

STIPULATION

THIS STIPULATION is made effective as of January 12, 2015 (the "Effective Date"), by and between the Montana Attorney General's Office ("Attorney General") and Community Medical Center, Inc. ("CMC") (each individually a "Party" and collectively, the "Parties").

RECITALS

- A. CMC and RCHP Billings-Missoula, LLC (the "Buyer") are parties to an Asset Purchase Agreement dated as of September 4, 2014 (the "APA"), pursuant to which CMC is selling substantially all of its assets related to the operation of Community Medical Center (the "Hospital") to Buyer (the "Transaction"); and
- B. Section 9.2 of the APA provides as a condition of closing that CMC shall have received approvals from the Attorney General that are necessary for CMC and Buyer to consummate the Transaction; and
- C. Pursuant to an Addendum to Memorandum of Understanding ("Memo") between the Parties and Buyer, the Attorney General intends to complete its review of the Transaction and issue its decision by January 12, 2015; and
- D. The Memo conditions the Attorney General's decision by January 12, 2015, on the execution by the Attorney General and CMC of a separate Stipulation, satisfactory to the Attorney General, granting the Attorney General additional time after its decision on the underlying Transaction to allow the Attorney General to review and make a decision on CMC's Proposal for Use of Net Closing Proceeds filed by CMC in connection with the Transaction (the "Proposal"); and
- E. This Stipulation is made and intended to satisfy the condition in the Memo; and
- F. The Parties and the Buyer have entered into a separate Monitoring, Compliance and Enforcement Agreement dated January 9, 2015 (the "Monitoring Agreement"), to provide for enforcement protection regarding certain post-closing covenants of the Buyer under the APA.

NOW THEREFORE, for and in consideration of the promises, agreements and covenants contained in the Memo and hereinafter set forth, and other good and valuable consideration, the receipt and adequacy of which are acknowledged, the Parties hereto stipulate and agree as follows:

1. Recitals

The Recitals are by this reference made a part hereof.

2. Extension of Time

CMC agrees and hereby grants the Attorney General additional time as more fully set forth below to review the Proposal (the "Review Period"). The Review Period shall extend through Friday, February 27, 2015, at which time absent further extension(s) as provided for below, the Attorney General will make its decision with respect to the Proposal.

Provided, however, at any time on or before February 27, 2015, either Party shall, upon written notice to the other Party, have a one-time unilateral right to extend the Review Period by up to fourteen (14) days (i.e. through March 13, 2015). The Review Period can also be extended by mutual written agreement of the Parties.

3. Duties of the Parties

Both Parties agree to work diligently, cooperatively and in good faith to review and as necessary discuss the terms of the Proposal with the goal of having the Attorney General reach a decision on or before the expiration of the Review Period, as it may be extended. CMC understands that the ability of the Attorney General to make its decision within such time frame is dependent in part on CMC's cooperation, willingness and ability to provide the necessary information and documentation about the Proposal to the Attorney General in a timely manner, which CMC agrees to do.

CMC hereby acknowledges that in granting this extension, the Attorney General has not given CMC an indication in any way of the expected outcome (either favorable or unfavorable) of its review of the Proposal. CMC's only expectation is that the Attorney General will review the Proposal fairly and in good faith for compliance with applicable law related to the disposition of charitable assets.

4. CMC's Obligations

CMC agrees to do as follows:

- A. Contemporaneously with or promptly following the closing of the Transaction, CMC will modify its organizational and governing documents (i.e. its Articles of Incorporation and

Bylaws), on terms satisfactory to the Attorney General. The form of the modified documents will be provided to the Attorney General for its review and approval prior to making its decision. The modifications will include:

- (1) CMC changing its name to CMC, Inc.;
- (2) Modifying its mission/purpose to focus on winding down its non-profit corporate affairs (e.g. dealing with post-closing obligations under the APA and any post-closing liabilities) and performing its continuing oversight, monitoring and enforcement rights under the APA, consistent with Section 3A of the Monitoring Agreement;
- (3) Modification of its governing/corporate structure consistent with Section 3C of the Monitoring Agreement;
- (4) Adopt or ratify a Conflict of Interest Policy pursuant to Section 3E of the Monitoring Agreement;
- (5) Establish and maintain the reserve fund on the terms set forth in Sections 3F, 3E, 3H and 3I of the Monitoring Agreement; and
- (6) That the amended organizational documents and Conflict of Interest Policy cannot be amended by CMC for ten (10) years post-closing without the approval of the Attorney General consistent with Section 3B of the Monitoring Agreement.

