

STATE OF RHODE ISLAND
PROVIDENCE, SC.

SUPERIOR COURT

ST. JOSEPH HEALTH SERVICES OF :
RHODE ISLAND, INC. :

vs. :

C.A. No: PC-2017-3856

ST. JOSEPH HEALTH SERVICES OF :
RHODE ISLAND RETIREMENT PLAN, :
as amended :

**THE RECEIVER'S MEMORANDUM OF LAW IN SUPPORT OF HIS
MOTION TO ADJUDGE PROSPECT CHARTERCARE, LLC IN CONTEMPT FOR
WILLFUL FAILURE TO COMPLY WITH SUBPOENA AND DELIBERATE
INTERFERENCE WITH THE RECEIVER'S COLLECTION OF THE ASSETS OF THE
RECEIVERSHIP ESTATE**

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TABLE OF CONTENTS

Background 2

 I. The Subpoena to Prospect Chartercare..... 2

 II. The Receiver’s Urgent Need for This Information 4

 A. In Order to Evaluate and Prudently Exercise the Put Option..... 4

 B. In Order to Determine Whether Prospect Chartercare Is in
 Breach 5

 III. Prospect Chartercare Flaunts its Noncompliance and Goal of Interfering
 with the Receiver 5

Argument..... 12

 I. The Court Should Adjudge Prospect Chartercare in Contempt..... 12

 A. Contumaciously Violating the Subpoena 12

 B. Contumaciously Interfering with the Receiver’s (and the Court’s)
 Contractual Rights 13

 II. Prospect Chartercare Should Be Ordered to Produce the Requested
 Documents and Enjoined from Interfering with the Settlement Agreement..... 16

Conclusion 16

The Receiver, Stephen F. Del Sesto, Esq. (the "Receiver") of the St. Joseph Health Services of Rhode Island Retirement Plan (the "Plan"), submits this memorandum in support of his motion asking the Court to adjudge Prospect CharterCare, LLC ("Prospect Chartercare") in contempt for willful failure to comply with the Receiver's subpoena, and for deliberate interference with the Receiver's collection of assets of the Receivership Estate.

Months after Prospect Chartercare claimed to have completed its production of documents responsive to the subpoena issued by Special Counsel last December, Prospect Chartercare has revealed that there are additional documents responsive to the subpoena that Prospect Chartercare failed to produce and has no intention of producing to the Receiver. Moreover, although those documents were initially requested in order to investigate possible claims the Receiver might assert, they are now also essential for the Receiver to perform his duty to collect and value the existing assets (including contract rights) of the Receivership Estate, because they pertain to assets to which the Receiver is entitled under the Settlement Agreement entered into as of August 31, 2018 with CharterCARE Community Board ("CCCB"), St. Joseph Health Services of Rhode Island ("SJHSRI"), and Roger Williams Hospital ("RWH").

Specifically the Receiver (along with the other named plaintiffs) obtained certain rights and interests with respect to CCCB's 15% membership interest in Prospect Chartercare. Although the Settlement Agreement is subject to being unwound in the event the Court denies the Receiver's Petition, or if the Federal Court disapproves the settlement, the Settlement Agreement is presently a binding contract between the Receiver and the Settling Defendants. The failure of either approval represents a condition subsequent. It is anticipated that obtaining court approvals will be a lengthy

process, requiring more than an additional three months. However, as explained below, the Receiver needs the subpoenaed information now to prevent the Receivership Estate from suffering irreparable injury.

Prospect Chartercare is fully aware of the Receiver's need for these documents, and is not only willfully violating a duly issued subpoena by withholding them, it is also preventing CCCB from performing with its obligation under the Settlement Agreement¹ "to comply with all of the Receiver's reasonable requests to maximize and realize the full value of" CCCB's membership interest in Prospect Chartercare by providing the Receiver with information the Receiver needs for that purpose. Prospect Chartercare is thereby deliberately interfering with a contract of the Receiver and the Receivers' collection and evaluation of the assets of the Receivership Estate.

Accordingly, the Court should adjudge Prospect Chartercare in contempt, require Prospect Chartercare to purge itself of this contempt by producing the subpoenaed documents and complying with CCCB's requests for documents to which it is contractually entitled, and sanction Prospect Chartercare (and any other persons or entities) for interfering with the Receiver's performance of his duties, including but not limited to his duty to collect and value assets of the Receivership Estate.

BACKGROUND

I. The Subpoena to Prospect Chartercare

On December 1, 2017, Special Counsel issued a subpoena to Prospect Chartercare for documents including:

¹ Settlement Agreement ¶ 19.

21. All documents submitted (inclusive of supplemental submissions and exhibits) to the Attorney General's office, the Rhode Island Department of Health, or any other agency of state or federal government, regarding the Plan or hospital conversions or mergers, including without limitation the conversion transactions approved in 2009 and 2014.

Exhibit 1 (subpoena).

In connection with the 2013/2014 Hospital Conversions, the Prospect entities touted their "commitment" to contribute to the new hospitals over four years, above and beyond the initial purchase price of \$45 million, an additional amount of \$50 million in long term capital, and \$10,000,000 annually to fund "routine" short term capital needs.²

As a condition for his approval, the Attorney General required in his May 16, 2014 Opinion that Prospect Chartercare report annually on the funding of these capital commitments until the commitments has been satisfied:

18. Prospect CharterCARE, LLC shall report annually to the Attorney General on the proposed form submitted to the Attorney General concerning the funding of its routine and non-routine capital commitments under the Asset Purchase Agreement until the long term capital commitment as defined in the Asset Purchase Agreement has been satisfied.

Exhibit 3 (excerpt of the Attorney General's opinion).

Over the course of the nine months following the issuance of the subpoena, Prospect Chartercare produced documents in a series of rolling productions in this proceeding and in response to the subpoena. On August 30, 2018, Prospect Chartercare made its final production of documents. See Exhibit 4 (letter from Attorney Cavanagh to Attorney Sheehan dated August 30, 2018). On August 31, 2018, Prospect Chartercare delivered its privilege logs. However, Prospect Chartercare's document

² See, e.g., Exhibit 2 (CEC Initial Application at 6) ("The purchase price offered by PMH for 85% of the Proposed Partnership is \$45M. Additionally, PMH has committed to future capital contributions of \$50M ('Long-Term Funding Commitment'). The Long-Term Funding Commitment is in addition to a routine capital investment of at least \$10M per year to be reinvested by Prospect CharterCARE, LLC.").

production failed to produce any monitoring reports. Prospect Chartercare's privilege logs did not list the above documents or claim any privilege over them.³

II. The Receiver's Urgent Need for This Information

A. In Order to Evaluate and Prudently Exercise the Put Option

As set forth in the Settlement Agreement, the Receiver plans to decide whether or not, beginning on June 20, 2019, to exercise the put option provided in the Limited Liability Company Agreement of Prospect Chartercare, LLC (the "LLC Agreement"⁴) between and among CCCB, Prospect Chartercare, and Prospect East Holdings, Inc. (the other member in Prospect Chartercare). The option would require Prospect East to purchase CCCB's 15% interest from the Receiver, at the "Appraised Fair Market Value" ("APV").⁵ The APV can be determined by agreement of the parties, or by a complicated appraisal process outlined in the LLC Agreement.⁶

However, for the Receiver to determine what the APV should be, or indeed whether or not to even exercise the option, the Receiver needs to know whether the Prospect entities have fulfilled their undertaking to contribute to Prospect Chartercare the \$50 million in long term capital, and the \$10,000,000 annually to fund "routine" short term capital needs, to which the Prospect entities agreed in connection with the hospital conversion. The value of CCCB's 15% interest includes its proportionate share of these contributions. Indeed, according to Prospect Chartercare's own financials, the

³ Of course, it would be inconceivable for any privilege to apply if (*arguendo*) any had been claimed (which it had not).

⁴ The LLC Agreement is attached hereto as Exhibit 5.

⁵ See Exhibit 5 at 31.

⁶ See Exhibit 5 at 31-33.

increased value to CCCB as 15% shareholder if the \$50 million in long term capital contributions were made would be \$9,479,000.⁷

B. In Order to Determine Whether Prospect Chartercare Is in Breach

If the Prospect entities have breached their obligation to make these contributions, the Receiver may need to bring suit against them for damages and/or specific performance. That would need to be done well in advance of the date for exercise of the put option, in order to maximize the value of the put option for the Receivership Estate, since the value of CCCB's 15% interest will be significantly increased if the Prospect entities make these contributions before then.

III. Prospect Chartercare Flaunts its Noncompliance and Goal of Interfering with the Receiver

Following the filing of settlement documents with the Court on September 4, 2018, Prospect East (through its counsel Attorney Preston Halperin) delivered a "Notice of Dispute" to CCCB and its counsel on September 13, 2018.⁸ In this notice, Prospect East took the position that the provisions in the Settlement Agreement concerning CCCB's transfer to the receiver of CCCB's rights in Prospect Chartercare violated the LLC Agreement.⁹ The notice concluded with the statement: "We are prepared to meet with you in an effort to negotiate a resolution to this dispute. Please contact me with a date and time when you are available to meet."¹⁰

⁷ See Exhibit 6 (excerpt of the Prospect Chartercare's consolidated financial statements).

⁸ Exhibit 7 (Notice of Dispute).

⁹ Id.

¹⁰ Id.

On September 20, 2018, CCCB's counsel wrote to both Prospect Chartercare's General Counsel Moshe Berman and Prospect East's counsel concerning information CCCB needed to formulate its response to the notice of dispute:

Preston has raised certain issues relating to the settlement. In order to formulate our response, it is imperative for us to know, and to have the specific details, including amounts and dates, of the capital contributions that Prospect has made to the operating hospitals as required under the Operating Agreement. Kindly provide this information to me by the close of business tomorrow as time is of the essence in this matter.

As you know, we have requested financial information from time to time and have never received this information.

Exhibit 8 (September 20, 2018 email). Nevertheless, Counsel for CCCB, Prospect East, and the Receiver met on September 24, 2018 to discuss, *inter alia*, Prospect East's Notice of Dispute, and to remind Prospect East and Prospect Chartercare not to impair the Receivership's rights in contumacious violation of the Court's Orders.¹¹

On October 2, 2018, counsel for CCCB wrote to counsel for Prospect East:

I am writing to you on behalf of CharterCare Community Board ("CCB"), the holder of a 15% membership interest in Prospect CharterCare, LLC ("PCLLC").

I have requested financial information relating to PCLLC on several occasions. Specifically, most recently I requested details for capital contributions made by Prospect East, LLC ("PELLC") since the purchase by PCLLC of the operating assets of Roger Williams Hospital and St. Joseph Health Services of Rhode Island (collectively, with CharterCare Community Board, "Oldco") on June 20, 2014.

As you already know, this request is in connection with PELLC's obligations under the Operating Agreement of PCLLC, as approved by the Rhode Island Attorney General, to make capital contributions to PCLLC of at least \$50,000,000 during the period commencing on June 20, 2014 through June 20, 2018. Such aggregate capital contributions are in addition to annual capital expenditures of not less than \$10,000,000 and ordinary capital contributions for operational improvements. A great deal

¹¹ See Affidavit of Max Wistow (Exhibit 5 to the Receiver's pending Motion to Adjudge Prospect CharterCare, LLC in Contempt of Court).

of emphasis on this financial commitment was made by PELLC and the other Prospect-related applicants during the sale approval process, which were obviously a material inducement in the approval process and were highly publicized in connection therewith.

In my prior communications with Moshe Berman, General Counsel to PCLLC, I was clear that the information being requested was necessary and important, and that CCB is entitled to receive such information as a member of PCLLC. I do not believe there can be any dispute that CCB is entitled to the requested information and that PCLLC must provide it. Nevertheless, upon my most recent effort to discuss this matter with Moshe, he directed me to you to respond on behalf of PCLLC. I am confused why I would need to speak with you when Joe Cavanagh has entered his appearance for PCLLC. Moreover, it is unclear to me why PELLC's counsel would be involved in providing information that should be in the possession of PCLLC and which should have been provided to its member upon request and without delay. Nevertheless, kindly accept this letter as my renewed demand that all information relating to capital contributions made by PELLC to PCLLC since June 20, 2014, including dates and amounts of each contribution and the uses/purposes for the contribution(s), immediately be delivered to me on behalf of CCB.

Exhibit 9.

Also on October 2, 2018, counsel for Prospect Chartercare wrote to counsel for CCCB:

We write in response to your request to Prospect CharterCare, LLC on behalf of CharterCare Community Board for financial information relating to capital contributions made since the 2014 acquisition. Prospect CharterCare, LLC is prepared to provide you with the information on the following conditions:

1. That you identify the purpose for requesting the information pursuant to applicable law. . . .
2. That you agree to execute a confidentiality agreement whereby information provided is to be maintained in confidence by you and by the existing CCCB Board of Directors.

As you are aware from the Notice of Dispute sent to you by Attorney Preston Halperin on September 13, 2018, CCCB has breached the terms of the Amended & Restated Limited Liability Company Agreement of Prospect CharterCare, LLC, based on the terms of the Settlement Agreement with Stephen DeSesto, Receiver and Administrator of the St. Joseph Health Services of Rhode Island Retirement Plan (the "Receiver") and the security agreement already granted to the Receiver. To the

extent that you intend to share Prospect CharterCare, LLC's financial information with the Receiver or any other third-party, particularly one that is presently asserting claims against Prospect CharterCare, LLC and Prospect East Holdings, Inc., we would view that as a further breach of your duty to Prospect CharterCare, LLC.

Exhibit 10 (October 2, 2018 letter from Attorney Cavanagh to Attorney Land). Thus, Prospect Chartercare agreed to provide the requested information, but only if CCCB undertook not to provide it to the Receiver, notwithstanding the Receiver's rights under the Settlement Agreement, and CCCB's obligation under the Settlement Agreement¹² "to comply with all of the Receiver's reasonable requests to maximize and realize the full value of" CCCB's membership interest in Prospect Chartercare. Prospect Chartercare thereby interfered with the receiver's contract rights and prevented CCCB from fulfilling its contractual obligations to the Receiver under the Settlement Agreement.

On October 3, 2018, counsel for CCCB responded to counsel for Prospect Chartercare:

I am in receipt of your letter dated October 2, 2018, wherein you demand, prior to delivering to CharterCare Community Board ("CCB") financial information of Prospect CharterCare, LLC ("PCLLC"), that (i) we identify a purpose for requesting the information, and (ii) that we execute a confidentiality agreement.

PCLLC's effort to put conditions on CCB's access to information is improper, and appears to be a tactic intended to impair CCB's ability to exercise its rights as a member of PCLLC. PCLLC has previously, upon request, provided financial information to CCB without any conditions whatsoever. These new conditions appear to be guided by the nature of the most recent request - information related to capital contributions required to be made by the other member of PCLLC, Prospect East, LLC ("PELLC") which are guaranteed by Prospect Medical Holdings. To the extent that PCLLC is acting for the benefit of one member (PELLC) over the other (CCB), such action is improper. Moreover, there is no basis whatsoever for PCLLC to assert that CCB must maintain this information

¹² Settlement Agreement ¶ 19.

in confidence as the information we are seeking was intended to be public as noted in my communication to Preston Halperin of October 2, 2018, the highly touted capital contributions for long-term capital improvements totaling \$50,000,000 over the first four years, and at least \$10,000,000 annually required for routine capital investment were publicly held out as a material basis for the approval of the sale of the hospitals to PCLLC.

Under Section 7.1 of the Operating Agreement of PCLLC (and R.I.G.L. 7-16-22), CCB has the right to inspect the records. If PCLLC is not willing to provide the requested information identifying capital contributions since June 2014, CCB demands access to the books and records of PCLLC pursuant to Section 7.1. In this regard, time is of the essence and we would request such access be giving to CCB's designated representatives no later than October 5, 2018, for inspection at your office or at PCLLC's facility.

Finally, in light of PCLLC's actions (including its refusal to provide financial information) and the appearance that PCLLC is acting in a manner intended to benefit PELLC, CCB intends to call a meeting with the PCLLC Class A board members appointed by CCB. CCB will advise such board members that it is very concerned about the decisions being made by PCLLC, specifically PCLLC's efforts to undermine CCB's legitimate effort to settle the pending litigation with the Receiver of the St. Josephs Health Services Pension Plan for the benefit of the Plan participants. That settlement is clearly intended to provide for the liquidation of CCB's interest in PCLLC consistent with the provisions of the Operating Agreement PCLLC's efforts to block that exercise are without merit, and to the extent the Class A board members fail to object to such effort, they are acting in contradiction of best interests of CCB, the appointing member. In addition, CCB believes that the Class A board members would be acting against the best interests of PCLLC as the proposed settlement is beneficial to PCLLC in that (i) it effectively provides a credit of many millions of dollars to PCLLC in the event PCLLC is later found to be liable to the plaintiffs, and (ii) it eliminates the justifiable criticism of PCLLC in the community that flows from the opposition to the settlement.

Naturally, CCB would much prefer that PCLLC not stand in the way of the approval of the Settlement Agreement, particularly where the ultimate outcome will be for the benefit of the pension holders. Kindly let me know by 5:00 PM on Thursday, October 4, 2018, whether PCLLC will provide access to the requested information on or before October 5, 2018, or preferably copies of such information consistent with past practice. CCB will view PCLLC's failure to do so as a violation of PCLLC's obligations and we will pursue its rights as against PCLLC and PELLC.

Exhibit 11 (October 3, 2018 letter from Attorney Land to Attorney Cavanagh).

Nevertheless, Prospect Chartercare did not allow CCCB access to the requested information on or before October 5, 2018.

Indeed, at the October 10, 2018 hearing, Special Counsel stated in open court in reply to oral arguments on Prospect Chartercare's objection to the proposed settlement:

I do want to add this one point. This 13 percent - - 15 percent is a huge deal because I can tell you as part of the settlement process that we have been trying to get through the 15 percent holder, CCB, an accounting of the promised \$50 million that was supposed to have been put in by Prospect Chartercare. That was part of the original consideration. It was flaunted. It was publicized. **We had every reason to believe, because we have been so frustrated about getting information about what they put in, that we actually are going to file another motion to adjudge Prospect Chartercare in contempt because they have not responded to the subpoenas which you had authorized us to settle in giving this information.** They have actually affirmatively said they would not give the information to Mr. Fine because they were afraid he was going to share it with us. That was the information we were entitled to.

[Emphasis supplied]

Exhibit 12 (October 10, 2018 Hearing Tr. at 98-99).

In light of Prospect Chartercare's refusal to allow CCCB access to the requested information, counsel for CCCB prepared a letter to be sent to the Class A Directors of Prospect Chartercare (whom CCCB had the right to elect and replace), to inform them of the situation and call a meeting to advise them that CCCB is very concerned about Prospect Chartercare's efforts to undermine the settlement with the Receiver.

However, counsel for CCCB did not have contact information for all of the Class A Directors. Accordingly, Counsel for CCCB contacted Edward Santos and Moshe Berman, who are respectively the Chairman of the Board and General Counsel of Prospect Chartercare, seeking contact information for the Class A Directors.

Instead of complying with the simple request for contact information, on October 17, 2018, counsel for Prospect Chartercare wrote to counsel for CCCB:

I understand that you have recently contacted Ed Santos and Moshe Berman, respectively, Chairman of the Board and General Counsel of Prospect CharterCare, LLC ("PCLLC"), seeking personal contact information of other Board members.

As stated in my letter to you of October 5, it is obvious that you continue to act on behalf of the Receiver of St. Joseph Health Services of Rhode Island Retirement Plan. In addition to entering into the settlement agreement with the Receiver to which PCLLC objects, CharterCare Community Board ("CCB") has also adopted the arguments and positions of the Receiver in the Receivership action. As you know, the Receiver has brought claims against PCLLC in state and federal court and its interests are directly adverse to PCLLC. We continue to regard your actions as improper as to both time and purpose.

Further, according to your client's view of the settlement agreement, CCB has ceded its ownership interest in PCLLC to the Receiver and therefore would no longer be in a position to assert rights as a member of PCLLC or claim fiduciary duties for its benefit.

Please refrain from further direct communications with PCLLC Board members or employees and direct future correspondence to this office.

Exhibit 13 (October 17, 2018 letter from Attorney Cavanagh to Attorney land). Thus, Prospect Chartercare directed CCCB not to communicate with the Class A Directors, notwithstanding that CCCB had the right to elect (or replace) them under the LLC Agreement,¹³ and CCCB's right to communicate with at least the Class A Directors was essential to protect its 15% interest.

Counsel for CCCB replied immediately on October 17, 2018:

CharterCare Community Board ("CCB") disagrees with your position, which we believe is entirely without merit. Not only has PCLLC refused to provide financial information to which CCB is entitled under the PCLLC Operating Agreement, but bizarrely, it takes the position that CCB, which is entitled to appoint the Category A Directors, may not communicate with those Directors. At this point, CCB must proceed on the basis that PCLLC

¹³ See Exhibit 5 at 23 (LLC Agreement § 12.1).

and its other member, Prospect East, LLC ("PELLC"), have no intention to comply with their respective obligations under the PCLLC Operating Agreement and applicable law.

CCB rejects your position that it may not communicate with the Directors it appointed, will proceed to exercise its rights in any manner it deems appropriate, and will seek to hold PCLLC and PELLC liable for interference with the exercise of such rights.

Exhibit 14 (October 17, 2018 letter from Attorney Land to Attorney Cavanagh).

Thus Prospect Chartercare left the Receiver no option for obtaining the information the Receiver needed, other than to seek the intervention of the Court.

ARGUMENT

I. The Court Should Adjudge Prospect Chartercare in Contempt

A. Contumaciously Violating the Subpoena

Prospect Chartercare has willfully, and certainly without adequate excuse, failed to produce documents concerning its reporting to the Attorney General concerning whether and to what extent it has fulfilled its obligation to contribute \$50 million in long term capital, and the \$10,000,000 annually to fund "routine" short term capital needs. Failure to obey a subpoena "without adequate excuse" is a contempt of court. See Super. R. Civ. P. 45(e) ("(e) Contempt. Failure by any person without adequate excuse to obey a subpoena served upon that person may be deemed a contempt of the court in which the action is pending.").

