and the sole corporate member of SJHS.

“Qualifying Organization” means (i) an organization that qualifies for exemption under the Code Section 501(c)(3) and California Tax Code Section 214; or (ii) a government entity that is considered a governmental unit or wholly owned instrumentality of a state or political subdivision for purposes of the Code and that is exempt from property taxation under Section 3 of Article XIII of the California Constitution, as to property owned by the state under subdivision (a), or as to property owned by a local government under subdivision (b), or as to property used exclusively for public schools, community colleges, state colleges and state universities under subdivision (d).

“Related Party Dispute” has the meaning set forth in Section 7.5.

“Related Party Transactions” means any lease, contract or agreement or any other transaction or arrangement involving payments or remuneration between the JOC and any Member or an Affiliate of a Member.

“Sacred Trust Network” shall mean the network of hospitals, clinics and other health care facilities and services operated by the JOC Participants from time to time.

“Sacred Trust Region” shall have the meaning set forth in Section 3.2(b).

“Regional Senior Executive Meet and Confer Period” shall have the meaning set forth in Section 8.8(c).

“Regional Senior Executives” shall have the meaning set forth in Section 8.8(c).

“SJHS” shall have the meaning set forth in the preamble.

“SJHS Directors” shall have the meaning set forth in Section 8.2.
“SJHS Non-Employed Director” shall have the meaning set forth in Section 8.2.

“SJHS Participating Ministries” shall mean and include: (a) St. Joseph Health Northern California, LLC (which owns and operates the hospital facilities known as Santa Rosa Memorial Hospital, Queen of the Valley Medical Center, St. Joseph Hospital of Eureka, and Redwood Memorial Hospital of Fortuna); and (b) St. Joseph Home Care Network.

“SJHS Proposed Action” shall have the meaning set forth in Section 3.5(b)(ii).

“Sponsor” shall mean the Co-Sponsors’ Council, the group of individuals serving Providence Ministries and St. Joseph Health Ministry, who have agreed to exercise the authority and responsibilities as the corporate member of Providence St. Joseph Health from a civil law perspective, and who have covenanted to ensure the healing ministry of Jesus is carried out in a manner consistent with the Mission and in fidelity with the Catholic Church from a canon law perspective.

“Statement of Common Values” means the SJH Statement of Common Values, dated December 12, 2012, and as adopted or amended by the Covenant Health Network Board of Directors from time to time.

“Supermajority Board Approval” shall have the meaning set forth in Section 8.5.

“Tax-Exemption Impediment” means any law or regulation passed, adopted or implemented by any governmental authority after the Effective Date, or any decision, finding, interpretation or action by any governmental authority after the Effective Date, which, in the written reasoned opinion of nationally recognized tax-exemption counsel engaged by a Member for such purpose, as a result or consequence, in whole or in part, of the arrangement between the Members set forth in this Agreement or any Related Party Transaction, or a Member’s ownership interest in the JOC, if or when implemented, could reasonably be expected: (A) to result in or present a material risk of revocation of the federal tax-exempt status of such Member or any Affiliate of such Member, or their respective tax-exempt financial obligations; or (B) to prohibit or restrict the ability of such Member or any Affiliate of such Member to issue tax-exempt bonds, certificates of participation or other tax-exempt financial obligations.

“Tax-Exemption Impediment Negotiation Period” has the meaning set forth in Section 3.9.

“Tax Impacted Member” has the meaning set forth in Section 3.9.

“Transfer” means: (i) as a noun, any voluntary or involuntary sale, assignment, transfer, encumbrance, pledge, hypothecation, exchange or other disposition of any Membership Interest by any means whatsoever, whether by operation of law or otherwise; and (ii) as a verb, any action or actions taken by or on behalf of a Member which result in such sale, assignment, transfer, encumbrance, pledge, hypothecation, exchange or other disposition of any Membership Interest (or any portion thereof).

“True-Up” shall have the meaning set forth in Appendix E.

“Unresolved Legal Impediment” has the meaning set forth in Section 3.10.
“Unresolved Tax-Exemption Impediment” has the meaning set forth in Section 3.9.

2. **NAME.** The formal legal name of the JOC is “ST Network, LLC.” Subject to the terms of this Agreement and subject to compliance with applicable laws, the business of the JOC may be conducted under any other name that the JOC Board deems appropriate or advisable from time to time.

3. **PURPOSE AND DESCRIPTION OF THE SACRED TRUST NETWORK.**

3.1 **Function of the Joint Operating Company.** Subject to certain reserved powers by the Members and Sponsor, the JOC shall function as a joint operating company, and shall manage and have authority over the JOC Participants pursuant and subject to the terms of this Agreement, the JOC Participation Agreements and the Governance Matrix. The JOC represents the common and unifying commitment of the Members to work together for the good of the communities served by their respective health care facilities and ministries within the Sacred Trust Region. The Members share a common commitment to caring for the whole person through programs such as pastoral care, charity care, community wellness, health education, and care for the poor and vulnerable. This common commitment shall be continued and enhanced through the operations of the JOC and the Sacred Trust Network. However, at all times, governance and management of the JOC Participants shall be conducted in a manner that is respectful of and preserves the distinct identity, values, philosophy and tradition of such facilities and ministries as either Adventist or Catholic, as applicable.

3.2 **Principal Purpose.**

(a) The JOC is organized and shall be operated exclusively for one or more exempt purposes within the meaning of the Code Section 501(c)(3) and Sections 214 and 23701d of the California Revenue and Taxation Code (the “California Tax Code”). The JOC will be operated exclusively to further the exempt purposes of its Members as specified in the Code Section 501(c)(3) and California Tax Code Sections 214 and 23701d. Consistent with the foregoing, the principal purpose of the JOC is to carry on any lawful business or activity which may be conducted by a limited liability company under the California Limited Liability Company Act, as amended from time to time (the “Act”), including, specifically, the maintenance, management, promotion and operation of the Sacred Trust Network and related charitable health programs, services and businesses, and to exercise all other powers necessary or reasonably connected or incidental to such purpose and business that may be legally exercised by the JOC under the Act.

(b) In connection with and furtherance of the exempt purposes of the JOC, the JOC shall operate and manage an integrated healthcare delivery network throughout the counties of Humboldt, Lake, Mendocino, Napa, Solano, and Sonoma (the “Sacred Trust Region”), that recognizes and builds upon the unique and common elements of the Members’ respective heritages and faith traditions where they are committed to the healing ministry of Jesus and the common values of dignity, excellence and service.

(c) The JOC will achieve its purposes through:
(i) The management of the day-to-day affairs of each of the AH Participating Entities and the SJHS Participating Ministries, subject to Section 3.2(d) and pursuant to the terms and conditions of the JOC Participation Agreements;

(ii) The ownership of health care services, facilities and ministries, or assets contributed by the Members or acquired by the JOC after the Effective Date, subject to such JOC Board, Member and/or Sponsor approvals as may be required by this Agreement (collectively, the “JOC-Owned Assets”);

(iii) Membership or other ownership of investment interests in other Persons contributed by the Members or acquired by or formed by the JOC after the Effective Date, subject to such JOC Board, Member and/or Sponsor approvals as may be required by this Agreement (collectively, the “JOC-Owned Entities”); and

(iv) Entering into the arrangements described in Section 2.4(d) of the Master Formation Agreement.

(d) The JOC shall not govern, manage or finance the provision of activities and procedures that are contrary to the Directives at AH Participating Entities. Such activities and procedures shall be governed, managed and financed exclusively by AH subject to Section 3.5.

3.3 Agreement Regarding Furtherance of Charitable Purpose. The Members are exempt from taxation pursuant to Section 501(c)(3) of the Code. The JOC and the Members hereby agree as follows:

(a) The business of the JOC shall at all times be operated and managed in compliance with the mission and charitable purposes of the Members within the meaning of the Code Section 501(c)(3);

(b) The charitable purposes of the Members shall override any duty to maximize profits and shall serve as a guiding principle for the Members and the JOC Board in their decisions and voting on all matters;

(c) In carrying out its Members’ charitable purposes of promoting health and subject to the principle that community benefit overrides any duty to maximize profits, the JOC will:

   (i) Further the accomplishment of the tax-exempt purposes of the Members by enhancing the quality, availability, convenience, and access of health care services provided within the Sacred Trust Region, and by otherwise promoting the general health and well-being of persons residing in the Sacred Trust Region;

   (ii) Participate in Medicare and Medicaid programs to the extent permitted by applicable law;
(iii) Cause each of the JOC Participants to provide quality health care and health services to all persons needing care without regard to race, creed, color, religion, national origin, citizenship, sex, disability, age, insurance coverage, or ability to pay;

(iv) Act consistently with the charity care policies of the JOC and the JOC Participants to ensure that quality care services are available and provided to all members of the community and that no individual is denied care based on the individual’s financial status or inability to pay for the full cost of services; and

(v) Adopt a conflicts of interest policy to be applied to all Directors (the “Conflicts of Interest Policy”). The Conflicts of Interest Policy shall provide mechanisms for ensuring the disclosure of relevant financial interests and the manner in which such financial interests will be handled to prevent participation of interested Directors in JOC Board actions.

3.4 Additional Exemption Provisions.

(a) Political and Lobbying Activities. In no event may the JOC, or any other Person on behalf of the JOC, make any direct or indirect financial contribution to, or otherwise directly or indirectly endorse or oppose, any candidate for public office, carry on any Lobbying Activities, or engage in any other activities not permitted to be carried on by an organization exempt from Federal tax under Section 501(a) of the Code as an organization described in Section 501(c)(3) of the Code. For the purpose of this Agreement, “Lobbying Activities” are those activities that would constitute propaganda or otherwise attempting to influence legislation within the meaning of Section 501(c)(3) of the Code.

(b) Inurement and Private Benefit. No part of the net income or assets of the JOC shall ever inure the benefit of any officer of the JOC or any other private person, except that the JOC is authorized and empowered to pay reasonable compensation for services rendered, and to make payments and distributions in furtherance of its exempt purposes.

(c) Reasonable Compensation. The JOC shall follow policies and procedures reasonably calculated to ensure that all transactions involving payment for services are within the range of Reasonable Compensation for the services involved and that all transactions involving payment for property or the right to use property are within the range of fair market value for the property or right to use property involved in the transaction and reasonably calculated to ensure that neither the JOC nor any JOC-Owned Entity participates in an excess benefit transaction as defined in Section 4958 of the Code. For the purpose of this Agreement, “Reasonable Compensation,” as applied to the value of services, means the amount that would ordinarily be paid for like services by like enterprises (whether taxable or tax-exempt) under like circumstances, as determined in manner consistent with the standards for determining reasonableness of compensation as set forth in Section 162 of the Code.

(d) Requirements for and Limitations on Membership. Each Member of the JOC must be a Qualifying Organization. Any direct or indirect transfer of any Membership Interest in the JOC to any person other than a Qualifying Organization is prohibited.

(e) Dedication of Assets. All property and assets of the JOC (if any) is irrevocably dedicated to exempt purposes within the meaning of the Code Section 501(c)(3) and
California Tax Code Section 214. Upon dissolution, any assets remaining after the payment or provision for payment of debts and liabilities shall be distributed in accordance with Section 12.7 for use in furtherance of the exempt purposes of the JOC.

(f) **Limitations on Amendments.** Any amendment to the Articles of Organization and this Agreement must be consistent with the Code Section 501(c)(3) and California Tax Code Section 214.

(g) **Limitations on Mergers and Conversions.** The JOC is prohibited from merging with, or converting into, a for-profit entity.

(h) **Compliance with State Law.** The Articles of Organization of the JOC are consistent with the Act, and are enforceable at law and in equity.

3.5 **Religious Identity and Values.**

(a) Activities of SJHS, PSJH and the SJHS Participating Ministries are subject to the Directives and to Catholic teaching. The SJHS Participating Ministries will continue to be Catholic institutions and Affiliates of SJHS. The SJHS Participating Ministries will carry out the mission of SJHS and will comply with the mission, canonical or civil legal obligations of SJHS. Neither the JOC nor the JOC Board will exercise any control over the SJHS Participating Ministries which would cause the SJHS Participating Ministries to violate the mission, canonical or legal obligations of SJHS or the SJHS Participating Ministries. Any assets acquired by the JOC will not be considered by that very fact to become ecclesiastical goods; consequently, they will not be subject to canonical regulations regarding their administration. If existing ecclesiastical goods are acquired by the JOC, appropriate arrangements will be made beforehand regarding their administration and eventual alienation.

(i) If SJHS determines, in good faith, that any health care program, service, procedure or other action of AH or any of the AH Participating Entities could cause any SJHS Participating Ministry to violate the Directives or Catholic teaching (each, a “**Disputed AH Action**”), SJHS shall request in writing to AH the commencement of the Collaborative Process. Upon receipt of such written request, AH shall not implement any new program, service, procedure or other action until AH and SJHS have completed the Collaborative Process.

(ii) Similarly, if AH or any AH Participating Entity intends to implement any health care program, service, procedure or other action (each, an “**AH Proposed Action**”) at any AH Participating Entity that could reasonably be interpreted to cause any SJHS Participating Ministry to violate the Directives or Catholic teaching, AH shall provide advance written notification to SJHS and shall not implement the AH Proposed Action until AH and SJHS have completed the Collaborative Process.

(b) Subject to Section 3.5(a) and Section 3.5(c), the activities of AH and of the AH Participating Entities are not subject to, and will not become subject to, the Directives, the Statement of Common Values or Catholic teaching. The AH Participating Entities will continue to be Adventist institutions and Affiliates of AH. The AH Participating Entities will continue to carry out the mission of AH, comply with and adhere to the values, guidelines and corporate and system-wide policies of AH and the Seventh-day Adventist Church, including
policies to ensure that a substantial proportion of Management Level employees at the AH Participating Entities are members in regular standing of the Seventh-day Adventist Church. Subject to Section 3.5(a) and Section 3.5(c), neither the JOC nor the JOC Board will exercise any power or control over the AH Participating Entities which would cause the AH Participating Entities to violate the beliefs, mission, or legal obligations of the Seventh-day Adventist Church, AH or the AH Participating Entities. In order to preserve the Adventist culture and mission, hiring at the department director level and above (the “Management Level”) with respect to the AH Participating Entities shall be conducted at the respective AH Participating Entities by an individual designated by the chief executive officer of the AH Participating Entities. Policies shall be implemented to ensure that a substantial proportion of Management Level employees and above of the AH Participating Entities are members in regular standing of the Seventh-day Adventist Church.

(i) If AH determines, in good faith, that any health care program, service, procedure or other action of the Sacred Trust Network, SJHS or any of the SJHS Participating Ministries could cause AH or any AH Participating Entity to violate the core values of AH or of the Seventh-day Adventist Church (each, a “Disputed SJHS Action”, and, together with a Disputed AH Action, a “Disputed Action”), AH shall request in writing to SJHS the commencement of the Collaborative Process. Upon receipt of such written request, SJHS shall not implement any new program, service, procedure or other action until AH and SJHS have completed the Collaborative Process.

(ii) Similarly, if SJHS or any SJHS Participating Ministry intends to implement any health care program, service, procedure or other action (each, a “SJHS Proposed Action”, and, together with a AH Proposed Action, a “Proposed Action”) at any SJHS Participating Ministry that could reasonably be interpreted to cause any AH Participating Entity to violate the core values of AH or the Seventh-day Adventist Church, SJHS shall provide advance written notification to AH and shall not implement the SJHS Proposed Action until AH and SJHS have completed the Collaborative Process.

(c) Upon such request (as described in Section 3.5(a)(i) or Section 3.5(b)(i)); or notification (as described in as described in Section 3.5(a)(ii) or Section 3.5(b)(ii)), AH and SJHS shall engage in good faith in a collaborative process to evaluate and resolve the issues relating to the Disputed Action or Proposed Action in such a way that is not violative of (1) the Directives or of Catholic teaching, or (2) the core values of AH or of the Seventh-day Adventist Church, as further described in Sections 3.5(d), 3.5(e) and 3.5(f) (the “Collaborative Process”).

(d) The Collaborative Process shall involve communications and meetings between up to five (5) representatives designated by each of the Members, which representatives shall include the PSJH Senior Vice President of Theology and Ethics, two (2) members of the PSJH Co-Sponsors Council and one (1) SJHS mission leader, over a forty-five (45) day period commencing upon the date of receipt by AH of the SJHS notification or by SJHS of the AH notification (as applicable) during which the Members shall, in good faith, (i) discuss the specific Disputed Action or Proposed Action; (ii) determine whether the specific Disputed Action or Proposed Action is, as the case may be (A) in the interpretation of SJHS or the Roman Catholic Bishop of Santa Rosa, violative of the Directives or Catholic teaching; or (B) in the interpretation of the President of the Pacific Union Conference of the Seventh-day Adventist Church (the “AH Conference President”) or in the reasonable interpretation of AH, violative of
the core values of AH or of the Seventh-day Adventist Church; and (iii) if so determined by the Roman Catholic Bishop of Santa Rosa, SJHS, AH or the AH Conference President, as applicable, identify reasonable alternatives to the specific Disputed Action or the Proposed Action, or alternative ways in which the Disputed Action or Proposed Action may be implemented such that it is not violative of the Directives or of Catholic teaching, or of the core values of AH or the Seventh-day Adventist Church.

(e) Determinations regarding interpretation of the Directives and of Catholic teaching by SJHS or the Roman Catholic Bishop of Santa Rosa shall be made in good faith but shall not be subject to further analysis, interpretation, or dispute resolution and shall be controlling for purposes of this Section 3.5. The Roman Catholic Bishop of Santa Rosa has ultimate authority for interpreting the Directives.

(f) Determinations regarding interpretation of the core values of AH and of the Seventh-day Adventist Church by the AH Conference President shall be made in good faith but shall not be subject to further analysis, interpretation, or dispute resolution and shall be controlling for purposes of this Section 3.5. The AH Conference President has ultimate authority for interpreting the core values of AH and the Seventh-day Adventist Church.

(g) If at the conclusion of the collaborative period described in Section 3.5(d) the Members are unable to agree upon alternatives to a specific Disputed Action or specific Proposed Action that is determined (1) by the Roman Catholic Bishop of Santa Rosa to be violative of the Directives or Catholic teaching, or (2) by the AH Conference President to be violative of the core principles of AH or the Seventh-day Adventist Church, and the Party proposing the Proposed Action or engaging in such Disputed Action continues to implement the specific Proposed Action or fails to promptly cease the specific Disputed Action, or takes material steps to initiate a specific Disputed Action or specific Proposed Action, then the Member adversely effected by such specific Disputed Action or such specific Proposed Action shall have the right to cause dissolution of the JOC pursuant to Section 12.

3.6 Specific Reservation of Authority. The JOC recognizes that the individual AH Participating Entities (and not the JOC or the JOC Board) exclusively retain the (i) ownership of the assets related to; (ii) governance responsibility for; (iii) operational management of; and (iv) revenues and expenses generated by, the provision of certain procedures in existence at the time of closing that are contrary to the Directives to the extent provided at a particular AH Participating Entity. In the event of any inconsistency between this Section 3.6 and any other provision of the Agreement, this Section 3.6 shall prevail.

3.7 Compliance with Health Care Laws. The JOC’s operations are subject to the Health Care Laws, including the Anti-Kickback Statute. It is the intention of the JOC and its Members that the JOC be organized and operated in a manner that complies with the Health Care Laws, including the Anti-Kickback Statute.

3.8 Compliance Matters. The Members recognize the need to conduct the operations of the JOC in accordance with the highest standards of business ethics and integrity and in compliance with all applicable laws and regulations and governmental guidelines and pronouncements.
3.9 **Tax-Exemption Impediment.** The Members shall meet and confer in good faith as soon as reasonably practicable after an actual or potential Tax-Exemption Impediment is identified in order to discuss the reasonable alternatives and solutions to resolve such Tax-Exemption Impediment in a manner that will (a) allow the Member impacted or potentially impacted by such Tax Exemption Impediment (the “**Tax Impacted Member**”) and its Affiliates to retain their respective federal, state or local tax-exempt status; and (b) allow the Tax Impacted Member and its Affiliates to maintain and issue tax-exempt bonds, certificates of participation or other tax-exempt financial obligations. The Members shall negotiate in good faith with respect to alternatives and solutions to resolve such Tax-Exemption Impediment, including any modifications or amendments to this Agreement and/or the Related Party Transactions that may be necessary or appropriate to resolve such Tax-Exemption Impediment. Each Member will agree to any reasonable modifications or amendments to this Agreement and/or the Related Party Transaction proposed by the Tax Impacted Member, and such modifications or amendments shall be deemed reasonable if they (a) are narrowly construed to remedy or eliminate only the Tax-Exemption Impediment at issue and do not impair or restrict such Member’s rights any more than reasonably necessary to remedy or eliminate such Tax-Exemption Impediment; (b) do not involve any change to such Member’s Membership Interest or rights with respect to the capital, profits, losses, distributions or allocations of the JOC, and/or the reduction or any other material change in the compensation under the Related Party Transaction; and (c) do not involve any material change to such Member’s rights with respect to the governance or management of the JOC or the JOC Participants. In the event that the Members are unable to resolve a Tax-Exemption Impediment that could reasonably be expected: (i) to result in or present a material risk of revocation of the federal tax-exempt status of the Tax Impacted Member or any Affiliate of the Tax Impacted Member, or their respective tax-exempt financial obligations; or (ii) to prohibit or restrict the ability of the Tax Impacted Member or any Affiliate of the Tax Impacted Member to issue or maintain tax-exempt bonds, certificates of participation or other tax-exempt financial obligations within ninety (90) days after such Tax-Exemption Impediment is identified (each such period, the **“Tax-Exemption Impediment Negotiation Period,”** and each such Tax-Exemption Impediment, an **“Unresolved Tax-Exemption Impediment”**), then, following the end of the Tax-Exemption Impediment Negotiation Period, the Tax Impacted Member shall thereafter be entitled to terminate the JOC pursuant to Section 12.

3.10 **Legal Impediment.** The Members shall meet and confer in good faith as soon as reasonably practicable after an actual or potential Legal Impediment is identified in order to discuss the reasonable alternatives and solutions to resolve such Legal Impediment. The Members shall negotiate in good faith with respect to alternatives and solutions to resolve such Legal Impediment, including any modifications or amendments to this Agreement and/or the Related Party Transactions that may be necessary or appropriate to resolve such Legal Impediment. Each Member will agree to any reasonable modifications or amendments to this Agreement and/or the Related Party Transactions proposed by the Member impacted or potentially impacted by the Legal Impediment (the “**Legally Impacted Member**”), and such modifications or amendments shall be deemed reasonable if they: (a) are narrowly construed to remedy or eliminate only the Legal Impediment at issue and do not impair or restrict such Member’s rights any more than reasonably necessary to remedy or eliminate such Legal Impediment; (b) do not involve any change to such Member’s Membership Interest or rights with respect to the capital, profits, losses, distributions or allocations of the JOC, and/or the reduction or any other material change in the compensation under any Related Party Transaction; and (c)
do not involve any material change to such Member’s rights with respect to the governance or management of the JOC or the JOC Participants. In the event that the Members are unable to resolve a Legal Impediment in accordance with this Section 3.10 within ninety (90) days after such Legal Impediment is identified (each such period, the “Legal Impediment Negotiation Period”, and each such Legal Impediment, an “Unresolved Legal Impediment”), then, following the end of the Legal Impediment Negotiation Period, the Legally Impacted Member shall thereafter be entitled to terminate the JOC pursuant to Section 12.

4. **TERM.** The JOC shall have a perpetual term, subject to termination in accordance with this Agreement.

5. **PRINCIPAL PLACE OF BUSINESS.** The principal place of business of the JOC shall be in Santa Rosa, California. The JOC Board may relocate the principal place of business or establish additional offices from time to time.

6. **REGISTERED OFFICE AND REGISTERED AGENT.** The name of the JOC’s initial registered agent and the address of its initial registered office are set forth in the Articles of Organization on file with the California Secretary of State. The registered office and registered agent may be changed by the JOC Board from time to time in accordance with the requirements of the Act.

7. **MEMBERS.**

   7.1 **Percentage Interests.** Each Member has the Percentage Interest set forth opposite its name on Appendix A, as such Appendix A may be updated pursuant to this Agreement.

   7.2 **Action by the Members.** The Members shall act by vote of their governing boards subject only to limitations or requirements imposed by the Corporate Documents of the Member or applicable law. Unless and until a Member designates another individual to act on its behalf in its capacity as a “Member” pursuant to this Agreement, the Chief Executive Officer of AH is hereby authorized to act on behalf of AH in such capacity and the Chief Executive Officer of SJHS is hereby authorized to act on behalf of SJHS in such capacity. Designation of a different representative by a Member shall be pursuant to notice to the JOC Board and the other Member, duly executed on behalf of the Member by its Chief Executive Officer and Secretary.

   7.3 **Meetings of the Members.**

   (a) **Regular Meetings.** Regular meetings of the Members shall be held at least once annually at such dates, times and places as the Board shall from time to time determine. Whenever Members are required or permitted to take any action at a meeting, a written notice of the meeting shall be given not less than ten (10) days nor more than sixty (60) days before the date of the meeting to each Member entitled to vote at the meeting. The notice shall state the place, date, and hour of the meeting, the means of electronic transmission by and to the JOC or electronic video screen communication, if any, and the general nature of the business to be transacted. No other business may be transacted at that meeting. Meetings of the Members shall be presided over by the Chair of the Board or, in his or her absence, by the Vice Chair of the
Board. The Secretary of the JOC shall act as secretary of the meeting, but in his or her absence the chair of the meeting may appoint any person to act as secretary of the meeting. Notice of any regular meeting may be waived in writing (either before or after such meeting) and shall be waived by any Member by attendance at or participation in the meeting, unless the Member objects at the beginning of the meeting to the transaction of any business because the meeting is not lawfully called, noticed or convened.

(b) **Special Meetings.** Special meetings of the Members shall be held whenever called by or at the request of either Member or the JOC Board. Special meetings of the Members shall be held not less than ten (10) days after written notice is delivered to each Member as provided in Section 16.5 (Notices). Notice of each such special meeting shall specify the date, time and place of the meeting, and shall specify the purpose of the meeting. No other business may be transacted at that meeting. Notice of any special meeting may be waived in writing (either before or after such meeting) and shall be waived by any Member by attendance at or participation in the meeting, unless the Member objects at the beginning of the meeting to the transaction of any business because the meeting is not lawfully called, noticed or convened.

(c) **Telephonic Meetings Permitted.** Meetings of the Members may be conducted by conference telephone, electronic video screen communication or similar communications equipment, as long as all Members participating in the meeting can speak to and be heard by each other at the same time, and participation by such means shall constitute presence in person at a meeting.

(d) **Action in Lieu of a Meeting.** Any action required or permitted to be taken at any meeting of the Members may be taken without a meeting, if the Members unanimously consent thereto in writing, and the writing or writings are filed with the JOC’s records.

(e) **Quorum; Vote Required for Action.** All Members must be present to constitute a quorum for the transaction of business. An action of the Members requires a vote of each Member.

7.4 **Member Approval Rights.**

(a) **Member Approval Rights.** Notwithstanding any other provision of this Agreement, the JOC shall not be permitted to take and the JOC Board will not have the authority to approve, any of the following unless approved by the Members, and by the Sponsor as and to the extent required under Section 7.4(d).

(i) Any change to the mission, vision, philosophy or values of the JOC, the JOC-Owned Entities or the JOC Participants;

(ii) Any annual capital budgets of the JOC Participants, and any material modifications or amendments thereto that would require a Member to make capital contributions to the JOC Participants in order to provide funding for the capital expenditures set forth in such capital budgets;

(iii) Any Additional Non-Mandatory Contributions to the JOC by any Member;
(iv) Any sale, transfer, or other disposition of any material real property or all or any material portion of the assets of the JOC, any JOC-Owned Entity or any JOC Participant;

(v) Any merger, consolidation, dissolution or corporate reorganization involving the JOC, any JOC-Owned Entity or any JOC Participant;

(vi) Any transfer or issuance of any ownership or membership interest in the JOC, any JOC-Owned Entity or any JOC Participant to any person or entity, including the admission of any new Member of the JOC;

(vii) The closure or surrender of any general acute care hospital license of any general acute care hospital owned by the JOC, any JOC-Owned Entity or any JOC Participant;

(viii) Any change in the naming or branding of the JOC or any JOC-Owned Entity or any JOC Participant, or their respective facilities and ministries, businesses and/or service lines;

(ix) Any Material Debt Obligation of the JOC, any JOC-Owned Entity or any JOC Participant;

(x) Any alteration, amendment, restatement or repeal of any Corporate Document or mission statement of the JOC, any JOC-Owned Entity or any JOC Participant;

(xi) Any voluntary bankruptcy, liquidation or dissolution of the JOC, any JOC-Owned Entity or any JOC Participant;

(xii) Any Related Party Transaction or any material modification or amendment thereto; or

(xiii) Termination by mutual agreement of any Related Party Transaction prior to the expiration date of such Related Party Transaction.

(b) **AH Reserved Rights.** Notwithstanding any other provision of this Agreement, AH and/or the AH Participating Entities, as applicable, shall retain authority and remain responsible for, and neither the JOC Board nor the JOC shall have any authority with respect to, the following:

(i) The nomination and election of members of the boards of directors of the AH Participating Entities;

(ii) The appointment and removal of board officers of the AH Participating Entities;

(iii) All matters relating to the religious mission, vision or values of AH and/or the AH Participating Entities;
(iv) All matters relating to the offering, availability or provision by any AH Participating Entity of items, services, training, education or information with respect to reproduction or reproductive health, subject to Section 3.5;

(v) All matters relating to the offering, availability or provision by any AH Participating Entity of items, services, training, education or information with respect to end of life issues, subject to Section 3.5; or

(vi) The negotiation of collective bargaining agreements and/or determinations of dealings with organized labor for the AH Participating Entities.

(c) SJHS Reserved Rights. Notwithstanding any other provision of this Agreement, SJHS and/or the SJHS Participating Ministries, as applicable, shall retain authority and remain responsible for, and neither the JOC Board nor the JOC has authority with respect to, the following:

(i) The nomination and election of members of the boards of trustees of the SJHS Participating Ministries;

(ii) The appointment and removal of board officers of the SJHS Participating Ministries;

(iii) All matters relating to the religious mission, vision or values of SJHS and/or the SJHS Participating Ministries;

(iv) All matters relating to the offering, availability or provision by any SJHS Participating Ministry of items, services, training, education or information with respect to reproduction or reproductive health, subject to Section 3.5;

(v) All matters relating to the offering, availability or provision by any SJHS Participating Ministry of items, services, training, education or information with respect to end of life issues, subject to Section 3.5;

(vi) The negotiation of collective bargaining agreements and/or determinations of dealings with organized labor for the SJHS Participating Ministries; or

(vii) Diversity standards and goals with respect to the SJHS Participating Ministries.

(d) SJHS Sponsor Approval/Reserved Rights. Notwithstanding any other provision of this Agreement, the Sponsor of each SJHS Participating Ministry shall retain authority and remain responsible for the following, as each relates to the SJHS Participating Ministries:

(i) Approval of revisions to any statement of mission, vision and values of the JOC, the JOC-Owned Entities and/or the SJHS Participating Ministries;

(ii) Provision of input regarding and approval of any transaction with the Directives and/or Catholic identity implications;
(iii) Approval of criteria for delegated approval of, and, for those dispositions that do not meet such criteria, approval of, the sale or disposition of a SJHS Participating Ministry;

(iv) Approval of the sale or disposition of an entire SJHS Participating Ministry or recommendation of such disposition to the Holy See;

(v) Approval of changes to ministry portfolio and, as necessary, recommendation of approval of alienations to the Holy See;

(vi) Approval of diversity standards and/or goals for SJHS Participating Ministry boards, SJHS Participating Ministry board selection/nomination process and changes to such standards and/or processes;

(vii) Approval of nominations for SJHS Participating Ministry trustees nominated outside the St. Joseph Health Ministry approved process;

(viii) Approval of Sponsor’s trustees to SJHS Participating Ministry boards;

(ix) Approval of criteria for delegated approval of amendments to the Corporate Documents of a SJHS Participating Ministry;

(x) Approval of long term or short term financing for any SJHS Participating Ministry, including capital leases, changes to the SJHS obligated group and master indenture, and any SJHS or SJHS Participating Ministry bond issuance;

(xi) Provision of input regarding philanthropy with the Directives and/or Catholic identity implications;

(xii) Approval of advocacy statements and/or positions made or taken by the JOC affecting Catholic identity;

(xiii) Naming of a building in honor of a Sister;

(xiv) Approval of any new SJHS Participating Ministry service line proposals, creation of a majority investment in an Affiliate of SJHS, creation of a SJHS Participating Ministry joint venture or SJHS Participating Ministry management contract, in any case, implicating the Directives;

(xv) Resolution, in collaboration with the SJHS Participating Ministry and SJHS management and/or the SJHS governing board, of any Directive issues that should be reported to Church officials;

(xvi) Amendment to and oversight of approvals that are Canonically required and reserved to the Sponsor; and

(xvii) Any transfer or issuance of any ownership or membership interest in the JOC including the admission of any new Member of the JOC.
(e) **Member Covenants.** Each Member shall, and shall cause its respective JOC Participants to take any necessary action, including the removal and replacement of members of the JOC Participant’s governing board members, as may be necessary and appropriate to ensure that its respective JOC Participants:

(i) use commercially reasonable efforts to manage their businesses and affairs in a manner consistent with the operating and capital budgets approved and adopted by the JOC Board and/or the Members, as applicable, in accordance with this Agreement;

(ii) implement and take those actions directed and/or approved by the JOC Board and/or the Members, as applicable, in accordance with this Agreement;

(iii) maintain the physical plant and equipment of the JOC Participants in a manner consistent with the standards established by the JOC from time to time; and

(iv) maintain such standards, practices, protocols, policies and/or procedures as may be established by the JOC from time to time.

7.5 **Related Party Transactions.** In the event of any arbitration, litigation or other legal proceeding between the JOC and any Member or any Affiliate of any Member relating to any Related Party Transaction (each, a **“Related Party Dispute”**), such Member (the **“Conflicted Member”**) and the Directors appointed by such Conflicted Member shall not participate in any vote, approval or decision with respect to such Related Party Dispute (including any vote, approval or decision to initiate such Related Party Dispute), and the non-Conflicted other Member (the **“Disinterested Member”**) and the Directors appointed by such Disinterested Member shall have, notwithstanding anything to the contrary in this Agreement, the sole and exclusive right, power and authority to initiate, prosecute and defend, in the name and on behalf of the JOC, any Related Party Dispute that the JOC has or may have against such Conflicted Member or Affiliate of such Conflicted Member with which the JOC has a Related Party Dispute relating to a Related Party Transaction. Notwithstanding the foregoing, any action or decision requiring the approval, vote or consent of the Members or the JOC Board with respect to any such Dispute, shall require the approval, vote or consent of the Disinterested Member and/or a majority in interest of the Directors appointed by the Disinterested Member, as applicable.

7.6 **Withdrawal.** A Member may withdraw or resign as a Member from the JOC only with the approval of the other Member. If a Member does withdraw or resign without such required approval, the withdrawing Member shall not be entitled to receive any consideration for its Membership Interest, and such withdrawal shall constitute a material breach of this Agreement by the withdrawing Member under Section 12 of this Agreement. Additionally, if a Member does withdraw or resign without such required approval, as of the date of such withdrawal such withdrawing Member’s Membership Interest shall be converted into an Economic Interest only, such Member shall not have any approval or voting rights under Section 7 of this Agreement or the Act and the terms of Directors appointed by such Member including its Non-Employed Director (as defined in Section 8 of this Agreement) shall immediately end.
8. MANAGEMENT OF THE JOC

8.1 Management by the JOC Board. Subject to those decisions specifically reserved to one or more of the Members, the Sponsor or the JOC Participants pursuant to the Articles of Organization, this Agreement, the Governance Matrix or JOC Participation Agreements, and/or those actions or decisions for which approval of one or more of the Members or the Sponsors are required, pursuant to the Articles of Organization, this Agreement or the Act, the board of managers of the JOC (the “JOC Board”) shall have full and complete authority, power and discretion over the management of the business and affairs of the JOC, the JOC-Owned Entities and the JOC Participants, subject to Section 3.5 and Section 3.2(d). Without limiting the generality of the foregoing, subject to those decisions reserved to the Members, the Sponsor or the JOC Participants pursuant to the Articles of Organization, this Agreement, the Governance Matrix or the JOC Participation Agreements, and/or those actions or decisions for which approval of the Members or the Sponsor are required pursuant to the Articles of Organization, this Agreement, or the Governance Matrix, the JOC Board shall have full power and authority to, including but not limited to:

(a) Approve any change to the mission, vision, philosophy or values of the JOC, the JOC-Owned Entities and the JOC Participants;

(b) Appoint and remove (hire and fire) the President and Chief Executive Officer of the JOC (the “JOC CEO”);

(c) Approve and adopt annual operating budgets of the JOC, the JOC-Owned Entities and the JOC Participants, and any material modifications or amendments thereto;

(d) Approve and adopt annual capital budgets of the JOC, the JOC-Owned Entities and the JOC Participants, and any material modifications or amendments thereto, and any material unbudgeted capital expenditure of the JOC, any JOC-Owned Entity or any JOC Participant;

(e) Approve and adopt strategic plans with respect to the JOC, any JOC-Owned Entity and the JOC Participants and any material modifications or amendments thereto;

(f) Determine the services provided by the JOC, any JOC-Owned Entity and the JOC Participants, including the authority to direct the opening, closing, expansion, reduction and/or consolidation of facilities or ministries, patient care and administrative services or other major changes in the operation of a JOC Participant (including any facility or ministry operated by a JOC Participant);

(g) Approve the sale, transfer or other disposition of any real property or other material assets of the JOC, any JOC-Owned Entity or any JOC Participant, or the merger or consolidation of the JOC, any JOC-Owned Entity or any JOC Participant with or into any other Person;

(h) Approve the acquisition of any real estate or any material personal property by the JOC, any JOC-Owned Entity or any JOC Participant or the investment by the JOC, and JOC-Owned Entity or JOC Participant in any Person and/or the terms thereof, or any
material change in any investment the JOC, and JOC-Owned Entity or JOC Participant may have in any Person and/or the terms thereof, in all cases including the development and execution of any related agreements or documents;

(i) Develop and approve the charge master and pricing, the Payor contracting strategy and contracting arrangements with Payors for the services rendered by the JOC, the JOC-Owned Entities and the JOC Participants;

(j) Approve and adopt the charity care and/or patient financial assistance policies and procedures for the JOC, any JOC-Owned Entity and the JOC Participants;

(k) Determine and approve the clinical policies, procedures, metrics and standards for the JOC, the JOC-Owned Entities and the JOC Participants, subject to such approval by the applicable medical staffs as may be required under applicable medical staff bylaws;

(l) Approve any change in the naming or branding of the JOC, any JOC-Owned Entity, any JOC Participant or their respective facilities and ministries, businesses and/or service lines;

(i) Determine and approve the appropriate scope of decision-making authority, power and discretion to be delegated to the JOC CEO, the JOC Participants and/or management of the JOC from time to time; and

(m) Any material change with respect to the CBO Services provided to the JOC and/or the JOC Participants.

8.2 Board Composition. The JOC Board will consist of ten (10) voting members (the “Directors”). So long as AH continues to be a Member in the JOC, AH shall have the right to appoint five (5) Directors (the “AH Directors”), and so long as SJHS continues to be a Member in the JOC, SJHS shall have the right to appoint five (5) Directors including one designated by the Sponsor (the “SJHS Directors”). At least one (1) of the AH Directors shall be the President, Operations of AH (or his or her senior executive level designee), and at least one shall be a person who is not employed on a full-time or substantially full-time basis by AH or any of its Affiliates (the “AH Non-Employed Director”). At least one (1) of the SJHS Directors shall be the President, Operations of PSJH (or his or her senior executive level designee), and at least one shall be a person who is not employed on a full-time or substantially full-time basis by SJHS or any of its Affiliates (the “SJHS Non-Employed Director”, and, together with the AH Non-Employed Director, the “Non-Employed Directors”).

8.3 Director Terms. The initial Directors (other than the President/Operations of each of AH and PSJH or their respective senior executive level designees) shall be appointed for initial terms of one, two and three-years, respectively, to establish staggered terms. Thereafter, each Director (other than the President/Operations of each of AH and PSJH or their respective senior executive level designees) shall hold office for a three (3) year term. Directors are eligible for reappointment, except that a Director (other than the President/Operations of each of AH and PSJH or their respective senior executive level designees) who has served three (3) consecutive full three (3) year terms shall not be eligible for reappointment until at least one (1) year from the
expiration of his or her most recent term of office. Each other Director shall hold office until his or her death, disability or removal from the JOC Board.

8.4 Director Fiduciary Duties. Directors shall owe fiduciary duties of loyalty and care to the JOC and shall act in the best interest of the JOC, the Sacred Trust Network and the communities served by the Sacred Trust Network, without regard to impact that such act (or a failure to act) may have on any Member or any particular JOC Participant.

8.5 Director Removal and Replacement. An AH Director may be removed at any time, without cause or reason, by AH or by Supermajority Board Approval, and an SJHS Director may be removed at any time, without cause or reason, by SJHS or by Supermajority Board Approval. For purposes of removal of a Director from the JOC Board, “Supermajority Board Approval” shall mean the affirmative vote of seven (7) or more of the Directors. In the event of the death, disability or removal of any AH Director, AH shall have the right to appoint the successor AH Director, and, in the event of the death, disability or removal of any SJHS Director, SJHS shall have the right to appoint the successor SJHS Director. A person appointed to fill a vacancy of a Non-Employed Director shall serve for the unexpired term of his/her predecessor.

8.6 Meetings of the JOC Board.

(a) Regular Meetings. Regular meetings of the JOC Board shall be held on such dates and at such times and places (not less than once each calendar quarter) as the JOC Board shall from time to time determine. Regular meetings may be held without notice.

(b) Special Meetings. Special meetings of the JOC Board shall be held whenever called by or at the request of at least twenty-five percent (25%) of the Directors. Special meetings of the JOC Board shall be held not less than ten (10) days after written notice is delivered to each Director as provided in Section 16.5 (Notices). Notice of each such special meeting shall specify the date, time and place of the meeting, and shall specify the purpose of the meeting. No other business may be transacted at that Meeting. Notice of any special meeting may be waived in writing (either before or after such meeting) and shall be waived by any Director by attendance at or participation in the meeting, unless the Director objects at the beginning of the meeting to the transaction of any business because the meeting is not lawfully called, noticed or convened.

(c) Waiver. Whenever any notice is required to be given to any Director under this Agreement, a waiver thereof in writing signed by such individual, whether before or after the time stated therein, shall be equivalent to the giving of such notice. All such waivers shall be made a part of the minutes of the meeting.

(d) Quorum and Voting. The presence of a majority of the Directors, including at least three (3) AH Directors and at least three (3) SJHS Directors, shall be required to establish a quorum for any meeting of the JOC Board, and the affirmative vote of a majority of the Directors present at duly held meeting of the JOC Board, shall be required for the approval of any action by the JOC Board.
(e) **Action by Written Consent.** Action required or permitted to be taken at a meeting of the JOC Board may be taken without a meeting if the action is evidenced by one or more written consents describing the action taken, executed by all Directors, and such consent shall have the same force and effect as a vote at a duly held meeting.

(f) **Meeting Held by Telephone or Similar Communications Equipment.** Meetings of the JOC Board may be conducted by conference telephone, electronic video screen communication or similar communications equipment, as long as all Directors participating in the meeting can speak to and be heard by each other at the same time, and participation by such means shall constitute presence in person at a meeting.

8.7 **JOC Board Officers.** The JOC Board shall have a Chair and a Vice Chair. The initial JOC Board officers shall be those individuals specified in the Master Formation Agreement. Thereafter, the JOC Board officers shall be elected annually by the JOC Board.

(b) The Chair shall preside over meetings of the JOC Board and have such other duties and responsibilities, if any, as may be determined by the JOC Board. The Chair shall serve a term of one (1) year and the position shall alternate between an AH Director and an SJHS Director.

(c) The Vice Chair shall assist the Chair in his or her duties and, in the absence of the Chair, shall preside over meetings of the JOC Board. The Vice Chair shall have such other duties and responsibilities, if any, as may be determined by the JOC Board. The Vice Chair shall serve a term of one (1) year and the position shall alternate between an AH Director and an SJHS Director. The Chair and Vice Chair shall not be from the same organization (e.g., if the Chair is an SJHS Director, the Vice Chair will be an AH Director).

(d) The JOC Board may establish such other board officer positions, and define the duties and responsibilities of such positions, as may be determined by the JOC Board from time to time to be necessary or appropriate for the operation of the JOC.

8.8 **Resolution of JOC Board Deadlocks.**

(a) A **“Material Deadlock”** means the failure of the JOC Board, because of deadlock, to approve or disapprove:

(i) The annual operating or capital budget with respect to the JOC, the JOC Participants and the JOC-Owned Entities within six (6) months after the beginning of any Fiscal Year;

(ii) Appointment of the JOC CEO within six (6) months after the death, disability or other departure of the previous JOC CEO; or

(iii) Any other proposed action requiring approval of the JOC Board that, as a result of the Material Deadlock with respect to such proposed action, has had or could reasonably be expected to have a Material Adverse Effect on the assets, liabilities, prospects, conditions (financial or otherwise), business, operations or properties of the JOC and/or the JOC Participants, taken as a whole.
(b) Notwithstanding the foregoing, a Material Deadlock shall be deemed to exist only if the failure to approve or disapprove the proposed action occurs after good faith efforts by the JOC Board to approve or disapprove such action or resolve the deadlock, and either a formal vote thereon has been taken at at least two (2) duly held meetings of the JOC Board, or the JOC Board is unable to take a formal vote thereon as a result of the willful refusal of a sufficient number of Directors to establish a quorum to attend duly held meetings of the JOC Board.

(c) In the event of any Material Deadlock, the respective senior executives from the Members with primary responsibility for their respective Northern California operations (the “Regional Senior Executives”) shall meet and confer in good faith to resolve such Material Deadlock for a period of at least fifteen (15) but no more than thirty (30) days after the date of the second failure by the JOC Board to approve or disapprove the applicable action (the “Regional Senior Executive Meet and Confer Period”). In the event that the Senior Executives are unable to resolve such Material Deadlock during the Regional Senior Executive Meet and Confer Period, then the Chief Executive Officer of AH and the Chief Executive Officer of Providence shall meet and confer in good faith to resolve such Material Deadlock for a period of at least fifteen (15) but no more than thirty (30) days after the end of the Regional Senior Executive Meet and Confer Period (the “CEO Meet and Confer Period”). In the event that the Chief Executive Officers are unable to resolve such Material Deadlock within the CEO Meet and Confer Period, then the Members shall attempt in good faith to resolve such Material Deadlock through mediation under the Commercial Mediation Rules of the American Arbitration Association (“AAA”). The Members will jointly appoint a mutually acceptable mediator, seeking assistance in such regard from the AAA if they do not agree upon such appointment within ten (10) days after expiration of the Executive Meet and Confer Period applicable to such Material Deadlock. If such Material Deadlock remains unresolved thirty (30) days after completion of non-binding mediation with respect to such Material Deadlock pursuant to this Section, then either Member may initiate dissolution and termination of the JOC pursuant to Section 12 of this Agreement. In considering, negotiating and resolving any Material Deadlock, the Senior Executives, Chief Executives, mediator(s), and/or other individual(s) involved in resolving such Material Deadlock shall make decisions that are in the best interest of the JOC and the communities and patients served by the Sacred Trust Network.

(d) The third-party costs of any mediation with respect to resolution of a Material Deadlock, including fees and expenses of the mediator, as applicable, shall be borne equally by the Members. Each Member is responsible for its own costs related to any mediation with respect to resolution of a Material Deadlock.

8.9 Committees of the JOC Board. The JOC Board shall establish a standing Finance and Audit Committee and a Quality/Clinical Committee, and may from time to time establish committees and task forces as it deems necessary or appropriate and may by resolution, policy, or otherwise establish the composition, role, and duties of any committees; provided that, no committee shall have the power to take or approve any action requiring approval of the JOC Board, or a Member or Sponsor under the Articles of Organization, this Agreement, the Governance Matrix or the Act. Appointments to and removal from committees will be made by the JOC Board. The rules regarding notice, quorum and valid action of the
committees shall be the same in substance as the procedures in Section 8.6 or otherwise as set forth in the resolution, policy or other action of the JOC Board establishing such committee.

8.10 JOC Executive Leaders. The initial JOC CEO will be Kevin Klockenga. Following such initial appointment, the JOC Board will have the power and authority to appoint and remove (hire and fire) the JOC CEO. The JOC CEO will have the power and authority to appoint and remove (hire and fire) all other executive managers of the JOC; provided that at least one of the JOC CEO or the two other most senior executive positions of the JOC, as determined by the JOC Board from time to time, shall be a member in regular standing of the Seventh-day Adventist Church. A selection committee of the JOC Board shall work collaboratively with the JOC CEO to identify candidates to fill such senior executive roles.

8.11 No Compensation. Directors shall not be compensated for their services; however, the JOC may reimburse the Directors for reasonable travel and other expenses incurred.

8.12 Agents. The JOC Board may authorize one or more agents to enter into any contract or to otherwise act on behalf of the JOC. Such authority may be general or defined to specific instances, but shall not exceed the authority of the JOC Board under this Agreement. Unless authorized to do so by this Agreement or by the JOC Board, no employee or other agent of the JOC shall have any power or authority to bind the JOC in any way, to pledge its credit or to render it liable for any purpose.

9. FINANCIAL MATTERS.

9.1 Sharing of JOC EBIDA. The Members will share in the aggregate operating EBIDA generated by the JOC Participants (the “JOC EBIDA”) on a pro rata basis in accordance with the Presumptive Split, as determined and with payments made upon the terms and subject to the conditions set forth in Appendix C.

9.2 Capital Contributions, Additional Contributions.

(a) Initial JOC Cash Contributions. On the Effective Date, the Members will contribute initial cash to the JOC, in the amount set forth on Appendix A to fund the initial operating and capital expenses of the JOC (“Initial Capital Contribution”).

(b) Additional Mandatory JOC Cash Contributions. Upon request by the JOC Board, the Members will contribute additional cash, not to exceed Five Hundred Thousand Dollars ($500,000.00) in the aggregate and pro-rata in accordance with the Members’ then-current Percentage Interests, to fund (i) the ongoing and routine operating and capital expenses of the JOC, and (ii) such other investments or activities as set forth in the Initial Funding Plan (as defined below) (“Additional Mandatory Contributions”).

(c) Additional Non-Mandatory JOC Cash Contributions. Upon request by the JOC Board and subject to the approval of the Members, the Members will contribute such additional cash, in excess of the Additional Mandatory Contributions and pro-rata in accordance with the Members’ then-current Percentage Interests, as may be necessary to fund the non-
routine operating and capital expenses of the JOC (“Additional Non-Mandatory Contributions,” and together with the Additional Mandatory Contributions, the “Additional Capital Contributions”).

9.3 Form of Contributions; Remedies. All Capital Contributions shall be paid in U.S. Dollars, payable by wire transfer in immediately available funds or cashier’s check no later than the date specified in the notice thereof (the “Due Date”); provided, however, that each Member shall be afforded at least thirty (30) days after the notice is given to pay its share of any Additional Mandatory Contribution or Additional Non-Mandatory Contribution. In the event that a Member fails to comply with its obligation to contribute its portion of the Additional Capital Contribution on or before the Due Date (the “Non-Contributing Member”), the other Member (the “Contributing Member”) shall have the following options, which the Contributing Member(s) shall elect and/or exercise within ninety (90) days after the Due Date:

(a) the Contributing Member may elect to demand and receive the return of the Additional Capital Contribution actually made by such Contributing Member, and such Contributing Member may elect to pursue such other rights and remedies as may be available under this Agreement; or

(b) the Contributing Member may elect to treat the Additional Capital Contributions, and any contributions made by the Contributing Member on behalf of the Non-Contributing Member, as a loan to the JOC bearing interest at the then-current prime rate per annum (as published in the Wall Street Journal) plus one percent (1%), to be repaid to the Contributing Member upon such terms and conditions as the Contributing Member and the JOC Board shall agree.

9.4 No Priorities of Members. Except as set forth in this Agreement, no Member has the right to withdraw such Member’s Capital Contributions, and no Member has the right to demand or to receive JOC property other than cash in return for such Member’s Capital Contributions or has priority over the other Members, either as to the return of Capital Contributions or as to profits, losses or distributions.

9.5 Interest on Capital Contributions. No Member shall receive interest on such Member’s Capital Contribution.

9.6 Capital Account.

(a) Each Member shall have a capital account (each a “Capital Account”) on the books of the JOC that shall be increased by:

(i) The amount or value of the Member’s Initial Capital Contribution and any Additional Capital Contributions; and

(ii) Allocations to the Member of profit (or items thereof).

(b) And shall be decreased by:
The amount of money and the fair market value of JOC Property (net of liabilities secured by the distribution property that it assumes or takes subject to), distributed to such Member by the JOC, and

Allocations to such Member of loss (or items thereof).

In the event all or any part of a Member’s Membership Interest is Transferred, the transferee shall succeed to the Capital Account of the Transferring Member to the extent it relates to the Transferred Membership Interest. If a Member Transfers less than its entire Membership Interest in the JOC, the portion of the Transferring Member’s Capital Account that shall become the initial Capital Account of the transferee shall be equal to the Transferring Member’s Capital Account prior to such Transfer multiplied by the percentage of the Transferring Member’s Membership Interest being Transferred, as set forth in the pertinent Transfer documents. The Transferring Member’s remaining Capital Account shall be reduced by the amount of the transferee’s initial Capital Account.

9.7 Capital Funding Principles. The Members will fund the capital expenses associated with the operation of the JOC and the JOC Participants in a manner consistent with mutually agreed upon funding principles attached hereto as Appendix D.

9.8 Distributions. Within forty-five (45) days following the end of each calendar quarter, or at such more frequent intervals as the JOC Board may in its discretion from time to time determine to be appropriate, the JOC shall distribute any Cash Available for Distribution to the Members. If, at the time any Cash Available for Distribution is to be distributed to a Member, the Member also intends or is required to make any contribution, the JOC may treat an amount equal to the contribution as being simultaneously distributed to the Member and contributed by the Member to the JOC. Subject to the foregoing, any distribution of Cash Available for Distribution shall be made to the Members in accordance with their respective Percentage Interests.

9.9 Rights of Creditors. This Agreement is entered into between the JOC and the Members for the exclusive benefit of the JOC, the Members, and their respective successors and assigns. This Agreement is expressly not intended for the benefit of any creditor of the JOC or any Person other than the JOC, the Members and their respective successors and assigns. Except and only to the extent provided by applicable statute or as otherwise expressly provided in this Agreement, no Person other than the JOC, the Members and their respective successors and assigns shall have any rights under this Agreement or any agreement between the JOC and the Members with respect to any Capital Contribution or otherwise.

9.10 Fiscal Year. The accounting year of the JOC shall end on the last day of December of each year.

9.11 Bond Compliance. Neither the JOC nor the JOC Board will exercise any power or take or approve any action which, at the time the power is exercised or the action taken, would reasonably be expected to cause either Member or any JOC Participant to fail to satisfy the obligations, covenants, terms or conditions, or to be otherwise in violation of, any master trust indenture, supplemental master indenture, bond indenture, supplemental bond indenture, tax document or other loan or credit documents relating to any material Indebtedness of either
9.12 Corporate Services. Each Member will initially continue to provide corporate and other shared services to its respective JOC Participants post-transaction on the same terms as provided as of the Effective Date upon the terms and subject to the conditions set forth in the CBO Services Agreements. Each Party acknowledges that, beginning six (6) months following the Effective Date, the JOC may, upon approval by the JOC Board, direct the provision of corporate services to the JOC and the JOC Participants, including but not limited to, by consolidating the CBO Services to a Member and outsourcing the CBO Services to another third-party vendor.

10. ACCOUNTING AND RECORDS.

10.1 Accounting and Records. The books and records of the JOC, showing the assets and liabilities, revenues and expenditures, and all other aspects of the operations, transactions and financial condition of the JOC shall be kept, and the financial position and the results of its operations recorded, in accordance with the accounting method followed for federal income tax purposes. Such books initially shall be kept on an accrual basis; provided, however, that the JOC Board may from time to time change the accounting basis on which such books are kept as may be required or permitted by law. The books and records of the JOC shall reflect all JOC transactions and shall be appropriate and adequate for the JOC’s business. At a minimum, the JOC shall keep at its principal place of business the following records:

(a) A current list of the full name and last known business or residence address of each Member set forth in alphabetical order, together with the capital contributions, Capital Account, Presumptive Split, and Percentage Interest of each Member;

(b) The full name and business or residence address of each Director;

(c) A copy of the Articles of Organization and any and all amendments thereto, together with executed copies of any powers of attorney pursuant to which the Articles of Organization or any amendments thereto have been executed;

(d) Copies of the JOC’s federal, state, and local income tax or information returns and reports, if any, for the six (6) most recent taxable years;

(e) A copy of this Agreement and, any all amendments hereto, together with executed copies of any powers of attorney pursuant to which this Agreement or any amendments thereto have been executed;

(f) Copies of the financial statements of the JOC for the six (6) most recent years;

(g) The books and records of the JOC as they relate to the internal affairs of the JOC for at least the current and past four (4) fiscal years; and
(h) A true copy of business records relevant to the amount, cost, and value of all property owned, claimed, possessed by, or controlled by the JOC.

11. TRANSFER OF JOC MEMBERSHIP INTERESTS.

11.1 Restriction on Transfers. Except as otherwise permitted by this Section 11, no Member shall Transfer all or any portion of such Member’s interest in the JOC. Any purported Transfer not permitted under this Section 11 shall be null and void and of no force or effect whatsoever.

11.2 Permitted Transfers. A Member may only Transfer all or any portion of such Member’s Membership Interest in the JOC only with the prior written consent of the other Member.

11.3 Conditions to Transfer to Assignee. Subject to any other applicable provisions of this Section 11, a Transfer shall not be permitted under Section 11.2 to an assignee unless and until the following conditions are satisfied:

(a) The assignee is a Qualifying Organization;

(b) Any assignee that is not already a Member shall become a party to this Agreement as a Member by executing a counterpart signature page to this Agreement. In addition, each assignee shall execute such documents and instruments of conveyance as may be necessary or appropriate, in the opinion of counsel to the JOC, to effect such Transfer and/or to confirm the assignee’s agreement to be bound by the provisions of this Agreement;

(c) The assignor and assignee have reimbursed the JOC for all costs and expenses that the JOC reasonably incurs in connection with the Transfer; and

(d) The assignee provides the JOC with evidence, reasonably satisfactory to counsel for the JOC, of the authority of the assignee to become a Member and to be bound by the terms and conditions of this Agreement.

11.4 Effect of Admission of Assignee as Member. An assignee admitted as a Member shall have, to the extent of a Transfer of the Membership Interests, the rights and powers, and be subject to the restrictions and liabilities, of a Member and shall be liable for any obligations of the assignor to make Capital Contributions with respect to the Transfer of the Membership Interests; provided, however, that an assignee who is a new Member shall not be obligated for liabilities unknown to the assignee at the time of becoming a Member and not ascertainable from the JOC’s Articles of Organization. Notwithstanding the admission of its assignee as a Member, the assignor shall not be released from any liability the assignor may have to the JOC.
12. **TERMINATION AND DISSOLUTION.**

12.1 **SJHS Termination Events.** SJHS may, at its option, elect to terminate the JOC Participation Agreements and cause the JOC to be dissolved and terminated upon occurrence of any of the following (each, a “**SJHS Termination Event**”):

(a) Material breach of this Agreement by AH that is not cured to the reasonable satisfaction of SJHS within sixty (60) days of notice of such breach sent by SJHS to AH;

(b) Any Bankruptcy Event with respect to AH or any AH Participating Entity representing thirty percent (30%) or more of the aggregate 12-months’ trailing JOC EBIDA attributable to the JOC Participating Entities taken as a whole;

(c) Any exclusion of AH or any AH Participating Entity from participation in the Medicare or Medi-Cal programs representing thirty percent (30%) or more of the aggregate 12-months’ trailing JOC EBIDA attributable to the JOC Participating Entities taken as a whole;

(d) Any Change of Control of AH;

(e) Any Unresolved Legal Impediment in which SJHS or any SJHS Participating Ministry is the Legally Impacted Member;

(f) AH ceases to be a Qualifying Organization;

(g) Any Unresolved Tax-Exemption Impediment in which SJHS or any SJHS Participating Ministry is the Tax Impacted Member;

(h) The termination of a JOC Participation Agreement with any AH Participating Entity representing thirty percent (30%) or more of the aggregate 12-months’ trailing JOC EBIDA attributable to the JOC Participating Entities, taken as a whole;

(i) SJHS reasonably determines that SJHS is unable to continue its religious identity, mission, philosophy, or values through JOC participation as a result of any Disputed AH Action or AH Proposed Action that is not resolved to the satisfaction of The Roman Catholic Bishop of Santa Rosa after completion of the Collaborative Process in accordance with Section 3.5; or

(j) Any Material Deadlock that is not resolved by non-binding mediation in accordance with Section 8.8(c).

