Dear Mr. Blumenthal:

On behalf of the SEIU and all bargaining unit members we represent at the DOCHS facility, we are pleased to have successfully completed labor contract negotiations with Blue Wolf Capital Partners LLC and its related entities, to create a new collective bargaining agreement (the New CBA). We believe this New CBA will be beneficial to our members, the communities we serve, and the operators of the hospital system.

We hereby agree that the New CBA will be placed into effect after:

1. The closing of the Restructuring, Conversion and Disaffiliation Agreement among New Found Health Holdings, LLC; Daughters of Charity Health Systems and its affiliates; Daughters of Charity Ministry Services Corporation; and Daughters of Charity of St. Vincent De Paul Province of the West (the "Restructuring Agreement"), and final approval by state and federal regulatory agencies of the Restructuring Agreement ("Final Approval");

2. Recognition has been extended to the Union as the exclusive bargaining representative of the employees; and

3. The New CBA has been formally accepted, ratified, and adopted.

The Union hereby agrees, to the extent that the New CBA is regarded as a modification of the existing CBA, to all such modifications. Further the Union pledges that it will promptly take all necessary, reasonable, and legal steps to secure approval, ratification, and acceptance of the New CBA. We commit that all such approvals will take place in advance of "Final Approval."

We believe the New CBA will be an industry leading contract, which will meet the simultaneous objectives of materially reducing costs, rewarding employees for superior results, and improving quality of health care and work life at the Hospitals

Sincerely,

Firmwide:128912718.2 075815.1001

Dear Mr. Blumenthal:

On behalf of the UNAC and all bargaining unit members we represent at the DOCHS facility, we are pleased to have successfully completed labor contract negotiations with Blue Wolf Capital Partners LLC and its related entities, to create a new collective bargaining agreement (the New CBA). We believe this New CBA will be beneficial to our members, the communities we serve, and the operators of the hospital system.

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3. The New CBA has been formally accepted and adopted.

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Sincerely,

9/11/14

Firmwide:128912719.3 075815.1001

BLUE WOLF

WWW.BLUE-WOLF.COM

September 11, 2014

Maya Altman
Chief Executive Officer
Health Plan of San Mateo
701 Gateway Blvd., Suite 400
South San Francisco, CA 94080

Dear Maya:

This memorandum of understanding (this "MOU") between Blue Wolf Capital Fund III, L.P., a Delaware limited partnership (together with its affiliates, "Blue Wolf"), and the Health Plan of San Mateo ("HPSM") confirms our understanding about the matters set forth in Exhibit A relating to services and related obligations involving DOCHS and HPSM that are intended to support the long-term improvement of the safety net health care system of San Mateo, by better utilizing and aligning the assets of DOCHS and HPSM. For this MOU, "DOCHS" means Seton Medical Center, and each of Blue Wolf and HPSM is referred to as a "Party" and, collectively, as the "Parties."

1) This MOU shall be effective from the date it is signed by both Parties (the "Effective Date") until the earliest of: (i) the execution and delivery of one or more definitive agreements in respect of the matters described in **Exhibit A** (collectively, the "Definitive Agreement"), (ii) the written agreement of a Party or Parties to terminate this MOU, and (iii) 180 days after the Effective Date. During the term of this MOU, HPSM and Blue Wolf agree to continue to discuss and negotiate in good faith the matters described in **Exhibit A** and to use all commercially reasonable efforts to reach agreement on the Definitive Agreement prior to Blue Wolf becoming the manager of DOCHS, which is currently expected to occur by December 31, 2014. HPSM agrees that Blue Wolf has no obligation to execute (or cause to be executed) on behalf of DOCHS any Definitive Agreement prior to receipt of California Attorney General and any other governmental approvals of the transaction involving the Daughters of Charity Health System in connection with which Blue Wolf will become manager of that health system. In addition, to the extent applicable, the Parties shall ensure that the Definitive Agreement is compliant with IRS Revenue Procedure 97-13 or otherwise so as not to result in "private business use" under Section 141(b) of the Internal Revenue Code of 1986.

2) This MOU shall be governed by and construed in accordance with the laws of the State of California, without regard to its conflict of laws rules.

3) This MOU supersedes all prior agreements or understandings between the Parties with respect to the subject matter hereof. This MOU may be signed in multiple counterparts (including by facsimile or other electronic transmission), any one of which need not contain the signature of more than one Party, but all such counterparts taken together shall constitute one and the same MOU. This MOU may not be assigned by you without Blue Wolf's prior written consent. Each Party shall be responsible for its own legal and other expenses in connection with this MOU and the Definitive Agreement. Each Party represents and warrants to the other Party that the Party's negotiations of the potential Definitive Agreement do not and will not conflict with any existing contract or other obligation of the representing Party. The persons signing this MOU represent and covenant that they have the authority to sign and execute this MOU on behalf of the Parties for whom they are signing. You agree that Blue Wolf (including any equity holder, officer, manager, employee, agent or representative of any Blue Wolf entity) has no liability to you under this MOU or any agreements or matters related to this MOU (for any obligation of Blue Wolf under this MOU or any documents or instruments delivered in connection with this MOU for any

claim based on, in respect of, or by reason of such obligations or their creation). This MOU does not include all material terms that would be included in the Definitive Agreement and does not constitute the Definitive Agreement, but only expresses the Parties' interest and desire to negotiate and attempt to agree on and enter into the Definitive Agreement.

