

**RESOLUTION NO. 2020-07**

**RESOLUTION OF THE PETALUMA HEALTH CARE DISTRICT BOARD OF DIRECTORS RATIFYING THE APPROVAL OF THE ASSET PURCHASE AGREEMENT AND RELATED TRANSACTION DOCUMENTS**

**WHEREAS**, the Petaluma Health Care District (the "**District**") owns the real property on which the Petaluma Valley Hospital, an 80-bed acute care hospital facility is located at 400 N. McDowell Blvd in Petaluma; and

**WHEREAS**, SRM Alliance Hospital Services ("**SRM**"), an affiliate of Providence St. Joseph Health ("**PSJH**"), is in the process of surrendering to the District the operations, facilities, real and personal property, business and goodwill of the Petaluma Valley Hospital (collectively, the "**Hospital**") following its lease of the Hospital from the District; and

**WHEREAS**, the District desires to sell the real and personal property associated with the Hospital to a financially strong health care operator with significant background and experience in operating facilities similar to the Hospital to further the District's mission and assure that quality health care services will continue to be provided to the residents of the communities served by the District; and

**WHEREAS**, pursuant to the terms approved by the Board in its Resolution No. 2020-04, on August 6, 2020, the District and NorCal Health Connect, a California limited liability company secular affiliate of PSJH, approved a term sheet, a copy of which is attached hereto as Exhibit A ("**Term Sheet**"), describing the terms of a proposed sale of the Hospital whereby NorCal HealthConnect would purchase the Hospital for a purchase price of \$52,600,000 and operate on the premises a general acute care hospital and provide emergency and acute care services at the Hospital for a minimum of twenty (20) years ("**Transaction**"); and

**WHEREAS**, following the approval of the Term Sheet, the District and NorCal HealthConnect developed a set of definitive documents memorializing the details of the sale transaction for the Hospital that will assure continuing emergency medical services, acute hospital inpatient services, outpatient services, and substantial investments to meet the needs of the residents of the communities served by the District; and

**WHEREAS**, the "**Transaction Documents**" presented to the District Board along herewith are substantially complete and include an Asset Purchase Agreement, General Assignment, Bill of Sale and Assumption of Liabilities, Grant Deed and Guaranty, copies of which are attached hereto as Exhibit B, Exhibit C, Exhibit D and Exhibit E, respectively; and

**WHEREAS**, the District has obtained an opinion dated August 7, 2020, from VMG Health, an independent consultant with expertise in methods of appraisal and valuation, in accordance with applicable governmental and industry standards for appraisal and valuation, that confirms that the transfer set forth in the Transaction Documents includes fair and reasonable consideration to be received by the District for the transferred assets, and such determination

constitutes fair market value in accordance with the requirements of Section 32121(p)(l) of the California Health and Safety Code; and

**WHEREAS**, as a condition precedent to the purchase and sale of the Hospital, a majority of the District's voters voting on a ballot measure must approve the transfer and sale;

**WHEREAS**, the District Board finds the transactions contemplated by the Transaction Documents are necessary to provide for the continued maintenance and operation of the District's health care facilities, services and programs, thereby assuring availability to residents of the communities served by the District of local emergency and hospital services, and has determined it to be in the public interest, in the best interests of the District, and in the best interests of the communities served by the District, and in furtherance of the purposes of the District, that the District consummate the transactions contemplated by the Transaction Documents, including the Asset Purchase Agreement; and

WHEREAS, the District Board approved the Transaction Documents at its meeting on October 28, 2020;

The Board of Directors of the Petaluma Health Care District does hereby further resolve as follows:

1. Ratifies the authorization and approval of the District's entry into the Transaction.
2. That all the determinations, findings, and conclusions of the District Board described above are hereby severally ratified, confirmed, approved and adopted in all respects.
3. That the approval of the form, terms and provisions of the Transaction Documents are hereby ratified in substantially the forms presented to the District Board herewith.
4. That the approval of the execution, delivery and, subject to first obtaining the voter approval described above, performance by the District of the Transaction Documents and such other ancillary agreements and documents that the District or its President or Chief Executive Officer (each an "**Authorized Representative**") may deem to be necessary or appropriate to consummate the transactions contemplated thereby are hereby ratified in all respects.
5. That the Authorized Representatives and each of them, acting alone, be and hereby is, authorized, empowered, ratified and directed for and on behalf of, and in the name of, the District, to execute, deliver and, subject to first obtaining the voter approval described above, perform the transactions contemplated by the Transaction Documents if the final versions are in substantially the same form as attached herewith, and such further instruments, documents, certificates and filings, with such changes in the terms and provisions thereof as such Authorized Representative shall deem necessary or appropriate, and to do and perform such acts and such deeds as such Authorized Representative deems necessary or appropriate to effectuate the purposes and intents of this resolution.
6. That all prior actions taken by the Authorized Representatives with respect to the

Transaction and the preparation and negotiation of the Transaction Documents, or otherwise in connection with the transactions contemplated thereby, be, and each of them hereby is, authorized, ratified and approved.

7. That any Authorized Representative be and hereby is authorized and empowered to execute and deliver any and all documents and instruments, and to take any and all actions, with the advice of counsel, as may be deemed necessary or appropriate in such Authorized Representative's opinion, to carry into effect the intent and purposes of the foregoing resolutions, and any such action by such Authorized Representative be and hereby is ratified.

The foregoing Resolutions were adopted by the Board of Directors of the Petaluma Health Care District at a special meeting held on November 19, 2020 by the following vote:

**AYES:**

**NOES:**

**ABSTAIN:**

**ABSENT:**

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Elece Hempel  
President, Board of Directors  
Petaluma Health Care District

November 19, 2020

**EXHIBIT A**

TERM SHEET

November 19, 2020

**EXHIBIT B**

ASSET PURCHASE AGREEMENT

November 19, 2020

**EXHIBIT C**

BILL OF SALE AND ASSUMPTION OF LIABILITIES

**EXHIBIT C**  
GRANT DEED

**EXHIBIT D**

GUARANTY