12.2 **AH Termination Events.** AH may, at its option, elect to terminate the JOC Participation Agreements and cause the JOC to be dissolved and terminated upon occurrence of any of the following (each, a “**AH Termination Event**”):

(a) Material breach of this Agreement by SJHS that is not cured to the reasonable satisfaction of AH within sixty (60) days of notice of such breach sent by AH to SJHS;
(b) Any Bankruptcy Event with respect to SJHS or any SJHS Participating Ministry representing thirty percent (30%) or more of the aggregate 12-months’ trailing JOC EBIDA attributable to the JOC Participating Entities taken as a whole;

(c) Any exclusion of SJHS or any SJHS Participating Ministry from participation in the Medicare or Medi-Cal programs representing thirty percent (30%) or more of the aggregate 12-months’ trailing JOC EBIDA attributable to the JOC Participating Entities taken as a whole;

(d) Any Change of Control of SJHS;

(e) Any Unresolved Legal Impediment in which AH or any AH Participating Entity is the Legally Impacted Member;

(f) SJHS ceases to be a Qualifying Organization;

(g) Any Unresolved Tax-Exemption Impediment in which AH or any AH Participating Entity is the Tax Impacted Member;

(h) The termination of the JOC Participation Agreement with any SJHS Participating Ministry representing thirty percent (30%) or more of the aggregate 12-months’ trailing JOC EBIDA attributable to the JOC Participating Entities, taken as a whole;

(i) AH reasonably determines that AH is unable to continue its religious identity, mission, philosophy, or values through JOC participation as a result of any Disputed SJHS Action or SJHS Proposed Action that is not resolved to the satisfaction of the AH Conference President after completion of the Collaborative Process in accordance with Section 3.5; or

(j) Any Material Deadlock that is not resolved by non-binding mediation in accordance with Section 8.8(c).

12.3 Dissolution Events. Subject to Section 12.4 below, the JOC shall be dissolved and terminated on the earlier of the following (each, a “Dissolution Event”):

(a) Election of SJHS in accordance with Section 12.1 upon the occurrence of any SJHS Termination Event;

(b) Election of AH in accordance with Section 12.2 upon the occurrence of any AH Termination Event; or

(c) The entry of a decree of judicial dissolution under the Act.

12.4 Dispute Regarding Termination. In the event of any dispute regarding any SJHS Termination Event or AH Termination Event, the Members shall maintain the status quo pending resolution of such dispute by arbitration proceedings in accordance with Section 15 of this Agreement. During the pendency of such arbitration proceedings, the Parties shall continue to comply with the terms and conditions of this Agreement, the JOC Participation
Agreements shall remain in effect, and the JOC shall not be dissolved and terminated until the resolution of such arbitration proceedings.

12.5 Certificate of Dissolution. Subject to Section 12.4, as soon as possible following the occurrence of any Dissolution Event, the Members shall execute a Certificate of Dissolution in the form prescribed by the California Secretary of State and file the Certificate of Dissolution as required by the Act.

12.6 Winding up/Unwind. Subject to Section 12.4, following the occurrence of a Dissolution Event, the JOC Participation Agreements shall immediately terminate and the JOC shall thereafter have no authority and/or control with respect to the business operation of the JOC Participants. The JOC shall continue solely for the purpose of winding up its affairs in an orderly manner, liquidating its assets, and satisfying the claims of its creditors. The JOC Board shall be responsible for overseeing the winding up and liquidation of the JOC, shall take full account of the liabilities of the JOC and assets, shall either cause its assets to be sold or distributed, and if sold, as promptly as is consistent with obtaining the fair market value thereof, shall cause the proceeds therefrom, to the extent sufficient therefor, to be applied and distributed as provided in Section 12.7 (Dissolution Distributions). The JOC Board winding up the affairs of the JOC shall give written notice of the commencement of winding up by mail to all known creditors and claimants whose addresses appear on the records of the JOC.

12.7 Dissolution Distributions. Upon any dissolution of the JOC, any assets remaining after the payment of liabilities shall be distributed to the Members pro-rata in accordance with the Presumptive Split based upon the Fair Market Value of such assets (as determined in accordance with Section 12.8 below) at the time of dissolution, subject to the following:

(a) Where appropriate, the JOC will distribute JOC-Owned Assets and/or JOC-Owned Entities based on geographic and/or historical affinity;

(b) Where not geographically and/or historically appropriate, each Member shall have the right to submit an offer to purchase or acquire JOC-Owned Assets and/or JOC-Owned Entities not located on the premises of or functionally related primarily to either Member;

(c) In all other cases, the Members shall use good faith efforts to agree upon a fair disposition, sale, monetization or other mutually acceptable result for any remaining assets, intangible assets or unrealized investments of the JOC;

(d) To the extent that the percentage of total net assets distributed to a Member pursuant to this Section 12.7 is different from the Presumptive Split, the Members will calculate a true-up pursuant to Appendix E and the Member will distribute/receive cash so that the net assets distributed to the Members equates to the Presumptive Split;

(e) The JOC will not distribute assets to Members who cease to be Qualifying Organizations; and
Upon dissolution, if the Members are no longer in existence, the remaining assets of the JOC will be distributed exclusively to Qualifying Organizations.

12.8 Determination of Fair Market Value. Upon any dissolution of the JOC, the Members of the JOC shall select a single Independent Appraiser to determine the Fair Market Value of JOC-Owned Assets and/or JOC-Owned Entities. In the event the Members are unable to agree on a single Independent Appraiser within thirty (30) days of the Dissolution Event (the “Dissolution Date”), then Fair Market Value shall be determined according to the following process:

(a) Each Member shall select one Independent Appraiser to determine the Fair Market Value of JOC-Owned Assets and/or JOC-Owned Entities and shall send written notice of the identity of its selected Independent Appraiser to the other Member within thirty (30) days of the Dissolution Date. Each Independent Appraiser shall prepare a written appraisal (each, an “Initial Appraisal”) of the Fair Market Value of JOC-Owned Assets and/or JOC-Owned Entities within thirty (30) days after its selection.

(b) If the Fair Market Value of JOC-Owned Assets and/or JOC-Owned Entities set forth in each of the Initial Appraisals are within ten percent (10%) of one another (as measured against the higher of the two numbers), then the Fair Market Value of JOC-Owned Assets and/or JOC-Owned Entities shall be an amount equal to the average of the respective Fair Market Value of the amounts set forth in the Initial Appraisals. If the Fair Market Value of JOC-Owned Assets and/or JOC-Owned Entities set forth in each of the Initial Appraisals is not within ten percent (10%) of one another, then the Independent Appraisers shall appoint a third Independent Appraiser. In such a case, the third Independent Appraiser shall prepare a written appraisal (the “Third Appraisal”) to determine the Fair Market Value of JOC-Owned Assets and/or JOC-Owned Entities within thirty (30) days after its appointment, and the final Fair Market Value of JOC-Owned Assets and/or JOC-Owned Entities shall be an amount equal to the average of the Fair Market Value of the amounts set forth in the two appraisals that are nearest to each other; provided, however, that if the Fair Market Value of JOC-Owned Assets and/or JOC-Owned Entities set forth in the Third Appraisal is within five percent (5%) of the average of Fair Market Value of the amounts set forth in the Initial Appraisals, then the Fair Market Value of JOC-Owned Assets and/or JOC-Owned Entities shall be the amounts determined and set forth in the Third Appraisal. The final Fair Market Value of JOC-Owned Assets and/or JOC-Owned Entities determined pursuant to the foregoing shall be final and binding on the Members.

(c) At any time during the appraisal process, and before final determination of the Fair Market Value of JOC-Owned Assets and/or JOC-Owned Entities, the Members may negotiate a mutually agreeable Fair Market Value of JOC-Owned Assets and/or JOC-Owned Entities, whereupon the appraisal process shall terminate.

(d) Each of the Members shall pay the fees of its own Independent Appraiser. The fees of any third Independent Appraiser or any mutually agreed single Independent Appraiser shall be shared equally between the Members. The Members shall provide each Independent Appraiser with reasonable access during normal business hours to such Persons, books and records and other information of JOC-Owned Assets and/or JOC-Owned Entities as the Independent Appraisers may reasonably request.
12.9 **Certificate of Cancellation.** The JOC Board shall cause to be filed in the office of, and on a form prescribed by, the California Secretary of State, a certificate of cancellation of the Articles of Organization upon the completion of the winding up of the affairs of the JOC.

13. **RESTRICTIVE COVENANTS.**

13.1 **New, Expanded or Renewed Affiliations by JOC Participants.** The Members shall not permit the JOC Participants to renew, expand or modify an existing Affiliation, or enter into a new Affiliation, without the approval of the JOC Board. Consistent with Section 3.5 of this Agreement, the JOC Board will determine the applicability of the Directives to new participants in the JOC that are not AH Participating Entities or SJHS Participating Ministries.

13.2 **Restrictions on Competitive Activities.** During the term of this Agreement, the Members shall not, and shall ensure that their respective Affiliates do not, for itself or on behalf of or in conjunction with any other Person, other than through the JOC (a) own or operate any Competing Health Facility or Services or Managed Care Network within the Sacred Trust Region, (b) provide management or other material administrative or support services to any Competing Health Facility or Services or Managed Care Network within the Sacred Trust Region, or (c) own or hold any ownership interest, membership interest or other financial interest in any Independent Third Person that owns or operates, or provides management or other material administrative or support services to, any Competing Health Facility or Services or Managed Care Network within the Sacred Trust Region. For purposes of this Agreement, “**Competing Health Facilities or Services**” means and includes (a) any general acute care hospital, (b) any “clinic” (within the meaning of Section 1200 of the Health and Safety Code), whether or not exempt from licensure under Section 1206, any medical office building, or other healthcare facility or ministry that provides services that are the same or similar to those provided by the JOC, any JOC Participant, or any JOC-Owned Entity. “**Managed Care Network**” means and includes any health plan, any risk-based or value-based contracting network (e.g., accountable care organizations) or other similar managed care network or program. Notwithstanding the foregoing, the activities of Heritage and AHPN pursuant to the arrangements described in Section 2.4(d) of the Master Formation Agreement shall not be deemed to violate this Section 13.2.

13.3 **Non-Solicitation.** Except to the extent prohibited by law, for so long as a Member is a Member of the JOC, such Member shall not, and shall cause its Affiliates not to, without the prior written consent of the other Member: (i) solicit independent contractors or employees of the JOC, any JOC-Owned Entity or any JOC Participant that is an Affiliate of the other Member to terminate or adversely change their relationship with the JOC or such JOC-Owned Entity or JOC Participant; or (ii) use any records, lists or Proprietary Information of the JOC for the purpose of advocating the termination or adverse change to any relationship between the JOC or such JOC-Owned Entity or JOC Participant and any such employee or independent contractor.
13.4 Proprietary Information.

(a) Each of the Members, the JOC Participants, and the JOC have certain Proprietary Information that is valuable and confidential, which provides a competitive advantage and which is not possessed by other entities. Each of the Members desires for each other Member and JOC to use such Proprietary Information for the benefit of the JOC during the term of this Agreement.

(b) During the term of this Agreement, and for a period of four years thereafter, no Member will use, copy, reveal, report, publish or otherwise disclose or make available to any person, either directly or indirectly, any Proprietary Information, except as may be necessary for performance of the duties and responsibilities of such Member hereunder or under another agreement between the Members or their Affiliates or with the prior written consent of the Member whose Proprietary Information is in issue, or as required by law. In any case, prior to any disclosure or use, the person to whom such Proprietary Information is disclosed shall be required to execute a confidentiality agreement in form and substance reasonably satisfactory to the Member whose Proprietary Information is to be disclosed.

(c) Violation of the provisions of this Section 13.4 would cause each of the other Members irreparable harm, and, without limiting the remedies for such breach, each Member may be enjoined at the insistence of the Member whose Proprietary Information is at issue. Upon termination of this Agreement for any reason or if any such Member ceases to be a Member of the JOC, absent the prior written consent of the Member whose Proprietary Information is at issue, it has no right to and shall cease all use of such Member’s Proprietary Information (and all embodiments thereof). No Member shall use the Proprietary Information of the others in any manner that might reasonably be construed as adverse or harmful to such Member or inconsistent with the terms of this Agreement.

(d) Medical records are not Proprietary Information, but shall remain confidential information at all times in accordance with the provisions of applicable law. Members will receive certain reports and other financial and operating information as a Member of the JOC, and such information, while Proprietary Information as to third parties, is not Proprietary Information as between the Members.

13.5 Injunctive Relief; Enforceability; Survival. If the provisions of this Section 13 are violated, in whole or in part, the JOC and its Members shall be entitled, upon application to any court of proper jurisdiction, to a temporary restraining order, preliminary injunction, permanent injunction or other injunctive relief to restrain and enjoin the Member from such violation without prejudice as to any other remedies the JOC or its Members may have at law or in equity. In the event of a violation, the Members agree that it would be virtually impossible for the JOC or its Members to calculate its monetary damages and that the JOC and its Members would be irreparably harmed. If the JOC or its Members seek such injunctive relief, neither the JOC nor its Members shall be required to post any bond with respect thereto, or, if a bond is required, it may be posted without surety thereon. If any restriction contained in this Section 13 is held by any court to be unenforceable, or unreasonable, as to time, geographic area or business limitation, the JOC and the Members agree that such provision shall be and is hereby reformed to the maximum durational or geographic limitation permitted by applicable laws. The Members further agree that the remaining restrictions contained in this
Section 13 shall be severable and shall remain in effect and shall be enforceable independently of each other. The Members specifically acknowledge, represent and warrant that the covenants set forth in this Section 13 are reasonable and necessary to protect the legitimate interests of the JOC and its Members, including in their respective trade secrets and other Proprietary Information, and that no Member would have entered into this Agreement in the absence of such covenants. The provisions of this Section 13 shall survive withdrawal or removal of any Member and termination or expiration of this Agreement for any reason.

14. **LIMITATION OF LIABILITY.** No Member or Director shall have liability to the JOC or its Members for monetary damages for conduct as a Member or a Director, except for acts or omissions that involve a breach of this Agreement, gross negligence or reckless or intentional misconduct, a knowing violation of law, conduct violating the Act, or for any transaction from which the Member or the Director has personally received a benefit in money, property or services to which the Member or the Director was not legally entitled. If the Act is hereafter amended to authorize JOC action further limiting the personal liability of the Member or Directors, then the liability of each Member or Director shall be eliminated or limited to the full extent permitted by the Act, as so amended. To the maximum extent permitted by applicable law, the JOC shall indemnify each of its officers and persons serving on the JOC Board against expenses, judgments, fines, settlements and other amounts actually and reasonably incurred in connection with any proceeding arising by reason of the fact that any such person is or was an officer or person serving on the JOC Board of the JOC, and shall advance to such officer or person serving on the JOC Board expenses incurred in defending any such proceeding to the maximum extent permitted by applicable law. No repeal or modification of the Act or this Section 14 shall adversely affect any right or protection of a Member or a Director existing at the time of such repeal or modification for or with respect to an act or omission of such Member or Director occurring prior to such repeal or modification.

15. **DISPUTE RESOLUTION.**

15.1 For matters other than those described in Section 3.5, the Parties agree in the event of a dispute under this Agreement, the respective senior executives from the Members with primary responsibility for their respective Northern California operations (the “Senior Executives”) shall meet promptly (within five business days) and confer in good faith to resolve any disputed issue. Should the dispute not be resolved by the Senior Executives within thirty (30) days, then the Chief Executive Officer of AH and the Chief Executive Officer of SJHS shall meet and confer in good faith to resolve such dispute for a period of thirty (30) days. Should the dispute not be resolved by the Chief Executive Officers, the Parties agree to pursue non-binding mediation conducted by the Judicial Arbitration and Mediation Services, Inc. (“JAMS”) or AAA.

15.2 Should the dispute not be resolved through non-binding mediation, the parties shall pursue binding arbitration conducted by JAMS or AAA. The selection and number of arbitrator(s) shall be determined by agreement of the Parties. The prevailing Party shall be entitled to reasonable costs and attorney fees (including allocated costs of in-house counsel) incurred in bringing any action or proceeding, declaratory or otherwise, arising out of or relating to this Agreement. Nothing in this Section 15.2 shall constitute a waiver of any of the benefits of a statute of limitations or equitable defense.
16. MISCELLANEOUS.

16.1 Entire Agreement. This Agreement, together with the Appendices, constitutes the entire Agreement between the parties hereto and supersedes any prior agreements, understandings and arrangements, oral or written, between the parties hereto with respect to the subject matter hereof.

16.2 Construction. Unless the context otherwise indicates, words importing the singular shall include the plural and vice versa and the use of the neuter, masculine, or feminine gender is for convenience only and shall be deemed to mean and include the neuter, masculine, or feminine gender.

16.3 Successors and Assigns. Each and all of the covenants, terms, provisions and agreements herein contained shall be binding upon and inure to the benefit of the parties hereto and, to the extent permitted by this Agreement, their respective legal representatives, successors and assigns.

16.4 Amendment and Waiver. Except as otherwise provided in this Agreement, no amendment of any provision of this Agreement shall in any event be effective, unless the same shall be in writing and signed by the Members. Amendments to this Agreement or to the JOC’s Articles of Organization shall be consistent with Section 501(c)(3) of the Code. Any of the terms or conditions of this Agreement may be waived at any time by the Member which is entitled to the benefit thereof (on its own behalf and on behalf of its JOC Participants), but only by a written notice signed by the Member waiving such terms or conditions. The waiver of any term or condition of this Agreement shall not be construed as a waiver of any other term or condition of this Agreement.

16.5 Notices. All notices required or permitted hereunder shall be in writing and shall be served on the Member at the addresses set forth in below. Any such notices shall be either: (a) sent by overnight delivery using a nationally recognized overnight courier, in which case notice shall be deemed delivered one business day after deposit with such courier; or (b) sent by personal delivery, in which case notice shall be deemed delivered upon receipt. A Member’s address may be changed by written notice to the other party; provided, however, that no notice of a change of address shall be effective until actual receipt of such notice.

To SJHS: St. Joseph Health System
Attn: Mike Butler, President
3345 Michelson Drive
Irvine, CA 92612

With copy to: Yemi Adeyanju, Esq.
Associate General Counsel
Department of Legal Affairs
Providence St. Joseph Health
3345 Michelson Dr, Suite 100
Irvine, CA 92612
To AH: Adventist Health
     Attn: Bill Wing, President
     2100 Douglas Boulevard
     Roseville, California 95661

With copy to: Meredith Jobe, Esq.
     Vice President/General Counsel
     Law Department, Adventist Health System/West
     2100 Douglas Boulevard
     Roseville, CA 95661

16.6 Expenses. Except as otherwise expressly provided in this Agreement, each Member shall pay its own costs and expenses in connection with the relationship contemplated by this Agreement. If any action is brought by a Member to enforce any provision of this Agreement, the prevailing Member or Members shall be entitled to recover court costs, arbitration expenses and reasonable attorneys’ fees.

16.7 Counterparts, Electronic Signature. This Agreement and any amendment hereto may be signed in any number of counterparts, each of which, including any electronic copies, photocopies or facsimiles thereof, shall be deemed an original, but all of which taken together shall constitute one Agreement (or amendment, as applicable).

16.8 Governing Law. This Agreement shall be governed by and construed in accordance with the internal laws of the State of California.

16.9 Headings. Headings of articles and sections in this Agreement and the table of contents hereof are solely for convenience of reference, do not constitute a part hereof, and shall not affect the meaning, construction, or effect hereof.

16.10 Sections. All references to “Sections” in this Agreement are to Sections of this Agreement, unless otherwise specifically provided.

16.11 Partial Invalidity. The provisions in this Agreement are consistent with California law, enforceable in law and in equity. Notwithstanding the foregoing, in case any one or more of the provisions contained herein shall, for any reason, be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision of this Agreement, but this Agreement shall be construed as if such invalid, illegal or unenforceable provision or provisions had never been contained herein.

16.12 Assignment. Except as otherwise expressly permitted by this Agreement, the rights and obligations of a Member to this Agreement may be assigned only with the prior written consent of the other Members.

16.13 Third Party Beneficiaries. No third party may rely upon the terms of this Agreement or have any rights or claims by reason of this Agreement.
IN WITNESS WHEREOF, the Members and the JOC have adopted this Agreement effective as of the date first set forth above.

COMPANY: 
ST NETWORK, LLC,
a California limited liability company

By: ________________________________
Name: 
Title: 

MEMBER: 
ST. JOSEPH HEALTH SYSTEM,
a California nonprofit public benefit corporation

By: ________________________________
Name: 
Title: 

MEMBER: 
ADVENTIST HEALTH SYSTEM/WEST
a California nonprofit public benefit corporation

By: ________________________________
Name: 
Title: 
## Appendix A

### Members, Capital Contributions and Percentage Interests

<table>
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<tr>
<th>Name and Address of Members</th>
<th>Initial Capital Contributions</th>
<th>Percentage Interests</th>
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<tr>
<td>Adventist Health System/West 2100 Douglas Boulevard Roseville, CA 95661</td>
<td>$___</td>
<td>31%</td>
</tr>
<tr>
<td>St. Joseph Health System 3345 Michelson Drive Suite 100 Irvine, CA 92612</td>
<td>$___</td>
<td>69%</td>
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<tr>
<td><strong>Totals</strong></td>
<td></td>
<td><strong>100%</strong></td>
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Appendix B

Governance Matrix

See attached.
Appendix C

Sharing of JOC EBIDA after Capital Charge and Cost of Funds

SJHS: 69%

AH: 31%

1. Adjustments to the Presumptive Split and Percentage Interest. Every two (2) years, either Member may request a financial analysis to determine if an adjustment to the Presumptive Split/Percentage Interest is required in response to the following:

   a. A material change in a members supplemental, grant, or increased capitation payments received pursuant to the California Department of Health Care Services Quality Assurance Fee Program causes the JOC Participant’s overall EBIDA to decrease by (20%) in a fiscal year;

   b. Material change in the assets participated or withdrawn by a Member;

   c. Failure of one Member to make Additional Mandatory Contributions; or

   d. EBIDA of one Member relative to the other Member increases or decreases by more than (20%).

If a determination is made that the Presumptive Split/Percentage Interest requires adjustment, the Members shall agree to such adjustments.


   a. True-Up. In the event that, during any given quarter, the aggregate EBIDA after Capital Charges actually received by AH or SJHS differs from the Presumptive Split, AH or SJHS, as applicable, will pay to the other Member the amount necessary to cause the aggregate EBIDA after Capital Charges generated by the JOC Participants to be shared between the Members in accordance with the Presumptive Split (a “True-Up”).

   b. Quarterly Calculation. The JOC shall provide the Members with a quarterly True-Up calculation within fifteen (15) working days after quarter-end to facilitate the financial reporting of the Members. The True-Up will allow for adjustments from the previous quarters not included in the calculation.
Appendix D

Funding Principles

(a) Capital Funding Responsibility.

(i) Each Member is solely responsible for any and all capital funding necessary to ensure that its JOC Participants comply with applicable state and federal seismic building codes; and

(ii) Each Member is responsible for completing any JOC Participant strategic capital projects in progress at a JOC Participant facility as of the Effective Date.

(b) Capital Expenditure Methodology.

(i) The JOC shall establish the budget for two types of capital expenditures for each JOC Participant: (1) annual routine/strategic and (2) Episodic Capital.

(ii) The Members will agree upon the projects defined as Episodic Capital during the annual budget process.

(iii) Each Member will be responsible for funding annual routine/strategic capital expenditures at its respective JOC Participants.

(iv) The funding for the Episodic Capital shall be provided by the Member whose JOC Participant(s) receive the benefit of the strategic investment to which such Episodic Capital relates and will remain an asset of the JOC Member.

(v) “Cost of Funds” means the interest related to the Episodic Capital provided by the Member. The Cost of Funds will be PRIME Plus 1% on the date the Episodic Capital is approved or as otherwise approved by the JOC.

(vi) All JOC-Owned capital will be funded by each Member based on the Presumptive Split, unless otherwise agreed by the JOC.
Appendix E

True-Up Calculation

See attached.
PARTICIPATING MINISTRY AGREEMENT

BETWEEN

ST NETWORK, LLC

AND

ST. JOSEPH HEALTH NORTHERN CALIFORNIA, LLC

______________________, 2018
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PARTICIPATING MINISTRY AGREEMENT

This PARTICIPATING MINISTRY AGREEMENT (this “Agreement”) is made and entered into as ________, 2018 (the “Effective Date”), by and between ST Network, LLC, a charitable California limited liability company (the “JOC”), and St. Joseph Health Northern California, a charitable California limited liability company (“Participating Ministry”). JOC and Participating Ministry are sometimes referred to collectively in this Agreement as the “Parties” and individually as a “Party.”

RECITALS

WHEREAS, St. Joseph Health System, a California nonprofit public benefit corporation (“SJHS”), and Adventist Health System/West, a California nonprofit religious corporation doing business as Adventist Health (“AH”), have entered into a Master Formation Agreement dated April 10, 2018 (the “Master Formation Agreement”) for the purpose of establishing a joint operating arrangement to implement the shared goals and objectives of SJHS and AH;

WHEREAS, concurrently with the execution of this Agreement, SJHS and AH are entering into an Operating Agreement of ST Network, LLC (the “Operating Agreement”) that establishes the JOC as the organizational form through which SJHS and AH are integrating their respective delivery networks in the counties of Humboldt, Lake, Mendocino, Napa, Solano and Sonoma (“the Sacred Trust Region”);

WHEREAS, SJHS is the sole member of the Participating Ministry, through which it operates a regional health system of health care providers and ancillary organizations in the Sacred Trust Region;

WHEREAS, Participating Ministry owns and operates Santa Rosa Memorial Hospital, Queen of the Valley Medical Center, St. Joseph Hospital of Eureka, Redwood Memorial Hospital of Fortuna, and St. Joseph Health Network and other health care businesses and assets incident to the operation of the Participating Ministry (collectively, the “Hospitals”); and

WHEREAS, the JOC shall function as a joint operating company, and shall manage and have authority over the Participating Ministry pursuant and subject to the terms of this Agreement and the Operating Agreement.

NOW, THEREFORE, in consideration of the mutual promises, covenants and agreements contained in this Agreement, the Parties agree as follows:

[Signature page to Participating Ministry Agreement]
ARTICLE 1. DEFINITIONS

In addition to the words and terms elsewhere defined in this Agreement, the following words and terms as used in this Agreement shall have the following meanings unless the context or use indicates another or different meaning or intent:

“AAA” shall have the meaning set forth in Section 6.1.

“Act” means the California Limited Liability Company Act, 6 California Code Sections 18-101 et. seq. as amended from time to time (or any corresponding provisions of succeeding law).

“Affiliate” means, with respect to any Person, a Person that directly, or indirectly through one or more intermediaries’ controls, or is controlled by, or is under common control with, such Person. As used in this definition, the term “control” shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through ownership of voting securities, the ownership of membership interests or election or appointment of board members, or by contract or otherwise.

“Affiliation” means a material relationship or a material arrangement of any kind to: (a) merge with any Person; (b) consolidate with any Person; (c) enter into a Contract with any Person for the management and/or operation of any material health care facility or ministry; (d) lease any material health care facility or ministry to or from any Person; (e) become an Affiliate of any Person; (f) enter into any joint venture or other arrangement which involves the granting or one or more reserved powers or the sharing of profits and/or losses with any Person; or (g) enter into any arrangement with any Person by which such Person becomes a controlling entity. The JOC Board from time to time may establish standards as to what constitutes a material health care facility for purposes of this provision.

“Bankruptcy Event” means (a) the assignment by a Person for the benefit of creditors; (b) the commencement of a voluntary bankruptcy case by a Person; (c) the adjudication of a Person as bankrupt or insolvent; (d) the filing by a Person of a petition or answer seeking for such Person any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any statute, law or rule; (e) the filing by a Person of an answer or other pleading admitting or failing to contest the material allegations of a petition filed against such Person in any proceeding of this nature; (f) seeking, consenting to or acquiescing in the appointment of a trustee, receiver or liquidator for a Person or of all or any substantial part of such Person’s property; (g) the commencement of an involuntary bankruptcy case against a Person that has not been dismissed on or before the one hundred twentieth (120th) day after the commencement of the case; or (h) the appointment, without a Person’s consent, of a trustee, receiver or liquidator either of such Person or of all or any substantial part of such Person’s property, which appointment is not vacated or stayed on or before the ninetieth (90th) day after appointment or is not vacated on or before the ninetieth (90th) day after expiration of any such stay.

“Catholic Identity Standards” means a Catholic identity and operation in compliance with the latest edition of the *Ethical and Religious Directives for Catholic Health Care Services*
issued from time to time by the United States Conference of Catholic Bishops, as amended from
time to time.

“Change of Control” means with respect to any Person: (a) any transaction or series of
related transactions involving such Person and any Independent Third Person, including, without
limitation, merger or consolidation of such Person or other contract or arrangement, that results
in such Independent Third Person becoming the beneficial owner of more than fifty percent
(50%) of the then-outstanding voting securities or other voting membership or ownership
interests of such Person; (b) the sale, transfer or lease of all or substantially all of the assets
of such Person, in a single transaction or series of related transactions, to any Independent Third
Person; and/or (c) any joint venture, management arrangement or similar transaction with any
Independent Third Person that results in such Independent Third Person becoming the owner,
operator or manager of all or substantially all of the assets of such Person.


“Collaborative Process” shall have the meaning set forth in Section 3.5(b).

“Corporate Documents” means an entity’s articles of incorporation, code of regulations,
delegation agreement, corporate bylaws, partnership agreement, operating agreement,
governance matrices and comparable documents, as appropriate given the entity’s form of legal
organization.

“Delegated Authority” shall have the meaning set forth in Section 3.1.

“Disputed Action” shall have the meaning set forth in Section 3.5(a)(i).

“Fiscal Year” means the fiscal year of Participating Ministry as established by the
Participating Ministry from time to time. The accounting year of the JOC shall end on the last
day of December each year, as defined by Section 9.10 of the Operating Agreement.

“Governmental Authority” means any foreign, federal, state, municipal, national, local
government, or other governmental department, court, commission, board, bureau, agency or
instrumentality or political subdivision thereof, or any entity or officer exercising executive,
legislative or judicial, regulatory or administrative functions of or pertaining to any government
or any court, in each case, whether of the United States or any other country, or a state, territory
or possession thereof, or the District of Columbia, in each case having jurisdiction over the
applicable person or entity.

“Government Program” means Medicare, Medi-Cal and any other federal or state
health care financing programs.

“Governance Matrix” means the Sacred Trust Network Sponsorship/Governance
Authority Matrix as adopted or amended by the JOC Board from time to time subject to the
reserved rights of the Members and Sponsor.

“Independent Third Person” means any Person that is not a JOC Participant, JOC,
SJHS, AH, or an Affiliate of SJHS or AH.
“JOC Participants” means the AH Participating Entities and the SJHS Participating Ministries.

“Legal Impediment” means (a) the adoption, amendment or other modification of any federal, state or local law, regulation or ordinance, (b) an interpretation of such a law, regulation or ordinance by a governmental agency or court that nationally recognized health care counsel engaged by a Member determines is more likely than not to be upheld in a court of law, or (c) published guidance from any federal, state or local government, agency, authority, commission or other governmental body, in each case that would reasonably be expected to cause any term, covenant, condition or provision of this Agreement or any Related Party Transaction, or the manner in which the JOC or the Sacred Trust Network is operated (i) to jeopardize the licensure of any JOC-Owned Asset or JOC-Owned Entity or any hospital or other facility owned or operated by such Member or any of its respective Affiliates, the participation of any hospital or other facility owned or operated by such Member or any of its Affiliates (other than a JOC-Owned Asset or JOC-Owned Entity) in the Medicare, Medi-Cal or any other governmental healthcare financing program, the accreditation of any JOC-Owned Asset or JOC-Owned Entity or any hospital or other facility owned or operated by such Member or any of its respective Affiliates by The Joint Commission or any other nationally recognized, Medicare deeming accreditation organization, or (ii) to violate any applicable statute, regulation or ordinance in any manner that could reasonably be expected to have a material adverse effect on such Member or any of its respective Affiliates.

“Legal Requirements” means any foreign or domestic federal, state or local law, statute, code, ordinance, regulation, rule, consent agreement, constitution or treaty of any Governmental Authority and common law.

“Master Formation Agreement” has the meaning set forth in the Recitals to this Agreement.

“Material Debt Obligations” means borrowings, promissory notes, debt instruments or guaranties by or on behalf of the JOC, any JOC-Owned Entity or any JOC Participant that would cause the aggregate debt obligations of the JOC, such JOC-Owned Entity or such JOC Participant to exceed an amount equal to twenty-five percent (25%) of such Person’s most recent 12-month trailing EBIDA.

“Member” and collectively, the “Members” shall have the meaning set forth in the Recitals to the Operating Agreement.

“Operating Agreement” has the meaning set forth in the Recitals to this Agreement.

“Person” means any natural person, partnership, corporation, trust, association or other legal entity.

“Proposed Action” shall have the meaning set forth in Section 3.5(a)(ii).

“Qualifying Organization” means (i) an organization that qualifies for exemption under the Code Section 501(c)(3) and California Tax Code Section 214; or (ii) a government entity that is considered a governmental unit or wholly owned instrumentality of a state or political
subdivision for purposes of the Code and that is exempt from property taxation under Section 3 of Article XIII of the California Constitution, as to property owned by the state under subdivision (a), or as to property owned by a local government under subdivision (b), or as to property used exclusively for public schools, community colleges, state colleges and state universities under subdivision (d).

“Sponsor” means the Co-Sponsors’ Council, the group of individuals serving Providence Ministries and St. Joseph Health Ministry, who have agreed to exercise the authority and responsibilities as the corporate member of Providence St. Joseph Health from a civil law perspective, and who have covenanted to ensure the healing ministry of Jesus is carried out in a manner consistent with the Mission and in fidelity with the Catholic Church from a canon law perspective.

“Statement of Common Values” means the SJH Statement of Common Values, dated December 12, 2012, and as adopted or amended by the Covenant Health Network Board of Directors from time to time.

“Tax-Exemption Impediment” means any law or regulation passed, adopted or implemented by any governmental authority after the Effective Date, or any decision, finding, interpretation or action by any governmental authority after the Effective Date, which, in the written reasoned opinion of nationally recognized tax-exemption counsel engaged by a Member for such purpose, as a result or consequence, in whole or in part, of the arrangement between the Members set forth in this Agreement or any Related Party Transaction, or a Member’s ownership interest in the JOC, if or when implemented, could reasonably be expected: (A) to result in or present a material risk of revocation of the federal tax-exempt status of such Member or any Affiliate of such Member, or their respective tax-exempt financial obligations; or (B) to prohibit or restrict the ability of such Member or any Affiliate of such Member to issue tax-exempt bonds, certificates of participation or other tax-exempt financial obligations.

“Unresolved Legal Impediment” has the meaning set forth in Section 3.10 of the Operating Agreement.

“Unresolved Tax-Exemption Impediment” has the meaning set forth in Section 3.9 of the Operating Agreement.

ARTICLE 2. FUNCTION OF JOINT OPERATING COMPANY

Subject to certain reserved powers by the Members and Sponsor, the JOC shall function as a joint operating company, and, as such, shall manage and have authority over the Participating Ministry pursuant and subject to the terms of this Agreement and the Operating Agreement. The JOC represents the common and unifying commitment of the Members to work together for the good of the communities served by their respective health care facilities and ministries within the Sacred Trust Region. The Members share a common commitment to caring for the whole person through programs such as pastoral care, charity care, community wellness, health education, and care for the poor and vulnerable. This common commitment shall be continued and enhanced through the operations of the JOC and the Sacred Trust Network. However, at all times, governance and management of the Participating Ministry shall be
conducted in a manner that is respectful of and preserves the distinct identify, values, philosophy and tradition of SJHS.

ARTICLE 3. ROLE OF THE JOC AND THE GOVERNING BOARD

Section 3.1 JOC Management and Operation of Participating Ministry. Subject to the Participating Ministry Retained Rights (as defined in Section 3.3 below), and subject to those decisions specifically reserved to one or more of the Members and/or the Sponsor under the Articles of Organization or the Operating Agreement, including the Governance Matrix, and subject to Sections 3.4(b) and 3.5 below, the Participating Ministry hereby delegates to the JOC and the Board of Managers of the JOC (the “JOC Board”) full and complete authority, power, and discretion over the management of the business and affairs of the Participating Ministry and the Hospitals (the “Delegated Authority”), including, among other things, the authority, power and discretion to:

(a) Approve and adopt annual operating budgets of the Participating Ministry, and any material modifications or amendments thereto;

(b) Approve and adopt annual capital budgets of the Participating Ministry, and any material modifications or amendments thereto, and any material unbudgeted capital expenditure of the Participating Ministry;

(c) Approve and adopt strategic plans with respect to the Participating Ministry, and any material modifications or amendments thereto;

(d) Determine the services provided by the Participating Ministry, including the authority to direct the opening, closing, expansion, reduction and/or consolidation of facilities or ministries, patient care and administrative services or other major changes in the operation of the Participating Ministry;

(e) Approve the sale, transfer or other disposition of any material real property or other material assets of the Participating Ministry, or the merger or consolidation of the Participating Ministry with or into any other Person;

(f) Approve the transfer or issuance of any ownership or membership interest in the Participating Ministry to any Person;

(g) Develop and approve the charge master and pricing, the payor contracting strategy and contracting arrangements with third-party payors for the services rendered by the Participating Ministry;

(h) Approve and adopt the charity care and/or patient financial assistance policies and procedures for the Participating Ministry;

(i) Determine and approve the clinical policies, procedures, metrics and standards for the Participating Ministry, subject to such approval by the medical staffs of the Hospitals as may be required under the applicable medical staff bylaws;
(j) Approve the acquisition of any real estate or any material personal property by the Participating Ministry, or the investment by the Participating Ministry in any Person and/or the terms thereof, or any material change in any investment the Participating Ministry may have in Person and/or the terms thereof, in all cases including the development and execution of any related agreements or documents; and

(k) Determine and approve the appropriate scope of decision-making authority, power, and discretion to be delegated to the Participating Ministry from time to time.

Section 3.2 JOC Exercise of Delegated Management Authority. In the exercise of the Delegated Authority, the JOC shall operate and manage the Participating Ministry and the Hospitals (a) in a manner that is consistent with and in furtherance of the purposes of the Participating Ministry as set forth in the Corporate Documents of the Participating Ministry, and (b) in a manner that is consistent with Catholic Identity Standards pursuant to the terms of the Operating Agreement.

Section 3.3 Participating Ministry Retention of Authority. Participating Ministry is and shall remain the owner, provider and licensee of the Hospitals during the term of this Agreement and shall exercise the powers and discharge the responsibilities associated therewith. Nothing in this Agreement is intended or shall be construed to alter or adversely affect the Participating Ministry’s rights and responsibilities as owner, provider, or licensee of the Hospitals. Without limiting the generality of the foregoing and not withstanding Section 3.1 above, the Participating Ministry and the medical staffs of the Hospitals shall retain authority and remain responsible for the following (collectively, the “Participating Entity Retained Rights”):

(a) Responsibility for the exercise of those rights and the satisfaction of those obligations of the Participating Ministry or its medical staffs under the applicable medical staff bylaws, rules and regulations of the Hospitals;

(b) Responsibility for services furnished by the Hospitals as and to the extent required under 42 CFR 482.12(e);

(c) Responsibility for ensuring that the Hospitals comply with all applicable conditions of participation and standards for hospitals participating in Governmental Programs;

(d) Professional and administrative responsibility for the Hospitals facilities as and to the extent required under California Code of Regulations Title 22, Section 70713;

(e) Responsibility for ensuring that the Participating Ministry complies with any applicable standards for accreditation or certification by The Joint Commission or other hospital accreditation agency;

(f) Approval of such decisions or actions that cannot lawfully be delegated by the Participating Ministry or the medical staffs of the Hospitals to the JOC under state or federal law (including licensing and certification laws, rules and regulations) or applicable accreditation standards and requirements; and
(g) Responsibility for those decisions as may be delegated to the Participating Ministry by the JOC Board from time to time.

Section 3.4 Limitations on JOC’s Management Authority. Notwithstanding anything to the contrary contained in this Agreement, JOC shall not:

(a) take any actions with respect to the Participating Ministry that require the prior approval of or are reserved to the Member and/or the Sponsor under the Operating Agreement without first ensuring that such actions have been approved in accordance with the Operating Agreement;

(b) take any actions with respect to the Participating Ministry that require the prior approval of or are reserved to the Member and/or the Sponsor under the articles of incorporation and bylaws of the Participating Ministry without first ensuring that such actions have been approved in accordance with such sections of the articles of incorporation and bylaws of the Participating Ministry; or

(c) take or approve any action which, at the time the power is exercised or the action taken, would reasonably be expected to cause the Participating Ministry to fail to meet the obligations, terms or conditions, or to be otherwise in violation of, any master trust indenture, supplemental indenture or other loan document relating to any material debt financing of the Participating Ministry.

Section 3.5 Religious Identity and Values.

(a) Activities of SJHS, PSJH and the SJHS Participating Ministries are subject to the Directives and to Catholic teaching. The SJHS Participating Ministries will continue to be Catholic institutions and Affiliates of SJHS. The SJHS Participating Ministries will carry out the mission of SJHS and will comply with the mission, canonical or civil legal obligations of SJHS. Neither the JOC nor the JOC Board will exercise any control over the SJHS Participating Ministries which would cause the SJHS Participating Ministries to violate the mission, canonical or legal obligations of SJHS or the SJHS Participating Ministries.

(i) If AH determines, in good faith, that any health care program, service, procedure or other action of the Participating Ministry could cause AH or any AH Participating Entity to violate the core values of AH or of the Seventh-day Adventist Church (each, a “Disputed Action”), AH shall request in writing to SJHS the commencement of the Collaborative Process. Upon receipt of such written request, Participating Ministry shall not implement any new program, service, procedure or other action until AH and SJHS have completed the Collaborative Process.

(ii) Similarly, if SHJS or the Participating Ministry intends to implement any health care program, service, procedure or other action (each, a “Proposed Action”, at the Participating Ministry that could reasonably be interpreted to cause any AH Participating Entity to violate the core values of AH or the Seventh-day Adventist Church, SJHS and/or the Participating Ministry shall provide advance written notification to AH and the Participating Ministry shall not implement the SJHS Proposed Action until AH and SJHS have completed the Collaborative Process.
(b) Upon such request (as described in Section 3.5(a)(i)); or notification (as described in as described in Section 3.5(a)(ii)), AH and SJHS shall engage in good faith in a collaborative process to evaluate and resolve the issues relating to the Disputed Action or Proposed Action in such a way that is not violative of the core values of AH or of the Seventh-day Adventist Church, as further described in Sections 3.5(c), 3.5(d) and 3.5(e) (the “Collaborative Process”).

(c) The Collaborative Process shall involve communications and meetings between up to five (5) representatives designated by each of the Members, which representatives shall include the PSJH Senior Vice President of Theology and Ethics, two (2) members of the PSJH Co-Sponsors Council and one (1) SJHS mission leader, over a forty-five (45) day period commencing upon the date of receipt by SJHS of the AH notification or by AH of the SJHS notification (as applicable) during which the Members shall, in good faith, (i) discuss the specific Disputed Action or Proposed Action; (ii) determine whether the specific Disputed Action or Proposed Action is, in the interpretation of the President of the Pacific Union Conference of the Seventh-day Adventist Church (the “AH Conference President”) or in the reasonable interpretation of AH, violative of the core values of AH or of the Seventh-day Adventist Church; and (iii) if so determined by AH or the AH Conference President, identify reasonable alternatives to the specific Disputed Action or the Proposed Action, or alternative ways in which the Disputed Action or Proposed Action may be implemented such that it is not violative of the core values of AH or the Seventh-day Adventist Church.

(d) Determinations regarding interpretation of the core values of AH and of the Seventh-day Adventist Church by the AH Conference President shall be made in good faith but shall not be subject to further analysis, interpretation, or dispute resolution and shall be controlling for purposes of this Section 3.5. The AH Conference President has ultimate authority for interpreting the core values of AH and the Seventh-day Adventist Church.

(e) If at the conclusion of the collaborative period described in Section 3.5(c) the Members are unable to agree upon alternatives to a specific Disputed Action or specific Proposed Action that is determined by the AH Conference President to be violative of the core principles of AH or the Seventh-day Adventist Church, and the Party proposing the Proposed Action or engaging in such Disputed Action continues to implement the specific Proposed Action or fails to promptly cease the specific Disputed Action, or takes material steps to initiate a specific Disputed Action or specific Proposed Action, then the Member adversely effected by such Disputed Action or such specific Proposed Action shall have the right to cause dissolution of the JOC pursuant to Section 12 of the Operating Agreement.

ARTICLE 4. RESPONSIBILITIES OF THE PARTICIPATING MINISTRY

Section 4.1 Participation Fee. The Participating Entity shall pay to JOC a monthly fee (the “Participation Fee”) equal to the Participating Entity’s pro rata percentage of the JOC’s operating expenses, as determined on an accrual basis according to GAAP. For purposes of calculating the Participation Fee, the pro rata percentage applied shall be equal to the Participating Entity’s Net Patient Revenue as a percentage of the aggregate Net Patient Revenue of all Participating Entities. “Net Patient Revenue” shall mean the total net revenue of Participating Entity, which consists primarily of net patient service revenue that is recorded.
based on established billing rates less estimated discounts for contractual allowances, charity and bad debt allowances principally for patients covered by Government Health Care Programs and other health plans, and self-pay patients, all determined on an accrual basis in accordance with GAAP. The Participation Fee for each month shall be paid to the JOC on or before the fifteenth (15th) day of the succeeding month during the Term. Both the timing of the payment of the Participation Fee, and the formula by which the Participation Fee is determined, shall be subject to revision from time to time based on the affirmative vote of a majority of the members of the JOC Board.

Section 4.2 Participating Ministry Responsibilities. Subject to the JOC’s Reserved Rights and any reserved rights of the Members and/or Sponsor, the Participating Ministry shall, at all times during the term of this Agreement, use commercially reasonable efforts in good faith to:

(a) manage its businesses and affairs in a manner consistent with the operating and capital budgets approved and adopted by the JOC Board and/or the Members, as applicable, from time to time in accordance with the Operating Agreement;

(b) implement and take those actions directed and/or approved by the JOC Board and/or the Members, as applicable, from time to time in accordance with the Operating Agreement;

(c) ensure that the medical staff bylaws, rules and regulations are not modified or amended in a manner that frustrates the purposes of the JOC or interferes with the exercise or performance by the JOC of any right, power, or obligation arising under this Agreement or the Operating Agreement;

(d) maintain the physical plant and equipment of the Participating Ministry in a manner consistent with the standards established by the JOC from time to time; and

(e) maintain such standards, practices, protocols, policies and/or procedures as may be established by the JOC from time to time.

Section 4.3 JOC Approval Rights. Without limiting the generality of the delegation of authority to the JOC under Section 3.1, the Participating Ministry shall not, during the term of this Agreement, take or implement any of the following actions without the prior approval of the JOC Board and/or the Members and/or Sponsor, as applicable:

(a) Any change to the mission, vision, philosophy or values of the Participating Ministry;

(b) Any sale, transfer, or other disposition of any material real property or all or any material portion of the assets of the Participating Ministry;

(c) Any transfer or issuance of any ownership or membership interest in the Participating Ministry to any Person;
(d) Any acquisition of any real estate or any material personal property by the Participating Ministry or any material investment by the Participating Ministry in any Person, except as otherwise approved in any operating or capital budget approved by the JOC Board;

(i) The closure or surrender of any general acute care hospital license of the Participating Ministry;

(e) Any Material Debt Obligation of the Participating Ministry;

(f) Any merger, consolidation, dissolution or corporate reorganization involving the Participating Ministry;

(g) Any alteration, amendment, restatement or repeal of any Corporate Document or mission statement of the Participating Ministry;

(h) Any voluntary bankruptcy, liquidation or dissolution of the Participating Ministry;

(i) Any Related Party Transaction or any material modification or amendment thereto; or

(j) Any change in the naming or branding of the Participating Ministry and their respective facilities and ministries, businesses and/or service lines.

ARTICLE 5. TERM AND TERMINATION

Section 5.1 Term. The term of this Agreement shall commence on the Effective Date, and shall continue for a perpetual term, subject to termination upon the occurrence of a Dissolution Event (as defined in Section 12.3 of the Operating Agreement) and otherwise in accordance with this Agreement.

Section 5.2 JOC Termination Rights. The JOC may, at its option, elect to terminate this Agreement upon occurrence of any of the following (each, a “JOC Termination Event”):

(a) Material breach of this Agreement by the Participating Ministry that is not cured to the reasonable satisfaction of the JOC within sixty (60) days of notice of breach sent by JOC to the Participating Ministry;

(b) Any Bankruptcy Event with respect to the Participating Ministry;

(c) Any exclusion of the Participating Ministry from participation in the Medicare or Medi-Cal programs;

(d) Any Change of Control of the Participating Ministry;

(e) Any Unresolved Legal Impediment in which the JOC or the Participating Ministry is the Legally Impacted Member;
(f) The Participating Ministry ceases to be a Qualifying Organization; or

(g) Any Unresolved Tax-Exemption Impediment in which the JOC or the Participating Ministry is the Tax Impacted Member.

Section 5.3 Participating Ministry Termination Rights. The Participating Ministry may, at its option, subject to approval of SJHS, elect to terminate this Agreement upon occurrence of any of the following (each, a “Participating Ministry Termination Event”):

(a) Material breach of this Agreement by the JOC that is not cured to the reasonable satisfaction of the Participating Ministry within [sixty (60)] days of notice of such breach sent by the Participating Ministry to the JOC;

(b) Any Bankruptcy Event with respect to the JOC;

(c) Any Unresolved Legal Impediment in which the Participating Ministry is the Legally Impacted Member;

(d) Any exclusion of the JOC from participation in the Medicare or Medi-Cal programs;

(e) The JOC ceases to be a Qualified Organization; or

(f) Any Unresolved Tax-Exemption Impediment in which the Participating Ministry is the Tax Impacted Member.

Section 5.4 Effect of Termination. Upon the expiration or termination of this Agreement for any reason, all rights and responsibilities of the Parties will cease, except as otherwise specifically set forth in this Agreement.

ARTICLE 6. DISPUTE RESOLUTION

Section 6.1 Disputed Issue. For matters other than those described in Section 3.5 of the Operating Agreement, the Parties agree in the event of a dispute under this Agreement, the respective senior executives from the Members with primary responsibility for their respective Northern California operations (the “Senior Executives”) shall meet promptly (within five business days) and confer in good faith to resolve any disputed issue. Should the dispute not be resolved by the Senior Executives within thirty (30) days, then the Chief Executive Officer of AH and the Chief Executive Officer of SJHS shall meet and confer in good faith to resolve such dispute for a period of thirty (30) days. Should the dispute not be resolved by the Chief Executive Officers, the Parties agree to pursue non-binding mediation conducted by the Judicial Arbitration and Mediation Services, Inc. (“JAMS”) or American Arbitration Association (“AAA”).

Section 6.2 Arbitration. Should the dispute not be resolved through non-binding mediation, the parties shall pursue binding arbitration conducted by JAMS or AAA. The selection and number of arbitrator(s) shall be determined by agreement of the Parties. The
prevailing Party shall be entitled to reasonable costs and attorney fees (including allocated costs of in-house counsel) incurred in bringing any action or proceeding, declaratory or otherwise, arising out of or relating to this Agreement. Nothing in this Section 6.2 shall constitute a waiver of any of the benefits of a statute of limitations or equitable defense.

ARTICLE 7. MISCELLANEOUS

Section 7.1 Entire Agreement. This Agreement, together with the Appendices, constitutes the entire Agreement between the parties hereto and supersedes any prior agreements, understandings and arrangements, oral or written, between the parties hereto with respect to the subject matter hereof.

Section 7.2 Construction. Unless the context otherwise indicates, words importing the singular shall include the plural and vice versa and the use of the neuter, masculine, or feminine gender is for convenience only and shall be deemed to mean and include the neuter, masculine, or feminine gender.

Section 7.3 Successors and Assigns. Each and all of the covenants, terms, provisions and agreements herein contained shall be binding upon and inure to the benefit of the parties hereto and, to the extent permitted by this Agreement, their respective legal representatives, successors and assigns.

Section 7.4 Amendment and Waiver. Except as otherwise provided in this Agreement, no amendment of any provision of this Agreement shall in any event be effective, unless the same shall be in writing and signed by the Parties. Amendments to this Agreement shall be consistent with Section 501(c)(3) of the Code. Any of the terms or conditions 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 waiving such terms or conditions. The waiver of any term or condition of this Agreement shall not be construed as a waiver of any other term or condition of this Agreement.

Section 7.5 Notices. All notices required or permitted hereunder shall be in writing and shall be served on the Party at the addresses set forth in below. Any such notices shall be either: (a) sent by overnight delivery using a nationally recognized overnight courier, in which case notice shall be deemed delivered one business day after deposit with such courier; or (b) sent by personal delivery, in which case notice shall be deemed delivered upon receipt. A Party’s address may be changed by written notice to the other party; provided, however, that no notice of a change of address shall be effective until actual receipt of such notice.

To ST Network, LLC: ST Network, LLC
Attn: Kevin Klockenga, President and Chief Executive Officer
1111 Sonoma Avenue, Suite 308
Santa Rosa, CA 95405

To Participating Entity: ________________________________
Attn: ________________________________

_______________________________

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Section 7.6  Expenses.  Except as otherwise expressly provided in this Agreement, each Party shall pay its own costs and expenses in connection with the relationship contemplated by this Agreement.  If any action is brought by a Member to enforce any provision of this Agreement, the prevailing Member or Members shall be entitled to recover court costs, arbitration expenses and reasonable attorneys’ fees.

Section 7.7  Counterparts, Electronic Signature.  This Agreement and any amendment hereto may be signed in any number of counterparts, each of which, including any electronic copies, photocopies or facsimiles thereof, shall be deemed an original, but all of which taken together shall constitute one Agreement (or amendment, as applicable).

Section 7.8  Governing Law.  This Agreement shall be governed by and construed in accordance with the internal laws of the State of California.

Section 7.9  Headings.  Headings of articles and sections in this Agreement and the table of contents hereof are solely for convenience of reference, do not constitute a part hereof, and shall not affect the meaning, construction, or effect hereof.

Section 7.10  Sections.  All references to “Sections” in this Agreement are to Sections of this Agreement, unless otherwise specifically provided.

Section 7.11  Partial Invalidity.  The provisions in this Agreement are consistent with California law, enforceable in law and in equity. Notwithstanding the foregoing, in case any one or more of the provisions contained herein shall, for any reason, be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision of this Agreement, but this Agreement shall be construed as if such invalid, illegal or unenforceable provision or provisions had never been contained herein.

Section 7.12  Assignment.  Except as otherwise expressly permitted by this Agreement, the rights and obligations of a Party to this Agreement may be assigned only with the prior written consent of the other Party.

Section 7.13  Third Party Beneficiaries.  No third party may rely upon the terms of this Agreement or have any rights or claims by reason of this Agreement.
Section 7.14  Confidentiality. The Parties agree that neither Party will disclose any secrets or confidential information, proprietary information or trade secrets of the other Party, as governed by Section 13.4 of the Operating Agreement. Without limiting other possible remedies for the breach of this covenant, the Parties agree that injunctive or other equitable relief shall be available to enforce this covenant, such relief to be available without the necessity of posting a bond. This Section 7.14 is not intended and shall not be construed to prohibit or limit the exchange or disclosure of information between JOC and the Participating Ministry.

[SIGNATURE PAGE FOLLOWS]
IN WITNESS WHEREOF, the Parties have executed this Agreement through their duly authorized officers as of the date first written above.

PARTICIPATING MINISTRY:

ST. JOSEPH HEALTH NORTHERN CALIFORNIA, LLC
a charitable California limited liability company

By: __________________________
Print: __________________________
Title: __________________________

JOC:

ST NETWORK, LLC
a California limited liability company

By: __________________________
Name: Kevin Klockenga
Title: President and Chief Executive Officer
PARTICIPATING ENTITY AGREEMENT

BETWEEN

ST NETWORK, LLC

AND

[NAME OF AH PARTICIPATING ENTITY]

_____________________, 2018
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PARTICIPATING ENTITY AGREEMENT

This PARTICIPATING ENTITY AGREEMENT (this “Agreement”) is made and entered into as ________, 2018 (the “Effective Date”), by and between ST Network, LLC, a charitable California limited liability company (the “JOC”), and [Name of Participating Entity], a California nonprofit religious corporation (“Participating Entity”). JOC and Participating Entity are sometimes referred to collectively in this Agreement as the “Parties” and individually as a “Party.”

RECITALS

WHEREAS, St. Joseph Health System, a California nonprofit public benefit corporation (“SJHS”), and Adventist Health System/West, a California nonprofit religious corporation doing business as Adventist Health (“AH”), have entered into a Master Formation Agreement dated April 10, 2018 (the “Master Formation Agreement”) for the purpose of establishing a joint operating arrangement to implement the shared goals and objectives of SJHS and AH;

WHEREAS, concurrently with the execution of this Agreement, SJHS and AH are entering into an Operating Agreement of ST Network, LLC (the “Operating Agreement”) that establishes the JOC as the organizational form through which SJHS and AH are integrating their respective delivery networks in the counties of Humboldt, Lake, Mendocino, Napa, Solano and Sonoma (“the Sacred Trust Region”);

WHEREAS, SJHS is the sole member of St. Joseph Health Northern California, LLC, a charitable California limited liability company (“SJHNC”), through which it owns and operates a regional health system of health care providers and ancillary organizations in the Sacred Trust Region;

WHEREAS, AH is the sole member of each of the AH Participating Entities (as defined in the Master Formation Agreement), including the Participating Entity, through which it operates a regional health system of health care providers and ancillary organizations in the Sacred Trust Region;

WHEREAS, Participating Entity owns and operates [name of health care facility(ies)] located in [location] and other health care businesses and assets incident to the operation of [name of health care facility] (collectively, [the “Hospital”] [the “Hospitals”]; and

WHEREAS, the JOC shall function as a joint operating company, and shall manage and have authority over the Participating Entity pursuant and subject to the terms of this Agreement and the Operating Agreement.

NOW, THEREFORE, in consideration of the mutual promises, covenants and agreements contained in this Agreement, the Parties agree as follows:
ARTICLE 1. DEFINITIONS

In addition to the words and terms elsewhere defined in this Agreement, the following words and terms as used in this Agreement shall have the following meanings unless the context or use indicates another or different meaning or intent:

“AAA” shall have the meaning set forth in Section 6.1.

“Act” means the California Limited Liability Company Act, 6 California Code Sections 18-101 et. seq. as amended from time to time (or any corresponding provisions of succeeding law).

“Affiliate” means, with respect to any Person, a Person that directly, or indirectly through one or more intermediaries’ controls, or is controlled by, or is under common control with, such Person. As used in this definition, the term “control” shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through ownership of voting securities, the ownership of membership interests or election or appointment of board members, or by contract or otherwise.

“Affiliation” means a material relationship or a material arrangement of any kind to: (a) merge with any Person; (b) consolidate with any Person; (c) enter into a Contract with any Person for the management and/or operation of any material health care facility or ministry; (d) lease any material health care facility or ministry to or from any Person; (e) become an Affiliate of any Person; (f) enter into any joint venture or other arrangement which involves the granting or one or more reserved powers or the sharing of profits and/or losses with any Person; or (g) enter into any arrangement with any Person by which such Person becomes a controlling entity. The JOC Board from time to time may establish standards as to what constitutes a material health care facility for purposes of this provision.

“AH Identity Standards” means an Adventist identity and operation in compliance with the core values of AH and of the Seventh-day Adventist Church.

“Bankruptcy Event” means (a) the assignment by a Person for the benefit of creditors; (b) the commencement of a voluntary bankruptcy case by a Person; (c) the adjudication of a Person as bankrupt or insolvent; (d) the filing by a Person of a petition or answer seeking for such Person any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any statute, law or rule; (e) the filing by a Person of an answer or other pleading admitting or failing to contest the material allegations of a petition filed against such Person in any proceeding of this nature; (f) seeking, consenting to or acquiescing in the appointment of a trustee, receiver or liquidator for a Person or of all or any substantial part of such Person’s property; (g) the commencement of an involuntary bankruptcy case against a Person that has not been dismissed on or before the one hundred twentieth (120th) day after the commencement of the case; or (h) the appointment, without a Person’s consent, of a trustee, receiver or liquidator either of such Person or of all or any substantial part of such Person’s property, which appointment is not vacated or stayed on or before the ninetieth (90th) day after appointment or is not vacated on or before the ninetieth (90th) day after expiration of any such stay.
“Catholic Identity Standards” means a Catholic identity and operation in compliance with the latest edition of the *Ethical and Religious Directives for Catholic Health Care Services* issued from time to time by the United States Conference of Catholic Bishops, as amended from time to time.

“Change of Control” means with respect to any Person: (a) any transaction or series of related transactions involving such Person and any Independent Third Person, including, without limitation, merger or consolidation of such Person or other contract or arrangement, that results in such Independent Third Person becoming the beneficial owner of more than fifty percent (50%) of the then-outstanding voting securities or other voting membership or ownership interests of such Person; (b) the sale, transfer or lease of all or substantially all of the assets of such Person, in a single transaction or series of related transactions, to any Independent Third Person; and/or (c) any joint venture, management arrangement or similar transaction with any Independent Third Person that results in such Independent Third Person becoming the owner, operator or manager of all or substantially all of the assets of such Person.


“Collaborative Process” shall have the meaning set forth in Section 3.5(b).

“Corporate Documents” means an entity’s articles of incorporation, code of regulations, delegation agreement, corporate bylaws, partnership agreement, operating agreement, governance matrices and comparable documents, as appropriate given the entity’s form of legal organization.