Did not need to obtain a court order compelling production. The subpoena issued by the Receiver is equivalent to a court order. Adv. Comm. Note on 1991 Amendments to Fed. R. Civ. P. 45 ("Although the subpoena is in a sense the command of the attorney who completes the form, defiance of a subpoena is nevertheless an act in defiance of a court order and exposes the defiant witness to contempt sanctions. . . .

Two courts of appeals have touched on the issue and have described lawyer-issued subpoenas as mandates of the court. *Waste Conversion, Inc. v. Rollins Environmental Services (NJ), Inc.*, 893 F.2d 605 (3d Cir. 1990); *Fisher v. Marubent Cotton Corp.*, 526 F.2d 1338, 1340 (8th Cir. 1975).”).

Similarly, the fact that Prospect Chartercare produced some documents does not preclude finding it in contempt for not producing the documents it failed to produce. See Steamship Co. of 1949 v. China Union Lines, 123 F. Supp. 802, 805 (S.D.N.Y. 1954) (“Mr. Cohen did produce the bill of sale but it had stricken from it one of its provisions, to wit: the purchase price. I do not regard this as compliance with the subpoenas.”) (finding contempt but holding in abeyance the motion to punish the contempt).

B. Contumaciously Interfering with the Receiver’s (and the Court’s) Contractual Rights

“The Receiver is charged with the duty of managing the estate and property entrusted to his care. [He] must collect and preserve corporate property from imminent danger of loss, waste or dissipation and administer the receivership, free from outside interference.” Eller Industries, Inc. v. Indian Motorcycle Mfg., Inc., 929 F. Supp. 369, 372 (D. Colo. 1995). “No one may enforce a right to specific property in the possession of the receiver except on application to the court which appointed him, the property being in the custody of the court and immune from interference without permission of the court.” Devine v. Cordovado, 15 Alaska 232, 243 (D. Alaska 1954).

“Any interference with the control and possession of the receiver, without the permission of the court, is regarded as contempt and will be punished accordingly.” In re Coger, 340 F. Supp. 612, 616 (W.D. Va. 1972). See State v. Whitehurst, 193 S.E. 657, 660 (N.C. 1937). (“[A receiver] holds the property for the benefit of all the parties

interested. His title and possession is that of the court, and any attempt to disturb his possession or to interfere with him, when he is acting under the authority and orders of the court is contempt, and punishable accordingly.”). See also Nobles v. Roberson, 193 S.E. 420, 422 (N.C. 1937) (“As a receiver is an officer of the court, and his possession is the possession of the court, any interference with, or disturbance of, his possession without permission of the court subjects the disturber to punishment for contempt.”). Such interference is a contempt even when it involves property of the debtor over which the receiver has not yet taken actual possession. Hazelrigg v. Bronaugh, 78 Ky. 62, 63 (1879) (“The Court will not permit any one, without its sanction and authority be first obtained, to intercept or prevent payment to its receiver of anything which he has been appointed to receive, though it may not be actually in his hands.”). In other words:

Sound administration of a receivership demands that assets of a company under receivership [here the Retirement Plan] be viewed as under the exclusive control of the receivership court (i.e., in *custodia legis*) and that there be no unwarranted interference with the receiver's actions or with the property which the receiver is charged to administer.

In re Indian Motorcycle Co., Inc., 266 B.R. 243, 259 (Bankr. D. Mass. 2001).

The same principles that held true more than a century and a half ago remain true today:

The assets and all interests in the assets are not only in the possession of the receiver but are also in the possession and custody of the Court. The landmark case regarding the nature of the receivership is *Wiswall v. Sampson*, 55 U.S. (14 How.) 52, 14 L.Ed. 322 (1852). The Supreme Court of the United States said:

When a receiver has been appointed, his possession is that of the Court and any attempt to disturb it without the leave of the Court first obtained, will be a contempt on the part of the person making it.

Id. at 64.

In *Ex parte Tyler*, 149 U.S. 164, 13 S.Ct. 785, 37 L.Ed. 689 (1893), the Supreme Court of the United States reiterated its holding in *Wiswall*:

No rule is better settled than that when a court has appointed a receiver, his possession is the possession of the court, for the benefit of the parties to the suit and all concerned, and cannot be disturbed without the leave of the court, and that if any person without leave, intentionally interferes with such possession, he necessarily commits a contempt of court, and is liable to punishment therefor.

Id. at 181, 13 S.Ct. at 789.

Hancock-Nelson Mercantile Co. v. Weisman, 340 N.W.2d 866, 871 (Minn. App. 1983).

Interference with the Receiver's contractual rights interferes with the rights of the Court. 65 Am. Jur. 2d Receivers § 175 ("The acts of the receiver are the acts of the court, and the contracts the receiver makes are the contracts of the court.").

Interference with the rights of the Court is punishable by contempt. Ex Parte Tyler, 149 U.S. 164, 182 (1893) ("The general doctrine that property in the possession of a receiver appointed by a court is *in custodia legis*, and that unauthorized interference with such possession is punishable as a contempt, is conceded...") The Receiver is the beneficial owner of the 15% interest. See also Rhode Island Hosp. Tr. Co. v. Rhode Island Covering Co., 182 A.2d 438, 441 (R.I. 1962) ("A receiver is an officer of the court that appointed him, and property entrusted to such a receiver is in the custody of that court to be disposed of only according to its order and in accordance with the priorities of the parties concerned."); Chafee v. Quidnick Co., 13 R.I. 442, 448 (R.I. 1881) ("A receiver is the hand of the court to take and hold property in dispute until it can be determined to whom it belongs.").

II. Prospect Chartercare Should Be Ordered to Produce the Requested Documents and Enjoined from Interfering with the Settlement Agreement

Upon finding Prospect Chartercare in contempt, the Court should order it to promptly purge its contempt by producing the requested documents and refraining from interfering with the Settlement Agreement. Marek v. Marek, 383 A.2d 1031, 1033 (R.I. 1978) (“We are of the opinion that the power of the court to preserve the integrity of its decrees by enforcement through contempt proceedings necessarily includes the incidental authority to impose reasonable terms when permitting the guilty party to purge himself of the contempt. . . . It is clear that sanctions for civil contempt may be sufficiently coercive to gain swift compliance.”) (citations omitted).

CONCLUSION

For all of the foregoing reasons, the Respondent’s motion to adjudge Prospect Chartercare in contempt should be granted.

Respondent,
Stephen F. Del Sesto, Esq., Solely in
His Capacity as Permanent Receiver of
the Receivership Estate,
By his Attorneys,

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Dated: October 23, 2018

CERTIFICATE OF SERVICE

I hereby certify that, on the 23rd day of October, 2018, I filed and served the foregoing document through the electronic filing system on the following users of record:

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The document electronically filed and served is available for viewing and/or downloading from the Rhode Island Judiciary's Electronic Filing System.

/s/ Max Wistow

Exhibit 1

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS



SUPERIOR COURT
SUBPOENA - CIVIL

Plaintiff/Petitioner St. Joseph Health Services of Rhode Island, Inc.	Civil Action File Number PC-2017-3856
Defendant/Respondent St. Josephs Health Services of Rhode Island Retirement Plan	

<input type="checkbox"/> Murray Judicial Complex Newport County 45 Washington Square Newport, Rhode Island 02840-2913 *(401) 841-8330	<input type="checkbox"/> Noel Judicial Complex Kent County 222 Quaker Lane Warwick, Rhode Island 02886-0107 *(401) 822-6900
<input type="checkbox"/> McGrath Judicial Complex Washington County 4800 Tower Hill Road Wakefield, Rhode Island 02879-2239 *(401) 782-4121	<input checked="" type="checkbox"/> Licht Judicial Complex Providence/Bristol County 250 Benefit Street Providence, Rhode Island 02903-2719 *(401) 222-3230

TO: PROSPECT CHARTERCARE, LLC
 of c/o CT Corporation System, 450 Veterans Memorial Parkway, Ste 7a, East Providence, RI 02914

YOU ARE HEREBY COMMANDED to appear in the Superior Court listed above at the date, time, and courtroom specified below to testify in the above-entitled case and bring with you:

Courtroom	Date	Time

If you need language assistance, please contact the Office of Court Interpreters at (401) 222-8710 or by email at interpreterfeedback@courts.ri.gov before your court appearance.

* If an accommodation for a disability is necessary, please contact the Superior Court Clerk's Office at the telephone number listed above as soon as possible. TTY users can contact the Superior Court through Rhode Island Relay at 7-1-1 or 1-800-745-5555 (TTY) to voice number.



STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

SUPERIOR COURT

YOU ARE HEREBY COMMANDED to appear at the location, date, and time specified below to testify at the taking of a deposition in the above-entitled case.

Location of Deposition	Date	Time

YOU ARE HEREBY COMMANDED to produce and permit inspection and copying of the following documents or objects at location, date, and time specified below (list documents or objects):

See Schedule A hereto for requests for documents.


Location	Date	Time
61 Weybosset St, Providence, RI 02903	December 18, 2017	11:00 a.m.

Any organization not a party to this suit that is subpoenaed for the taking of a deposition shall designate one or more officers, directors, or managing agents, or other persons who consent to testify on its behalf and may set forth, for each person designated, the matters on which the person will testify. (Rule 30(b)(6) of the Superior Court Rule of Civil Procedure).

/s/ <u>Max Wistow</u> Attorney for the <input type="checkbox"/> Plaintiff/Petitioner <input checked="" type="checkbox"/> Defendant/Respondent or <input type="checkbox"/> Plaintiff/Petitioner <input type="checkbox"/> Defendant/Respondent	Rhode Island Bar Number: 0330
	Date: 12/1/2017
Telephone Number: (401) 831-2700	

Issued by <input type="checkbox"/> Clerk, <input checked="" type="checkbox"/> Notary, or <input type="checkbox"/> Issuing Official pursuant to G.L. 1956 § 9-17-3	Date: 12/1/2017
---	--------------------

/s/ _____
 Clerk

Benjamin Ledsham
 Name of Notary

 Signature of Notary
 Notary commission expires: 11/9/2019
 Notary identification number: 753498

 Name of Issuing Official

 Signature of Issuing Official

STATE OF RHODE ISLAND AND



PROVIDENCE PLANTATIONS

SUPERIOR COURT

The following information is being provided pursuant to Rule 45(c), (d), and (e) of the Superior Court Rules of Civil Procedure.

(c) Protection of Persons Subject to Subpoenas.

- (1) A party or an attorney responsible for the issuance and service of a subpoena shall take reasonable steps to avoid imposing undue burden or expense on a person subject to that subpoena. The court on behalf of which the subpoena was issued shall enforce this duty and impose upon the party or attorney in breach of this duty an appropriate sanction, which may include, but is not limited to, lost earnings and a reasonable attorney's fee.
- (2) (A) A person commanded to produce and permit inspection and copying of designated books, papers, documents, or tangible things or inspection of premises need not appear in person at the place of production or inspection unless commanded to appear for deposition, hearing, or trial.

(B) Subject to paragraph (d)(2) of this rule, a person commanded to produce and permit inspection and copying may, within fourteen (14) days after service of the subpoena or before the time specified for compliance if such time is less than fourteen (14) days after service, serve upon the self-represented litigant or attorney designated in the subpoena written objection to inspection or copying of any or all of the designated materials or of the premises. If objection is made, the party serving the subpoena shall not be entitled to inspect and copy the materials or inspect the premises except pursuant to an order of the court by which the subpoena was issued. If objection has been made, the party serving the subpoena may, upon notice to the person commanded to produce, move at any time for an order to compel the production. Such an order to compel production shall protect any person who is not a party or an officer of a party from significant expense resulting from the inspection and copying commanded.
- (3) (A) On timely motion, the court by which a subpoena was issued shall quash or modify the subpoena if it:
 - (i) Fails to allow reasonable time for compliance;
 - (ii) Requires disclosure of privileged or other protected matter and no exception or waiver applies; or
 - (iii) Subjects a person to undue burden.
(B) If a subpoena
 - (i) requires disclosure of a trade secret or other confidential research, development, or commercial information, or
 - (ii) requires disclosure of an unretained expert's opinion or information not describing specific events or occurrences in dispute and resulting from the expert's study made not at the request of any party,

the court may, to protect a person subject to or affected by the subpoena, quash or modify the subpoena or, if the party in whose behalf the subpoena is issued shows a substantial need for the testimony or material that cannot be otherwise met without undue hardship and assures that the person to whom the subpoena is addressed will be reasonably compensated, the court may order appearance or production only upon specified conditions.

(d) Duties in Responding to Subpoena.

- (1) A person responding to a subpoena to produce documents shall produce them as they are kept in the usual course of business or shall organize and label them to correspond with the categories in the demand.
 - (2) When information subject to a subpoena is withheld on a claim that it is privileged or subject to protection as trial preparation materials, the claim shall be made expressly and shall be supported by a description of the nature of the documents, communications, or things not produced that is sufficient to enable the demanding party to contest the claim.
- (e) **Contempt.** Failure by any person without adequate excuse to obey a subpoena served upon that person may be deemed a contempt of the court in which the action is pending.



STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

SUPERIOR COURT

Plaintiff/Petitioner St. Joseph Health Services of Rhode Island, Inc.	Civil Action File Number PC-2017-3856
Defendant/Petitioner St. Josephs Health Services of Rhode Island Retirement Plan	

PROOF OF SERVICE

I hereby certify that on the date below I served a copy of this Subpoena on
 A/S CT Coop. Systems 400 Veterans Mem. Pkwy. East Providence RI Bldg. 7-A personally.
 I hereby certify that I was unable to make service after the following reasonable attempts:

SERVICE DATE: 12/4/17 SERVICE FEE \$ 45.00
 Month Day Year \$ 11.00 # 3876

Signature of SHERIFF or DEPUTY SHERIFF or CONSTABLE

SIGNATURE OF PERSON OTHER THAN A SHERIFF or DEPUTY SHERIFF or CONSTABLE MUST BE NOTARIZED.

Thomas Noury
 Signature P.O. Box 114026
 North Providence, RI 02911

State of RI
 County of Providence

On this 4 day of Dec, 2017, before me, the undersigned notary public, personally appeared Thomas Noury
 personally known to the notary or proved to the notary through satisfactory evidence of identification, which was _____, to be the person who signed above in my presence, and who swore or affirmed to the notary that the contents of the document are truthful to the best of his or her knowledge.

Notary Public: Dora Noury-Keating
 My commission expires: 5-17-21
 Notary identification number: Dora Noury-Keating

Notary Public

My Commission Exp.

SCHEDULE A

Definitions

- a. The word "**documents**" as used herein is meant in the broad and liberal sense and includes hand-written, typed, recorded, electronically stored, or graphic material of any kind and description, and whether a draft, copy, original, or master, including, but not limited to, e-mails, electronic versions of documents, accounts, advertisements, letters, memoranda, prospectuses, resolutions, legislation, notes of conversations, contracts, agreements, drawings, tape recordings, inter-office and intra-office memoranda, studies, working papers, corporate records, minutes of meetings, checks, diaries, diary entries, appointment books, desk calendars, photographs, transcriptions or sound recordings or any type, and documents stored on data storage modules, databases, servers, computers, tapes, discs or other memory devices, or other information retrievable from storage systems. If any document has been prepared in multiple copies which are not identical, each modified copy or non-identical copy is a separate "document." The word "**document**" also includes data compilations from which information can be obtained and translated, if necessary, by the requesting party in a reasonably usable form.
- b. The term "any" and the term "all" are intended to mean "any and all."
- c. Any word in the singular also includes the plural and vice versa.
- d. The term "**Verified Petition**" refers to the Petition for the Appointment of a Receiver filed in *St. Joseph Health Services of Rhode Island, Inc. v. St. Josephs Health Services of Rhode Island Retirement Plan* (PC 2017-3856).
- e. The term "**Plan**" refers to the St. Joseph Health Services of Rhode Island Retirement Plan and any of its versions or amendments.
- f. The term "**SJHSRI**" refers to St. Joseph Health Services of Rhode Island and each of its predecessors or successors.
- g. The term "**CHARTERCARE**" refers to CharterCARE Health Partners and CharterCARE Community Board, and each of their predecessors or successors.
- h. The term "**RWH**" refers to Roger Williams Medical Center and Roger Williams Hospital, and each of their predecessors or successors.
- i. The term "**Prospect**" refers to Prospect CharterCARE, LLC, Prospect CharterCare SJHSRI, LLC, Prospect CharterCare RWMC, LLC, Prospect East Holdings, Inc., Prospect Medical Holdings, Inc., and Prospect East Hospital Advisory Services, LLC, and each of their predecessors or successors.

- j. The term “**Prospect CharterCARE**” refers to Prospect CharterCARE, LLC and each of its successors or subsidiaries
- k. The term “**Diocese**” refers to the Diocese of Providence and any other diocese or archdiocese or component of the Catholic Church having any connection of any nature with the **Plan**, and each of their bishops, clergy, officers, executives, employees, agents, and designees;
- l. The term “**Bishop of Providence**” includes the Roman Catholic Bishop of Providence, a corporation sole; Bishop Tobin; and any individual designees of the Roman Catholic Bishop of Providence or Bishop Tobin;
- m. The term “**Mercer**” means Mercer Investment Consulting LLC and any of its parents, subsidiaries, affiliates, as well as any parents, subsidiaries, affiliates, or components of Marsh & McLennan Companies;
- n. The term “**Asset Purchase Agreement**” refers to the Asset Purchase Agreement dated as of September 24, 2013, as well as any amendments, supplements, or successive agreements relating thereto;
- o. The term “**November 28 Letter**” refers to the letter dated November 28, 2017 from Richard J. Land to Max Wistow (a copy of which is attached hereto as Exhibit 1), a portion of which states:

SJHSRI continues to collect, review and process potentially responsive documents. SJHSRI has requested access to documents owned by Prospect that may be responsive. Prospect continues to provide access to physical files, subject to Prospect’s review of the documents for attorney client privilege, work product or other applicable privilege/objection. With respect to Prospect’s electronic data, we have discussed with Prospect collection of electronic data, and while we anticipate some difficulty in retrieving and searching the electronic data due to the broad scope of the subpoena requests, Prospect intends to provide access consistent with SJHSRI’s access to physical files subject to Prospect’s review of the documents for attorney client privilege, work product or other applicable privilege/objection. We view this process as facilitating a rolling delivery of responsive documents as you previously agreed.

Documents Requested^[1]

1. All documents and information to which Section 13.7 of the **Asset Purchase Agreement** pertains;
2. In relation to the statements contained in or subject matter of the **November 28 Letter**:
 - a. All documents relating to communications with **SJHSRI, RWH, CHARTERCARE**, or their officers, agents, directors, or attorneys, relating to subpoenas or compliance with subpoenas issued in connection with *St. Joseph Health Services of Rhode Island, Inc. v. St. Josephs Health Services of Rhode Island Retirement Plan* (PC 2017-3856);
 - b. All documents provided to **SJHSRI, RWH, CHARTERCARE**, or their officers, agents, directors, or attorneys, relating to subpoenas or compliance with subpoenas issued in connection with *St. Joseph Health Services of Rhode Island, Inc. v. St. Josephs Health Services of Rhode Island Retirement Plan* (PC 2017-3856);
 - c. All documents relating to **SJHSRI's** efforts to comply with subpoenas issued in connection with *St. Joseph Health Services of Rhode Island, Inc. v. St. Josephs Health Services of Rhode Island Retirement Plan* (PC 2017-3856);
 - d. All documents relating to **Prospect's** efforts to comply with subpoenas issued in connection with *St. Joseph Health Services of Rhode Island, Inc. v. St. Josephs Health Services of Rhode Island Retirement Plan* (PC 2017-3856);
3. All documents concerning the status or qualification *vel non* of the **Plan** as a church plan, including but not limited to all legal opinion letters that may be referenced in paragraph 7 of the Verified Petition;
4. All documents concerning the **Plan**, including any plan documents, reports, and actuarial valuations;
5. All trust agreements, or modifications of trust agreements, relating to the **Plan**;
6. All documents relating to authorizations regarding purchases or sales for accounts held by or relating to the **Plan**;

¹ Please see **Exhibit 1** for a discussion of why many of these requests which may superficially seem more appropriately directed to other entities are being made to Prospect CharterCARE.

