



ONE Adventist Health Way
PO Box 619002
Roseville, CA 95661
916-406-0000
AdventistHealth.org

September 30, 2024

VIA OVERNIGHT COURIER/PERSONAL DELIVERY TO:

Mendocino Coast Health care District
Attn: Paul Garza, Board Chair
775 River Drive
Fort Bragg, CA 95437

**Re: Restructure Notice
Lease Agreement Dated May 5, 2024 ("Lease")
Transfer of Business Operations Agreement Dated May 5, 2024 ("TBOA")**

Dear Mr. Garza,

This letter is a follow up to our discussions on September 26, 2024, wherein we discussed what the best path forward would be to allow us time to evaluate our relationship under the Lease and the implications those discussions may have on the TBOA. We tentatively agreed to Adventist Health Mendocino Coast ("AHMC") providing a Restructure Notice under Section 19.11 Lease, using the 60-day period to evaluate our relationship, and setting an agreed upon termination date in the event we are unable to restructure our relationship.

Accordingly, this letter constitutes Adventist Health Mendocino Coast's ("AHMC") notice of the following:

- The Medical Business, as defined under the Lease, has achieved less than 5% EBITDA for the previous 12-month period;
- This letter is AHMC's restructure notice under Section 19.11 of the Lease. AHMC's restructure terms will be discussed during the 60-day negotiation period.

Consistent with our discussion on the 26th, we are proposing the following:

- The 60-day negotiation period shall begin immediately and end at the close of business on Friday, November 29, 2024.
- If we are unable to reach an agreement during the 60-day negotiation period, AHMC may terminate the Lease and TBOA, by delivering written notice to the Mendocino Coast Health Care District ("District"). Such termination will be effective at midnight on June 30, 2025. AHMC's right to terminate after failing to reach an agreement during the 60-day negotiation period will expire on December 31, 2024.
- Upon delivery of the termination notice, the parties shall meet and confer within thirty (30) days to begin negotiating the necessary agreements to transfer hospital assets and operations back to the District as required under Article 13 of the TBOA.
- All other terms and conditions of the Lease and TBOA will remain in effect pursuant to their terms. The parties may amend this letter agreement in a writing signed by both parties.

If these terms are acceptable, please sign and return this letter agreement no later than October 2, 2024. Once this letter agreement is executed, we can begin scheduling our negotiations immediately. If we do not receive a signed copy by October 2, 2024, this letter shall constitute AHMC's notice of termination under Section 19.10 of the Lease and the termination will be effective at midnight on June 30, 2025.

Sincerely,



Eric Stevens
Network President

By signing this letter agreement, the District is deemed to have accepted AHMC's notices set forth in the September 30, 2024, letter agreement and agrees to be bound by the terms stated therein. Paul Garza, Board Chair, represents he has authority to execute this letter agreement on behalf of the District and by executing the letter agreement he intends the District to be bound by the terms.

Mendocino Coast Health Care District

By:

Paul Garza

Title: Board Chair

Date: