

***Eden Township Hospital District
Board of Directors***

Resolution No. 364

**Resolution to Approve Transitional Members of the
Board of Directors of Eden Medical Center
and to Extend the Closing Date of the Transactions
Contemplated Under the Memorandum of Understanding
Between Eden Township Hospital District,
Sutter Health and Eden Medical Center**

#27

WHEREAS, on June 11, 1997, this Board approved the First Amended Memorandum of Understanding ("MOU") between Eden Township Hospital District ("District"), Sutter Health ("Sutter") and NewCo, now known as Eden Medical Center ("NewCo") (collectively, the "Parties");

WHEREAS, Section 5.1.2 of the MOU provides that, upon closing of the transaction contemplated by the MOU, five of the eleven members of the NewCo Board of Directors shall be appointed by Sutter, provided, however, that Sutter's appointment of the initial five directors shall be subject to ratification by the District;

WHEREAS, the Parties recognize that at the time of the closing of the transaction contemplated in the MOU, Sutter shall not yet have selected the five initial directors who will serve full two-year terms of office provided for in the NewCo Bylaws ("Sutter Directors");

WHEREAS, Sutter has proposed five individuals to serve as transitional directors ("Transitional Directors") until the Sutter Directors are selected, which the parties anticipate should occur on or before January 31, 1998;

WHEREAS, the Parties intend that the District shall have the right to approve both the Transitional Directors and the Sutter Directors;

WHEREAS, the First Amended MOU also provided that the closing of the transaction contemplated under the MOU would occur no later than July 1, 1997;

WHEREAS, the Parties later agreed, by letter dated July 17, 1997 to extend the closing date to the latter of January 1, 1998 or ninety (90) days following the final judgment in a validation action;

WHEREAS, the final judgment in the validation action was issued on September 29, 1997;

WHEREAS, the District now finds it necessary and appropriate to extend the Closing Date to no later than January 31, 1998.

NOW, THEREFORE, BE IT RESOLVED:

1. That, contingent upon an agreement by Sutter that the District shall have the right to subsequently approve the Sutter Directors, the District hereby approves of the following individuals as Transitional Directors of the Board of Directors of Eden Medical Center:

Albert C. Greene
Gordon Hunt, M.D.
Gary F. Lovridge
Robert L. Montgomery
Robert D. Reed

2. That the Board the Directors authorizes the Chairman and Chief Executive Officer, or any one of them, on behalf of District, to extend the Closing Date provided for under the MOU to no later than January 31, 1998.

This Resolution was passed and adopted at the regular meeting of the Board of Directors of the Eden Township Hospital District held on December 17, 1997, by the following vote:

Ayes:	4
Noes:	0
Absent:	1



Frank Ivica, Chair
Board of Directors

Attest:

Susan Muunder, Secretary
Board of Directors

***Eden Township Hospital District
Board of Directors***

Resolution No. 359

**Resolution to approve First Amended
Memorandum of Understanding Between
Eden Township Hospital District and
Sutter Health**

WHEREAS, in response to a Request For Proposals authorized by the Board of Directors on August 16, 1995, proposals for affiliation were received from Catholic Healthcare West, Columbia/HCA, Summit Medical Center, Sutter Health, and Tenet Healthcare on or before August 1, 1996; and

WHEREAS, this Board actively solicited and received comments from the public at public hearings held throughout the District and during numerous meetings of the Board regarding the respective advantages of the various affiliation proposals; and

WHEREAS, this Board on December 18, 1996, elected to affiliate with Sutter/CHS, a California non-profit corporation, and authorized and directed the Chief Executive Officer to execute a Letter of Intent in accordance with terms agreed to by the District and Sutter Health; and

WHEREAS, the Board, on April 16, 1997, approved a Memorandum of Understanding ("MOU") between Eden Township Hospital District, Sutter Health and Eden Medical Center under which the District and Sutter Health agreed to the definitive terms for transfer of certain Hospital District assets to a new non-profit, public benefit corporation to operate and maintain Eden Medical Center; and

WHEREAS, subdivision (p) of California Health and Safety Code section 32121 specifies that before the District may transfer fifty percent (50%) or more of the District's assets to one or more non-profit corporations, the elected Board shall, by resolution, submit to the voters of the District a measure proposing the transfer.

WHEREAS, on April 22, 1997, a special mail ballot election was duly held in the District, in which the action of this Board in affiliating with Sutter Health was approved by the voters; and

WHEREAS, on May 8, 1997, the Board of Directors of Sutter Health approved the Memorandum of Understanding, subject to the additional requirement that the MOU, and all acts contemplated thereby and obligations arising thereunder, are determined to be valid, legal and enforceable by a court of law through the institution by the District of a validation action authorized pursuant to California Code of Civil Procedure §860 ("First Amended Memorandum of Understanding"); and

WHEREAS, the Board finds that the transactions contemplated by the Memorandum of Understanding are for the benefit of the communities served by the District and are necessary to ensure continued access to high quality local health care services, including emergency services.

NOW, THEREFORE, BE IT RESOLVED:

1. That the Board of Directors authorizes the Chairman and Chief Executive Officer, or any of them, on behalf of the District, to execute, deliver and perform the First Amended Memorandum of Understanding, and to take additional actions and to execute and deliver such other agreements, instruments, or documents, including but not limited to certificates of the District or its officers, as any such officer(s), with the advice of counsel, may deem necessary or appropriate to consummate or effectuate the transactions described in the First Amended MOU, subject to the terms of Paragraph 2 herein below.

2. Notwithstanding the authorization herein conferred under Paragraph 1, no final closing of the transaction contemplated by the First Amended MOU shall be authorized until the District Board of Directors shall have separately reviewed and approved the Exhibits described in the MOU, including the Bylaws of Eden Medical Center (Exhibits 5.1b).

This Resolution was passed and adopted at the regular meeting of the Board of Directors of the Eden Township Hospital District held on June 11, 1997 by the following vote:

Ayes:	<u>5</u>
Noes:	<u>0</u>
Absent:	<u>0</u>


 Frank Ivica, Chair
 Board of Directors

Attest:


 Susan Maunder, Secretary
 Board of Directors