“Delegated Authority” shall have the meaning set forth in Section 3.1.

“Disputed Action” shall have the meaning set forth in Section 3.5(a)(i).

“Fiscal Year” means the fiscal year of Participating Entity as established by the Participating Entity from time to time. The accounting year of the JOC shall end on the last day of December each year, as defined by Section 9.10 of the Operating Agreement.

“Governmental Authority” means any foreign, federal, state, municipal, national, local government, or other governmental department, court, commission, board, bureau, agency or instrumentality or political subdivision thereof; or any entity or officer exercising executive, legislative or judicial, regulatory or administrative functions of or pertaining to any government or any court, in each case, whether of the United States or any other country, or a state, territory or possession thereof, or the District of Columbia, in each case having jurisdiction over the applicable person or entity.

“Government Program” means Medicare, Medi-Cal and any other federal or state health care financing programs.

“Governance Matrix” means the Sacred Trust Network Sponsorship/Governance Authority Matrix as adopted or amended by the JOC Board from time to time subject to the reserved rights of the Members and Sponsor.
“Independent Third Person” means any Person that is not a JOC Participant, JOC, SJHS, AH, or an Affiliate of SJHS or AH.

“JOC Participants” means the AH Participating Entities and the SJHS Participating Ministries.

“Legal Impediment” means (a) the adoption, amendment or other modification of any federal, state or local law, regulation or ordinance, (b) an interpretation of such a law, regulation or ordinance by a governmental agency or court that nationally recognized health care counsel engaged by a Member determines is more likely than not to be upheld in a court of law, or (c) published guidance from any federal, state or local government, agency, authority, commission or other governmental body, in each case that would reasonably be expected to cause any term, covenant, condition or provision of this Agreement or any Related Party Transaction, or the manner in which the JOC or the Sacred Trust Network is operated (i) to jeopardize the licensure of any JOC-Owned Asset or JOC-Owned Entity or any hospital or other facility owned or operated by such Member or any of its respective Affiliates, the participation of any hospital or other facility owned or operated by such Member or any of its Affiliates (other than a JOC-Owned Asset or JOC-Owned Entity) in the Medicare, Medi-Cal or any other governmental healthcare financing program, the accreditation of any JOC-Owned Asset or JOC-Owned Entity or any hospital or other facility owned or operated by such Member or any of its respective Affiliates by The Joint Commission or any other nationally recognized, Medicare deeming accreditation organization, or (ii) to violate any applicable statute, regulation or ordinance in any manner that could reasonably be expected to have a material adverse effect on such Member or any of its respective Affiliates.

“Legal Requirements” means any foreign or domestic federal, state or local law, statute, code, ordinance, regulation, rule, consent agreement, constitution or treaty of any Governmental Authority and common law.

“Master Formation Agreement” has the meaning set forth in the Recitals to this Agreement.

“Material Debt Obligations” means borrowings, promissory notes, debt instruments or guaranties by or on behalf of the JOC, any JOC-Owned Entity or any JOC Participant that would cause the aggregate debt obligations of the JOC, such JOC-Owned Entity or such JOC Participant to exceed an amount equal to twenty-five percent (25%) of such Person’s most recent 12-month trailing EBIDA.

“Member” and collectively, the “Members” shall have the meaning set forth in the Recitals to the Operating Agreement.

“Operating Agreement” has the meaning set forth in the Recitals to this Agreement.

“Person” means any natural person, partnership, corporation, trust, association or other legal entity.

“Proposed Action” shall have the meaning set forth in Section 3.5(a)(ii).
“Qualifying Organization” means (i) an organization that qualifies for exemption under the Code Section 501(c)(3) and California Tax Code Section 214; or (ii) a government entity that is considered a governmental unit or wholly owned instrumentality of a state or political subdivision for purposes of the Code and that is exempt from property taxation under Section 3 of Article XIII of the California Constitution, as to property owned by the state under subdivision (a), or as to property owned by a local government under subdivision (b), or as to property used exclusively for public schools, community colleges, state colleges and state universities under subdivision (d).

“Sponsor” means the Co-Sponsors’ Council, the group of individuals serving Providence Ministries and St. Joseph Health Ministry, who have agreed to exercise the authority and responsibilities as the corporate member of Providence St. Joseph Health from a civil law perspective, and who have covenanted to ensure the healing ministry of Jesus is carried out in a manner consistent with the Mission and in fidelity with the Catholic Church from a canon law perspective.

“Statement of Common Values” means the SJH Statement of Common Values, dated December 12, 2012, and as adopted or amended by the Covenant Health Network Board of Directors from time to time.

“Tax-Exemption Impediment” means any law or regulation passed, adopted or implemented by any governmental authority after the Effective Date, or any decision, finding, interpretation or action by any governmental authority after the Effective Date, which, in the written reasoned opinion of nationally recognized tax-exemption counsel engaged by a Member for such purpose, as a result or consequence, in whole or in part, of the arrangement between the Members set forth in this Agreement or any Related Party Transaction, or a Member’s ownership interest in the JOC, if or when implemented, could reasonably be expected: (A) to result in or present a material risk of revocation of the federal tax-exempt status of such Member or any Affiliate of such Member, or their respective tax-exempt financial obligations; or (B) to prohibit or restrict the ability of such Member or any Affiliate of such Member to issue tax-exempt bonds, certificates of participation or other tax-exempt financial obligations.

“Unresolved Legal Impediment” has the meaning set forth in Section 3.10 of the Operating Agreement.

“Unresolved Tax-Exemption Impediment” has the meaning set forth in Section 3.9 of the Operating Agreement.

ARTICLE 2. FUNCTION OF JOINT OPERATING COMPANY

Subject to certain reserved powers by the Members and Sponsor, the JOC shall function as a joint operating company, and, as such, shall manage and have authority over the Participating Entity pursuant and subject to the terms of this Agreement and the Operating Agreement. The JOC represents the common and unifying commitment of the Members to work together for the good of the communities served by their respective health care facilities and ministries within the Sacred Trust Region. The Members share a common commitment to caring for the whole person through programs such as pastoral care, charity care, community wellness,
health education, and care for the poor and vulnerable. This common commitment shall be continued and enhanced through the operations of the JOC and the Sacred Trust Network. However, at all times, governance and management of the Participating Entity shall be conducted in a manner that is respectful of and preserves the distinct identity, values, philosophy and tradition of AH.

ARTICLE 3. ROLE OF THE JOC AND THE GOVERNING BOARD

Section 3.1  JOC Management and Operation of Participating Entity. Subject to the Participating Entity Reserved Rights (as defined in Section 3.3 below), and subject to those decisions specifically reserved to one or more of the Members and/or the Sponsor under the Articles of Organization or the Operating Agreement, including the Governance Matrix, and subject to Sections 3.4(b), 3.5 and 3.6 below, the Participating Entity hereby delegates to the JOC and the Board of Managers of the JOC (the “JOC Board”) full and complete authority, power, and discretion over the management of the business and affairs of the Participating Entity and the Hospital[s] (the “Delegated Authority”), including, among other things, the authority, power and discretion to:

(a) Approve and adopt annual operating budgets of the Participating Entity, and any material modifications or amendments thereto;

(b) Approve and adopt annual capital budgets of the Participating Entity, and any material modifications or amendments thereto, and any material unbudgeted capital expenditure of the Participating Entity;

(c) Approve and adopt strategic plans with respect to the Participating Entity, and any material modifications or amendments thereto;

(d) Determine the services provided by the Participating Entity, including the authority to direct the opening, closing, expansion, reduction and/or consolidation of facilities or ministries, patient care and administrative services or other major changes in the operation of the Participating Entity;

(e) Approve the sale, transfer or other disposition of any material real property or other material assets of the Participating Entity, or the merger or consolidation of the Participating Entity with or into any other Person;

(f) Approve the transfer or issuance of any ownership or membership interest in the Participating Entity to any Person;

(g) Develop and approve the charge master and pricing, the payor contracting strategy and contracting arrangements with third-party payors for the services rendered by the Participating Entity;

(h) Approve and adopt the charity care and/or patient financial assistance policies and procedures for the Participating Entity;
(i) Determine and approve the clinical policies, procedures, metrics and standards for the Participating Entity, subject to such approval by the medical staff[s] of the Hospital[s] as may be required under the [applicable] medical staff bylaws;

(j) Approve the acquisition of any real estate or any material personal property by the Participating Entity, or the investment by the Participating Entity in any Person and/or the terms thereof, or any material change in any investment the Participating Entity may have in Person and/or the terms thereof, in all cases including the development and execution of any related agreements or documents; and

(k) Determine and approve the appropriate scope of decision-making authority, power, and discretion to be delegated to the Participating Entity from time to time.

Section 3.2 JOC Exercise of Delegated Management Authority. In the exercise of the Delegated Authority, the JOC shall operate and manage the Participating Entity and the Hospital[s] (a) in a manner that is consistent with and in furtherance of the purposes of the Participating Entity as set forth in the Corporate Documents of the Participating Entity, and (b) in a manner that is consistent with Adventist Identity Standards pursuant to the terms of the Operating Agreement.

Section 3.3 Participating Entity Retention of Authority. Participating Entity is and shall remain the owner, provider and licensee of the Hospital[s] during the term of this Agreement and shall exercise the powers and discharge the responsibilities associated therewith. Nothing in this Agreement is intended or shall be construed to alter or adversely affect the Participating Entity’s rights and responsibilities as owner, provider, or licensee of the Hospital[s]. Without limiting the generality of the foregoing and not withstanding Section 3.1 above, the Participating Entity and the medical staff[s] of the Hospital[s] shall retain authority and remain responsible for the following (collectively, the "Participating Entity Reserved Rights"):  

(a) Responsibility for the exercise of those rights and the satisfaction of those obligations of the Participating Entity or its medical staff[s] under the [applicable] medical staff bylaws, rules and regulations of the Hospital[s];

(b) Responsibility for services furnished by the Hospital[s] as and to the extent required under 42 CFR 482.12(e);

(c) Responsibility for ensuring that the [Hospital complies][Hospitals comply] with all applicable conditions of participation and standards for hospitals participating in Governmental Programs;

(d) Professional and administrative responsibility for the Hospital[s] facilities as and to the extent required under California Code of Regulations Title 22, Section 70713;

(e) Responsibility for ensuring that the Participating Entity complies with any applicable standards for accreditation or certification by The Joint Commission or other hospital accreditation agency;
(f) Approval of such decisions or actions that cannot lawfully be delegated by the Participating Entity or the medical staff[s] of the Hospital[s] to the JOC under state or federal law (including licensing and certification laws, rules and regulations) or applicable accreditation standards and requirements; and

(g) Responsibility for those decisions as may be delegated to the Participating Entities by the JOC Board from time to time.

Section 3.4 Limitations on JOC’s Management Authority. Notwithstanding anything to the contrary contained in this Agreement, JOC shall not:

(a) take any actions with respect to the Participating Entity that require the prior approval of or are reserved to the Member under the Operating Agreement without first ensuring that such actions have been approved in accordance with the Operating Agreement;

(b) take any actions with respect to the Participating Entity that require the prior approval of or are reserved to the Member under the articles of incorporation and bylaws of the Participating Entity without first ensuring that such actions have been approved in accordance with such sections of the articles of incorporation and bylaws of the Participating Entity;

(c) govern, manage or finance the provision of already existing activities or procedures at the time of closing that are contrary to the Directives/Catholic Identity Standards at the Participating Entity, as provided by Section 3.5 below; or

(d) take or approve any action which, at the time the power is exercised or the action taken, would reasonably be expected to cause the Participating Entity to fail to meet the obligations, terms or conditions, or to be otherwise in violation of, any master trust indenture, supplemental indenture or other loan document relating to any material debt financing of the Participating Entity.

Section 3.5 Religious Identity and Values.

(a) Subject to Section 3.5(b), the activities of AH and of the AH Participating Entities are not subject to, and will not become subject to, the Directives, the Statement of Common Values or Catholic teaching. The AH Participating Entities will continue to be Adventist institutions and Affiliates of AH. The AH Participating Entities will carry out the mission of AH and will continue to comply with and adhere to the values, guidelines and corporate and system-wide policies of the Seventh-day Adventist Church and AH, including policies to ensure that a substantial proportion of Management Level employees at the AH Participating Entities are members in regular standing of the Seventh-day Adventist Church. Neither the JOC nor the JOC Board will exercise any power or control over the AH Participating Entities which would cause the AH Participating Entities to violate the beliefs, mission, or legal obligations of the Seventh-day Adventist Church, AH or the AH Participating Entities. In order to preserve the Adventist culture and mission, hiring at the department director level and above (the “Management Level”) with respect to the AH Participating Entities shall be conducted at the respective AH Participating Entities by an individual designated by the chief executive officer of the AH Participating Entities. Policies shall be implemented to ensure that a

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substantial proportion of Management Level employees and above of the AH Participating Entities are members in regular standing of the Seventh-day Adventist Church.

(i) If SJHS determines, in good faith, that any health care program, service, procedure or other action of the Participating Entity could cause them to violate the Directives or Catholic teaching (each, a “Disputed Action”), SJHS shall request in writing to AH the commencement of the Collaborative Process. Upon receipt of such written request, the Participating Entity shall not implement any new program, service, procedure or other action until AH and SJHS have completed the Collaborative Process.

(ii) Similarly, if the Participating Entity intends to implement any health care program, service, procedure or other action (each, a “Proposed Action”) at the Participating Entity that could reasonably be interpreted to cause an SJHS Participating Ministry to violate the Directives or Catholic teaching, AH and/or the Participating Entity shall provide advance written notification to SJHS and the Participating Entity shall not implement the AH Proposed Action until AH and SJHS have completed the Collaborative Process.

(b) Upon such request (as described in Section 3.5(a)(i)); or notification (as described in as described in Section 3.5(a)(ii)), AH and SJHS shall engage in good faith in a collaborative process to evaluate and resolve the issues relating to the Disputed Action or Proposed Action in such a way that is not violative of the Directives or of Catholic teaching, as further described in Sections 3.5(c), 3.5(d) and 3.5(e) (the “Collaborative Process”).

(c) The Collaborative Process shall involve communications and meetings between up to five (5) representatives designated by each of the Members, which representatives shall include the PSJH Senior Vice President of Theology and Ethics, two (2) members of the PSJH Co-Sponsors Council and one (1) SJHS mission leader, over a forty-five (45) day period commencing upon the date of receipt by SJHS of the AH notification or by AH of the SJHS notification (as applicable) during which the Members shall, in good faith, (i) discuss the specific Disputed Action or Proposed Action; (ii) determine whether the specific Disputed Action or Proposed Action is, in the interpretation of SJHS or the Roman Catholic Bishop of Santa Rosa, violative of the Directives or Catholic teaching; and (iii) if so determined by the Roman Catholic Bishop of Santa Rosa or SJHS, identify reasonable alternatives to the specific Disputed Action or the Proposed Action, or alternative ways in which the Disputed Action or Proposed Action may be implemented such that it is not violative of the Directives or of Catholic teaching.

(d) Determinations regarding interpretation of the Directives and of Catholic teaching by SJHS or the Roman Catholic Bishop of Santa Rosa shall be made in good faith but shall not be subject to further analysis, interpretation, or dispute resolution and shall be controlling for purposes of this Section 3.5. The Roman Catholic Bishop of Santa Rosa has ultimate authority for interpreting the Directives.

(e) If at the conclusion of the collaborative period described in Section 3.5(c) the Members are unable to agree upon alternatives to a specific Disputed Action or specific Proposed Action that is determined by the Roman Catholic Bishop of Santa Rosa to be violative of the Directives or Catholic teaching, and the Party proposing the Proposed Action or engaging in such Disputed Action continues to implement the specific Proposed Action or fails to
promptly cease the specific Disputed Action, or takes material steps to initiate a specific Disputed Action or specific Proposed Action, then the Member adversely effected by such specific Disputed Action or such specific Proposed Action shall have the right to cause dissolution of the JOC pursuant to Section 12 of the Operating Agreement.

Section 3.6 Special Reservation of Authority. Consistent with Section 3.6 of the Operating Agreement, the AH Participating Entities shall exclusively retain the (i) ownership of the assets related to; (ii) governance responsibility for; (iii) operational management of; and (iv) revenues and expenses generated by, the provision of certain procedures in existence at the time of closing that are contrary to the Directives to the extent provided at the AH Participating Entities.

ARTICLE 4. RESPONSIBILITIES OF THE PARTICIPATING ENTITY

Section 4.1 Participation Fee. The Participating Entity shall pay to JOC a monthly fee (the “Participation Fee”) equal to the Participating Entity’s pro rata percentage of the JOC’s operating expenses, as determined on an accrual basis according to GAAP. For purposes of calculating the Participation Fee, the pro rata percentage applied shall be equal to the Participating Entity’s Net Patient Revenue as a percentage of the aggregate Net Patient Revenue of all Participating Entities. “Net Patient Revenue” shall mean the total net revenue of Participating Entity, which consists primarily of net patient service revenue that is recorded based on established billing rates less estimated discounts for contractual allowances, charity and bad debt allowances principally for patients covered by Government Health Care Programs and other health plans, and self-pay patients, all determined on an accrual basis in accordance with GAAP. The Participation Fee for each month shall be paid to the JOC on or before the fifteenth (15th) day of the succeeding month during the Term. Both the timing of the payment of the Participation Fee, and the formula by which the Participation Fee is determined, shall be subject to revision from time to time based on the affirmative vote of a majority of the members of the JOC Board.

Section 4.2 Participating Entity Responsibilities. Subject to the JOC’s Reserved Rights and any reserved rights of the Members and/or Sponsor, the Participating Entity shall, at all times during the term of this Agreement, use commercially reasonable efforts in good faith to:

(a) manage its businesses and affairs in a manner consistent with the operating and capital budgets approved and adopted by the JOC Board and/or the Members, as applicable, from time to time in accordance with the Operating Agreement;

(b) implement and take those actions directed and/or approved by the JOC Board and/or the Members, as applicable, from time to time in accordance with the Operating Agreement;

(c) ensure that the medical staff bylaws, rules and regulations are not modified or amended in a manner that frustrates the purposes of the JOC or interferes with the exercise or performance by the JOC of any right, power, or obligation arising under this Agreement or the Operating Agreement;
(d) maintain the physical plant and equipment of the Participating Entity in a manner consistent with the standards established by the JOC from time to time; and

(e) maintain such standards, practices, protocols, policies and/or procedures as may be established by the JOC from time to time.

Section 4.3 JOC Approval Rights. Without limiting the generality of the delegation of authority to the JOC under Section 3.1, the Participating Entity shall not, during the term of this Agreement, take or implement any of the following actions without the prior approval of the JOC Board and/or the Member, as applicable:

(a) Any change to the mission, vision, philosophy or values of the Participating Entity;

(b) Any sale, transfer, or other disposition of any material real property or all or any material portion of the assets of the Participating Entity;

(c) Any transfer or issuance of any ownership or membership interest in the Participating Entity to any Person;

(d) Any acquisition of any real estate or any material personal property by the Participating Entity or any material investment by the Participating Entity in any Person, except as otherwise approved in any operating or capital budget approved by the JOC Board;

(e) The closure or surrender of any general acute care hospital license of the Participating Entity;

(f) Any Material Debt Obligation of the Participating Entity;

(g) Any merger, consolidation, dissolution or corporate reorganization involving the Participating Entity;

(h) Any alteration, amendment, restatement or repeal of any Corporate Document or mission statement of the Participating Entity;

(i) Any voluntary bankruptcy, liquidation or dissolution of the Participating Entity;

(j) Any Related Party Transaction or any material modification or amendment thereto; or

(k) Any change in the naming or branding of the Participating Entity and their respective facilities and ministries, businesses and/or service lines.

ARTICLE 5. TERM AND TERMINATION

Section 5.1 Term. The term of this Agreement shall commence on the Effective Date, and shall continue for a perpetual term, subject to termination upon the occurrence of a...
Dissolution Event (as defined in Section 12.3 of the Operating Agreement) and otherwise in accordance with this Agreement.

Section 5.2 JOC Termination Rights. The JOC may, at its option, elect to terminate this Agreement upon occurrence of any of the following (each, a “JOC Termination Event”):

(a) Material breach of this Agreement by the Participating Entity that is not cured to the reasonable satisfaction of the JOC within sixty (60) days of notice of breach sent by JOC to the Participating Entity;

(b) Any Bankruptcy Event with respect to the Participating Entity;

(c) Any exclusion of the Participating Entity from participation in the Medicare or Medi-Cal programs;

(d) Any Change of Control of the Participating Entity;

(e) Any Unresolved Legal Impediment in which the JOC or the Participating Entity is the Legally Impacted Member;

(f) The Participating Entity ceases to be a Qualifying Organization; or

(g) Any Unresolved Tax-Exemption Impediment in which the JOC or the Participating Entity is the Tax Impacted Member.

Section 5.3 Participating Entity Termination Rights. The Participating Entity may, at its option, subject to approval of AH, elect to terminate this Agreement upon occurrence of any of the following (each, a “Participating Entity Termination Event”):

(a) Material breach of this Agreement by the JOC that is not cured to the reasonable satisfaction of the Participating Entity within sixty (60) days of notice of such breach sent by the Participating Entity to the JOC;

(b) Any Bankruptcy Event with respect to the JOC;

(c) Any Unresolved Legal Impediment in which the Participating Entity is the Legally Impacted Member;

(d) Any exclusion of the JOC from participation in the Medicare or Medi-Cal programs;

(e) The JOC ceases to be a Qualified Organization; or

(f) Any Unresolved Tax-Exemption Impediment in which the Participating Entity is the Tax Impacted Member.

Section 5.4 Effect of Termination. Upon the expiration or termination of this Agreement for any reason, all rights and responsibilities of the Parties will cease, except as otherwise specifically set forth in this Agreement.
ARTICLE 6. DISPUTE RESOLUTION

Section 6.1 Disputed Issue. For matters other than those described in Section 3.5 of the Operating Agreement, the Parties agree in the event of a dispute under this Agreement, the respective senior executives from the Members with primary responsibility for their respective Northern California operations (the “Senior Executives”) shall meet promptly (within five business days) and confer in good faith to resolve any disputed issue. Should the dispute not be resolved by the Senior Executives within thirty (30) days, then the Chief Executive Officer of AH and the Chief Executive Officer of SJHS shall meet and confer in good faith to resolve such dispute for a period of thirty (30) days. Should the dispute not be resolved by the Chief Executive Officers, the Parties agree to pursue non-binding mediation conducted by the Judicial Arbitration and Mediation Services, Inc. (“JAMS”) or American Arbitration Association (“AAA”).

Section 6.2 Arbitration. Should the dispute not be resolved through non-binding mediation, the parties shall pursue binding arbitration conducted by JAMS or AAA. The selection and number of arbitrator(s) shall be determined by agreement of the Parties. The prevailing Party shall be entitled to reasonable costs and attorney fees (including allocated costs of in-house counsel) incurred in bringing any action or proceeding, declaratory or otherwise, arising out of or relating to this Agreement. Nothing in this Section 6.2 shall constitute a waiver of any of the benefits of a statute of limitations or equitable defense.

ARTICLE 7. MISCELLANEOUS

Section 7.1 Entire Agreement. This Agreement, together with the Appendices, constitutes the entire Agreement between the parties hereto and supersedes any prior agreements, understandings and arrangements, oral or written, between the parties hereto with respect to the subject matter hereof.

Section 7.2 Construction. Unless the context otherwise indicates, words importing the singular shall include the plural and vice versa and the use of the neuter, masculine, or feminine gender is for convenience only and shall be deemed to mean and include the neuter, masculine, or feminine gender.

Section 7.3 Successors and Assigns. Each and all of the covenants, terms, provisions and agreements herein contained shall be binding upon and inure to the benefit of the parties hereto and, to the extent permitted by this Agreement, their respective legal representatives, successors and assigns.

Section 7.4 Amendment and Waiver. Except as otherwise provided in this Agreement, no amendment of any provision of this Agreement shall in any event be effective, unless the same shall be in writing and signed by the Parties. Amendments to this Agreement shall be consistent with Section 501(c)(3) of the Code. Any of the terms or conditions 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 waiving such terms or conditions. The waiver of any term or condition of this Agreement shall not be construed as a waiver of any other term or condition of this Agreement.
Section 7.5 Notices. All notices required or permitted hereunder shall be in writing and shall be served on the Party at the addresses set forth in below. Any such notices shall be either: (a) sent by overnight delivery using a nationally recognized overnight courier, in which case notice shall be deemed delivered one business day after deposit with such courier; or (b) sent by personal delivery, in which case notice shall be deemed delivered upon receipt. A Party’s address may be changed by written notice to the other party; provided, however, that no notice of a change of address shall be effective until actual receipt of such notice.

To ST Network, LLC:

ST Network, LLC
Attn: Kevin Klockenga, President and Chief Executive Officer
1111 Sonoma Avenue, Suite 308
Santa Rosa, CA 95405

To Participating Entity:

Attn: ______________________

__________________________

With copy to:

Yemi Adeyanju, Esq.
Associate General Counsel
Department of Legal Affairs
Providence St. Joseph Health
3345 Michelson Dr, Suite 100
Irvine, CA 92612

and copy to:

Meredith Jobe, Esq.
Vice President/General Counsel
Law Department, Adventist Health System/West
2100 Douglas Boulevard
Roseville, CA 95661

Section 7.6 Expenses. Except as otherwise expressly provided in this Agreement, each Party shall pay its own costs and expenses in connection with the relationship contemplated by this Agreement. If any action is brought by a Member to enforce any provision of this Agreement, the prevailing Member or Members shall be entitled to recover court costs, arbitration expenses and reasonable attorneys’ fees.

Section 7.7 Counterparts, Electronic Signature. This Agreement and any amendment hereto may be signed in any number of counterparts, each of which, including any electronic copies, photocopies or facsimiles thereof, shall be deemed an original, but all of which taken together shall constitute one Agreement (or amendment, as applicable).

Section 7.8 Governing Law. This Agreement shall be governed by and construed in accordance with the internal laws of the State of California.

Section 7.9 Headings. Headings of articles and sections in this Agreement and the table of contents hereof are solely for convenience of reference, do not constitute a part hereof, and shall not affect the meaning, construction, or effect hereof.
Section 7.10  Sections. All references to “Sections” in this Agreement are to Sections of this Agreement, unless otherwise specifically provided.

Section 7.11  Partial Invalidity. The provisions in this Agreement are consistent with California law, enforceable in law and in equity. Notwithstanding the foregoing, in case any one or more of the provisions contained herein shall, for any reason, be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision of this Agreement, but this Agreement shall be construed as if such invalid, illegal or unenforceable provision or provisions had never been contained herein.

Section 7.12  Assignment. Except as otherwise expressly permitted by this Agreement, the rights and obligations of a Party to this Agreement may be assigned only with the prior written consent of the other Party.

Section 7.13  Third Party Beneficiaries. No third party may rely upon the terms of this Agreement or have any rights or claims by reason of this Agreement.

Section 7.14  Confidentiality. The Parties agree that neither Party will disclose any secrets or confidential information, proprietary information or trade secrets of the other Party, as governed by Section 13.4 of the Operating Agreement. Without limiting other possible remedies for the breach of this covenant, the Parties agree that injunctive or other equitable relief shall be available to enforce this covenant, such relief to be available without the necessity of posting a bond. This Section 7.14 is not intended and shall not be construed to prohibit or limit the exchange or disclosure of information between JOC and the Participating Entity.

[SIGNATURE PAGE FOLLOWS]
IN WITNESS WHEREOF, the Parties have executed this Agreement through their duly authorized officers as of the date first written above.

PARTICIPATING ENTITY:

[______________________________]
a California nonprofit religious corporation

By:______________________________
Print:______________________________
Title:______________________________

JOC:

ST NETWORK, LLC
a California limited liability company

By:______________________________
Name: Kevin Klockenga
Title: President and Chief Executive Officer
Title 11, Cal. Admin. Code, § 999.5(d)(1)(C)

Statement of Reasons the Board of Directors of Applicants Believe the Proposed Transaction is Necessary and Desirable

The Applicant and SJHS desire to build an integrated delivery network throughout the counties of Napa, Solano, Sonoma, Lake, Mendocino, and Humboldt whose mission is to provide improved access to quality healthcare throughout the Northern California region, with a particular emphasis on poor and vulnerable populations. This integration will enable these combined healthcare providers to:

- Create the healthiest communities at a cost that is affordable, assures access and ultimately provides the highest value to the people who live and work in the communities;
- Create a partnership that recognizes and builds upon each organizations’ faith-based traditions and common values of dignity, excellence, and service;
- Maintain separate hospital ministries that are uniquely Adventist and uniquely Catholic and integrate other parts of the delivery network in a way that ensures the most effective and efficient delivery of population health services; and
- Promote the long-term goal of transitioning away from fee-for-service payment models and into population health and fee-for-value payment models in the region.

The Applicant and SJHS further expect the ST Network will, *inter alia*:

- Be recognized as the regional health care leader and preferred partner throughout the Northern California regions;
- Thrive in a changing healthcare environment, by embracing the need to move from an acute-care focused model to a value-based model that assumes the responsibilities and risks for the health of the populations served;
- Enhance the parties’ ability to standardize care around evidence-based best practices and create operational efficiencies;
- Increase access to primary care and specialty physicians throughout the communities they serve through integration of the parties’ physician models;
- Develop an information system for managing the health the parties’ combined populations, designed to provide easily-accessible data in real-time;
- Facilitate better inclusion of AH’s behavioral health inpatient services to further increase access to these services; and
- Develop new services.

Both the Applicant and SJHS believe there are significant opportunities to provide care closer to home for more patients by concentrating on centers of excellence, creating a broader and deeper value-based provider network, integrating clinically across systems, and collaborating on health information sharing and care management. By realizing these opportunities, the ST Network should be able to reduce the substantial outmigration that occurs today as patients will be able to access care locally that they presently travel substantial distances to obtain. The ST
Network will also allow the Applicant and SJHS to stabilize volumes, strengthen quality, and reduce costs (particularly in Napa County), and is expected to further provide opportunities to expand the provision of managed Medi-Cal services to those who rely on Medi-Cal for their health care.
Title 11, California Admin. Code, § 999.5(d)(2)

FAIR MARKET VALUE
Title 11, Cal. Admin. Code, § 999.5(d)(2)(A)

Estimated Market Value of All Cash, Property, Stock, Notes, Assumption or Forgiveness of Debt, and Any Other Thing of Value Applicant are to Receive in the Proposed Transaction

The proposed transaction will not involve any sale, transfer, merger or other disposition of any of the assets of the Applicant. Rather, it is a mission-driven transaction designed to further the Applicant and SJHS’s shared goal of providing improved access to quality healthcare throughout the Northern California region. No cash, property, stock, notes, forgiveness of debt, or other monetary consideration is to be received by the Applicant in connection with the transaction.¹ As a result, this Section is not applicable.

¹ As noted in Section (1)(A) of this Application, AH and SJHS will share in the aggregate operating EBIDA generated by the ST Network. Effective as of the closing date, 31% will be allocated to AH and 69% will be allocated to SJHS, subject to the adjustments described in the JOC Operating Agreement. These allocations are based upon the respective parties’ historical comparative net incomes / EBIDA from the participating facilities and other businesses.
Title 11, Cal. Admin. Code, § 999.5(d)(2)(B)

Estimated Market Value of Each Health Care Facility or Other Assets Sold or Transferred by Applicant Pursuant to the Proposed Transaction

The proposed transaction will not involve any sale, transfer, merger or other disposition of any of the assets of the Applicant. As a result, this Section is not applicable.¹

¹ Information concerning the value of the Applicant’s assets are set forth in the audited Consolidated Financial Statements, which are included in Section (11)(F) of this Application.
Title 11, Cal. Admin. Code, § 999.5(d)(2)(C)

Description of Methods Used by Applicant to Determine Market Value of Assets Involved in the Proposed Transaction

The proposed transaction will not involve any sale, transfer, merger or other disposition of any of the assets of the Applicant. Rather, it is a mission-driven transaction designed to further the Applicant and SJHS’s shared goal of providing improved access to quality healthcare throughout the Northern California region. No cash, property, stock, notes, forgiveness of debt, or other monetary consideration is to be received by the Applicant in connection with the transaction. As a result, this Section is not applicable.

As noted in Section (1)(A) of this Application, AH and SJHS will share in the aggregate operating EBIDA generated by the ST Network. Effective as of the closing date, 31% will be allocated to AH and 69% will be allocated to SJHS, subject to the adjustments described in the JOC Operating Agreement. These allocations are based upon the respective parties’ historical comparative net incomes / EBIDA from the participating facilities and other businesses.
Title 11, Cal. Admin. Code, § 999.5(d)(2)(D)

Reports, Analysis, Requests for Proposal and Other Documents Related to the Valuation of the Assets Involved in the Proposed Transaction

The proposed transaction will not involve any sale, transfer, merger or other disposition of any of the assets of the Applicant. Rather, it is a mission-driven transaction designed to further the Applicant and SJHS’s shared goal of providing improved access to quality healthcare throughout the Northern California region. No cash, property, stock, notes, forgiveness of debt, or other monetary consideration is to be received by the Applicant in connection with the transaction. As a result, this Section is not applicable.
Joint Venture Transactions

While the proposed transaction is not technically a joint venture, complete copies of the agreements concerning the formation and operation of the joint operating company – the ST Network, LLC – between the Applicant and SJHS are included in Section (1)(B) of this Application.
Title 11, California Admin. Code, § 999.5(d)(3)

INUREMENT AND SELF-DEALING
Title 11, Cal. Admin. Code, § 999.5(d)(3)(A)

Documents or Writings Relating or Referring to Any Personal Benefit the Proposed Transaction Would Confer on Any Officer, Director, Employee, Doctor, Medical Group or Other Entity Affiliated with the Applicant, or Any Family Member of Any Such Person

The proposed transaction does not confer any personal financial benefit on any of the individuals and/or entities described in Title 11, California Administrative Code, section 999.5(d)(3)(A).

While the proposed transaction will not confer any personal financial benefit on the individuals and/or entities described in 11 C.C.R. § 999.5(d)(3)(A), the Applicant anticipates that one or more of the Applicant’s current senior officers or employees will become officers and/or employees of the ST Network, LLC on or after the closing of the proposed transaction. Compensation and other employment benefits for any new officers and/or executive employees of the ST Network, LLC will be approved or ratified following the closing of the transaction, and will be established in accordance with the standards set forth in 26 C.F.R. 53.4958 et seq.
None of the individuals described in Title 11, California Administrative Code, section 999.5(d)(3)(B) have any personal financial interest (other than salary and/or directors/trustees’ fees) in any company, firm, partnership or business entity currently doing business with the Applicant (or its affiliates) or with the ST Network (or its affiliates), except as noted below:

- Larry Innocent, current member of the Board of Directors for all of the Applicant entities: Mr. Innocent has an arrangement with Adventist Health System/West whereby he is providing consulting services to advise AH on, and helping with the negotiation of, financial guarantees for pharmacy benefit management.
Title 11, Cal. Admin. Code, § 999.5(d)(3)(C)

Statement of Compliance with California Health & Safety Code Section 1260.1

No member of the Board of Directors of the Applicant who participated in the negotiation of the terms and conditions of the MFA and related agreements between the Applicant and SJHS has received or will receive, directly, or indirectly, any salary, compensation, payment or other form of remuneration from the ST Network, LLC, following consummation of the proposed transaction. Moreover, because there is no sale or transfer of assets as described in Section 5920 of the Corporations Code, Section 1260.1 is not applicable to the transaction.
CHARITABLE USE OF ASSETS
Applicant’s Articles of Incorporation and Bylaws

Please see the attached Articles of Incorporation and Bylaws for Applicant, including for the affiliated AH entities/facilities.
Adventist Health System/West
CERTIFICATE OF AMENDMENT OF
ARTICLES OF INCORPORATION
OF
ADVENTIST HEALTH SYSTEM/WEST

Thomas J. Mostert and Robert G. Carmen certify:

1. That we are the Chairman of the Board and the Secretary, respectively, of Adventist Health System/West, a California nonprofit religious corporation.

2. That Article VI of the Articles of Incorporation of Adventist Health System/West shall be amended to read as hereinafter set forth:

VI

A. The property of this corporation is irrevocably dedicated to religious purposes, and no part of the net income or assets of this organization shall ever inure to the benefit of a director, officer or member of the corporation, or to the benefit of any private individual.

B. Upon winding up and dissolution of this corporation, after paying or adequately providing for the debts and obligations of the corporation, the remaining assets shall be distributed to the Pacific Union Conference of Seventh-day Adventists and the North Pacific Union Conference of Seventh-day Adventists, nonprofit religious associations organized and operated exclusively for religious purposes that have established their tax-exempt status under Internal Revenue Code Section 501 (c)(3) or to one of them if the other is unable for any reason to be the recipient of said assets. In the event both Pacific Union Conference of Seventh-day Adventists and North Pacific Union Conference of Seventh-day Adventists are unable for any reason to be the recipient of said assets, remaining assets shall be distributed to the General Conference corporation of Seventh-day Adventists, a
corporation organized and operated under the laws of the district of Columbia exclusively for religious purposes that has established its tax-exempt status under Internal Revenue Code Section 501 (c)(3), or to any equally qualified successor organization. In the event that the General Conference organization or any qualified successor organization is unable for any reason to be the recipient of said assets, the remaining assets shall be distributed to a corporation selected by a court of competent jurisdiction over the distribution of said assets which is organized and operated exclusively for religious, charitable, scientific, and/or hospital purposes, which meets the requirements for exemption provided by section 214 of the Revenue and Taxation Code, which has established its tax exempt status under section 501 (c)(3) of the Internal Revenue Code, and which has purposes as similar as possible to the purposes of Adventist Health System/West.

3. That the foregoing amendments have been approved by the Board of Directors.

4. That the foregoing amendments were approved by the required vote of the members.

We further declare under penalty of perjury under the laws of the State of California that the matters set forth in this certificate are true and correct of our own knowledge.

DATE: 9/17/2001

[Signature]
Thomas J. Mostert, Chairman of the Board

[Signature]
Robert G. Carmen, Secretary
CERTIFICATE OF AMENDMENT OF
ARTICLES OF INCORPORATION
OF
ADVENTIST HEALTH SYSTEM/WEST

Thomas J. Mostert and Donald R. Ammon certify:

1. That we are the Chairman of the Board and the Secretary, respectively, of Adventist Health System/West, a California nonprofit religious corporation.

2. That Articles II, V and VI of the Articles of Incorporation of Adventist Health System/West shall be amended to read as hereinafter set forth:

II

This corporation is a religious corporation and is not organized for the private gain of any person. It is organized under the Nonprofit Religious Corporation Law exclusively for religious purposes. More specifically the purposes of this corporation are to promote the wholeness of humanity physically, mentally and
spiritually in a manner which is consistent with the philosophy, teachings and practices of the Seventh-day Adventist Church through the following activities:

A. To establish, manage and maintain acute care hospitals.

B. To establish, manage and maintain a Health Maintenance Organization (HMO) or similar organizations, utilizing health delivery systems designed and coordinated to maximize benefits to the communities served.

C. To create and manage live-in conditioning centers in resort-type environments featuring educational programs in preventive medicine designed to enhance lifestyle quality and prevent illness.

D. To promote and carry on scientific research related to the care of the sick and injured.

E. To participate, so far as circumstances may warrant, in any activity designed and carried on to promote the general health of the community.

V

The authorized number and qualification of members of the corporation and the rights and privileges or members shall be as set forth in the bylaws; provided, however, that all of the members shall be members in good standing of the Seventh-day Adventist Church.

VI

A. The property of this corporation is irrevocably dedicated to religious purposes, and no part of the net income or assets of this organization shall ever inure to the benefit of a director, officer or member of the corporation, or to the benefit of any private individual.

B. Upon winding up and dissolution of this corporation, after paying or adequately providing for the debts and obligations of the corporation, the remaining assets shall be distributed to the Pacific Union Conference of Seventh-day Adventists and the North Pacific Union
Conference of Seventh-day Adventists, nonprofit religious associations organized and operated exclusively for religious purposes that have established their tax-exempt status under Internal Revenue Code Section 501(c)(3). In the event Pacific Union Conference of Seventh-day Adventists and North Pacific Union Conference of Seventh-day Adventists are unable for any reason to be the recipient of said assets, remaining assets shall be distributed to the General Conference Corporation of Seventh-day Adventists, a corporation organized and operated under the laws of the District of Columbia exclusively for religious purposes that has established its tax-exempt status under Internal Revenue Code Section 501(c)(3).

3. That the foregoing amendments have been approved by the Board of Directors.

4. That the foregoing amendments were approved by the required vote of the members.

Thomas J. Mostert, Chairman of the Board

Donald R. Ammon, Secretary

DECLARATION

Each of the undersigned declares under penalty of perjury that the statements contained in the foregoing Certificate of Amendment of Articles of Incorporation are true of his own knowledge and that this declaration was
executed on 29th November, 1988, at Roseville, California.

Thomas J. Mostert, Chairman of the Board

Donald R. Ammon, Secretary
CERTIFICATE OF AMENDMENT OF
ARTICLES OF INCORPORATION OF
ADVENTIST HEALTH SYSTEM-WEST

The undersigned hereby certify that:

1. They are the President and the Secretary, respectively, of Adventist Health System-West, a California nonprofit public benefit corporation.

2. Article I of the Articles of Incorporation of this corporation is amended in its entirety to read as follows:

   I

   The name of this corporation shall be Adventist Health System/West.

3. The foregoing amendment of the Articles of Incorporation was duly approved by the Board of Directors of this corporation.

4. The foregoing amendment of the Articles of Incorporation was duly approved by the required vote of the voting members of the corporation.
We further declare under penalty of perjury under the laws of the State of California that the matters set forth herein are true and correct of our own knowledge.

Dated: 9/24/86

[Signature]
Frank F. Duppee, President

[Signature]
Naomi Parson, Secretary
ARTICLES OF INCORPORATION
OF
ADVENTIST HEALTH SYSTEM–WEST

I
The name of this corporation is "Adventist Health System–West".

II
This corporation is a religious corporation and is not organized for the private gain of any person. It is organized under the Nonprofit Religious Corporation Law exclusively for religious purposes. More specifically the purposes of this corporation are to further the medical ministry of the Seventh-day Adventist Church and to promote the wholeness of man physically, mentally and spiritually in the following ways:

A. To act on behalf of the Seventh-day Adventist Church to establish, manage and maintain acute care hospitals.

B. To promote and carry on scientific research related to the care of the sick and injured insofar as, in the opinion of the board of directors, such research can be carried on in, or in connection with, the hospital.
C. To establish, manage and maintain a Health Maintenance Organization (HMO), utilizing health delivery systems designed and coordinated to maximize benefits to the communities served.

D. To create and manage live-in conditioning centers in resort-type environments featuring educational programs in preventive medicine designed to enhance lifestyle quality and prevent illness.

E. To promote and carry on scientific research related to the care of the sick and injured, with particular reference to the philosophy and practice of the Seventh-day Adventist Church.

F. To participate, so far as circumstances may warrant, in any activity designed and carried on to promote the general health of the community.

III

The name and address of this State of the corporation's initial agent for service of process is:

Frank F. Dupper
1545 North Verdugo Road
Glendale, California 91209.

IV

A. The number of directors shall be fixed by the bylaws of this corporation, and the number of directors may be changed from time to time by amendment of the bylaws adopted by the vote or written assent of the members of the corporation entitled to exercise a majority of the voting power, or the vote of a majority of a quorum of members called pursuant to the bylaws; provided, however, that all of the directors shall be members in good standing of the Seventh-day Adventist Church.
B. The bylaws shall provide for tenure, selection, removal and resignation of directors.

V

The authorized number and qualification of members of the corporation and the rights and privileges of members shall be as set forth in the bylaws; provided, however, that all of the membership shall be composed of members from specific Seventh-day Adventist institutions, constituencies, boards or executive committees of organizations that are listed in the Seventh-day Adventist Yearbook, published by the General Conference of Seventh-day Adventists.

VI

A. The property of this corporation is irrevocably dedicated to religious purposes, and no part of the net income or assets of this organization shall ever inure to the benefit of a director, officer or member of the corporation, or to the benefit of any private individual.

B. This corporation is a totally owned subordinate corporate agency operating subject to and in harmony with the policies, guidelines and procedures required by the Pacific Union Conference of Seventh-day Adventists and the North Pacific Union Conference of Seventh-day Adventists, nonprofit religious associations directly responsible for the management of the affairs of the Seventh-day Adventist Church in the western United States. Upon winding up and dissolution of this corporation, after paying or adequately providing for the debts and obligations of the corporation, the remaining assets shall be distributed to the Pacific Union Conference of Seventh-day Adventists and the North Pacific Union Conference of Seventh-day Adventists, nonprofit religious associations organized and operated exclusively for religious and/or charitable purpose that have established their tax-exempt status under Internal Revenue Code Section 501(c)(3). In the event Pacific Union Conference of Seventh-day Adventists and North Pacific Union
Conference of Seventh-day Adventists are unable for any reason to be the recipient of said assets, remaining assets shall be distributed to the General Conference Corporation of Seventh-day Adventists, a religious corporation organized under the laws of the District of Columbia that has established its tax-exempt status under Internal Revenue Code Section 501(c)(3).

VII

A. This corporation is organized exclusively for religious purposes within the meaning of Internal Revenue Code Section 501(c)(3). Notwithstanding any other provisions of these articles, the corporation shall not carry on any other activities not permitted to be carried on: (1) By a corporation exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code of 1954 (or the corresponding provision of any future United States Internal Revenue law; or (2) By a corporation, contributions to which are deductible under Section 170(c)(2) of the Internal Revenue Code of 1954 (or the corresponding provision of any future United States Internal Revenue law).

B. No substantial part of the activities of this corporation shall consist of the carrying on of propaganda or otherwise attempting to influence legislation, nor shall this corporation participate in, or intervene in (including the publishing or distributing of statements), any political campaign on behalf of any candidate for political office.

Dated: March 1, 1980.

[Signature]
Warren L. Johns, Incorporator
I declare that I am the person who executed the above articles of incorporation, and such instrument is my act and deed.

[Signature]

Warren L. Johns
Bylaws
of
Adventist Health System/West
(the “Corporation”)

Article 1
Principal Office and Purpose

1.1 Office. The principal office for the transaction of the operations of the Corporation shall be fixed from time to time by the Corporation’s board of directors (the “Board”). The Corporation shall operate in that portion of the United States served by the Pacific Union Conference of Seventh-day Adventists (“Pacific Union”) and the North Pacific Union Conference of Seventh-day Adventists (“North Pacific Union”), as well as any other location approved by the Board.

1.2 Purpose. The Corporation is a nonprofit religious corporation (“Religious Corporation”) organized pursuant to the Nonprofit Religious Corporation Law of the State of California (the “Nonprofit Code”). The primary purpose of the Corporation is to promote the wholeness of humanity physically, mentally, and spiritually in a manner that is consistent with the philosophy, teachings, and practices of the Seventh-day Adventist Church (the “Church”).

Article 2
Membership

2.1 Members. There shall be a single class of members of the Corporation who shall exercise the powers of members of a Religious Corporation as set forth in the Nonprofit Code and as provided in these bylaws and the articles of incorporation of the Corporation.

2.2 Number and Qualifications. Each member shall be more than twenty-one years of age; shall have an interest in health care matters; shall support the philosophy, teachings and practices of the Church; and shall be a member in regular standing in the Church in either the Pacific Union or North Pacific Union. The membership shall be composed of the following:

(a) The president, treasurer, and one other representative from both the office of the Pacific Union and the office of the North Pacific Union.

(b) One representative from each of the local conferences of the Church in which are located health care institutions affiliated with the Corporation.

(c) Two representatives selected from among the colleges or universities affiliated with the Church and located in the Pacific Union or North Pacific Union.

(d) The CEO and president of the Corporation, plus two additional representatives of the management of the Corporation.

(e) Three representatives selected from among the presidents of hospital corporations affiliated with the Corporation.
(f) Three representatives selected from among physician members of the medical staffs of hospital corporations affiliated with the Corporation.

(g) Up to sixteen lay representatives who do not belong to any of the categories of persons set forth in (a) through (e) above, but who otherwise meet the qualifications for membership set forth in these bylaws.

2.3 Election and Term of Office. The term of office for each member shall be five years or until that member's successor is elected. Successors for members whose terms of office are expiring shall be elected at the regular meeting of the members in the year such terms expire. A member may be elected to successive terms. The Nominating Committee (see Section 2.15) shall recommend member candidates.

2.4 Vacancies. The members shall fill vacancies in the membership by a majority vote of the members then still serving, even though less than a quorum, or by the vote of the sole remaining member; except, however, that the Board may fill one member vacancy between membership meetings. Successor members so elected shall serve until the completion of the term.

2.5 Voting. Each member of the Corporation shall be entitled to one vote.

2.6 Regular Meetings. The regular meeting of the membership of the Corporation shall be held annually at the time and place determined by the Board. Meetings will be held on a triennial cycle, with meetings every three years held in person and electronic membership meetings held between these triennial in-person meetings, as provided in Section 2.10.

2.7 Special Meetings. Special meetings of the membership shall be held at such time and place (either in person or electronically), and pursuant to such notice, as may be fixed by the Board.

2.8 Meeting Notices. Written notice of meetings (regular or special) shall be by first-class mail, express delivery service (e.g., FedEx or UPS), or electronic transmission by the Corporation (as defined in Section 9.3) sent not more than ninety days nor less than ten days (twenty days if by mail) immediately preceding the time fixed for said meeting. The general purposes for which a special meeting is called shall be specified in the notice. Each member must consent in writing to receipt of notice by electronic transmission, as provided in Section 9.3.

2.9 Waiver of Notice or Consent. The meeting of the members of the Corporation, however called and noticed, shall be as valid as a meeting held after a proper call and notice if a quorum is present and if, either before or after the meeting, each of the voting members not present signs a written waiver of notice, or a consent to holding the meeting, or an approval of the minutes of the meeting. All waivers, consents, or approvals shall be filed with the corporate records and be made a part of the minutes of the meeting. A member's attendance at a meeting shall also constitute a waiver of notice of that meeting unless the member objects at the beginning of the meeting to the transaction of any matter because the meeting was not lawfully called or convened. Also, attendance at a meeting is not a waiver of any right to object to the consideration of matters required to be included in the notice of the meeting but not so included, if that objection is expressly made at the meeting.
2.10 Meeting Location; Electronic Meetings. Beginning in 2017, triennial meetings of the members shall be held at the principal office of the Corporation or at any place designated by the Board. The Board may authorize members who are not present in person to participate by electronic transmission or by electronic video communication. If authorized by the Board in its sole discretion, and subject to the requirements of consent in the Nonprofit Code and guidelines and procedures the Board may adopt, members not physically present in person at a meeting of members may, by electronic transmission or by electronic video screen communication, participate in a meeting of members, be deemed present in person, and vote at a meeting of members whether that meeting is held (i) at a designated physical location or (ii) at a physical location, together with electronic transmission or by electronic video screen communication, subject to the requirements of this Section. Unless the Board elects otherwise, regular meetings of the members between triennial meetings will be conducted using electronic transmission or by electronic video screen communication. Where membership meetings are held by electronic transmission or by electronic video screen communication, the (a) Corporation must implement reasonable measures to provide all members a reasonable opportunity to participate in the meeting and to vote on matters submitted to the members, including an opportunity to read or hear the proceedings of the meeting substantially concurrently with those proceedings, and (b) if any member votes or takes other action at the meeting by means of electronic transmission to the Corporation or electronic video screen communication, a record of that vote or action is maintained by the Corporation.

2.11 Quorum. A quorum of any meeting of the members shall be fifty percent of the voting members. Except as otherwise required by law, the articles of incorporation, or these bylaws, the members present at a duly called or held meeting at which a quorum is present may continue to transact business until adjournment, even if enough members have withdrawn to leave less than a quorum, if any action taken (other than adjournment) is approved by at least a majority of the members required to constitute a quorum.

2.12 Order of Business. The order of business at a membership meeting shall be determined by the Board or the members.

2.13 Voting; Written Ballots. At all membership meetings, all questions shall be determined by a majority vote, except as provided in Section 9.2. No member may vote or act by proxy. Except for the election of directors, any action that members may take at a membership meeting may also be taken by written ballot without a meeting, as follows:

(a) The Corporation shall distribute one written ballot and any related material to each member entitled to vote on the matter either by mail or by electronic transmission by the Corporation. Responses may be returned by mail or by electronic transmission to the Corporation.

(b) All solicitations of votes by written ballot shall specify the time by which the ballot must be received in order to be counted.

(c) Each ballot so distributed shall (1) set forth the proposed action; (2) give the members an opportunity to specify approval or disapproval of each proposal; and (3) provide a reasonable time in which to return the ballot to the Corporation.

2.14 Liabilities of Members. There shall be no membership fees, dues, or assessments. No person who is now or later becomes a member of the Corporation shall
be personally liable to its creditors for any indebtedness or liability and any or all creditors of the Corporation shall look only to the assets of the Corporation for payment.

2.15 Nominating Committee. There shall be a nominating committee of the membership (the “Nominating Committee”) consisting of the individuals serving on the Governance Committee (described in Section 4.2, below), together with three individuals selected by the Board from the member categories described in Subsections 2.2(a), (b), (c), (f), and (g), who shall serve for a term of one year. The Nominating Committee shall meet prior to any meeting of the membership at which directors or members are to be elected, and the Nominating Committee will recommend eligible candidates to the full membership for election to the Board or membership. The report of the Nominating Committee shall include the attendance records of current directors and members who are being nominated for election. The membership may also name one or more alternates to serve on the Nominating Committee in the event of the inability of a committee member to continue serving on the committee.

2.16 Bylaws Committee. There shall be a bylaws committee of the membership (the “Bylaws Committee”) consisting of the individuals serving on the Governance Committee (described in Section 4.2, below), together with three individuals selected by the Board from the member categories described in Subsections 2.2(a), (b), (c), (f), and (g), who shall serve for a term of one year. The Bylaws Committee shall meet prior to any meeting of the membership and review the Corporation’s bylaws and articles of incorporation. This committee will forward any recommended amendments to these documents to the membership for its consideration. Amendments will not be effective unless adopted by the membership.

Article 3
Board of Directors

3.1 Number and Qualification. The Board shall be composed of no more than fifteen members. Each member shall be more than twenty-one years of age, shall have an interest in health care matters, and shall support the goals and objectives of the Church in its health care work and be a member in regular standing in the Church. The Board shall be composed of the following:

(a) The president of the Pacific Union and the president of the North Pacific Union.

(b) Two presidents selected from among the local conferences of the Church in which are located health care institutions affiliated with the Corporation.

(c) The CEO of the Corporation.

(d) The president of the Corporation.

(e) Two representatives from among the active physician members of the medical staffs of hospital corporations affiliated with the Corporation.

(f) Seven lay representatives with business backgrounds and perspectives who do not belong to any of the categories of persons set forth in Subsections 3.1(a) to (d) above.
3.2 Quorum. A majority of the directors of the Board shall constitute a quorum for the transaction of business. Except as otherwise required by law, the articles of incorporation, or these bylaws, the directors present at a duly called or held Board meeting at which a quorum is present may continue to transact business until adjournment, even if enough directors have withdrawn to leave less than a quorum, if any action taken (other than adjournment) is approved by at least a majority of the directors required to constitute a quorum.

3.3 Powers of the Board. The Board shall control and generally manage the operations of the Corporation and exercise all of the powers, rights, and privileges permitted to be exercised by directors of Religious Corporations under the Nonprofit Code, except as limited by the Corporation’s articles of incorporation and these bylaws. All corporate powers of the Corporation shall be exercised by or under the authority of the Board.

3.4 Nomination, Election, and Term of Office. The Nominating Committee shall present the names and qualifications of its nominees for the Board to the members. The members shall consider all nominees and may elect a nominee to serve on the Board pursuant to a majority vote of the membership. The directors described in Subsections 3.1(a), (c), and (d) are ex officio directors, with vote, and are not elected. The term of office of each elected director shall be three years, beginning immediately following the membership meeting at which that person is elected, and ending following the close of the third annual membership meeting following such election or until that director’s successor is elected. Successors for directors whose terms of office are expiring shall be elected at the regular meeting of the members in the year such terms expire. A director may be reelected to consecutive terms of office. Directors may be elected to terms of less than three years in order to stagger the terms of directors so that the terms of approximately one-third of the directors expire each year.

3.5 Vacancies. The Board shall have the power to fill vacancies among the directors between meetings of the membership of the Corporation by a majority vote of the directors then in office even though less than a quorum or by the sole remaining director. Successor directors so elected shall serve until the end of the next regularly scheduled meeting of the members.

3.6 Place of Meeting. Meetings of the Board shall be held at the principal office of the Corporation or at any place within or without the state that has been designated by the chair or CEO or by resolution of the Board. Any Board meeting may be held by conference telephone, video screen communication, or electronic transmission. Participation in a meeting under this Section shall constitute presence in person at the meeting if both the following apply: (a) each director participating in the meeting can communicate concurrently with all other directors; and (b) each director is provided the means of participating in all matters before the Board, including the capacity to propose, or to interpose an objection to, a specific action to be taken by the Corporation.

3.7 Regular Meetings; Special Meetings. The Board shall hold regular meetings at least four times each year at such times as the Board may fix by resolution. Regular meetings of the Board shall consist of those meetings reflected on the Corporation’s annual calendar. Special meetings of the Board for any purpose or purposes may be called at any time by the CEO or chair.

3.8 Meeting Notices; Waiver. Written notice of the time and place of meetings (regular or special) shall be delivered to each director or sent to each director by mail or
by other form of written communication, or by electronic transmission by the Corporation
(as defined in Section 9.3), charges prepaid, addressed to the director at that director’s
address as it is shown on the records of the Corporation. The notice shall be sent (a) for
regular Board meetings, at least fifteen days, but not more than forty-five days, before the
time of the holding of the meeting; and (b) for special meetings, at least four days before
the time of the meeting, if notice is sent by mail, and at least forty-eight hours before the
time of the meeting, if notice is delivered personally, telephonically, or by electronic
transmission. Each director must consent in writing to receipt of notice by electronic
transmission, as provided in Section 9.3. The meeting of the Board, however called and
noticed and wherever held, shall be as valid as though the meeting had been held after a
proper call and notice if a quorum is present and if, either before or after the meeting, each
of the directors not present signs a written waiver, or notice of consent to hold the meeting,
or an approval of the minutes. All waivers, consents, or approvals shall be filed with the
corporate records and made a part of the minutes of the meeting.

3.9 Voting; Action without a Meeting. Each director shall have one vote on each
matter presented to the Board for action. No director may vote by proxy. Any action by
the Board may be taken without a meeting if all of the directors, individually or collectively,
consent in writing or by electronic transmission to the action. Such written consent shall
be filed with the minutes of the proceedings of the Board.

3.10 Resignation and Removal. Except as provided below, any director may resign
by giving written notice to the chair or to the CEO. The resignation shall be effective when
the notice is given unless it specifies a later time for the resignation to become effective.
No director may resign when the Corporation would be left without a duly elected director.
A director may resign by giving notice of resignation to the chair of the Board. A director
may be removed from office by a majority vote of the members.

3.11 Compensation. Ordinarily, directors and committee members serve as
volunteers to advance the Corporation’s mission. The Board may, however, elect to
compensate directors and committee members for their services and reimburse them for
their expenses. Any compensation must be just and reasonable and it must be set forth
in a resolution adopted by the Board.

3.12 Conflicts of Interest. Upon election to the Board and annually, each director shall
sign a conflict of interest form, certifying that the director has read, understood, and is in
complete compliance with, and agrees to continue to comply with, the Board’s conflict of
interest policy.

Article 4
Committees

4.1 Board Committees. In addition to the Governance Committee described in
Section 4.2, the Board may appoint standing or special Board committees, consisting of
at least two or more directors, to serve at the pleasure of the Board. Committees may
also include one or more nondirectors as members. Each committee shall have any of
the powers and authority of the Board provided in the Board resolution forming that
committee, and memorialized in the Board’s charter for that committee, except that no
committee may do the following:

(a) Take any final action on matters that, under the Nonprofit Code or these
bylaws, also require approval of the Board;
(b) Fill vacancies on the Board or on any committee of the Board;

(c) Fix compensation of directors or committee members for serving on the Board or any committee;

(d) Amend or repeal these bylaws or adopt new bylaws;

(e) Amend or repeal any resolution of the Board that by its express terms is not so amendable or repealable; or

(f) Appoint committees of the Board or committee members.

A Board committee chair must be a director of the Board. All chairs shall be appointed by the Board and shall serve until they no longer are qualified to serve as chairs, until they are removed or resign as chairs, or until their committees are terminated. The Board chair or vice chair shall preside over the Governance Committee.

4.2 Governance Committee. Without limiting the foregoing, the Board shall appoint a standing governance committee of the Board (the "Governance Committee") comprised solely of directors.

4.3 Advisory Committees. The Board may establish one or more advisory committees, consisting of directors, nondirectors, or both. Advisory committees may not exercise any authority of the Board, but shall be limited to making recommendations to the Board and to implementing Board decisions and policies.

4.4 Meetings and Actions. Meetings and actions of committees shall be governed by, held, and taken under the provisions of these bylaws concerning Board meetings, except that the time for general meetings and the calling of special meetings may be set either by Board resolution or, if none, by the committee chair or by resolution of the committee. No act of a committee shall be valid unless approved by the vote of a majority of its committee members with a quorum present. Committees shall keep regular minutes of proceedings and report the same to the Board, and the minutes will be filed with the Corporation's records.

