

Sect. 999.5(d)(3)(C)

*A statement describing how the board of directors of the nonprofit corporations involved in the transaction are complying with the provisions of Health and Safety Code sections 1260 and 1260.1*

Given that Adventist Health is a nonprofit religious corporation and not a nonprofit mutual benefit corporation or entity or for-profit corporation or entity, only Health and Safety Code Section 1260.1 and not Health and Safety Code Section 1260 is applicable.

The only director of the Applicant who was involved in the negotiation of the terms and conditions of the affiliation was William Noble, who served as the Applicant's Chair and CEO. Mr. Noble was joined in such negotiations by Kaufman Hall and legal counsel, who shared direct responsibility for negotiating the specific terms and conditions of the affiliation arrangement, reporting back to and receiving additional guidance from Mr. Noble as negotiations progressed. Mr. Noble will be retiring upon the close of the proposed affiliation, and will not be taking any position with or receiving any remuneration from Adventist Health.

Although Mr. Noble holds the title of "Chief Executive Officer," Mr. Noble is not an employee of the Applicant, but functions primarily in the role of a board Chair. The Applicant's President, Bahram Ghaffari, serves as the Applicant's day-to-day manager. Mr. Ghaffari was involved only peripherally in the negotiation of the terms and conditions of the Affiliation, primarily with respect to the terms and conditions of the post-closing development of an obstetrics unit. Mr. Ghaffari did not make any presentations to the Applicant's board in connection with their consideration or approval of the affiliation transaction. Moreover, Mr. Ghaffari also will be retiring upon the closing of the Affiliation and will not be taking any position with or receiving any remuneration from Adventist Health, a fact that was well understood by the board in approving enhancements to Mr. Ghaffari's severance and bonus compensation.