5. Foundation

The Proposal includes two (2) specific direct gifts to the University of Montana Foundation for the benefit of the University of Montana (the "UM Gifts"), one (1) in the amount of \$500,000, and one (1) in the amount of \$10,000,000. Additionally, the Proposal provides for the creation of the Community Hospital Legacy Foundation (the "Legacy Foundation"), intended to be an independent tax-exempt private foundation operated on a permanent endowment model basis (except as provided below with respect to all or any portion of the UM Gifts not approved by the Attorney General). The portion of the net closing proceeds from the Transaction transferred to the Legacy

Foundation are intended to be used by the Legacy Foundation to support health and healthcare related projects in the “Region” defined as CMC’s primary and secondary service areas in western Montana, consistent with the “Triple Aim Initiative” as set forth in the Proposal.

The extension provided for in this Stipulation is intended to give the Attorney General additional time to review both the UM Gifts and the structure, mission and governance of the Legacy Foundation, as proposed by CMC. Specifically with respect to the Attorney General’s review of the UM Gifts and the Legacy Foundation, CMC understands and agrees as follows:

- A. To work cooperatively with the Attorney General and, as appropriate, the University of Montana to provide the Attorney General with information considered reasonably necessary by the Attorney General for it to review the appropriateness of the UM Gifts and the Legacy Foundation under applicable law.
- B. To apply for and diligently pursue tax exempt status for the Legacy Foundation under Section 501(c)(3) of the Internal Revenue Code, to prepare it to receive charitable funds.
- C. To modify its Proposal concerning the structure and governance of the Legacy Foundation as follows:
 - (1) Eliminate the need for Attorney General approval of the Board members selected/appointed by CMC, but commit to using a public process (e.g. website and press release) to solicit recommendations for and/or applications from qualified individuals to serve on the Foundation Board;
 - (2) Limit to three (3), the number of current pre-closing CMC Board members who can serve on the Legacy Foundation Board (the “CMC Members”);
 - (3) Eliminate CMC’s right for up to nine (9) years to re-appoint the CMC Members after the initial Legacy Foundation board has been appointed;
 - (4) Give consideration to making the Advisory Board optional or discretionary;

- (5) Permit the assignment by CMC to the Legacy Foundation of CMC's oversight, monitoring and enforcement rights on the terms set forth in Section 3H of the Monitoring Agreement;
- (6) Permit the assignment of CMC's Right of First Refusal contained in Section 10.9 of the APA to the Legacy Foundation without the right to further assign to a third party;
- (7) Agree to permit a representative of the Attorney General to attend Foundation Board meetings;
- (8) To place the Board compensation and composition provisions in the Articles of Incorporation;
- (9) The health and healthcare purpose/mission which is consistent with the "Triple Aim Initiative" in the Articles will not be amendable without approval of the Attorney General; and
- (10) The Foundation's Articles and Bylaws will not be otherwise amended without first giving notice of such proposed amendment to the Attorney General; approval of the amendment shall be deemed to have been given if the Attorney General does not object in writing with the grounds for such objection, within twenty (20) days after the Attorney General has received notice of the proposed amendment.

If for any reason the Attorney General has not, by the expiration of the Review Period, or any extension thereof, given its approval to all or a portion of the UM Gifts, CMC agrees it will transfer the intended amount of the UM Gifts, or such portion thereof that was not approved, to the Legacy Foundation when the Legacy Foundation has been formed, is operational and has been determined to be exempt from taxation under Section 501 (c) (3) of the Internal Revenue Code, along with the other charitable funds being transferred to the Legacy Foundation by CMC.