4.5 Removal. The Board may remove at any time, with or without cause, a member or members of any committee.

Article 5
Officers

5.1 Officers. The officers of the Corporation shall be a chair of the Board, a vice chair of the Board, a chief executive officer (who may also be referred to as CEO), a president (who may also be referred to as chief operating officer), a secretary, and a chief financial officer (who may also be referred to as treasurer). The Corporation may also have, at the discretion of the Board, one or more assistant secretaries and one or more assistant chief financial officers. Any person may hold more than one office, except that none of the chair, the CEO, or the president may serve concurrently as the secretary or chief financial officer. In no event shall the title of vice president of the Corporation make a person an officer within the meaning of the Nonprofit Code or these bylaws, unless designated by the Board.
5.2 Election; Removal; Resignation. The Board shall elect all officers of the Corporation, each of whom shall serve at the pleasure of the Board, subject to the rights of any officer under an employment contract. A person shall serve as chair or vice chair only so long as that person satisfies the requirements of Sections 5.4 or 5.5, below. Any officer may resign at any time by giving written notice to the Board. The resignation shall take effect on the date the notice is received or at any later time specified in the notice.

5.3 Vacancies. A vacancy in any office because of death, resignation, removal, disqualification, or otherwise, shall be filled by the Board.

5.4 Chair of the Board. The chair of the Board shall be one of the individuals described in Section 3.1(a) of these bylaws, who shall preside at the meetings of the membership, the Board, and the executive committee, if any executive committee is appointed. The chair shall also exercise and perform such other powers and duties as the Board may assign from time to time.

5.5 Vice Chair of the Board. The vice chair of the Board shall be the individual described in Section 3.1(a) of these bylaws who is not elected chair. In the absence or request of the chair, the vice chair shall preside at the meetings of the membership, the Board, and the executive committee, if an executive committee is appointed. The vice chair shall also exercise and perform such other powers and duties as the Board may assign from time to time.

5.6 CEO. The CEO shall be an experienced health care executive and shall exercise all of the rights and privileges and perform all of the duties usually pertaining to the office of a CEO of a health care system, and shall perform additional duties as directed by the Board. The CEO shall act as the duly authorized representative of the Board in all matters in which the Board has not formerly designated some other person to act. The authorities and duties of the CEO shall include the responsibility for:

(a) Carrying out all policies and procedures established by the Board, consistent with the philosophy, teachings, and practices of the Church;

(b) Development and submission to the Board for approval of a plan of organization of the personnel and others concerned with the operation of the Corporation and its affiliated institutions;

(c) Preparation of an annual operating capital expenditure and cash flow budget showing the expected receipts and expenditures and such other information as is required by the Board, and submission of such budgets to the Board for approval;

(d) Selection, employment, control, and discharge of all employees and development and maintenance of personnel policies and practices for the Corporation and its affiliated institutions;

(e) Maintenance of physical properties in a good state of repair and operating condition;

(f) Supervision of operational affairs to ensure that funds are collected and expended to the best possible advantage and within the provision of the annual budgets;
(g) Presentation to the Board or to its authorized committees of periodic reports reflecting the professional services and financial activities of the Corporation and its affiliated institutions and preparation and submission of such special reports as may be required by the Board;

(h) Attendance at all meetings of the Board and committees thereof and serving as chair of the Board in the absence of both the chair and vice chair;

(i) Serving as the liaison officer and channel of communication for all official communications between the Board or any of its committees and its affiliated institutions;

(j) Execution of the contracts authorized by the Board, or a Board committee, except as is otherwise provided by these bylaws and subject further to the limitations of authority delegated by the Board;

(k) Establishing goals and objectives for the Corporation, which shall include a long-range strategic plan;

(l) Together with the management team, operating the Corporation in an ethical manner, implementing an effective compliance program, and reporting regularly (directly and together with other corporate officers) to the Board on compliance matters; and

(m) Performance of other duties that may be necessary in the best interests of the Corporation and its affiliated institutions.

5.7 President. During the unavailability or incapacity of the CEO, the president will act in the place and stead of the CEO. The president shall have such other powers and duties as the Board or the bylaws may require.

5.8 Secretary. The secretary shall keep, or cause to be kept, the records of the Corporation, including a record of the proceedings of the Corporation, and shall perform all of the duties usually incident to the office of secretary. The secretary shall have such other powers and duties as the Board or the bylaws may require.

5.9 Chief Financial Officer. The chief financial officer shall keep, or cause to be kept, correct books and accounts of the Corporation's properties and transactions. The chief financial officer shall perform all the duties pertaining to the office of chief financial officer and shall have such other powers and duties as the Board or these bylaws may require. During the unavailability or incapacity of the CEO and the president, the chief financial officer will act in the place and stead of the CEO.

5.10 Assistant Secretaries. The chief financial officer shall be an assistant secretary and there shall be such other assistant secretaries as may be designated by the Board, any one of whom shall perform the duties of the secretary in the absence of the secretary.

5.11 Assistant Chief Financial Officers. There shall be such assistant chief financial officers (who may also be referred to as assistant treasurers) as may be designated by the Board, any one of whom shall perform the duties of the chief financial officer in the absence of the chief financial officer.
Article 6
Affiliated Institutions

6.1 Affiliation Authority. The Corporation may enter into an association with any hospital or health institution having objectives similar to those outlined in these bylaws, provided that the best interest of the Corporation and that of the affiliated institution will be served. An affiliated hospital shall function in harmony with the management guidelines established by the Corporation.

6.2 Reimbursement for Services. The Corporation may enter into contracts with an affiliated or unaffiliated institution on a fee basis.

Article 7
Indemnification

7.1 Advancement of Expenses. To the fullest extent permitted by law and except as otherwise determined by the Board in a specific instance (and in the Board's sole and absolute discretion), expenses incurred by an agent (defined below) seeking indemnification under this Article of these bylaws in defending any proceeding covered by this Article shall be advanced by the Corporation before final disposition of the proceeding, on receipt by the Corporation of an undertaking by or on behalf of that person that the advance will be repaid unless it is ultimately found that the person is entitled to be indemnified by the Corporation for those expenses. The Board must approve any advance made to the CEO under this Section, prior to such advance being paid to the CEO. For purposes of this article, an "agent" shall have the meaning established in the Nonprofit Code applicable to the Corporation.

7.2 Indemnification upon Successful Defense. If an agent of the Corporation is successful on the merits in defense of any proceeding, claim, or other contested matter brought against the agent in connection with the agent's actions or omissions in relation to the Corporation, the Corporation shall indemnify the agent against that agent's actual and reasonable expenses incurred in the defense against such proceeding or claim.

7.3 Indemnification upon Unsuccessful Defense.

(a) Mandatory Indemnification. To the maximum extent permitted by law, the Corporation shall indemnify each of its present and former (1) directors, (2) officers, (3) persons who are or were regularly invited for six consecutive months or more to attend and participate at Board meetings or Board committee meetings, and (4) persons identified in a duly approved Board resolution as qualifying for this mandatory indemnification (each of whom is an "indemnitee") against expenses (collectively, "payments") actually and reasonably incurred by such indemnitee in connection with defending that indemnitee against an action or proceeding. An employee of the Corporation may be an indemnitee if that employee meets one or more of the definitions of indemnitee set forth above. Notwithstanding the above, mandatory indemnification shall be given to a potential indemnitee only if all of the following apply:

(1) The potential indemnitee was not a director, officer, or other person who was removed from one or more of their positions with the Corporation;
The action or proceeding against the indemnitee is based on or relates to an action or inaction taken by the indemnitee on behalf of the Corporation and within the scope of the indemnitee's role or relationship with the Corporation;

The Board (excluding vacancies and directors who have a conflict of interest) has made all findings required by the Nonprofit Code (the indemnitee shall not be eligible to receive this mandatory indemnification if such findings are not made); and

The potential indemnitee has not procured any illegal profit, remuneration, or advantage, as determined by the Board in its sole discretion.

If a person does not qualify for this mandatory indemnification, such person might still receive discretionary indemnification as outlined below.

(b) Discretionary Indemnification. To the maximum extent permitted by law, the Board may in its sole discretion, by a majority vote (excluding vacancies and directors with a conflict of interest), indemnify an agent (including former directors who were removed by the Board, employees, or agents identified by the Board as acting on behalf of the Corporation and not entitled to mandatory indemnification) (each of which is a "recipient") against any or all of the expenses, judgments, fines, settlements, or other amounts actually and reasonably incurred by such recipient in connection with an action or proceeding against the recipient, subject to the following:

(1) The action or proceeding against the recipient must be based on or relate to an action or inaction taken by the recipient on behalf of the Corporation and within the scope of the recipient’s role or relationship with the Corporation;

(2) The Board (excluding vacancies and directors who have a conflict of interest) must have made all findings required by the Nonprofit Code (the recipient shall not be eligible to receive this discretionary indemnification if such findings are not made); and

(3) Indemnification is not available if the recipient is found to have procured illegal profit, remuneration, or advantage.

Article 8
Legal Instruments

8.1 Execution of Legal Documents.

(a) The CEO or president, together with the secretary or an assistant secretary or chief financial officer or assistant chief financial officer, shall sign any deeds or mortgages or other legal documents for real estate transactions under authority given them by the Board (either by resolution specific to a transaction or by a general resolution authorizing such persons to enter into certain types of real estate transactions). The Board may also authorize other persons or officers to execute the documents described in this Subsection.
The CEO, the president, the chief financial officer, or any other officer or person designated by the Board are each authorized to vote, represent, and exercise on behalf of the Corporation all rights incident to any and all voting securities of any other corporation or corporations standing in the name of the Corporation. The authority granted by these bylaws to vote or represent the Corporation arising from any voting securities held by the Corporation of any other corporation may be exercised in person or by any person authorized to do so by proxy or power of attorney.

With respect to all contracts, transactions, or arrangements other than those described in Subsections 8.1(a) or 8.1(b), the CEO, president, or chief financial officer may execute, and the Board may authorize specific other persons or officers to execute, the appropriate agreements and other documents related to such transactions or arrangements. The CEO, president, or chief financial officer may sign individually. Any Board resolution authorizing other persons or officers to execute documents shall specify whether one person may sign the appropriate documents or whether two signatures are required under specified circumstances.

Seal. The Corporation may have a corporate seal, and the same shall have inscribed thereon the name of the Corporation, the date of its incorporation, and the word "California."

Article 9
General Provisions

Auditor. The books of the Corporation shall be reviewed annually by an auditor selected by the Board.

Amendment of Bylaws. These bylaws may be amended or repealed by the vote of two-thirds of the members present at any regular meeting or special meeting of the membership or by two-thirds of the members voting by written ballot, as provided in Section 2.13.

Electronic Transmission.

(a) "Electronic transmission by the Corporation" means a communication (1) delivered by (A) facsimile telecommunication or electronic mail when directed to the facsimile number or electronic mail address for that recipient on record with the Corporation; (B) posting on an electronic message board or network that the Corporation has designated for those communications, together with a separate notice to the recipient, which transmission shall be considered delivered upon the later of the posting or delivery of the separate notice thereof; or (C) other means of electronic communication; (2) to a recipient who has provided an unrevoked consent to the use of those means of transmission for communications pursuant to the Nonprofit Code; and (3) that creates a record that is capable of retention, retrieval, and review, and that may thereafter be rendered into clearly legible tangible form.

(b) An electronic transmission to an individual member of the Corporation who is a natural person, or to a director, must be preceded by or include a clear written statement to the recipient as to (1) any right of the recipient to have the record provided or made available on paper or in nonelectronic form; (2) whether the
consent applies only to that transmission, to specified categories of communications, or to all communications from the Corporation; and (3) the procedures the recipient must use to withdraw consent.

(c) "Electronic transmission to the Corporation" means a communication
(1) delivered by (A) facsimile telecommunication or electronic mail when directed to the facsimile number or electronic mail address that the Corporation has provided to members or directors for communications; (B) posting on an electronic message board or network that the Corporation has designated for those communications, which transmission shall be considered delivered upon posting; or (C) other means of electronic communication; (2) as to which the Corporation has placed in effect reasonable measures to verify that the sender is the member or director purporting to send the transmission; and (3) that creates a record that is capable of retention, retrieval, and review, and that may thereafter be rendered into clearly legible tangible form.

(d) "Electronic transmission" means any combination of electronic transmission by or to the Corporation.
Certificate of Secretary

Adventist Health System/West

I, Meredith Jobe, certify that I am the duly elected and acting secretary of Adventist Health System/West, a California nonprofit religious corporation ("Adventist Health"); that the foregoing bylaws, consisting of thirteen (13) pages, are a true and correct copy of the bylaws of Adventist Health as duly adopted by the vote of more than two-thirds of the membership at a meeting held on October 18, 2017; and that these bylaws have not been amended or modified since that date.

Date: 10/26/17

Meredith Jobe, Secretary
Adventist Health
Clearlake Hospital, Inc.
dba
Adventist Health Clear Lake
CERTIFICATE OF AMENDMENT
OF
ARTICLES OF INCORPORATION
OF
ADVENTIST HEALTH CLEARLAKE HOSPITAL, INC.

JoAline Olson and Robert Carmen certify that:

1. They are the President and the Secretary respectively of Adventist Health Clearlake Hospital, Inc., a California nonprofit religious corporation.

2. Article VI of the articles of incorporation of this corporation is amended to read as follows:

   A. The property of the Corporation is irrevocably dedicated to religious or hospital purposes; including the promotion of the general health of the residents of the Service Area and the maintenance and operation as an acute care hospital facility within the Service Area, including a basic emergency service and perinatal services. No part of the net income or assets of this organization shall ever inure to the benefit of a Director, Officer or Member of the corporation, or to the benefit of any private individual.

   B. This corporation is affiliated with and operates subject to and in harmony with the policies, guidelines and procedures of Adventist Health System/West, a religious corporation. Upon winding up and dissolution of the Corporation, after paying or adequately providing for the debts and obligations of the Corporation, the remaining assets shall be distributed to Redbud Health Care District, or if Redbud Health Care District has ceased to exist, a successor state agency that provides health care services, or another nonprofit corporation formed to promote the health of persons residing within the Service Area and organized and operated exclusively for religious and charitable purposes, which has established its exempt status under Section 501(c)(3) of the Internal Revenue Code.

3. The foregoing amendment of articles of incorporation has been duly approved by the board of directors.
4. The foregoing amendment of articles of incorporation has been duly approved by the required vote of the corporate member in accordance with Section 5814 of the California Corporations Code.

We further declare under penalty of perjury under the laws of the State of California that the matters set forth in this certificate are true and correct of our knowledge.

Dated: May 24, 1999

[Signature]
JdAline Olson, President

[Signature]
Robert Carmen, Secretary
CERTIFICATE OF AMENDMENT
OF
ARTICLES OF INCORPORATION
OF
REDBUD COMMUNITY HOSPITAL/ADVENTIST HEALTH

Frank F. Dupper and Donald R. Ammon certify that:

1. They are the President and the Secretary respectively of Redbud Community Hospital/Adventist Health, a California nonprofit religious corporation;

2. Article I of the articles of incorporation of this corporation is amended to read as follows:

"The name of this Corporation is: ADVENTIST HEALTH CLEARLAKE HOSPITAL, INC."

3. The foregoing amendment of articles of incorporation has been duly approved by the board of directors.

4. The foregoing amendment of articles of incorporation has been duly approved by the required vote of members in accordance with Section 5814 of the California Corporations Code.

We further declare under penalty of perjury under the laws of the State of California that the matters set forth in this certificate are true and correct of our own knowledge.

Dated: December 18, 1996

[Signature]  
Frank F. Dupper, President

[Signature]  
Donald R. Ammon, Secretary
ARTICLES OF INCORPORATION
OF
REDBUD COMMUNITY HOSPITAL/ADVENTIST HEALTH

ARTICLE I

The name of this corporation is REDBUD COMMUNITY HOSPITAL/ADVENTIST HEALTH ("Corporation").

ARTICLE II

The Corporation is a nonprofit religious corporation and is not organized for the private gain of any person. It is organized under the Nonprofit Religious Corporation Law exclusively for religious purposes. More specifically, the purposes of this Corporation are to promote the wholeness of humanity, physically, mentally and spiritually, in a manner which is consistent with the philosophy, teachings and practice of the Seventh-day Adventist Church through the following activities:

A. To establish, manage and maintain an acute care hospital within the Service Area, commonly known as the "Redbud Health Care District" and defined below, for the benefit of residents of the Service Area as an affiliate corporation and in harmony with the administrative guidelines and religious objectives of Adventist Health System/West, a California nonprofit religious corporation. For purposes of these Articles of Incorporation, "Service Area" is defined as follows:

Beginning at the intersection of the County line between Lake and Colusa Counties with the North line of Section 2, Township 14 North, Range 6 West, M.D.B.& N. and running thence in a general Southeasterly and Southerly direction to the intersection of the lines of Lake, Colusa and Yolo Counties; thence Westerly and Southerly to the intersection of the lines of Lake, Yolo and Napa Counties; thence following the County line between Lake and Napa Counties, in a generally Southerly and Southeasterly direction to the intersection with the lines of Lake, Napa, and Sonoma Counties at the top of Mt. St. Helena; thence Northeasterly along the boundary line between Lake and Sonoma Counties to the intersection with the North line of Section 21, Township 11 North, Range 8 West; thence East to the Southwest corner of Section 15, said Township and Range; thence North to the Northwest corner of Section 3, said Township and Range; thence West to the Southwest corner of Section 34, Township 12 North, Range 8 West; thence North along the West lines of Sections 34, 27, 22, 15 and 10 of said Township and Range to the quarter Section corner on the West line of said Section 10; thence East, a distance of one half mile to the center of said Section; thence South, a distance of one half mile to the quarter Section corner on the South line of said Section; thence East along the South line of said Section, a distance of one quarter mile; thence South, a distance of one half mile; thence East, a distance of one half mile; thence South, a distance of one half mile to the South line of Section 14, said
Township and Range; thence East, a distance of one mile, more or less, to the Southeast corner of the Southeast quarter of the Southwest quarter of Section 13, said township and Range; thence North, parallel to the West line of said Section 13, a distance of one mile to the North line of said Section; thence East to the Northeast corner of said Section; thence North along the West line of Section 7 and 6, Township 12 North, Range 7 West, to the Northwest corner of said Section 6; thence Northerly, along the West lines of Section 31 and 30, Township 13 North, Range 7 West, to the quarter Section corner on the West line of said Section 30; thence West to the quarter Section corner on the West line of Section 25, Township 23 North, Range 8 West, thence North to the Northwest corner thereof; thence East, along the North line of said Section 25, Township 13 North Range 8 West, extended Northerly, interests said low water line of Clear Lake; thence, in a Northwest direction, across the waters of Clear Lake and to the East of what is known as Craig Island, to a point where the West line of Section 27, Township 14 North, Range 8 West, interests the low water line of said Clear Lake; thence North along the West line of Section 22 and 15, said Township and Range, to the corner of said Section 15; thence North to the Northwest corner of Section 26, Township 15 North, Range 8 West; thence Easterly on the Northeast corner of said Section 29, Township 15 North, Range 7 West; thence South to the Southeast corner of said Section 29; thence East to the Southeast corner of Section 28, said Township and Range; thence North to the Northwest corner of said Section 28; thence East to the West line of Township 15 North, Range 6 West; thence Southerly to the Southwest corner of said Township; and thence East along the South line of said Township to the Point of Beginning.

B. To establish and maintain an institution or institutions within or without the state where incorporated with permanent facilities that include in-patient beds and medical services to provide diagnosis and treatment for patients (and associated services such as, but not limited to, extended care, out-patient care and home care).

C. To carry on any educational activities related to rendering care to the sick and injured or to the promotion of health, that in the opinion of the board of directors may be justified by the facilities, personnel, funds and other requirements that are, or can be, made available.

D. To establish, manage and maintain a health maintenance organization (HMO), or similar organizations utilizing health delivery systems designed and coordinated to maximize benefits to the communities served.

E. To create and manage live-in conditioning centers in resort-type environments featuring educational programs in preventive medicine designed to enhance lifestyle quality and prevent illness.

F. To promote and carry on scientific research related to the care of the sick and injured.
G. To participate, so far as circumstances may warrant, in any activity designed and carried on to promote the general health of the residents of the Service Area.

ARTICLE III

The name and address in the State of California of the Corporation’s initial agent for service of process is:

Donald R. Ammon
Executive Vice President
Adventist Health System/West
2/00 Douglas Boulevard
Roseville, California 95661-9002

ARTICLE IV

A. The minimum and maximum number of Directors of the Corporation shall be set forth in the Bylaws. The exact number of Directors shall be determined by the Corporate Member.

B. Ex-Officio Directors of the Corporation shall be:

1. The President of Adventist Health System/West, or his designee, who shall be the Chairman of the Board.

2. The President of the Corporation, who shall be authorized to serve as acting chairman with the written permission of either the Chairman or Vice-Chairman.

C. All other Directors of the Corporation shall be elected by the Corporate Member for a term of two years. Directors may succeed themselves in office.

D. The Corporate Member may remove any or all Directors, with or without cause, at any time and shall remove any director absent from more than 50 percent of the regular meetings of the Board of Directors during any twelve month period, unless the absence is excused prior to the meeting in harmony with the following procedure.

1. Reasons for absences are to be presented to the Chairman or President prior to the meeting; and,

2. The Board approves the absence and the approval is included in the board minutes.

E. The Bylaws shall provide for qualifications and resignation of Directors.
ARTICLE V

The authorized number and qualification of Members of the Corporation and the rights and privileges of members shall be as set forth in the Bylaws. The Corporate Member shall have sole authority to amend the Bylaws of the Corporation at any regular or special meeting.

ARTICLE VI

A. The property of the Corporation is irrevocably dedicated to religious purposes, including the promotion of the general health of the residents of the Service Area and the maintenance and operation as an acute care hospital facility within the Service Area, including a basic emergency service and perinatal services. No part of the net income or assets of this organization shall ever inure to the benefit of a Director, Officer or Member of the Corporation, or to the benefit of any private individual.

B. This corporation is affiliated with and operates subject to and in harmony with the policies, guidelines and procedures of Adventist Health System/West, a religious corporation. Upon winding up and dissolution of the Corporation, after paying or adequately providing for the debts and obligations of the Corporation, the remaining assets shall be distributed to Redbud Health Care District, or if Redbud Health Care District has ceased to exist, a successor state agency, or another tax-exempt nonprofit corporation formed to promote the health of persons residing within Service Area.

ARTICLE VII

A. The Corporation is organized exclusively for religious purposes within the meaning of Internal Revenue Code Section 501(c)(3). Notwithstanding any other provision of these articles, the Corporation shall not carry on any other activities not permitted to be carried on: (1) by a corporation exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code of 1954 (of the corresponding provision of any future United States Internal Revenue Law); or (2) by a corporation, contributions to which are deductible under Section 170(c)(2) of the Internal Revenue Code of 1954 (or the corresponding provision of any future United States Internal Revenue Law).

B. No substantial part of the activities of the Corporation shall consist of the carrying on of propaganda or otherwise attempting to influence legislation, nor shall this corporation participate in, or intervene in (including the publishing or distributing of statements), any political campaign on behalf of any candidate for political office.
ARTICLE VIII

All references set forth herein to Sections 170(c)(2) and 501(c)(3) of the Internal Revenue Code of 1986 and Sections 214 and 23701 of the California Revenue and Taxation Code shall mean and refer to those sections as they now exist, or as they may hereafter be amended, supplanted or revised, or the corresponding provisions of any future United States Internal Revenue Law or California Revenue and Taxation Law, respectively.

Dated:                      

Donald R. Ammon, Incorporator

DECLARATION OF INCORPORATOR

The undersigned hereby declares that he is the person who executed the foregoing Articles of Incorporation, which execution is his act and deed.

Dated:                      

Donald R. Ammon, Incorporator
BYLAWS
OF
ADVENTIST HEALTH CLEARLAKE HOSPITAL, INC.\(^1\)
(the “Corporation”)

Article 1
Principal Office and Purpose

1.1 Office. The principal office for the transaction of the business of the Corporation shall be fixed from time to time by the Corporation’s board of directors (the “Board”).

1.2 Purpose. The Corporation is a nonprofit religious corporation organized pursuant to the Nonprofit Religious Corporation Law of the State of California (the “Nonprofit Code”) and is affiliated with Adventist Health System/West, a California nonprofit religious corporation (“Adventist Health”). The primary purpose of the Corporation is to promote the wholeness of humanity physically, mentally, and spiritually in a manner that is consistent with the philosophy, teachings, and practices of the Seventh-day Adventist Church (the “Church”).

Article 2
Membership

2.1 Members. Adventist Health is the sole member of the Corporation, within the meaning of Section 5056 of the California Corporations Code.

2.2 Transfer of Membership. No membership or right arising from membership may be assigned, transferred or encumbered in any manner whatsoever, either voluntarily or involuntarily. Any purported or attempted assignment, transfer or encumbrance of such membership shall be void and shall be grounds for termination of the membership.

2.3 Exercise of Membership Rights. Adventist Health shall exercise its membership rights through its board of directors, which may, by resolution, authorize one or more of its officers to exercise its vote on any matter to come before the membership of the Corporation.

2.4 Action by the Member. The vote, written assent or other action of Adventist Health shall be evidenced by, and the Corporation shall be entitled to rely upon, a certificate of the secretary of Adventist Health stating (a) the actions taken by Adventist Health, (b) that such actions were taken in accordance with the articles of incorporation and bylaws of Adventist Health, and (c) the authorization of Adventist Health for such certification. Requests for action by Adventist Health may be made through the chair of Adventist Health’s board of directors or such other person as Adventist Health’s board of directors shall designate in writing.

2.5 Place of Meetings. Meetings (whether regular or special) of Adventist Health, as member of the Corporation, shall be held at the principal office of Adventist Health, or at such other place designated by the Corporation’s Board, which location will be stated in the notice of the meeting.

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\(^1\) The Corporation also does business as St. Helena Hospital Clearlake.
2.6 Regular Meeting. The regular meeting of Adventist Health, as member of the Corporation, shall be held annually within one-hundred-twenty (120) days after the close of the fiscal year or at such time as the Board determines. The regular meeting shall be held for the purpose of transacting business as may come before the meeting.

2.7 Special Meetings. Special meetings of Adventist Health, as member of the Corporation, for any purpose or purposes, may be called upon request of the chair of the Board or by Adventist Health.

2.8 Notice of Meeting. Notice of a time and place for a regular or special meeting shall be delivered not less than fifteen (15) nor more than sixty (60) days before the date of the meeting:
(a) personally to Adventist Health; (b) via electronic transmission; or (c) sent by first-class, registered or certified mail to the address of Adventist Health, as it appears on the Corporation's records. Notices of special meetings shall state the general nature of the business to be transacted. Adventist Health must consent in writing to receipt of notice by electronic transmission, as provided in Section 9.3.

2.9 Action by Written Ballot. Any action may be taken without a meeting if a written or electronic ballot is distributed to Adventist Health, setting forth the proposed action, providing an opportunity for Adventist Health to specify approval or disapproval of any proposal, and providing a reasonable period of time within which to return the ballot to the Corporation. The written and/or electronic ballot shall be filed with the secretary of the Corporation and maintained in the corporate records. Except for the election of directors, any action that may be taken at a membership meeting may also be taken by written ballot without a meeting.

2.10 Liabilities of Members. There shall be no membership fees, dues or assessments. No person who is now or later becomes a member of the Corporation shall be personally liable to its creditors for any indebtedness or liability and any or all creditors of the Corporation shall look only to the assets of the Corporation for payment.

Article 3
Board of Directors

3.1 Powers. The Board shall control and generally manage the business of the Corporation and exercise all of the powers, rights and privileges permitted to be exercised by directors of nonprofit religious corporations under the Nonprofit Code, except as limited by the Corporation's articles of incorporation and these bylaws. All corporate powers of the Corporation shall be exercised by or under the authority of the Board.

3.2 Number, Qualifications, and Selection. Each individual who is a director of the board of Adventist Health shall automatically be a director of the Corporation's Board, and shall serve as a director until such time as that person is no longer a director of Adventist Health.

3.3 Quorum. A majority of the directors of the Board shall constitute a quorum for the transaction of business. Except as otherwise required by law, the articles of incorporation, or these bylaws, the directors present at a duly called or held Board meeting at which a quorum is present may continue to transact business until adjournment, even if enough directors have withdrawn to leave less than a quorum, if any action taken (other than adjournment) is approved by at least a majority of the directors required to constitute a quorum. If less than a quorum is
present at a regular meeting, any resulting actions shall be subject to the ratification of the Board at the next meeting in which a quorum is present.

3.4 Term of Office. The term of office of each director serving on the Board of the Corporation shall be the same as the term that the director serves on the Adventist Health board.

3.5 Vacancies. If the director resigns or is removed from the Board, such position shall remain vacant until such time as a new or additional director is appointed to the Adventist Health board.

3.6 Place of Meeting. Meetings of the Board shall be held at the principal office of the Corporation or at any place within or without the state that has been designated by the chair or president or by resolution of the Board. Any Board meeting may be held by conference telephone, video screen communication, or electronic transmission. Participation in a meeting under this Section shall constitute presence in person at the meeting if both the following apply: (a) each director participating in the meeting can communicate concurrently with all other directors; and (b) each director is provided the means of participating in all matters before the Board, including the capacity to propose, or to interpose an objection to, a specific action to be taken by the Corporation.

3.7 Regular Meetings; Special Meetings. A regular meeting of the Board shall be held at least once each year at such time as the Board may fix by resolution. Regular meetings of the Board shall consist of those meetings reflected on the Corporation's annual calendar. Special meetings of the Board for any purpose or purposes may be called at any time by the president or chair.

3.8 Meeting Notices; Waiver. Written notice of the time and place of meetings (regular or special) shall be delivered to each director or sent to each director by mail or by other form of written communication, or by electronic transmission by the Corporation (as defined in Section 9.3), charges prepaid, addressed to the director at that director's address as it is shown on the records of the Corporation. The notice shall be sent (a) for regular Board meetings, at least fifteen (15) days, but not more than forty-five (45) days, before the time of the holding of the meeting; and (b) for special meetings, at least four (4) days before the time of the meeting, if notice is sent by mail, and at least forty-eight (48) hours before the time of the meeting, if notice is delivered personally, telephonically or by electronic transmission. Each director must consent in writing to receipt of notice by electronic transmission, as provided in Section 9.3. The meeting of the Board, however called and noticed and wherever held, shall be as valid as though the meeting had been held after a proper call and notice if a quorum is present and if, either before or after the meeting, each of the directors not present signs a written waiver of notice of consent to hold the meeting or an approval of the minutes. All waivers, consents or approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

3.9 Voting; Action without a Meeting. Each director shall have one vote on each matter presented to the Board for action. No director may vote by proxy. Any action by the Board may be taken without a meeting if all directors, individually or collectively, consent in writing or by electronic transmission to the action. Such written consent shall be filed with the minutes of the proceedings of the Board.

3.10 Resignation and Removal. Except as provided below, any director may resign by giving written notice to the chair or to the president. The resignation shall be effective when the notice is given unless it specifies a later time for the resignation to become effective. No director may
resign when the Corporation would be left without a duly elected director. A director may resign by giving notice of resignation to the chair of the Board and may be removed from office by Adventist Health.

3.11 Compensation. Directors shall receive no compensation for their services as directors although directors may be full-time employees of the Corporation, one of its affiliated corporations or the Church.

3.12 Conflicts of Interest. Upon election to the Board and annually, each director shall sign a conflict of interest form, certifying that the director has read, understood and is in complete compliance with, and agrees to continue to comply with, the Board’s conflict of interest policy.

Article 4
Committees

4.1 Board Committees. The Board may appoint standing or special Board committees consisting exclusively of directors, to serve at the pleasure of the Board. The Board may delegate to such committees any of the powers and authority of the Board, except that the Board may not delegate the following powers:

(a) To take any final action on matters that, under the Nonprofit Code or these bylaws, also require Adventist Health’s approval;

(b) To fill vacancies on the Board or in any committee;

(c) To fix any compensation of the directors for serving on the Board or any committee;

(d) To amend or repeal these bylaws or adopt new bylaws;

(e) To amend or repeal any resolution of the Board that by its express terms is not so amendable or repealable; and

(f) To appoint committees of the Board or committee members.

4.2 Advisory Committees. The Board may establish one or more advisory committees, consisting of directors, nondirectors or both. Except to the extent provided in Subsection 9210(b) of the Nonprofit Code, advisory committees may not exercise any authority of the Board, but shall be limited to making recommendations to the Board and to implementing Board decisions and policies.

4.3 Committee Chairs. A Board committee chair must be a director of the Board, and an advisory committee chair must be an officer of Adventist Health or a director of the Board. All chairs shall be appointed by the Board and shall serve until they no longer are qualified to serve as chairs, until they are removed or resign as chairs, or until their committees are terminated.

4.4 Meetings and Actions. Meetings and actions of committees shall be governed by, held, and taken under the provisions of these bylaws concerning Board meetings, except that the time for general meetings and the calling of special meetings may be set either by Board resolution or, if none, by the committee chair or by resolution of the committee. No act of a committee shall be valid unless approved by the vote of a majority of its committee members with a quorum present.
158 Committees shall keep regular minutes of proceedings and report the same to the Board, and the
159 minutes will be filed with the Corporation’s records.

160 4.5 Removal. The Board may remove at any time, with or without cause, a member or
161 members of any committee.

162 4.6 Medical Staff. Any Board committee that deliberates issues of medical staff
163 responsibilities shall include medical staff members.

164 Article 5
165 Officers

166 5.1 Officers. The officers of the Corporation shall be a chair of the Board, a vice chair of the
167 Board, a president, a secretary, a chief financial officer (who may also be referred to as treasurer)
168 and any other person designated as an officer by the Board. Any person may hold more than
169 one office, except that neither the chair nor president may serve concurrently as the secretary or
170 chief financial officer. Only directors of the Corporation may serve as chair or vice chair of the
171 Board. Other than the executive vice president (if any), in no event shall the title of vice president
172 of the Corporation make a person an officer within the meaning of the Nonprofit Code or these
173 bylaws unless designated by the Board.

174 5.2 Election of Officers. Any executive vice presidents shall be appointed by the president.
175 The secretary and chief financial officer of the Corporation shall be elected by and serve at the
176 pleasure of the Board, and each shall hold that office until that officer resigns, or is removed, or
177 is otherwise disqualified to serve, or until that officer’s successor is appointed.

178 5.3 Chair of the Board. The chair of the Board shall be the chief executive officer of Adventist
179 Health or the chief executive officer’s designee, who shall preside at the meetings of the Board.
180 The chair shall call regular and special meetings of the Board in accordance with these bylaws.

181 5.4 Vice Chair of the Board. The vice chair of the Board shall be the president of Adventist
182 Health. In the absence of the chair of the Board, the vice chair or another designee of the chair
183 shall preside at the meetings of the Board.

184 5.5 President. The president shall, in order to qualify for office, be and remain an employee
185 of Adventist Health. The Board chair shall appoint the president. The president may be the chief
186 executive officer of the Corporation, if designated by the Board chair. Subject to the control of
187 the Board, the president shall have general supervision of the business of the Corporation and
188 shall have such other powers and duties usually vested in such an office. The responsibilities of
189 the president shall include:

190 (a) Carrying out all policies and procedures established by the Board consistent with
191 the philosophy, teachings, and practices of the Church;

192 (b) Development of a plan of organization of the personnel and others concerned with
193 the operation of the Corporation’s hospital;

194 (c) Preparation of an annual operating capital expenditure and cash flow budget
195 showing the expected receipts and expenditures and such other information as is required
196 by the Board, and submission of such budgets to the Board for approval;
(d) Selection, employment, control, and discharge of all employees and development and maintenance of personnel policies and practices for the Corporation’s hospital;

(e) Maintenance of physical properties in a good state of repair and operating condition;

(f) Supervision of business affairs to ensure that funds are collected and expended to the best possible advantage and within the provision of the annual budgets;

(g) Cooperation with the medical staff and with all those concerned with rendering of professional service to the end that high quality care may be rendered to the patients consistent with the policies set forth by the Board;

(h) Presentation to the Board or to its authorized committees of periodic reports reflecting the professional service and financial activities of the Corporation’s hospital as prescribed by corporate administrative policies, and preparation and submission of such special reports as may be required by the Board;

(i) Reporting all activities and recommendations of the medical staff to the Governing Board;

(j) Execution of the contracts authorized by the Board, or a Board committee, except as is otherwise provided by these bylaws and subject further to the limitations of authority delegated by the Board;

(k) Performance of other duties assigned by the Board that may be necessary in the best interest of the Corporation’s hospital;

(l) Designation of a qualified individual who shall be responsible to the president in matters of administration and shall represent the president during the president’s absence; and

(m) Establishing goals and objectives for the Corporation, which shall include a long-range strategic plan.

The president of the Corporation will be formally reviewed based upon performance criteria presented to the president. The review will be conducted by the chair of the Governing Board.

5.6 Executive Vice President. Executive vice presidents, if any, shall have such powers and duties as the Board or the bylaws may provide. During the absence of the president, and in the absence of a designation under Subsection 5.5(l), any executive vice president may act in the place and the stead of the president.

5.7 Secretary. The secretary shall keep, or cause to be kept, the records of the Corporation, including a record of the proceedings of the Corporation, and shall perform all of the duties usually incident to the office of secretary. The secretary shall have such other powers and duties as the Board or the bylaws may require.

5.8 Chief Financial Officer. The chief financial officer shall keep, or cause to be kept, correct books and accounts of the Corporation’s properties and transactions. The chief financial officer shall perform all the duties pertaining to the office of chief financial officer and shall have such
other powers and duties as the Board or these bylaws may require. During the unavailability or incapacity of the president and any executive vice president, and in the absence of a designation under Subsection 5.5(1), the chief financial officer will act in the place and stead of the president.

5.9 Assistant Secretaries. The chief financial officer shall be an assistant secretary and there shall be such other assistant secretaries as may be designated by the Board, any one of whom shall perform the duties of the secretary in the absence of the secretary.

5.10 Assistant Chief Financial Officers. There shall be such assistant chief financial officers (who may also be referred to as assistant treasurers) as may be designated by the Board, any of whom shall perform the duties of the chief financial officer in the absence of the chief financial officer.

Article 6
Governing Board

6.1 Appointment of Governing Board. The Board shall appoint the members of a committee called the "Governing Board," with each appointment for a two-year term, and approximately one-half of the members of the Governing Board appointed every year. The Governing Board shall consist of from nine (9) to twenty-one (21) members, depending upon the size and needs of the Corporation, as determined by the Board. The Board may at any time, in its sole discretion, remove or replace a Governing Board member or revoke any or all of the Governing Board's delegated authority.

6.2 Nominating Committee. The Governing Board shall appoint a nominating committee pursuant to its bylaws, which shall make nominations to the Board for the Board to consider in appointing Governing Board members.

6.3 Bylaws. The Governing Board shall have its own bylaws, which shall be adopted and may be amended by the Board, in its sole discretion, including any amendments necessary to conform to these bylaws. The Governing Board shall comply with its bylaws and the resolutions of the Board.

6.4 Qualifications for Members of the Governing Board. Each member of the Governing Board:

(a) Shall be more than twenty-one (21) years of age;
(b) Shall have an interest in health care matters; and
(c) Must support the goals, objectives, and philosophies of the Church.

6.5 Delegated Powers to the Governing Board. The Governing Board bylaws shall specify the exact functions of the Governing Board, consistent with these bylaws. Subject to the Board's ultimate oversight and authority to take action, the Board delegates the following responsibilities to the Governing Board:

(a) Providing institutional planning to meet the health care needs for the community the Corporation's hospital serves;
(b) Determining that the Corporation’s hospital, its employees and the appointees of the medical staff will conduct their activities so as to conform with the requirements and principles of all applicable laws and regulations, including the Health Care Quality Improvement Act;

(c) Overseeing and supervising the medical staff of the Corporation’s hospital, which includes approving the medical staff bylaws and rules and regulations, and assuring that the medical staff establishes mechanisms to achieve and maintain high quality medical practice and patient care;

(d) Establishing and approving policies and procedures for those functions of the Corporation’s hospital that have been delegated to the Governing Board;

(e) Assuring a safe environment within the Corporation’s hospital for employees, medical staff, patients, and visitors; and

(f) Organizing itself effectively so that it establishes and follows the policies and procedures necessary to discharge its responsibilities and adopt rules and regulations in accordance with legal requirements.

**Article 7**

**Indemnification**

7.1 Advancement of Expenses. To the fullest extent permitted by law and except as otherwise determined by the Board in a specific instance (and in the Board’s sole and absolute discretion), expenses incurred by an agent (defined below) seeking indemnification under this Article of these bylaws in defending any proceeding covered by this Article shall be advanced by the Corporation before final disposition of the proceeding, on receipt by the Corporation of an undertaking by or on behalf of that person that the advance will be repaid unless it is ultimately found that the person is entitled to be indemnified by the Corporation for those expenses. The Board must approve any advance made to the president under this section, prior to such advance being paid to the president. For purposes of this article, an “agent” shall have the meaning established in the Nonprofit Code applicable to the Corporation.

7.2 Indemnification upon Successful Defense. If an agent of the Corporation is successful on the merits in defense of any proceeding, claim or other contested matter brought against the agent in connection with the agent’s actions or omissions in relation to the Corporation, the Corporation shall indemnify the agent against the agent’s actual and reasonable expenses incurred in the defense against such proceeding or claim.

7.3 Indemnification upon Unsuccessful Defense.

(a) Mandatory Indemnification. To the maximum extent permitted by law, the Corporation shall indemnify each of its present and former (1) directors, (2) officers, (3) persons who are or were regularly invited for six (6) consecutive months or more to attend and participate at Board meetings or Board committee meetings, and (4) persons identified in a duly approved Board resolution as qualifying for this mandatory indemnification (each of whom is an “indemnitee”) against expenses (collectively, “payments”) actually and reasonably incurred by such indemnitee in connection with defending that indemnitee against an action or proceeding. An employee of the
Corporation may be an indemnitee if that employee meets one or more of the definitions of indemnitee set forth above. Notwithstanding the above, mandatory indemnification shall be given to a potential indemnitee only if all of the following apply:

1. The potential indemnitee was not a director, officer or other person who was removed from one or more of their positions with the Corporation;

2. The action or proceeding against the indemnitee is based on or relates to an action or inaction taken by the indemnitee on behalf of the Corporation and within the scope of the indemnitee's role or relationship with the Corporation;

3. The Board (excluding vacancies and directors who have a conflict of interest) has made all findings required by the Nonprofit Code (the indemnitee shall not be eligible to receive this mandatory indemnification if such findings are not made by the Board); and

4. The potential indemnitee has not procured any illegal profit, remuneration or advantage, as determined by the Board in its sole discretion.

If a person does not qualify for this mandatory indemnification, such person might still receive discretionary indemnification as outlined below.

(b) Discretionary Indemnification. To the maximum extent permitted by law, the Board may in its sole discretion, by a majority vote (excluding vacancies and directors with a conflict of interest), indemnify an agent (including former directors who were removed by the Board, employees or agents identified by the Board as acting on behalf of the Corporation or Adventist Health and not entitled to mandatory indemnification) (each of which is a "recipient") against any or all of the expenses, judgments, fines, settlements or other amounts actually and reasonably incurred by such recipient in connection with an action or proceeding against the recipient, subject to the following:

1. The action or proceeding against the recipient must be based on or relate to an action or inaction taken by the recipient on behalf of the Corporation and within the scope of the recipient's role or relationship with the Corporation;

2. The Board (excluding vacancies and directors who have a conflict of interest) must have made all findings required by the Nonprofit Code (the recipient shall not be eligible to receive this discretionary indemnification if such findings are not made); and

3. Indemnification is not available if the recipient is found to have procured illegal profit, remuneration or advantage.
Article 8
Legal Instruments

8.1 Execution of Legal Documents.

(a) The president and any other officer of the Corporation shall sign any deeds or mortgages or other legal documents for real estate transactions under authority given them by the Board (either by resolution specific to a transaction or by a general resolution authorizing such persons to enter into certain types of real estate transactions). The Board may also authorize other persons or officers to execute the documents described in this Subsection.

(b) The president or any executive vice president and the secretary or such other officers as the Board may select for that purpose are authorized to vote, represent and exercise on behalf of the Corporation all rights incident to any and all voting securities of any other corporation or corporations standing on the name of the Corporation. The authority granted by these bylaws to the officers to vote or represent the Corporation arising from any voting securities held by the Corporation and any other corporation or corporations may be exercised by the officers in person or by any person authorized to do so by proxy or power of attorney duly executed by the officers.

(c) With respect to all contracts, transactions or arrangements other than those described in Subsections 8.1(a) or 8.1(b), the president or chief financial officer may execute, and the Board may authorize specific other persons or officers to execute, the appropriate agreements and other documents related to such transactions or arrangements. The president or chief financial officer may sign individually. Any Board resolution authorizing other persons or officers to execute documents shall specify whether one person may sign the appropriate documents or whether two signatures are required under specified circumstances.

8.2 Seal. The Corporation may have a corporate seal, and the same shall have inscribed thereon the name of the Corporation, the date of its incorporation and the state of its incorporation.

Article 9
General Provisions

9.1 Auditor. The books of the Corporation shall be reviewed annually by an auditor selected by Adventist Health.

9.2 Amendment of Bylaws. The bylaws may only be amended or repealed and new bylaws adopted by Adventist Health. The Board shall review the bylaws of the Corporation annually and shall recommend any necessary revisions.

9.3 Electronic Transmission.

(a) "Electronic transmission by the Corporation" means a communication (1) delivered by (A) facsimile telecommunication or electronic mail when directed to the facsimile number or electronic mail address for that recipient on record with the Corporation; (B) posting on an electronic message board or network that the Corporation has designated for those communications, together with a separate notice to the recipient,
which transmission shall be considered delivered upon the later of the posting or delivery of the separate notice thereof; or (C) other means of electronic communication; (2) to a recipient who has provided an unrevoked consent to the use of those means of transmission for communications pursuant to the Nonprofit Code; and (3) that creates a record that is capable of retention, retrieval, and review, and that may thereafter be rendered into clearly legible tangible form.

(b) An electronic transmission to an individual member of the Corporation who is a natural person, or to a director, must be preceded by or include a clear written statement to the recipient as to (1) any right of the recipient to have the record provided or made available on paper or in nonelectronic form; (2) whether the consent applies only to that transmission, to specified categories of communications, or to all communications from the Corporation; and (3) the procedures the recipient must use to withdraw consent.

(c) "Electronic transmission to the Corporation" means a communication (1) delivered by (A) facsimile telecommunication or electronic mail when directed to the facsimile number or electronic mail address that the Corporation has provided to members or directors for communications; (B) posting on an electronic message board or network that the Corporation has designated for those communications, which transmission shall be considered delivered upon posting; or (C) other means of electronic communication; (2) as to which the Corporation has placed in effect reasonable measures to verify that the sender is the member or director purporting to send the transmission; and (3) that creates a record that is capable of retention, retrieval, and review, and that may thereafter be rendered into clearly legible tangible form.

(d) "Electronic transmission" means any combination of electronic transmission by or to the Corporation.
Bylaws Certificate

I, Meredith Jobe, hereby certify that I am the Secretary of Adventist Health Clearlake Hospital, Inc., a California nonprofit religious corporation (the "Corporation"), and that the foregoing bylaws are a true and correct copy of the bylaws of the Corporation as duly adopted on October 18, 2016, by the vote of the Adventist Health System/West board, acting as the sole member of the Corporation.

Date: January 30, 2017

ADVENTIST HEALTH CLEARLAKE HOSPITAL, INC.

By: [Signature]

Meredith Jobe, Secretary
Willits Hospital, Inc. 
dba 
Adventist Health 
Howard Memorial
The undersigned certify that:

1. They are the Chairman of the Board and the Secretary, respectively, of WILLITS HOSPITAL, INC., a California nonprofit corporation.

2. The Articles of Incorporation of this Corporation are hereby amended and restated in their entirety to read as herein set forth in full:

   ARTICLE I.

   The name of this Corporation is WILLITS HOSPITAL, INC.

   ARTICLE II.

   This Corporation is a religious corporation and is not organized for the private gain of any person. It is organized under the Nonprofit Religious Corporation Law exclusively for religious purposes. More specifically, the purposes of this Corporation are to promote the wholeness of humanity, physically, mentally and spiritually, in a manner which is consistent with the philosophy, teachings and practices of the Seventh-day Adventist Church (the “Church”) including, without limitation, the following activities:

   A. To establish, manage and maintain an acute care hospital as an affiliate corporation and in harmony with the administrative guidelines and religious objectives of Adventist Health System/West, a California nonprofit corporation.

   B. To establish and maintain an institution or institutions within or without the state where incorporated with permanent facilities that include in-patient beds and medical services to provide diagnosis and treatment for patients (and associated services such as, but not limited to, extended care, out-patient care and home care).

   C. To carry on any educational activities related to rendering care to the sick and injured or to the promotion of health, that in the opinion of the Board of Directors may be justified by the facilities, personnel, funds and other requirements that are, or can be, made available.

   D. To establish, manage and maintain a Health Maintenance Organization (HMO) or similar organizations utilizing health delivery systems designed and coordinated to maximize benefits to the communities served.

   E. To create and manage live-in conditioning centers in resort-type environments featuring educational programs in preventive medicine designed to enhance lifestyle quality and prevent illness.

   To promote and carry on scientific research related to the care of the sick and injured.
To participate, so far as circumstances may warrant, in any activity designed and carried on to promote the general health of the community.

ARTICLE III.

The Board of Directors shall have sole authority to amend or repeal the Articles of Incorporation by the vote of two-thirds of the directors, provided that such action shall not be valid or enacted unless also approved by the Corporate Member at any regular meeting or special meeting of the membership or by two-thirds of the members voting by mail ballot.

ARTICLE IV.

The property of this Corporation is irrevocably dedicated to religious purposes. No part of the net income or assets of this organization shall ever inure to the benefit of a director, officer or member of the Corporation, or to the benefit of any private individual.

This Corporation is affiliated with and operates subject to and in harmony with the policies, guidelines and procedures of Adventist Health System/West, a religious corporation. Upon winding up and dissolution of this Corporation, after paying or adequately providing for the debts and obligations of the Corporation, the remaining assets shall be distributed to Adventist Health System/West, which is organized and operated exclusively for religious purposes and which has established its tax-exempt status under Section 501(c)(3) of 1986 Internal Revenue Code ("the Code"). In the event that Adventist Health System/West has either failed to maintain its tax-exempt status, or been previously dissolved, or for any other reason is disqualified from receiving such remaining assets, then all such assets shall be distributed to the successor to Adventist Health System/West providing that the successor is a nonprofit fund, foundation or corporation which is organized and operated exclusively for religious purposes and has established its tax-exempt status under the Code; or if no successor, all remaining assets shall be distributed to the organized conference of Seventh-day Adventist churches having jurisdiction within the geographic area in which this association organized and operated exclusively for religious purposes that has established its tax-exempt status under the Code.

ARTICLE V.

A. This Corporation is organized exclusively for religious purposes within the meaning of the Code. Notwithstanding any other provision of these Articles, the Corporation shall not carry on any other activities not permitted to be carried on: (1) by a corporation exempt from federal income tax under the Code (or the corresponding provision of any future United States internal Revenue Law); or by a corporation, contributions to which are deductible under Section 170(c)(2) of the Code (or the corresponding provision of any future United States internal Revenue Law).

B. No substantial part of the activities of this Corporation shall consist of the carrying on or propaganda or otherwise attempting to influence legislation, nor shall this Corporation participate in, or intervene in (including the publishing or distributing of statements), any political campaign on behalf of any candidate for political office.
3. The foregoing amendment and restatement of Articles of Incorporation has been duly approved by the board of directors of this Corporation.

4. The foregoing amendment and restatement of Articles of Incorporation has been duly approved by the required vote of Adventist Health System/West, which is the sole member of this Corporation.

We further declare under penalty of perjury under the laws of the State of California that the matters set forth in this certificate are true and correct of our own knowledge.

DATE: June __30__, 2004

Donald R. Ammon, Chairman of the Board

Robert G. Carmen, Secretary
I hereby certify that the foregoing
paragraphs of 15 pages is a true, true and correct copy of the
original record in the custody of the
Clerk in Secretary of State's office.

AUG 04 2015

Date:

ALEX PADILLA, Secretary of State
CERTIFICATE OF AMENDMENT
OF
ARTICLES OF INCORPORATION
OF
WILLITS HOSPITAL, INC. (Corporate # 1387664)

FRANK F. DUPPER AND DONALD R. AMMON certify:

1. That they are the Chairman of the Board and the Secretary, respectively, of Willits Hospital, Inc., a California Nonprofit Religious Corporation.

2. That Article VI of the Articles of Incorporation of this corporation is amended to read as follows:

“A. The property of this corporation is irrevocably dedicated to religious purposes. No part of the net income or assets of this organization shall ever inure to the benefit of a director, officer or member of the corporation, or to the benefit of any private individual.

B. This corporation is affiliated with and operates subject to and in harmony with the policies, guidelines and procedures of Adventist Health System/West, a Religious Corporation. Upon winding up and dissolution of this corporation, after paying or adequately providing for the debts and obligations of the corporation, the remaining assets shall be distributed to Adventist Health System/West, which is organized and operated exclusively for religious purposes and which has established its tax-exempt status under Internal Revenue Code Section 501(c)(3). In the event Adventist Health System/West has either failed to maintain its tax-exempt status; or been previously dissolved; or for any other reason is disqualified for receiving such remaining assets, then all such assets shall be distributed to the successor to Adventist Health System/West providing that the successor is a nonprofit fund, foundation or corporation which is organized and operated exclusively for religious purposes and has established its tax-exempt status under Internal Revenue Code Section 501(c)(3) or if no successor, all remaining assets shall be distributed to the organized Conference of Seventh-day Adventist Churches having jurisdiction within the geographic area in which this corporation is located where that local Conference is a nonprofit religious association organized and operated exclusively for religious purposes that has established its tax-exempt status under Internal Revenue Code Section 501(c)(3).

C. Any assets held in trust shall be disposed of in such manner as may be directed by decree of the superior court of the County in which the Corporation has its principal office, upon petition therefore by the Attorney General or by any person concerned in the liquidation, in a proceedings to which the Attorney General is a party. A decree by the Superior Court shall not be necessary if the Attorney General makes a written waiver of objections to the disposition.”
3. That the foregoing Amendment of Articles of Incorporation has been duly approved by the Board of Directors.

4. That the foregoing Amendment of Articles of Incorporation has been duly approved by the required vote of the members.

We further declare under penalty of perjury under the laws of the State of California that the matters set forth in this certificate are true and correct of our own knowledge.

DATE: January 27, 1997

FRANK F. DUPPER, Chairman of the Board

DONALD R. AMMON, Secretary
CERTIFICATE OF AMENDMENT OF
ARTICLES OF INCORPORATION
OF
WILLITS HOSPITAL, INC.

DONALD R. AMMON AND MARGARET BOTTING CERTIFY:
1. THAT WE ARE THE CHAIRMAN OF THE BOARD AND THE SECRETARY,
RESPECTIVELY, OF WILLITS HOSPITAL INC., A CALIFORNIA NONPROFIT
RELIGIOUS CORPORATION.
2. THAT ARTICLES II, V AND VI OF THE ARTICLES OF INCORPORATION
OF WILLITS HOSPITAL, INC. SHALL BE AMENDED TO READ AS HEREINAFTER
SET FORTH:

II

THIS CORPORATION IS A RELIGIOUS CORPORATION AND IS NOT
ORGANIZED FOR THE PRIVATE GAIN OF ANY PERSON. IT IS
ORGANIZED UNDER THE NONPROFIT RELIGIOUS CORPORATION LAW
EXCLUSIVELY FOR RELIGIOUS PURPOSES. MORE SPECIFICALLY, THE
PURPOSES OF THIS CORPORATION ARE TO PROMOTE THE WHOLENESS OF
HUMANITY, PHYSICALLY, MENTALLY AND SPIRITUALLY, IN A MANNER
WHICH IS CONSISTENT WITH THE PHILOSOPHY, TEACHINGS AND
PRACTICES OF THE SEVENTH-DAY ADVENTIST CHURCH THROUGH THE
FOLLOWING ACTIVITIES:

ArtAm-HMH-89-1
A. TO ESTABLISH, MANAGE AND MAINTAIN AN ACUTE CARE HOSPITAL AS AN AFFILIATE CORPORATION AND IN HARMONY WITH THE ADMINISTRATIVE GUIDELINES AND RELIGIOUS OBJECTIVES OF WESTERN HEALTH RESOURCES, A CALIFORNIA NONPROFIT RELIGIOUS CORPORATION.

B. TO ESTABLISH AND MAINTAIN AN INSTITUTION OR INSTITUTIONS WITHIN OR WITHOUT THE STATE WHERE INCORPORATED WITH PERMANENT FACILITIES THAT INCLUDE IN-PATIENT BEDS AND MEDICAL SERVICES TO PROVIDE DIAGNOSIS AND TREATMENT FOR PATIENTS (AND ASSOCIATED SERVICES SUCH AS, BUT NOT LIMITED TO, EXTENDED CARE, OUT-PATIENT CARE AND HOME CARE).

C. TO CARRY ON ANY EDUCATIONAL ACTIVITIES RELATED TO RENDERING CARE TO THE SICK AND INJURED OR TO THE PROMOTION OF HEALTH, THAT IN THE OPINION OF THE BOARD OF DIRECTORS MAY BE JUSTIFIED BY THE FACILITIES, PERSONNEL, FUNDS AND OTHER REQUIREMENTS THAT ARE, OR CAN BE, MADE AVAILABLE.

D. TO ESTABLISH, MANAGE AND MAINTAIN A HEALTH MAINTENANCE ORGANIZATION (HMO), OR SIMILAR ORGANIZATIONS UTILIZING HEALTH DELIVERY SYSTEMS DESIGNED AND COORDINATED TO MAXIMIZE BENEFITS TO THE COMMUNITIES SERVED.

E. TO CREATE AND MANAGE LIVE-IN CONDITIONING CENTERS IN RESORT-TYPE ENVIRONMENTS FEATURING EDUCATIONAL PROGRAMS IN PREVENTIVE MEDICINE DESIGNED TO ENHANCE LIFESTYLE QUALITY AND PREVENT ILLNESS.
F. TO PROMOTE AND CARRY ON SCIENTIFIC RESEARCH RELATED TO THE CARE OF THE SICK AND INJURED.

G. TO PARTICIPATE, SO FAR AS CIRCUMSTANCES MAY WARRANT, IN ANY ACTIVITY DESIGNED AND CARRIED ON TO PROMOTE THE GENERAL HEALTH OF THE COMMUNITY.

V

THE AUTHORIZED NUMBER AND QUALIFICATION OF MEMBERS OF THE CORPORATION AND THE RIGHTS AND PRIVILEGES OF MEMBERS SHALL BE AS SET FORTH IN THE BYLAWS. THE CORPORATE MEMBER SHALL HAVE SOLE AUTHORITY TO AMEND THE BYLAWS OF THIS CORPORATION AT ANY REGULAR OR SPECIAL MEETING.

VI

A. THE PROPERTY OF THIS CORPORATION IS IRREVOCABLY DEDICATED TO RELIGIOUS PURPOSES. NO PART OF THE NET INCOME OR ASSETS OF THIS ORGANIZATION SHALL EVER INURE TO THE BENEFIT OF A DIRECTOR, OFFICER OR MEMBER OF THE CORPORATION, OR TO THE BENEFIT OF ANY PRIVATE INDIVIDUAL.

B. THIS CORPORATION IS AFFILIATED WITH AND OPERATES SUBJECT TO AND IN HARMONY WITH THE POLICIES, GUIDELINES AND PROCEDURES OF WESTERN HEALTH RESOURCES, A RELIGIOUS CORPORATION. UPON WINDING UP AND DISSOLUTION OF THIS CORPORATION, AFTER PAYING OR ADEQUATELY PROVIDING FOR THE
debts and obligations of the corporation, the remaining assets shall be distributed to western health resources, which is organized and operated exclusively for religious purposes and which has established its tax-exempt status under internal revenue code section 501(c)(3). in the event western health resources has either failed to maintain its tax-exempt status; or been previously dissolved; or for any other reason is disqualified for receiving such remaining assets, then all such assets shall be distributed to the successor to western health resources providing that the successor is a nonprofit fund, foundation or corporation which is organized and operated exclusively for religious purposes and has established its tax-exempt status under internal revenue code section 501(c)(3) or if no successor, all remaining assets shall be distributed to the organized conference of seventh-day adventist churches having jurisdiction within the geographic area in which this corporation is located where that local conference is a nonprofit religious association organized and operated exclusively for religious purposes that has established its tax-exempt status under internal revenue code section 501(c)(3).

c. any assets held in trust shall be disposed of in such manner as may be directed by decree of the superior court of
THE COUNTY IN WHICH THE CORPORATION HAS ITS PRINCIPAL OFFICE, UPON PETITION THEREFORE BY THE ATTORNEY GENERAL OR BY ANY PERSON CONCERNED IN THE LIQUIDATION, IN A PROCEEDINGS TO WHICH THE ATTORNEY GENERAL IS A PARTY. A DECREE BY THE SUPERIOR COURT SHALL NOT BE NECESSARY IF THE ATTORNEY GENERAL MAKES A WRITTEN WAIVER OF OBJECTIONS TO THE DISPOSITION.

