

CLOSING AGREEMENT

This Closing Agreement ("Agreement") is by and among Eden Township Healthcare District, a California healthcare district (the "District"), Eden Medical Center, a California nonprofit public benefit corporation ("EMC"), and Sutter Health, a California nonprofit public benefit corporation ("Sutter Health"). The District, EMC and Sutter Health may be collectively referred to herein as the "Parties" and individually as a "Party." This Agreement shall be effective on October __, 2007.

RECITALS

A. In 2004, the District purchased the assets of a general acute care hospital located at 13855 East 14th Street, San Leandro, California 94578, commonly known as San Leandro Hospital ("SLH") from a third party and leased SLH to EMC pursuant to a Lease and Hospital Operations Agreement dated May 17, 2004 ("Lease"), by and between the District and EMC. Pursuant to the terms of the Lease, EMC agreed, subject to specified terms and conditions, to build a replacement facility for EMC's general acute care hospital located at 20103 Lake Chabot Road, Castro Valley, California 94546, commonly known as Eden Medical Center ("Eden Hospital"). Sutter Health entered into a guaranty of EMC's performance of EMC's obligations in the Lease concerning a replacement facility ("Guaranty").

B. The Parties are in disagreement concerning their respective rights and obligations in the Lease and the Guaranty concerning a replacement facility (the "Dispute").

C. In early 2007, the District, EMC and Sutter Health recommenced discussions concerning the development and implementation of a master facility plan to address the aging Eden Hospital and to resolve the Dispute.

D. The Parties recognize and agree that it is in their mutual best interests, and in the best interests of the communities served by the District, to enter into this Agreement to resolve the Dispute. The Parties also recognize and agree that neither of them admits to any wrongdoing, and that this Agreement represents the Parties' attempt to compromise disputed matters to avoid further disruption and expense of formal dispute resolution proceedings.

NOW THEREFORE, the Parties agree as follows:

AGREEMENTS

1. Consideration. Contemporaneously with execution of this Agreement, the Parties shall enter into the Memorandum of Understanding of even date herewith ("MOU"), by and among the District, EMC and Sutter Health. For purposes of this Agreement, "MOU" shall include all related agreements attached to the MOU as exhibits. Each Party is to bear their own costs and attorneys' fees with regard to the execution of the MOU and this Agreement.

2. Release. The District, EMC and Sutter Health hereby release and discharge each other and all of the Parties' affiliated and aligned entities and each of their directors, officers, employees, agents, managers, parents, subsidiaries and partners ("Releasees") from any and all claims, causes of action, demands, liabilities, losses, damages, costs and expenses (including attorneys' fees and experts' fees), of every kind and description, whether in law or equity, in tort or in contract, which the Parties have or may have against Releasees arising out of or in any way related to the Dispute.

3. Waiver of Civil Code Section 1542. This Agreement is expressly intended to release known and unknown claims, including all past, present and future rights of action arising out of or in any way related to the Dispute, and the Parties expressly waive the application of Section 1542 of the Civil Code of the State of California, which provides as follows:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

This waiver of Section 1542 is not intended to extend beyond the claims released in Section 2, above.

4. Ownership of Claims. The District represents and warrants that there has not been an assignment or transfer, or purported assignment or transfer, voluntarily, involuntarily, or by operation of law, of the claims released herein. The District shall indemnify and hold harmless the other Parties from any claims, actions, causes of action, liability, disputes, damages, demands, judgments, and attorneys' fees resulting from or in any way related to such assignment or transfer.

5. Complete Defense/Enforcement. This Agreement may be pleaded as a full and complete defense to, and may be used as the basis for, an injunction against any action, suit, arbitration demand, or other proceeding that may be instituted, prosecuted, or attempted, arising out of or in any way related to the Dispute. This Agreement may be enforced by either Party by noticed motion under California Code of Civil Procedure section 664.6 or by any other procedure permitted by law in the Superior Court of Alameda County.

6. No Admission of Liability or Wrongdoing. The purpose of this Agreement is to avoid further litigation or arbitration by settling disputed matters. Nothing in this Agreement is an admission of wrongdoing or fault by either Party, nor shall anything in this Agreement constitute an admission against interest by either Party as to any person or entity.

7. No Reliance on Other Parties' Representations/ Disclosures. This Agreement has been negotiated at arm's length between parties sophisticated and knowledgeable in the matters dealt with herein and the general relationship existing between the parties. All parties have conducted their own due diligence and no party is relying on any representations of an other party, and no party is relying on information subject to disclosure by another party, except those representations and disclosures specifically set forth in the MOU.

8. Interpretation/Enforceability. Each Party has been represented by experienced and knowledgeable legal counsel. Accordingly, any rule of law, including but not limited to California Civil Code section 1654, or any legal decision that would require interpretation of any ambiguities in this Agreement against the Party that has drafted it, is not applicable and is waived. The provisions of this Agreement shall be interpreted in a reasonable manner to effect the purpose and intent of the Parties as discussed herein. Furthermore, after advice from experienced and knowledgeable legal counsel, the Parties believe that this Agreement is legal and enforceable according to its terms, and each of them hereby waives any and all rights it may have to claim otherwise.

9. Entire Agreement/Amendment. This Agreement and the MOU, including any and all exhibits, constitutes the entire understanding and agreement between the Parties as to the settlement of the Dispute and supersedes any and all prior or contemporaneous agreements, representations, and understandings of the Parties. This Agreement may be amended at any time by mutual agreement of the Parties, but any such amendment must be in writing, dated and signed by the Parties and attached hereto.

10. Further Assurances. Each Party agrees that it will execute, or cause to be executed, such further documents as may be needed to carry out the expressed intents and purposes of this Agreement.

11. Severability. In the event any portion of this Agreement is declared void by a court or arbitrator, such portion shall be severed from this Agreement, and the remaining provisions shall remain in effect, unless the effect of such severance would be to change the primary consideration for the Agreement or obligations of the Parties, in which case the Agreement may be immediately terminated.

12. Waiver/Amendment. Any failure of a Party to insist upon strict compliance with any term, undertaking, or condition of this Agreement shall not be deemed to be a waiver or amendment of such term, undertaking, or condition. To be effective, a waiver or amendment must be in writing, signed and dated by the Parties.

13. Governing Law. This Agreement is entered into in accordance with, and shall be governed by, the laws of the State of California.

14. Faxed or PDF Counterparts. This Agreement may be executed in multiple counterparts, delivered by fax or PDF. Each counterpart shall be deemed an original and all of which together shall be deemed one and the same instrument.

15. Third-Party Beneficiaries. This Agreement is not intended to and shall not create any third-party beneficiary rights in favor of any person or entity.

16. Execution. By their signatures below, each of the following represents that he or she has the authority to execute this Agreement and to bind the Party on whose behalf the execution is made.

The undersigned, being duly authorized by their respective companies, execute this Agreement knowingly, with full understanding of its provisions and effect.

Dated Effective October __, 2007

DISTRICT:

EDEN TOWNSHIP HEALTHCARE
DISTRICT,
a California healthcare district

By: _____
Name: _____
Its: _____

SUTTER HEALTH:

SUTTER HEALTH,
a California nonprofit public benefit
corporation

By: _____
Name: _____
Its: _____

EMC:

EDEN MEDICAL CENTER
a California nonprofit public benefit
corporation

By: _____
Name: _____
Its: _____