7. All documents relating to investments or recommendations concerning the assets of the **Plan**;
8. All records of transactions since January 1, 2003 for assets or accounts referenced in Request #6 above;
9. All documents relating to identification or enumeration of trustees, or their appointments, tenures, resignations, or terminations, and all authorizations of trustees relating to assets or accounts referenced in Request #6 above;
10. All documents relating to the establishment, functions, or conduct of any board, committee, or subcommittee that administers or administered the **Plan**, including any board or committee or subcommittee resolutions and any appointments to such board, committee, or subcommittee;
11. All documents relating to minutes of the boards of directors of **SJHSRI**, the **Plan**, **RWH**, or **CHARTERCARE**, and all documents relating to minutes of any committee or subcommittee thereof;
12. All documents relating to identification or enumeration of the directors of **SJHSRI**, the **Plan**, **RWH**, or **CHARTERCARE**, or their appointments, tenures, resignations, or terminations, including resumes or curricula vitae;
13. All documents relating to identification or enumeration of the officers of **SJHSRI**, the **Plan**, **RWH**, or **CHARTERCARE**, or their appointments, tenures, resignations, or terminations, including resumes or curricula vitae;
14. All documents relating to identification or enumeration of human resources employees of **SJHSRI**, the **Plan**, **RWH**, or **CHARTERCARE**, or their appointments, tenures, resignations, or terminations, including resumes or curricula vitae;
15. All documents relating to payroll or expense records for employees of **SJHSRI**, the **Plan**, **RWH**, or **CHARTERCARE**, after May 2014;
16. All documents relating to communications (including correspondence and notes of conversations) to or from Bank of America, Fleet Bank, Mercer, the Angell Pension Group, or the Office of the Rhode Island Attorney General, in relation to the **Plan**;
17. All documents relating to communications (including correspondence and notes of conversations) to or from the U.S. Internal Revenue Service and/or the U.S. Department of Labor and/or the Rhode Island Division of Taxation relating to the **Plan**, including any opinion letters and letter rulings and any correspondence relating to opinion letters or letter rulings or requests for same;
18. All documents relating to communications (including correspondence, notes of conversations, and directives) to or from the **Bishop of Providence** (or his

designees or agents) or the **Diocese** (or its designees or agents) concerning the management, administration, governance, finances, or Catholicity of **SJHSRI** or the **Plan**;

19. All documents relating to communications (including correspondence and notes of conversations) to or from the Rhode Island Department of Health or the Health Planning and Accountability Advisory Council regarding hospital mergers or conversions;
20. All contracts between **SJHSRI**, **RWH**, or **CHARTERCARE**, on the one hand, and any of Bank of America, Fleet Bank, **Mercer**, and/or the Angell Pension Group, or any of their predecessors or successors;
21. All documents submitted (inclusive of supplemental submissions and exhibits) to the Attorney General's office, the Rhode Island Department of Health, or any other agency of state or federal government, regarding the **Plan** or hospital conversions or mergers, including without limitation the conversion transactions approved in 2009 and 2014;
22. All documents concerning financial assistance, payments, or loans from the **Diocese**, or the Inter-Parish Loan Fund, Inc., or any other entity, to **SJHSRI**, the **Plan**, **RWH**, or **CHARTERCARE**;
23. All documents concerning financial assistance, payments, or loans to the **Diocese** or the Inter-Parish Loan Fund, Inc., or any other entity, from **SJHSRI**, the **Plan**, **RWH**, or **CHARTERCARE**;
24. All articles of incorporation, bylaws, limited liability company agreements, and operating agreements, including any amendments or revisions thereto, of the **Plan**, **SJHSRI**, **RWH**, **CHARTERCARE**, or **Prospect CharterCARE**;
25. All documents concerning denominational requirements or statements of faith for employees, directors, officers, agents, managers, fiduciaries, members, physicians, nurses, or patients of **SJHSRI** or the **Plan**;
26. All documents concerning any ERISA fidelity bonds;
27. All insurance policies (including umbrella and excess policies) under which:
 - a. **SJHSRI** or the **Plan** has been or was provided with insurance coverage during the period from January 1, 2003 through the present, inclusive (whether or not **SJHSRI** contends or denies there is coverage that may be relevant to the **Plan**); or
 - b. **Prospect CharterCARE** has been or was provided with insurance coverage during the period from January 1, 2013 through the Present,

inclusive (whether or not **Prospect CharterCARE** contends or denies there is coverage that may be relevant to the **Plan**);

28. All insurance documents relating to:
 - a. self-insurance funds or trusts under which **SJHSRI** or the **Plan** has been or was provided with insurance coverage during the period from January 1, 2003 through the present, inclusive (whether or not **SJHSRI** contends or denies there is coverage that may be relevant to the **Plan**); or
 - b. self-insurance funds or trusts under which **Prospect CharterCARE** has been or was provided with insurance coverage during the period from January 1, 2013 through the Present, inclusive (whether or not **Prospect CharterCARE** contends or denies there is coverage that may be relevant to the **Plan**);
29. All audited or unaudited financial statements relating to **SJHSRI** or the **Plan**;
30. All federal and state tax returns, including all Form 990 filings or amendments, all Form 990-PF filings or amendments, and all Form 5500 or Form 5500-SF filings and amendments, for **SJHSRI**, the **Plan**, **RWH**, **CHARTERCARE**, or **Prospect CharterCARE**;
31. All applications and submissions to the U.S. Conference of Catholic Bishops relating to taxation or tax exemption (and any related correspondence or responses), including all Form 0928A forms and attachments;
32. All documents produced or obtained in discovery in *Gmuer, M.D. v. St. Joseph Health Services of Rhode Island*, 09-cv-00628 (D.R.I.), including responses to subpoenas *duces tecum* or requests for production of documents, answers to interrogatories, and deposition transcripts;
33. All other documents relating to *Gmuer, M.D. v. St. Joseph Health Services of Rhode Island*, 09-cv-00628 (D.R.I.), including all correspondence to or from plaintiff's counsel and all settlement documents;
34. All documents produced or obtained in discovery in *Moniz v. St. Joseph Hospital*, 95-cv-00102 (D.R.I.), including responses to subpoenas *duces tecum* or requests for production of documents, answers to interrogatories, and deposition transcripts;
35. All other documents relating to *Moniz v. St. Joseph Hospital*, 95-cv-00102 (D.R.I.), including all correspondence to or from plaintiff's counsel and all settlement documents;

36. All documents (including disks of documents) relating to any *cy pres* petition or matter, including *In re: CharterCARE Health Partners Foundation, Roger Williams Hospital, and St. Joseph Health Services of Rhode Island* (KM-2015-0035), *In re CharterCARE Health Partners* (PB-2011-6822), *Saint Joseph Health Services and Saint Joseph Health Services Foundation v. Patrick C. Lynch* (PB-2009-6693), *Roger Williams Hospital v. Patrick C. Lynch* (PB-2009-6694), and *Roger Williams Medical Center v. Patrick Lynch* (PB-2009-6695), including any reports or disclosures submitted to the Attorney General's office relating to *cy pres* matters;
37. All documents (including accounting records) relating to transfers or dispositions of assets that are or were the subject of any *cy pres* petition;
38. All documents relating to reporting and/or accounting of profits from **Prospect CharterCARE**;
39. All documents relating to the assets of **SJHSRI** (as distinguished from those of its affiliated entities) since 2003;
40. All documents relating to the assets of **SJHSRI** (as consolidated with its affiliated entities) since 2003;
41. All documents relating to any consideration given or obtained by **CHARTERCARE** in connection with the sale transaction concerning the Asset Purchase Agreement dated as of September 24, 2013, other than the transfer of assets by any of **CHARTERCARE**'s subsidiaries;
42. All QuickBooks files (or files for similar accounting software) for the **Plan**, **SJHSRI**, **RWH**, **CHARTERCARE**, or **Prospect CharterCARE** since 2003;
43. All documents given or transmitted to employees or prospective employees referring to the **Plan** or any employee benefits, including without limitation employee handbooks, manuals, summaries and the like, from the inception of the **Plan** to the present time;
44. All documents relating to recruitment advertisements for employees or positions to whom the **Plan** was or could be applicable, from the inception of the **Plan** to the present time;
45. All documents relating to document retention policies;
46. All documents relating to the purchase price or valuations of assets for the transaction referred to in paragraph 5 of the **Verified Petition**;
47. All documents relating to the "elect[ion] to contribute \$14,000,000 to the Plan" referred to in paragraph 5 of the **Verified Petition**;

48. All documents relating to the continuation of “affiliation during and after the sale” referred to in paragraph 6 of the **Verified Petition**;
49. All documents relating to the different “concept[s] of ‘funding’” referred to in footnote 3 of the **Verified Petition**;
50. All documents relating to “all of the long-term issues affecting the Plan” that were not “consider[ed]”, referred to in footnote 3 of the **Verified Petition**;
51. All documents relating to the statement in paragraph 7 of the **Verified Petition** that “Petitioner is advised and believes that the Plan will lose ‘church plan’ status on or before December 31, 2018”;
52. All documents relating to or supporting the assertion that “Petitioner does not have the financial resources to make such payments, or to comply with the other financial and regulatory requirements of ERISA” in paragraph 8 of the **Verified Petition**;
53. All documents concerning the derivation of or rationale for the request in the **Verified Petition** to reduce pension benefits in the specific amount of 40%, including by whom, when, and how the 40% figure was derived;
54. All documents relating to the “request[] that Angell perform an analysis of the Plan based upon a uniform reduction of 40%” in paragraph 13 of the **Verified Petition**;
55. All documents relating to or supporting the assertion that “Petitioner believes that a uniform reduction of 40% of pension benefits is likely the most reasonable approach to achieving an equitable resolution for all beneficiaries” in paragraph 15 of the **Verified Petition**;
56. All documents relating to or supporting the statement that “the net assets of Petitioner, RWH and CCB may become available to assist with the Plan” in paragraph 16 of the **Verified Petition**, or to the possible or actual disposition of such net assets;
57. All documents relating to why the “potential for additional Plan funds is not contemplated by the Benefit Adjustment Analysis” as stated in paragraph 16 of the **Verified Petition**;
58. All documents relating to why “Petitioner believes that the Plan should not be terminated immediately” as stated in paragraph 17 of the **Verified Petition**;
59. All documents relating to the “opportunity to benefit from the contribution of additional funds” referred to in paragraph 18(b) of the **Verified Petition**, including any documents identifying such additional funds and any projections of additional funds;

60. All documents relating to or supporting the statement in paragraph 21 of the **Verified Petition** that “Petitioner further believes that the current administrators and actuaries of the Plan should remain in place for administrative purposes and to continue to render services to the Plan consistent with past practice”;
61. All documents relating to how or why “administrative expenses of the **Plan**, other than investment management and custodian fees, have been paid for with non-Plan assets” as referred to in footnote 9 of the **Verified Petition**, including documents relating to whom and when such payments have been made;
62. All documents relating to the distinction between “administrative expenses” and “investment management and custodian fees” referred to in footnote 9 of the **Verified Petition**;
63. All documents relating to the “impairment of participant claims” referred to in footnote 9 of the **Verified Petition**; and
64. All documents relating to the “Allocation” referred to in section 2.11 of the **Asset Purchase Agreement**.

Exhibit 1

Chace Ruttenberg & Freedman, LLP
Attorneys at Law

Robert B. Berkelhammer^{1†}
Nathan W. Chace
Douglas J. Emanuel^{1**}
Robert D. Fine^{*}
Carl I. Freedman
Macrina G. Hjerpe^{**}
Bret W. Jedele
Drew P. Kaplan
Richard J. Land^{*}
Allan M. Shine^{*}
Don E. Wineberg^{*}

LuAnn Cserr^{**}
Andre S. Digou^{*}
Jared R. Sugerman^{*}

Bruce R. Ruttenberg, *retired*

¹ Also admitted in Massachusetts
[†] Also admitted in Connecticut
¹ Also admitted in New York
^{*} Also admitted in Washington, D.C.
^{*} Admitted in California
^o Admitted U.S. Patent & Trademark Office

November 28, 2017

Max Wistow, Esq.
Wistow, Sheehan & Lovely, P.C.
61 Weybosett Street
Providence, RI 02903

Re: St. Joseph Health Services of Rhode Island ("SJHSRI")

Dear Max:

Below is in follow up to our phone conversation yesterday when you requested (1) a status update on SJHSRI's response to the subpoena, and (2) to know SJHSRI's position regarding the Attorney General's objection to the motion to compel response to the subpoena.

SJHSRI continues to collect, review and process potentially responsive documents. SJHSRI has requested access to documents owned by Prospect that may be responsive. Prospect continues to provide access to physical files, subject to Prospect's review of the documents for attorney client privilege, work product or other applicable privilege/objection. With respect to Prospect's electronic data, we have discussed with Prospect collection of electronic data, and while we anticipate some difficulty in retrieving and searching the electronic data due to the broad scope of the subpoena requests, Prospect intends to provide access consistent with SJHSRI's access to physical files subject to Prospect's review of the documents for attorney client privilege, work product or other applicable privilege/objection. We view this process as facilitating a rolling delivery of responsive documents as you previously agreed.

CR & F

As for the Attorney General's objection to your motion to compel response to the subpoena, SJHSRI does not intend to object to the Attorney General producing the confidential exhibits, subject to the attorney client privilege and work product being maintained and protected. We have not reviewed the documents referenced on the Attorney General's exhibit, however a quick reading of the document descriptions suggests that there are only a few items that appear to fall into that category.

Sincerely,



Richard J. Land

Exhibit 2

Change in Effective Control Application

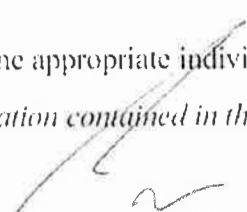
Version 11.23.12

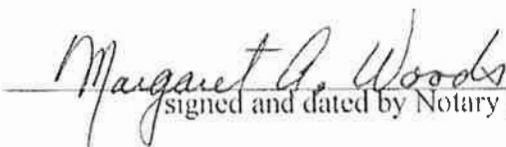
Name of Applicants: Prospect Medical Holdings, Inc.
Name of Facilities: Roger Williams Medical Center, St. Joseph Health Services of Rhode Island, Our Lady of Fatima Hospital, Elmhurst Extended Care
Date Application Submitted: Initial Application: October 18, 2013 Supplemental Application: January 8, 2014
Amount of Fee: \$20,000.00 for Roger Williams Medical Center, \$20,000 for St. Joseph Health Services of Rhode Island, Our Lady of Fatima Hospital, and \$20,000 for Elmhurst Extended Care

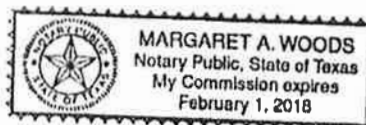
All questions concerning this application should be directed to the Office of Health Systems Development at (401) 222-2788

Please have the appropriate individual attest to the following:

"I hereby certify that the information contained in this application is complete, accurate and true."


signed and dated by the President or Chief Executive Officer 1/7/14


signed and dated by Notary Public 1/7/14



7. Public Affairs

Prospect Advisory will assist Prospect CharterCARE with local and national media relations.

Management Fee

Prospect Advisory will be compensated through a management fee. The management fee will be equal to 2% of net revenues and will be paid on a monthly basis.

Experience

The individuals with the primary supervisory role at Prospect Advisory will be Thomas Reardon and Barbara Groux. They bring a varied healthcare background to the disposal of Prospect CharterCARE as a healthcare attorney, a healthcare executive, and successful turnaround and restructuring officers. Additionally, they have also successfully performed in all aspects of the acquisition and management of financially distressed, acute care hospitals. Further, they have had the opportunity to serve in such capacities while newly acquired hospitals were merged into larger hospital systems. Additionally, Prospect Advisory will have the experience and knowledge of the employees of PMH at its disposal which includes the successful management of eight (8) hospitals in California and Texas.

(2) Description of the applicants

The applicants are as follows:

- (a) Prospect CharterCARE, LLC;
- (b) Prospect CharterCARE RWMC, LLC;
- (c) Prospect CharterCARE SJHSRI, LLC; and
- (d) Prospect CharterCARE Elmhurst, LLC.

(3) Type of Transaction and Costs of the Transaction

PMH and CCHP are proposing to form a partnership to own and operate RWMC, Fatima Hospital, and EEC, as well as the other assets of the CCHP network. The Proposed Partnership will be owned 85% by PMH (a for-profit entity) and 15% by CCHP (a not for profit entity). However, the governing board of the Proposed Partnership will be a 50/50 Board. The purchase price offered by PMH for 85% of the Proposed Partnership is \$45M. Additionally, PMH has committed to future capital contributions of \$50M ("Long-Term Funding Commitment"). The Long-Term Funding Commitment is in addition to a routine capital investment of at least \$10M per year to be reinvested by Prospect CharterCARE, LLC.

The specific uses of the Long-Term Funding Commitment will be determined post-closing after appropriate studies and analyses are undertaken. Though, under the APA, the Long-Term Funding Commitment may be utilized to address (i) the development and implementation of physician engagement strategies, and (ii) projects related to facilities and equipment, including but not limited to:

- expansion of the cancer center at RWMC,
- expansion of the emergency department at RWMC,
- renovation/reconfiguration of the emergency department at Fatima,
- renovation of the operating rooms at RWMC,
- conversion of all patient rooms to private rooms at both Hospitals,
- renovation and expansion of the ambulatory care center at Fatima,
- new windows at both Hospitals,
- a new generator at Fatima,
- a facelift for the facades at both Hospitals, and
- access for the handicapped at the front entrances of both Hospitals.

The specific capital projects to be funded will be determined by Prospect CharterCARE, LLC's Board of Directors which will be a 50/50 Board as detailed above.

Exhibit 3

**STATE OF RHODE ISLAND
DEPARTMENT OF ATTORNEY GENERAL**

May 16, 2014

DECISION

Re: Initial Hospital Conversion Application of Prospect Medical Holdings, Inc., Prospect East Holdings, Inc., Prospect East Hospital Advisory Services, LLC, Prospect CharterCARE, LLC, Prospect CharterCARE RWMC, LLC, Prospect CharterCARE SJHSRI, LLC, and Roger Williams Medical Center, St. Joseph Health Services of Rhode Island, CharterCARE Health Partners

The Department of Attorney General has considered the above-referenced application pursuant to R.I. Gen. Laws §§ 23-17.14-1, *et seq.*, the Hospital Conversions Act. In accordance with the reasons outlined herein, the application is **APPROVED WITH CONDITIONS**.

I. BACKGROUND

The first step in traversing the Hospital Conversions Act is the filing of an initial application with the Department of Attorney General (the “Attorney General”) and Rhode Island Department of Health (“DOH”). The parties filed their initial application (“Initial Application”) on October 18, 2013. The parties (collectively, “Transacting Parties”) to the Initial Application are identified below:

- **Roger Williams Medical Center (“RWMC”)**, a 220-bed acute care, community hospital located in Providence, Rhode Island. RWMC is a wholly-owned subsidiary of CharterCARE Health Partners (“CCHP”).¹
- **St. Joseph Health Services of Rhode Island (“SJHSRI”)**², a 278-bed acute care, community hospital located in North Providence, Rhode Island. SJHSRI’s ownership structure is such that CCHP is the sole Class A Member and the Bishop of Providence is the sole Class B Member.

¹ RWMC and SJHSRI will at times be referred to as the “Existing Hospitals” or “Heritage Hospitals.”

² Commonly known as Our Lady of Fatima Hospital

use the Hospital Conversion Act to effectuate health planning that should be properly done elsewhere with input from a variety of groups. The Hospital Conversion Act contains a set of criteria, it does not allow for the Attorney General to opt for a different model or to suggest a different suitor for CCHP. However, the question to be answered by this review is whether this particular transaction meets the criteria of the Hospital Conversions Act.

V. CONCLUSION

While the Act is no guarantee that a hospital will not be sold to an entity with a different plan in mind than what the surrounding community may value, the Act at the very least provides a minimum framework for review of a hospital transaction. The Attorney General hopes that Prospect CharterCARE, LLC becomes everything it has promised to be for the citizens of Rhode Island. As with all of the Attorney General's reviews pursuant to the Hospital Conversions Act, this Decision represents this Department's best efforts and a careful review of the Proposed Transaction given the information available.

Wherefore, based upon the information provided above in this Decision, the Proposed Transaction is **APPROVED WITH CONDITIONS**. These conditions are outlined below.

VI. CONDITIONS

1. There shall be no board or officer overlap between or among the CCHP Foundation, CCHP, and Heritage Hospitals.
2. There shall be no board or officer overlap between or among the Prospect entities and the CCHP Foundation, CCHP and the Heritage Hospitals.
3. Complete appointment of board members for Prospect CharterCARE, LLC and its Subsidiaries, and for CCHP Foundation, CCHP and Heritage Hospitals, within sixty (60) days after the close of the transaction, and provide final notice to the Attorney General of the identities of such appointees, along with a description of their experience to serve as board members.
4. For the next three (3) years following the close of the transaction, provide the Attorney General the names, addresses and affiliations of all members appointed to any board of

Prospect CharterCARE, LLC and its Subsidiaries, CCHP Foundation, CCHP and the Heritage Hospitals.

5. For the next three (3) years following the close of the transaction, Prospect CharterCARE, LLC and its Subsidiaries, and CCHP Foundation, CCHP and the Heritage Hospitals shall provide corporate documents to the Attorney General to evidence compliance regarding board composition as required by this Decision. In addition, the aforementioned entities shall provide to the Attorney General any proposed amendments to their corporate documents 30 days prior to amendment.
6. For the next three (3) years following the close of the transaction, upon any change in what was represented by the Transacting Parties in the Initial Application and supplemental responses in connection with the approval of this transaction, reasonable prior notice shall be provided to the Attorney General.
7. For the next three (3) years following the close of the transaction, provide reasonable prior notice to the Attorney General identifying any post closing contracts between any of the Transacting Parties and any of the current officers, directors, board members or senior management.
8. That (a) a proposed opening balance sheet for the CCHP Foundation and the Heritage Hospitals as of the close of the transaction identifying the source and detail of all charitable assets to be transferred to the CCHP Foundation be provided to the Attorney General promptly following the close of the transaction; (b) a proposed *Cy Pres* petition satisfactory to the Attorney General be prepared promptly following the close of the transaction allowing certain charitable assets to be transferred to the CCHP Foundation and requesting that other charitable assets remain with the Heritage Hospitals, in each case for disbursement in accordance with donor intent, with such proposed modifications as agreed to by the Attorney General, and (c) the approved *Cy Pres* petition be filed with the Rhode Island Superior Court.
9. That the transaction be implemented as outlined in the Initial Application, including all Exhibits and Supplemental Responses.
10. That all unexecuted agreements provided in support of the Initial Application and Supplemental Responses be executed by the Transacting Parties in the form and substance presented.
11. Promptly after the 180th day following the close of the transaction, brief in an interview with the Attorney General the terms of the final Prospect CharterCARE, LLC's Strategic Plan adopted by the Board. In the event the Attorney General requires a copy of such plan, Prospect CharterCARE, LLC may seek a court order protecting the confidentiality thereof.
12. For the next three (3) years following the close of the transaction, provide the Attorney General with a copy of any notices provided to or received by a party under the Asset

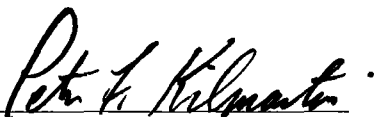
Purchase Agreement.

13. For the next three (3) years following the close of the transaction, provide the Attorney General with a copy of any notice(s) out of the ordinary course; e.g., Office of Inspector General, Securities and Exchange Commission, Internal Revenue Service and Centers for Medicare and Medicare Services, received by the Transacting Parties from any regulatory body.
14. That the Transacting Parties comply with applicable state tax laws.
15. All CCHP entities being acquired (e.g. not CCHP, CCHP Foundation or the Heritage Hospitals) shall be wound down and dissolved and all necessary documents must be filed with applicable state agencies, including, but not limited to the Secretary of State and the Division of Taxation.
16. That all costs and expenses due from the Transacting Parties pursuant to the Reimbursement Agreement dated, January 24, 2014, be paid in full prior to close of the transaction.
17. That PMH guarantee the full amount of Prospect East's financial obligations contained in the Asset Purchase Agreement pursuant to the form of guaranty approved by the Attorney General.
18. Prospect CharterCARE, LLC shall report annually to the Attorney General on the proposed form submitted to the Attorney General concerning the funding of its routine and non-routine capital commitments under the Asset Purchase Agreement until the long term capital commitment as defined in the Asset Purchase Agreement has been satisfied.
19. That Prospect provide information on a timely basis requested by the Attorney General to determine its compliance with the Asset Purchase Agreement and the Conditions of this Decision.
20. The Transacting Parties shall enter into an amendment to the Reimbursement Agreement dated January 24, 2014 for retention by the Attorney General of expert(s) to assist the Attorney General until all matters relating to the approval of the Initial Application are fully and finally resolved.
21. That Prospect complies with the Reimbursement Agreement dated, January 24, 2014, for retention by the Attorney General of an expert to assist the Attorney General with enforcing compliance with these Conditions. Further, Prospect shall enter into an additional agreement outlining the terms of its obligations regarding cooperation with the Attorney General and any expert retained to assist the Attorney General with enforcing compliance with these Conditions.

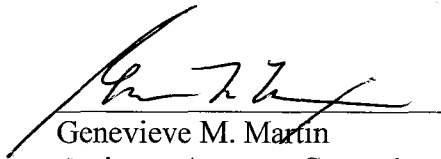
22. That Prospect CharterCARE, LLC and its affiliates shall provide any transition services to CCHP Foundation, CCHP and the Heritage Hospitals pursuant to separate agreements, terminable by the CCHP affiliate at will and provided by the Prospect affiliate at cost.
23. For the next three (3) years following the close of the transaction, notify the Attorney General of any actions out of the ordinary course taken in connection with the SJHSRI pension or any material changes in its operation and/or structure.
24. For the next three (3) years following the close of the transaction, provide the Attorney General notice of a proposed change of ownership of Prospect East or PMH.
25. For the next three (3) years following the close of the transaction, provide CCHP Foundation, CCHP and the Heritage Hospitals with a right of first refusal to match the price to acquire any asset comprised of a line of business or real estate of Prospect CharterCARE, LLC and its Subsidiaries that it proposes to sell.
26. For the next three (3) years following the close of the transaction to the extent there is a sale of any Purchased Assets comprised of a line of business or real estate, the associated sale proceeds shall remain within Prospect CharterCARE, LLC for the benefit of the operation of the Newco hospitals.
27. The Transacting Parties shall provide a Tax Certificate from the State of Rhode Island that the transaction is proper under state tax laws prior to closing.
28. In connection with a sale of assets as defined in paragraph 26 above, if at the time of such a sale Prospect CharterCARE, LLC's membership interest has been diluted to less than fifteen (15%) percent, then fifteen (15%) of the net sales proceeds from the transaction shall go to CCHP to restore its membership interest up to fifteen (15%) percent. Said monies shall be credited against any future member distributions made to CCHP by Prospect CharterCARE, LLC.
29. Anyone subject to the Ethics Commission shall not be eligible to be a board member.
30. Within three (3) years of the closing of this Transaction, provide notice to the Attorney General of any complaints received from OIG, CMS or state agencies.

All of the above Conditions are directly related to the proposed conversion. The Attorney General's APPROVAL WITH CONDITIONS is contingent upon the satisfaction of the Conditions. The Proposed Transaction shall not take place until Conditions 10, 14, 16, 17, 20, 21 and 27 have been satisfied. The Attorney General shall enforce compliance with these

Conditions pursuant to the Hospital Conversions Act including R.I. Gen. Laws § 23-17.14-30.



Peter F. Kilmartin
Attorney General
State of Rhode Island



Genevieve M. Martin
Assistant Attorney General

NOTICE OF APPELLATE RIGHTS

Under the Hospital Conversions Act, this decision constitutes a final order of the Department of Attorney General. Pursuant to R.I. Gen. Laws § 23-17.14-34, any transacting party aggrieved by a final order of the Attorney General under this chapter may seek judicial review by original action filed in the Superior Court.

CERTIFICATION

I hereby certify that on this 16th day of May, 2014, a true copy of this Decision was sent via electronic and first class mail to counsel for the Transacting Parties:

Patricia K. Rocha, Esq.
Adler Pollack & Sheehan
One Citizens Plaza -8th Floor
Providence, RI 02903

W. Mark Russo, Esq.
Ferrucci Russo, P.C.
55 Pine Street- 4th Floor
Providence, RI 02903

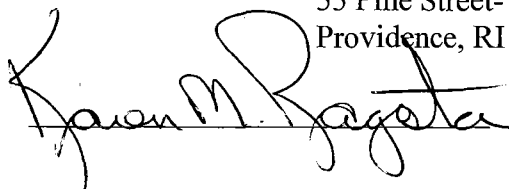


Exhibit 4

B L I S H & C A V A N A G H^{LLP}
C O U N S E L L O R S A T L A W

Joseph V. Cavanagh, Jr.
William R. Landry
Edmund L. Alves, Jr.
Scott T. Spear
Mary Cavanagh Dunn
Joseph V. Cavanagh, III
Robert J. Cavanagh, Jr.
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Lynne Barry Dolan
Of Counsel

John H. Blish
(1986-2007)

August 30, 2018

By Courier

Stephen P. Sheehan, Esq.
Wistow, Sheehan & Loveley, PC
61 Weybosset Street
Providence, RI 02903

**Re: *St. Joseph Health Services of Rhode Island, Inc. v.
St. Josephs Health Services of Rhode Island Retirement Plan, as amended
C.A. No. PC 2017-3856***

Dear Steve,

Enclosed please find a flash drive containing documents Bates labeled PCLLC 172832 through PCLLC 184383, which constitutes the final supplemental production of Prospect CharterCare, LLC's ("Prospect") in response to the subpoena directed to and served upon Prospect on December 4, 2017. As agreed, Prospect reserves all rights and objections with respect to the subpoena.

Very truly yours,



Joseph V. Cavanagh, III

Enclosure

Exhibit 5

FINAL

**AMENDED & RESTATED
LIMITED LIABILITY COMPANY AGREEMENT**

OF

**PROSPECT CHARTERCARE, LLC
(a Rhode Island Limited Liability Company)**

June 20, 2014

THE MEMBERSHIP INTERESTS IN PROSPECT CHARTERCARE, LLC HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR UNDER THE SECURITIES LAWS OF ANY STATE AND ARE BEING OFFERED AND SOLD IN RELIANCE ON EXEMPTIONS FROM THE REGISTRATION REQUIREMENTS OF SUCH ACTS. EXCEPT AS SPECIFICALLY OTHERWISE PROVIDED IN THIS AGREEMENT, THE INTERESTS MAY NOT BE SOLD, TRANSFERRED, PLEDGED OR HYPOTHECATED WITHOUT REGISTRATION UNDER SUCH ACTS OR AN OPINION OF COUNSEL THAT SUCH TRANSFER MAY BE LEGALLY EFFECTED WITHOUT SUCH REGISTRATION. ADDITIONAL RESTRICTIONS ON TRANSFER AND SALE OF SUCH MEMBERSHIP INTERESTS ARE SET FORTH IN THIS AGREEMENT.

Table of Contents

	Page
I. DEFINITIONS.....	2
II. ORGANIZATION	7
2.1 Formation.....	7
2.2 Name	7
2.3 Principal Office.....	7
2.4 Term.....	7
2.5 Registered Agent and Office.....	7
2.6 No State Law Partnership	8
2.7 Appointment of Manager.....	8
2.8 Operation Through Company Subsidiaries.....	8
III. PURPOSES AND POWERS, NATURE OF THE COMPANY'S BUSINESS, OPERATING COMMITMENTS.....	8
3.1 Purposes	8
3.2 Nature of the Business	9
3.3 Powers.....	10
3.4 Conflicts of Interest Policy	10
3.5 Conduct of Operations	10
IV. CAPITAL CONTRIBUTIONS, LOANS, CAPITAL ACCOUNTS.....	10
4.1 Capital Contributions	10
4.2 Additional Capital Contributions.....	10
4.3 Capital Accounts.....	12
4.4 Additional Provisions Regarding Capital Amounts.....	14
4.5 Loans.....	15
V. ALLOCATIONS OF INCOME AND LOSSES.....	15
VI. DISTRIBUTIONS	15
6.1 Distribution of Distributable Cash.....	15
6.2 Compensation or Reimbursement to the Manager.....	15
6.3 Amounts Withheld.....	15
6.4 Distributions in Kind.....	16
6.5 No Restrictions on Distributions.....	16
VII. BOOKS OF ACCOUNT, TAX COMPLIANCE, FISCAL YEAR.....	16
7.1 Books and Records	16

7.2	Determination of Profit and Loss; Financial Statements	16
7.3	Tax Returns and Information	17
7.4	Tax Audits.....	17
7.5	Fiscal Year	17
VIII.	DUTIES OF AND LIMITATIONS ON THE MANAGER.....	17
8.1	Duties of the Manager.....	17
8.2	Rights to Rely on the Manager	17
8.3	Specific Limitations on the Manager	18
8.4	Management Obligations of the Manager.....	19
8.5	Compensation of the Manager	20
8.6	Independent Activities	20
8.7	Prospect Debt Documents.....	20
IX.	RIGHTS AND STATUS OF MEMBERS.....	20
9.1	General	20
9.2	Limitation of Liability.....	21
X.	SPECIAL COVENANTS OF THE MEMBERS.....	21
10.1	Compliance with Debt Covenants	21
10.2	AOB Ratio	21
10.3	Pursuit of Health Care Opportunities in Rhode Island	21
XI.	MEETINGS OF MEMBERS AND MEANS OF VOTING.....	21
11.1	Actions by the Members	22
11.2	Meetings of the Members	22
11.3	[Intentionally omitted]	22
11.4	Conduct of Meeting	22
11.5	Action Without a Meeting	22
11.6	Closing of Transfer Record; Record Date	22
XII.	BOARD OF DIRECTORS	23
12.1	Board of Directors.....	23
12.2	Manner of Exercise of Board of Directors' Authority.....	23
12.3	Meetings of the Board of Directors	24
12.4	Local Boards	24
12.5	Board of Directors Deadlock	24
XIII.	TRANSFER OF RIGHTS AND ADDITIONAL MEMBERS	26

13.1	Transfers by Members	26
13.2	Permitted Transfers	27
13.3	Substituted Member	27
13.4	Additional Member	28
13.5	Basis Adjustment	28
13.6	Invalid Transfer	28
13.7	Distributions and Allocations in Respect of a Transferred Unit.....	28
13.8	Additional Requirements of Admission to Company	28
13.9	Amendment to Exhibit B.	29
XIV.	RIGHT TO LIQUIDATE OR PURCHASE COMPANY INTERESTS	29
14.1	Right of First Offer	29
14.2	Right of First Refusal.....	29
14.3	Tag-Along Rights.....	30
14.4	Prospect Member Call Option	30
14.5	CCHP Put Option.....	31
14.6	Appraised Value.....	31
XV.	DISSOLUTION	33
15.1	Causes	33
15.2	Limitation.....	33
XVI.	WINDING UP AND TERMINATION	34
16.1	General.....	34
16.2	Court Appointment of Liquidator	34
16.3	Liquidation.....	35
16.4	Creation of Reserves	35
16.5	Final Statement	35
XVII.	MISCELLANEOUS	35
17.1	Standard of Care; Indemnification.....	35
17.2	Purchase Agreement Indemnification Obligations	36
17.3	Notices	37
17.4	Choice of Law and Dispute Resolution	37
17.5	Specific Performance	39
17.6	Successors and Assigns.....	39
17.7	Construction.....	39

17.8	Time	39
17.9	Waiver of Partition.....	39
17.10	Entire Agreement	40
17.11	Amendments	40
17.12	Severability	40
17.13	Gender and Number	40
17.14	Exhibits	40
17.15	Additional Documents	40
17.16	Headings	40
17.17	Counterpart	41

EXHIBITS:

- A Allocations of Profits and Loss and Other Tax Matters
- B Capital Accounts, Units and Sharing Percentages
- C Conflicts of Interest Policy

**AMENDED & RESTATED
LIMITED LIABILITY COMPANY AGREEMENT
OF
PROSPECT CHARTERCARE, LLC**

This Amended & Restated Limited Liability Company Agreement (this “Agreement”) is entered into and effective as of June 20, 2014, by and between CHARTERCARE HEALTH PARTNERS, a Rhode Island not-for-profit corporation (“CCHP”), and PROSPECT EAST HOLDINGS, INC., a Delaware corporation (the “Prospect Member”), and PROSPECT CHARTERCARE, LLC, a Rhode Island limited liability company (the “Company”).

WITNESSETH

WHEREAS, the Company was formed on August 21, 2013 through the filing of Articles of Organization with the Office of the Secretary of State of Rhode Island;

WHEREAS, pursuant to the terms, and subject to the conditions, of that certain Asset Purchase Agreement, dated as of September 24, 2013, among CCHP, the CCHP Affiliates, Prospect Medical Holdings, Inc. (“Prospect”), the Prospect Member, the Company, Prospect CharterCare RWMC, LLC (“RWMC SMLLC”), Prospect CharterCare SJHSRI, LLC (“SJHSRI SMLLC”), Prospect CharterCare Elmhurst, LLC (“Elmhurst SMLLC”), and Prospect CharterCare Physicians, LLC (“Physicians SMLLC” and together with RWMC SMLLC, SJHSRI SMLLC, Elmhurst SMLLC, each a “Company Subsidiary” and collectively, “Company Subsidiaries”) (the “Purchase Agreement”), CCHP and the CCHP Affiliates agreed to sell certain assets relating to Roger Williams Medical Center, Our Lady of Fatima Hospital, and certain other assets to the Company and/or the Company Subsidiaries, in exchange for both cash consideration of \$45 million (subject to adjustments and other terms and conditions as set forth in the Purchase Agreement) and a 15% membership interest in the Company;

WHEREAS, prior to the effective date hereof, the Prospect Member was the sole member (100%) of the Company, and in connection with the consummation of the transactions contemplated by the Purchase Agreement, the Members desire to enter into this Agreement to amend and restate any prior operating agreements with respect to the Company;

WHEREAS, the Members desire to enhance and improve the delivery of cost-effective, quality health care services in the greater Providence, Rhode Island metropolitan service area, to provide health care services to the indigent, and to offer services to an increased population more efficiently and cost-effectively; and

WHEREAS, subject to the terms and conditions hereof (and the Purchase Agreement), the Prospect Member will contribute \$50 million of additional capital to the Company over four (4) years.

NOW, THEREFORE, in consideration of the mutual promises, covenants and undertakings hereinafter contained, and other good and valuable consideration, the receipt and

sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

AGREEMENT

I. DEFINITIONS. As used herein, including Exhibit A attached hereto, the following terms have the following meanings:

1.1 “Act” means the Rhode Island Limited Liability Company Act, Rhode Island General Laws Chapter 7-16, as amended from time to time.

1.2 “Additional Member” means a Person who is admitted into the Company as a Member pursuant to the terms of Section 13.4 hereof.

1.3 “Adjusted Capital Contribution” means, with respect to a Member, the actual Capital Contributions made by such Member (or its predecessors in interest); provided that with respect to the Prospect Member (and its successors in interest), the Prospect Member’s Adjusted Capital Contribution shall be increased by the portion of its Long-Term Capital Commitment that has been funded. The Members’ Adjusted Capital Contributions are set forth on Exhibit B hereto.

1.4 “Affiliate” means, as to the Person in question, any Person that directly or indirectly controls, is controlled by, or is under common control with, the Person in question and any successors or assigns of such Person; and the term “control” means possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person whether through ownership of voting securities, by appointment of trustees, directors, and/or officers, by contract or otherwise.

1.5 “Agreement” means this Amended & Restated Limited Liability Company Agreement of Prospect CharterCare, LLC, as from time to time amended pursuant to Section 17.11 hereof.

1.6 “Approval of the Board” or “Approved by the Board” means:

(a) In the event CCHP owns greater than 5% of the Units issued and outstanding, (i) the affirmative vote, consent or approval of at least a majority of those Category A Directors present at a meeting at which a Quorum of the Category A Directors exists, and (ii) the affirmative vote, consent or approval of at least a majority of those Category B Directors present at a meeting at which a Quorum of the Category B Directors exists. For purposes of this Section 1.6(a), a “Quorum” means a majority of the Category A Directors then serving and a majority of the Category B Directors then serving; and

(b) In the event CCHP owns 5% (or less) of the Units issued and outstanding, the affirmative vote, consent or approval of at least a majority of those Directors present at a meeting at which a Quorum exists. For purposes of this Section 1.6(b), a “Quorum” means a majority of all Directors then serving.

For purposes of this Agreement, the phrases “determined by the Board”, “deemed by the Board”, “consented to by the Board”, or the like shall mean the same as “Approved by the Board.”

1.7 “Articles” means the Articles of Organization of the Company, as amended from time to time.

1.8 “Bankruptcy” means, as to any Member, the Member’s taking or acquiescing to the taking of any action seeking relief under, or advantage of, any applicable debtor relief, liquidation, receivership, conservatorship, bankruptcy, moratorium, rearrangement, insolvency, reorganization or similar Law affecting the rights or remedies of creditors generally, as in effect from time to time. For the purpose of this definition, the term “acquiescing” shall include, without limitation, the failure to file within the time specified by Law, an answer or opposition to any proceeding against such Member under any such Law and a failure to file, within thirty (30) days after its entry, a petition, answer or motion to vacate or to discharge any order, judgment or decree providing for any relief under any such Law.

1.9 “Borrowing Limit” means a loan or series of related loans in excess of Ten Million Dollars (\$10,000,000). For the avoidance of doubt, indebtedness of Affiliates of the Company (including, without limitation, the Prospect Member and Prospect) that is guaranteed by the Company or the Company Subsidiaries, or secured by a lien on the assets of the Company or the Company Subsidiaries, shall not count against the Borrowing Limit, so long as the Company and the Company Subsidiaries are not the primary obligor thereof.

1.10 “Capital Contribution” means, as to any Member, the amount of cash or the Agreed Value (as defined in Exhibit A attached hereto) of tangible or intangible property contributed or deemed contributed to the Company by the Member, which initial amount is set forth opposite such Member’s name on the attached Exhibit B under the heading “Initial Capital Account”.

1.11 “Category A Directors” means the members of the Board of Directors elected or appointed from time to time by CCHP.

1.12 “Category B Directors” means the members of the Board of Directors elected or appointed from time to time by the Prospect Member.

1.13 “CCHP Affiliate” means any Affiliate of CCHP (other than a natural person).

1.14 “Code” means the Internal Revenue Code of 1986, as amended, or any successor thereto.

1.15 “Consumer Price Index” means the Consumer Price Index for All Urban Consumers, Medical Care Services (1982-84=100), published by the United States Bureau of Labor Statistics. In the event that such Index is discontinued or is so changed as not to reflect substantially the same information as it does in 2013, then the index to be used for these computations shall be the index then published by the United States Bureau of Labor Statistics that most clearly reflects the increase or decrease in consumer prices for the periods in question.

1.16 “Credit Agreement” means that certain Credit Agreement, dated as of May 3, 2012, by and among Prospect, the lenders party thereto and Morgan Stanley Senior Funding, Inc., as administrative agent, including any notes, mortgages, guarantees, collateral documents and other documents executed in connection therewith, in each case, as amended, restated,

modified, supplemented, renewed, replaced, extended, increased or refinanced in whole or in part from time to time.

1.17 "Days Cash on Hand" means (i) the sum of the Company's cash and investments, divided by (ii) the quotient of (x) the Company's rolling twelve (12) months operating expense minus (1) depreciation and amortization expense and (2) one-time non-cash operating expenses, divided by (y) the number of days in the rolling twelve month period. Days Cash on Hand is measured monthly as of month end. Expressed as a formula: (cash and investments) / ((rolling 12-month operating expense minus depreciation and amortization expense minus one-time non-cash operating expenses) / days in rolling 12-month period)).

1.18 "Distributable Cash" shall be defined as the sum of (a) all cash of the Company on its balance sheet, minus (b) Reserves.

1.19 "Fatima Hospital" means Our Lady of Fatima Hospital located in North Providence, Rhode Island.

1.20 "Hospitals" means the general acute care hospitals Roger Williams Medical Center, located in Providence, Rhode Island, and Our Lady of Fatima Hospital, located in North Providence, Rhode Island.

1.21 "Indenture" means that certain Indenture, dated as of May 3, 2012, by and among Prospect, the Subsidiary Guarantors identified therein and U.S. Bank National Association, as Trustee, including any notes, mortgages, guarantees, collateral documents and other documents executed in connection therewith, in each case, as amended, restated, modified, supplemented, renewed, replaced, extended, increased or refinanced in whole or in part from time to time.