3. THAT THE FOREGOING AMENDMENTS HAVE BEEN APPROVED BY THE BOARD OF DIRECTORS.

4. THAT THE FOREGOING AMENDMENTS WERE APPROVED BY THE REQUIRED VOTE OF THE MEMBERS.

[Signature]
CHAIRMAN OF THE BOARD

[Signature]
SECRETARY

ArtAm-HMH
DECLARATION

EACH OF THE UNDERSIGNED DECLARES UNDER PENALTY OF PERJURY THAT THE STATEMENTS CONTAINED IN THE FOREGOING CERTIFICATE OF AMENDMENT OF ARTICLES OF INCORPORATION ARE TRUE OF HIS OWN KNOWLEDGE AND THAT THIS DECLARATION WAS EXECUTED ON FEBRUARY 23, 1989 AT ROSEVILLE, CALIFORNIA.

[Signature]
CHAIRMAN OF THE BOARD

[Signature]
SECRETARY
ARTICLES OF INCORPORATION

OF

WILLITS HOSPITAL, INC.

I

The name of this corporation is WILLITS HOSPITAL, INC.

II

This corporation is a religious corporation and is not organized for the private gain of any person. It is organized under the nonprofit religious corporation law primarily for religious purposes. More specifically, the purposes of this corporation are to further the medical ministry of the Seventh-day Adventist Church and to promote the wholeness of man, physically, mentally and spiritually, in the following ways:

A. To establish, manage and maintain an acute care hospital as an affiliate corporation of and in harmony with the administrative guidelines and religious objectives of Western Health Resources, a California nonprofit religious corporation.

B. To establish and maintain an institution or institutions within or without the state where incorporated with permanent facilities that include inpatient beds and medical services to provide diagnosis and treatment for patients (and associated services such as, but not limited to, extended care, outpatient care and home care).

C. To carry on any educational activities related to rendering care to the sick and injured or to the promotion of health, that, in the opinion of the Board of Directors, may be justified by the facilities, personnel, funds and other requirements that are, or can be, made available.
D. To establish, manage and maintain a health maintenance organization (HMO), utilizing health delivery systems designed and coordinated to maximize benefits to the communities served.

E. To create and manage live-in conditioning centers in resort-type environments featuring educational programs in preventive medicine designed to enhance lifestyle quality and prevent illness.

F. To promote and carry on scientific research related to the care of the sick and injured, with particular reference to the philosophy and practice of the Seventh-day Adventist Church.

G. To participate, so far as circumstances may warrant, in any activity designed and carried on to promote the general health of the community.

III

The name and address in this state of the corporation's initial agent for service of process is:

Mr. Harvey Rudisaile
Adventist Health System/West
2100 Douglas Boulevard
Roseville, California 95678

IV

A. The minimum and maximum number of directors of this corporation shall be provided in the Bylaws. The exact number of directors shall be determined by the members of the corporation.

B. All directors of this corporation shall be elected by the members for a term of two years. Directors may succeed themselves in office.

C. The members may remove any or all directors, with or without cause, at any time.

D. The Bylaws shall provide for qualifications and resignation of directors.

V

The authorized number and qualification of members of the corporation and the rights and privileges of members shall be as set forth in the Bylaws. All of the membership shall be composed of members from specific Seventh-day Adventist institutions, constituencies, boards or executive
committees of organizations that are listed in the Seventh-day Adventist Yearbook published by the General Conference of Seventh-day Adventists. The members shall have sole authority to amend the Bylaws of this corporation at any regular or special meeting.

VI

A. The property of this corporation is irrevocably dedicated to religious purposes. No part of the net income or assets of this organization shall ever inure to the benefit of a director, officer or member of the corporation, or the benefit of any private individual.

B. This corporation is a totally owned affiliated corporate agency operating subject to and in harmony with the policies, guidelines and procedures required by WESTERN HEALTH RESOURCES, a religious corporation owned and operated exclusively by the Seventh-day Adventist Church. Upon winding up and dissolution of this corporation, after paying or adequately providing for the debts and obligations of the corporation, the remaining assets shall be distributed to WESTERN HEALTH RESOURCES, which has established its tax-exempt status under Internal Revenue Code Section 501(c)(3). In the event WESTERN HEALTH RESOURCES has either failed to maintain its tax-exempt status; or been previously dissolved; or for any other reason is disqualified from receiving such remaining assets, then all such assets shall be distributed to the successor to WESTERN HEALTH RESOURCES, providing that the successor has established its tax-exempt status under Internal Revenue Code Section 501(c)(3).

C. Any assets held in trust shall be disposed of in such manner as may be directed by decree of the Superior Court of the county in which the corporation has its principal office, upon petition therefor by the Attorney General or by any person concerned in the liquidation, in a proceeding to which the Attorney General is a party. A decree by the Superior Court shall not be necessary if the Attorney General makes a written waiver of objections to the disposition.

VII

A. This corporation is organized exclusively for religious purposes within the meaning of Internal Revenue Code Section 501(c)(3). Notwithstanding any other provision of these articles, the corporation shall not carry on any other activities not permitted to be carried on: (1) by a corporation exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code of 1954 (or the corresponding provision of any future United States Internal Revenue Law); or (2) by a corporation, contributions to
which are deductible under Section 170(c)(2) of the Internal Revenue Code of 1954 (or the corresponding provision of any future United States Internal Revenue Law).

B. No substantial part of the activities of this corporation shall consist of the carrying on of propaganda or otherwise attempting to influence legislation, nor shall this corporation participate in, or intervene in (including the publishing or distributing of statement), any political campaign on behalf of any candidate for political office.

Dated: October 1, 1989

Wayne J. Miller
Incorporator

I declare that I am the person who executed the above Articles of Incorporation, which execution is my act and deed.

Wayne J. Miller

ahsw45/18:corp
BYLAWS
OF
WILLITS HOSPITAL, INC.¹
(the “Corporation”)

Article 1
Principal Office and Purpose

1.1 Office. The principal office for the transaction of the business of the Corporation shall be fixed from time to time by the Corporation’s board of directors (the “Board”).

1.2 Purpose. The Corporation is a nonprofit religious corporation organized pursuant to the Nonprofit Religious Corporation Law of the State of California (the “Nonprofit Code”) and is affiliated with Adventist Health System/West, a California nonprofit religious corporation ("Adventist Health"). The primary purpose of the Corporation is to promote the wholeness of humanity physically, mentally, and spiritually in a manner that is consistent with the philosophy, teachings, and practices of the Seventh-day Adventist Church (the “Church”).

Article 2
Membership

2.1 Members. Adventist Health is the sole member of the Corporation, within the meaning of Section 5056 of the California Corporations Code.

2.2 Transfer of Membership. No membership or right arising from membership may be assigned, transferred or encumbered in any manner whatsoever, either voluntarily or involuntarily. Any purported or attempted assignment, transfer or encumbrance of such membership shall be void and shall be grounds for termination of the membership.

2.3 Exercise of Membership Rights. Adventist Health shall exercise its membership rights through its board of directors, which may, by resolution, authorize one or more of its officers to exercise its vote on any matter to come before the membership of the Corporation.

2.4 Action by the Member. The vote, written assent or other action of Adventist Health shall be evidenced by, and the Corporation shall be entitled to rely upon, a certificate of the secretary of Adventist Health stating (a) the actions taken by Adventist Health, (b) that such actions were taken in accordance with the articles of incorporation and bylaws of Adventist Health, and (c) the authorization of Adventist Health for such certification. Requests for action by Adventist Health may be made through the chair of Adventist Health’s board of directors or such other person as Adventist Health’s board of directors shall designate in writing.

2.5 Place of Meetings. Meetings (whether regular or special) of Adventist Health, as member of the Corporation, shall be held at the principal office of Adventist Health, or at such other place designated by the Corporation’s Board, which location will be stated in the notice of the meeting.

¹ The Corporation also does business as Frank R. Howard Memorial Hospital.
2.6 Regular Meeting. The regular meeting of Adventist Health, as member of the Corporation, shall be held annually within one-hundred-twenty (120) days after the close of the fiscal year or at such time as the Board determines. The regular meeting shall be held for the purpose of transacting business as may come before the meeting.

2.7 Special Meetings. Special meetings of Adventist Health, as member of the Corporation, for any purpose or purposes, may be called upon request of the chair of the Board or by Adventist Health.

2.8 Notice of Meeting. Notice of a time and place for a regular or special meeting shall be delivered not less than fifteen (15) nor more than sixty (60) days before the date of the meeting: (a) personally to Adventist Health; (b) via electronic transmission; or (c) sent by first-class, registered or certified mail to the address of Adventist Health, as it appears on the Corporation's records. Notices of special meetings shall state the general nature of the business to be transacted. Adventist Health must consent in writing to receipt of notice by electronic transmission, as provided in Section 9.3.

2.9 Action by Written Ballot. Any action may be taken without a meeting if a written or electronic ballot is distributed to Adventist Health, setting forth the proposed action, providing an opportunity for Adventist Health to specify approval or disapproval of any proposal, and providing a reasonable period of time within which to return the ballot to the Corporation. The written and/or electronic ballot shall be filed with the secretary of the Corporation and maintained in the corporate records. Except for the election of directors, any action that may be taken at a membership meeting may also be taken by written ballot without a meeting.

2.10 Liabilities of Members. There shall be no membership fees, dues or assessments. No person who is now or later becomes a member of the Corporation shall be personally liable to its creditors for any indebtedness or liability and any or all creditors of the Corporation shall look only to the assets of the Corporation for payment.

Article 3
Board of Directors

3.1 Powers. The Board shall control and generally manage the business of the Corporation and exercise all of the powers, rights and privileges permitted to be exercised by directors of nonprofit religious corporations under the Nonprofit Code, except as limited by the Corporation's articles of incorporation and these bylaws. All corporate powers of the Corporation shall be exercised by or under the authority of the Board.

3.2 Number, Qualifications, and Selection. Each individual who is a director of the board of Adventist Health shall automatically be a director of the Corporation's Board, and shall serve as a director until such time as that person is no longer a director of Adventist Health.

3.3 Quorum. A majority of the directors of the Board shall constitute a quorum for the transaction of business. Except as otherwise required by law, the articles of incorporation, or these bylaws, the directors present at a duly called or held Board meeting at which a quorum is present may continue to transact business until adjournment, even if enough directors have withdrawn to leave less than a quorum, if any action taken (other than adjournment) is approved by at least a majority of the directors required to constitute a quorum. If less than a quorum is
present at a regular meeting, any resulting actions shall be subject to the ratification of the Board at the next meeting in which a quorum is present.

### 3.4 Term of Office

The term of office of each director serving on the Board of the Corporation shall be the same as the term that the director serves on the Adventist Health board.

### 3.5 Vacancies

If the director resigns or is removed from the Board, such position shall remain vacant until such time as a new or additional director is appointed to the Adventist Health board.

### 3.6 Place of Meeting

Meetings of the Board shall be held at the principal office of the Corporation or at any place within or without the state that has been designated by the chair or president or by resolution of the Board. Any Board meeting may be held by conference telephone, video screen communication, or electronic transmission. Participation in a meeting under this Section shall constitute presence in person at the meeting if both the following apply: (a) each director participating in the meeting can communicate concurrently with all other directors; and (b) each director is provided the means of participating in all matters before the Board, including the capacity to propose, or to interpose an objection to, a specific action to be taken by the Corporation.

### 3.7 Regular Meetings; Special Meetings

A regular meeting of the Board shall be held at least once each year at such time as the Board may fix by resolution. Regular meetings of the Board shall consist of those meetings reflected on the Corporation's annual calendar. Special meetings of the Board for any purpose or purposes may be called at any time by the president or chair.

### 3.8 Meeting Notices; Waiver

Written notice of the time and place of meetings (regular or special) shall be delivered to each director or sent to each director by mail or by other form of written communication, or by electronic transmission by the Corporation (as defined in Section 9.3), charges prepaid, addressed to the director at that director's address as it is shown on the records of the Corporation. The notice shall be sent (a) for regular Board meetings, at least fifteen (15) days, but not more than forty-five (45) days, before the time of the holding of the meeting; and (b) for special meetings, at least four (4) days before the time of the meeting, if notice is sent by mail, and at least forty-eight (48) hours before the time of the meeting, if notice is delivered personally, telephonically or by electronic transmission. Each director must consent in writing to receipt of notice by electronic transmission, as provided in Section 9.3. The meeting of the Board, however called and noticed and wherever held, shall be as valid as though the meeting had been held after a proper call and notice if a quorum is present and if, either before or after the meeting, each of the directors not present signs a written waiver of notice of consent to hold the meeting or an approval of the minutes. All waivers, consents or approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

### 3.9 Voting; Action without a Meeting

Each director shall have one vote on each matter presented to the Board for action. No director may vote by proxy. Any action by the Board may be taken without a meeting if all directors, individually or collectively, consent in writing or by electronic transmission to the action. Such written consent shall be filed with the minutes of the proceedings of the Board.

### 3.10 Resignation and Removal

Except as provided below, any director may resign by giving written notice to the chair or to the president. The resignation shall be effective when the notice is given unless it specifies a later time for the resignation to become effective. No director may
resign when the Corporation would be left without a duly elected director. A director may resign by giving notice of resignation to the chair of the Board and may be removed from office by Adventist Health.

3.11 Compensation. Directors shall receive no compensation for their services as directors although directors may be full-time employees of the Corporation, one of its affiliated corporations or the Church.

3.12 Conflicts of Interest. Upon election to the Board and annually, each director shall sign a conflict of interest form, certifying that the director has read, understood and is in complete compliance with, and agrees to continue to comply with, the Board's conflict of interest policy.

Article 4
Committees

4.1 Board Committees. The Board may appoint standing or special Board committees consisting exclusively of directors, to serve at the pleasure of the Board. The Board may delegate to such committees any of the powers and authority of the Board, except that the Board may not delegate the following powers:

(a) To take any final action on matters that, under the Nonprofit Code or these bylaws, also require Adventist Health's approval;
(b) To fill vacancies on the Board or in any committee;
(c) To fix any compensation of the directors for serving on the Board or any committee;
(d) To amend or repeal these bylaws or adopt new bylaws;
(e) To amend or repeal any resolution of the Board that by its express terms is not so amendable or repealable; and
(f) To appoint committees of the Board or committee members.

4.2 Advisory Committees. The Board may establish one or more advisory committees, consisting of directors, nondirectors or both. Except to the extent provided in Subsection 9210(b) of the Nonprofit Code, advisory committees may not exercise any authority of the Board, but shall be limited to making recommendations to the Board and to implementing Board decisions and policies.

4.3 Committee Chairs. A Board committee chair must be a director of the Board, and an advisory committee chair must be an officer of Adventist Health or a director of the Board. All chairs shall be appointed by the Board and shall serve until they no longer are qualified to serve as chairs, until they are removed or resign as chairs, or until their committees are terminated.

4.4 Meetings and Actions. Meetings and actions of committees shall be governed by, held, and taken under the provisions of these bylaws concerning Board meetings, except that the time for general meetings and the calling of special meetings may be set either by Board resolution or, if none, by the committee chair or by resolution of the committee. No act of a committee shall be valid unless approved by the vote of a majority of its committee members with a quorum present.
Committees shall keep regular minutes of proceedings and report the same to the Board, and the minutes will be filed with the Corporation’s records.

4.5 Removal. The Board may remove at any time, with or without cause, a member or members of any committee.

4.6 Medical Staff. Any Board committee that deliberates issues of medical staff responsibilities shall include medical staff members.

Article 5
Officers

5.1 Officers. The officers of the Corporation shall be a chair of the Board, a vice chair of the Board, a president, a secretary, a chief financial officer (who may also be referred to as treasurer) and any other person designated as an officer by the Board. Any person may hold more than one office, except that neither the chair nor president may serve concurrently as the secretary or chief financial officer. Only directors of the Corporation may serve as chair or vice chair of the Board. Other than the executive vice president (if any), in no event shall the title of vice president of the Corporation make a person an officer within the meaning of the Nonprofit Code or these bylaws unless designated by the Board.

5.2 Election of Officers. Any executive vice presidents shall be appointed by the president. The secretary and chief financial officer of the Corporation shall be elected by and serve at the pleasure of the Board, and each shall hold that office until that officer resigns, or is removed, or is otherwise disqualified to serve, or until that officer’s successor is appointed.

5.3 Chair of the Board. The chair of the Board shall be the chief executive officer of Adventist Health or the chief executive officer’s designee, who shall preside at the meetings of the Board. The chair shall call regular and special meetings of the Board in accordance with these bylaws.

5.4 Vice Chair of the Board. The vice chair of the Board shall be the president of Adventist Health. In the absence of the chair of the Board, the vice chair or another designee of the chair shall preside at the meetings of the Board.

5.5 President. The president shall, in order to qualify for office, be and remain an employee of Adventist Health. The Board chair shall appoint the president. The president may be the chief executive officer of the Corporation, if designated by the Board chair. Subject to the control of the Board, the president shall have general supervision of the business of the Corporation and shall have such other powers and duties usually vested in such an office. The responsibilities of the president shall include:

(a) Carrying out all policies and procedures established by the Board consistent with the philosophy, teachings, and practices of the Church;

(b) Development of a plan of organization of the personnel and others concerned with the operation of the Corporation’s hospital;

(c) Preparation of an annual operating capital expenditure and cash flow budget showing the expected receipts and expenditures and such other information as is required by the Board, and submission of such budgets to the Board for approval;
(d) Selection, employment, control, and discharge of all employees and development and maintenance of personnel policies and practices for the Corporation's hospital;

(e) Maintenance of physical properties in a good state of repair and operating condition;

(f) Supervision of business affairs to ensure that funds are collected and expended to the best possible advantage and within the provision of the annual budgets;

(g) Cooperation with the medical staff and with all those concerned with rendering of professional service to the end that high quality care may be rendered to the patients consistent with the policies set forth by the Board;

(h) Presentation to the Board or to its authorized committees of periodic reports reflecting the professional service and financial activities of the Corporation's hospital as prescribed by corporate administrative policies, and preparation and submission of such special reports as may be required by the Board;

(i) Reporting all activities and recommendations of the medical staff to the Governing Board;

(j) Execution of the contracts authorized by the Board, or a Board committee, except as is otherwise provided by these bylaws and subject further to the limitations of authority delegated by the Board;

(k) Performance of other duties assigned by the Board that may be necessary in the best interest of the Corporation's hospital;

(l) Designation of a qualified individual who shall be responsible to the president in matters of administration and shall represent the president during the president's absence; and

(m) Establishing goals and objectives for the Corporation, which shall include a long-range strategic plan.

The president of the Corporation will be formally reviewed based upon performance criteria presented to the president. The review will be conducted by the chair of the Governing Board.

5.6 Executive Vice President. Executive vice presidents, if any, shall have such powers and duties as the Board or the bylaws may provide. During the absence of the president, and in the absence of a designation under Subsection 5.5(l), any executive vice president may act in the place and the stead of the president.

5.7 Secretary. The secretary shall keep, or cause to be kept, the records of the Corporation, including a record of the proceedings of the Corporation, and shall perform all of the duties usually incident to the office of secretary. The secretary shall have such other powers and duties as the Board or the bylaws may require.

5.8 Chief Financial Officer. The chief financial officer shall keep, or cause to be kept, correct books and accounts of the Corporation's properties and transactions. The chief financial officer shall perform all the duties pertaining to the office of chief financial officer and shall have such
other powers and duties as the Board or these bylaws may require. During the unavailability or
incapacity of the president and any executive vice president, and in the absence of a designation
under Subsection 5.5(l), the chief financial officer will act in the place and stead of the president.

5.9 Assistant Secretaries. The chief financial officer shall be an assistant secretary and
there shall be such other assistant secretaries as may be designated by the Board, any one of
whom shall perform the duties of the secretary in the absence of the secretary.

5.10 Assistant Chief Financial Officers. There shall be such assistant chief financial officers
(who may also be referred to as assistant treasurers) as may be designated by the Board, any of
whom shall perform the duties of the chief financial officer in the absence of the chief financial
officer.

Article 6
Governing Board

6.1 Appointment of Governing Board. The Board shall appoint the members of a
committee called the “Governing Board,” with each appointment for a two-year term, and
approximately one-half of the members of the Governing Board appointed every year. The
Governing Board shall consist of from nine (9) to twenty-one (21) members, depending upon the
size and needs of the Corporation, as determined by the Board. The Board may at any time, in
its sole discretion, remove or replace a Governing Board member or revoke any or all of the
Governing Board’s delegated authority.

6.2 Nominating Committee. The Governing Board shall appoint a nominating committee
pursuant to its bylaws, which shall make nominations to the Board for the Board to consider in
appointing Governing Board members.

6.3 Bylaws. The Governing Board shall have its own bylaws, which shall be adopted and
may be amended by the Board, in its sole discretion, including any amendments necessary to
conform to these bylaws. The Governing Board shall comply with its bylaws and the resolutions
of the Board.

6.4 Qualifications for Members of the Governing Board. Each member of the Governing
Board:

   (a) Shall be more than twenty-one (21) years of age;
   (b) Shall have an interest in health care matters; and
   (c) Must support the goals, objectives, and philosophies of the Church.

6.5 Delegated Powers to the Governing Board. The Governing Board bylaws shall specify
the exact functions of the Governing Board, consistent with these bylaws. Subject to the Board’s
ultimate oversight and authority to take action, the Board delegates the following responsibilities
to the Governing Board:

   (a) Providing institutional planning to meet the health care needs for the community
       the Corporation’s hospital serves;
(b) Determining that the Corporation's hospital, its employees and the appointees of the medical staff will conduct their activities so as to conform with the requirements and principles of all applicable laws and regulations, including the Health Care Quality Improvement Act;

(c) Overseeing and supervising the medical staff of the Corporation's hospital, which includes approving the medical staff bylaws and rules and regulations, and assuring that the medical staff establishes mechanisms to achieve and maintain high quality medical practice and patient care;

(d) Establishing and approving policies and procedures for those functions of the Corporation's hospital that have been delegated to the Governing Board;

(e) Assuring a safe environment within the Corporation's hospital for employees, medical staff, patients, and visitors; and

(f) Organizing itself effectively so that it establishes and follows the policies and procedures necessary to discharge its responsibilities and adopt rules and regulations in accordance with legal requirements.

**Article 7**

**Indemnification**

7.1 Advancement of Expenses. To the fullest extent permitted by law and except as otherwise determined by the Board in a specific instance (and in the Board's sole and absolute discretion), expenses incurred by an agent (defined below) seeking indemnification under this Article of these bylaws in defending any proceeding covered by this Article shall be advanced by the Corporation before final disposition of the proceeding, on receipt by the Corporation of an undertaking by or on behalf of that person that the advance will be repaid unless it is ultimately found that the person is entitled to be indemnified by the Corporation for those expenses. The Board must approve any advance made to the president under this section, prior to such advance being paid to the president. For purposes of this article, an “agent” shall have the meaning established in the Nonprofit Code applicable to the Corporation.

7.2 Indemnification upon Successful Defense. If an agent of the Corporation is successful on the merits in defense of any proceeding, claim or other contested matter brought against the agent in connection with the agent's actions or omissions in relation to the Corporation, the Corporation shall indemnify the agent against that agent's actual and reasonable expenses incurred in the defense against such proceeding or claim.

7.3 Indemnification upon Unsuccessful Defense.

(a) Mandatory Indemnification. To the maximum extent permitted by law, the Corporation shall indemnify each of its present and former (1) directors, (2) officers, (3) persons who are or were regularly invited for six (6) consecutive months or more to attend and participate at Board meetings or Board committee meetings, and (4) persons identified in a duly approved Board resolution as qualifying for this mandatory indemnification (each of whom is an “indemnitee”) against expenses (collectively, "payments") actually and reasonably incurred by such indemnitee in connection with defending that indemnitee against an action or proceeding. An employee of the
Corporation may be an indemnitee if that employee meets one or more of the definitions of indemnitee set forth above. Notwithstanding the above, mandatory indemnification shall be given to a potential indemnitee only if all of the following apply:

1. The potential indemnitee was not a director, officer or other person who was removed from one or more of their positions with the Corporation;

2. The action or proceeding against the indemnitee is based on or relates to an action or inaction taken by the indemnitee on behalf of the Corporation and within the scope of the indemnitee's role or relationship with the Corporation;

3. The Board (excluding vacancies and directors who have a conflict of interest) has made all findings required by the Nonprofit Code (the indemnitee shall not be eligible to receive this mandatory indemnification if such findings are not made by the Board); and

4. The potential indemnitee has not procured any illegal profit, remuneration or advantage, as determined by the Board in its sole discretion.

If a person does not qualify for this mandatory indemnification, such person might still receive discretionary indemnification as outlined below.

(b) Discretionary Indemnification. To the maximum extent permitted by law, the Board may in its sole discretion, by a majority vote (excluding vacancies and directors with a conflict of interest), indemnify an agent (including former directors who were removed by the Board, employees or agents identified by the Board as acting on behalf of the Corporation or Adventist Health and not entitled to mandatory indemnification) (each of which is a "recipient") against any or all of the expenses, judgments, fines, settlements or other amounts actually and reasonably incurred by such recipient in connection with an action or proceeding against the recipient, subject to the following:

1. The action or proceeding against the recipient must be based on or relate to an action or inaction taken by the recipient on behalf of the Corporation and within the scope of the recipient's role or relationship with the Corporation;

2. The Board (excluding vacancies and directors who have a conflict of interest) must have made all findings required by the Nonprofit Code (the recipient shall not be eligible to receive this discretionary indemnification if such findings are not made); and

3. Indemnification is not available if the recipient is found to have procured illegal profit, remuneration or advantage.
Article 8
Legal Instruments

8.1 Execution of Legal Documents.

(a) The president and any other officer of the Corporation shall sign any deeds or mortgages or other legal documents for real estate transactions under authority given them by the Board (either by resolution specific to a transaction or by a general resolution authorizing such persons to enter into certain types of real estate transactions). The Board may also authorize other persons or officers to execute the documents described in this Subsection.

(b) The president or any executive vice president and the secretary or such other officers as the Board may select for that purpose are authorized to vote, represent and exercise on behalf of the Corporation all rights incident to any and all voting securities of any other corporation or corporations standing on the name of the Corporation. The authority granted by these bylaws to the officers to vote or represent the Corporation arising from any voting securities held by the Corporation and any other corporation or corporations may be exercised by the officers in person or by any person authorized to do so by proxy or power of attorney duly executed by the officers.

(c) With respect to all contracts, transactions or arrangements other than those described in Subsections 8.1(a) or 8.1(b), the president or chief financial officer may execute, and the Board may authorize specific other persons or officers to execute, the appropriate agreements and other documents related to such transactions or arrangements. The president or chief financial officer may sign individually. Any Board resolution authorizing other persons or officers to execute documents shall specify whether one person may sign the appropriate documents or whether two signatures are required under specified circumstances.

8.2 Seal. The Corporation may have a corporate seal, and the same shall have inscribed thereon the name of the Corporation, the date of its incorporation and the state of its incorporation.

Article 9
General Provisions

9.1 Auditor. The books of the Corporation shall be reviewed annually by an auditor selected by Adventist Health.

9.2 Amendment of Bylaws. The bylaws may only be amended or repealed and new bylaws adopted by Adventist Health. The Board shall review the bylaws of the Corporation annually and shall recommend any necessary revisions.

9.3 Electronic Transmission.

(a) "Electronic transmission by the Corporation" means a communication (1) delivered by (A) facsimile telecommunication or electronic mail when directed to the facsimile number or electronic mail address for that recipient on record with the Corporation; (B) posting on an electronic message board or network that the Corporation has designated for those communications, together with a separate notice to the recipient,
which transmission shall be considered delivered upon the later of the posting or delivery
of the separate notice thereof; or (C) other means of electronic communication; (2) to a
recipient who has provided an unrevoked consent to the use of those means of
transmission for communications pursuant to the Nonprofit Code; and (3) that creates a
record that is capable of retention, retrieval, and review, and that may thereafter be
rendered into clearly legible tangible form.

(b) An electronic transmission to an individual member of the Corporation who is a
natural person, or to a director, must be preceded by or include a clear written statement
to the recipient as to (1) any right of the recipient to have the record provided or made
available on paper or in nonelectronic form; (2) whether the consent applies only to that
transmission, to specified categories of communications, or to all communications from
the Corporation; and (3) the procedures the recipient must use to withdraw consent.

(c) "Electronic transmission to the Corporation" means a communication
(1) delivered by (A) facsimile telecommunication or electronic mail when directed to the
facsimile number or electronic mail address that the Corporation has provided to members
or directors for communications; (B) posting on an electronic message board or network
that the Corporation has designated for those communications, which transmission shall
be considered delivered upon posting; or (C) other means of electronic communication;
(2) as to which the Corporation has placed in effect reasonable measures to verify that the
sender is the member or director purporting to send the transmission; and (3) that creates
a record that is capable of retention, retrieval, and review, and that may thereafter be
rendered into clearly legible tangible form.

(d) "Electronic transmission" means any combination of electronic transmission by
or to the Corporation.
Bylaws Certificate

I, Meredith Jobe, hereby certify that I am the Secretary of Willits Hospital, Inc., a California nonprofit religious corporation (the “Corporation”), and that the foregoing bylaws are a true and correct copy of the bylaws of the Corporation as duly adopted on October 18, 2016, by the vote of the Adventist Health System/West board, acting as the sole member of the Corporation.

Date: January 30, 2017

WILLITS HOSPITAL, INC.

By: [Signature]

Meredith Jobe, Secretary
St. Helena Hospital
dba
Adventist Health
St. Helena;
dba
Adventist Health
Vallejo
The undersigned certify that:

1. They are the Chairman of the Board and the Secretary, respectively, of
   ST. HELENA HOSPITAL, a California nonprofit corporation.

2. The Articles of Incorporation of this Corporation are hereby amended and
   restated in their entirety to read as herein set forth in full:

   ARTICLE I.

   The name of this Corporation is ST. HELENA HOSPITAL.

   ARTICLE II.

   This Corporation is a religious corporation and is not organized for the private
   gain of any person. It is organized under the Nonprofit Religious Corporation Law
   exclusively for religious purposes. More specifically, the purposes of this Corporation
   are to promote the wholeness of humanity, physically, mentally and spiritually, in a
   manner which is consistent with the philosophy, teachings and practices of the Seventh-
   day Adventist Church (the "Church") including, without limitation, the following activities:

   A. To establish, manage and maintain an acute care hospital as an affiliate
      corporation and in harmony with the administrative guidelines and religious
      objectives of Adventist Health System/West, a California nonprofit corporation.

   B. To establish and maintain an institution or institutions within or without the state
      where incorporated with permanent facilities that include in-patient beds and
      medical services to provide diagnosis and treatment for patients (and associated
      services such as, but not limited to, extended care, out-patient care and home
      care).

   C. To carry on any educational activities related to rendering care to the sick and
      injured or to the promotion of health, that in the opinion of the Board of Directors
      may be justified by the facilities, personnel, funds and other requirements that
      are, or can be, made available.
D. To establish, manage and maintain a Health Maintenance Organization (HMO) or similar organizations utilizing health delivery systems designed and coordinated to maximize benefits to the communities served.

E. To create and manage live-in conditioning centers in resort-type environments featuring educational programs in preventive medicine designed to enhance lifestyle quality and prevent illness.

F. To promote and carry on scientific research related to the care of the sick and injured.

G. To participate, so far as circumstances may warrant, in any activity designed and carried on to promote the general health of the community.

ARTICLE III.

The Board of Directors shall have sole authority to amend or repeal the Articles of Incorporation by the vote of two-thirds of the directors, provided that such action shall not be valid or enacted unless also approved by the Corporate Member at any regular meeting or special meeting of the membership or by two-thirds of the members voting by mail ballot.

ARTICLE IV.

A. The property of this Corporation is irrevocably dedicated to religious purposes. No part of the net income or assets of this organization shall ever inure to the benefit of a director, officer or member of the Corporation, or to the benefit of any private individual.

B. This Corporation is affiliated with and operates subject to and in harmony with the policies, guidelines and procedures of Adventist Health System/West, a religious corporation. Upon winding up and dissolution of this Corporation, after paying or adequately providing for the debts and obligations of the Corporation, the remaining assets shall be distributed to Adventist Health System/West, which is organized and operated exclusively for religious purposes and which has established its tax-exempt status under Section 501(c)(3) of 1986 Internal Revenue Code (“the Code”). In the event that Adventist Health System/West has either failed to maintain its tax-exempt status, or been previously dissolved, or for any other reason is disqualified from receiving such remaining assets, then all such assets shall be distributed to the successor to Adventist Health System/West providing that the successor is a nonprofit fund, foundation or corporation which is organized and operated exclusively for religious purposes and has established its tax-exempt status under the Code; or if no successor, all remaining assets shall be distributed to the organized conference of Seventh-day Adventist churches having jurisdiction within the geographic area in which this
association organized and operated exclusively for religious purposes that has established its tax-exempt status under the Code.

ARTICLE V.

A. This Corporation is organized exclusively for religious purposes within the meaning of the Code. Notwithstanding any other provision of these Articles, the Corporation shall not carry on any other activities not permitted to be carried on: (1) by a corporation exempt from federal income tax under the Code (or the corresponding provision of any future United States Internal Revenue Law); or (2) by a corporation, contributions to which are deductible under Section 170(c)(2) of the Code (or the corresponding provision of any future United States Internal Revenue Law).

B. No substantial part of the activities of this Corporation shall consist of the carrying on or propaganda or otherwise attempting to influence legislation, nor shall this Corporation participate in, or intervene in (including the publishing or distributing of statements), any political campaign on behalf of any candidate for political office.

ARTICLE VI.

This Corporation elects to be governed by all of the provisions of the Nonprofit Corporation Law effective January 1, 1980, not otherwise applicable to it under Parts 4 and 5 of Division 2 of Title 1 of the Corporation Code of the State of California.

3. The foregoing amendment and restatement of Articles of Incorporation has been duly approved by the board of directors of this Corporation.

4. The foregoing amendment and restatement of Articles of Incorporation has been duly approved by the required vote of Adventist Health System/West, which is the sole member of this Corporation.

We further declare under penalty of perjury under the laws of the State of California that the matters set forth in this certificate are true and correct of our own knowledge.

DATE: March 19, 2004

Donald R. Ammon, Chairman of the Board

Robert G. Carmen, Secretary
The undersigned certify that:

1. They are the Chairman of the Board and the Secretary, respectively, of ST. HELENA HOSPITAL, a California nonprofit corporation.

2. The Articles of Incorporation of this Corporation are amended and restated in their entirety to read as follows:

ARTICLE I.

The name of this Corporation is ST. HELENA HOSPITAL.

ARTICLE II.

This Corporation is a religious corporation and is not organized for the private gain of any person. It is organized under the Nonprofit Religious Corporation Law exclusively for religious purposes. More specifically, the purposes of this Corporation are to promote the wholeness of humanity, physically, mentally and spiritually, in a manner which is consistent with the philosophy, teachings and practices of the Seventh-day Adventist Church (the "Church") including, without limitation, the following activities:

A. To establish, manage and maintain an acute care hospital as an affiliate corporation and in harmony with the administrative guidelines and religious objectives of Adventist Health System/West, a California nonprofit corporation.

B. To establish and maintain an institution or institutions within or without the state where incorporated with permanent facilities that include in-patient beds and medical services to provide diagnosis and treatment for patients (and associated services such as, but not limited to, extended care, out-patient care and home care).

C. To carry on any educational activities related to rendering care to the sick and injured or to the promotion of health, that in the opinion of the Board of Directors may be justified by the facilities, personnel, funds and other requirements that are, or can be, made available.
D. To establish, manage and maintain a Health Maintenance Organization (HMO) or similar organizations utilizing health delivery systems designed and coordinated to maximize benefits to the communities served.

E. To create and manage live-in conditioning centers in resort-type environments featuring educational programs in preventive medicine designed to enhance lifestyle quality and prevent illness.

F. To promote and carry on scientific research related to the care of the sick and injured.

G. To participate, so far as circumstances may warrant, in any activity designed and carried on to promote the general health of the community.

ARTICLE III.

The Corporate Member shall have sole authority to amend or repeal the Articles of Incorporation by the vote of two-thirds of the members present at any regular meeting or special meeting of the membership or by two-thirds of the members voting by mail ballot.

ARTICLE IV.

A. The property of this Corporation is irrevocably dedicated to religious purposes. No part of the net income or assets of this organization shall ever inure to the benefit of a director, officer or member of the Corporation, or to the benefit of any private individual.

B. This Corporation is affiliated with and operates subject to and in harmony with the policies, guidelines and procedures of Adventist Health System/West, a religious corporation. Upon winding up and dissolution of this Corporation, after paying or adequately providing for the debts and obligations of the Corporation, the remaining assets shall be distributed to Adventist Health System/West, which is organized and operated exclusively for religious purposes and which has established its tax-exempt status under Section 501(c)(3) of 1986 Internal Revenue Code ("the Code"). In the event that Adventist Health System/West has either failed to maintain its tax-exempt status, or been previously dissolved, or for any other reason is disqualified from receiving such remaining assets, then all such assets shall be distributed to the successor to Adventist Health System/West providing that the successor is a nonprofit fund, foundation or corporation which is organized and operated exclusively for religious purposes and has established its tax-exempt status under the Code; or if no successor, all remaining assets shall be distributed to the organized conference of Seventh-day Adventist churches having jurisdiction within the geographic area in which this Corporation is located where that local conference is a nonprofit religious
ARTICLE V.

A. This Corporation is organized exclusively for religious purposes within the meaning of the Code. Notwithstanding any other provision of these Articles, the Corporation shall not carry on any other activities not permitted to be carried on: (1) by a corporation exempt from federal income tax under the Code (or the corresponding provision of any future United States Internal Revenue Law); or (2) by a corporation, contributions to which are deductible under Section 170(c)(2) of the Code (or the corresponding provision of any future United States Internal Revenue Law).

B. No substantial part of the activities of this Corporation shall consist of, or be connected with, propaganda or otherwise attempting to influence legislation, nor shall this Corporation participate in, or intervene in (including the publishing or distributing of statements), any political campaign on behalf of any candidate for political office.

ARTICLE VI.

This Corporation elects to be governed by all of the provisions of the Nonprofit Corporation Law effective January 1, 1980, not otherwise applicable to it under Parts 4 and 5 of Division 2 of Title 1 of the Corporation Code of the State of California.

3. The foregoing amendment and restatement of Articles of Incorporation has been duly approved by the board of directors of this Corporation.

4. The foregoing amendment and restatement of Articles of Incorporation has been duly approved by the required vote of Adventist Health System/West, the sole member of this Corporation.

We further declare under penalty of perjury under the laws of the State of California that the matters set forth in this certificate are true and correct of our own knowledge.

DATE: September 24, 2003

Donald R. Ammon, Chairman of the Board

Robert G. Carmen, Secretary
CERTIFICATE OF AMENDMENT
OF
ARTICLES OF INCORPORATION
OF
ST. HELENA HOSPITAL & HEALTH CENTER

Donald R. Ammon and Douglas E. Rebok certify that:

1. They are the Chairman of the Board and Assistant Secretary, respectively, of St. Helena Hospital & Health Center, a California nonprofit corporation.

2. Article I of the Articles of Incorporation of this corporation is amended to read as follows:

   "I. The name of the corporation is St. Helena Hospital."

3. The foregoing amendment of Articles of Incorporation has been duly approved by the Board of Directors.

4. The foregoing amendment of Articles of Incorporation has been duly approved by the required vote of the sole member of the corporation.

We further declare under penalty of perjury under the laws of the State of California that the matters set forth in this certificate are true and correct of our own knowledge.

Date: 1/6/93

Donald R. Ammon,
Chairman of the Board

Douglas E. Rebok,
Assistant Secretary
CERTIFICATE OF AMENDMENT OF
ARTICLES OF INCORPORATION
OF
ST. HELENA HOSPITAL & HEALTH CENTER

DONALD R. AMMON AND EDWARD MCDONALD CERTIFY:
1. THAT WE ARE THE CHAIRMAN OF THE BOARD AND THE SECRETARY,
   RESPECTIVELY, OF ST. HELENA HOSPITAL & HEALTH CENTER, A CALIFORNIA
   NONPROFIT RELIGIOUS CORPORATION.
2. THAT ARTICLES II, IV, V AND VI OF THE ARTICLES OF
   INCORPORATION OF ST. HELENA HOSPITAL & HEALTH CENTER SHALL BE
   AMENDED TO READ AS HEREAFTER SET FORTH:

II

THIS CORPORATION IS A RELIGIOUS CORPORATION AND IS NOT
ORGANIZED FOR THE PRIVATE GAIN OF ANY PERSON. IT IS
ORGANIZED UNDER THE NONPROFIT RELIGIOUS CORPORATION LAW
EXCLUSIVELY FOR RELIGIOUS PURPOSES. MORE SPECIFICALLY, THE
PURPOSES OF THIS CORPORATION ARE TO PROMOTE THE WHOLENESS OF
HUMANITY, PHYSICALLY, MENTALLY AND SPIRITUALLY, IN A MANNER
WHICH IS CONSISTENT WITH THE PHILOSOPHY, TEACHINGS AND
PRACTICES OF THE SEVENTH-DAY ADVENTIST CHURCH THROUGH THE
FOLLOWING ACTIVITIES:
A. TO ESTABLISH, MANAGE AND MAINTAIN AN ACUTE CARE HOSPITAL
   AS AN AFFILIATE CORPORATION AND IN HARMONY WITH THE
   ADMINISTRATIVE GUIDELINES AND RELIGIOUS OBJECTIVES OF
ADVENTIST HEALTH SYSTEM/WEST, A CALIFORNIA NONPROFIT
RELIGIOUS CORPORATION.

B. TO ESTABLISH AND MAINTAIN AN INSTITUTION OR INSTITUTIONS
WITHIN OR WITHOUT THE STATE WHERE INCORPORATED WITH PERMANENT
FACILITIES THAT INCLUDE IN-PATIENT BEDS AND MEDICAL SERVICES
TO PROVIDE DIAGNOSIS AND TREATMENT FOR PATIENTS (AND
ASSOCIATED SERVICES SUCH AS, BUT NOT LIMITED TO, EXTENDED
CARE, OUT-PATIENT CARE AND HOME CARE).

C. TO CARRY ON ANY EDUCATIONAL ACTIVITIES RELATED TO
RENDERING CARE TO THE SICK AND INJURED OR TO THE PROMOTION OF
HEALTH, THAT IN THE OPINION OF THE BOARD OF DIRECTORS MAY BE
JUSTIFIED BY THE FACILITIES, PERSONNEL, FUNDS AND OTHER
REQUIREMENTS THAT ARE, OR CAN BE, MADE AVAILABLE.

D. TO ESTABLISH, MANAGE AND MAINTAIN A HEALTH MAINTENANCE
ORGANIZATION (HMO), OR SIMILAR ORGANIZATIONS UTILIZING HEALTH
DELIVERY SYSTEMS DESIGNED AND COORDINATED TO MAXIMIZE
BENEFITS TO THE COMMUNITIES SERVED.

E. TO CREATE AND MANAGE LIVE-IN CONDITIONING CENTERS IN
RESORT-TYPE ENVIRONMENTS FEATURING EDUCATIONAL PROGRAMS IN
PREVENTIVE MEDICINE DESIGNED TO ENHANCE LIFESTYLE QUALITY AND
PREVENT ILLNESS.

F. TO PROMOTE AND CARRY ON SCIENTIFIC RESEARCH RELATED TO
THE CARE OF THE SICK AND INJURED.

G. TO PARTICIPATE, SO FAR AS CIRCUMSTANCES MAY WARRANT, IN
ANY ACTIVITY DESIGNED AND CARRIED ON TO PROMOTE THE GENERAL
HEALTH OF THE COMMUNITY.
IV

A. THE MINIMUM AND MAXIMUM NUMBER OF DIRECTORS OF THIS CORPORATION SHALL BE PROVIDED IN THE BYLAWS. THE EXACT NUMBER OF DIRECTORS SHALL BE DETERMINED BY THE CORPORATE MEMBER.

B. EX-OFFICIO DIRECTORS OF THIS CORPORATION SHALL BE:

1. THE PRESIDENT OF ADVENTIST HEALTH SYSTEM/WEST, OR HIS DESIGNEE, WHO SHALL BE THE CHAIRMAN OF THE BOARD.

2. THE PRESIDENT OF THE LOCAL CONFERENCE OF THE SEVENTH-DAY ADVENTIST CHURCHES IN THE GEOGRAPHIC AREA WHERE THIS CORPORATION IS LOCATED, WHO SHALL BE VICE-CHAIRMAN; AND

3. THE PRESIDENT OF THIS CORPORATION, WHO SHALL BE AUTHORIZED TO SERVE AS ACTING CHAIRMAN WITH THE WRITTEN PERMISSION OF EITHER THE CHAIRMAN OR VICE-CHAIRMAN.

C. ALL OTHER DIRECTORS OF THIS CORPORATION SHALL BE ELECTED BY THE CORPORATE MEMBER FOR A TERM OF TWO YEARS. DIRECTORS MAY SUCCEED THEMSELVES IN OFFICE.

D. THE CORPORATE MEMBER MAY REMOVE ANY OR ALL DIRECTORS, WITH OR WITHOUT CAUSE, AT ANY TIME AND SHALL REMOVE ANY DIRECTOR ABSENT FROM MORE THAN 50 PERCENT OF THE REGULAR MEETINGS OF THE BOARD OF DIRECTORS DURING ANY TWELVE MONTH PERIOD, UNLESS THE ABSENCE IS-excused PRIOR TO THE MEETING IN HARMONY WITH THE FOLLOWING PROCEDURE.

1. REASONS FOR ABSENCES ARE TO BE PRESENTED TO THE CHAIRMAN OR PRESIDENT PRIOR TO THE MEETING; AND,

2. THE BOARD APPROVES THE ABSENCE AND THE APPROVAL IS INCLUDED IN THE BOARD MINUTES.
E. THE BYLAWS SHALL PROVIDE FOR QUALIFICATIONS AND RESIGNATION OF DIRECTORS.

V

THE AUTHORIZED NUMBER AND QUALIFICATION OF MEMBERS OF THE CORPORATION AND THE RIGHTS AND PRIVILEGES OF MEMBERS SHALL BE AS SET FORTH IN THE BYLAWS. THE CORPORATE MEMBER SHALL HAVE SOLE AUTHORITY TO AMEND THE BYLAWS OF THIS CORPORATION AT ANY REGULAR OR SPECIAL MEETING.

VI

A. THE PROPERTY OF THIS CORPORATION IS IRREVOCABLY DEDICATED TO RELIGIOUS PURPOSES. NO PART OF THE NET INCOME OR ASSETS OF THIS ORGANIZATION SHALL EVER INURE TO THE BENEFIT OF A DIRECTOR, OFFICER OR MEMBER OF THE CORPORATION, OR TO THE BENEFIT OF ANY PRIVATE INDIVIDUAL.

B. THIS CORPORATION IS AFFILIATED WITH AND OPERATES SUBJECT TO AND IN HARMONY WITH THE POLICIES, GUIDELINES AND PROCEDURES OF ADVENTIST HEALTH SYSTEM/WEST, A RELIGIOUS CORPORATION. UPON WINDING UP AND DISSOLUTION OF THIS CORPORATION, AFTER PAYING OR ADEQUATELY PROVIDING FOR THE DEBTS AND OBLIGATIONS OF THE CORPORATION, THE REMAINING ASSETS SHALL BE DISTRIBUTED TO ADVENTIST HEALTH SYSTEM/WEST, WHICH IS ORGANIZED AND OPERATED EXCLUSIVELY FOR RELIGIOUS PURPOSES AND WHICH HAS ESTABLISHED ITS TAX-EXEMPT STATUS UNDER INTERNAL REVENUE CODE SECTION 501(c)(3). IN THE EVENT ADVENTIST HEALTH SYSTEM/WEST HAS EITHER FAILED TO MAINTAIN
ITS TAX-EXEMPT STATUS; OR BEEN PREVIOUSLY DISSOLVED; OR FOR ANY OTHER REASON IS DISQUALIFIED FOR RECEIVING SUCH REMAINING ASSETS, THEN ALL SUCH ASSETS SHALL BE DISTRIBUTED TO THE SUCCESSOR TO ADVENTIST HEALTH SYSTEM/WEST PROVIDING THAT THE SUCCESSOR IS A NONPROFIT FUND, FOUNDATION OR CORPORATION WHICH IS ORGANIZED AND OPERATED EXCLUSIVELY FOR RELIGIOUS PURPOSES AND HAS ESTABLISHED ITS TAX-EXEMPT STATUS UNDER INTERNAL REVENUE CODE SECTION 501(c)(3) OR IF NO SUCCESSOR, ALL REMAINING ASSETS SHALL BE DISTRIBUTED TO THE ORGANIZED CONFERENCE OF SEVENTH-DAY ADVENTIST CHURCHES HAVING JURISDICTION WITHIN THE GEOGRAPHIC AREA IN WHICH THIS CORPORATION IS LOCATED WHERE THAT LOCAL CONFERENCE IS A NONPROFIT RELIGIOUS ASSOCIATION ORGANIZED AND OPERATED EXCLUSIVELY FOR RELIGIOUS PURPOSES THAT HAS ESTABLISHED ITS TAX-EXEMPT STATUS UNDER INTERNAL REVENUE CODE SECTION 501(c)(3).

C. ANY ASSETS HELD IN TRUST SHALL BE DISPOSED OF IN SUCH MANNER AS MAY BE DIRECTED BY DECREE OF THE SUPERIOR COURT OF THE COUNTY IN WHICH THE CORPORATION HAS ITS PRINCIPAL OFFICE, UPON PETITION THEREFORE BY THE ATTORNEY GENERAL OR BY ANY PERSON CONCERNED IN THE LIQUIDATION, IN A PROCEEDINGS TO WHICH THE ATTORNEY GENERAL IS A PARTY. A DECREE BY THE SUPERIOR COURT SHALL NOT BE NECESSARY IF THE ATTORNEY GENERAL MAKES A WRITTEN WAIVER OF OBJECTIONS TO THE DISPOSITION.

3. THAT THE FOREGOING AMENDMENTS HAVE BEEN APPROVED BY THE BOARD OF DIRECTORS.
4. THAT THE FOREGOING AMENDMENTS WERE APPROVED BY THE REQUIRED VOTE OF THE MEMBERS.

Donald R. Ammon,
DONALD R. AMMON, CHAIRMAN OF THE BOARD

Edward McDonald,
EDWARD MCDONALD, SECRETARY
DECLARATION

EACH OF THE UNDERSIGNED DECLARES UNDER PENALTY OF PERJURY THAT THE STATEMENTS CONTAINED IN THE FOREGOING CERTIFICATE OF AMENDMENT OF ARTICLES OF INCORPORATION ARE TRUE OF HIS OWN KNOWLEDGE AND THAT THIS DECLARATION WAS EXECUTED ON MARCH 12, 1990, AT ROSEVILLE, CALIFORNIA, 95661.

DONALD R. AMMON, CHAIRMAN OF THE BOARD

EDWARD MCDONALD, SECRETARY

ArtAm-SHHH
A certificate of amendment of the articles of incorporation of St. Helena Hospital & Health Center, a California nonprofit corporation is herein executed in duplicate by the corporation as follows:

1. The name of the corporation is St. Helena Hospital & Health Center.

2. The amendment to the articles of incorporation adopted by the corporation is as follows: That the articles of incorporation be amended to read as set forth in full in the exhibit marked "Exhibit A" attached hereto and incorporated herein by reference.

3. A meeting of the members of the corporation having voting rights at which said amendment was adopted was held on April 29, 1982; a quorum was present at said meeting and the amendment received a majority of the votes which members present at the meeting were entitled to cast.
4. A meeting of the Board of Directors of the corporation at which said amendment was adopted was held on May 15, 1982; a quorum was present at said meeting and the amendment received a majority of the votes which directors present at said meeting were entitled to cast.

The St. Helena Hospital & Health Center

By [Signature]

Kenneth E. Gibb, Secretary
VERIFICATION

We are officers of St. Helena Hospital & Health Center and are authorized to make this verification for and on its behalf, and we make this verification for that reason. The matters stated in it are true and correct.

We declare under penalty of perjury under the laws of State of California that the foregoing is true and correct.

Executed on August 11, 1982, at Deer Park, California.

[Signature]
Leonard Yost, President

[Signature]
Kenneth E. Gibb, Secretary
ARTICLES OF INCORPORATION
OF
ST. HELENA HOSPITAL & HEALTH CENTER

I.
THE NAME OF THIS CORPORATION IS ST. HELENA HOSPITAL & HEALTH CENTER.

II.
THIS CORPORATION IS A RELIGIOUS CORPORATION AND IS NOT ORGANIZED FOR THE PRIVATE GAIN OF ANY PERSON. IT IS ORGANIZED UNDER THE NONPROFIT RELIGIOUS CORPORATION LAW PRIMARILY FOR RELIGIOUS PURPOSES. MORE SPECIFICALLY, THE PURPOSES OF THIS CORPORATION ARE TO FURTHER THE MEDICAL MINISTRY OF THE SEVENTH-DAY ADVENTIST CHURCH AND TO PROMOTE THE WHOLENESS OF MAN, PHYSICALLY, MENTALLY AND SPIRITUALLY, IN THE FOLLOWING WAYS:
A. TO ESTABLISH, MANAGE AND MAINTAIN AN ACUTE CARE HOSPITAL AS AN AFFILIATE CORPORATION AND IN HARMONY WITH THE ADMINISTRATIVE GUIDELINES AND RELIGIOUS OBJECTIVES OF ADVENTIST HEALTH SYSTEM-WEST, A CALIFORNIA NONPROFIT RELIGIOUS CORPORATION.
B. TO ESTABLISH AND MAINTAIN AN INSTITUTION OR INSTITUTIONS WITHIN OR WITHOUT THE STATE WHERE INCORPORATED WITH PERMANENT FACILITIES THAT INCLUDE IN-PATIENT BEDS AND MEDICAL SERVICERS TO PROVIDE DIAGNOSIS AND TREATMENT FOR PATIENTS (AND ASSOCIATED SERVICES SUCH AS, BUT NOT LIMITED TO, EXTENDED CARE, OUT-PATIENT CARE AND HOME CARE).
C. To carry on any educational activities related to rendering care to the sick and injured or to the promotion of health, that in the opinion of the Board of Directors may be justified by the facilities, personnel, funds and other requirements that are, or can be, made available.

D. To establish, manage and maintain a Health Maintenance Organization (HMO), utilizing health delivery systems designed and coordinated to maximize benefits to the communities served.

E. To create and manage live-in conditioning centers in resort-type environments featuring educational programs in preventive medicine designed to enhance lifestyle quality and prevent illness.

F. To promote and carry on scientific research related to the care of the sick and injured, with particular reference to the philosophy and practice of the Seventh-Day Adventist Church.

G. To participate, so far as circumstances may warrant, in any activity designed and carried on to promote the general health of the community.

III.

The name and address of this state of the corporation's initial agent for service of process is: Leonard Yost, Deer Park, California 94576.
IV.

A. THE MINIMUM AND MAXIMUM NUMBER OF DIRECTORS OF THIS CORPORATION SHALL BE PROVIDED IN THE BYLAWS. THE EXACT NUMBER OF DIRECTORS SHALL BE DETERMINED BY THE MEMBERS.

B. EX-OFFICIO DIRECTORS OF THIS CORPORATION SHALL BE:

1. THE PRESIDENT OF ADVENTIST HEALTH SYSTEM--WEST, OR HIS DESIGNEE, WHO SHALL BE THE CHAIRMAN OF THE BOARD;
2. THE PRESIDENT OF THE LOCAL CONFERENCE OF SEVENTH-DAY ADVENTIST CHURCHES IN THE GEOGRAPHIC AREA WHERE THIS CORPORATION IS LOCATED, WHO SHALL BE VICE-CHAIRMAN; AND
3. THE PRESIDENT OF THIS CORPORATION, WHO SHALL BE AUTHORIZED TO SERVE AS ACTING CHAIRMAN WITH THE WRITTEN PERMISSION OF EITHER THE CHAIRMAN OR VICE-CHAIRMAN.

C. ALL OTHER DIRECTORS OF THIS CORPORATION SHALL BE ELECTED BY THE MEMBERS FOR A TERM OF TWO YEARS. DIRECTORS MAY SUCCEED THEMSELVES IN OFFICE.

D. THE MEMBERS MAY REMOVE ANY OR ALL DIRECTORS, WITH OR WITHOUT CAUSE, AT ANY TIME AND SHALL REMOVE ANY DIRECTOR ABSENT FROM MORE THAN 50 PERCENT OF THE REGULAR MEETINGS OF THE BOARD OF DIRECTORS DURING ANY TWELVE MONTH PERIOD, UNLESS THE ABSENCE IS EXCUSED PRIOR TO THE MEETING IN HARMONY WITH THE FOLLOWING PROCEDURE.
1. Reasons for absences are to be presented to the chairman or president prior to the meeting; and,

2. The board approves the absence and the approval is included in the board minutes.

E. The bylaws shall provide for qualifications and resignation of directors.

V.

The authorized number and qualification of members of the corporation and the rights and privileges of members shall be as set forth in the bylaws. All of the membership shall be composed of members from specific Seventh-Day Adventist institutions, constituencies, boards or executive committees of organizations that are listed in the Seventh-Day Adventist Yearbook published by the General Conference of Seventh-Day Adventists. The members shall have sole authority to amend the bylaws of this corporation at any regular or special meeting.

VI.

A. The property of this corporation is irrevocably dedicated to religious purposes. No part of the net income or assets of this organization shall ever inure to the benefit of a director, officer or member of the corporation, or to the benefit of any private individual.
B. This corporation is a totally owned affiliated corporate agency operating subject to and in harmony with the policies, guidelines and procedures required by Adventist Health System-West, a religious corporation owned and operated exclusively by the Seventh-Day Adventist Church. Upon winding up and dissolution of this corporation, after paying or adequately providing for the debts and obligations of the corporation, the remaining assets shall be distributed to Adventist Health System-West, which has established its tax-exempt status under Internal Revenue Code section 501(c)(3). In the event Adventist Health System-West has either failed to maintain its tax-exempt status; or been previously dissolved; or for any other reason is disqualified for receiving such remaining assets, then all such assets shall be distributed to the successor to Adventist Health System-West providing that the successor has established its tax-exempt status under Internal Revenue Code section 501(c)(3) or if no successor, all remaining assets shall be distributed to the organized conference of Seventh-Day Adventist Churches having jurisdiction within the geographic area in which this corporation is located where that local conference has established its tax-exempt status under Internal Revenue Code section 501(c)(3).

C. Any assets held in trust shall be disposed of in such manner as may be directed by decree of the Superior Court of the county in which the corporation has its principal office, upon petition therefore by the Attorney General or by any person concerned in the liquidation, in
A PROCEEDING TO WHICH THE ATTORNEY GENERAL IS A PARTY. A DECREE BY THE SUPERIOR COURT SHALL NOT BE NECESSARY IF THE ATTORNEY GENERAL MAKES A WRITTEN WAIVER OF OBJECTIONS TO THE DISPOSITION.

SECTION 501(c)(3) OR IF NO SUCCESSOR, ALL REMAINING ASSETS SHALL BE DISTRIBUTED TO THE LOCAL CONFERENCE OF SEVENTH-DAY ADVENTISTS IN WHICH THE HOSPITAL IS LOCATED.

VII.

A. THIS CORPORATION IS ORGANIZED EXCLUSIVELY FOR RELIGIOUS PURPOSES WITHIN THE MEANING OF INTERNAL REVENUE CODE SECTION 501(c)(3). NOTWITHSTANDING ANY OTHER PROVISION OF THESE ARTICLES, THE CORPORATION SHALL NOT CARRY ON ANY OTHER ACTIVITIES NOT PERMITTED TO BE CARRIED ON: (1) BY A CORPORATION EXEMPT FROM FEDERAL INCOME TAX UNDER SECTION 501(c)(3) OF THE INTERNAL REVENUE CODE OF 1954 (OF THE CORRESPONDING PROVISION OF ANY FUTURE UNITED STATES INTERNAL REVENUE LAW); OR (2) BY A CORPORATION, CONTRIBUTIONS TO WHICH ARE DEDUCTIBLE UNDER SECTION 170(c)(2) OF THE INTERNAL REVENUE CODE OF 1954 (OF THE CORRESPONDING PROVISION OF ANY FUTURE UNITED STATES INTERNAL REVENUE LAW).

B. NO SUBSTANTIAL PART OF THE ACTIVITIES OF THIS CORPORATION SHALL CONSIST OF THE CARRYING ON OF PROPAGANDA OR OTHERWISE ATTEMPTING TO INFLUENCE LEGISLATION, NOR SHALL THIS CORPORATION PARTICIPATE IN, OR INTERVENE IN (INCLUDING THE PUBLISHING OR DISTRIBUTING OF STATEMENTS), ANY POLITICAL CAMPAIGN ON BEHALF OF ANY CANDIDATE FOR POLITICAL OFFICE.
VIII.

THIS CORPORATION ELECTS TO BE GOVERNED BY ALL OF THE PROVISIONS OF THE NONPROFIT CORPORATION LAW EFFECTIVE JANUARY 1, 1980, NOT OTHERWISE APPLICABLE TO IT UNDER PARTS 4 AND 5 OF DIVISION 2 OF TITLE 1 OF THE CORPORATION CODE OF THE STATE OF CALIFORNIA.

DATED: JUNE 16, 1980

AMENDED: April 29, 1982
CERTIFICATE OF AMENDMENT
OF
ARTICLES OF INCORPORATION
OF
CALIFORNIA MEDICAL MISSIONARY AND
BENEVOLENT ASSOCIATION, A CORPORATION

Leonard Yost and Kenneth E. Gibb certify:

1. They are the President and Secretary, respectively, of CALIFORNIA MEDICAL MISSIONARY AND BENEVOLENT ASSOCIATION, A CORPORATION, a California corporation.

