

§ 999.5(d)(3)(C)

A statement describing how the boards 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.

No member of the DCHS Board participated in the negotiation of the terms and conditions of the proposed transaction with Prime. No member of the DCHS Board has received or will receive, directly or indirectly, any salary, compensation, payment or other form of remuneration from Prime, or any entity affiliated with Prime, following consummation of the proposed transaction.

At several meetings of the DCHS Board including the meeting on October 3, 2014 at which approval of the transaction was given, outside counsel informed the Directors and senior management of the legal restrictions under § 1260 both orally and in writing. In addition, the Board of Directors of each Hospital Corporation was informed orally of the § 1260 requirements at the meetings on October 9, 2014. The CEO and CFO of DCHS refrained from making any recommendations or representations regarding the various bids and bidders and only shared facts about DCHS at the October 3, 2014 meeting of the DCHS Board. All information relied upon by the DCHS Board in selecting Prime as a transaction partner was independently confirmed and supplied by counsel or third party advisors.