6. Notice

All written notices to the Attorney General required under this Agreement must be addressed to:

Overnight:

Office of the Attorney General
215 N. Sanders
Helena, MT 59601

and

Consumer Protection Division
Attn: Division Chief-Time Sensitive
555 Fuller Avenue
Helena, MT 59601

OR

US Mail:

Office of Attorney General
P.O. Box 201401
Helena, MT 59620-1401

and

Consumer Protection Division
Attn: Division Chief-Time Sensitive
P.O. Box 200151
Helena, MT 59620-0151

All written notices to CMC required under this Agreement must be addressed to:

CMC: c/o Gary B. Chumrau
Garlington, Lohn & Robinson PLLP
PO Box 7909 - 350 Ryman Street
Missoula, MT 59807-7909

with a copy to: Garlington Lohn & Robinson PLLC
P. O. Box 7909 (350 Ryman)
Missoula, MT 59807-7909
Attn: Gary Chumrau, Esq.

or to such other address, and to the attention of such other person or officer as any party may designate by giving at least thirty (30) days' notice to the other parties; provided, however, that delivery of a copy of a notice to the persons identified above to receive a copy shall not constitute satisfaction of the notice requirements of this Section 6.

7. Severability

If any provision of this Agreement is held or determined to be illegal, invalid, or unenforceable and if the rights or obligations of any Party under this Agreement will not be materially and adversely affected thereby; (a) such provisions will be fully severable; (b) this Agreement will be construed and enforced as if such illegal, invalid, or unenforceable provision has never comprised part of this contract; (c) the remaining provisions of this Agreement will remain in full force and effect and will not be affected by the severance of the illegal, invalid, or unenforceable provision; and (d) in lieu of such illegal, invalid, or unenforceable provision, there will be added automatically as part of this Agreement a legal, valid, and enforceable provision as similar in terms to such illegal, invalid, or unenforceable provision as may be possible.

8. Amendment

This Agreement may be amended only by a writing executed by both Parties.

9. Waiver

Any waiver by either Party of any breach by the other Party shall not be deemed to be waiver of any subsequent or continuing breach.

10. Attorney Fees

In the event either Party institutes legal proceedings to enforce or interpret its rights hereunder, the non-prevailing Party shall pay the costs and expenses, including reasonable attorney's fees, of the prevailing party.

11. Execution

This Agreement may be executed in any number of counterparts, all of which taken together constitute one contract, and either of the Parties may execute this contract by signing any one counterpart. The exchange of copies of this Agreement and of signature pages by facsimile transmission or Portable Document Format (PDF) shall constitute effective execution and delivery of this Agreement

as to the parties and may be used in lieu of the original Agreement for all purposes. Signatures of the parties transmitted by facsimile and PDF shall be deemed to be their original signatures for any purposes whatsoever.

12. Governing Law and Jurisdiction

This Agreement shall be subject to, applied, and interpreted according to the laws of the State of Montana. No action shall be commenced against the Attorney General, his department, designee, agents or employees, or CMC, in any courts other than a court of competent jurisdiction in the State of Montana. In addition to each Party consenting to the jurisdiction of any court in the State of Montana, each Party waives any objection to venue laid therein and any defense of inconvenient forum regarding the maintenance of any action or proceeding so brought.

13. Entire Agreement

This Agreement, together with other written agreements referenced herein or otherwise relating to the Transaction and the Attorney General's review thereof, represent the entire agreement among the Parties and supersede all proposals or other prior agreements, oral or written, and all other communications among the Parties relating to the matters described herein.

14. No Effect on Authority of Attorney General or Court Jurisdiction

The Attorney General's rights and privileges provided in this Agreement are in addition to the Attorney General's existing powers. Nothing in this contract shall be construed to impair or restrict the authority of the Attorney General or the jurisdiction of any court with respect to any matter.

15. Authority to Bind Principal

Each individual who signs this contract covenants that he or she has power to bind the principal.

Signatures appear on next page.

In Witness Whereof, the parties hereto execute this Agreement to be effective as of the Effective Date.

MONTANA ATTORNEY GENERAL'S OFFICE

 Date: 1-9-2015
KELLEY L. HUBBARD
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COMMUNITY MEDICAL CENTER, INC.

 Date: 1-9-2015
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