If the terms contained herein are acceptable to HPSM, please indicate your agreement to be bound by this MOU by executing and returning the executed copy of this letter to Blue Wolf.

[Signature page follows]

Sincerely,

BLUE WOLF CAPITAL FUND III, L.P.

By: Blue Wolf Capital Advisors III, L.P.
Its: General Partner

By: Blue Wolf Capital Advisors III, LLC
Its: General Partner

By: ______________________
Name: Adam Blumenthal
Title: Managing Partner

Accepted and agreed:

Health Plan of San Mateo

By: ______________________
Name: Maya Altman
Title: CEO

710931779 14459429

Exhibit A

Summary Proposed Terms

The following sets forth certain key terms for the Definitive Agreement. Capitalized terms used and not otherwise defined herein shall have the meanings assigned to them in the MOU to which this Exhibit A is attached.

Parties to Definitive Agreement	The Health Plan of San Mateo ("HPSM") and Seton Medical Center ("DOCHS" and together with HPSM, the "DA Parties")
Purpose	Blue Wolf intends to cause DOCHS to move toward a more clinically integrated healthcare delivery model, to further develop Seton Medical Center to maintain existing and provide enhanced medical services to HPSM members, and to align the DOCHS healthcare model with the needs of the safety net health care system of San Mateo County. Increased funding to DOCHS is necessary to support this plan for a long-term improvement of the safety net health care system of San Mateo County.
Inter-governmental Transfer	HPSM will advocate for a $10-12 million Intergovernmental Transfer ("IGT"), based on federal matching of current Measure A funding now paid to DOCHS. IGT funding will be paid to DOCHS by HPSM for the purpose of evolving existing and enhanced medical services for HPSM members/participants. To the extent possible, HPSM will also advocate for a retroactive IGT to DOCHS based on Measure A funds that have already been paid to DOCHS.
Medi-Cal Rate Increase	HPSM will commit to increase the Medi-Cal reimbursement rate to DOCHS by approximately 10% or $1 million. The increase will be subject to routine monitoring for quality and value outcomes
Medi-Cal/Medicare Shared Savings	HPSM will advance $6 million to DOCHS in each of the next two calendar years. DOCHS will work towards achieving Medicare/Medi-Cal Shared Savings defined as reduction of readmission rates for HPSM's "high risk" [to be defined] members to [X]% for each calendar year ("Readmission Reduction") and reduction of San Mateo's cost of care for San Mateo's "Complex Patients" [to be defined] from an MLR of [X] to [Y] in each calendar year ("Complex Patient MLR Reduction") (collectively, "Shared Savings Measures"). It is expected that the Shared Savings Measures will initially be implemented at the DOCHS facilities in San Mateo and will serve as the basis for a county-wide savings platform. For each calendar year, HPSM will accrue up to $12 million of savings resulting from these Shared Savings Measures. All Shared Savings accruing above $12 million in each calendar year from these activities will be shared among HPSM and DOCHS. The basis for the Shared Savings amounts will be subject to mutual agreement between HPSM and DOCHS. Additionally, HPSM and DOCHS will agree to allocate a portion of the Shared Savings to reimburse both HPSM and DOCHS for fees and expenses associated with the implementation of the Shared Savings program and to provide incentives for aligned providers. If no Shared Savings are achieved, or if losses are incurred, DOCHS shall reimburse HPSM for the funding advanced to DOCHS. This reimbursement shall be made to HPSM within six months after the end of the calendar year.

	[Note: all calculations related to baseline metrics and savings projections will require a yet to-be-determined method that is agreed upon by HPSM and DOCHS.] After this two-year period, HPSM, DOCHS, and aligned providers may continue this program on terms and conditions deemed mutually satisfactory. Final agreement of the Shared Savings Measures will be subject to all necessary approvals required by HPSM.
Services to Be Provided by DOCHS	DOCHS will work collaboratively with HPSM to identify and implement programs and services that will result in the delivery of high quality clinical care for reduced cost to HPSM members. HPSM requires that the existing service mix remain unless mutually agreed (LTC, Sub-acute, existing contracts for inpatient, etc.)
Liability	DOCHS will not be liable to HPSM, other than for its gross negligence or willful misconduct, in operating the hospital(s) and providing the services, except that each DA Party will be responsible for its own noncompliance with applicable environmental laws.
Insurance	Each of HPSM and DOCHS will maintain adequate insurance coverage in respect of their respective liabilities related to the services and the relationship between them (including, by way of example, building insurance, commercial general liability insurance and professional liability insurance).
Force Majeure	DOCHS will be excused from providing services due to force majeure.
Assignment	HPSM will not have the right to assign the Definitive Agreement without the prior written consent of DOCHS. DOCHS will not have the right to assign the Definitive Agreement in whole to any party that purchases or leases all or substantially all of Seton Medical Center (and will also have the right to subcontract out any of the services, so long as DOCHS remains liable for the performance thereof) without the prior written consent of HPSM.
Governing Law	The Definitive Agreement would be governed by the laws of the State of California.

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DISCUSSIONS WITH SANTA CLARA COUNTY

Blue Wolf has had lengthy discussions with the senior leadership of Santa Clara County regarding the county's support for the Blue Wolf proposed restructuring plan. However, at the request of Santa Clara County the terms being discussed may not be disclosed by Blue Wolf at this time.

Blue Wolf is highly confident that an agreement with Santa Clara County may be concluded expeditiously which will substantially enhance the long term viability of the O'Connor and St. Louise hospitals.