

Sect. 999.5(d)(2)(C)

A description of the methods used by the applicant to determine the market value of any assets involved in the proposed agreement or transaction. This description shall include a description of the efforts made by the applicant to sell or transfer each health facility or facility that provides similar health care services that is the subject of the proposed agreement or transaction.

As discussed in the preceding section, because the Applicant did not consider any transaction other than a member substitution transaction with a large, multi-hospital nonprofit system, in which no consideration would change hands, the Applicant did not undertake any analysis of the value of its assets in connection with the proposed transactions. The discussion that follows is a description of the efforts the Applicant made to find and select the substituted member.

As discussed in response to Section 999.5(d)(1)(C), the Applicant's board authorized and directed its senior officers to undertake a strategic planning process at a board meeting held December 11, 2017. Pursuant to that direction, the Applicant's senior officers engaged the advisory firm of Kaufman, Hall and Associates ("**Kaufman Hall**") to assist in that process. Following meetings among the senior officers, the corporate member, Kaufman Hall and the Applicant's legal counsel, it was determined that the Applicant should pursue an affiliation with a large, multi-hospital nonprofit system. On further review of the Applicant's objectives and goals as well as the market and the potential system affiliates, it was determined that there were two systems that would present the best potential affiliates, namely, Adventist Health and Dignity Health.

Based on the Applicant's objectives and goals, Kaufman Hall, working with the senior officers, developed a request for indications of interest, which was sent to each of Adventist Health and Dignity Health on March 5, 2018. Responses were received from both Dignity Health and from Adventist Health, both on April 18, 2018. Kaufman Hall then prepared a summary of the two responses to facilitate a comparison and selection process. The senior officers, working with Kaufman Hall and outside legal counsel, reviewed the summary of responses, ultimately leading to the decision to seek an affiliation with Adventist Health. Following notice of such action to Adventist Health, the Applicants submitted a draft letter of intent to Adventist Health, which, following negotiation with Adventist Health, was executed as of August 21, 2018. (Copies of all the above documents are attached in response to Section 999.5(d)(2)(D).)