1.22 "Interim Management Advisory Agreement" means that certain Interim Management Advisory Agreement by and between Prospect and CCHP, dated as of September 24, 2013, as it may be amended from time to time.

1.23 "Joint Commission" means the national organization (formerly JCAHO) which issues standards for health care organizations for purposes of Medicare program accreditation.

1.24 "Law" means any federal, state, local, municipal, foreign or other law, common law, statute, ordinance, rule, regulation, requirement, interpretation, judgment, ruling, order or writ of any governmental entity.

1.25 "Liquidator" means the Person who liquidates the Company under Article XVI hereof.

1.26 "Long-Term Capital Commitment" means the Prospect Member's obligation to contribute additional capital to the Company in the aggregate amount of (i) \$50,000,000 over a four (4)-year period (which shall be in addition to the routine capital investment by the Company and the Company Subsidiaries of at least \$10,000,000 per year), less (ii) any amount or amounts with respect to which the Prospect Member exercises its right, from time to time, to an offset pursuant to the provisions of Section 17.2 below and Sections 2.9(e) and 14.8 of the Purchase Agreement.

1.27 “Management Agreement” means the Management Services Agreement, of even date herewith, between Prospect or an Affiliate thereof and the Company.

1.28 “Manager” means the manager of the Company, which shall be Prospect or an Affiliate thereof, and in all events shall be a Restricted Subsidiary as defined in the Indenture.

1.29 “Member” means the Prospect Member or any Prospect Affiliate that becomes a Member, CCHP, and any Substituted Member or Additional Member, but excluding any Person who ceases to be a member of the Company pursuant to this Agreement. “Members” means all of the Persons who are members of the Company as defined in this Section 1.29.

1.30 “Person” means any individual, partnership, corporation, trust, limited liability company or other entity.

1.31 “Prospect Affiliate” means any Affiliate of Prospect or the Prospect Member (other than a natural person).

1.32 “Prospect Member” means Prospect East Holdings, Inc., a Delaware corporation, and any other Prospect Affiliate or Affiliates that are Members from time to time.

1.33 “Reserves” shall mean the amount of cash established by the Board of Directors from time to time equal to the sum of (i) fifteen (15) Days Cash on Hand, plus (ii) the amount of capital expenditures set forth in the budget for the next quarter, plus (iii) any allocated unspent funded amount provided to the Company as part of the Long-Term Capital Commitment (but excluding any Initial Working Capital Amount and any amounts provided under Section 4.2(d) below); plus (iv) any agreed upon reserves for specific matters.

1.34 “Roger Williams” means Roger Williams Medical Center located in Providence, Rhode Island.

1.35 “Sharing Percentage” means, as to a Member, the percentage obtained by dividing the number of Units owned by such Member by the total number of Units owned by all Members (and Exhibit B sets forth the initial Sharing Percentages of the respective Members). The Members hereby agree that their Sharing Percentages shall constitute their “interests in the Company profits” for purposes of determining their respective shares of the Company’s “excess nonrecourse liabilities” (within the meaning of Section 1.752-3(a)(3) of the Regulations).

1.36 “Substituted Member” means any Person admitted to the Company as a Member pursuant to Section 13.3 hereof.

1.37 “Treasury Regulations” or “Regulations” means the regulations promulgated by the United States Department of the Treasury pursuant to and in respect of provisions of the Code. All references herein to sections of the Treasury Regulations or the Regulations shall include any corresponding provision or provisions of succeeding, similar or substitute proposed, temporary or final regulations.

1.38 “Units” shall mean a unit of undivided membership interest in the Company. Such interest includes any and all rights to which such Member may be entitled as provided in this

Agreement, together with all obligations of such Member to comply with the terms and provisions of this Agreement. All of a Member's Units shall constitute such Member's entire interest in the Company. The Units shall constitute ordinary voting common member interests in the Company. The Members' initial Units in the Company are set forth on Exhibit B hereto.

1.39 Index of Other Defined Terms.

Term	Section
Additional Capital Contribution	4.2(d)
Alternate Appraisal Process	14.6(c)
Appraised Fair Market Equity Value of the Company	14.6(a)
Appraised Value of the Units	14.6(a)
Appraiser; Appraisers	14.6(c)
Board of Directors	12.1
Capital Account	4.3
Capital Projects	4.2(b)
Call Election Notice	14.4(b)
CCHP	First paragraph
Company	First paragraph
Company Purposes	3.3
Company Subsidiaries	Recitals
Contributing Member	4.2(e)
Deadlock	12.5(b)
Elmhurst SMLLC	Recitals
Health Care Opportunity	10.3
Initial Appraisers	14.6(c)
Initial Working Capital Amount	4.2(c)
Initiation Date	14.6(c)
Interest	14.2
Liability	17.1(b)
Local Board	12.4
Noncontributing Member	4.2(e)
Non-Proposing Party	10.3
Offer	14.2
Offered Units	14.1
Offeror	14.2
Opportunity Decision Notice	10.3
Physicians SMLLC	Recitals
Proposing Party	10.3
Prospect	Recitals
Prospect Member	First paragraph
Purchase Agreement	Recitals
Put Election Notice	14.5(b)
Qualified Appraiser	14.6(c)

Representatives	17.1(a)
Required Investment Amount	10.3
Right of First Offer	14.1
Right of First Refusal	14.2
RWMC SMLLC	Recitals
Selling Member	14.2
SJHSRI SMLLC	Recitals
Tag-Along Right	14.3
Third Appraiser	14.6(c)
Transfer	13.1
Unpaid Indemnification Amount	17.2(a)
Valuation; Valuations	14.6(c)

II. ORGANIZATION.

2.1 Formation. The Company was formed on August 21, 2013 via the filing of Articles of Organization with the Office of the Secretary of State of Rhode Island. The Member's respective Capital Accounts, Units, Sharing Percentages and Adjusted Capital Contributions as of the date hereof are set forth on Exhibit B hereto.

2.2 Name. The name of the Company is "Prospect CharterCare, LLC" and the business of the Company shall be conducted under that name or such other name or names as may be Approved by the Board from time to time; except that with respect to the Hospitals and other facilities and business operated by CCHP prior to the date hereof and that continue to be operated by the Company after the date hereof, the Company shall continue to operate them using their same (or similar) names and shall obtain authority (via filings with the Secretary of State of the State of Rhode Island) to use d/b/a names and/or alternate names with respect thereto.

2.3 Principal Office. The principal office of the Company shall be located at 825 Chalkstone Avenue, Providence, Rhode Island 02908, or at such other place or places in the State of Rhode Island as the Board of Directors may from time to time determine.

2.4 Term. The Company began on the date the Articles were filed with the Secretary of State of the State of Rhode Island as provided in Section 2.1 hereof, and shall continue until the date on which the Company is dissolved pursuant to Article XV hereof and thereafter, to the extent provided for by applicable Law, until wound up and terminated pursuant to Article XVI hereof.

2.5 Registered Agent and Office. The registered agent of the Company shall be Corporation Service Company and the registered office of the Company shall be located at 222 Jefferson Boulevard, Suite 200, Warwick, Rhode Island 02888. The registered office or the registered agent, or both, may be changed by the Manager from time to time upon filing the statement required by the Act. The Company shall maintain at its registered office such records, if any, as may be specified by the Act.

2.6 No State Law Partnership. The Members intend that the Company will not be a partnership or limited partnership, and that no Member will be a partner of any other Member, for any purposes other than federal and state tax purposes, and this Agreement shall not be construed to suggest otherwise.

2.7 Appointment of Manager. The day-to-day operation of the business of the Company shall be managed by the Manager in accordance with the terms of this Agreement and the Management Agreement, subject to the ultimate authority and control of the Board of Directors as provided herein. The Manager shall be Prospect or an Affiliate of Prospect.

2.8 Operation Through Company Subsidiaries. The parties agree and acknowledge that the business of the Company may be conducted both directly by the Company and through the Company Subsidiaries. Any such Company Subsidiary shall be operated in accordance with the terms of this Agreement and no actions may be taken through a Company Subsidiary that could not otherwise be taken by the Company. Unless otherwise determined by the Board, each Company Subsidiary: (i) shall be a limited liability company having the Company as its sole member; and (ii) shall be member-managed such that all governance and management authority resides in the Company as the sole member thereof. All rights and authority reserved hereunder to the Company's Board with respect to the Company's own assets and operations shall extend fully to each Company Subsidiary, as though owned or undertaken directly by the Company. Similarly, the rights and obligations of the Manager set forth herein with respect to the Company's own assets and operations shall apply fully to each Company Subsidiary, as though owned or undertaken directly by the Company.

III. PURPOSES AND POWERS, NATURE OF THE COMPANY'S BUSINESS, OPERATING COMMITMENTS

3.1 Purposes.

The purposes of the Company are: (i) to provide and promote the growth of health care services in the greater Providence, Rhode Island metropolitan service area (including charitable care and community health services); (ii) to provide efficient and cost-effective rendering of health care services for the benefit of health care consumers in the greater Providence, Rhode Island metropolitan service area; (iii) to provide quality medical care at competitive charges; (iv) to provide consumers of health care choice in providers of care; (v) to own, manage, operate, lease or take any other action in connection with operating the Hospitals and other health care related services and businesses; (vi) to acquire (through asset acquisition, stock acquisition, lease or otherwise) and develop other property, both real and personal, in connection with providing health care related services, including, without limitation, general acute care hospitals, specialty care hospitals, diagnostic imaging centers, ambulatory surgery centers, nursing homes, clinics, home health care agencies, psychiatric facilities and other health care providers; (vii) to deploy ambulatory locations of care; (viii) to recruit and integrate physicians; (ix) to institute safety and quality improvement initiatives; and (x) generally to engage in such other business and activities and to do any and all other acts and things that the Board of Directors deems necessary, appropriate or advisable from time to time in furtherance of the purposes of the Company as set forth in this Section 3.1.

Notwithstanding the foregoing, and notwithstanding any other provision of this Agreement, insofar as the purposes set forth above implicate both (i) CCHP's charitable purposes of serving the healthcare needs of the local area, and (ii) the Prospect Member's profit-making objectives, in the event that any aspect of the Company's activities and operations results in a direct conflict between such charitable purposes and such profit-making objectives, charitable purposes shall prevail in determining the Company's handling of such matter. In the event that CCHP invokes the foregoing provision as the basis for its objection to any aspect of the Company's activities and operations, the parties shall attempt in good faith to resolve the matter through meetings between the senior management of CCHP and Prospect over a period of not less than sixty (60) days. If, as of the conclusion of such discussion period, the matter remains unresolved to CCHP's satisfaction, CCHP may in its sole discretion submit the matter to non-binding mediation pursuant to Section 17.4(a)(ii) below. If, as of the conclusion of such mediation, the matter remains unresolved to CCHP's satisfaction, CCHP may in its sole discretion submit the matter to binding arbitration pursuant to Section 17.4(a)(iii) below; provided, however, that in such event, the Prospect Member shall have the option to purchase CCHP's Units in the Company pursuant to the process set forth in Section 14.4 below.

3.2 Nature of the Business.

(a) In furtherance of the purposes of the Company described in Section 3.1, the Board of Directors and the Manager shall conduct the business and operations of the Company and the Company Subsidiaries by, among other things: (i) accepting all Medicare and Medicaid patients; (ii) accepting all patients in an emergency condition in the emergency room without regard to source of payment or the ability of such emergency patients to pay; (iii) maintaining an open medical staff; (iv) providing public health programs of educational benefit to the community; (v) generally promoting the health, wellness and welfare of the community by providing quality health care at a reasonable cost; and (vi) providing indigent care in the manner described in Section 13.14 of the Purchase Agreement (collectively, the "Standards").

(b) The Company shall operate its business and that of the Company Subsidiaries in such a manner so that: (i) the financial results of the Company and the Company Subsidiaries can be consolidated with those of Prospect; (ii) the assets of and equity interests held by the Prospect Member in the Company and the equity interests in the Company Subsidiaries can be pledged as collateral security to (or otherwise serve as collateral for) Prospect's lenders and noteholders; (iii) CCHP can continue its tax-exempt status; and (iv) allocations of the Company's income and loss to CCHP are exempt from federal income taxation (*i.e.*, are treated as other than unrelated business taxable income under Code Sections 511-514).

(c) Notwithstanding Subsection 3.2(b)(iii) above, in the event that CCHP's tax-exempt status is jeopardized due to its ownership interest and/or involvement in the Company (as set forth in a written legal opinion of CCHP's experienced healthcare counsel, a copy of which shall be provided to the Prospect Member), or any of Prospect's lenders attempts to foreclose on the assets of the Company or any Company Subsidiaries, then if the Members cannot mutually agree on an acceptable resolution, CCHP shall have the option to sell its Units in the Company to the Prospect Member pursuant to the process set forth in Section 14.5 below.

3.3 Powers. Subject to the limitations contained in this Agreement and in the Act, the Company purposes and nature of the business as defined in Sections 3.1 and 3.2 (collectively, the "Company Purposes") may be accomplished by the Manager or the Board of Directors taking any action permitted under this Agreement that is customary or reasonably related to accomplishing such Company Purposes.

3.4 Conflicts of Interest Policy. The Board of Directors and the Manager shall cause the Company to adopt and maintain the policy concerning conflicts of interest attached as Exhibit C hereto (or any new and/or amended conflicts policies or practices hereafter adopted by the Board of Directors).

3.5 Conduct of Operations. The Company shall conduct its activities and those of the Company Subsidiaries consistent with the operating commitments set forth in Sections 13.13 through 13.17 of the Purchase Agreement, and in a manner that materially complies with all applicable Law.

IV. CAPITAL CONTRIBUTIONS, LOANS, CAPITAL ACCOUNTS.

4.1 Capital Contributions. The interests of the Members shall be divided into Units. Each of the Members and other Persons who may, from time to time, become Members has contributed to the capital of the Company the amount listed on Exhibit B attached hereto, as the same may be amended from time to time pursuant to Section 17.11 to reflect the admission of new Members, transfers and other appropriate revisions to the information set forth therein. Each of the Members has been issued the number of Units listed on Exhibit B.

4.2 Additional Capital Contributions.

(a) The Company and the Company Subsidiaries shall fund additional capital expenditures related to the Hospitals and their facilities in an annual amount of at least \$10,000,000 per year, or such greater amount as Approved by the Board.

(b) The Prospect Member hereby commits to make additional Capital Contributions to the Company in an aggregate amount of the Long-Term Capital Commitment, to be made within four (4) years of the date of this Agreement at such times and in such increments as the Board of Directors causes the Manager to request. With respect to each request for a Capital Contribution from the Prospect Member pursuant to the Long-Term Capital Commitment: (i) such request shall be supported by a return-on-investment calculation or a material needs assessment (in each case, acceptable to both Members); and (ii) the Capital Contributions shall neither reduce CCHP's interest or Units in the Company nor increase the Prospect Member's interest or Units in the Company. Subject to the foregoing, and except as otherwise provided in Sections 4.2(c) and (d) below, the Company shall cause the Long-Term Capital Commitment to be used by the Company or the Company Subsidiaries on (x) the development and implementation of physician engagement strategies, and (y) projects related to facilities and equipment ("Capital Projects"). Capital Projects currently identified include the following: expansion of the cancer center at Roger Williams; expanding the emergency department at Roger Williams; renovating and/or reconfiguring the emergency department at Fatima Hospital; renovating the operating rooms at Roger Williams; converting all patient rooms

to private rooms at the Hospitals; renovating and expanding the ambulatory care center at Fatima Hospital; installing new windows at the Hospitals; installing a new generator at Fatima Hospital; providing a face lift for the facades at the Hospitals; and constructing handicap access at the front entrances of the Hospitals (with the specific Capital Projects to be funded as determined by the Board).

(c) Notwithstanding Section 4.2(b) above:

(i) In the event that, during the period between execution of the Purchase Agreement and the date hereof, Prospect or a Prospect Affiliate has advanced to CCHP any amounts pursuant to that certain Interim Management Advisory Agreement between Prospect and CCHP entered into concurrently with the Purchase Agreement, as of the date hereof, such amounts shall be treated as partial satisfaction of the Long-Term Capital Commitment;

(ii) In the event that, during the period commencing as of the date hereof and continuing for a period of up to three (3) months following the effective date hereof, the Company (including the Company Subsidiaries, for purposes of this Section 4.2(c)) requires cash to fund operations and the Prospect Member determines to provide such cash, then: (x) such amount shall not exceed Ten Million Dollars (\$10,000,000); (y) the aggregate amount of cash provided by the Prospect Member (the "Initial Working Capital Amount") shall be treated as partial satisfaction of the Long-Term Capital Commitment; and (z) for a period of up to four (4) years after the effective date hereof, if and as the Company and the Company Subsidiaries accrue excess cash beyond their collective budgeted operating and capital needs, including Reserves, such excess cash, in an amount (to the extent of such excess cash) equal to the amount of the Initial Working Capital Amount, shall be made available to be used for Capital Projects described in Section 4.2(b) above (and subject to the process and requirements therein). The foregoing shall be in addition to the annual commitment of the Company and the Company Subsidiaries to fund Capital Projects set forth in Section 4.2(a) above. The Company shall periodically report to the Board amounts provided by the Prospect Member which are included in the Initial Working Capital Amount, and the subsequent use of excess cash by the Company and the Company Subsidiaries for other Capital Projects as described in subpart (z) above; and

(iii) With respect to that certain capital lease obligation entered into by and between Roger Williams and Philips Medical dated December 27, 2012, with respect to Sellers' cardiac catheterization laboratory, which capital lease obligation is being assumed by the Company as of the effective date hereof pursuant to the Purchase Agreement, the long-term portion of such lease as of the date of the Purchase Agreement (*i.e.*, \$558,288), shall be treated as partial satisfaction of the Long-Term Capital Commitment.

(d) Outside of the circumstances contemplated by Section 4.2(c) above, if funds are required for any expenditure of the Company (including the Company Subsidiaries, for purposes of this Section 4.2(d)) necessary for the operation of the Company and/or any expansion of the Company as Approved by the Board, the Company shall seek such funds from sources in the following order of priority: (A) cash generated by the operations of the Company and the Company Subsidiaries; (B) from the Prospect Member pursuant to the Prospect Member's Long-Term Capital Commitment; (C) commercial loans from third parties on

mutually agreeable terms (and in compliance with the Indenture, the Credit Agreement and any other debt agreements of Prospect or an applicable Prospect Affiliate); (D) loans from Prospect or any Prospect Affiliate to the extent available at market rates and on mutually agreeable terms (and in compliance with the Indenture, the Credit Agreement and any other debt agreements of Prospect or such Prospect Affiliate); and (E) if the Company has made commercially reasonable efforts to obtain the needed funds as set forth above and has been unable to obtain such funds and the Prospect Member's Long-Term Capital Commitment has been fully satisfied, the Manager, with Approval of the Board, shall have the right to request that the Members make additional Capital Contributions pro rata in accordance with each Member's Sharing Percentage ("Additional Capital Contributions").

(e) Subject to (d) above, if the Manager, as Approved by the Board, makes a request to the Members for an Additional Capital Contribution, no Member shall be required to make such Additional Capital Contribution, provided that if any Member elects not to make a portion or all of the Additional Capital Contribution (a "Noncontributing Member"), the other Members (the "Contributing Members") shall have the right, but not the obligation, to contribute to the Company the amount of cash that the Noncontributing Member or Members failed to contribute. The Members shall have thirty (30) days after the Manager's request in which to elect to make or not make such Additional Capital Contributions. Effective as the end of such thirty (30)-day period, if some but not all of the Members make such Additional Capital Contributions, then the Members' Sharing Percentages shall be adjusted as follows (and a pro rata adjustment shall also be made to each Member's Units): Each Member's Sharing Percentage thereafter shall be equal to a fraction (converted to a percentage), the numerator of which is the amount of such Member's (including its predecessors in interest) Adjusted Capital Contributions (including the Additional Capital Contributions just made by such Member, if any) and the denominator of which is the aggregate amount of all Members' (including their predecessors in interest) Adjusted Capital Contributions (including the Additional Capital Contributions just made); provided that no change in Sharing Percentages shall occur by reason of the Prospect Member's Long-Term Capital Commitment; and provided further that in no event may the Sharing Percentage of CCHP be diluted to less than five percent (5%), and if CCHP's Sharing Percentage equals 5%, then any additional amounts contributed by the Prospect Member shall be treated as loans from the Prospect Member to the Company. The number of Units held by each Member shall be adjusted automatically to reflect any change in the Members' Sharing Percentages under this Section 4.2(e). No person other than a Member or Manager of the Company may enforce any provision of this Agreement relating to the payment of additional capital.

