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**DAUGHTERS OF CHARITY HEALTH SYSTEM  
BOARD OF DIRECTORS MEETING  
EXECUTIVE SESSION**

*Friday, March 28, 2014*

**In-Person Meeting | Los Altos Hills | California**

**MINUTES**

**PRESENT**

Sister Marjory Ann Baez, D.C., *Board Chair*  
Sister Marion Bill, D.C., *Board Vice-chair*  
Sister Judith Lynn Gardenhire, D.C.  
Sister Christina Maggi, D.C.  
Sister Janet Barrett, D.C., *Secretary*  
Sister Betty Marie Dunkel, D.C.  
William Del Biaggio  
S. Daniel Higgins, M.D.  
Robert Issai, President & CEO, *Ex-Officio Voting Member*

**GUESTS**

Mark Bane, Ropes & Gray (via teleconference, for a portion of the meeting)  
Andrew Turnbull, Houlihan Lokey, for a portion of the meeting  
Scott Jackson, Houlihan Lokey (via teleconference, for a portion of the meeting)  
Geoff Ligibel, Houlihan Lokey, for a portion of the meeting  
Mark Francis, Houlihan Lokey, for a portion of the meeting

**STAFF**

Mike Stuart, CFO  
Pascale Roy, General Counsel  
Annie Melikian, VP Operational Finance  
Beth Nikels, VP Marketing and Communications  
Samantha Schumacher, *Recorder*

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**1. CALL TO ORDER**

The Board Chair called the meeting to order at 8:38a.m.

**2. OPENING PRAYER**

Sister Marion Bill offered the Opening Prayer / Reflection.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

**6. RESTRUCTURING UPDATE**

Andrew Turnbull, Scott Jackson, Geoff Ligibel and Mark Francis from Houlihan Lokey (HL) provided an update on the restructuring and sale process.

They began with a follow up to the discussion regarding financing alternatives. They reported that there are limitations in the bond master indenture with respect to raising additional cash but the provisions permit the incurrence of short term indebtedness under certain conditions which counsel believes are available. It was reported to the Board that Management and DCHS professionals have a phone call scheduled with bondholder counsel and their representative next week. Further reports will be provided to the Board thereafter.

The Board was then presented with a detailed report on the sale process. A summary of Letters of Intent (LOIs) received from potential purchasers was distributed for Board review and discussion. As reflected in the summary, it was reported that there were a total of 22 LOIs submitted and approximately 10 more are expected. Eight of the LOIs were for acquisition of the entire system and of those eight, seven agreed to acquire Caritas Business Services (CBS), as well. There were six LOIs for individual LHMs and six LOIs were for a combination of LHMs.

A discussion then ensued addressing the need to obtain Attorney General approval for these transactions, and factors to be considered in that context. As instructed by the Board, HL will continue to encourage competitiveness in the sale process. The data room will be opened soon to potential purchasers so that bidders may continue their due diligence. At our next Board meeting it may be ripe for the Board to address which of the potential purchasers should receive the greatest degree of attention. The Board directed that, absent further

discussion, there be no exclusivity granted to any one potential purchaser until an Asset Purchase Agreement (APA) is signed.

Mr. Turnbull, Mr. Jackson, Mr. Ligibel, Mr. Francis and Mark Bane left the meeting at this time.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]