2. At a meeting of the board of directors of the corporation, held at St. Helena, California, on September 10, 1980, the following resolution was adopted:

"RESOLVED: That the Articles of Incorporation are amended and restated to read in their entirety in the form marked "Exhibit A" attached hereto and incorporated herein by reference."

3. The members have adopted these amended Articles of Incorporation in this restated form by resolution at a meeting held at Los Angeles, California, on June 16, 1980. The wording of the restated Articles of Incorporation as set forth in the members' resolution is the same as that set forth in the directors' resolution in paragraph two above.
4. The members voted unanimously for the adoption of the resolution. The number of members who voted affirmately for the adoption of the resolution is thirteen, and the number of members constituting a quorum is ten.

Leonard Yost  
(typed name)  

President

Kenneth E. Gibb  
(typed name)

Secretary

VERIFICATION

We, the undersigned, say that the matters set forth in this Certificate of Amendment of the Articles of Incorporation are true of our own knowledge.

We declare under penalty of perjury that the matters set forth in this Certificate are true and correct.

Executed on September 10, 1980, at St. Helena, California.

Leonard Yost  
(Typed name of President)  

Kenneth E. Gibb  
(Typed name of Secretary)
ARTICLES OF INCORPORATION
OF
ST. HELENA HOSPITAL & HEALTH CENTER

I.
THE NAME OF THIS CORPORATION IS ST. HELENA HOSPITAL & HEALTH CENTER.

II.
THIS CORPORATION IS A RELIGIOUS CORPORATION AND IS NOT ORGANIZED FOR THE PRIVATE GAIN OF ANY PERSON. IT IS ORGANIZED UNDER THE NONPROFIT RELIGIOUS CORPORATION LAW PRIMARILY FOR RELIGIOUS PURPOSES. MORE SPECIFICALLY, THE PURPOSES OF THIS CORPORATION ARE TO FURTHER THE MEDICAL MINISTRY OF THE SEVENTH-DAY ADVENTIST CHURCH AND TO PROMOTE THE WHOLENESS OF MAN, PHYSICALLY, MENTALLY AND SPIRITUALLY, IN THE FOLLOWING WAYS:
A. TO ESTABLISH, MANAGE AND MAINTAIN AN ACUTE CARE HOSPITAL AS AN AFFILIATE CORPORATION AND IN HARMONY WITH THE ADMINISTRATIVE GUIDELINES AND RELIGIOUS OBJECTIVES OF ADVENTIST HEALTH SYSTEMS—WEST, A CALIFORNIA NONPROFIT RELIGIOUS CORPORATION.
B. TO ESTABLISH AND MAINTAIN AN INSTITUTION OR INSTITUTIONS WITHIN OR WITHOUT THE STATE WHERE INCORPORATED WITH PERMANENT FACILITIES THAT INCLUDE IN-PATIENT BEDS AND MEDICAL SERVICES TO PROVIDE DIAGNOSIS AND TREATMENT FOR PATIENTS (AND ASSOCIATED SERVICES SUCH AS, BUT NOT LIMITED TO, EXTENDED CARE, OUT-PATIENT CARE AND HOME CARE).
C. TO CARRY ON ANY EDUCATIONAL ACTIVITIES RELATED TO RENDERING CARE TO THE SICK AND INJURED OR TO THE PROMOTION OF HEALTH, THAT IN THE OPINION OF THE BOARD OF DIRECTORS MAY BE JUSTIFIED BY THE FACILITIES, PERSONNEL, FUNDS AND OTHER REQUIREMENTS THAT ARE, OR CAN BE, MADE AVAILABLE.

D. TO ESTABLISH, MANAGE AND MAINTAIN A HEALTH MAINTENANCE ORGANIZATION (HMO), UTILIZING HEALTH DELIVERY SYSTEMS DESIGNED AND COORDINATED TO MAXIMIZE BENEFITS TO THE COMMUNITIES SERVED.

E. TO CREATE AND MANAGE LIVE-IN CONDITIONING CENTERS IN RESORT-TYPE ENVIRONMENTS FEATURING EDUCATIONAL PROGRAMS IN PREVENTIVE MEDICINE DESIGNED TO ENHANCE LIFESTYLE QUALITY AND PREVENT ILLNESS.

F. TO PROMOTE AND CARRY ON SCIENTIFIC RESEARCH RELATED TO THE CARE OF THE SICK AND INJURED, WITH PARTICULAR REFERENCE TO THE PHILOSOPHY AND PRACTICE OF THE SEVENTH-DAY ADVENTIST CHURCH.

G. TO PARTICIPATE, SO FAR AS CIRCUMSTANCES MAY WARRANT, IN ANY ACTIVITY DESIGNED AND CARRIED ON TO PROMOTE THE GENERAL HEALTH OF THE COMMUNITY.

III.

THE NAME AND ADDRESS OF THIS STATE OF THE CORPORATION'S INITIAL AGENT FOR SERVICE OF PROCESS IS: LEONARD YOST, ST. HELENA HOSPITAL, DEER PARK, CALIFORNIA 94576.
IV.

A. THE NUMBER OF DIRECTORS SHALL BE FIXED BY THE BYLAWS OF THIS CORPORATION, AND THE NUMBER OF DIRECTORS MAY BE CHANGED FROM TIME TO TIME BY AMENDMENT OF THE BYLAWS ADOPTED BY THE VOTE OR WRITTEN ASSENT OF THE MEMBERS OF THE CORPORATION ENTITLED TO EXERCISE A MAJORITY OF THE VOTING POWER, OR THE VOTE OF A MAJORITY OF A QUORUM OF MEMBERS CALLED PURSUANT TO THE BYLAWS.

B. THE BYLAWS SHALL PROVIDE FOR TENURE, SELECTION AND RESIGNATION OF DIRECTORS.

V.

THE AUTHORIZED NUMBER AND QUALIFICATION OF MEMBERS OF THE CORPORATION AND THE RIGHTS AND PRIVILEGES OF MEMBERS SHALL BE AS SET FORTH IN THE BYLAWS. ALL OF THE MEMBERSHIP SHALL BE COMPOSED OF MEMBERS FROM SPECIFIC SEVENTH-DAY ADVENTIST INSTITUTIONS, CONSTITUENCIES, BOARDS OR EXECUTIVE COMMITTEES OF ORGANIZATIONS THAT ARE LISTED IN THE SEVENTH-DAY ADVENTIST YEARBOOK PUBLISHED BY THE GENERAL CONFERENCE OF SEVENTH-DAY ADVENTISTS.

VI.

A. THE PROPERTY OF THIS CORPORATION IS IRREVOCABLY DEDICATED TO RELIGIOUS PURPOSES. NO PART OF THE NET INCOME OR ASSETS
OF THIS ORGANIZATION SHALL EVER INURE TO THE BENEFIT OF A DIRECTOR, OFFICER OR MEMBER OF THE CORPORATION, OR TO THE BENEFIT OF ANY PRIVATE INDIVIDUAL.

B. THIS CORPORATION IS A TOTALLY OWNED AFFILIATED CORPORATE AGENCY OPERATING SUBJECT TO AND IN HARMONY WITH THE POLICIES, GUIDELINES AND PROCEDURES REQUIRED BY ADVENTIST HEALTH SYSTEM—WEST, A RELIGIOUS CORPORATION OWNED AND OPERATED EXCLUSIVELY BY THE SEVENTH-DAY ADVENTIST CHURCH. UPON WINDING UP AND DISSOLUTION OF THIS CORPORATION, AFTER PAYING OR ADEQUATELY PROVIDING FOR THE DEBTS AND OBLIGATIONS OF THE CORPORATION, THE REMAINING ASSETS SHALL BE DISTRIBUTED TO THE ORGANIZED CONFERENCE OF SEVENTH-DAY ADVENTIST CHURCHES HAVING JURISDICTION WITHIN THE GEOGRAPHIC AREA IN WHICH THIS CORPORATION HAS BEEN LOCATED AND WHERE THAT LOCAL CONFERENCE OF SEVENTH-DAY ADVENTIST CHURCHES HAS ESTABLISHED ITS TAX-EXEMPT STATUS UNDER INTERNAL REVENUE CODE SECTION 501(c)(3).

VII.

A. THIS CORPORATION IS ORGANIZED EXCLUSIVELY FOR RELIGIOUS PURPOSES WITHIN THE MEANING OF INTERNAL REVENUE CODE SECTION 501(c)(3). NOTWITHSTANDING ANY OTHER PROVISION OF THESE ARTICLES, THE CORPORATION SHALL NOT CARRY ON ANY OTHER ACTIVITIES NOT PERMITTED TO BE CARRED ON: (1) BY A
CORPORATION EXEMPT FROM FEDERAL INCOME TAX UNDER SECTION 501(c)(3) OF THE INTERNAL REVENUE CODE OF 1954 (OR THE CORRESPONDING PROVISION OF ANY FUTURE UNITED STATES INTERNAL REVENUE LAW); OR (2) BY A CORPORATION, CONTRIBUTIONS TO WHICH ARE DEDUCTIBLE UNDER SECTION 170(c)(2) OF THE INTERNAL REVENUE CODE OF 1954 (OR THE CORRESPONDING PROVISION OF ANY FUTURE UNITED STATES INTERNAL REVENUE LAW).

B. NO SUBSTANTIAL PART OF THE ACTIVITIES OF THIS CORPORATION SHALL CONSIST OF THE CARRYING ON OF PROPAGANDA OR OTHERWISE ATTEMPTING TO INFLUENCE LEGISLATION, NOR SHALL THIS CORPORATION PARTICIPATE IN, OR INTERVENE IN (INCLUDING THE PUBLISHING OR DISTRIBUTING OF STATEMENTS), ANY POLITICAL CAMPAIGN ON BEHALF OF ANY CANDIDATE FOR POLITICAL OFFICE.

VIII.

THIS CORPORATION ELECTS TO BE GOVERNED BY ALL OF THE PROVISIONS OF THE NONPROFIT CORPORATION LAW EFFECTIVE JANUARY 1, 1980, NOT OTHERWISE APPLICABLE TO IT UNDER PARTS 4 AND 5 OF DIVISION 2 OF TITLE 1 OF THE CORPORATION CODE OF THE STATE OF CALIFORNIA.

CERTIFICATE OF AMENDMENT
OF
ARTICLES OF INCORPORATION

CLARENCE MILLER and KENNETH GIBB certify that:

1. They are the President and Secretary, respectively, of the California Medical Missionary and Benevolent Association d.b.a. St. Helena Hospital and Health Center, a California corporation.

2. At a meeting of the Board of Trustees of the corporation duly held at Deer Park, California, on May 3, 1978, the following resolution was adopted:

RESOLVED: that Article Eighth of the Articles of Incorporation of this corporation is amended to read as follows:

"Eighth: The members of this corporation, without limitation as to number, shall be such persons, associations, firms or corporations as shall be elected to membership as provided in the Bylaws of this corporation. The Bylaws shall determine whether there shall be one or more classes of membership, the qualification for membership and the different classes of membership,
if more than one, the voting and other rights of the members and of each class of membership, and the liability of members for fees, dues and assessments, and the methods of collection thereof."

3. The members have adopted the amendment by resolution at a meeting held at Westlake, California, on April 28, 1978. The wording of the amended article as set forth in the members' resolution is the same as that set forth in the directors' resolution in Paragraph 2 above.

4. The number of members who voted affirmatively for the adoption of the resolution is 26 and the number of members constituting a quorum is 18.

CLARENCE MILLER, President

KENNETH GIBB, Secretary

The undersigned declare under penalty of perjury that the matters set forth in the foregoing certificate are true of their own knowledge. Executed at Deer Park, California, on May 3rd, 1978.

CLARENCE MILLER

KENNETH GIBB
JAMES E. CHASE and CHARLES H. SNYDER, certify:

1. That they are the President and the Secretary, respectfully of

CALIFORNIA MEDICAL MISSIONARY & BENEVOLENT ASSOCIATION, a California corporation.

2. That at a meeting of the board of directors of said corporation, duly held at Sanitarium, California, on March 2, 1967, the following resolution was adopted:

"RESOLVED: That Article Ninth of the Articles of Incorporation of this corporation be amended to read as follows:

"Ninth: All property and assets of this corporation of every kind whatsoever are irrevocably dedicated to charitable hospital or other charitable purposes and upon the liquidation, dissolution, winding up, or abandonment of this corporation, none of its property or assets shall inure to the benefit of any private person or persons but shall be distributed exclusively to and become the property of a fund, foundation, or corporation as selected and designated by the Board of Directors of this corporation, which fund, foundation, or corporation is organized and operated exclusively for charitable hospital or other charitable purposes; which is operated by the Seventh-day Adventist Church; and which qualifies as an exempt organization under Section 501 (c) (3) of the Internal Revenue Code of 1954, and Section 214 of the Revenue and Taxation Code of the State of California as such sections now respectively exist or may subsequently be amended.""

3. That at a meeting of members of said corporation duly held at Sanitarium, California, on March 2, 1967, a resolution was adopted, which resolution is identical in form to the directors' resolution set forth in paragraph 2 above.

4. That the number of members who voted affirmatively for the adoption of said resolution is 79, and that the number of members constituting a quorum is 35.
STATE OF CALIFORNIA

COUNTY OF NAPA

Each of the undersigned declares under penalty of perjury that the matters set forth in the foregoing certificate are true and correct. Executed at Sanitarium, California on March 27, 1967.

James E. Chase
JAMES E. CHASE, President

Charles H. Snyder
CHARLES H. SNYDER, Secretary
ARTICLES OF INCORPORATION OF THE CALIFORNIA MEDICAL
MISSIONARY AND BENEVOLENT ASSOCIATION.

KNOW ALL MEN BY THESE PRESENTS: That we, the undersigned,
have associated ourselves together for the purpose of incorpora-
tion under the laws of the State of California, and we do,
therefore, make, sign, and acknowledge these articles of
incorporation and certify:

FIRST.--The name of said corporation is CALIFORNIA
MEDICAL MISSIONARY AND BENEVOLENT ASSOCIATION.

SECOND.--The purposes for which this corporation is
formed are as follows:

To found hospitals or charitable institutions for the care
and relief of indigent and other sick or infirm persons, at
which institutions may be received, also, patients and patrons
who are able to and do pay for the benefits there received,
and which institutions shall devote the funds and property
acquired and received by them, from time to time from all
sources, exclusively to maintaining themselves, improving
their conditions and facilities, and promoting their purposes, by
such sanitary, dietetic, hygienic, philanthropic, dress and
temperance reforms and efforts as are genuine or auxiliary thereto
and to oppose the use of tobacco, tea, coffee, and other
narcotics, as well as of alcoholic liquors, disseminate the
principles of social purity, find homes for homeless children
and outcast men and women, and care for the aged and infirm;
train and send out missionary physicians and missionary nurses,
to engage in the promulgation of the principles of hygiene,
temperance reform and Christian philanthropy, and
enter upon various lines of work for the relief and betterment
of the ignorant, unfortunate, degraded and suffering, both rich and poor, without distinction to race or creed, and to manufacture and sell hygienic goods and sanitary products and to promote the objects of said institutions by means of classes, lectures, publications, and any other appropriate methods, all of which work and acts shall be done without pecuniary profit or dividend, direct or indirect, to any person or persons, and to acquire and hold by purchase, lease, gift, devise and bequest, or any lawful means, such real estate, water rights and other property privileges, as may be necessary, useful or convenient in entering upon, promoting or maintaining the objects of said incorporation, and to sell, encumber, or otherwise dispose of the same; and to act as trustee for any person or persons in holding lands or personal property; and to acquire and hold by purchase, gift, and bequest, stock or shares, and become a member or stockholder, in any other institution having for its object the treatment of invalids or sick people, and to sell, encumber, or otherwise dispose of the same.

And this corporation is not for profit.

THIRD, --The place where the principal business of said corporation shall be carried on is at Crystal Springs, near St. Helena, Court of Napa, State of California.

FOURTH, --The term for which this corporation is to exist is fifty years, or the greatest length of time possible under the statutes of the State of California.

FIFTH, --The number of Directors of this corporation shall be eight, and the names and residences of those who are appointed for the first year and until their successors are elected and qualified are:
N.C. McClure, residing at Healdsburg, California.
G.C. Martin, residing at Woodland, California.
W.T. Knox, residing at Oakland, California.
J.A. Burden, residing at St. Helena, California.
A.J. Sanderson, residing at St. Helena, California.
Thomas Coolidge, residing at St. Helena, California.
F.H. Moren, residing at San Francisco, California.
George H. Heald, residing at St. Helena, California.

SIXTH.--That there is no capital and no shares.

SEVENTH.--That no capital stock has been subscribed for.

EIGHTH.--That no person attending and voting at any of
the meetings of this corporation shall hold or vote more than
one proxy in excess of any other person so attending and voting.

NINTH.--That a meeting of the members of the Association
has been held on the tenth day of June, 1900, at St. Helena,
Napa County, California, in accordance with the rules and
regulations of this Association, at which the undersigned
N.C. McClure was elected President, J.A. Burden was elected Secretary,
J.A. Williams was elected Judge of Elections, and
J.H. Anthony and Henry Scott were elected Tellers; and that at
such meeting a majority of the members of said association
was present and voted at the election herein mentioned; and
at such meeting an election of Directors was held, and the
eight persons hereinbefore mentioned were elected as Directors of
this Corporation.

TENTH.--The mode of election or appointment of successors
to the first Board of Directors, the time for which the
Directors shall be elected or appointed, and other matters
 german thereto are as follows:

The annual meeting of said corporation shall be held on the

[Signature]
At the annual meeting of 1886, four Directors shall be elected to serve one year; and four Directors to hold two years, and thereafter there shall be an election each year at the annual meeting, of four Directors, to hold office for two years. All Directors shall continue in office until their successors are chosen, and the meeting for the election of Directors shall be held annually, and shall be called in such manner as shall be fixed in the By-laws.

All vacancies in the Board by death, resignation, or otherwise, shall for the current term be filled by the Board. Resignations shall be made to and accepted by the Board.

Members shall be of two classes: Permanent Members and Annual Members.

The following are hereby declared to be the conditions upon which persons may become or remain members of this Association, which conditions shall be signed by each member as evidence of his consent thereto, viz.,

As a condition of becoming and being a member of the California Medical Missionary and Benevolent Association, I declare and consent that the objects of this Association are and shall be,--

To found hospitals or charitable asylums for the care and relief of indigent and other sick or infirm persons, at which institutions may be received, also, patients and patrons who are able to and do pay for the benefits there received, and which institutions shall devote the funds and property acquired and received by them from time to time from all sources, exclusively to maintaining themselves, improving their conditions and facilities, extending their benefits, usefulness and facilities, and promoting their purposes, by such sanitary, dietetic
hygienic, philanthropic, dress and temperance reforms and
efforts as are commensurate or auxiliary thereto, and to oppose
the use of tobacco, tea, coffee, and other narcotics,
as well as of alcoholic liquors, disseminate the principles
of social purity, find homes for homeless children and
outcast men and women, and care for the aged and infirm, train
and send out missionary nurses, to engage in the promulgation
of the principles of hygiene, temperance reform and Christian
philanthropy, and enter upon various lines of work for the
relief and betterment of the ignorant, unfortunate, degraded
and suffering, both rich and poor, without distinction to
race or creed, and to manufacture and sell hygienic goods and
sanitary products, and to promote the objects of said institutions
by means of classes, lectures, publications and any other
appropriate method, all of which work and acts shall be
done without pecuniary profit or dividend, direct or indirect,
to any person or persons; and to acquire and hold by purchase,
lease, gift, devise and bequest, or by lawful means, such
real estate, water rights and other property and
privileges,
as may be necessary, useful or convenient in entering upon,
promoting or maintaining the objects of said incorporation,
and to sell, encumber or otherwise dispose of
the same; and to act as trustee for any person or persons in
holding lands or personal property; and to acquire and hold by
purchase, gift and bequest, stock or shares and become a
member or stockholder, in any other institution having for its
object the treatment of invalids or sick people, and to encumber,
sell or otherwise dispose of the same.

And this corporation is not for profit.

Believing that the object of this organization is to
carry out benevolent work in harmony with the Gospel as
expressed in the inspired Word of God, I express my sympathy with
all who are engaged in like work, and desire that so far as this
Association is permitted to do so, it shall co-operate
with all such in every good work which has for its purpose
the elevation and improvement of mankind.

I further declare and consent that it is a condition of
my becoming a member of said Association that, at any meeting
at which election of Directors is had, a two-thirds majority
of the members then present and voting, may drop me from the
roll and remove me from the Association, if in their judgment
I am antagonistic to the principles or the work of the
Association, or, instead of dropping and removing me, I may,
by a like vote, be suspended from all membership rights for
such period as said vote shall fix, and that from such action
I shall have no appeal nor resort to law.

I also agree that before any person, except a member of
the Rural Health Retreat Association, shall be considered a
member of this Association, after the organization of this
corporation and after he shall have signed the declaration
of principles, and otherwise complied with the requirements
for membership, his name shall be submitted to the members of
the Association at the next ensuing annual meeting, and if two-
thirds of the members present and voting declare in his
favor, he shall then be considered a member; otherwise, his
application for membership shall be considered as rejected,
and any sum which he may have paid as a membership fee
shall at his request be returned to him, and the first
order of business at such meeting shall be action on such appli-
cation, and the second order of business shall be the revision
of the roll of members.
I further stipulate that as a member, permanent or annual,
I have no property rights in said corporation or in any
of its property or funds.

I further agree that no person attending and voting at
any of the meetings of this corporation shall hold more than
one proxy in excess of any other person so attending and voting,
and that I shall never accept or attempt to vote more than
one proxy in excess of any other person in attendance on
any such meeting. And no person who is not a member, shall hold or
vote a proxy, and it shall be the duty of the Secretary of said
corporation a sufficient length of time before each meeting
to make arrangements for an equal distribution of all
proxies to be voted at such meeting.

In the event of my failure to attend any meeting, either
in person or by proxy for a period of three years, I shall
therefore cease to be a member of said corporation and my name
shall be dropped from the roll of membership without
notice to me or right in me to appeal or resort to law.

I do also agree that this Association shall be and is,
allied to the International S.D.A. Medical Missionary and Benevolent
Association, that it is formed for the same objects and
purposes, to support the same principles and to operate under
the same general rules, and that the S.D.A. Medical Missionary
and Benevolent Association shall be and hereby is recognized as
a supervisory association as regards general policy
of organization and work, and also that this Association
shall and does recognize the province and rights, terri-
torial and otherwise, of sister institutions, also
organized and operating under the general supervision of the
S.D.A. Medical Missionary and Benevolent Association.
I recognize the fact that it may be considered and held
by courts, that under the constitution and laws of California
said corporation is not limited in its life to fifty years,
but has a perpetual or indefinite existence, now, however that
may be, I stipulate, agree and direct that whenever
said corporation comes to an end, be it by limitation of its
legal life, or by being wound up by statutory or other proceedings
or otherwise, the then Directors by the majority vote of all
the then Directors shall in due form and manner cause
to be made a transfer of all the assets of said corporation,
of every kind, name and nature, to such other corporation
as shall then be in existence to receive the same, and assume
all debts, duties and liabilities of said corporation; provided,
however, that such receiving corporation shall be charitable
and philanthropic in its objects and purposes and shall be non-pro
fit and non-dividend-paying to any of its members, and
which shall have for its aims substantially the same objects
and purposes as the California Medical Missionary and
Beneficent Association; provided, however, that such change
ever must preserve all legal essentials and spirit of the
purposes of this corporation, and shall make no material changes
of membership as herein expressed, and shall reserve to me
the same membership and rights to membership therein,
as I have herein.

(Signature)          (Dated)

ELEVENTH.--To become a permanent member a person must, as
aforesaid, sign the conditions of membership (which signature may
be made personally or by agent, authorized in writing, which
writing shall be filed with the Association.)

And also those who come within one or more of the
following classes, viz.:

All persons who are owners of one or more shares of stock in the Rural Health Retreat Association of St. Helena, California, and who sign said declaration of principles and who transfer all their stock in the old company to this company.

All persons who have given Twenty-five Dollars or more toward the founding and endowing of this Association.

All persons who shall give Twenty-five Dollars or more for its corporate uses and purposes.

All persons who have given Twenty-five Dollars or more to said Rural Health Retreat Association, or any phase of its work, and who sign said Conditions of Membership, and provided further that the said board of directors shall be the sole and final judges of the sufficiency of the evidence of such gift.

To become an annual member a person must sign said conditions of membership (which signature may be personally or by agent, authorized in writing, which writing shall be filed with the Association) and also give such sum as shall be stipulated by the By-laws of this corporation.

All membership--Permanent and Annual--shall be and is strictly personal, and cannot be the subject of transfer or succession by purchase, gift, or bequest, and the death of any member, Permanent or Annual, shall instantly terminate the membership.

Certificates of membership may be provided for by the By-laws, but any such certificates shall be prima facie evidence only, and may always be impeached by showing that its holder has in fact never qualified as a member, or that the membership has been terminated by suspension, removal, death, or otherwise.
-10-

TX WITNESS WHEREOF, we, the said persons hereby

associating, for the purpose of giving effect to these

articles hereto sign our names, this 18th day of June, 1898.

J.H. Anthony (L.S.)
J.A. Burton (L.S.)
A.J. Sanderson (L.S.)
Thomas Coolidge (L.S.)
E.C. McClure (L.S.)

Henry Scott (L.S.)
State of California, 
COUNTY OF SAN FRANCISCO

On this ______ day of ______, in the year one thousand eight hundred and ninety-eight, before me, N. W. COLINS, County Clerk and ex-officio Clerk of the Superior Court in and for said County, personally appeared the undersigned John Doe, a resident of said County, and personally acknowledged to me to be the person whose name is subscribed to the within instrument and who executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

County Clerk and ex-officio Clerk of said Superior Court

[Handwritten signatur]
State of California

County of Napa

Before me, W.A. Mackinder, a Notary Public, in and for the County of Napa, State of California, this day personally appeared J.H. Anthony, J.A. Burden, A.J. Senderson, Thomas Coolidge and W.C. McClure, known to me to be the same persons who executed the foregoing Articles of Incorporation and acknowledged that they signed and executed the same voluntarily and for the purposes therein mentioned.

Dated June 13, 1895

W.A. Mackinder
Notary Public

In and for the County of Napa,

State of California.
State of California:  
County of Napa:

M.C. McClure, J.A. Burden, W.A. Williams,
J.H. Anthony and H.H. Beck, being first duly sworn, depose
and say, each for himself and not one for the other, that
they are the same persons named in the foregoing Articles
of Incorporation, as the President, Secretary, Judge and
Treasurer of said city therein mentioned, and that they have
read the said Articles of Incorporation and know the
contents thereof, and that the same are true, and also all
articles therein recited in Paragraph 8, thereof, of their own
knowledge.

M.C. McClure.
J.A. Burden.
W.A. Williams.
J.H. Anthony.

SUBSCRIBED AND SWORN to before me this 2nd day of
August, 1898.

W.A. Williams
Notary Public.

In and for the County of Napa,
State of California.

Subscribed and sworn to before me this 2nd day of August,
1898.

Julius Colman.
Notary Public in and for
the City and County of San Francisco.

Filed AUG 15, 1898 by W. Williams
Clerk.
ARTICLES OF INCORPORATION

IN THE STATE OF CALIFORNIA

To be known as the Medical Missionary and Benevolent Association.

FILED in the Office of the Secretary of State

the 26th day of Aug., A.D. 1898.

By T. Sessions

Record Book, 1150 Page, 377
THE STATE OF CALIFORNIA:

City and County of San Francisco.

E. E. PARLIN, of said City and County, being duly sworn on oath says, that he is the Secretary of the California Medical Missionary and Benevolent Association, a corporation organized and existing under the laws of the State of California, and having its office and principal place of business at Sanitarium, Napa County, California; that said corporation is a membership corporation, and in Article Second of its Articles of Incorporation expressly declared to be "without pecuniary profit or dividend, direct or indirect, to any person or persons", and "this corporation is not for profit"; affiant further states that no profits or dividends have ever been paid to any member of said corporation, or to any other person, and that the business of said corporation has always been, and still is, conducted on a non-dividend basis, and without pecuniary profit to any one.

Subscribed and sworn to before me this 10th day of August, 1905.

[Signature]

Notary Public in and for said City and County of San Francisco, State of California, Commission expires...
AMENDED

ARTICLES OF INCORPORATION
OF THE

CALIFORNIA MEDICAL MISSIONARY AND BENEVOLENT ASSOCIATION.

KNOW ALL MEN BY THESE PRESENTS: That we, the undersigned, a majority of whom are citizens and residents of the State of California, have associated ourselves together for the purpose of incorporation under the laws of the State of California, and we do, therefore, make, sign and acknowledge these Articles of Incorporation and certify:

FIRST. The name of said corporation is CALIFORNIA MEDICAL MISSIONARY AND BENEVOLENT ASSOCIATION.

Second. The purposes for which this corporation is formed are as follows:

To found hospitals or charitable asylums for the care and relief of indigent and other sick or infirm persons, at which institutions may be received, also, patients and patrons who are able to and do pay for the benefits there received, and which institutions shall devote the funds and property acquired and received by them, from time to time from all sources, exclusively to maintaining themselves, improving their conditions and facilities, extending their benefits usefulness and facilities, and promoting their purposes, by such sanitary, dietetic, hygienic, philanthropic, dress and temperance reforms and efforts as are germane or auxiliary thereto, and to oppose the use of tobacco, tea,
coffee, and other narcotics, as well as of alcoholic liquors, disseminate the principles of social purity, find homes for homeless children and outcast men and women, and care for the aged and infirm; train and send out missionary physicians and missionary nurses, to engage in the promulgation of the principles of hygiene, temperance reform, and Christian philanthropy, and enter upon various lines of work for the relief and betterment of the ignorant, unfortunate, degraded and suffering, both rich and poor, without distinction to race or creed, and to manufacture and sell hygienic goods and sanitary products and to promote the objects of said institutions by means of classes, lectures, publications, and any other appropriate methods, all of which work and acts shall be done without pecuniary profit or dividend, direct or indirect, to any person or persons, and to acquire and hold by purchase, lease, gift, devise, and bequest, or any lawful means, such real estate, water rights, and other property privileges, as may be necessary, useful or convenient in entering upon, promoting or maintaining the objects of said incorporation, and to sell, encumber or otherwise dispose of the same; and to act as trustee for any person or persons in holding lands or personal property; and to acquire and hold by purchase, gift and bequest, stock or shares, and become a member or stockholder, in any other institution having for its object the treatment of invalids or sick people, and to sell, encumber, or otherwise dispose of the same.

And this corporation is not for profit.

THIRD. The place where the principal business of said
corporation shall be carried on is at Sanitarium, near St. Helena, County of Napa, State of California.

FOURTH. The term for which this corporation is to exist is Fifty Years, or the greatest length of time possible under the statutes of the State of California.

FIFTH. The number of Directors of this corporation shall be eight, and the names and addresses of those who are appointed for the first year and until their successors are elected and qualified are:

M. C. McClure, residing at Healdsburg, Cal.
C. C. Martin, residing at Woodland, Cal.
W. I. Knox, residing at Oakland, Cal.
J. A. Burden, residing at St. Helena, Cal.
A. J. Sanderson, residing at St. Helena, Cal.
Thomas Coolidge, residing at St. Helena, Cal.
F. B. Moran, residing at San Francisco, Cal.
George H. Heald, residing at St. Helena, Cal.

SIXTH. That there is no capital stock and no shares.

SEVENTH. That no capital stock has been subscribed for.

EIGHTH. That no person attending and voting at any of the meetings of this corporation shall hold or vote more than one proxy in excess of any other person so attending and voting.

As a condition of membership in said Association, at any meeting at which an election of Directors is had, a two-thirds majority of the members then present and voting may drop any member from the roll of membership of the Association, if in their judgment such person is antagonistic to
the principles or the work of the Association; or, instead of
dropping and removing him such member, any, by a like vote, be
suspended from all membership rights for such period as such
vote shall fix, and from such action there shall be no ap-
peal nor resort to law.

Before any person, except a member of the Rural
Health Retreat Association, shall be considered a member of
this Association, his name shall be submitted to the members
of the Association at the next ensuing annual meeting, and
if two-thirds of the members present and voting declare in
his favor, he shall, upon giving his written consent to the
declaration of principles of this Association, be then con-
sidered a member of this Association; otherwise, his appli-
sation for membership shall be considered as rejected, and
any sum which he may have paid as a membership fee shall at
his request be returned to him.

No person by virtue of membership herein shall
have any property rights in said corporation or in any of its
property or funds.

No person attending and voting at any of the meet-
ings of this corporation shall hold more than one proxy in
excess of any other person so attending and voting, and shall
never accept nor attempt to vote more than one proxy in excess
of any other person in attendance on any such meeting. And
no person who is not a member shall hold or vote a proxy, and
it shall be the duty of the Secretary of said corporation a
sufficient length of time before each meeting to make arrange-
ment for an equal distribution as nearly as may be, of all
proxies to be voted at such meeting.

In the event of the failure of any member to attend any meeting, either in person or by proxy, for a period of three years, such person upon a two-thirds vote of the members present and voting, shall cease to be a member of said corporation, and his name shall be dropped from the roll of membership without notice to him or right to appeal or resort to law.

Whenever said corporation comes to an end, be it by limitation of its legal life, or by being wound up by statutory or other proceedings or otherwise, the then directors, by the majority vote of all the then directors, shall in due form and manner cause to be made a transfer of all the assets of said corporation, of every kind, name and nature, to such other corporation as then shall be in existence to receive the same, and assume all debts, duties, and liabilities of said corporation; provided, however, that such receiving corporation shall be charitable and philanthropic in its objects and purposes, and shall be non-profit and non-dividend paying to any of its members, and which shall have for its aims substantially the same objects and purposes as the California Medical Missionary and Benevolent Association; provided, however, that such change ever preserve all legal essentials and spirit of the purposes of this corporation.

NINTH. That a meeting of the members of the Association has been held on the tenth day of June, 1898, at St. Helena, Napa County, California, in accordance with the rules and regulations of this Association, at which the undersigned
N. C. McClure, was elected President, J. A. Burden, was elected Secretary, W. A. Williams was elected judge of elections, and J. H. Anthony and Henry Scott were elected tellers; and that at such meeting a majority of the members of said Association was present and voted at the election herein mentioned; and at such meeting an election of Directors was held, and the eight persons hereinbefore mentioned were elected as Directors of this corporation.

TENTH. The mode of election or appointment of successors to the first Board of Directors, the time for which the Directors shall be elected or appointed, and other matters germane thereto are as follows:

The Annual Meeting of said corporation shall be held on the second Wednesday in March of each year.

At the annual meeting in 1899, four Directors shall be elected to serve for one year, and four directors to hold two years, and thereafter there shall be an election each year, at the annual meeting, of four directors, to hold office for two years. All Directors shall continue in office until their successors are chosen, and the meeting for the election of directors shall be held annually, and shall be called in such manner as shall be fixed in the by-laws. All vacancies in the Board by death, resignation, or otherwise, shall for the current term be filled by the Board. Resignations shall be made to and accepted by the Board.

ELEVENTH. To become a member of this Association a person must give his written consent to the condition of membership, and also come within one or more of the following class
(a) All persons who are owners of one or more shares of stock in the Rural Health Retreat Association of St. Helena, California, and who transfer all their stock in the old company to this Association.

(b) All persons who have given twenty-five dollars or more toward the founding and endowing of this Association.

(c) All persons who shall give twenty-five dollars or more for its corporate uses and purposes.

(d) All persons who have given twenty-five dollars or more to said Rural Health Retreat Association, or any phase of its work.

(e) All persons who now hold annual memberships in this Association.

The following persons shall be ex officio members of this Association:

(1st.) The physicians, graduate nurses and department leaders employed in any branch of the work of this Association.

(2d) Members of the Executive Committee of the Pacific Union Conference of the Seventh-Day Adventists.

(3d) Members of the Executive Committee of the California Conference of the Seventh-Day Adventists.

(4th) Members of the Board of Trustees of the California Conference Association of the Seventh-Day Adventists.

(5th) The Conference Secretary, the Missionary Secretary, Sabbath School Secretary, Church School Superintendent, and all ordained ministers, licentiates and church
school teachers in the employ of the California Conference of Seventh-Day Adventists.

(6th) The officers and managing boards of all regularly organized Seventh-Day Adventist denominational institutions in the territory of the Pacific Union Conference.

(7th) All duly accredited delegates to the annual meetings of the California Conference of the Seventh-Day Adventists, and the elders, deacons, clerks, treasurers, librarians, sabbath school superintendents and leaders of young peoples societies in the local Seventh-Day Adventist churches within the territory of the California Conference of the Seventh-Day Adventists.

Membership shall be and is strictly personal, and cannot be the subject of transfer or succession, and the death of any member shall instantly terminate the membership.

Certificates of membership may be provided for by the by-laws, but any such certificates shall be prima facie evidence only, and may always be impeached by showing that its holder has in fact never qualified as a member, or that the membership has been terminated by suspension, removal, death or otherwise.

IN WITNESS WHEREOF, we, the said persons hereby associating, for the purpose of giving effect to these articles hereunto sign our names, this thirtieth day of June, 1898.

J. H. ANTHONY (L.S.)
J. A. BURDEN (L.S.)
A. J. SANDERSON (L.S.)
THOMAS COOLEDGE (L.S.)
N. E. McCUMBER (L.S.)
CERTIFICATE OF CORRECTNESS.

STATE OF CALIFORNIA,

County of Napa.

L. M. BOWEN, and E. S. PAULIN, each being duly sworn, depose and say each for himself and not one for the other, that at a meeting of a majority of the members, incorporators and directors of the California Medical Missionary and Benevolent Association, more than sufficient to constitute a quorum being present, which meeting was duly called and held at the Camp Ground of the Seventh Day Adventists in Oakland, California, on the 5th day of July, A.D. 1906, and at which meeting said Bowen presided as chairman and said Paulin acted as secretary, the foregoing Amended Articles of Incorporation of said California Medical Missionary and Benevolent Association, were duly accepted by the unanimous vote of the members of said corporation present at said meeting, and that the same do now constitute the Amended Articles of Incorporation of said California Medical Missionary and Benevolent Association.

IN WITNESS WHEREOF, We have hereunto affixed the corporate name and seal of said corporation this 5th day of August, A.D. 1906.

CALIFORNIA MEDICAL MISSIONARY
AND BENEFICIAL ASSOCIATION.

By

CALIFORNIA MEDICAL MISSIONARY
AND BENEFICIAL ASSOCIATION

Secretary.

Subscribed and sworn to before me this 5th day of August, 1906.

Notary Public in and for said County of Napa, State of California.

Endorsed: AUG 10 1906

County Clerk.

STATE OF CALIFORNIA,

County of Napa.

I, A. W. Collins, County Clerk of the County of Napa, State of California, do hereby certify the within and foregoing to be a full, true and correct copy of Amended Articles of Incorporation of the California Medical Missionary and Benevolent Association as the same remains on file in this office.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal, this 5th day of August, A.D. 1906.

County Clerk, Napa County, California.
Omnibus Articles of Incorporation

California Medical Missionary
And Benevolent Association

Dated: July 31, 1906

[Signature]

May 14, 1906
CERTIFICATE OF INCREASE OF MEMBERS OF
BOARD OF DIRECTORS OF CALIFORNIA
MEDICAL MISSIONARY AND BENEFICENT
ASSOCIATION.

STATE OF CALIFORNIA, }  SS.
COUNTY OF NAPA. }  SS.

E. E. Androes, President and L. V. Roberson, Secretary of
the Corporation hereinafter named, do hereby as such President
and Secretary certify as follows:

That said E. E. Androes and L. V. Roberson are and at all
times herein mentioned have been the regularly elected, qualified
and acting President and Secretary respectively of the California
Medical Missionary and Benevolent Association, a Corporation of
the State of California, and that E. E. Androes, L. M. Bowen,
and Claude Conrad are and at all times herein mentioned were
the duly elected, qualified-and acting Board of Directors of
said Corporation, and that at a regular meeting of the Members
and Directors of said Corporation duly and legally called and
held on the 26th day of July, 1917 at Sanitarium, California,
at which meeting there were present more than a majority and
more than a quorum of all said Members and more than a majority
and more than a quorum of all said Directors and over which
meeting said E. E. Androes as such President presided and said
L. V. Roberson acted as Secretary of said meeting, the following
Resolution was presented and read, to wit:

"Resolved that the number of Directors of this Corporation
California Medical Missionary and Benevolent Association
be changed to be not less than eight nor more than eighteen
as may be provided by the By-Laws of this Association,
who shall be selected and shall serve as Directors for
each length of time as provided by said By-Laws."
STATE OF CALIFORNIA,

County of Napa

On this 

5th day of March in the year One Thousand Nine Hundred and Eighteen

before me, M. W. Newton, a Notary Public, in and for the County of Napa, personally appeared

E. E. Andross, President and L. V. Roberson;

Secretary of the California Medical Missionary and Benevolent Association

known to me to be the person or persons whose names are subscribed to the within instrument, and they duly acknowledged to me that they executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Official Seal, at my office in the County of Napa, the day and year in this certificate first above written.

M. W. Newton
Notary Public in and for the County of Napa, State of California.

and the President and Secretary of this Corporation California Medical Missionary and Benevolent Association are hereby directed to issue and sign a statement of such action of the members of such Corporation and attest the same by the seal of this Corporation and cause the same to be filed in the manner and of the form as by law provided.

Whereupon after discussion thereof the adoption of such Resolution was regularly moved, which motion, being duly seconded, was put to a vote and thereupon such motion was carried and such Resolution adopted by the unanimous vote of all said Members and said Directors, constituting more than a majority of all the Members, and more than a majority of all the Directors of said Corporation and no dissenting vote was cast.

And we do further certify that by reason of said action of said Members so taken as above set forth this certificate has been issued and that the new number of Directors has been provided by said Members to be as in said Resolution set forth.

In witness whereof and by direction of the above Resolution, we have hereunto set our hands as such President and Secretary and have attested the same by the seal of said Corporation hereunto affixed this ______ day of _________ 1911.

________________________
President of California Medical Missionary and Benevolent Association.

________________________
Secretary of California Medical Missionary and Benevolent Association.

ENDORSED

[Signature]

[Signature]

Filed, March 6, 1918

[Endorsement]
Amended Articles of Incorporation
of the
CALIFORNIA MEDICAL MISSIONARY AND BENEVOLENT ASSOCIATION.

KNOW ALL MEN BY THESE PRESENTS: That we, the undersigned, a majority of whom are citizens and residents of the State of California, have associated ourselves together for the purpose of incorporating under the laws of the State of California, and we do, therefore, make, sign, and acknowledge these Articles of Incorporation and certify that:

First: The name of said corporation is California Medical Missionary and Benevolent Association.

Second: The purposes for which this corporation is formed are as follows: To found hospitals or charitable asylums for the care and relief of indigent and other sick or infirm persons, at which institutions may be received, also, patients and patrons who are able to, and do, pay for the benefits there received, and which institutions shall devote the funds and property, acquired and received by them from time to time from all sources, to maintaining themselves, improving their conditions and facilities, extending their benefits, usefulness and facilities, and promoting their purposes, by such sanitary, dietetic, hygienic, philanthropic, dress and temperance reforms and efforts as are germane or auxiliary thereto; and to oppose the use of tobacco, tea, coffee, and other narcotics, as well as of alcoholic liquors; disseminate the principles of social purity; find homes for homeless children and outcast men and women, and care for the aged and infirm; train and send out missionary physicians and missionary nurses; to engage in promulgation of the principles of hygiene, temperance reform, and Christian philanthropy; and enter upon various lines of work for the relief and betterment of the ignorant, unfortunate, degraded, and suffering, both rich and poor, and without distinction to race or creed; and to manufacture and sell hygienic goods and sanitary products; and to promote the objects of said institutions by means of classes, lectures, publications and any other appropriate methods, all of which work and acts shall be done with-
out pecuniary profit or dividend, direct or indirect, to any person or persons; and to acquire and hold by purchase, lease, gift, devise, and bequest or any lawful means, such real estate, water rights, and other property privileges, as may be necessary, useful, or convenient in entering upon, promoting or maintaining the objects of said incorporation; and to sell, encumber or otherwise dispose of the same; and to act as trustee for any person or persons in holding lands or personal property; and to acquire and hold by purchase, gift, and bequest, stock, or shares, and become a member or stockholder, in any other institution, having for its object the treatment of invalids or sick people; and to sell, encumber, or otherwise dispose of the same; to provide by by-laws for the detailed organization and management of the affairs of this corporation, and, in general, to do and perform any and all acts and things pertaining to, or that may be connected with, the purposes and objects above specified, or that may be necessary, convenient, or useful to carry out the purposes or conduct the business of the corporation.

And this corporation is not for profit.

Third: The place where the principal business of said corporation shall be carried on is at Sanitarium, near St. Helena, County of Napa, State of California.

Fourth: The term for which this corporation is to exist is fifty years.

Fifth: There is no capital stock and no shares, and no capital stock has been subscribed for.

Sixth: A meeting of the members of the Association has been held on the 10th day of June, 1898, at St. Helena, Napa County California, in accordance with the rules and regulations of this association, at which the undersigned W. C. McClure, was elected president, J. A. Burden, was elected secretary, W. A. Williams was elected judge of elections, and J. H. Anthony and Henry Scott were elected tellers, and at such meeting a majority of the members of said Association was present and voted at the election herein mentioned, and at such meeting an election
of Directors was held, and the following eight persons were elected as Directors of this Corporation for the first year, and until their successors were elected and qualified, and the names and addresses of the Directors who are appointed and elected, as aforesaid, for the first year and until their successors are elected and qualified, are:

N. C. McClure, residing at Healdsburg, California.
C. C. Martin, residing at Woodland, California.
W. T. Knox, residing at Oakland, California.
J. A. Burns, residing at St. Helena, California.
A. J. Sanderson, residing at St. Helena, California.
Thomas Coolidge, residing at St. Helena, California.
F. B. Moran, residing at San Francisco, California.
George N. Neal, residing at St. Helena, California.

Seventh: The number of the Directors of this Association shall not be less than eight, nor more than eighteen as may be provided in the By-Laws of this Association, who shall be elected and shall serve as Directors for such length of time as provided in and by said By-Laws.

Eighth: The membership of this Association shall consist of members in good and regular standing of the Seventh-day Adventist Church as provided for in the By-Laws of this Association.

Ninth: When said corporation ceases to exist, be it by limitation of its legal life, or by being wound up by statutory or other proceedings, or otherwise, the Directors by the majority vote of all the then Directors shall in due form and manner cause to be made a transfer of all the assets of the Corporation, of every kind, name and nature, to such other corporation as then shall be in existence to receive the same, and assume all debts, duties and liabilities of said Corporation; provided, however, that such receiving corporation shall be a charitable and philanthropic in its objects and purposes, and shall be non-profit and non-dividend paying to any of its members, and which shall have for its aims substantially the same objects and purposes as the California Medical Missionary and Benevolent Association; and whose members shall consist of members in good and regular standing of the Seventh-day Adventist Church;
provided, however, that such changes ever preserve all legal essentials and spirit of the purposes of this corporation; and provided further that if no such corporation shall be in existence at that time, to receive such transfer, then such transfer shall be made to the Pacific Union Conference Association of Seventh-day Adventists;

IN WITNESS WHEREOF, We, the said persons hereby associating for the purpose of giving effect to these Articles, hereunto sign our names this thirteenth day of June, 1898.

J. H. Anthony (L.S.)
J. A. Burden (L. S.)
A. J. Sanderson (L. S.)
Thomas Coolidge (L. S.)
N. C. McClure (L. S.)
CERTIFICATE OF CORRECTNESS.

State of California,  
County of Hapa.

E. E. Andrews, President and Director, and L. V. Roberson as Secretary and L. M. Bowen, C. T. Irwin, C. H. Jones, C. E. Pice, R. McDowell, R. Rose and Claude Conard, as Directors of California Medical Missionary and Benevolent Association, each for himself and not one for the other, certifies that said E. E. Andrews and L. V. Roberson, are and at all times herein mentioned have been the duly elected, qualified and acting President and Secretary, respectively of the California Medical Missionary and Benevolent Association, and that said E. E. Andrews, L. M. Bowen, C. T. Irwin, C. H. Jones, C. E. Pice, R. McDowell, R. Rose and Claude Conard are and at all times herein mentioned were the duly elected, qualified and acting Board of Directors of said Association, and that at a meeting of said Board of Directors duly and legally called and held on the 25th day of July, 1917 at Sanitarium, California, at the place where said Board usually meets, at which meeting more than a majority of said Board were present, the foregoing Amended Articles of Incorporation of said California Medical Missionary and Benevolent Association were duly approved and adopted by the vote of all said members of said Board then present, being more than said majority of said Board, and no vote was cast against the adoption thereof, and that at a regular meeting of the members, incorporators and directors of the California Medical Missionary and Benevolent Association, more than a majority thereof and more than sufficient to constitute a quorum being present, which meeting was duly and legally called and held at Sanitarium, California, on the 25th day of July, 1917, and of which meeting said E. E. Andrews was the President and presiding officer and said L. V. Roberson was and acted as the Secretary, the foregoing Amended Articles of Incorporation of said California Medical Missionary and Benevolent Association were duly adopted by the unanimous vote of all the members of said Corporation present at said meeting, said members being a majority of all the members of said Corporation, and that the same do now constitute the Amend-
COUNTY OF NAPA

STATE OF CALIFORNIA:

COUNTY OF NAPA

On this 5th day of March, in the year One Thousand Nine Hundred and Eighteen

before me, M. W. Newton, a Notary Public, in and for the County of Napa, personally appeared: L. W. Atkinson, C. E. Rice, B. Madison, B. Rose and Claude Comard, known to me to be Directors of the Corporation that executed the within instrument and acknowledged to me that said Corporation executed the same known to me to be the person or persons with whom this instrument is associated.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Official Seal, at my office in the County of Napa, the day and year in this certificate first above written.

M. W. Newton

Notary Public in and for the County of Napa, State of California.
State of California  
County of Santa Clara  } ss.

On this fourth day of March in the year One Thousand Nine Hundred and Eighteen before me, HERBERT G. CHILDS, a Notary Public in and for the said County of Santa Clara, residing therein, duly commissioned and sworn, personally appeared

C. H. Jones

known to me to be a Director

of the Corporation that executed the within instrument, and acknowledged to me that such Corporation executed the same.

In Witness Whereof, I have hereunto set my hand and affixed my Official Seal, at my office in the said County of Santa Clara, the day and year in this Certificate first above written.

Herbert Childs

Notary Public in and for the County of Santa Clara, State of California.
State of California,

County of San Bernardino.

On this first day of March, in the year nineteen hundred and eighteen, A. D., before me, S. S. Merrill, a Notary Public in and for the County of San Bernardino, State of California, residing therein, duly commissioned and sworn, personally appeared L. M. Bowén, known to me to be the President and a Director of the Corporation which executed the within and annexed instrument, and acknowledged to me that such Corporation executed the same.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

S. S. Merrill

Notary Public in and for San Bernardino County, State of California.
STATE OF CALIFORNIA

COUNTY OF LOS ANGELES

This twenty-sixth __________ day of February, _________ in the year nineteen

three hundred and eighty-fine, ____________________________, a Notary Public in and for the said County of

Los Angeles, State of California, residing therein, duly commissioned and sworn, personally

appeared ____________________________, known to me to be the

President, ____________________________, of ____________________________, the Corporation that executed the within instrument, known to me to be the persons who

executed the within instrument on behalf of the Corporation therein named, and acknowledged to me that such Corporation executed the same.

In Witness Whereof, I have hereunto set my hand and affixed my official seal the day

and year in this certificate first above written.

____________________________

Vivian Volkerse

Notary Public in and for Los Angeles County, State of California.

Edward Volkerse, President

Grimes Stationery Stationery Co., Los Angeles
ed Articles of Incorporation of said California Medical Missionary and Benevolent Association.

IN WITNESS WHEREOF, we have hereunto affixed the corporate name and seal of said corporation this _____ day of ________
A.D., 1918, and set our hands as such President, Secretary, and Directors as aforesaid:

CALIFORNIA MEDICAL MISSIONARY AND BENEVOLENT ASSOCIATION.

By [Signature] President.

By [Signature] Secretary.

By [Signature] Director.

By [Signature] Director.

By [Signature] Director.

By [Signature] Director.

By [Signature] Director.

By [Signature] Director.

ENDORSED

Filed, MAR 6, 1918

[Signature]

Deputy Cty.
The undersigned, W. A. NELSON and E. L. PLACE, do hereby certify that they are respectively and have been at all times herein mentioned the duly elected, qualified and acting president and secretary of the CALIFORNIA MEDICAL MISSIONARY AND BENEVOLENT ASSOCIATION, a corporation, and further that:

1. A special meeting of the members of the California Medical Missionary and Benevolent Association was duly and regularly held at the principal office of said California Medical Missionary and Benevolent Association, a corporation, located at Sanitarium, near St. Helena, Napa County, California, at 11:00 o'clock A.M. on the 15th day of February, 1946, at which meeting there were at all times present and acting a quorum and all of the members of said California Medical Missionary and Benevolent Association entitled to vote upon questions or business lawfully coming before said meeting.

2. At said meeting a resolution providing for the amendment of the articles of incorporation of said California Medical Missionary and Benevolent Association was duly adopted by the affirmative vote of Thirty-seven (37) of the members of said California Medical Missionary and Benevolent Association; that the total number of members of said association entitled to vote upon the adoption of said amendment was Thirty-seven (37); that a copy of said resolution so adopted is hereto attached marked "Exhibit A" and made a part hereof.

3. All of the members of said corporation present and acting at said meeting voted in favor of said resolution, constituting a vote of all of the members of said California Medical Missionary and Benevolent Association entitled to vote thereon.
4. That a special meeting of the Board of Directors of said corporation was duly and regularly held at the principal office of said corporation, located at Sanitarium, Napa County, California, at 11:45 o'clock A. M. on the 15th day of February, 1946, following the membership meeting, at which meeting there were at all times present and acting a quorum and majority of said Board of Directors, to-wit Nine (9), the full number of which Board of Directors comprises sixteen (16) members.

5. That at said meeting of said Board of Directors, a resolution of the membership of said corporation, providing for the amendment of the Articles of Incorporation of said corporation, by removing any provisions limiting the term of the existence of said corporation and irrevocably dedicating the property of said corporation to religious, charitable or hospital purposes and clarifying Articles Two and Nine of said Articles of Incorporation therefore duly adopted by a majority vote of said membership, was duly approved, ratified and adopted by the affirmative vote of nine (9) members of said Board of Directors of said corporation; that all of the members of said Board of Directors of said corporation present, to-wit nine (9) directors, voted in favor of said resolution constituting a vote of the majority of the directors in favor of said resolution; that a copy of said resolution so adopted, ratified and approved is hereto attached marked "Exhibit B" and made a part hereof.

IN WITNESS WHEREOF, the undersigned have executed this certificate and caused the seal of said corporation to be affixed hereto this 15th day of February, 1946.

[Signature]
President of CALIFORNIA MEDICAL MISSIONARY AND BENEVOLENT ASSOCIATION, a corporation.

[Signature]
Secretary of CALIFORNIA MEDICAL MISSIONARY AND BENEVOLENT ASSOCIATION, a corporation.
STATE OF CALIFORNIA 
COUNTY OF NAPA 

W. A. HELSON and E. L. PLACE, being first duly sworn, each for himself, depose and say:

That W. A. HELSON is and was at all of the times herein mentioned in the foregoing certificate of amendment the duly elected and acting president of the CALIFORNIA MEDICAL MISSIONARY AND BENEVOLENT ASSOCIATION, a corporation, therein referred to, and E. L. PLACE is and was at all of the times mentioned in said certificate the duly elected and acting secretary of said corporation; that each of affiants has read said certificate and that the statements therein made are true of their own knowledge, and the signatures purporting to be the signatures of said president and secretary thereto are the genuine signatures of said president and secretary.

[Signature]
President

[Signature]
Secretary

Subscribed and sworn to before me this 15th day of February, 1946

[Signature]
Notary Public in and for the County of Napa, State of California
RESOLUTION OF THE MEMBERS OF THE CALIFORNIA MEDICAL MISSIONARY AND BENEVOLENT ASSOCIATION FURTHER AMENDING THE ARTICLES OF INCORPORATION BY REMOVING ANY PROVISIONS LIMITING THE TERM OF THE EXISTENCE OF SAID CORPORATION; PROVIDING FOR PERPETUAL EXISTENCE OF SAID CORPORATION IRREVOCABLY Dedicating the property of said corporation to religious, charitable or hospital purposes; and clarifying articles two and nine of said articles of incorporation

BE IT RESOLVED by the members of the CALIFORNIA MEDICAL MISSIONARY AND BENEVOLENT ASSOCIATION, a corporation, that the Second Article of the Articles of Incorporation be and the same is hereby amended to read as follows:

Second: The purposes for which this corporation is formed are as follows: To found hospitals or charitable asylums for the care and relief of indigent and other sick or infirm persons, at which institutions may be received, also, patients and patrons who are able to, and do, pay for the benefits there received, and which institutions shall devote the funds and property, acquired and received by them from time to time from all sources, to maintaining themselves, improving their conditions and facilities, extending their benefits, usefulness and facilities, and promoting their purposes, by such sanitary, dietic, hygienic, philanthropic, dress and temperance reforms and efforts as are germane or auxiliary thereto; and to oppose the use of tobacco, tea, coffee, and other narcotics, as well as of alcoholic liquors; disseminate the principles of social purity; find homes for homeless children and outcast men and women, and care for
the aged and infirm; train and send out missionary physicians and missionary nurses; to engage in the promulgation of the principles of hygiene, temperance reform, and Christian philanthropy; and enter upon various lines of work for the relief and betterment of the ignorant, unfortunate, degraded, and suffering, both rich and poor, and without distinction to race or creed; and to manufacture and sell hygienic goods and sanitary products; and to promote the objects of said institutions by means of classes, lectures, publications and any other appropriate methods, all of which work and acts shall be done without pecuniary profit or dividend, direct or indirect, to any person or persons; and to acquire and hold by purchase, lease, gift, devise, and bequest or any lawful means, such real estate, water rights, and other property privileges, as may be necessary, useful, or convenient in entering upon, promoting or maintaining the objects of said incorporation; and to sell, encumber of otherwise dispose of the same; and to act as trustee for any person or persons in holding lands or personal property; and to acquire and hold by purchase, gift, and bequest, stock or shares, and become a member or stockholder, in any other institution, having for its object the treatment of invalids or sick people; and to sell, encumber, or otherwise dispose of the same; to provide by by-laws for the detailed organization and management of the affairs of this corporation, and, in general, to do and perform any and all acts and things pertaining to or that may be connected with, the purposes and objects above specified, or that may be necessary,
convenient, or useful to carry out the purposes or conduct the business of the corporation.

This corporation is not formed for profit and does not contemplate pecuniary gain, profit or dividends to members of this corporation and no part of the net earnings of this corporation shall inure to the benefit of any member of individual and no part of the activities of this corporation shall be devoted to carrying on propaganda or otherwise attempting to influence legislation qualifying this corporation for tax or welfare exemptions.

BE IT FURTHER RESOLVED by the members of the CALIFORNIA MEDICAL MISSIONARY AND BENEVOLENT ASSOCIATION, a corporation, that the Fourth Article of the Articles of Incorporation be and the same is hereby amended to read as follows:

Fourth: That this corporation shall have perpetual existence.

BE IT FURTHER RESOLVED by the members of the CALIFORNIA MEDICAL MISSIONARY AND BENEVOLENT ASSOCIATION, a corporation, that the Ninth Article of the Articles of Incorporation be and the same is hereby amended to read as follows:

Ninth: The property of this corporation is irrevocably dedicated to religious, charitable or hospital purposes and upon the liquidation, dissolution or abandonment thereof will not inure to the benefit of any private person, but shall be distributed to a fund, foundation or corporation organized for religious, hospital or charitable purposes as selected and designated by the Board of Directors of this corporation.
BE IT FURTHER RESOLVED that the President and Secretary of this corporation be and they are hereby authorized and directed to execute and verify by their oaths and file a certificate in the form and manner provided in Section 362b of the Civil Code of the State of California, and in general to do any and all things necessary to carry said amendment into effect in accordance with the provisions of TITLE I, PART IV of the Civil Code of the State of California.
RESOLUTION OF BOARD OF DIRECTORS
OF CALIFORNIA MEDICAL MISSIONARY
AND BENEVOLENT ASSOCIATION, A CO­
RPORATION, APPROVING, RATIFYING
AND ADOPTING RESOLUTION OF MEMBERS
OF SAID ASSOCIATION AMENDING THE
ARTICLES OF INCORPORATION

BE IT RESOLVED by the Board of Directors of CALIFORNIA
MEDICAL MISSIONARY AND BENEVOLENT ASSOCIATION, a corporation, that
the resolution of said members of said association amending the
Articles of Incorporation, duly adopted by said membership on the
15th day of February, 1946, reading as follows:

BE IT RESOLVED by the members of the CALIFORNIA MEDICAL
MISSIONARY AND BENEVOLENT ASSOCIATION, a corporation, that the
Second Article of the Articles of Incorporation be and the same
is hereby amended to read as follows:

Second: The purposes for which this corpora­
tion is formed are as follows: To found hospitals
or charitable asylums for the care and relief of
indigent and other sick or infirm persons, at which
institutions may be received, also, patients and
patrons who are able to, and do, pay for the benefits
there received, and which institutions shall devote
the funds and property, acquired and received by them
from time to time from all sources, to maintaining
themselves, improving their conditions and facilities,
extending their benefits, usefulness and facilities,
and promoting their purposes, by such sanitary, dietetic,
hygienic, philanthropic, dress and temperance reforms
and efforts as are germane or auxiliary thereto; and
to oppose the use of tobacco, tea, coffee, and other
narcotics, as well as of alcoholic liquors; disseminate
the principles of social purity; find homes for homeless children and outcast men and women, and care for the aged and infirm; train and send out missionary physicians and missionary nurses; to engage in the promulgation of the principles of hygiene, temperance reform, and Christian philanthropy; and enter upon various lines of work for the relief and betterment of the ignorant, unfortunate, degraded, and suffering, both rich and poor, and without distinction to race or creed; and to manufacture and sell hygienic goods and sanitary products; and to promote the objects of said institutions by means of classes, lecture, publications and any other appropriate methods, all of which work and acts shall be done without pecuniary profit or dividend, direct or indirect, to any person or persons; and to acquire and hold by purchase, lease, gift, devise, and bequest or any lawful means, such real estate, water rights, and other property privileges, as may be necessary, useful, or convenient in entering upon, promoting or maintaining the objects of said incorporation; and to sell, encumber or otherwise dispose of the same; and to act as trustee for any person or persons in holding lands or personal property; and to acquire and hold by purchase, gift, and bequest, stock or shares, and become a member or stockholder, in any other institution, having for its object the treatment of invalids or sick people; and to sell, encumber, or otherwise dispose of the same; to provide by by-laws for the detailed organization and management of the affairs of this corporation, and, in general, to do and perform any and all acts and things pertaining to or that may be connected with, the purposes
and objects above specified, or that may be necessary, convenient, or useful to carry out the purposes or conduct the business of the corporation.