4.3 Capital Accounts. A capital account ("Capital Account") shall be established and maintained for each Member for the full term of this Agreement in accordance with the capital account maintenance rules of Section 1.704-1(b)(2)(iv) of the Regulations. The initial Capital Accounts of the Members are set forth on Exhibit B attached hereto. Each Member shall have only one Capital Account, regardless of the number or classes of Units or other interests in the Company owned by such Member and regardless of the time or manner in which such Units or other interests were acquired by such Member. Pursuant to the basic capital account maintenance rules of Section 1.704-1(b)(2)(iv) of the Regulations, the balance of each Member's Capital Account shall be:

(a) Increased by the amount of money contributed by such Member (or such Member's predecessor in interest) to the capital of the Company pursuant to this Article IV and decreased by the amount of money distributed to such Member (or such Member's predecessor in interest) pursuant to Articles VI and XVI hereof;

(b) Increased by the fair market value of each property (determined without regard to Section 7701(g) of the Code) contributed by such Member (or such Member's predecessor in interest) to the capital of the Company pursuant to this Article IV (net of all liabilities secured by such property that the Company is considered to assume or take subject to under Section 752 of the Code) and decreased by the fair market value of each property (determined without regard to Section 7701(g) of the Code) distributed to such Member (or such Member's predecessor in interest) by the Company pursuant to Article VI or XVI hereof (net of all liabilities secured by such property that such Member is considered to assume or take subject to under Section 752 of the Code);

(c) Increased by the amount of each item of Company profit allocated to such Member (or such Member's predecessor in interest) pursuant to Section 3.1 of Exhibit A hereto;

(d) Decreased by the amount of each item of Company loss allocated to such Member (or such Member's predecessor in interest) pursuant to Section 3.1 of Exhibit A hereto;

(e) Otherwise adjusted as follows:

(i) Effective immediately prior to any "Revaluation Event" (as defined in Exhibit A hereto), the balances of all Members' Capital Accounts shall be adjusted to reflect the manner in which items of profit or loss, as computed for book purposes, equal to the "Unrealized Book Gain Or Loss" (as defined in Exhibit A hereto) then existing with respect to each Company property (to the extent not previously reflected in the Members' Capital Accounts) would be allocated among the Members pursuant to Section 3.1 of Exhibit A hereto if there were a taxable disposition of such property immediately prior to such Revaluation Event, for its fair market value (as determined by the Manager taking into account Section 7701(g) of the Code);

(ii) With respect to items of Company profit and loss, the balances of all the Members' Capital Accounts shall be adjusted solely for allocations of such items, as computed for book purposes, under Section 3.1 of Exhibit A hereto and shall not be adjusted for allocations of correlative Tax Items under Section 3.2 of Exhibit A hereto;

(iii) Immediately before giving effect under Section 4.3(b) hereof to any adjustment attributable to the distribution of property to a Member, the balances of all the Members' Capital Accounts first shall be adjusted to reflect the manner in which items of profit or loss, as computed for book purposes, equal to the Unrealized Book Gain Or Loss existing with respect to the distributed property (to the extent not previously reflected in the Members' Capital Accounts) would be allocated among the Members pursuant to Section 3.1 of Exhibit A hereto if there were a taxable disposition of such property on the date of such distribution by the Company for its fair market value at the time of such distribution (as agreed to in writing by the Members) taking Section

7701(g) of the Code into account (i.e., such value shall not be agreed to be less than the amount of Nonrecourse Liabilities to which such property is subject); and

(f) Upon the transfer of all or part of any Unit or other interest in the Company, the Capital Account of the transferor Member, to the extent attributable to the transferred interest, shall carry over to the transferee Member; provided, however, if the transfer causes the termination of the Company for federal income tax purposes under Section 708(b)(1)(B) of the Code, the Capital Account that carries over to the transferee Member shall be subject to adjustment in accordance with Section 4.3(e)(i) hereof in connection with the resulting constructive liquidation of the Company for federal income tax purpose.

4.4 Additional Provisions Regarding Capital Amounts.

(a) If, with the prior Approval of the Board, a Member pays any Company indebtedness or forgives any Company indebtedness owing to such Member, such payment or forgiveness shall be treated as a cash contribution by that Member to the capital of the Company, and the Capital Account of such Member shall be increased by the amount so paid or forgiven by such Member. No Member may, without the prior Approval of the Board, increase its Capital Account by paying any Company indebtedness or by forgiving any Company indebtedness owing to such Member.

(b) Except as otherwise provided herein, no Member may contribute capital to, or withdraw capital from, the Company. To the extent any monies that any Member is entitled to receive pursuant to the Agreement would constitute a return of capital, each of the Members consents to the withdrawal of such capital.

(c) A loan by a Member to the Company shall not be considered a contribution of money to the capital of the Company, and the balance of such Member's Capital Account shall not be increased by the amount so loaned. No repayment of principal or interest on any such loan, reimbursement made to a Member with respect to advances or other payments made by such Member on behalf of the Company, or payments of fees to a Member that are made by the Company shall be considered a return of capital or in any manner affect the balance of such Member's Capital Account.

(d) No Member with a deficit balance in its Capital Account shall have any obligation to the Company or any other Member to restore such deficit balance. In addition, no venturer or partner in any Member shall have any liability to the Company or any other Member for any deficit balance in such venturer's or partner's capital account in the Member in which it is a partner or venturer. Furthermore, a deficit Capital Account balance of a Member (or a capital account of a partner or venturer in a Member) shall not be deemed to be a liability of such Member (or of such venturer or partner in such Member) or a Company asset or property. The provisions of this Section 4.4(d) shall not affect any Member's obligation to make Capital Contributions to the Company that are required to be made by such Member pursuant to this Agreement.

(e) Except as otherwise provided herein, no interest shall be paid on any capital contributed to the Company or the balance in any Member's Capital Account.

(f) All of the provisions of this Agreement relating to the maintenance of Capital Accounts are intended to comply with Regulations Section 1.704-1(b), and shall be interpreted and applied in a manner consistent with the Regulations. If the Board of Directors determines that it is prudent to modify the manner in which the Capital Accounts, or any debits or credits thereto (including, without limitation, debits or credits relating to liabilities that are secured by contributed or distributed property or that are assumed by the Company or any of the Members) are computed in order to comply with the Regulations, the Board of Directors may make such modifications, provided that such modifications are not likely to have a material effect on the amounts distributable to any Member from the Company. The Board of Directors shall also make appropriate modifications in the event unanticipated events might otherwise cause this Agreement not to comply with Section 1.704-1(b) of the Regulations.

4.5 Loans. The Company may borrow money from, among others, any Member on such terms and conditions as shall be Approved by the Board of Directors and such Member; provided, however, such terms and conditions shall be no less favorable to the Company than the terms and conditions that could be obtained by the Company in an arm's length transaction from an independent third-party. If any Member makes any loan or loans to the Company, the amount of any such loan shall not be treated as a contribution to the capital of the Company, but shall be a debt due from the Company. Any Member's loan to the Company shall, as determined by the Board of Directors, be repayable out of the Company's excess cash, prior to any distribution of Distributable Cash. None of the Members nor any of their Affiliates shall be obligated to loan money to the Company.

V. ALLOCATIONS OF INCOME AND LOSSES.

All items of income or loss of the Company shall be allocated to the Members in accordance with the provisions of Exhibit A attached hereto, which is hereby incorporated by reference for all purposes of this Agreement or as otherwise provided in this Agreement.

VI. DISTRIBUTIONS.

6.1 Distribution of Distributable Cash. Except as may be otherwise provided in Section 6.5 hereof, or as may otherwise be prohibited or required by applicable Law, the Board of Directors in its discretion shall cause the Company to distribute Distributable Cash to the extent available to the Members from time to time, pro rata in accordance with their respective Sharing Percentages. The policy of the Company shall be to distribute Distributable Cash to the extent the Board of Directors deems such distributions advisable.

6.2 Compensation or Reimbursement to the Manager. Authorized amounts payable as compensation or reimbursement to the Manager or to any Person other than in its capacity as a Member, such as for services rendered, goods purchased or money borrowed, shall not be treated as a distribution for purposes of Section 6.1 hereof.

6.3 Amounts Withheld. All amounts withheld pursuant to the Code or any provision of any state or local tax Law with respect to any payment of taxes of Members or distribution to the Members shall be treated as amounts distributed to the Members pursuant to this Article VI for all purposes under this Agreement.

6.4 Distributions in Kind. No Member shall have the right to demand or receive distributions of property other than cash. Except as provided in Article XVI hereof, distributions in kind of Company property shall be made only with the Approval of the Board of Directors and only at a value Approved by the Board of Directors. Prior to any such distribution in kind, the difference between such agreed value and the book value of such property shall be credited or charged, as the case may be, to the Members' (or assignees') Capital Accounts in proportion to their Sharing Percentages. Upon the distribution of such Property, such agreed value shall be charged to the Capital Accounts of the Members (or assignees) receiving such distribution.

6.5 No Restrictions on Distributions. The foregoing provisions of this Article VI to the contrary notwithstanding, no distribution of Distributable Cash shall be declared by the Board of Directors or paid by the Company if and for so long as such distribution would violate any contract or agreement to which the Company, the Prospect Member or any Prospect Affiliate is then a party or any Law or directive of any governmental authority then applicable to the Company. Further, notwithstanding anything to the contrary in this Agreement, nothing in this Agreement shall encumber or restrict the Company's ability to make distributions, pay indebtedness or other obligations, make loans or advances, grant liens or transfer property or assets in compliance with, or as required by, the Indenture, Credit Agreement or other documents governing indebtedness of Prospect or a Prospect Affiliate.

VII. BOOKS OF ACCOUNT, TAX COMPLIANCE, FISCAL YEAR.

7.1 Books and Records. The Company, whether through the Manager or otherwise, shall keep books of account and records relative to the business of the Company and the Company Subsidiaries. The books shall be prepared in accordance with "generally accepted accounting principles" using the accrual method of accounting. The accrual method of accounting shall also be used by the Company for income tax purposes. The Company shall also maintain books and records as required by Section 4.3 hereof and Exhibit A hereof. The Company's books and records shall at all times be maintained at the principal business office of the Company (and to the extent required by the Act, at the registered office of the Company) and shall be available for inspection by the Members or their duly authorized representatives during regular business hours. The books and records shall be preserved for four (4) years after the term of the Company ends.

7.2 Determination of Profit and Loss; Financial Statements. All items of Company income, expense, gain, loss, deduction and credit shall be determined with respect to, and allocated in accordance with, this Agreement for each Member for each Company fiscal year. Within one hundred eighty (180) days after the end of each Company fiscal year, the Manager shall cause to be prepared, at the Company's expense, audited financial statements of the Company and the Company Subsidiaries for the preceding fiscal year, including without limitation, a balance sheet, profit and loss statement, statement of cash flows and statement of the balances in the Members' Capital Accounts, prepared accordance with the terms of this Agreement and generally accepted accounting principles consistently applied with prior periods. The Manager shall also cause to be prepared, at Company expense, within ninety (90) days after the end of each Company fiscal year, unaudited financial statements meeting the preceding specifications. These financial statements shall be available for inspection and copying during ordinary business hours at the reasonable request of any Member, and will be furnished to any

other Member upon written request therefor. Any Member may obtain, at such Member's expense, such other reports on the operations and condition of the Company and the Company Subsidiaries as such Member may reasonably request.

7.3 Tax Returns and Information. The Members intend for the Company to be treated as a partnership for tax purposes, but not for any other purposes. The Members intend for each Company Subsidiary to be treated as a disregarded entity for tax purposes, but not for any other purposes. The Company shall prepare or cause to be prepared all federal, state and local income and other tax returns that the Company is required to file and shall furnish such returns to the Members, together with a copy of each Member's Form K-1 and any other information that any Member may reasonably request relating to such returns, within the time required by Law (including any applicable extension periods available under the Code).

7.4 Tax Audits. The Prospect Member shall be the "tax matters partner" of the Company under Section 6231(a)(7) of the Code. The Prospect Member shall inform the Members of all matters that come to its attention in its capacity as tax matters partner by giving the Members notice thereof within ten (10) days after becoming so informed. The Prospect Member shall not take any action contemplated by Sections 6222 through 6232 of the Code unless the Prospect Member has first given the Members notice. This provision is not intended to authorize the Prospect Member to take any action that is left to the determination of the individual Members under Sections 6222 through 6232 of the Code.

7.5 Fiscal Year. The fiscal year of the Company and each Company Subsidiary shall be the twelve (12) month period commencing on October 1st and ending on September 30th.

VIII. DUTIES OF AND LIMITATIONS ON THE MANAGER.

8.1 Duties of the Manager. Except as otherwise set forth in the Act, the Articles or this Agreement, the Board of Directors shall have overall oversight and ultimate authority over the affairs of the Company and the Company Subsidiaries. Subject to this general principle, and subject to the limitations imposed upon the Manager in this Agreement (including, without limitation, Section 8.3 hereof) and in the Management Agreement, and to the fiduciary obligations and limitations imposed upon it at law (to the extent not modified herein or in the Articles) and by general principles of equity, and subject to Article III above, the Manager shall manage the day-to-day operations of the Company and the Company Subsidiaries and act on behalf of the Company and the Company Subsidiaries pursuant to and in accordance with the terms of this Agreement and the Management Agreement, and in material compliance with applicable Law.

8.2 Rights to Rely on the Manager. No Person or governmental body dealing with the Company or any Company Subsidiary shall be required to, inquire into, or to obtain any other documentation as to, the authority of the Manager to take any action permitted under Section 8.1 hereof. Furthermore, any Person or governmental body dealing with the Company or any Company Subsidiary may rely upon a certificate signed by the Manager as to the following:

- (a) The identity of the Manager or any Member;

(b) The existence or nonexistence of any fact or facts that constitute a condition precedent to acts by the Manager or which are in any other manner germane to the affairs of the Company or the Company Subsidiary;

(c) The Persons who are authorized to execute and deliver any instrument document of the Company or the Company Subsidiary; or

(d) Any act or failure to act by the Company or a Company Subsidiary on any other matter whatsoever involving the Company, any Member thereof, or a Company Subsidiary.

8.3 Specific Limitations on the Manager. Notwithstanding anything to the contrary in the Management Agreement, this Agreement, the Act or the Articles, each of the following actions shall require Approval of the Board:

(a) Adopting any new and/or modified purposes, mission and values statement for the Company or any Company Subsidiary;

(b) Development and approval of a strategic plan for the Company (including the Company Subsidiaries), including any and all strategic initiatives and objectives;

(c) Approving the annual operating and capital budgets of the Company (including the Company Subsidiaries), which shall be consistent with the Company's strategic plan;

(d) Changing the charity care policy of the Company and the Company Subsidiaries, and overseeing the record of its implementation;

(e) Approving the appointment of the Chief Executive Officer of the Company recommended by the Manager;

(f) Approving the Manager's recommendation to terminate the employment of the Chief Executive Officer of the Company at any time prior to the second (2nd) anniversary of the date of this Agreement;

(g) Appointing individuals to serve on the Local Boards of the Hospitals (as per Section 12.4 below);

(h) Approving Medical Staff credentialing, other Medical Staff related decisions, and quality assurance and accreditation matters, all as per recommendations of the Local Boards of the Hospitals (subject to Section 12.4 below);

(i) Approving the process for managing conflicts among leadership groups at the Hospitals;

(j) Approving any reduction in Essential Services at either Hospital, if and as provided in Section 13.15 of the Purchase Agreement;

(k) Approving any change in the medical staff bylaws and structure of the Hospitals, if and as provided in Section 13.17 of the Purchase Agreement;

(l) Approving any change of a Hospital's name;

(m) Requests for the Prospect Member to make an additional Capital Contribution to the Company in connection with its Long-Term Capital Commitment, as provided in Section 4.2(b) above;

(n) Requests for the Members to make Additional Capital Contributions to the Company, as provided in Section 4.2(e) above;

(o) Decisions to make Certificate of Need Filings or reverse Certificate of Need Filings;

(p) Entering into a contract to incur an obligation to repay borrowed money; provided that Approval of the Board is not required for the Manager to cause the Company to borrow funds up to the Borrowing Limit;

(q) Electing to distribute or not distribute the Distributable Cash;

(r) Entering into or modifying any agreement, arrangement or business dealings between the Company (and/or any Company Subsidiary) and the Prospect Member or any Prospect Affiliate; provided, however, that such action shall require the approval of only the Category A Directors;

(s) Admitting any additional Members or issuing additional Units, except in accordance with the provisions of Article XIII hereof;

(t) Recognizing the transfer of a Member's interest in the Company, unless such transfer is in compliance with the provisions of Article XIII hereof;

(u) Acquiring or disposing of any health care related facility and its related assets in a single transaction or series of related transactions;

(v) Engaging in any merger, consolidation, share exchange or reorganization of the Company or any Company Subsidiary, or sale of all or substantially all of the assets of the Company or any Company Subsidiary;

(w) Amendments to the Articles, this Agreement and other governing documents of the Company (except as otherwise expressly provided in Section 17.11 below or where required by Law); and

(x) Approving a decision to dissolve or liquidate the Company or any Company Subsidiary.

8.4 Management Obligations of the Manager. Subject to the terms and conditions of the Management Agreement, the Manager shall devote such time to the Company and the

Company Subsidiaries as may be necessary to fulfill the Company Purposes, and manage and supervise the business and affairs of the Company and the Company Subsidiaries. Nothing in this Agreement shall preclude the Manager, at the expense of the Company, from contracting with or employing any Affiliate of a Member or a third party to provide management or other services to the Company or a Company Subsidiary, subject to Section 8.3(r) above.

8.5 Compensation of the Manager. As its sole compensation and consideration for the performance of its duties and responsibilities as Manager, the Manager (or an Affiliate thereof) shall be entitled to receive a management fee as set forth in the Management Agreement.

8.6 Independent Activities. The Manager and any of its Affiliates may engage in or possess interests in other business ventures of every nature and description, independently, and with others, whether such activities are competitive with the Company (including any Company Subsidiary, for purposes of this Section 8.6) or otherwise, subject to Section 10.3 below. The Members and any of their Affiliates may engage in or possess interests in other business ventures of every nature and description, independently and with others, whether such activities are competitive with the Company or otherwise, without having or incurring any obligation to offer any interest in such activities to the Company or any Member. The foregoing, however, does not relieve CCHP and its Affiliates from any restrictions set forth in the Purchase Agreement.

8.7 Prospect Debt Documents. Each of the Members acknowledges and agrees that, in connection with the formation of the Company and the consummation of the transactions contemplated by the Purchase Agreement, the Company and each Company Subsidiary shall (a) become a "Restricted Subsidiary" and a "Subsidiary Guarantor" in accordance with the terms of the Indenture and a "Guarantor" in accordance with the terms of the Credit Agreement and (b) grant a security interest in its assets to the Collateral Trustee (as defined in the Indenture and the Credit Agreement) to the extent required under the Indenture, the Credit Agreement or other indebtedness of Prospect or a Prospect Affiliate. From time to time from and after the date of this Agreement, without the further consent of any Member, the Manager shall be authorized to execute and deliver such documents, and take such other actions, in the name and on behalf of the Company and the Company Subsidiaries as may be reasonably necessary to cause the Company and each Company Subsidiary to continue as or become a Restricted Subsidiary, a Subsidiary Guarantor and a Guarantor (or similar terms), including, without limitation, in the event of any amendment, restatement, supplement, renewal, replacement, increase, extension or refinancing of the Indenture or the Credit Agreement or the incurrence of any other indebtedness of Prospect or a Prospect Affiliate. CCHP shall reasonably cooperate with the Manager, and shall execute and deliver such documents and take such other actions as may be reasonably requested by the Manager, to give effect to the foregoing.

IX. RIGHTS AND STATUS OF MEMBERS.

9.1 General. Except to the extent expressly otherwise required by the Act or provided in this Agreement, the Members shall not take part in the management or control of the business of the Company or the Company Subsidiaries, such powers being vested exclusively in the Board of Directors and the Manager as provided herein.

9.2 Limitation of Liability. No Member shall have any personal liability whatever, solely by reason of its status as a Member of the Company, whether to the Company, the Company Subsidiaries, the Manager, another Member or any creditor of the Company, for the debts of the Company or the Company Subsidiaries or any of their collective losses beyond the amount of the Member's obligation to contribute its Capital Contribution to the Company; provided, however, the foregoing shall not limit or affect obligations undertaken and/or liabilities incurred by a Member pursuant to the Purchase Agreement.

X. SPECIAL COVENANTS OF THE MEMBERS.

10.1 Compliance with Debt Covenants. The Company and the Company Subsidiaries shall comply with, and take no action (or inaction) inconsistent with, the covenants, restrictions and requirements of the Indenture, Credit Agreement or other indebtedness of Prospect or a Prospect Affiliate.

10.2 AOB Ratio. At all times the Company will maintain, and will cause the Company Subsidiaries (as applicable) to maintain, a full-time equivalent to adjusted occupied bed ratio consistent with prevailing industry best practice.

10.3 Pursuit of Health Care Opportunities in Rhode Island. If either Member or any Affiliate of a Member desires to purchase, invest in, own (in whole or in part), lend funds to, manage, consult for, or in any other manner participate with, a health care service, facility or related business in Rhode Island (a "Health Care Opportunity"), then such Member or its Affiliate (the "Proposing Party") shall first provide written notice of such Health Care Opportunity to the other Member (the "Non-Proposing Party"), containing all material terms, including the total amount of funds needed to pursue the Health Care Opportunity, purchase price, capital commitment, amount to be loaned and working capital requirements (collectively, the "Required Investment Amount"). The Non-Proposing Party shall have thirty (30) days thereafter to provide written notice (the "Opportunity Decision Notice") to the Proposing Party that either:

(a) The Health Care Opportunity should be pursued by the Company (either directly or through a Company Subsidiary), in which case: (i) the Non-Proposing Party must also agree in writing (in the same notice) to fund, through Additional Capital Contributions to the Company, its pro rata share of the Required Investment Amount; (ii) the Company (as opposed to the Proposing Party) shall proceed to pursue the Health Care Opportunity; and (iii) within twenty (20) days thereafter, the Members shall fund, through Additional Capital Contributions to the Company, their respective pro rata shares of the Required Investment Amount; or

(b) The Health Care Opportunity should not be pursued by the Company (either directly or through a Company Subsidiary), in which case the Proposing Member shall be free to pursue the Health Care Opportunity on its own or through another entity.

In the event the Non-Proposing Party fails to provide the Opportunity Decision Notice on a timely basis, the Proposing Member shall be free to pursue the Health Care Opportunity on its own or through another entity.

XI. MEETINGS OF MEMBERS AND MEANS OF VOTING.

11.1 Actions by the Members. The Members agree that all decisions regarding the Company and the Company Subsidiaries shall be made by the Manager or the Board of Directors, as described in Article VIII. If, notwithstanding the foregoing, the Members are required by the Act to vote on any Company matter (after due consideration of whether the Act's provisions have been effectively superseded by the express provisions set forth in this Agreement), then such vote shall be conducted in accordance with this Article XI.