This corporation is not formed for profit and does not contemplate pecuniary gain, profit or dividends to members of this corporation and no part of the net earnings of this corporation shall inure to the benefit of any member or individual and no part of the activities of this corporation shall be devoted to carrying on propaganda or otherwise attempting to influence legislation qualifying this corporation for tax or welfare exemptions.

BE IT FURTHER RESOLVED by the members of the CALIFORNIA MEDICAL MISSIONARY AND BENEVOLENT ASSOCIATION, a corporation, that the Fourth Article of the Articles of Incorporation be and the same is hereby amended to read as follows:

Fourth: That this corporation shall have perpetual existence.

BE IT FURTHER RESOLVED by the members of the CALIFORNIA MEDICAL MISSIONARY AND BENEVOLENT ASSOCIATION, a corporation, that the Ninth Article of the Articles of Incorporation be and the same is hereby amended to read as follows:

Ninth: The property of this corporation is irrevocably dedicated to religious, charitable or hospital purposes and upon the liquidation, dissolution or abandonment thereof will not inure to the benefit of any private person, but shall be distributed to a fund, foundation or corporation organized for religious, hospital or charitable purposes as selected and designated by the Board of Directors of this corporation.

BE IT FURTHER RESOLVED that the President and Secretary of this corporation be and they are hereby authorized and directed.
to execute and verify by their oaths and file a certificate in
the form and manner provided in Section 362b of the Civil Code of
the State of California, and in general to do any and all things
necessary to carry said amendment into effect in accordance with
the provisions of TITLE I, PART IV of the Civil Code of the State
of California.

SHALL BE AND THE SAME IS HEREBY ADOPTED, APPROVED AND
RATIFIED AS THE RESOLUTION OF THIS BOARD OF DIRECTORS.
CERTIFICATE OF AMENDMENT OF ARTICLES OF INCORPORATION OF CALIFORNIA MEDICAL MISSIONARY AND BENEVOLENT ASSOCIATION, A CORPORATION

Dated: February 15, 1946.

PALMER & YORK
ATTORNEYS AT LAW
SAINT HELENA, CALIFORNIA
The undersigned, W. A. NELSON and E. L. PLACE, do hereby certify that they are respectively and have been at all of the times herein mentioned the duly elected, qualified and acting president and secretary of the CALIFORNIA MEDICAL MISSIONARY AND BENEVOLENT ASSOCIATION, a corporation, and further that:

1. A special meeting of the members of the CALIFORNIA MEDICAL MISSIONARY AND BENEVOLENT ASSOCIATION was duly and regularly held at the principal office of said CALIFORNIA MEDICAL MISSIONARY AND BENEVOLENT ASSOCIATION, a corporation, located at Sanitarium, near St. Helana, Napa County, California, at __ o'clock P. M. on the __ day of January, 1948, at which meeting there were at all times present and acting a quorum and all of the members of said CALIFORNIA MEDICAL MISSIONARY AND BENEVOLENT ASSOCIATION entitled to vote upon questions or business lawfully coming before said meeting.

2. At said meeting a resolution providing for the amendment of the Articles of Incorporation of said CALIFORNIA MEDICAL MISSIONARY AND BENEVOLENT ASSOCIATION was duly adopted by the affirmative vote of _fifty-four_ (54) of the members of said CALIFORNIA MEDICAL MISSIONARY AND BENEVOLENT ASSOCIATION; that the total number of members of said association entitled to vote upon the adoption of said amendment was _fifty-four_ (54); that a copy of said resolution so adopted is hereunto attached marked "Exhibit A" and made a part hereof.

3. All of the members of said corporation present and acting at said meeting voted in favor of said resolution, constituting a vote of all of the members of said CALIFORNIA MEDICAL MISSIONARY AND BENEVOLENT ASSOCIATION entitled to vote thereon.
4. That a special meeting of the Board of Directors of said corporation was duly and regularly held at the principal office of said corporation, located at Sanitarium, Napa County, California, at 8:30 o'clock P.M. on the 14th day of January, 1948, following the membership meeting, at which meeting there were at all times present and acting a quorum and majority of said Board of Directors, to-wit, twelve (12), the full number of which Board of Directors comprises seventeen (17) members.

5. That at said meeting of said Board of Directors, a resolution of the membership of said corporation, providing for the amendment of the Articles of Incorporation of said corporation by including among the purposes of said corporation the power to engage in the business of the transportation of passengers and freight for hire and to include among the purposes of said corporation the provision that said corporation shall have and enjoy all of the rights, powers, privileges and franchises which are now or may hereafter be conferred upon non-profit corporations organized under the provisions of the laws of the State of California, which said resolution of said membership of said corporation was heretofore duly adopted by a majority vote of said membership; that said resolution was duly approved, ratified and adopted by the affirmative vote of twelve (12) members of said Board of Directors of said corporation; that all of the members of said Board of Directors of said corporation present, to-wit, twelve (12) directors, voted in favor of said resolution constituting a vote of the majority of the directors in favor of said resolution; that a copy of said resolution so adopted, ratified and approved is hereunto attached marked "Exhibit B" and made a part hereof, by reference thereto.
IN WITNESS WHEREOF, the undersigned have executed this certificate and caused the seal of said corporation to be affixed hereto this 14th day of January, 1948.

Walter A. Nelson
President of CALIFORNIA MEDICAL MISSIONARY AND BENEVOLENT ASSOCIATION, a corporation.

Secretary of CALIFORNIA MEDICAL MISSIONARY AND BENEVOLENT ASSOCIATION, a corporation.
STATE OF CALIFORNIA  
COUNTY OF NAPA  

W. A. NELSON and E. L. PLACE, being first duly sworn, each for himself, deposite and say:

That W. A. NELSON is and was at all of the times herein mentioned in the foregoing certificate of amendment the duly elected and acting president of the CALIFORNIA MEDICAL MISSIONARY AND BENEVOLENT ASSOCIATION, a corporation, therein referred to, and E. L. PLACE is and was at all of the times mentioned in said certificate the duly elected and acting secretary of said corporation; that each of affiants has read said certificate and that the statements therein made are true of their own knowledge, and the signatures purporting to be the signatures of said president and secretary thereto are the genuine signatures of said president and secretary.

President

Secretary

Subscribed and sworn to before me this 14th day of January, 1948.

Notary Public in and for the County of Napa, State of California.

My Commission Expires March 24, 1951
RESOLUTION OF THE MEMBERS OF THE CALIFORNIA MEDICAL MISSIONARY AND BENEVOLENT ASSOCIATION FURTHER AMENDING THE ARTICLES OF INCORPORATION BY INCLUDING AMONG THE CORPORATION POWERS THE RIGHT TO ENGAGE IN THE BUSINESS OF THE TRANSPORTATION OF PASSENGERS AND FREIGHT FOR HIRE AND TO PROVIDE THAT SAID CORPORATION SHALL HAVE ALL OF THE RIGHTS, POWERS, PRIVILEGES AND FRANCHISES CONFERRED UPON NON-PROFIT CORPORATIONS

BE IT RESOLVED by the members of the CALIFORNIA MEDICAL MISSIONARY AND BENEVOLENT ASSOCIATION, a corporation, that the Second Article of the Articles of Incorporation be and the same is hereby amended to read as follows:

Second: The purposes for which this corporation is formed are as follows: To found hospitals or charitable asylums for the care and relief of indigent and other sick or infirm persons, at which institutions may be received, also, patients and patrons who are able to, and do, pay for the benefits there received, and which institutions shall devote the funds and property, acquired and received by them from time to time from all sources, to maintaining themselves, improving their conditions and facilities, extending their benefits, usefulness and facilities, and promoting their purposes, by such sanitary, dietetic, hygienic, philanthropic, dress and temperance reforms and efforts as are germane or auxiliary thereto; and to oppose the use of tobacco, tea, coffee and other narcotics, as well as of alcoholic liquors; disseminate the principles of social purity; find homes for homeless children and outcast men and women, and care for the aged and infirm; train and send out missionary physicians and missionary nurses; to engage in the promulgation of the principles of hygiene, temperance reform, and Christian philanthropy; and enter upon various lines of work for the
relief and betterment of the ignorant, unfortunate, degraded, and suffering, both rich and poor, and without distinction to race or creed; and to manufacture and sell hygienic goods and sanitary products; and to promote the objects of said institutions by means of classes, lectures, publications and any other appropriate methods, all of which work and acts shall be done without pecuniary profit or dividend, direct or indirect, to any person or persons; and to acquire and hold by purchase, lease, gift, devise, and bequest or any lawful means, such real estate, water rights, and other property privileges, as may be necessary, useful, or convenient in entering upon, promoting or maintaining the objects of said incorporation; and to sell, encumber or otherwise dispose of the same; and to act as trustee for any person or persons in holding lands or personal property; and to acquire and hold by purchase, gift, and bequest, stock or shares, and become a member or stockholder, in any other institution having for its object the treatment of invalids or sick people; and to sell, encumber, or otherwise dispose of the same; to operate and maintain bus lines and other vehicles and to engage in the business of the transportation of passengers and freight for hire; to acquire by purchase or otherwise, franchises, rights of way and terminals; to build, erect, maintain, repair and operate such buildings, stations, plants and equipment as may be necessary or convenient for such purposes; to manufacture, purchase, lease, sell or otherwise deal in all vehicles, equipment, devises, goods, wares and merchandise and other kinds of property necessary or convenient to carry out said purposes; this corporation shall have and enjoy all of the rights, powers, privileges and franchises which are now or may hereafter be conferred
upon non-profit corporations organized under the provi-
sions of the laws of the State of California; and to pro-
vide by By-Laws for the detailed organization and manage-
ment of the affairs of this corporation, and, in general,
to do and perform any and all acts and things pertain-
ing to or that may be connected with, the purposes and
objects above specified, or that may be necessary, con-
venient, or useful to carry out the purposes or conduct
the business of the corporation.

This corporation is not formed for profit and does
not contemplate pecuniary gain, profit or dividends to
members of this corporation, and no part of the net earn-
ings of this corporation shall inure to the benefit of
any member or individual, and no part of the activities of
this corporation shall be devoted to carrying on propaga-
da or otherwise attempting to influence legislation
qualifying this corporation for tax or welfare exemptions.
And this corporation is not for profit.

BE IT FURTHER RESOLVED that the President and Secretary
of this corporation be and they are hereby authorized and directed
to execute and verify by their oaths and file a certificate in
the form and manner provided by the laws of the State of California,
and in general to do any and all things necessary to carry said
amendment into effect in accordance with the provisions of the laws
of the State of California.
RESOLUTION OF BOARD OF DIRECTORS OF CALIFORNIA MEDICAL MISSIONARY AND BENEVOLENT ASSOCIATION, A CORPORATION, APPROVING, RATIFYING AND ADOPTING RESOLUTION OF MEMBERS OF SAID ASSOCIATION AMENDING THE ARTICLES OF INCORPORATION

BE IT RESOLVED by the Board of Directors of CALIFORNIA MEDICAL MISSIONARY AND BENEVOLENT ASSOCIATION, a corporation, that the resolution of said members of said association amending the Articles of Incorporation, duly adopted by said membership on the 14th day of January, 1949, and hereinafter set forth, be and the same is hereby adopted, approved and ratified as a resolution of the Board of Directors.

The resolution of said members of said association hereinafore referred to provides as follows:

BE IT RESOLVED by the members of the CALIFORNIA MEDICAL MISSIONARY AND BENEVOLENT ASSOCIATION, a corporation, that the Second Article of the Articles of Incorporation be and the same is hereby amended to read as follows:

Second: The purposes for which this corporation is formed are as follows: To found hospitals or charitable asylums for the care and relief of indigent and other sick or infirm persons, at which institutions may be received, also, patients and patrons who are able to, and do, pay for the benefits there received, and which institutions shall devote the funds and property, acquired and received by them from time to time from all sources, to maintaining themselves, improving their conditions and facilities, extending their benefits, usefulness and facilities, and promoting their purposes, by such sanitary, dietetic, hygienic, philanthropic, dress and temperance reforms and efforts as are germane or auxiliary thereto; and to oppose the use of tobacco, tea, coffee, and other
narcotics, as well as of alcoholic liquors; disseminate the principles of social purity; find homes for homeless children and outcast men and women, and care for the aged and infirm; train and send out missionary physicians and missionary nurses; to engage in the promulgation of the principles of hygiene, temperance reform, and Christian philanthropy; and enter upon various lines of work for the relief and betterment of the ignorant, unfortunate, degraded, and suffering, both rich and poor, and without distinction to race or creed; and to manufacture and sell hygienic goods and sanitary products; and to promote the objects of said institutions by means of classes, lectures, publications and any other appropriate methods, all of which work and acts shall be done without pecuniary profit or dividend, direct or indirect, to any person or persons; and to acquire and hold by purchase, lease, gift, devise, and bequest or any lawful means, such real estate, water rights, and other property privileges, as may be necessary, useful, or convenient in entering upon, promoting or maintaining the objects of said incorporation; and to sell, encumber or otherwise dispose of the same; and to act as trustee for any person or persons in holding lands or personal property; and to acquire and hold by purchase, gift, and bequest, stock or shares, and become a member or stockholder, in any other institution having for its object the treatment of invalids or sick people; and to sell, encumber, or otherwise dispose of the same; to operate and maintain bus lines and other vehicles and to engage in the business of the transportation of passengers and freight for hire; to acquire by purchase or otherwise, franchises, rights of way and terminals; to build, erect, maintain, repair
and operate such buildings, stations, plants and equipment as may be necessary or convenient for such purposes; to manufacture, purchase, lease, sell or otherwise deal in all vehicles, equipment, devises, goods, wares and merchandise and other kinds of property necessary or convenient to carry out said purposes; this corporation shall have and enjoy all of the rights, powers, privileges and franchises which are now or may hereafter be conferred upon non-profit corporations organized under the provisions of the laws of the State of California; and to provide by By-Laws for the detailed organization and management of the affairs of this corporation, and, in general, to do and perform any and all acts and things pertaining to or that may be connected with, the purposes and objects above specified, or that may be necessary, convenient, or useful to carry out the purposes or conduct the business of the corporation.

This corporation is not formed for profit and does not contemplate pecuniary gain, profit or dividends to members of this corporation, and no part of the net earnings of this corporation shall inure to the benefit of any member or individual, and no part of the activities of this corporation shall be devoted to carrying on propaganda or otherwise attempting to influence legislation qualifying this corporation for tax or welfare exemptions. And this corporation is not for profit.

BE IT FURTHER RESOLVED that the President and Secretary of this corporation be and they are hereby authorized and directed to execute and verify by their oaths and file a certificate in the form and manner provided by the laws of the State of California, and in general to do any and all things necessary to carry said amendment into effect in accordance with the provisions of the laws of the State of California.
CERTIFICATE OF AMENDMENT
OF ARTICLES OF INCORPORATION OF CALIFORNIA MEDICAL
MISSIONARY AND BENEVOLENT ASSOCIATION, A CORPORATION

DATED: January 14, 1948

PALMER & YORK
ATTORNEYS AT LAW
ST. HELENA, CALIFORNIA
Statement by Corporation of Address of Principal Office, Names of Officers and Designation of Agent for the Service of Process

(For filing with the Secretary of State of the State of California pursuant to Section 3301 or Section 9003, Corporations Code)

California Medical Missionary and Benevolent Association (doing business as St. Helena Sanitarium and Hospital)

1. That it is a corporation organized under the laws of the State of California.

2. The address and location of its principal office (California) are as follows:
   (a) Sanitarium, Napa County, California
      (Post Office or mail address)
   (b) ____________________________
      (Street address or location)

3. The names of the following officers are:
   (a) President, W. A. Nelson
      (in the office of the Secretary of State of the State of California)
   (b) Secretary, E. L. Place
      (APR 25 1950)
   (c) Treasurer, E. L. Place
      (FRANK M. JORDAN, Secretary State)
   (d) Other officers desired to be named are, ____________________________

   (No officers other than the president or other head, the secretary, the treasurer, if any, need be named)

4. ____________________________, whose address is ____________________________,
   (Name of individual)

   (Give address in California at which agent can be personally contacted)

   is designated as Agent for the purpose of service of process.

   CALIFORNIA MEDICAL MISSIONARY AND BENEVOLENT ASSOCIATION, D.B.A. St. Helena Sanitarium and Hospital
   By ____________________________
   (Signature of Secretary-Treasurer)

NOTEs:
(A) Items 1 (identity), 2 (address and location of principal office) and 3 (names of officers) must be filled in in all cases. Item 4 (designation of agent) is optional and should not be filed in unless it is desired to designate a person to act as agent for the purpose of receiving process against the corporation. Item 4 should not be filed in at all by a foreign corporation.

(B) All domestic (California) corporations, profit and nonprofit, are required to file this statement with the Secretary of State (Section 3301, Corporations Code). After the original filing, unless required by Section 9003, Corporations Code, new statements need be filed only in the case of a change of address or location of principal office. New statements may be filed at any time desired for the purpose of designating an agent, or new agent, for purpose of service of process.

(C) Every domestic and qualified foreign nonprofit corporation expressly exempted from taxation by the provisions of the Bank and Corporation Franchise Tax Act of the State of California must file this statement (items 1, 2, and 3) with the Secretary of State sometime during each and every calendar year beginning with the year 1950. Failure to file creates a presumption of abandonment making the corporation name available for use by another corporation. Such presumption of abandonment may be removed at any time by the filing of this statement, subject to the adoption of a new name of the corporation's name has been appropriated by another corporation during the period of presumed abandonment (Section 9003, Corporations Code). The statement may also be filed at any time for the purpose of changing address or location of principal office of a domestic corporation or for the purpose of designating an agent or new agent, except that it may not be filed by a foreign corporation for either purpose.

(D) There is no fee for filing this statement if only items 1, 2, and 3 be filed in. If item 4 is filed in, however, for the purpose of designating an agent for the service of process, a filing fee of $5 will be charged.
BYLAWS
OF
ST. HELENA HOSPITAL¹
(the "Corporation")

Article 1
Principal Office and Purpose

1.1 Office. The principal office for the transaction of the business of the Corporation shall be
fixed from time to time by the Corporation's board of directors (the "Board").

1.2 Purpose. The Corporation is a nonprofit religious corporation organized pursuant to the
Nonprofit Religious Corporation Law of the State of California (the "Nonprofit Code") and is
affiliated with Adventist Health System/West, a California nonprofit religious corporation
("Adventist Health"). The primary purpose of the Corporation is to promote the wholeness of
humanity physically, mentally, and spiritually in a manner that is consistent with the philosophy,
teachings, and practices of the Seventh-day Adventist Church (the "Church").

Article 2
Membership

2.1 Members. Adventist Health is the sole member of the Corporation, within the meaning of
Section 5056 of the California Corporations Code.

2.2 Transfer of Membership. No membership or right arising from membership may be
assigned, transferred or encumbered in any manner whatsoever, either voluntarily or involuntarily.
Any purported or attempted assignment, transfer or encumbrance of such membership shall be
void and shall be grounds for termination of the membership.

2.3 Exercise of Membership Rights. Adventist Health shall exercise its membership rights
through its board of directors, which may, by resolution, authorize one or more of its officers to
exercise its vote on any matter to come before the membership of the Corporation.

2.4 Action by the Member. The vote, written assent or other action of Adventist Health shall
be evidenced by, and the Corporation shall be entitled to rely upon, a certificate of the secretary
of Adventist Health stating (a) the actions taken by Adventist Health, (b) that such actions were
taken in accordance with the articles of incorporation and bylaws of Adventist Health, and (c) the
authorization of Adventist Health for such certification. Requests for action by Adventist Health
may be made through the chair of Adventist Health's board of directors or such other person as
Adventist Health's board of directors shall designate in writing.

2.5 Place of Meetings. Meetings (whether regular or special) of Adventist Health, as member
of the Corporation, shall be held at the principal office of Adventist Health, or at such other place
designated by the Corporation's Board, which location will be stated in the notice of the meeting.

¹ The Corporation also does business as St. Helena Hospital Napa Valley and as St. Helena
Hospital Center for Behavioral Health.
2.6 Regular Meeting. The regular meeting of Adventist Health, as member of the Corporation, shall be held annually within one-hundred-twenty (120) days after the close of the fiscal year or at such time as the Board determines. The regular meeting shall be held for the purpose of transacting business as may come before the meeting.

2.7 Special Meetings. Special meetings of Adventist Health, as member of the Corporation, for any purpose or purposes, may be called upon request of the chair of the Board or by Adventist Health.

2.8 Notice of Meeting. Notice of a time and place for a regular or special meeting shall be delivered not less than fifteen (15) nor more than sixty (60) days before the date of the meeting: (a) personally to Adventist Health; (b) via electronic transmission; or (c) sent by first-class, registered or certified mail to the address of Adventist Health, as it appears on the Corporation's records. Notices of special meetings shall state the general nature of the business to be transacted. Adventist Health must consent in writing to receipt of notice by electronic transmission, as provided in Section 9.3.

2.9 Action by Written Ballot. Any action may be taken without a meeting if a written or electronic ballot is distributed to Adventist Health, setting forth the proposed action, providing an opportunity for Adventist Health to specify approval or disapproval of any proposal, and providing a reasonable period of time within which to return the ballot to the Corporation. The written and/or electronic ballot shall be filed with the secretary of the Corporation and maintained in the corporate records. Except for the election of directors, any action that may be taken at a membership meeting may also be taken by written ballot without a meeting.

2.10 Liabilities of Members. There shall be no membership fees, dues or assessments. No person who is now or later becomes a member of the Corporation shall be personally liable to its creditors for any indebtedness or liability and any or all creditors of the Corporation shall look only to the assets of the Corporation for payment.

Article 3
Board of Directors

3.1 Powers. The Board shall control and generally manage the business of the Corporation and exercise all of the powers, rights and privileges permitted to be exercised by directors of nonprofit religious corporations under the Nonprofit Code, except as limited by the Corporation's articles of incorporation and these bylaws. All corporate powers of the Corporation shall be exercised by or under the authority of the Board.

3.2 Number, Qualifications, and Selection. Each individual who is a director of the board of Adventist Health shall automatically be a director of the Corporation's Board, and shall serve as a director until such time as that person is no longer a director of Adventist Health.

3.3 Quorum. A majority of the directors of the Board shall constitute a quorum for the transaction of business. Except as otherwise required by law, the articles of incorporation, or these bylaws, the directors present at a duly called or held Board meeting at which a quorum is present may continue to transact business until adjournment, even if enough directors have withdrawn to leave less than a quorum, if any action taken (other than adjournment) is approved by at least a majority of the directors required to constitute a quorum. If less than a quorum is
present at a regular meeting, any resulting actions shall be subject to the ratification of the Board
at the next meeting in which a quorum is present.

3.4 Term of Office. The term of office of each director serving on the Board of the Corporation
shall be the same as the term that the director serves on the Adventist Health board.

3.5 Vacancies. If the director resigns or is removed from the Board, such position shall
remain vacant until such time as a new or additional director is appointed to the Adventist Health
board.

3.6 Place of Meeting. Meetings of the Board shall be held at the principal office of the
Corporation or at any place within or without the state that has been designated by the chair or
president or by resolution of the Board. Any Board meeting may be held by conference telephone,
video screen communication, or electronic transmission. Participation in a meeting under this
Section shall constitute presence in person at the meeting if both the following apply: (a) each
director participating in the meeting can communicate concurrently with all other directors; and
(b) each director is provided the means of participating in all matters before the Board, including
the capacity to propose, or to interpose an objection to, a specific action to be taken by the
Corporation.

3.7 Regular Meetings; Special Meetings. A regular meeting of the Board shall be held at
least once each year at such time as the Board may fix by resolution. Regular meetings of the
Board shall consist of those meetings reflected on the Corporation’s annual calendar. Special
meetings of the Board for any purpose or purposes may be called at any time by the president or
chair.

3.8 Meeting Notices; Waiver. Written notice of the time and place of meetings (regular or
special) shall be delivered to each director or sent to each director by mail or by other form of
written communication, or by electronic transmission by the Corporation (as defined in
Section 9.3), charges prepaid, addressed to the director at that director’s address as it is shown
on the records of the Corporation. The notice shall be sent (a) for regular Board meetings, at
least fifteen (15) days, but not more than forty-five (45) days, before the time of the holding of the
meeting; and (b) for special meetings, at least four (4) days before the time of the meeting, if
notice is sent by mail, and at least forty-eight (48) hours before the time of the meeting, if notice
is delivered personally, telephonically or by electronic transmission. Each director must consent
in writing to receipt of notice by electronic transmission, as provided in Section 9.3. The meeting
of the Board, however called and noticed and wherever held, shall be as valid as though the
meeting had been held after a proper call and notice if a quorum is present and if, either before
or after the meeting, each of the directors not present signs a written waiver of notice of consent
to hold the meeting or an approval of the minutes. All waivers, consents or approvals shall be
filed with the corporate records or made a part of the minutes of the meeting.

3.9 Voting; Action without a Meeting. Each director shall have one vote on each matter
presented to the Board for action. No director may vote by proxy. Any action by the Board may
be taken without a meeting if all directors, individually or collectively, consent in writing or by
electronic transmission to the action. Such written consent shall be filed with the minutes of the
proceedings of the Board.

3.10 Resignation and Removal. Except as provided below, any director may resign by giving
written notice to the chair or to the president. The resignation shall be effective when the notice
is given unless it specifies a later time for the resignation to become effective. No director may
resign when the Corporation would be left without a duly elected director. A director may resign by giving notice of resignation to the chair of the Board and may be removed from office by Adventist Health.

3.11 Compensation. Directors shall receive no compensation for their services as directors although directors may be full-time employees of the Corporation, one of its affiliated corporations or the Church.

3.12 Conflicts of Interest. Upon election to the Board and annually, each director shall sign a conflict of interest form, certifying that the director has read, understood and is in complete compliance with, and agrees to continue to comply with, the Board’s conflict of interest policy.

Article 4
Committees

4.1 Board Committees. The Board may appoint standing or special Board committees consisting exclusively of directors, to serve at the pleasure of the Board. The Board may delegate to such committees any of the powers and authority of the Board, except that the Board may not delegate the following powers:

(a) To take any final action on matters that, under the Nonprofit Code or these bylaws, also require Adventist Health's approval;

(b) To fill vacancies on the Board or in any committee;

(c) To fix any compensation of the directors for serving on the Board or any committee;

(d) To amend or repeal these bylaws or adopt new bylaws;

(e) To amend or repeal any resolution of the Board that by its express terms is not so amendable or repealable; and

(f) To appoint committees of the Board or committee members.

4.2 Advisory Committees. The Board may establish one or more advisory committees, consisting of directors, nondirectors or both. Except to the extent provided in Subsection 9210(b) of the Nonprofit Code, advisory committees may not exercise any authority of the Board, but shall be limited to making recommendations to the Board and to implementing Board decisions and policies.

4.3 Committee Chairs. A Board committee chair must be a director of the Board, and an advisory committee chair must be an officer of Adventist Health or a director of the Board. All chairs shall be appointed by the Board and shall serve until they no longer are qualified to serve as chairs, until they are removed or resign as chairs, or until their committees are terminated.

4.4 Meetings and Actions. Meetings and actions of committees shall be governed by, held, and taken under the provisions of these bylaws concerning Board meetings, except that the time for general meetings and the calling of special meetings may be set either by Board resolution or, if none, by the committee chair or by resolution of the committee. No act of a committee shall be valid unless approved by the vote of a majority of its committee members with a quorum present.
Committees shall keep regular minutes of proceedings and report the same to the Board, and the
minutes will be filed with the Corporation’s records.

4.5 Removal. The Board may remove at any time, with or without cause, a member or
members of any committee.

4.6 Medical Staff. Any Board committee that deliberates issues of medical staff
responsibilities shall include medical staff members.

Article 5
Officers

5.1 Officers. The officers of the Corporation shall be a chair of the Board, a vice chair of the
Board, a president, a secretary, a chief financial officer (who may also be referred to as treasurer) and any other person designated as an officer by the Board. Any person may hold more than
one office, except that neither the chair nor president may serve concurrently as the secretary or chief financial officer. Only directors of the Corporation may serve as chair or vice chair of the
Board. Other than the executive vice president (if any), in no event shall the title of vice president
of the Corporation make a person an officer within the meaning of the Nonprofit Code or these
bylaws unless designated by the Board.

5.2 Election of Officers. Any executive vice presidents shall be appointed by the president.
The secretary and chief financial officer of the Corporation shall be elected by and serve at the
pleasure of the Board, and each shall hold that office until that officer resigns, or is removed, or
is otherwise disqualified to serve, or until that officer’s successor is appointed.

5.3 Chair of the Board. The chair of the Board shall be the chief executive officer of Adventist
Health or the chief executive officer’s designee, who shall preside at the meetings of the Board.
The chair shall call regular and special meetings of the Board in accordance with these bylaws.

5.4 Vice Chair of the Board. The vice chair of the Board shall be the president of Adventist
Health. In the absence of the chair of the Board, the vice chair or another designee of the chair
shall preside at the meetings of the Board.

5.5 President. The president shall, in order to qualify for office, be and remain an employee
of Adventist Health. The Board chair shall appoint the president. The president may be the chief
executive officer of the Corporation, if designated by the Board chair. Subject to the control of
the Board, the president shall have general supervision of the business of the Corporation and
shall have such other powers and duties usually vested in such an office. The responsibilities of
the president shall include:

(a) Carrying out all policies and procedures established by the Board consistent with
the philosophy, teachings, and practices of the Church;

(b) Development of a plan of organization of the personnel and others concerned with
the operation of the Corporation’s hospital;

(c) Preparation of an annual operating capital expenditure and cash flow budget
showing the expected receipts and expenditures and such other information as is required
by the Board, and submission of such budgets to the Board for approval;
Selection, employment, control, and discharge of all employees and development and maintenance of personnel policies and practices for the Corporation's hospital;

Maintenance of physical properties in a good state of repair and operating condition;

Supervision of business affairs to ensure that funds are collected and expended to the best possible advantage and within the provision of the annual budgets;

Cooperation with the medical staff and with all those concerned with rendering of professional service to the end that high quality care may be rendered to the patients consistent with the policies set forth by the Board;

Presentation to the Board or to its authorized committees of periodic reports reflecting the professional service and financial activities of the Corporation's hospital as prescribed by corporate administrative policies, and preparation and submission of such special reports as may be required by the Board;

Reporting all activities and recommendations of the medical staff to the Governing Board;

Execution of the contracts authorized by the Board, or a Board committee, except as is otherwise provided by these bylaws and subject further to the limitations of authority delegated by the Board;

Performance of other duties assigned by the Board that may be necessary in the best interest of the Corporation's hospital;

Designation of a qualified individual who shall be responsible to the president in matters of administration and shall represent the president during the president's absence; and

Establishing goals and objectives for the Corporation, which shall include a long-range strategic plan.

The president of the Corporation will be formally reviewed based upon performance criteria presented to the president. The review will be conducted by the chair of the Governing Board.

Executive vice presidents, if any, shall have such powers and duties as the Board or the bylaws may provide. During the absence of the president, and in the absence of a designation under Subsection 5.5(l), any executive vice president may act in the place and the stead of the president.

The secretary shall keep, or cause to be kept, the records of the Corporation, including a record of the proceedings of the Corporation, and shall perform all of the duties usually incident to the office of secretary. The secretary shall have such other powers and duties as the Board or the bylaws may require.

The chief financial officer shall keep, or cause to be kept, correct books and accounts of the Corporation's properties and transactions. The chief financial officer shall perform all the duties pertaining to the office of chief financial officer and shall have such
other powers and duties as the Board or these bylaws may require. During the unavailability or
incapacity of the president and any executive vice president, and in the absence of a designation
under Subsection 5.5(1), the chief financial officer will act in the place and stead of the president.

5.9 **Assistant Secretaries.** The chief financial officer shall be an assistant secretary and
there shall be such other assistant secretaries as may be designated by the Board, any one of
whom shall perform the duties of the secretary in the absence of the secretary.

5.10 **Assistant Chief Financial Officers.** There shall be such assistant chief financial officers
(who may also be referred to as assistant treasurers) as may be designated by the Board, any of
whom shall perform the duties of the chief financial officer in the absence of the chief financial
officer.

Article 6
Governing Board

6.1 **Appointment of Governing Board.** The Board shall appoint the members of a
committee called the “Governing Board,” with each appointment for a two-year term, and
approximately one-half of the members of the Governing Board appointed every year. The
Governing Board shall consist of from nine (9) to twenty-one (21) members, depending upon the
size and needs of the Corporation, as determined by the Board. The Board may at any time, in
its sole discretion, remove or replace a Governing Board member or revoke any or all of the
Governing Board’s delegated authority.

6.2 **Nominating Committee.** The Governing Board shall appoint a nominating committee
pursuant to its bylaws, which shall make nominations to the Board for the Board to consider in
appointing Governing Board members.

6.3 **Bylaws.** The Governing Board shall have its own bylaws, which shall be adopted and
may be amended by the Board, in its sole discretion, including any amendments necessary to
conform to these bylaws. The Governing Board shall comply with its bylaws and the resolutions
of the Board.

6.4 **Qualifications for Members of the Governing Board.** Each member of the Governing
Board:

(a) Shall be more than twenty-one (21) years of age;

(b) Shall have an interest in health care matters; and

(c) Must support the goals, objectives, and philosophies of the Church.

6.5 **Delegated Powers to the Governing Board.** The Governing Board bylaws shall specify
the exact functions of the Governing Board, consistent with these bylaws. Subject to the Board’s
ultimate oversight and authority to take action, the Board delegates the following responsibilities
to the Governing Board:

(a) Providing institutional planning to meet the health care needs for the community
the Corporation’s hospital serves;
(b) Determining that the Corporation's hospital, its employees and the appointees of the medical staff will conduct their activities so as to conform with the requirements and principles of all applicable laws and regulations, including the Health Care Quality Improvement Act;

(c) Overseeing and supervising the medical staff of the Corporation's hospital, which includes approving the medical staff bylaws and rules and regulations, and assuring that the medical staff establishes mechanisms to achieve and maintain high quality medical practice and patient care;

(d) Establishing and approving policies and procedures for those functions of the Corporation's hospital that have been delegated to the Governing Board;

(e) Assuring a safe environment within the Corporation's hospital for employees, medical staff, patients, and visitors; and

(f) Organizing itself effectively so that it establishes and follows the policies and procedures necessary to discharge its responsibilities and adopt rules and regulations in accordance with legal requirements.

Article 7
Indemnification

7.1 Advancement of Expenses. To the fullest extent permitted by law and except as otherwise determined by the Board in a specific instance (and in the Board's sole and absolute discretion), expenses incurred by an agent (defined below) seeking indemnification under this Article of these bylaws in defending any proceeding covered by this Article shall be advanced by the Corporation before final disposition of the proceeding, on receipt by the Corporation of an undertaking by or on behalf of that person that the advance will be repaid unless it is ultimately found that the person is entitled to be indemnified by the Corporation for those expenses. The Board must approve any advance made to the president under this section, prior to such advance being paid to the president. For purposes of this article, an "agent" shall have the meaning established in the Nonprofit Code applicable to the Corporation.

7.2 Indemnification upon Successful Defense. If an agent of the Corporation is successful on the merits in defense of any proceeding, claim or other contested matter brought against the agent in connection with the agent's actions or omissions in relation to the Corporation, the Corporation shall indemnify the agent against that agent's actual and reasonable expenses incurred in the defense against such proceeding or claim.

7.3 Indemnification upon Unsuccessful Defense.

(a) Mandatory Indemnification. To the maximum extent permitted by law, the Corporation shall indemnify each of its present and former (1) directors, (2) officers, (3) persons who are or were regularly invited for six (6) consecutive months or more to attend and participate at Board meetings or Board committee meetings, and (4) persons identified in a duly approved Board resolution as qualifying for this mandatory indemnification (each of whom is an "indemnitee") against expenses (collectively, "payments") actually and reasonably incurred by such indemnitee in connection with defending that indemnitee against an action or proceeding. An employee of the
Corporation may be an indemnitee if that employee meets one or more of the definitions of indemnitee set forth above. Notwithstanding the above, mandatory indemnification shall be given to a potential indemnitee only if all of the following apply:

1. The potential indemnitee was not a director, officer or other person who was removed from one or more of their positions with the Corporation;

2. The action or proceeding against the indemnitee is based on or relates to an action or inaction taken by the indemnitee on behalf of the Corporation and within the scope of the indemnitee’s role or relationship with the Corporation;

3. The Board (excluding vacancies and directors who have a conflict of interest) has made all findings required by the Nonprofit Code (the indemnitee shall not be eligible to receive this mandatory indemnification if such findings are not made by the Board); and

4. The potential indemnitee has not procured any illegal profit, remuneration or advantage, as determined by the Board in its sole discretion.

If a person does not qualify for this mandatory indemnification, such person might still receive discretionary indemnification as outlined below.

(b) Discretionary Indemnification. To the maximum extent permitted by law, the Board may in its sole discretion, by a majority vote (excluding vacancies and directors with a conflict of interest), indemnify an agent (including former directors who were removed by the Board, employees or agents identified by the Board as acting on behalf of the Corporation or Adventist Health and not entitled to mandatory indemnification) (each of which is a “recipient”) against any or all of the expenses, judgments, fines, settlements or other amounts actually and reasonably incurred by such recipient in connection with an action or proceeding against the recipient, subject to the following:

1. The action or proceeding against the recipient must be based on or relate to an action or inaction taken by the recipient on behalf of the Corporation and within the scope of the recipient’s role or relationship with the Corporation;

2. The Board (excluding vacancies and directors who have a conflict of interest) must have made all findings required by the Nonprofit Code (the recipient shall not be eligible to receive this discretionary indemnification if such findings are not made); and

3. Indemnification is not available if the recipient is found to have procured illegal profit, remuneration or advantage.
8.1 Execution of Legal Documents.

(a) The president and any other officer of the Corporation shall sign any deeds or mortgages or other legal documents for real estate transactions under authority given to them by the Board (either by resolution specific to a transaction or by a general resolution authorizing such persons to enter into certain types of real estate transactions). The Board may also authorize other persons or officers to execute the documents described in this Subsection.

(b) The president or any executive vice president and the secretary or such other officers as the Board may select for that purpose are authorized to vote, represent and exercise on behalf of the Corporation all rights incident to any and all voting securities of any other corporation or corporations standing on the name of the Corporation. The authority granted by these bylaws to the officers to vote or represent the Corporation arising from any voting securities held by the Corporation and any other corporation or corporations may be exercised by the officers in person or by any person authorized to do so by proxy or power of attorney duly executed by the officers.

(c) With respect to all contracts, transactions or arrangements other than those described in Subsections 8.1(a) or 8.1(b), the president or chief financial officer may execute, and the Board may authorize specific other persons or officers to execute, the appropriate agreements and other documents related to such transactions or arrangements. The president or chief financial officer may sign individually. Any Board resolution authorizing other persons or officers to execute documents shall specify whether one person may sign the appropriate documents or whether two signatures are required under specified circumstances.

8.2 Seal. The Corporation may have a corporate seal, and the same shall have inscribed thereon the name of the Corporation, the date of its incorporation and the state of its incorporation.

9.1 Auditor. The books of the Corporation shall be reviewed annually by an auditor selected by Adventist Health.

9.2 Amendment of Bylaws. The bylaws may only be amended or repealed and new bylaws adopted by Adventist Health. The Board shall review the bylaws of the Corporation annually and shall recommend any necessary revisions.

9.3 Electronic Transmission.

(a) "Electronic transmission by the Corporation" means a communication (1) delivered by (A) facsimile telecommunication or electronic mail when directed to the facsimile number or electronic mail address for that recipient on record with the Corporation; (B) posting on an electronic message board or network that the Corporation has designated for those communications, together with a separate notice to the recipient,
which transmission shall be considered delivered upon the later of the posting or delivery
of the separate notice thereof; or (C) other means of electronic communication; (2) to a
recipient who has provided an unrevoked consent to the use of those means of
transmission for communications pursuant to the Nonprofit Code; and (3) that creates a
record that is capable of retention, retrieval, and review, and that may thereafter be
rendered into clearly legible tangible form.

(b) An electronic transmission to an individual member of the Corporation who is a
natural person, or to a director, must be preceded by or include a clear written statement
to the recipient as to (1) any right of the recipient to have the record provided or made
available on paper or in nonelectronic form; (2) whether the consent applies only to that
transmission, to specified categories of communications, or to all communications from
the Corporation; and (3) the procedures the recipient must use to withdraw consent.

(c) “Electronic transmission to the Corporation” means a communication
(1) delivered by (A) facsimile telecommunication or electronic mail when directed to the
facsimile number or electronic mail address that the Corporation has provided to members
or directors for communications; (B) posting on an electronic message board or network
that the Corporation has designated for those communications, which transmission shall
be considered delivered upon posting; or (C) other means of electronic communication;
(2) as to which the Corporation has placed in effect reasonable measures to verify that the
sender is the member or director purporting to send the transmission; and (3) that creates
a record that is capable of retention, retrieval, and review, and that may thereafter be
rendered into clearly legible tangible form.

(d) “Electronic transmission” means any combination of electronic transmission by or
to the Corporation.
Bylaws Certificate

I, Meredith Jobe, hereby certify that I am the Secretary of St. Helena Hospital, a California nonprofit religious corporation (the “Corporation”), and that the foregoing bylaws are a true and correct copy of the bylaws of the Corporation as duly adopted on October 18, 2016, by the vote of the Adventist Health System/West board, acting as the sole member of the Corporation.

Date: January 30, 2017

ST. HELENA HOSPITAL

By: [Signature]

Meredith Jobe, Secretary
Ukiah Adventist Hospital
dba Adventist Health
Ukiah Valley
The undersigned certify that:

1. They are the Chairman of the Board and the Secretary, respectively, of UKIAH ADVENTIST HOSPITAL, a California nonprofit corporation.

2. The Articles of Incorporation of this Corporation are hereby amended and restated in their entirety to read as herein set forth in full:

ARTICLE I.

The name of this Corporation is UKIAH ADVENTIST HOSPITAL.

ARTICLE II.

This Corporation is a religious corporation and is not organized for the private gain of any person. It is organized under the Nonprofit Religious Corporation Law exclusively for religious purposes. More specifically, the purposes of this Corporation are to promote the wholeness of humanity, physically, mentally and spiritually, in a manner which is consistent with the philosophy, teachings and practices of the Seventh-day Adventist Church (the "Church") including, without limitation, the following activities:

A. To establish, manage and maintain an acute care hospital as an affiliate corporation and in harmony with the administrative guidelines and religious objectives of Adventist Health System/West, a California nonprofit corporation.

B. To establish and maintain an institution or institutions within or without the state where incorporated with permanent facilities that include in-patient beds and medical services to provide diagnosis and treatment for patients (and associated services such as, but not limited to, extended care, out-patient care and home care).

C. To carry on any educational activities related to rendering care to the sick and injured or to the promotion of health, that in the opinion of the Board of Directors may be justified by the facilities, personnel, funds and other requirements that are, or can be, made available.

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D. To establish, manage and maintain a Health Maintenance Organization (HMO) or similar organizations utilizing health delivery systems designed and coordinated to maximize benefits to the communities served.

E. To create and manage live-in conditioning centers in resort-type environments featuring educational programs in preventive medicine designed to enhance lifestyle quality and prevent illness.

F. To promote and carry on scientific research related to the care of the sick and injured.

G. To participate, so far as circumstances may warrant, in any activity designed and carried on to promote the general health of the community.

ARTICLE III.

The Board of Directors shall have sole authority to amend or repeal the Articles of Incorporation by the vote of two-thirds of the directors, provided that such action shall not be valid or enacted unless also approved by the Corporate Member at any regular meeting or special meeting of the membership or by two-thirds of the members voting by mail ballot.

ARTICLE IV.

A. The property of this Corporation is irrevocably dedicated to religious purposes. No part of the net income or assets of this organization shall ever inure to the benefit of a director, officer or member of the Corporation, or to the benefit of any private individual.

B. This Corporation is affiliated with and operates subject to and in harmony with the policies, guidelines and procedures of Adventist Health System/West, a religious corporation. Upon winding up and dissolution of this Corporation, after paying or adequately providing for the debts and obligations of the Corporation, the remaining assets shall be distributed to Adventist Health System/West, which is organized and operated exclusively for religious purposes and which has established its tax-exempt status under Section 501(c)(3) of 1986 Internal Revenue Code ("the Code"). In the event that Adventist Health System/West has either failed to maintain its tax-exempt status, or been previously dissolved, or for any other reason is disqualified from receiving such remaining assets, then all such assets shall be distributed to the successor to Adventist Health System/West providing that the successor is a nonprofit fund, foundation or corporation which is organized and operated exclusively for religious purposes and has established its tax-exempt status under the Code; or if no successor, all remaining assets shall be distributed to the organized conference of Seventh-day Adventist churches having jurisdiction within the geographic area in which this
association organized and operated exclusively for religious purposes that has established its tax-exempt status under the Code.

ARTICLE V.

A. This Corporation is organized exclusively for religious purposes within the meaning of the Code. Notwithstanding any other provision of these Articles, the Corporation shall not carry on any other activities not permitted to be carried on: (1) by a corporation exempt from federal income tax under the Code (or the corresponding provision of any future United States Internal Revenue Law); or (2) by a corporation, contributions to which are deductible under Section 170(c)(2) of the Code (or the corresponding provision of any future United States Internal Revenue Law).

B. No substantial part of the activities of this Corporation shall consist of the carrying on or propaganda or otherwise attempting to influence legislation, nor shall this Corporation participate in, or intervene in (including the publishing or distributing of statements), any political campaign on behalf of any candidate for political office.

ARTICLE VI.

This Corporation elects to be governed by all of the provisions of the Nonprofit Corporation Law effective January 1, 1980, not otherwise applicable to it under Parts 4 and 5 of Division 2 of Title 1 of the Corporation Code of the State of California.

3. The foregoing amendment and restatement of Articles of Incorporation has been duly approved by the board of directors of this Corporation.

4. The foregoing amendment and restatement of Articles of Incorporation has been duly approved by the required vote of Adventist Health System/West, which is the sole member of this Corporation.

We further declare under penalty of perjury under the laws of the State of California that the matters set forth in this certificate are true and correct of our own knowledge.

DATE: March 19, 2004

Donald R. Ammon, Chairman of the Board

Robert G. Carmen, Secretary
The undersigned certify that:

1. They are the Chairman of the Board and the Secretary, respectively, of UKIAH ADVENTIST HOSPITAL, a California nonprofit corporation.

2. The Articles of Incorporation of this Corporation are amended and restated in their entirety to read as follows:

ARTICLE I.

The name of this Corporation is UKIAH ADVENTIST HOSPITAL.

ARTICLE II.

This Corporation is a religious corporation and is not organized for the private gain of any person. It is organized under the Nonprofit Religious Corporation Law exclusively for religious purposes. More specifically, the purposes of this Corporation are to promote the wholeness of humanity, physically, mentally and spiritually, in a manner which is consistent with the philosophy, teachings and practices of the Seventh-day Adventist Church (the "Church") including, without limitation, the following activities:

A. To establish, manage and maintain an acute care hospital as an affiliate corporation and in harmony with the administrative guidelines and religious objectives of Adventist Health System/West, a California nonprofit corporation.

B. To establish and maintain an institution or institutions within or without the state where incorporated with permanent facilities that include in-patient beds and medical services to provide diagnosis and treatment for patients (and associated services such as, but not limited to, extended care, out-patient care and home care).

C. To carry on any educational activities related to rendering care to the sick and injured or to the promotion of health, that in the opinion of the Board of Directors may be justified by the facilities, personnel, funds and other requirements that are, or can be, made available.
D. To establish, manage and maintain a Health Maintenance Organization (HMO) or similar organizations utilizing health delivery systems designed and coordinated to maximize benefits to the communities served.

E. To create and manage live-in conditioning centers in resort-type environments featuring educational programs in preventive medicine designed to enhance lifestyle quality and prevent illness.

F. To promote and carry on scientific research related to the care of the sick and injured.

G. To participate, so far as circumstances may warrant, in any activity designed and carried on to promote the general health of the community.

ARTICLE III.

The Corporate Member shall have sole authority to amend or repeal the Articles of Incorporation by the vote of two-thirds of the members present at any regular meeting or special meeting of the membership or by two-thirds of the members voting by mail ballot.

ARTICLE IV.

A. The property of this Corporation is irrevocably dedicated to religious purposes. No part of the net income or assets of this organization shall ever inure to the benefit of a director, officer or member of the Corporation, or to the benefit of any private individual.

B. This Corporation is affiliated with and operates subject to and in harmony with the policies, guidelines and procedures of Adventist Health System/West, a religious corporation. Upon winding up and dissolution of this Corporation, after paying or adequately providing for the debts and obligations of the Corporation, the remaining assets shall be distributed to Adventist Health System/West, which is organized and operated exclusively for religious purposes and which has established its tax-exempt status under Section 501(c)(3) of 1986 Internal Revenue Code ("the Code"). In the event that Adventist Health System/West has either failed to maintain its tax-exempt status, or been previously dissolved, or for any other reason is disqualified from receiving such remaining assets, then all such assets shall be distributed to the successor to Adventist Health System/West providing that the successor is a nonprofit fund, foundation or corporation which is organized and operated exclusively for religious purposes and has established its tax-exempt status under the Code; or if no successor, all remaining assets shall be distributed to the organized conference of Seventh-day Adventist churches having jurisdiction within the geographic area in which this Corporation is located where that local conference is a nonprofit religious
association organized and operated exclusively for religious purposes that has established its tax-exempt status under the Code.

ARTICLE V.

A. This Corporation is organized exclusively for religious purposes within the meaning of the Code. Notwithstanding any other provision of these Articles, the Corporation shall not carry on any other activities not permitted to be carried on: (1) by a corporation exempt from federal income tax under the Code (or the corresponding provision of any future United States Internal Revenue Law); or (2) by a corporation, contributions to which are deductible under Section 170(c)(2) of the Code (or the corresponding provision of any future United States Internal Revenue Law).

B. No substantial part of the activities of this Corporation shall consist of the carrying on or propaganda or otherwise attempting to influence legislation, nor shall this Corporation participate in, or intervene in (including the publishing or distributing of statements), any political campaign on behalf of any candidate for political office.

ARTICLE VI.

This Corporation elects to be governed by all of the provisions of the Nonprofit Corporation Law effective January 1, 1980, not otherwise applicable to it under Parts 4 and 5 of Division 2 of Title 1 of the Corporation Code of the State of California.

3. The foregoing amendment and restatement of Articles of Incorporation has been duly approved by the board of directors of this Corporation.

4. The foregoing amendment and restatement of Articles of Incorporation has been duly approved by the required vote of Adventist Health System/West, the sole member of this Corporation.

We further declare under penalty of perjury under the laws of the State of California that the matters set forth in this certificate are true and correct of our own knowledge.

DATE: September 24, 2003

Donald R. Ammon, Chairman of the Board

Robert G. Carmen, Secretary
CERTIFICATE OF AMENDMENT OF
ARTICLES OF INCORPORATION
OF
UKIAH ADVENTIST HOSPITAL

DONALD R. AMMON AND DOUGLAS R. ANTHES CERTIFY:
1. THAT WE ARE THE CHAIRMAN OF THE BOARD AND THE SECRETARY,
RESPECTIVELY, OF UKIAH ADVENTIST HOSPITAL, A CALIFORNIA NONPROFIT
RELIGIOUS CORPORATION.
2. THAT ARTICLES II, IV, V AND VI OF THE ARTICLES OF
INCORPORATION OF UKIAH ADVENTIST HOSPITAL SHALL BE AMENDED TO READ
AS HEREINAFTER SET FORTH:

II
THIS CORPORATION IS A RELIGIOUS CORPORATION AND IS NOT
ORGANIZED FOR THE PRIVATE GAIN OF ANY PERSON. IT IS
ORGANIZED UNDER THE NONPROFIT RELIGIOUS CORPORATION LAW
EXCLUSIVELY FOR RELIGIOUS PURPOSES. MORE SPECIFICALLY, THE
PURPOSES OF THIS CORPORATION ARE TO PROMOTE THE WHOLENESS OF
HUMANITY, PHYSICALLY, MENTALLY AND SPIRITUALLY, IN A MANNER
WHICH IS CONSISTENT WITH THE PHILOSOPHY, TEACHINGS AND
PRACTICES OF THE SEVENTH-DAY ADVENTIST CHURCH THROUGH THE
FOLLOWING ACTIVITIES:

A. TO ESTABLISH, MANAGE AND MAINTAIN AN ACUTE CARE HOSPITAL
AS AN AFFILIATE CORPORATION AND IN HARMONY WITH THE
ADMINISTRATIVE GUIDELINES AND RELIGIOUS OBJECTIVES OF
ADVENTIST HEALTH SYSTEM/WEST, A CALIFORNIA NONPROFIT RELIGIOUS CORPORATION.

B. TO ESTABLISH AND MAINTAIN AN INSTITUTION OR INSTITUTIONS WITHIN OR WITHOUT THE STATE WHERE INCORPORATED WITH PERMANENT FACILITIES THAT INCLUDE IN-PATIENT BEDS AND MEDICAL SERVICES TO PROVIDE DIAGNOSIS AND TREATMENT FOR PATIENTS (AND ASSOCIATED SERVICES SUCH AS, BUT NOT LIMITED TO, EXTENDED CARE, OUT-PATIENT CARE AND HOME CARE).

C. TO CARRY ON ANY EDUCATIONAL ACTIVITIES RELATED TO RENDERING CARE TO THE SICK AND INJURED OR TO THE PROMOTION OF HEALTH, THAT IN THE OPINION OF THE BOARD OF DIRECTORS MAY BE JUSTIFIED BY THE FACILITIES, PERSONNEL, FUNDS AND OTHER REQUIREMENTS THAT ARE, OR CAN BE, MADE AVAILABLE.

D. TO ESTABLISH, MANAGE AND MAINTAIN A HEALTH MAINTENANCE ORGANIZATION (HMO), OR SIMILAR ORGANIZATIONS UTILIZING HEALTH DELIVERY SYSTEMS DESIGNED AND COORDINATED TO MAXIMIZE BENEFITS TO THE COMMUNITIES SERVED.

E. TO CREATE AND MANAGE LIVE-IN CONDITIONING CENTERS IN RESORT-TYPE ENVIRONMENTS FEATURING EDUCATIONAL PROGRAMS IN PREVENTIVE MEDICINE DESIGNED TO ENHANCE LIFESTYLE QUALITY AND PREVENT ILLNESS.

F. TO PROMOTE AND CARRY ON SCIENTIFIC RESEARCH RELATED TO THE CARE OF THE SICK AND INJURED.

G. TO PARTICIPATE, SO FAR AS CIRCUMSTANCES MAY WARRANT, IN ANY ACTIVITY DESIGNED AND CARRIED ON TO PROMOTE THE GENERAL HEALTH OF THE COMMUNITY.

ArtAm-UAH-08-2
A. THE MINIMUM AND MAXIMUM NUMBER OF DIRECTORS OF THIS CORPORATION SHALL BE PROVIDED IN THE BYLAWS. THE EXACT NUMBER OF DIRECTORS SHALL BE DETERMINED BY THE CORPORATE MEMBER.

B. EX-OFFICIO DIRECTORS OF THIS CORPORATION SHALL BE:

1. THE PRESIDENT OF ADVENTIST HEALTH SYSTEM/WEST, OR HIS DESIGNEE, WHO SHALL BE THE CHAIRMAN OF THE BOARD.

2. THE PRESIDENT OF THE LOCAL CONFERENCE OF THE SEVENTH-DAY ADVENTIST CHURCHES IN THE GEOGRAPHIC AREA WHERE THIS CORPORATION IS LOCATED, WHO SHALL BE VICE-CHAIRMAN; AND

3. THE PRESIDENT OF THIS CORPORATION, WHO SHALL BE AUTHORIZED TO SERVE AS ACTING CHAIRMAN WITH THE WRITTEN PERMISSION OF EITHER THE CHAIRMAN OR VICE-CHAIRMAN.

C. ALL OTHER DIRECTORS OF THIS CORPORATION SHALL BE ELECTED BY THE CORPORATE MEMBER FOR A TERM OF TWO YEARS. DIRECTORS MAY SUCCEED THEMSELVES IN OFFICE.

D. THE CORPORATE MEMBER MAY REMOVE ANY OR ALL DIRECTORS, WITH OR WITHOUT CAUSE, AT ANY TIME AND SHALL REMOVE ANY DIRECTOR ABSENT FROM MORE THAN 50 PERCENT OF THE REGULAR MEETINGS OF THE BOARD OF DIRECTORS DURING ANY TWELVE MONTH PERIOD, UNLESS THE ABSENCE IS EXCUSED PRIOR TO THE MEETING IN HARMONY WITH THE FOLLOWING PROCEDURE.

1. REASONS FOR ABSENCES ARE TO BE PRESENTED TO THE CHAIRMAN OR PRESIDENT PRIOR TO THE MEETING; AND,

2. THE BOARD APPROVES THE ABSENCE AND THE APPROVAL IS INCLUDED IN THE BOARD MINUTES.

ArtAm-UAH-88-3
E. THE BYLAWS SHALL PROVIDE FOR QUALIFICATIONS AND
RESIGNATION OF DIRECTORS.

V
THE AUTHORIZED NUMBER AND QUALIFICATION OF MEMBERS OF THE
CORPORATION AND THE RIGHTS AND PRIVILEGES OF MEMBERS SHALL BE
AS SET FORTH IN THE BYLAWS. THE CORPORATE MEMBER SHALL HAVE
SOLE AUTHORITY TO AMEND THE BYLAWS OF THIS CORPORATION AT ANY
REGULAR OR SPECIAL MEETING.

VI
A. THE PROPERTY OF THIS CORPORATION IS IRREVOCABLY
DEDICATED TO RELIGIOUS PURPOSES. NO PART OF THE NET INCOME
OR ASSETS OF THIS ORGANIZATION SHALL EVER INURE TO THE
BENEFIT OF A DIRECTOR, OFFICER OR MEMBER OF THE CORPORATION,
OR TO THE BENEFIT OF ANY PRIVATE INDIVIDUAL.
B. THIS CORPORATION IS AFFILIATED WITH AND OPERATES SUBJECT
TO AND IN HARMONY WITH THE POLICIES, GUIDELINES AND
PROCEDURES OF ADVENTIST HEALTH SYSTEM/WEST, A RELIGIOUS
CORPORATION. UPON WINDING UP AND DISSOLUTION OF THIS
CORPORATION, AFTER PAYING OR ADEQUATELY PROVIDING FOR THE
DEBTS AND OBLIGATIONS OF THE CORPORATION, THE REMAINING
ASSETS SHALL BE DISTRIBUTED TO ADVENTIST HEALTH SYSTEM/WEST,
WHICH IS ORGANIZED AND OPERATED EXCLUSIVELY FOR RELIGIOUS
PURPOSES AND WHICH HAS ESTABLISHED ITS TAX-EXEMPT STATUS
UNDER INTERNAL REVENUE CODE SECTION 501(c)(3). IN THE EVENT
ADVENTIST HEALTH SYSTEM/WEST HAS EITHER FAILED TO MAINTAIN

ArtAm-UH-88-4
ITS TAX-EXEMPT STATUS; OR BEEN PREVIOUSLY DISSOLVED; OR FOR ANY OTHER REASON IS DISQUALIFIED FOR RECEIVING SUCH REMAINING ASSETS, THEN ALL SUCH ASSETS SHALL BE DISTRIBUTED TO THE SUCCESSOR TO ADVENTIST HEALTH SYSTEM/WEST PROVIDING THAT THE SUCCESSOR IS A NONPROFIT FUND, FOUNDATION OR CORPORATION WHICH IS ORGANIZED AND OPERATED EXCLUSIVELY FOR RELIGIOUS PURPOSES AND HAS ESTABLISHED ITS TAX-EXEMPT STATUS UNDER INTERNAL REVENUE CODE SECTION 501(c)(3) OR IF NO SUCCESSOR, ALL REMAINING ASSETS SHALL BE DISTRIBUTED TO THE ORGANIZED CONFERENCE OF SEVENTH-DAY ADVENTIST CHURCHES HAVING JURISDICTION WITHIN THE GEOGRAPHIC AREA IN WHICH THIS CORPORATION IS LOCATED WHERE THAT LOCAL CONFERENCE IS A NONPROFIT RELIGIOUS ASSOCIATION ORGANIZED AND OPERATED EXCLUSIVELY FOR RELIGIOUS PURPOSES THAT HAS ESTABLISHED ITS TAX-EXEMPT STATUS UNDER INTERNAL REVENUE CODE SECTION 501(c)(3).