11.2 Meetings of the Members. Meetings of the Members may be called by the Manager and shall be promptly called upon the written request of any one or more Members that own in the aggregate five percent (5%) or more of the aggregate Units in the Company. The notice of a meeting shall state the nature of the business to be transacted at such meeting, and actions taken at any such meeting shall be limited to those matters specified in the notice of the meeting. Notice of any meeting shall be given to all Members not less than ten (10), and not more than thirty (30), days prior to the date of the meeting. Members may vote in person at such meeting; notwithstanding the provisions of the Act, voting by proxy shall not be permitted.

Except as required by the express provisions of the Act, the requisite vote of the Members shall be the approval of Members holding at least a majority of the Units issued and outstanding at the time of the vote. Each Member's voting rights shall be the same as that Member's number of Units at the time of the vote. The presence of any Member at a meeting shall constitute a waiver of notice of the meeting with respect to such Member unless, such Member attends the meeting for the sole purpose of objecting to the holding of such meeting. The Members may, at their election, participate in any regular or special meeting by means of conference telephone or similar communications equipment by means of which all Persons participating in the meeting can hear each other. A Member's participation in a meeting pursuant to the preceding sentence shall constitute presence in person at such meeting for all purposes of this Agreement.

11.3 [Intentionally omitted]

11.4 Conduct of Meeting. Each meeting of Members shall be conducted by the Chairman of the Board of Directors or by a Person appointed by the Board of Directors. The meeting shall be conducted pursuant to such rules (if any) as may be adopted by the Board of Directors or the Person appointed by the Board of Directors for the conduct of the meeting.

11.5 Action Without a Meeting. Notwithstanding anything to the contrary in this Agreement, any action that may be taken at a meeting of the Members may be taken without a meeting if there is a consent in writing signed by Members holding at least a majority of the Units, setting forth the action so taken. In the event any action is taken pursuant to this Section 11.5, it shall not be necessary to comply with any notice or timing requirements set forth in Section 11.2 hereof. Prompt written notice of the taking of action without a meeting shall be given to the Members who have not consented in writing to such action.

11.6 Closing of Transfer Record; Record Date. For the purpose of determining the Members entitled to notice of or to vote at any meeting of Members, any reconvening thereof, or to act by consent, the Manager may provide that the transfer record shall be closed for at least ten (10) days immediately preceding such meeting (or such shorter time as may be reasonable in

light of the period of the notice) or the first solicitation of consents in writing. If the transfer record is not closed and if no record date is fixed for determining the Members entitled to notice of or to vote at a meeting of Members or by consent, the date on which the notice of the meeting is mailed, or the first written consent is received by the Manager, shall be the record date for such determination.

XII. BOARD OF DIRECTORS.

12.1 Board of Directors. Effective for all purposes on the date of this Agreement, the Members shall form a board of directors of the Company (the "Board of Directors"), comprised of natural Persons (the "Directors" and each a "Director"), to have overall oversight and ultimate authority over the affairs of the Company and the Company Subsidiaries, to consider those matters pertaining to the business of the Company and the Company Subsidiaries for which Approval of the Board is required (see Section 8.3 above) or appropriate, and to oversee the activities of the Manager and the Local Boards (see Section 12.4) including: (i) evaluations of the CEO; (ii) strategic plans and operating and capital budgets; (iii) compliance with Joint Commission criteria; and (iv) fostering community relationships and opportunities.

The Board of Directors shall consist of eight (8) members, with four (4) Category A Directors (including at least one (1) physician) and four (4) Category B Directors; provided, however, that if CCHP's Sharing Percentage is reduced to 5%, then the Board of Directors shall consist of seven (7) members, with three (3) Category A Directors and four (4) Category B Directors, and CCHP shall submit to the Company the name of such Class A Director who shall resign and shall cause such Director to tender his or her resignation effective immediately (and if CCHP fails to do so within 5 days, then the Company by action of the Class B Directors in their sole and absolute discretion shall remove one Class A Director effective immediately upon written notice to CCHP). Each individual selected to serve on the Board of Directors shall serve for a term of one (1) to three (3) years, at the discretion of the Member that elected or appointed such individual, and thereafter until his successor is elected or appointed, unless he sooner resigns or is removed. A member of the Board of Directors may be removed at any time, with or without cause, by the Member that elected or appointed such director. The unexpired term of a removed director shall be filled by an individual appointed by the Member that appointed or elected the removed director. The Board of Directors shall elect annually the Chairman of the Board of Directors. The Chairman of the Board of Directors shall preside over all the meetings of the Board of Directors.

12.2 Manner of Exercise of Board of Directors' Authority. All actions or exercise of authority or responsibility of the Board hereunder shall be Approved by the Board. All responsibilities of the Board of Directors under this Agreement shall be exercised by the Board of Directors as a body and, accordingly: (i) no member of the Board of Directors, acting alone, shall have the authority to act on behalf of the Board of Directors; and (ii) except as otherwise expressly provided herein, neither Category of directors, by itself, shall have the authority to act on behalf of the Board of Directors. In no event shall the Board of Directors be deemed a manager under the Act or have the authority to act on behalf of, or to bind in any way, the Company or any Company Subsidiary. The actions of the Board of Directors shall be carried out by the Manager as provided for in this Agreement and the Management Agreement.

12.3 Meetings of the Board of Directors. The Board of Directors shall hold regular meetings on at least a quarterly basis, with at least one (1) meeting per year held in person (face-to-face). In addition, each member of the Board of Directors shall be available at all reasonable times to consult with other members of the Board of Directors on matters relating to the duties of the Board of Directors. Meetings of the Board of Directors shall be held at the call of the Manager, the Chairman of the Board of Directors, or any three (3) members of the Board of Directors requesting such meeting through such Chairman, upon not less than ten (10) business days' written or telephonic notice to the members of the Board of Directors, such notice specifying all matters to come before the Board of Directors for action at such meeting. The presence of any member of the Board of Directors at a meeting shall constitute a waiver of notice of the meeting with respect to such member unless such member attends the meeting for the sole purpose of objecting to the holding of such meeting. The members of the Board of Directors may, at their election, participate in any regular or special meeting by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other. A member's participation in a meeting pursuant to the preceding sentence shall constitute presence in person at, such meeting for all purposes of this Agreement. No action taken shall be valid unless a Quorum, as defined in Section 1.6 above, exists. Members of the Board may vote in person at such meeting; voting by proxy shall not be permitted.

12.4 Local Boards. Effective for all purposes on the date of this Agreement, the Board of Directors shall form a Local Board for each Hospital (each such Board being referred to as a "Local Board"). The Board of Directors shall have the authority to appoint additional or replacement individuals to each of the Local Boards. The Local Boards shall be comprised of at least six (6) individuals, and 50% of each Local Board shall consist of physicians on the Hospital's medical staff, and the other 50% shall consist of the Hospital's local CEO and community representatives. Each individual selected to serve on the Local Board shall serve for a term of three (3) years and thereafter until his successor is elected or appointed, unless he sooner resigns or is removed. No individual may serve on a Local Board for more than three (3) consecutive full three (3)-year terms; such individual may again serve on a Local Board after an absence of at least two (2) years. Each Local Board shall meet on a regular basis and have the following responsibilities: (a) recommendations regarding medical staff credentialing, quality assurance and accreditation; (b) reviewing, and making recommendations with respect to, strategic and capital plans; (c) providing guidance and support on local market and community concerns, considerations, strategies, issues and politics; and (d) performing such other duties, and providing review and recommendations with respect to other matters, as requested by the Company's Board of Directors.

12.5 Board of Directors Deadlock.

(a) It is the intention of the Board of Directors to make a good faith effort to resolve Deadlocks (as defined below) between the Category A Directors and the Category B Directors; provided, however, that this provision shall apply only with respect to Deadlocks regarding decisions set forth in:

- (i) Sections 8.3(f) through (m), and Sections (o) through (r);

(ii) Section 8.3(n), but only at such time after which the Long-Term Capital Commitment has been satisfied and only to the extent that the additional capital will be spent on projects that are supported by a return on investment calculation or a material needs assessment (including operational needs) with respect to the Company Subsidiaries in the State of Rhode Island; and

(iii) Section 8.3(u), in the case of transactions having an aggregate value of less than Seven Hundred Fifty Thousand Dollars (\$750,000).

(b) For purposes of this Agreement, the term "Deadlock" shall mean the failure or inability to obtain on a timely basis the Approval of the Board with respect to any resolution or proposal that is reasonably necessary for the Company or a Company Subsidiary to continue to carry on its business activities or to comply with applicable Law, where such resolution or proposal has been approved by one Category of directors but not the other (accordingly, Deadlock may not occur if CCHP's interest is reduced to 5% and class voting no longer applies). In the event of any such Deadlock, the parties shall act in accordance with the following procedures:

(i) First, each category of Directors shall negotiate in good faith with the other category of Directors to try to settle any dispute for a period of thirty (30) days (which time period shall be reduced as may be necessary to address urgent and/or imminent circumstances, timeframes or deadlines). The Board of Directors shall meet at least once during such period (in person to the extent practicable) to attempt to resolve the dispute (beyond the meeting at which the deadlock became apparent).

(ii) In the event that by the end of the 30-day (or such lesser) period referred to in (i) above, the dispute is not settled pursuant to the procedures set forth in (i) above, then one designee from each of CCHP and Prospect shall meet (in person to the extent practicable, or via telephone) to attempt to resolve the dispute. If the dispute is still not resolved after such meeting and conferences, then the decision of the Category B Directors shall constitute the decision of the Board of Directors of the Company, notwithstanding any provision of this Agreement that specifically requires a majority vote of the Category A Directors or a majority vote of all Directors (and notwithstanding any other rights of the Category A Directors and CCHP hereunder).

(c) Notwithstanding the foregoing, in the event the Board of Directors should be Deadlocked with respect to the approval of an annual capital budget or an annual operating budget as described in Section 8.3(c) above, the Manager shall have the right, power and authority to make expenditures on behalf of the Company for budgeted items in amounts up to the following:

(i) With respect to each item of operating expense other than taxes and insurance, an amount equal to the amount set forth in the most recent annual operating budget that has received the Approval of the Board, increased by the percentage increase, if any, in the Consumer Price Index for the period beginning on the first day of the fiscal year to which the most recent annual budget approved by the Board

relates and ending on the first day of the fiscal year in which such expenditure is to be made;

(ii) With respect to each item relating to taxes and insurance, an amount equal to the amount of the actual expense incurred by the Company or a Company Subsidiary in respect of such item; and

(iii) With respect to each item of capital improvement or capital expenditure, an amount equal to the amount deemed reasonably necessary by the Manager to preserve the safety of the Hospitals, their patients and other occupants, to avoid the suspension of any services provided by the Hospitals or to preserve the accreditation of the Hospitals and their services.

Notwithstanding the foregoing, if any emergency involving manifest danger to life or property exists with respect to which expenditures are necessary for the preservation or safety of the Hospitals, for the safety of the patients and other occupants of the Hospitals, or to avoid the suspension of any necessary service to the Hospitals, such expenditures may be made by the Manager without the prior Approval of the Board. Any expenditure made by the manager in accordance with the authority granted by this section shall be deemed to have received Board approval for all purposes under this Agreement.

XIII. TRANSFER OF RIGHTS AND ADDITIONAL MEMBERS.

13.1 Transfers by Members. Except as otherwise set forth in this Article XIII, a Member may not sell, assign (by operation of Law or otherwise), transfer, pledge or hypothecate ("Transfer") all or any part of its interest in the Company (either directly or indirectly through the transfer of the power to control, or to direct or cause the direction of the management and policies of, such Member). If a transfer is otherwise permitted by this Article XIII, then a Member may sell its interest in the Company if each of the following conditions is satisfied:

(a) The sale, transfer or assignment is with respect to one or more Units;

(b) The Member and its transferee execute, acknowledge and deliver to the Manager such instruments of Transfer and assignment with respect to such transaction as are in form and substance satisfactory to the Manager;

(c) Unless waived in writing by the Manager, the Member delivers to the Manager an opinion of counsel satisfactory to the Manager covering such federal and state securities, healthcare (e.g., Medicare and DOH) and tax Laws and other aspects of the proposed Transfer as the Manager may reasonably request;

(d) The Member has furnished to the transferee a written statement showing the name and taxpayer identification number of the Company in such form and together with such other information as maybe required under Section 6050K of the Code and the Regulations thereunder; and

(e) The Member pays the Company a transfer fee that is sufficient to pay all reasonable expenses of the Company (which shall include any and all expenses of the Manager) in connection with such transaction.

13.2 Permitted Transfers.

(a) Notwithstanding the restriction in Section 13.1, the following Transfers are permitted and shall not be deemed to violate the restrictions contained in Section 13.1:

(i) Transfers pursuant to Article XIV; provided that the Prospect Member may not sell its Units pursuant to Article XIV for a period of five (5) years from the initial date of this Agreement;

(ii) Transfers by a Member to one or more of its Affiliates, or a Transfer by CCHP to CharterCARE Health Partners Foundation (f/k/a St. Joseph Health Services Foundation), with any such transferee automatically becoming a Substituted Member; and

(iii) pledges or hypothecations by the Prospect Member of its interest in the Company to a financial institution, lender or other party as collateral for loans or other indebtedness of Prospect or any Affiliate thereof, including, without limitation, pursuant to the Indenture, Credit Agreement or other indebtedness, and any Transfer occurring upon the enforcement of such pledges or hypothecations and other indebtedness.

(b) Notwithstanding anything to the contrary in this Agreement, any change in control or change in the ownership of (i) Prospect or the Prospect Member, or any other direct or indirect parent of the Company (including, without limitation, upon the exercise of remedies pursuant to the Indenture, Credit Agreement and other indebtedness) or (ii) the Company upon the exercise of remedies pursuant to the Indenture, Credit Agreement or other indebtedness shall not constitute a Transfer of an interest in the Company for purposes of this Agreement, such changes will not be subject to the provisions of Sections 14.2 and 14.3 and such changes are permitted without the consent of the Manager or any Member or any approval of the Board. Any change in control or change in the ownership of a Company Subsidiary upon the exercise of remedies pursuant to the Indenture, Credit Agreement or other indebtedness are permitted without the consent of the Manager or any Member or any approval of the Board.

Any Member who Transfers all or any portion of its interest in the Company shall promptly notify the Manager of such Transfer and shall furnish to the Manager the name and address of the transferee and such other information as may be required under Section 6050K of the Code and the Regulations thereunder.

13.3 Substituted Member. No Person taking or acquiring, by whatever means, the interest of any Member in the Company, except as provided in Section 13.2 hereof, shall be admitted as a Substituted Member without the Approval of the Board (which consent may be withheld in the Board's sole discretion), and unless such Person:

(a) Elects to become a Substituted Member by delivering notice of such election to the Company;

(b) Executes, acknowledges and delivers to the Company such other instruments as the Manager may deem necessary or advisable to effect the admission of such Person as a Substituted Member, including, without limitation, the written acceptance and adoption by such Person of the provisions of this Agreement;

(c) Pays a transfer fee to the Company in an amount sufficient to cover all reasonable expenses (including legal fees) connected with the admission of such Person as a Substituted Member; and

(d) the requirements of Section 13.1 have been satisfied.

13.4 Additional Member. The Company may not issue Units to any Person who will be a new Member without the Approval of the Board.

13.5 Basis Adjustment. Upon the Transfer of all or part of an interest in the Company, the Manager may, in its reasonable discretion, cause the Company to elect, pursuant to Section 754 of the Code or the corresponding provisions of subsequent Law, to adjust the basis of the Company properties as provided by Sections 734 and 743 of the Code.

13.6 Invalid Transfer. No Transfer of an interest in the Company that is in violation of this Article XIII shall be valid or effective, and the Company shall not recognize any improper transfer for the purposes of making allocations, payments of profits, return of capital contributions or other distributions with respect to such Company interest or part thereof. The Company may enforce the provisions of this Article XIII, either directly or indirectly or through its agents, by entering an appropriate stop transfer order on its books or otherwise refusing to register or transfer or permit the registration or transfer on its books of any proposed transfers not in accordance with this Article XIII.

13.7 Distributions and Allocations in Respect of a Transferred Unit. If any Member Transfers any part of its interest in the Company during any accounting period in compliance with the provisions of this Article XIII, Company income, gain, deductions and losses attributable to such interest for the respective period shall be divided and allocated between the transferor and the transferee by taking into account their varying interests during the applicable accounting period in accordance with Section 706(d) of the Code. All Company distributions on or before the effective date of such Transfer shall be made to the transferor, and all Company distributions thereafter shall be made to the transferee. Solely for purposes of making Company tax allocations and distributions, the Company shall recognize a Transfer on the day following the day of Transfer. Neither the Company nor the Manager shall incur any liability for making Company allocations and distributions in accordance with the provisions of this Section 13.7, whether or not the Manager or the Company has knowledge of any Transfer of any interest in the Company or part thereof where the transferee is not admitted as a Substituted Member.

13.8 Additional Requirements of Admission to Company. The Manager shall not admit any Person as a Member if such admission would have the effect of causing the Company to be re-classified for federal income tax purposes as an association (taxable as a corporation under the

Code), or would violate any Medicare or other health care Law (assuming applicable notices, filings, etc.), or would violate applicable exemptions from securities registration and securities disclosure provisions under federal and state securities Laws.

13.9 Amendment to Exhibit B. The Manager shall amend Exhibit B attached to this Agreement from time to time to reflect the admission of any Substituted Members or Additional Members, or the termination of any Member's interest in the Company.

XIV. RIGHT TO LIQUIDATE OR PURCHASE COMPANY INTERESTS.

14.1 Right of First Offer. In the event that CCHP at any time wishes to Transfer any Units to any third party, CCHP shall give written notice to the Company and the Prospect Member of CCHP's intention to seek a purchaser for such Units (the "Offered Units"). The Prospect Member shall have until the thirtieth (30th) day following delivery of such notice to determine whether or not to submit an offer to purchase the Offered Units and to determine the terms and conditions of any such offer (the "Right of First Offer"). During such thirty (30)-day period, CCHP shall not Transfer the Offered Units. If an offer to purchase is made by the Prospect Member, CCHP may accept or reject such offer in its sole discretion, and in the latter case, the Transfer of Units by CCHP shall be further subject to compliance with the Right of First Refusal of the Prospect Member as set forth in Section 14.2 below.

14.2 Right of First Refusal. Subject to the restriction in Section 13.2(a)(i), if any Member (the "Selling Member") receives or obtains an offer from a third party (the "Offeror") to acquire in any manner all or any part of its Units in the Company (the "Interest"), which offer the Member intends to accept, the Member shall promptly notify the other Members in writing of the offer received, including the name of the Offeror, the number of whole or partial Units offered to be purchased, the proposed purchase price and the other terms and conditions of the offer. Such notice shall include a copy of the offer, which shall (i) be in writing; (ii) set forth with specificity all of the material terms and conditions of the offer; (iii) be made by a Person that is financially capable of completing such offer (and attaches documents supporting same); and (iv) provide for closing no later than one hundred eighty (180) days after the date on which such offer is received (the "Offer"). The other Member(s) shall have the right (the "Right of First Refusal") for a period of sixty (60) days from the day it receives notice of such Offer to purchase the Interest subject to the Offer on the same terms and conditions contained in the Offer, provided that for the purposes of this Agreement, any provisions in the Offer requiring payment of non-cash or non-promissory note consideration, any security therefore and any ancillary agreements shall be null, void and of no effect. The other Member(s) may exercise such Right of First Refusal by notifying the Selling Member prior to the end of the sixty (60)-day period of its intent to exercise such right. If the other Member(s) fails to exercise the Right of First Refusal or indicates in writing that it will not exercise the Right of First Refusal within the period provided, or if the other Member(s) exercises the Right of First Refusal but fails to effect the purchase within one hundred eighty (180) days thereafter, then the Selling Member may convey or dispose of the Interest, but only at the price, terms and conditions contained in the Offer, and only to the Offeror. If the Selling Member agrees to terms and conditions that are different in any material respects from those offered to the other Member(s), the other Member(s) shall again have the right to purchase the Selling Member's interest in the Company which is subject to the more favorable or different purchase terms in accordance with this Section 14.2 (under the timeframes

described above, as if a new Offer was provided). The other Member(s) may assign its rights under this Section 14.2 to the Company, in which event the Member's interest may be liquidated (rather than purchased) by the Company. The Member(s) and the Company shall not be liable or accountable to any Selling Member that attempts to transfer its interest in the Company for any loss, damage, expense, cost or liability resulting from the Member's exercise or failure to exercise the Right of First Refusal under this Section 14.2; delay in notifying the Selling Member of its intention not to exercise the Right of First Refusal, or its enforcement of the requirements of this Section 14.2 in the event that it elects not to exercise the Right of First Refusal. A Member's failure to exercise the Right of First Refusal or to indicate in writing that it is electing not to exercise the Right of First Refusal shall not be deemed a consent of the Member to allow any third party transferee to become a Substituted Member, such consent being controlled by the provisions of Sections 13.1 and 13.3 hereof.

14.3 Tag-Along Rights. If at any time after the fifth (5th) anniversary of the date of this Agreement, a Selling Member that holds a Sharing Percentage greater than fifty percent (50%) gives the notice required by Section 14.2 hereof in connection with an Offer to acquire in any manner all or any part of such Selling Member's Units in the Company, and the other Member(s) does not exercise its Right of First Refusal (or assign such right to the Company) with respect to such Offer, the other Member shall have (in addition to its Right of First Refusal under Section 14.2 hereof) the right (the "Tag-Along Right") to require, as a condition to any sale or disposition to the Offeror, that the Offeror purchase from the other Member, at the same price and on the same terms and conditions as specified in the notice given pursuant to Section 14.2 hereof, the number of Units owned by the other Member multiplied by a fraction, the numerator of which is the number of Units proposed to be sold by the Selling Member and the denominator of which is the total number of Units owned by the Selling Member. Such other Member shall have the Tag-Along Right for a period of sixty (60) days from the day it receives the notice required by Section 14.2 hereof (which is the same 60-day period for purposes of exercising its Right of First Refusal), and in the event that a Member shall elect to exercise such Tag-Along Right, such Member shall communicate such election in writing to the Selling Member within such time period.