C. ANY ASSETS HELD IN TRUST SHALL BE DISPOSED OF IN SUCH MANNER AS MAY BE DIRECTED BY DEGREE OF THE SUPERIOR COURT OF THE COUNTY IN WHICH THE CORPORATION HAS ITS PRINCIPAL OFFICE, UPON PETITION THEREFORE BY THE ATTORNEY GENERAL OR BY ANY PERSON CONCERNED IN THE LIQUIDATION, IN A PROCEEDINGS TO WHICH THE ATTORNEY GENERAL IS A PARTY. A DEGREE BY THE SUPERIOR COURT SHALL NOT BE NECESSARY IF THE ATTORNEY GENERAL MAKES A WRITTEN WAIVER OF OBJECTIONS TO THE DISPOSITION.

3. THAT THE FOREGOING AMENDMENTS HAVE BEEN APPROVED BY THE BOARD OF DIRECTORS.

ArtAm-UAA-88-5
4. THAT THE FOREGOING AMENDMENTS WERE APPROVED BY THE
REQUIRED VOTE OF THE MEMBERS.

DONALD R. MILLON, CHAIRMAN OF THE BOARD

DOUGLAS R. ANTHEIS, SECRETARY
DECLARATION

EACH OF THE UNDERSIGNED DECLARES UNDER PENALTY
OF PERJURY THAT THE STATEMENTS CONTAINED IN THE FOREGOING
CERTIFICATE OF AMENDMENT OF ARTICLES OF INCORPORATION ARE
TRUE OF HIS OWN KNOWLEDGE AND THAT THIS DECLARATION WAS
EXECUTED ON November 10, 1988, AT Ukiah, California.

DONALD R. AMMON, CHAIRMAN OF THE BOARD

DOUGLAS R. ANTHES, SECRETARY
CERTIFICATE OF AMENDMENT

A certificate of amendment of the articles of incorporation of Ukiah Adventist Hospital, a California nonprofit corporation is herein executed in duplicate by the corporation as follows:

1. The name of the corporation is Ukiah Adventist Hospital.

2. The amendment to the articles of incorporation adopted by the corporation is as follows: That the articles of incorporation be amended to read as set forth in full in the exhibit marked "Exhibit A" attached hereto and incorporated herein by reference.

3. A meeting of the members of the corporation having voting rights at which said amendment was adopted was held on April 29, 1982; a quorum was present at said meeting and the amendment received a majority of the votes which members present at the meeting were entitled to cast.
4. A meeting of the Board of Directors of the corporation at which said amendment was adopted was held on May 5, 1982; a quorum was present at said meeting and the amendment received a majority of the votes which directors present at said meeting were entitled to cast.

The Ukiah Adventist Hospital

By [Signature]

James Brewster, Secretary
VERIFICATION

We are officers of Ukiah Adventist Hospital and are authorized to make this verification for and on its behalf, and we make this verification for that reason. The matters stated in it are true and correct.

We declare under penalty of perjury under the laws of State of California that the foregoing is true and correct.

Executed on August 6, 1982, at Ukiah, California.

Edwin Ermshar, President

James Brewster, Secretary
ARTICLES OF INCORPORATION
OF
UKIAH ADVENTIST HOSPITAL

1. THE NAME OF THIS CORPORATION IS UKIAH ADVENTIST HOSPITAL.

II. THIS CORPORATION IS A RELIGIOUS CORPORATION AND IS NOT ORGANIZED FOR THE
PRIVATE GAIN OF ANY PERSON. IT IS ORGANIZED UNDER THE NONPROFIT
RELIGIOUS CORPORATION LAW PRIMARILY FOR RELIGIOUS PURPOSES. MORE
SPECIFICALLY, THE PURPOSES OF THIS CORPORATION ARE TO FURTHER THE MEDICAL
MINISTRY OF THE SEVENTH-DAY ADVENTIST CHURCH AND TO PROMOTE THE WHOLENESS
OF MAN, PHYSICALLY, MENTALLY AND SPIRITUALLY, IN THE FOLLOWING WAYS:
A. TO ESTABLISH, MANAGE AND MAINTAIN AN ACUTE CARE HOSPITAL AS AN
AFFILIATE CORPORATION AND IN HARMONY WITH THE ADMINISTRATIVE GUIDELINES
AND RELIGIOUS OBJECTIVES OF ADVENTIST HEALTH SYSTEM-WEST, A CALIFORNIA
NONPROFIT RELIGIOUS CORPORATION.
B. TO ESTABLISH AND MAINTAIN AN INSTITUTION OR INSTITUTIONS WITHIN OR
WITHOUT THE STATE WHERE INCORPORATED WITH PERMANENT FACILITIES THAT
INCLUDE IN-PATIENT BEDS AND MEDICAL SERVICES TO PROVIDE DIAGNOSIS AND
TREATMENT FOR PATIENTS (AND ASSOCIATED SERVICES SUCH AS, BUT NOT LIMITED
TO, EXTENDED CARE, OUT-PATIENT CARE AND HOME CARE).
C. TO CARRY ON ANY EDUCATIONAL ACTIVITIES RELATED TO RENDERING CARE TO THE SICK AND INJURED OR TO THE PROMOTION OF HEALTH, THAT IN THE OPINION OF THE BOARD OF DIRECTORS MAY BE JUSTIFIED BY THE FACILITIES, PERSONNEL, FUNDS AND OTHER REQUIREMENTS THAT ARE, OR CAN BE, MADE AVAILABLE.

D. TO ESTABLISH, MANAGE AND MAINTAIN A HEALTH MAINTENANCE ORGANIZATION (HMO), UTILIZING HEALTH DELIVERY SYSTEMS DESIGNED AND COORDINATED TO MAXIMIZE BENEFITS TO THE COMMUNITIES SERVED.

E. TO CREATE AND MANAGE LIVE-IN CONDITIONING CENTERS IN RESORT-TYPE ENVIRONMENTS FEATURING EDUCATIONAL PROGRAMS IN PREVENTIVE MEDICINE DESIGNED TO ENHANCE LIFESTYLE QUALITY AND PREVENT ILLNESS.

F. TO PROMOTE AND CARRY ON SCIENTIFIC RESEARCH RELATED TO THE CARE OF THE SICK AND INJURED, WITH PARTICULAR REFERENCE TO THE PHILOSOPHY AND PRACTICE OF THE SEVENTH-DAY ADVENTIST CHURCH.

G. TO PARTICIPATE, SO FAR AS CIRCUMSTANCES MAY WARRANT, IN ANY ACTIVITY DESIGNED AND CARRIED ON TO PROMOTE THE GENERAL HEALTH OF THE COMMUNITY.

III.


82-2
IV.

A. THE MINIMUM AND MAXIMUM NUMBER OF DIRECTORS OF THIS CORPORATION SHALL BE PROVIDED IN THE BYLAWS. THE EXACT NUMBER OF DIRECTORS SHALL BE DETERMINED BY THE MEMBERS.

B. EX-OFFICIO DIRECTORS OF THIS CORPORATION SHALL BE:

1. THE PRESIDENT OF ADVENTIST HEALTH SYSTEM-WEST, OR HIS DESIGNEE, WHO SHALL BE THE CHAIRMAN OF THE BOARD;

2. THE PRESIDENT OF THE LOCAL CONFERENCE OF SEVENTH-DAY ADVENTIST CHURCHES IN THE GEOGRAPHIC AREA WHERE THIS CORPORATION IS LOCATED, WHO SHALL BE VICE-CHAIRMAN; AND

3. THE PRESIDENT OF THIS CORPORATION, WHO SHALL BE AUTHORIZED TO SERVE AS ACTING CHAIRMAN WITH THE WRITTEN PERMISSION OF EITHER THE CHAIRMAN OR VICE-CHAIRMAN.

C. ALL OTHER DIRECTORS OF THIS CORPORATION SHALL BE Elected BY THE MEMBERS FOR A TERM OF TWO YEARS. DIRECTORS MAY SUCCEED THEMSELVES IN OFFICE.

D. THE MEMBERS MAY REMOVE ANY OR ALL DIRECTORS, WITH OR WITHOUT CAUSE, AT ANY TIME AND SHALL REMOVE ANY DIRECTOR ABSENT FROM MORE THAN 50 PERCENT OF THE REGULAR MEETINGS OF THE BOARD OF DIRECTORS DURING ANY TWELVE MONTH PERIOD, UNLESS THE ABSENCE IS EXCUSED PRIOR TO THE MEETING IN HARMONY WITH THE FOLLOWING PROCEDURE.

82-3
1. REASONS FOR ABSENCES ARE TO BE PRESENTED TO THE CHAIRMAN OR PRESIDENT PRIOR TO THE MEETING; AND,
2. THE BOARD APPROVES THE ABSENCE AND THE APPROVAL IS INCLUDED IN THE BOARD MINUTES.

E. THE BYLAWS SHALL PROVIDE FOR QUALIFICATIONS AND RESIGNATION OF DIRECTORS.

V.

THE AUTHORIZED NUMBER AND QUALIFICATION OF MEMBERS OF THE CORPORATION AND THE RIGHTS AND PRIVILEGES OF MEMBERS SHALL BE AS SET FORTH IN THE BYLAWS. ALL OF THE MEMBERSHIP SHALL BE COMPOSED OF MEMBERS FROM SPECIFIC SEVENTH-DAY ADVENTIST INSTITUTIONS, CONSTITUENCIES, BOARDS OR EXECUTIVE COMMITTEES OF ORGANIZATIONS THAT ARE LISTED IN THE SEVENTH-DAY ADVENTIST YEARBOOK PUBLISHED BY THE GENERAL CONFERENCE OF SEVENTH-DAY ADVENTISTS. THE MEMBERS SHALL HAVE SOLE AUTHORITY TO AMEND THE BYLAWS OF THIS CORPORATION AT ANY REGULAR OR SPECIAL MEETING.

VI.

A. THE PROPERTY OF THIS CORPORATION IS IRREVOCABLY DEDICATED TO RELIGIOUS PURPOSES. NO PART OF THE NET INCOME OR ASSETS OF THIS ORGANIZATION SHALL EVER INURE TO THE BENEFIT OF A DIRECTOR, OFFICER OR MEMBER OF THE CORPORATION, OR TO THE BENEFIT OF ANY PRIVATE INDIVIDUAL.
B. This corporation is a totally owned affiliated corporate agency operating subject to and in harmony with the policies, guidelines and procedures required by Adventist Health System-West, a religious corporation owned and operated exclusively by the Seventh-day Adventist Church. Upon winding up and dissolution of this corporation, after paying or adequately providing for the debts and obligations of the corporation, the remaining assets shall be distributed to Adventist Health System-West, which has established its tax-exempt status under Internal Revenue Code section 501(c)(3). In the event Adventist Health System-West has either failed to maintain its tax-exempt status; or been previously dissolved; or for any other reason is disqualified for receiving such remaining assets, then all such assets shall be distributed to the successor to Adventist Health System-West providing that the successor has established its tax-exempt status under Internal Revenue Code section 501(c)(3) or if no successor, all remaining assets shall be distributed to the organized conference of Seventh-day Adventist Churches having jurisdiction within the geographic area in which this corporation is located where that local conference has established its tax-exempt status under Internal Revenue Code section 501(c)(3).

C. Any assets held in trust shall be disposed of in such manner as may be directed by decree of the superior court of the county in which the corporation has its principal office, upon petition therefore by the attorney general or by any person concerned in the liquidation, in
A PROCEEDING TO WHICH THE ATTORNEY GENERAL IS A PARTY. A DEGREE BY
THE SUPERIOR COURT SHALL NOT BE NECESSARY IF THE ATTORNEY GENERAL
MAKES A WRITTEN WAIVER OF OBJECTIONS TO THE DISPOSITION.

SECTION 501(c)(3) OR IF NO SUCCESSOR, ALL REMAINING ASSETS SHALL BE
DISTRIBUTED TO THE LOCAL CONFERENCE OF SEVENTH-DAY ADVENTISTS IN WHICH
THE HOSPITAL IS LOCATED.

VII.

A. THIS CORPORATION IS ORGANIZED EXCLUSIVELY FOR RELIGIOUS PURPOSES
WITHIN THE MEANING OF INTERNAL REVENUE CODE SECTION 501(c)(3).
NOTWITHSTANDING ANY OTHER PROVISION OF THESE ARTICLES, THE CORPORATION
SHALL NOT CARRY ON ANY OTHER ACTIVITIES NOT PERMITTED TO BE CARRIED
ON: (1) BY A CORPORATION EXEMPT FROM FEDERAL INCOME TAX UNDER SECTION
501(c)(3) OF THE INTERNAL REVENUE CODE OF 1954 (OF THE CORRESPONDING
PROVISION OF ANY FUTURE UNITED STATES INTERNAL REVENUE LAW); OR (2) BY
A CORPORATION, CONTRIBUTIONS TO WHICH ARE DEDUCTIBLE UNDER SECTION
170(c)(2) OF THE INTERNAL REVENUE CODE OF 1954 (OF THE CORRESPONDING
PROVISION OF ANY FUTURE UNITED STATES INTERNAL REVENUE LAW).

B. NO SUBSTANTIAL PART OF THE ACTIVITIES OF THIS CORPORATION SHALL
CONSIST OF THE CARRYING ON OF PROPAGANDA OR OTHERWISE ATTEMPTING TO
INFLUENCE LEGISLATION, NOR SHALL THIS CORPORATION PARTICIPATE IN, OR
INTERVENE IN (INCLUDING THE PUBLISHING OR DISTRIBUTING OF STATEMENTS),
ANY POLITICAL CAMPAIGN OR BEHALF OF ANY CANDIDATE FOR POLITICAL OFFICE.

82-6
VIII.

THIS CORPORATION ELECTS TO BE GOVERNED BY ALL OF THE PROVISIONS OF THE NONPROFIT CORPORATION LAW EFFECTIVE JANUARY 1, 1980, NOT OTHERWISE APPLICABLE TO IT UNDER PARTS 4 AND 5 OF DIVISION 2 OF TITLE 1 OF THE CORPORATION CODE OF THE STATE OF CALIFORNIA.

DATED:       JUNE 16, 1980
AMENDED:     April 29, 1982
January 26, 1982

Naomi Parson, Secretary
Adventist Health Systems-West
1945 North Verdugo Road
Glendale, CA 91208

Dear Naomi:

Your letter of January 20 inquired with respect to the Utah Adventist Hospital status with the Secretary of State of California.

For your reference, I am enclosing a complete set of file documents commencing with my letter to the Secretary of State, November 12, 1981 and includes the documentation received from James Harris along with his letter of December 11, 1981. While the Secretary of State utilized the original document filed October 3, 1980, you will notice handwritten modifications made by that office on the first page of the Certificate of Amendment and confirmed in the December 11 letter. The modifications include the additions of the words "of Utah" to the name Hillside Community Hospital and of particular significance the crossing out of what that office had previously written in as the Corporate number, replaced it with the correct number, namely "52166".

These changes were made by the office of the Secretary of State and complete the correction of their records without any further action by "Utah Adventist Hospital".

Cordially,

[Signature]

Warren L. Johns, Chief Counsel
General Conference of Seventh-day Adventists

WJ/1d

cc: F. Darner
December 31, 1981

Johns and Carson
Attorneys at Law
6500 Carroll Ave  Suite 629
Washington D.C. 20012

Attn Warren L. Johns, Chief Counsel

RE: HILLSIDE COMMUNITY HOSPITAL OF UKIAH
Corporate No. 521166

The amendment filed October 3 has now been filed for subject corporation as shown on the copy of the amendment enclosed. The Franchise Tax Board will be notified of the correction and the corporate name change.

JAMES E. HARRIS
Staff Counsel

Joni
Encl.

[Handwritten note: Original for file for 10 weeks 'Hillside Hospital']
CERTIFICATE OF AMENDMENT
OF
ARTICLES OF INCORPORATION
OF
HILLSIDE COMMUNITY HOSPITAL OF UKIAH

Daniel A. Ballou and James Brewster certify:

1. They are the President and Secretary, respectively, of the HILLSIDE COMMUNITY HOSPITAL of California corporation.

2. At a meeting of the board of directors of the corporation, held at Ukiah, California, on September 10, 1980, the following resolution was adopted:

"RESOLVED: That the Articles of Incorporation are amended and restated to read in their entirety in the form marked "Exhibit A" attached hereto and incorporated herein by reference."

3. The members have adopted these amended Articles of Incorporation in this restated form by resolution at a meeting held at Los Angeles, California, on June 16, 1980. The wording of the restated Articles of Incorporation as set forth in the members' resolution is the same as that set forth in the directors' resolution in paragraph two above.
4. The members voted unanimously for the adoption of the resolution. The number of members who voted affirmatively for the adoption of the resolution is seven, and the number of members constituting a quorum is eight.

Daniel A. Balloe  
(typed name)  
(Chief)  
President

James Brewster  
(typed name)  
(Typed name of Secretary)

VERIFICATION

We, the undersigned, say that the matters set forth in this Certificate of Amendment of the Articles of Incorporation are true of our own knowledge.

We declare under penalty of perjury that the matters set forth in this Certificate are true and correct.

Executed on September 10, 1980, at Uallah, California

Daniel A. Balloe  
(typed name of President)  
James Brewster  
(typed name of Secretary)
ARTICLES OF INCORPORATION
OF
UKIAH ADVENTIST HOSPITAL

I.

THE NAME OF THIS CORPORATION IS UKIAH ADVENTIST HOSPITAL.

II.

THIS CORPORATION IS A RELIGIOUS CORPORATION AND IS NOT
ORGANIZED FOR THE PRIVATE GAIN OF ANY PERSON. IT IS
ORGANIZED UNDER THE NONPROFIT RELIGIOUS CORPORATION LAW
PRIMARILY FOR RELIGIOUS PURPOSES. MORE SPECIFICALLY, THE
PURPOSES OF THIS CORPORATION ARE TO FURTHER THE MEDICAL
MINISTRY OF THE SEVENTH-DAY ADVENTIST CHURCH AND TO PROMOTE
THE WHOLENESS OF MAN, PHYSICALLY, MENTALLY AND SPIRITUALLY,
IN THE FOLLOWING WAYS:

A. TO ESTABLISH, MANAGE AND MAINTAIN AN ACUTE CARE HOSPITAL
   AS AN AFFILIATE CORPORATION AND IN HARMONY WITH THE ADMINIS-
   TRATIVE GUIDELINES AND RELIGIOUS OBJECTIVES OF ADVENTIST
   HEALTH SYSTEMS-WEST, A CALIFORNIA NONPROFIT RELIGIOUS
   CORPORATION.

B. TO ESTABLISH AND MAINTAIN AN INSTITUTION OR INSTITUTIONS
   WITHIN OR WITHOUT THE STATE WHERE INCORPORATED WITH PERMANENT
   FACILITIES THAT INCLUDE IN-PATIENT BEDS AND MEDICAL SERVICES
   TO PROVIDE DIAGNOSIS AND TREATMENT FOR PATIENTS (AND
   ASSOCIATED SERVICES SUCH AS, BUT NOT LIMITED TO, EXTENDED
   CARE, OUT-PATIENT CARE AND HOME CARE).
C. To carry on any educational activities related to rendering care to the sick and injured or to the promotion of health, that in the opinion of the board of directors may be justified by the facilities, personnel, funds and other requirements that are, or can be, made available.

D. To establish, manage and maintain a health maintenance organization (HMO), utilizing health delivery systems designed and coordinated to maximize benefits to the communities served.

E. To create and manage live-in conditioning centers in resort-type environments featuring educational programs in preventive medicine designed to enhance lifestyle quality and prevent illness.

F. To promote and carry on scientific research related to the care of the sick and injured, with particular reference to the philosophy and practice of the Seventh-Day Adventist Church.

G. To participate, so far as circumstances may warrant, in any activity designed and carried on to promote the general health of the community.

III.

The name and address of this state of the corporation's initial agent for service of process is: Daniel A. Ballew, 275 Hospital Drive, Ukiah, California 95482.
IV.

A. The number of directors shall be fixed by the bylaws of this corporation, and the number of directors may be changed from time to time by amendment of the bylaws adopted by the vote or written assent of the members of the corporation entitled to exercise a majority of the voting power, or the vote of a majority of a quorum of members called pursuant to the bylaws.

B. The bylaws shall provide for tenure, selection and resignation of directors.

V.

The authorized number and qualification of members of the corporation and the rights and privileges of members shall be as set forth in the bylaws. All of the membership shall be composed of members from specific Seventh-Day Adventist institutions, constituencies, boards or executive committees of organizations that are listed in the Seventh-Day Adventist Yearbook published by the General Conference of Seventh-Day Adventists.

VI.

A. The property of this corporation is irrevocably dedicated to religious purposes. No part of the net income or assets
OF THIS ORGANIZATION SHALL EVER INURE TO THE BENEFIT OF A DIRECTOR, OFFICER OR MEMBER OF THE CORPORATION, OR TO THE BENEFIT OF ANY PRIVATE INDIVIDUAL.

B. THIS CORPORATION IS A TOTALLY OWNED AFFILIATED CORPORATE AGENCY OPERATING SUBJECT TO AND IN HARMONY WITH THE POLICIES, GUIDELINES AND PROCEDURES REQUIRED BY ADVENTIST HEALTH SYSTEM-WEST, A RELIGIOUS CORPORATION OWNED AND OPERATED EXCLUSIVELY BY THE SEVENTH-DAY ADVENTIST CHURCH. UPON WINDING UP AND DISSOLUTION OF THIS CORPORATION, AFTER PAYING OR ADEQUATELY PROVIDING FOR THE DEBTS AND OBLIGATIONS OF THE CORPORATION, THE REMAINING ASSETS SHALL BE DISTRIBUTED TO THE ORGANIZED CONFERENCE OF SEVENTH-DAY ADVENTIST CHURCHES HAVING JURISDICTION WITHIN THE GEOGRAPHIC AREA IN WHICH THIS CORPORATION HAS BEEN LOCATED AND WHERE THAT LOCAL CONFERENCE OF SEVENTH-DAY ADVENTIST CHURCHES HAS ESTABLISHED ITS TAX-EXEMPT STATUS UNDER INTERNAL REVENUE CODE SECTION 501(c)(3).

VII.

A. THIS CORPORATION IS ORGANIZED EXCLUSIVELY FOR RELIGIOUS PURPOSES WITHIN THE MEANING OF INTERNAL REVENUE CODE SECTION 501 (c)(3). NOTWITHSTANDING ANY OTHER PROVISION OF THESE ARTICLES, THE CORPORATION SHALL NOT CARRY ON ANY OTHER ACTIVITIES NOT PERMITTED TO BE CARRIED ON: (1) BY A
CORPORATION EXEMPT FROM FEDERAL INCOME TAX UNDER SECTION 501(c)(3) OF THE INTERNAL REVENUE CODE OF 1954 (OF THE CORRESPONDING PROVISION OF ANY FUTURE UNITED STATES INTERNAL REVENUE LAW); OR (2) BY A CORPORATION, CONTRIBUTIONS TO WHICH ARE DEDUCTIBLE UNDER SECTION 170(c)(2) OF THE INTERNAL REVENUE CODE OF 1954 (OR THE CORRESPONDING PROVISION OF ANY FUTURE UNITED STATES INTERNAL REVENUE LAW).

B. NO SUBSTANTIAL PART OF THE ACTIVITIES OF THIS CORPORATION SHALL CONSIST OF THE CARRYING ON OF PROPAGANDA OR OTHERWISE ATTEMPTING TO INFLUENCE LEGISLATION, NOR SHALL THIS CORPORATION PARTICIPATE IN, OR INTERVENE IN (INCLUDING THE PUBLISHING OR DISTRIBUTING OF STATEMENTS), ANY POLITICAL CAMPAIGN ON BEHALF OF ANY CANDIDATE FOR POLITICAL OFFICE.

VIII.

THIS CORPORATION ELECTS TO BE GOVERNED BY ALL OF THE PROVISIONS OF THE NONPROFIT CORPORATION LAW EFFECTIVE JANUARY 1, 1980, NOT OTHERWISE APPLICABLE TO IT UNDER PARTS 4 AND 5 OF DIVISION 2 OF TITLE 1 OF THE CORPORATION CODE OF THE STATE OF CALIFORNIA.

CERTIFICATE OF AMENDMENT OF ARTICLES OF INCORPORATION

MAURICE R. BERMAN and SHIRLEY A. MUNROE, certify:

1. That they are the president and secretary, respectively, of HILLSIDE COMMUNITY HOSPITAL OF UKIAH, a California non-profit corporation.

2. That at a meeting of the Board of Directors of said corporation, duly called at Ukiah, California, on the 28th day of April, 1975, the following resolution was adopted:

"RESOLVED: That Article 4, Section 3, of the Articles of Incorporation of this corporation be amended to read as follows:

This corporation shall have the power to and shall serve to advance the standards of the facilities and the medical profession and its education by cooperation with all agencies so engaged. To insure this advancement, only physicians, surgeons, dentists and podiatrists graduated as doctors of medicine, osteopathy, dentistry, or podiatry, from reputable schools and licensed by competent authority shall be eligible to membership on the staffs of the facilities and entitled to practice therein. Such membership shall further be conditioned upon adherence of said persons so graduated and licensed to the established ethics of the professions and to the rules and regulations established for the conduct of this corporation."

3. That the members have adopted said amendment by resolution at a meeting held at Ukiah, California, on the 28th day of April, 1975. That the wording of the amended article, as set forth in the members' resolution, is the same as that set forth in the directors' resolution in Paragraph 2 above.

4. That the number of members who voted affirmatively for the adoption of said resolution is 4, and the number of members constituting a quorum is 4.

Each of the undersigned declares under penalty of perjury that the matters set forth in the foregoing certificate are true and correct. Executed at Ukiah, California, on the 28th day of April, 1975.

MAURICE R. BERMAN
President

SHIRLEY A. MUNROE
Secretary
CERTIFICATE OF AMENDMENT
OF
ARTICLES OF INCORPORATION

CARL M. J. AAGAARD, M.D. and SHIRLEY ANN MUNROE, R.N., Certify:

1. That they are the Vice-president and the secretary respectively, of HILLSIDE COMMUNITY HOSPITAL OF UKIAH, a California corporation:

2. That at a meeting of the board of directors of said corporation, duly held at Ukiah, California on May 7, 1968, the following resolution was adopted:

"RESOLVED: That Article Second of the Articles of Incorporation of this corporation be amended to read as follows:

'The specific and primary purpose of which this corporation is formed is to establish and operate a charitable hospital for the sick, infirm or injured persons and to operate to the extent of its financial ability for those not able to pay for services rendered and not exclusively for those who are able and expected to pay. This corporation may engage in any activities necessary, expedient, or incidental to this purpose, provided, however, that any income derived from its activities shall be applied solely for the purpose thereof.'

That Article Third (II), be amended, by deleting the former and substituting the following:

'Notwithstanding any other provision of these articles, all activities in which the corporation shall engage shall be in furtherance of its primary purpose.'"

3. That at a meeting of the members of said corporation, duly held at Ukiah, California, on May 7, 1968, a resolution was adopted, which resolution is identical in form to the director's resolution set forth in paragraph 2 above.
4. That the number of members who voted affirmatively for the adoption of said resolution is 3, and that the number of members constituting a quorum is 2.

[Signatures]

CARL N. J. ANGAARD, Vice President

SHIRLEY ANN MONROE, R.N., Secretary

Each of the undersigned declares under penalty of perjury that the matters set forth in the foregoing certificate are true and correct.

Executed at Ukiah, California on June 3, 1968.

[Signatures]

CARL N. J. ANGAARD, R.N., Vice President

SHIRLEY ANN MONROE, R.N., Secretary
November 12, 1981

Office of Secretary of State  
State of California  
1230 J Street  
Sacramento, California 95814  

Attention: Corporate Section  
Office of Secretary of State  

Dear Sirs:

Enclosed for your reference is a Xerox copy of a Certificate of Amendment of Articles of Incorporation dated October 3, 1980.

The certificate was executed by the president and secretary of a nonprofit corporation doing business as "Ukiah Adventist Hospital." Prior to the effective date of the certificate, the nonprofit hospital under corporate number 0521166 believed it was doing business under the corporate name "Hills Side Community Hospital" and the name change was included in the Certificate of Amendment.

It now appears that the complete previous corporate name of corporation number 0521166 was in fact "Hills Side Community Hospital of Ukiah" and that in fact there was a pre-existing proprietary corporation with corporate number 323781 that was the original owner of the hospital prior to the year 1967 and did business under the name "Hills Side Community Hospital."

The officers of the presently existing nonprofit organization doing business under the name "Ukiah Adventist Hospital" have no legal relationship with the pre-existing proprietary corporation number 323781 and have no definitive information as to whether or not that corporate
Office of Secretary of State
of California
Page 2
November 12, 1981

entity has maintained an active legal status under California law. However, a report dated May 27, 1981, from the Franchise Tax Board suggests that when the Certificate of Amendment was filed it was not made effective as to the nonprofit corporate number 65211166 as was intended and in harmony with the authority of the executing officers, but rather was made effective as to the pre-existing proprietary corporation over which they had no legal relationship or authority, presumably because the words "of Ukiah" had not been alluded to in the title.

Please advise as to whether your office can act administratively to assure that the Certificate of Amendment applies to corporate number 65211166 or if not, what supplement to the original "Certificate of Amendment" may be required from the nonprofit corporation.

Thanking you, I am

Cordially yours,

Warren L. Johns, Chief Counsel
General Conference of Seventh-day Adventists

WLJ/fn

xc: James Brewster
Naomi Parsons

Enclosures
The Office of the Secretary of State is required by Section 9912 of the California Corporations Code to classify existing nonprofit corporations into one of three categories. The nonbinding advisory notice sent to the above referenced corporation, designated it to be:

- Religious
- [X] Public Benefit
- [ ] Mutual Benefit

In response to your letter of recent date, setting forth the reasons for a request for correction, our records for the corporation will be changed to read:

- [X] Religious
- [ ] Public Benefit
- [ ] Mutual Benefit

This is your official notice of correction of classification and should be kept with your corporate files.

Very truly yours,

Document Processing Division
ARTICLES OF INCORPORATION
OF
HILLSIDE COMMUNITY HOSPITAL OF UKIAH

KNOW ALL MEN BY THESE PRESENTS: That we, the undersigned have this day voluntarily associated ourselves together for the purpose of forming a nonprofit corporation under and pursuant to the laws of the State of California and we do hereby certify:

FIRST: That the name of the corporation shall be HILLSIDE COMMUNITY HOSPITAL OF UKIAH

SECOND: The specific and primary purpose for which this corporation is formed is to establish and operate a hospital or hospitals for the medical and surgical care of the sick, infirm or injured persons. This corporation may engage in any activities necessary, expedient, or incidental to this purpose, provided, however, that any income derived from its activities shall be applied solely for charitable and eleemosynary purposes;

THIRD: The general purposes or powers for which this corporation is formed and shall have are exclusively charitable and are:

1. Construct buildings, purchase, lease, mortgage, encumber, etc. property. Finance, own, alter, improve, equip, maintain and operate for the general public benefit any hospital school, nursing school or associated facility, rest homes or sanitarium and to promote the health of the community through said facilities and through medical surgical, nursing, research, laboratory, radiology facilities, clinics, education and any and all other scientific, technical or medical services.

2. This corporation shall have the power to charge for services rendered in amounts necessary to provide continued operation of the facilities and such charges may be reduced or
eliminated in order to provide complete medical attention to those unable to repay the charges so provided.

3. This corporation shall have the power to and shall serve to advance the standards of the facilities and the medical profession and its education by cooperation with all agencies so engaged. To insure this advancement, only physicians, surgeons and dentists, graduated as doctors of medicine or dentistry from reputable medical and dental schools and licensed by competent authority shall be eligible to membership on the staffs of the facilities and entitled to practice therein. Such membership shall further be conditioned upon adherence of said persons so graduated and licensed to the established ethics of the professions and to the rules and regulations established for the conduct of this corporation.

4. Corporation authorized to receive any gift or bequest and to devote such receipts to the purposes of this corporation and to incur any necessary expense in the securing of such receipts.

5. This corporation shall have the power to own, operate, lease or otherwise acquire or manage any facility for the manufacture, compounding or sale of drugs or medical preparations or the preparation and sale of prepared foods.

6. To enter into, make, perform and carry out contracts of every sort and kind which may be necessary or convenient for the said purposes of this corporation including contracts of suretyship and guaranty with any person, firm, corporation, private, public or municipal, body politic, any state, territory, municipality of the United States or any foreign government, colony or body politic; and

7. To purchase, lease as lessee, take in exchange or otherwise acquire, to receive by gifts, devise or bequest, and to own, hold, develop, operate, sell, assign, transfer, convey, exchange, lease as lessor, mortgage, pledge, donate or otherwise dispose of and number, real and personal property of every class
and description, including shares of stock, bonds and securities of other corporations, and rights and privileges therein.

8. To act as trustee under any trust incidental to the principal objects of this corporation, and to receive, hold, administer, and expend funds and property subject to such trust.

9. To borrow or raise moneys for any of the purposes of this corporation without limit as to amount, and, from time to time, to issue bonds, debentures, notes or other obligations, secured or unsecured, of this corporation for moneys so borrowed, or in payment for property acquired, or for any of the other objects or purposes of this corporation or in connection with its purpose; to secure such bonds, debentures, notes and other obligations by mortgage or mortgages, or deed or deeds of trust, or pledge or other lien upon any or all of the property, rights, privileges or franchises of this corporation, wherever situated, acquired or to be acquired, and to pledge, sell or otherwise dispose of any or all of such bonds, debentures, notes, and other obligations of this corporation for its corporate purposes.

10. For such other charitable purposes as this corporation may see fit, and in that regard to do all acts necessary or expedient for the administration of the affairs and attainment of the purposes of this corporation.

11. The foregoing enumeration of purposes is not exclusive and shall in no way limit the powers of this corporation. The corporation shall have power to do any and all other things not specifically prohibited by law which are necessary, helpful or convenient to the fulfillment of any of its expressed purposes.

FOURTH: This corporation is organized pursuant to the General Nonprofit Corporation Law, part 1 of Division 2 of Title 1 of the Corporations Code, of the State of California.

FIFTH: This corporation is a corporation which does not contemplate nor shall it have the power to make any distribution
of earnings, gains, profits or dividends to any private person
or individual or any member or director of this corporation.

SIXTH: The property of this corporation is irrevocably
dedicated to charitable hospital purposes, and upon liquidation,
repletion or abandonment of the owner, after providing for
the debts and obligations thereof, the remaining assets will
not inure to the benefit of any private person but will be
distributed to a nonprofit fund, foundation or corporation which
is organized and operated exclusively for charitable purposes and
which has established its tax exempt status under Section 501
(c) (3) of the Internal revenue Code.

SEVENTH: The county in the State of California where
the principal office for the transaction of the business of this
corporation is to be located is the County of Mendocino.

EIGHTH: The directors shall be three (3) in number.
The names and addresses of the persons who are appointed to act
as the first directors are:

<table>
<thead>
<tr>
<th>NAME</th>
<th>ADDRESS</th>
</tr>
</thead>
<tbody>
<tr>
<td>NEAL C. WOODS, M.D.</td>
<td>175 Park Street Lakeport, California</td>
</tr>
<tr>
<td>SHIRLEY ANN MUNROE, R.N.</td>
<td>598 Cochran Avenue Ukiah, California</td>
</tr>
<tr>
<td>CARL M.J. AAGAARD, M.D.</td>
<td>1101 West Clay Street Ukiah, California</td>
</tr>
</tbody>
</table>

IN WITNESS WHEREOF, for the purpose of forming this
nonprofit corporation under the laws of the State of California,
we, the undersigned, constituting the incorporators of this
corporation and including all of the persons named herein as the
first directors, have executed these Articles of Incorporation,
this 24th day of January, 1967.

STATE OF CALIFORNIA
COUNTY OF MENDOCINO
On January 24, 1967 before me the undersigned, a Notary Public in and for said County and State, personally
appeared, NEAL C. WOODS, M.D.,
SHIRLEY ANN MUNROE, R.N.,
CARL M.J. AAGAARD,
and acknowledged the execution of the above instrument.
WITNESS my hand and official seal.

(Seal)
BYLAWS
OF
UKIAH ADVENTIST HOSPITAL
(the "Corporation")

Article 1
Principal Office and Purpose

1.1 Office. The principal office for the transaction of the business of the Corporation shall be fixed from time to time by the Corporation's board of directors (the "Board").

1.2 Purpose. The Corporation is a nonprofit religious corporation organized pursuant to the Nonprofit Religious Corporation Law of the State of California (the "Nonprofit Code") and is affiliated with Adventist Health System/West, a California nonprofit religious corporation ("Adventist Health"). The primary purpose of the Corporation is to promote the wholeness of humanity physically, mentally, and spiritually in a manner that is consistent with the philosophy, teachings, and practices of the Seventh-day Adventist Church (the "Church").

Article 2
Membership

2.1 Members. Adventist Health is the sole member of the Corporation, within the meaning of Section 5056 of the California Corporations Code.

2.2 Transfer of Membership. No membership or right arising from membership may be assigned, transferred or encumbered in any manner whatsoever, either voluntarily or involuntarily. Any purported or attempted assignment, transfer or encumbrance of such membership shall be void and shall be grounds for termination of the membership.

2.3 Exercise of Membership Rights. Adventist Health shall exercise its membership rights through its board of directors, which may, by resolution, authorize one or more of its officers to exercise its vote on any matter to come before the membership of the Corporation.

2.4 Action by the Member. The vote, written assent or other action of Adventist Health shall be evidenced by, and the Corporation shall be entitled to rely upon, a certificate of the secretary of Adventist Health stating (a) the actions taken by Adventist Health, (b) that such actions were taken in accordance with the articles of incorporation and bylaws of Adventist Health, and (c) the authorization of Adventist Health for such certification. Requests for action by Adventist Health may be made through the chair of Adventist Health's board of directors or such other person as Adventist Health's board of directors shall designate in writing.

2.5 Place of Meetings. Meetings (whether regular or special) of Adventist Health, as member of the Corporation, shall be held at the principal office of Adventist Health, or at such other place designated by the Corporation's Board, which location will be stated in the notice of the meeting.

1 The Corporation also does business as Ukiah Valley Medical Center.
2.6 Regular Meeting. The regular meeting of Adventist Health, as member of the Corporation, shall be held annually within one-hundred-twenty (120) days after the close of the fiscal year or at such time as the Board determines. The regular meeting shall be held for the purpose of transacting business as may come before the meeting.

2.7 Special Meetings. Special meetings of Adventist Health, as member of the Corporation, for any purpose or purposes, may be called upon request of the chair of the Board or by Adventist Health.

2.8 Notice of Meeting. Notice of a time and place for a regular or special meeting shall be delivered not less than fifteen (15) nor more than sixty (60) days before the date of the meeting:
(a) personally to Adventist Health; (b) via electronic transmission; or (c) sent by first-class, registered or certified mail to the address of Adventist Health, as it appears on the Corporation's records. Notices of special meetings shall state the general nature of the business to be transacted. Adventist Health must consent in writing to receipt of notice by electronic transmission, as provided in Section 9.3.

2.9 Action by Written Ballot. Any action may be taken without a meeting if a written or electronic ballot is distributed to Adventist Health, setting forth the proposed action, providing an opportunity for Adventist Health to specify approval or disapproval of any proposal, and providing a reasonable period of time within which to return the ballot to the Corporation. The written and/or electronic ballot shall be filed with the secretary of the Corporation and maintained in the corporate records. Except for the election of directors, any action that may be taken at a membership meeting may also be taken by written ballot without a meeting.

2.10 Liabilities of Members. There shall be no membership fees, dues or assessments. No person who is now or later becomes a member of the Corporation shall be personally liable to its creditors for any indebtedness or liability and any or all creditors of the Corporation shall look only to the assets of the Corporation for payment.

Article 3
Board of Directors

3.1 Powers. The Board shall control and generally manage the business of the Corporation and exercise all of the powers, rights and privileges permitted to be exercised by directors of nonprofit religious corporations under the Nonprofit Code, except as limited by the Corporation's articles of incorporation and these bylaws. All corporate powers of the Corporation shall be exercised by or under the authority of the Board.

3.2 Number, Qualifications, and Selection. Each individual who is a director of the board of Adventist Health shall automatically be a director of the Corporation's Board, and shall serve as a director until such time as that person is no longer a director of Adventist Health.

3.3 Quorum. A majority of the directors of the Board shall constitute a quorum for the transaction of business. Except as otherwise required by law, the articles of incorporation, or these bylaws, the directors present at a duly called or held Board meeting at which a quorum is present may continue to transact business until adjournment, even if enough directors have withdrawn to leave less than a quorum, if any action taken (other than adjournment) is approved by at least a majority of the directors required to constitute a quorum. If less than a quorum is
present at a regular meeting, any resulting actions shall be subject to the ratification of the Board at the next meeting in which a quorum is present.

3.4 Term of Office. The term of office of each director serving on the Board of the Corporation shall be the same as that which the director serves on the Adventist Health board.

3.5 Vacancies. If the director resigns or is removed from the Board, such position shall remain vacant until such time as a new or additional director is appointed to the Adventist Health board.

3.6 Place of Meeting. Meetings of the Board shall be held at the principal office of the Corporation or at any place within or without the state that has been designated by the chair or president or by resolution of the Board. Any Board meeting may be held by conference telephone, video screen communication, or electronic transmission. Participation in a meeting under this Section shall constitute presence in person at the meeting if both the following apply: (a) each director participating in the meeting can communicate concurrently with all other directors; and (b) each director is provided the means of participating in all matters before the Board, including the capacity to propose, or to interpose an objection to, a specific action to be taken by the Corporation.

3.7 Regular Meetings; Special Meetings. A regular meeting of the Board shall be held at least once each year at such time as the Board may fix by resolution. Regular meetings of the Board shall consist of those meetings reflected on the Corporation's annual calendar. Special meetings of the Board for any purpose or purposes may be called at any time by the president or chair.

3.8 Meeting Notices; Waiver. Written notice of the time and place of meetings (regular or special) shall be delivered to each director or sent to each director by mail or by other form of written communication, or by electronic transmission by the Corporation (as defined in Section 9.3), charges prepaid, addressed to the director at that director's address as it is shown on the records of the Corporation. The notice shall be sent (a) for regular Board meetings, at least fifteen (15) days, but not more than forty-five (45) days, before the time of the holding of the meeting; and (b) for special meetings, at least four (4) days before the time of the meeting, if notice is sent by mail, and at least forty-eight (48) hours before the time of the meeting, if notice is delivered personally, telephonically or by electronic transmission. Each director must consent in writing to receipt of notice by electronic transmission, as provided in Section 9.3. The meeting of the Board, however called and noticed and wherever held, shall be as valid as though the meeting had been held after a proper call and notice if a quorum is present and if, either before or after the meeting, each of the directors not present signs a written waiver of notice of consent to hold the meeting or an approval of the minutes. All waivers, consents or approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

3.9 Voting; Action without a Meeting. Each director shall have one vote on each matter presented to the Board for action. No director may vote by proxy. Any action by the Board may be taken without a meeting if all directors, individually or collectively, consent in writing or by electronic transmission to the action. Such written consent shall be filed with the minutes of the proceedings of the Board.

3.10 Resignation and Removal. Except as provided below, any director may resign by giving written notice to the chair or to the president. The resignation shall be effective when the notice is given unless it specifies a later time for the resignation to become effective. No director may
resign when the Corporation would be left without a duly elected director. A director may resign by giving notice of resignation to the chair of the Board and may be removed from office by Adventist Health.

3.11 Compensation. Directors shall receive no compensation for their services as directors although directors may be full-time employees of the Corporation, one of its affiliated corporations or the Church.

3.12 Conflicts of Interest. Upon election to the Board and annually, each director shall sign a conflict of interest form, certifying that the director has read, understood and is in complete compliance with, and agrees to continue to comply with, the Board’s conflict of interest policy.

Article 4
Committees

4.1 Board Committees. The Board may appoint standing or special Board committees consisting exclusively of directors, to serve at the pleasure of the Board. The Board may delegate to such committees any of the powers and authority of the Board, except that the Board may not delegate the following powers:

(a) To take any final action on matters that, under the Nonprofit Code or these bylaws, also require Adventist Health’s approval;

(b) To fill vacancies on the Board or in any committee;

(c) To fix any compensation of the directors for serving on the Board or any committee;

(d) To amend or repeal these bylaws or adopt new bylaws;

(e) To amend or repeal any resolution of the Board that by its express terms is not so amendable or repealable; and

(f) To appoint committees of the Board or committee members.

4.2 Advisory Committees. The Board may establish one or more advisory committees, consisting of directors, nondirectors or both. Except to the extent provided in Subsection 9210(b) of the Nonprofit Code, advisory committees may not exercise any authority of the Board, but shall be limited to making recommendations to the Board and to implementing Board decisions and policies.

4.3 Committee Chairs. A Board committee chair must be a director of the Board, and an advisory committee chair must be an officer of Adventist Health or a director of the Board. All chairs shall be appointed by the Board and shall serve until they no longer are qualified to serve as chairs, until they are removed or resign as chairs, or until their committees are terminated.

4.4 Meetings and Actions. Meetings and actions of committees shall be governed by, held, and taken under the provisions of these bylaws concerning Board meetings, except that the time for general meetings and the calling of special meetings may be set either by Board resolution or, if none, by the committee chair or by resolution of the committee. No act of a committee shall be valid unless approved by the vote of a majority of its committee members with a quorum present.
Committees shall keep regular minutes of proceedings and report the same to the Board, and the minutes will be filed with the Corporation's records.

4.5 **Removal.** The Board may remove at any time, with or without cause, a member or members of any committee.

4.6 **Medical Staff.** Any Board committee that deliberates issues of medical staff responsibilities shall include medical staff members.

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**Article 5**

**Officers**

5.1 **Officers.** The officers of the Corporation shall be a chair of the Board, a vice chair of the Board, a president, a secretary, a chief financial officer (who may also be referred to as treasurer) and any other person designated as an officer by the Board. Any person may hold more than one office, except that neither the chair nor president may serve concurrently as the secretary or chief financial officer. Only directors of the Corporation may serve as chair or vice chair of the Board. Other than the executive vice president (if any), in no event shall the title of vice president of the Corporation make a person an officer within the meaning of the Nonprofit Code or these bylaws unless designated by the Board.

5.2 **Election of Officers.** Any executive vice presidents shall be appointed by the president. The secretary and chief financial officer of the Corporation shall be elected by and serve at the pleasure of the Board, and each shall hold that office until that officer resigns, or is removed, or is otherwise disqualified to serve, or until that officer's successor is appointed.

5.3 **Chair of the Board.** The chair of the Board shall be the chief executive officer of Adventist Health or the chief executive officer's designee, who shall preside at the meetings of the Board. The chair shall call regular and special meetings of the Board in accordance with these bylaws.

5.4 **Vice Chair of the Board.** The vice chair of the Board shall be the president of Adventist Health. In the absence of the chair of the Board, the vice chair or another designee of the chair shall preside at the meetings of the Board.

5.5 **President.** The president shall, in order to qualify for office, be and remain an employee of Adventist Health. The Board chair shall appoint the president. The president may be the chief executive officer of the Corporation, if designated by the Board chair. Subject to the control of the Board, the president shall have general supervision of the business of the Corporation and shall have such other powers and duties usually vested in such an office. The responsibilities of the president shall include:

(a) Carrying out all policies and procedures established by the Board consistent with the philosophy, teachings, and practices of the Church;

(b) Development of a plan of organization of the personnel and others concerned with the operation of the Corporation's hospital;

(c) Preparation of an annual operating capital expenditure and cash flow budget showing the expected receipts and expenditures and such other information as is required by the Board, and submission of such budgets to the Board for approval;
(d) Selection, employment, control, and discharge of all employees and development and maintenance of personnel policies and practices for the Corporation's hospital;

(e) Maintenance of physical properties in a good state of repair and operating condition;

(f) Supervision of business affairs to ensure that funds are collected and expended to the best possible advantage and within the provision of the annual budgets;

(g) Cooperation with the medical staff and with all those concerned with rendering of professional service to the end that high quality care may be rendered to the patients consistent with the policies set forth by the Board;

(h) Presentation to the Board or to its authorized committees of periodic reports reflecting the professional service and financial activities of the Corporation's hospital as prescribed by corporate administrative policies, and preparation and submission of such special reports as may be required by the Board;

(i) Reporting all activities and recommendations of the medical staff to the Governing Board;

(j) Execution of the contracts authorized by the Board, or a Board committee, except as is otherwise provided by these bylaws and subject further to the limitations of authority delegated by the Board;

(k) Performance of other duties assigned by the Board that may be necessary in the best interest of the Corporation's hospital;

(l) Designation of a qualified individual who shall be responsible to the president in matters of administration and shall represent the president during the president's absence; and

(m) Establishing goals and objectives for the Corporation, which shall include a long-range strategic plan.

The president of the Corporation will be formally reviewed based upon performance criteria presented to the president. The review will be conducted by the chair of the Governing Board.

5.6 Executive Vice President. Executive vice presidents, if any, shall have such powers and duties as the Board or the bylaws may provide. During the absence of the president, and in the absence of a designation under Subsection 5.5(l), any executive vice president may act in the place and the stead of the president.

5.7 Secretary. The secretary shall keep, or cause to be kept, the records of the Corporation, including a record of the proceedings of the Corporation, and shall perform all of the duties usually incident to the office of secretary. The secretary shall have such other powers and duties as the Board or the bylaws may require.

5.8 Chief Financial Officer. The chief financial officer shall keep, or cause to be kept, correct books and accounts of the Corporation's properties and transactions. The chief financial officer shall perform all the duties pertaining to the office of chief financial officer and shall have such
other powers and duties as the Board or these bylaws may require. During the unavailability or
incapacity of the president and any executive vice president, and in the absence of a designation
under Subsection 5.5(1), the chief financial officer will act in the place and stead of the president.

5.9 Assistant Secretaries. The chief financial officer shall be an assistant secretary and
there shall be such other assistant secretaries as may be designated by the Board, any one of
whom shall perform the duties of the secretary in the absence of the secretary.

5.10 Assistant Chief Financial Officers. There shall be such assistant chief financial officers
(who may also be referred to as assistant treasurers) as may be designated by the Board, any of
whom shall perform the duties of the chief financial officer in the absence of the chief financial
officer.

Article 6
Governing Board

6.1 Appointment of Governing Board. The Board shall appoint the members of a
committee called the "Governing Board," with each appointment for a two-year term, and
approximately one-half of the members of the Governing Board appointed every year. The
Governing Board shall consist of from nine (9) to twenty-one (21) members, depending upon the
size and needs of the Corporation, as determined by the Board. The Board may at any time, in
its sole discretion, remove or replace a Governing Board member or revoke any or all of the
Governing Board's delegated authority.

6.2 Nominating Committee. The Governing Board shall appoint a nominating committee
pursuant to its bylaws, which shall make nominations to the Board for the Board to consider in
appointing Governing Board members.

6.3 Bylaws. The Governing Board shall have its own bylaws, which shall be adopted and
may be amended by the Board, in its sole discretion, including any amendments necessary to
conform to these bylaws. The Governing Board shall comply with its bylaws and the resolutions
of the Board.

6.4 Qualifications for Members of the Governing Board. Each member of the Governing
Board:

(a) Shall be more than twenty-one (21) years of age;

(b) Shall have an interest in health care matters; and

(c) Must support the goals, objectives, and philosophies of the Church.

6.5 Delegated Powers to the Governing Board. The Governing Board bylaws shall specify
the exact functions of the Governing Board, consistent with these bylaws. Subject to the Board's
ultimate oversight and authority to take action, the Board delegates the following responsibilities
to the Governing Board:

(a) Providing institutional planning to meet the health care needs for the community
the Corporation's hospital serves;
Determining that the Corporation's hospital, its employees and the appointees of the medical staff will conduct their activities so as to conform with the requirements and principles of all applicable laws and regulations, including the Health Care Quality Improvement Act;

Overseeing and supervising the medical staff of the Corporation's hospital, which includes approving the medical staff bylaws and rules and regulations, and assuring that the medical staff establishes mechanisms to achieve and maintain high quality medical practice and patient care;

Establishing and approving policies and procedures for those functions of the Corporation's hospital that have been delegated to the Governing Board;

Assuring a safe environment within the Corporation's hospital for employees, medical staff, patients, and visitors; and

Organizing itself effectively so that it establishes and follows the policies and procedures necessary to discharge its responsibilities and adopt rules and regulations in accordance with legal requirements.

Article 7
Indemnification

7.1 Advancement of Expenses. To the fullest extent permitted by law and except as otherwise determined by the Board in a specific instance (and in the Board's sole and absolute discretion), expenses incurred by an agent (defined below) seeking indemnification under this Article of these bylaws in defending any proceeding covered by this Article shall be advanced by the Corporation before final disposition of the proceeding, on receipt by the Corporation of an undertaking by or on behalf of that person that the advance will be repaid unless it is ultimately found that the person is entitled to be indemnified by the Corporation for those expenses. The Board must approve any advance made to the president under this section, prior to such advance being paid to the president. For purposes of this article, an "agent" shall have the meaning established in the Nonprofit Code applicable to the Corporation.

7.2 Indemnification upon Successful Defense. If an agent of the Corporation is successful on the merits in defense of any proceeding, claim or other contested matter brought against the agent in connection with the agent's actions or omissions in relation to the Corporation, the Corporation shall indemnify the agent against that agent's actual and reasonable expenses incurred in the defense against such proceeding or claim.

7.3 Indemnification upon Unsuccessful Defense.

(a) Mandatory Indemnification. To the maximum extent permitted by law, the Corporation shall indemnify each of its present and former (1) directors, (2) officers, (3) persons who are or were regularly invited for six (6) consecutive months or more to attend and participate at Board meetings or Board committee meetings, and (4) persons identified in a duly approved Board resolution as qualifying for this mandatory indemnification (each of whom is an "indemnitee") against expenses (collectively, "payments") actually and reasonably incurred by such indemnitee in connection with defending that indemnitee against an action or proceeding. An employee of the Corporation shall indemnify each of its present and former directors and officers against expenses (collectively, "payments") actually and reasonably incurred by such directors and officers in connection with defending that indemnitee against an action or proceeding. An employee of the Corporation shall indemnify each of its present and former directors and officers against expenses (collectively, "payments") actually and reasonably incurred by such indemnitee in connection with defending that indemnitee against an action or proceeding. An employee of the Corporation shall indemnify each of its present and former directors and officers against expenses (collectively, "payments") actually and reasonably incurred by such indemnitee in connection with defending that indemnitee against an action or proceeding. An employee of the Corporation shall indemnify each of its present and former directors and officers against expenses (collectively, "payments") actually and reasonably incurred by such indemnitee in connection with defending that indemnitee against an action or proceeding. 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Corporation may be an indemnitee if that employee meets one or more of the definitions of indemnitee set forth above. Notwithstanding the above, mandatory indemnification shall be given to a potential indemnitee only if all of the following apply:

1. The potential indemnitee was not a director, officer or other person who was removed from one or more of their positions with the Corporation;

2. The action or proceeding against the indemnitee is based on or relates to an action or inaction taken by the indemnitee on behalf of the Corporation and within the scope of the indemnitee's role or relationship with the Corporation;

3. The Board (excluding vacancies and directors who have a conflict of interest) has made all findings required by the Nonprofit Code (the indemnitee shall not be eligible to receive this mandatory indemnification if such findings are not made by the Board); and

4. The potential indemnitee has not procured any illegal profit, remuneration or advantage, as determined by the Board in its sole discretion.

If a person does not qualify for this mandatory indemnification, such person might still receive discretionary indemnification as outlined below.

(b) Discretionary Indemnification. To the maximum extent permitted by law, the Board may in its sole discretion, by a majority vote (excluding vacancies and directors with a conflict of interest), indemnify an agent (including former directors who were removed by the Board, employees or agents identified by the Board as acting on behalf of the Corporation or Adventist Health and not entitled to mandatory indemnification) (each of which is a "recipient") against any or all of the expenses, judgments, fines, settlements or other amounts actually and reasonably incurred by such recipient in connection with an action or proceeding against the recipient, subject to the following:

1. The action or proceeding against the recipient must be based on or relate to an action or inaction taken by the recipient on behalf of the Corporation and within the scope of the recipient's role or relationship with the Corporation;

2. The Board (excluding vacancies and directors who have a conflict of interest) must have made all findings required by the Nonprofit Code (the recipient shall not be eligible to receive this discretionary indemnification if such findings are not made); and

3. Indemnification is not available if the recipient is found to have procured illegal profit, remuneration or advantage.
### Article 8
#### Legal Instruments

#### 8.1 Execution of Legal Documents.

(a) The president and any other officer of the Corporation shall sign any deeds or mortgages or other legal documents for real estate transactions under authority given them by the Board (either by resolution specific to a transaction or by a general resolution authorizing such persons to enter into certain types of real estate transactions). The Board may also authorize other persons or officers to execute the documents described in this Subsection.

(b) The president or any executive vice president and the secretary or such other officers as the Board may select for that purpose are authorized to vote, represent and exercise on behalf of the Corporation all rights incident to any and all voting securities of any other corporation or corporations standing on the name of the Corporation. The authority granted by these bylaws to the officers to vote or represent the Corporation arising from any voting securities held by the Corporation and any other corporation or corporations may be exercised by the officers in person or by any person authorized to do so by proxy or power of attorney duly executed by the officers.

(c) With respect to all contracts, transactions or arrangements other than those described in Subsections 8.1(a) or 8.1(b), the president or chief financial officer may execute, and the Board may authorize specific other persons or officers to execute, the appropriate agreements and other documents related to such transactions or arrangements. The president or chief financial officer may sign individually. Any Board resolution authorizing other persons or officers to execute documents shall specify whether one person may sign the appropriate documents or whether two signatures are required under specified circumstances.

#### 8.2 Seal.

The Corporation may have a corporate seal, and the same shall have inscribed thereon the name of the Corporation, the date of its incorporation and the state of its incorporation.

### Article 9
#### General Provisions

#### 9.1 Auditor.

The books of the Corporation shall be reviewed annually by an auditor selected by Adventist Health.

#### 9.2 Amendment of Bylaws.

The bylaws may only be amended or repealed and new bylaws adopted by Adventist Health. The Board shall review the bylaws of the Corporation annually and shall recommend any necessary revisions.

#### 9.3 Electronic Transmission.

(a) "Electronic transmission by the Corporation" means a communication (1) delivered by (A) facsimile telecommunication or electronic mail when directed to the facsimile number or electronic mail address for that recipient on record with the Corporation; (B) posting on an electronic message board or network that the Corporation has designated for those communications, together with a separate notice to the recipient,
which transmission shall be considered delivered upon the later of the posting or delivery
of the separate notice thereof; or (C) other means of electronic communication; (2) to a
recipient who has provided an unrevoked consent to the use of those means of
transmission for communications pursuant to the Nonprofit Code; and (3) that creates a
record that is capable of retention, retrieval, and review, and that may thereafter be
rendered into clearly legible tangible form.

(b) An electronic transmission to an individual member of the Corporation who is a
natural person, or to a director, must be preceded by or include a clear written statement
to the recipient as to (1) any right of the recipient to have the record provided or made
available on paper or in nonelectronic form; (2) whether the consent applies only to that
transmission, to specified categories of communications, or to all communications from
the Corporation; and (3) the procedures the recipient must use to withdraw consent.

(c) “Electronic transmission to the Corporation” means a communication
(1) delivered by (A) facsimile telecommunication or electronic mail when directed to the
facsimile number or electronic mail address that the Corporation has provided to members
or directors for communications; (B) posting on an electronic message board or network
that the Corporation has designated for those communications, which transmission shall
be considered delivered upon posting; or (C) other means of electronic communication;
(2) as to which the Corporation has placed in effect reasonable measures to verify that the
sender is the member or director purporting to send the transmission; and (3) that creates
a record that is capable of retention, retrieval, and review, and that may thereafter be
rendered into clearly legible tangible form.

(d) “Electronic transmission” means any combination of electronic transmission by
or to the Corporation.
Bylaws Certificate

I, Meredith Jobe, hereby certify that I am the Secretary of Ukiah Adventist Hospital, a California nonprofit religious corporation (the “Corporation”), and that the foregoing bylaws are a true and correct copy of the bylaws of the Corporation as duly adopted on October 18, 2016, by the vote of the Adventist Health System/West board, acting as the sole member of the Corporation.

Date: January 30, 2017

UKIAH ADVENTIST HOSPITAL

By:  

[Signature]

Meredith Jobe, Secretary
Title 11, Cal. Admin. Code, § 999.5(d)(4)(B)

Applicant’s Plan for Use of Net Proceeds

The proposed transaction will not involve any sale, transfer, merger or other disposition of any of the assets of the Applicant. Accordingly, there will be no net proceeds as result of the proposed transaction.