14.4 Prospect Member Call Option.

(a) Within 90 days following a determination by CCHP to submit a matter to binding arbitration pursuant to Section 3.1(b) above, the Prospect Member shall have the option to purchase from CCHP, and CCHP shall have the obligation to sell to the Prospect Member, all of the Units held by CCHP in exchange for a payment in cash of a purchase price equal to the Appraised Value of the Units (as per Section 14.6 below).

(b) Within the 90-day period referenced in Section 14.4(a) above, the Prospect Member shall give written notice to CCHP of its election to exercise the option to purchase all of CCHP's Units (the "Call Election Notice"). If Prospect fails to give a Call Election Notice within the applicable ninety (90)-day time limit, the option to purchase shall lapse. The closing of the purchase and sale of CCHP's Units to the Prospect Member shall be held at a mutually acceptable place on a mutually acceptable date not more than ninety (90) days after the date on which the Call Election Notice is received by CCHP; provided that such time period shall be extended if needed such that the closing occurs within forty-five (45) days following the

determination of the Appraised Fair Market Equity Value of the Company pursuant to Section 14.6 below. The Prospect Member shall make payment to CCHP for the Units being purchased by delivering immediately available funds to an account designated by CCHP in the full amount of the purchase price applicable to the Units. CCHP shall transfer to the Prospect Member all of the Units being sold, free and clear of all claims, liabilities, options, pledges or other encumbrances of any kind (other than those arising under this Agreement and applicable Law).

14.5 CCHP Put Option.

(a) Within 90 days following either -- (i) the fifth (5th) anniversary of the date of this Agreement, or (ii) the occurrence either of the conditions set forth in Section 3.2(c) of this Agreement -- CCHP shall have the option to sell to the Prospect Member, and the Prospect Member shall have the obligation to purchase, all of the Units held by CCHP in exchange for a payment in cash of a purchase price equal to the Appraised Value of the Units (as per Section 14.6 below). The Prospect Member shall give the Company and CCHP written notice of the foreclosure referenced in Section 3.2(c) as soon as practicable, but in no event later than thirty (30) days after such event has occurred. The Prospect Member's failure to give such notice shall not affect CCHP's rights granted herein.

(b) Within the 90-day period referenced in Section 14.5(a) above, CCHP shall give written notice to the Prospect Member and the Company of its election to exercise the option to sell all of its Units to the Prospect Member (the "Put Election Notice"). If CCHP fails to give a Put Election Notice within the applicable ninety (90)-day time limit, the option to sell shall lapse. The closing of the purchase and sale of CCHP's Units to the Prospect Member shall be held at a mutually acceptable place on a mutually acceptable date not more than ninety (90) days after the date on which the Put Election Notice is received by the Prospect Member; provided that such time period shall be extended if needed such that the closing occurs within forty-five (45) days following the determination of the Appraised Fair Market Equity Value of the Company pursuant to Section 14.6 below. The Prospect Member shall make payment to CCHP for the Units being purchased by delivering immediately available funds to an account designated by CCHP in the full amount of the purchase price applicable to the Units. CCHP shall transfer to the Prospect Member all of the Units being sold, free and clear of all claims, liabilities, options, pledges or other encumbrances of any kind (other than those arising under this Agreement and applicable Law).

14.6 Appraised Value.

(a) For purposes of Section 14.4 and 14.5 above, the "Appraised Value of the Units" shall be the product determined by multiplying (i) the Appraised Fair Market Equity Value of the Company (hereinafter defined), times (ii) CCHP's Sharing Percentage. For purposes of this Agreement, the term "Appraised Fair Market Equity Value of the Company" shall mean the fair market value of the equity of the Company, as determined below.

(b) The Prospect Member and CCHP shall negotiate in good faith with one another following the Call/Put Election Notice (pursuant to Section 14.4(b) or 14.5(b) above, as applicable) to determine the Appraised Fair Market Value of the Company. The Prospect Member and CCHP agree to use their best efforts to negotiate and agree upon the Appraised Fair

Market Value of the Company. If the Prospect Member and CCHP reach an agreement as to the Appraised Fair Market Value of the Company, then the Appraised Fair Market Value of the Company shall be the amount determined by the Prospect Member and CCHP.

(c) Either party may notify the other party that it is initiating the Appraisal Process described below, or such other appraisal process upon which the parties may mutually agree in writing within ten (10) days of the date on which either party has initiated the appraisal process (the "Alternate Appraisal Process"). If either the Prospect Member or CCHP shall have initiated the Appraisal Process (and the parties shall not have agreed in writing to an Alternate Appraisal Process within ten (10) days), then the Prospect Member and CCHP shall each engage a "Qualified Appraiser" as defined below (collectively, the "Initial Appraisers", and individually, an "Initial Appraiser") within twenty (20) days after the date upon which the party received notice of the other party's intent to initiate the Appraisal Process (the "Initiation Date"). The Prospect Member and CCHP also shall engage jointly one additional Qualified Appraiser that is mutually acceptable to the parties (the "Third Appraiser", the Initial Appraisers and the Third Appraiser are referred to collectively as the "Appraisers"). If the parties cannot mutually agree upon the identity of the Third Appraiser within fifteen (15) days after the Initiation Date, the parties shall direct the Initial Appraisers to select and engage the Third Appraiser on behalf of the parties. Each of the Prospect Member and CCHP shall pay the fees and expenses of its respective Appraiser, and the fees and expenses of the Third Appraiser shall be shared equally by the Prospect Member and CCHP. For purposes of the Agreement, the term "Qualified Appraiser" shall mean an independent, third party, nationally recognized investment bank or MAI-certified appraiser who (i) has substantial experience in the valuation of health care entities comparable to the Company and (ii) has, within the twenty-four (24) month period preceding the date of the Election Notice, delivered appraisals and/or fairness opinions, on a going concern basis, in connection with at least three (3) other transactions involving the sales of hospitals. The Appraisers so selected shall each then conduct an appraisal to determine the Appraised Fair Market Equity Value of the Company (i) on a going concern basis, (ii) using valuation techniques then customary and accepted in the industry but without consideration of minority interest discounts, (iii) using performance information respecting the Facilities that is acceptable to the Prospect Member and CCHP and that has been supplied to each of the Appraisers, (iv) viewing the enterprise of the Company as a whole, (v) taking into account the future prospects of the Facilities, and (vi) assuming that the Company were to be sold on a stand-alone basis (and not as a part of a portfolio sale). Each Appraiser's determination of the Appraised Fair Market Equity Value of the Company (individually, a "Valuation" and collectively, the "Valuations") shall be expressed as a single value rather than a range of values. Each party shall cause the Initial Appraiser engaged by it to submit such Initial Appraiser's sealed Valuation to the other party within sixty (60) days of the Initiation Date, and both parties shall use their reasonable best efforts to cause the Third Appraiser to submit its sealed Valuation to both parties within such period. Once the Prospect Member and CCHP have received from all three Appraisers their respective Valuations, the Appraised Fair Market Equity Value of the Company shall be determined based upon the Valuations as follows:

(i) if the three Valuations are within ten percent (10%) of one another (i.e., if each of the highest Valuation and the middle Valuation is no greater than 1.10 times the lowest Valuation); the Appraised Fair Market Equity Value of the Company shall be the average of all three Valuations;

(ii) if subsection (i) above is inapplicable and two Valuations are within ten percent (10%) of one another, (i.e., if the higher of such two Valuations is no greater than 1.10 times the lower of such two Valuations), the Appraised Fair Market Equity Value of the Company shall be the average of such two Valuations;

(iii) if subsections (i) and (ii) above are inapplicable and the three Valuations are within twenty percent (20%) of one another (i.e., if each of the highest Valuation and the middle Valuation is no greater than 1.20 times the lowest Valuation), the Appraised Fair Market Equity Value of the Company shall be the average of all three Valuations;

(iv) if subsections (i) through (iii) above are inapplicable and two Valuations are within twenty percent (20%) of one another (i.e., if the higher of such two Valuations is no greater than 1.20 times the lower of such two Valuations), the Appraised Fair Market Equity Value of the Company shall be the average of such two Valuations; and

(v) if subsections (i) through (iv) above are inapplicable, the Appraised Fair Market Equity Value of the Company shall be the average of all three Valuations.

XV. DISSOLUTION.

15.1 Causes. Each Member expressly waives any right that it might otherwise have to dissolve the Company except as set forth in this Article XV. The Company shall be dissolved upon the first to occur of the following:

- (a) The Approval of the Board of an instrument dissolving the Company;
- (b) The dissolution of the Company by judicial decree; or
- (c) The Approval of the Board of the dissolution of the Company after having determined that a rule, ordinance, regulation, statute or government pronouncement has or may be enacted that would make any material aspect of this Agreement or the activities conducted by the Company unlawful or eliminate or substantially reduce, either directly or indirectly, the benefits that would accrue to the Members with respect to continuing the Company's business operations; provided, however, that the Members agree to first use their best efforts to restructure the Company in such a manner that will avoid the unlawful or adverse effect and, to the extent practicable, will preserve the existing financial and business relationships among them; and provided further that the foregoing shall not apply in the event CCHP's tax-exempt status is impacted (but rather in such event CCHP's sole remedy is exercising its rights under Section 14.5).

15.2 Limitation. Nothing contained in Section 15.1 is intended to grant to any Member the right to dissolve the Company at will (by retirement, resignation, withdrawal or otherwise), or to exonerate any Member from liability to the Company and the remaining Members if it dissolves the Company at will. Any dissolution at will of the Company shall be in contravention

of this Agreement for purposes of the Act. Dissolution of the Company under Section 15.1(c) shall not constitute a dissolution at will.

XVI. WINDING UP AND TERMINATION.

16.1 General. If the Company is dissolved and is not reconstituted, the Members who own at least eighty percent (80%) of the aggregate Members' Sharing Percentages shall select an independent third party (meaning, for these purposes, a person or persons other than Prospect, the Prospect Member, the Manager or any other Prospect Affiliate) to serve as liquidator or liquidating committee (herein referred to as the "Liquidator"). The Liquidator shall commence to wind up the affairs of the Company and to liquidate and sell the Company's assets, with an obligation to treat Members equally in proportion to their membership interest. The Liquidator shall have sufficient business expertise and competence to conduct the winding up and termination of the Company and, in the course thereof, to cause the Company to perform any contracts that the Company has or thereafter enters into. The Liquidator shall have full right and unlimited discretion to determine the time, manner and terms of any sale or sales of Company property under such liquidation, having due regard for the activity and condition of the relevant market and general financial and economic conditions. The Liquidator shall be entitled to receive such reasonable compensation for its services as shall be agreed upon by the Liquidator and those Members who own at least eighty percent (80%) of the aggregate Members' Sharing Percentages. The Liquidator may resign at any time by giving fifteen (15) days prior written notice and may be removed at any time, with or without cause, by written notice of Members who own at least eighty percent (80%) of the aggregate Members' Sharing Percentages. Upon the death, dissolution, removal or resignation of the Liquidator, a successor and substitute Liquidator (who shall have and succeed to all the rights, powers and duties of the original Liquidator) will, within thirty (30) days thereafter, be appointed by those Members who own at least eighty percent (80%) of the aggregate Members' Sharing Percentages, evidenced by written appointment and acceptance. The right to appoint a successor or substitute Liquidator in the manner provided herein shall be recurring, and continuing for so long as the functions and services of the Liquidator are authorized to continue under the provisions hereof, and every reference herein to the Liquidator will be deemed to refer also to any such successor or substitute Liquidator appointed in the manner herein provided. The Liquidator shall have and may exercise, without further authorization or consent of any of the parties hereto or their legal representatives or successors in interest, all of the powers conferred upon the Manager under the terms of this Agreement to the extent necessary or desirable in the good faith judgment of the Liquidator to perform its duties and, functions. The Liquidator shall not be liable to the Members except to the extent provided in the Act and shall, while acting in such capacity on behalf of the Company, be entitled to the indemnification rights set forth in Section 17.1 hereof.

16.2 Court Appointment of Liquidator. If, within ninety (90) days following the date of dissolution or other time provided in Section 16.1 hereof, a Liquidator or successor Liquidator has not been appointed in the manner provided therein, any interested party shall have the right to make application to any United States Federal District Judge (in his individual and not judicial capacity) for the District of Rhode Island for appointment of a Liquidator or successor Liquidator, and the Judge, acting as an individual and not in his judicial capacity, shall be fully authorized and empowered to appoint and designate a Liquidator or successor Liquidator who shall have all the powers, duties, rights and authority of the Liquidator herein provided.

16.3 Liquidation. The Liquidator shall give all notices to creditors of the Company and shall make all publications required by the Act. In the course of winding up and terminating the business and affairs of the Company, the assets of the Company (other than cash) shall be sold or distributed in kind to the Members, in the reasonable discretion of the Liquidator, its liabilities and obligations to creditors, including any Members who made loans to the Company as provided in Section 4.5 hereof, and all expenses incurred in its liquidation shall be paid, and all resulting items of Company income, gain, loss or deduction shall be credited or charged to the Capital Accounts of the Members in accordance with Article V hereof. The fair market value of any assets of the Company distributed in kind to the Members shall be determined by an independent appraiser chosen by the Board of Directors. Any distribution in kind need not be made on a pro rata basis so long as the value of the assets and cash (if any) distributed to each Member is in compliance with this Article. All Company assets (except to the extent reserves have been established pursuant to Section 16.4 hereof) shall be distributed among all Members having positive Capital Account balances (as determined after giving effect to all adjustments attributable to allocations of items of profit and loss realized by the Company during the fiscal year in question (including items of profit and loss realized on the liquidation) and all adjustments attributable to contributions and distributions of money and property effected prior to such distribution), pro rata in accordance with such positive Capital Account balances. This distribution shall be made no later than the end of the Fiscal Year during which the Company is liquidated (or, if later, ninety (90) days after the date on which the Company is liquidated). Upon the completion of the liquidation of the Company and the distribution of all the Company assets, the Company shall terminate and the Liquidator shall have the authority to execute and record all documents required to effectuate the dissolution and termination of the Company. In the discretion of the Liquidator, a pro rata portion of the distributions that would otherwise be made to the Members may instead be distributed to a trust established for the benefit of the Members for the purposes of liquidating Company property, collecting amounts owed to the Company, and paying any contingent or unforeseen liabilities or obligations of the Company or of the Members arising out of or in connection with the, Company. The assets of any such trust shall be distributed to the Members from time to time, in the reasonable discretion of the Liquidator, in the same proportions as the amount distributed to such trust by the Company would otherwise have been distributed to the Members pursuant to this Agreement.

16.4 Creation of Reserves. After making payment or provision for payment of all debts and liabilities of the Company and all expenses of liquidation, the Liquidator may set up such cash reserves as the Liquidator may deem reasonably necessary for any contingent or unforeseen liabilities or obligations of the Company.

16.5 Final Statement. Within a reasonable time following the completion of the liquidation, the Liquidator shall supply to each of the Members a statement that sets forth the assets and the liabilities of the Company as of the date of complete liquidation; each Member's pro rata portion of distributions under Section 16.3 hereof, and the amount retained as reserves by the Liquidator under Section 16.4 hereof.

XVII. MISCELLANEOUS.

17.1 Standard of Care; Indemnification.

(a) The members of the Board of Directors, the Members and the Manager (the "Representatives") shall not be liable, responsible or accountable in damages to any Member or the Company for any act or omission on behalf of the Company performed or omitted by them in good faith and in a manner they reasonably believed to be in the best interests of the Company and, in the case of a criminal proceeding, if they had no reasonable cause to believe that the conduct was unlawful.

(b) To the fullest extent permitted by the Act, the Company shall indemnify each Representative against reasonable expenses (including reasonable attorneys' fees), judgments, taxes, penalties, fines (including any excise tax assessed with respect to an employee benefit plan) and amounts paid in settlement (collectively "Liability"), incurred by the Representative in connection with defending any threatened, pending or completed action, suit or proceeding (whether civil, criminal, administrative or investigative, and whether formal or informal) to which the Representative is, or is threatened to be made, a party because they are or were a Representative, provided that (i) the Representative acted in good faith and in a manner reasonably believed by the Representative to be in the best interest of the Company; (ii) in the case of a criminal proceeding, the Representative had no reasonable cause to believe the conduct was unlawful; (iii) in connection with a proceeding brought by or in the right of the Company, the Representative was not adjudged liable to the Company; and (iv) the Representative was not adjudged liable in a proceeding charging improper personal benefit.

(c) To the fullest extent authorized or permitted by the Act, the Company shall pay or reimburse reasonable expenses (including reasonable attorneys' fees) incurred by a Representative who is a party to a proceeding in advance of final disposition of such proceeding if (i) the Representative furnishes the Company a written affirmation of its, his or her good faith belief that it, he or she has met the standard of conduct described in Section 17.1(b) hereof; (ii) the Representative furnishes the Company a written undertaking, executed personally or on the Representatives behalf, to repay the advance if it is ultimately determined that the Representative did not meet the standard of conduct and the Board reasonably believes such Representative would have the ability to repay such advance; and (iii) a determination is made that the facts then known to those making the determination would not preclude indemnification under the provisions of Section 17.1(b) hereof.

(d) The indemnification against Liability and advancement of expenses provided by, or granted pursuant to, this Section 17.1 shall not be deemed exclusive of any other rights to which these seeking indemnification or advancement may be entitled under any agreement, action of Members or otherwise, both as to action in their official capacity and as to action in another capacity while holding such office of the Company, shall continue as to an entity or person who has ceased to be a Representative, and shall inure to the benefit of the successors, assigns, heirs, executors and administrators of such an entity or person.

(e) Any repeal or modification of this Section 17.1 by the Members shall not adversely affect any right or protection of the Representatives under this Section 17.1 with respect to any act or omission occurring prior to the time of such repeal or modification.

17.2 Purchase Agreement Indemnification Obligations.

(a) In the event that CCHP is required to pay the Company or Prospect an amount pursuant to the indemnification provisions of the Purchase Agreement (an “Unpaid Indemnification Amount”), and fails to pay all of such amount within thirty (30) days, then Prospect may, in its sole and absolute discretion, recoup or offset, as applicable, on a dollar-for-dollar basis, all or a portion of the Unpaid Indemnification Amount in the following order of priority to the extent amounts are available in each such category: (x) by receiving distributions from the Company otherwise due to CCHP in respect of its Units (pursuant to the provisions of Section 17.2(b) below), (y) by reducing the Long-Term Capital Commitment, or (z) by treating such amount as an additional capital contribution by Prospect to the Company and adjusting the Prospect Member’s and the Seller Members’ respective Sharing Percentages (pursuant to the provisions of Section 17.2(c) below), or any combination of the foregoing, all pursuant to the terms of the Amended and Restated Agreement.

(b) If and to the extent Prospect elects to receive distributions in respect of an Unpaid Indemnification Amount as provided for in clause (x) of Section 17.2(a) above, if the Unpaid Indemnification Amount is due to Prospect, the Company shall pay to Prospect all distributions due hereunder to CCHP until the Unpaid Indemnification Amount due to Prospect from CCHP has been fully satisfied; and (ii) if the Unpaid Indemnification Amount is due to the Company, the Company shall offset all distributions due hereunder to CCHP until the Unpaid Indemnification Amount due to the Company has been fully satisfied, and shall make a special distribution to Prospect equal to the Unpaid Indemnification Amount. In such an event, the distributions which would have otherwise been made to CCHP shall be treated as if they were actually made to CCHP and then paid by CCHP to Prospect or to the Company, as applicable.

(c) If and to the extent Prospect elects to receive distributions in respect of an Unpaid Indemnification Amount as provided for in clause (z) of Section 17.2(a) above, the Unpaid Indemnification Amount (including interest thereon) shall be treated as an Additional Capital Contribution by Prospect to the Company pursuant to Section 4.2(e) above, and CCHP’s and the Prospect Member’s Sharing Percentage (and Units) shall be adjusted as per such provision, as if CCHP were a Non-Contributing Member (provided, however, that this provision shall not cause CCHP’s Sharing Percentage to fall below 5%).

17.3 Notices. All notices given pursuant to this Agreement shall be in writing and shall be deemed effective when personally delivered or when placed in the United States mail, registered or certified with return receipt requested, when sent by nationally recognized overnight courier service, or when sent by prepaid telegram or facsimile followed by confirmatory letter. For purposes of notice, the addresses of the Members shall be as stated under their names on the attached Exhibit B; notices to the Company shall be sent to 825 Chalkstone Avenue, Providence, RI 02908, to the attention of the Chief Executive Officer, with a copy to the Prospect Member. Notwithstanding the foregoing, each Member shall have the right to change its address for notice hereunder to any other location by the giving of thirty (30) days’ notice to the Manager in the manner set forth above.

17.4 Choice of Law and Dispute Resolution.

(a) Choice of Law. The parties agree that this Agreement shall be governed by and construed in accordance with the Laws of the State of Rhode Island, without giving effect

to any choice or conflict of law provision or rule thereof that would require the application of any other law.

(b) Dispute Resolution. In the event that any dispute, controversy or claim arises among the parties, including any dispute, controversy or claim arising out of this Agreement or any other relevant document, or the breach, termination or invalidity thereof (a "Dispute"), the parties shall attempt in good faith to resolve such Dispute promptly by negotiation (including at least one in-person meeting) over a period of not less than thirty (30) days, commencing upon one party's delivery of a written notice of Dispute to the other parties.

(i) If the Dispute has not been resolved by negotiation as provided above and such Dispute involves claims of One Million Dollars (\$1,000,000) or more, a party may submit the matter to a court of law or equity through the filing of a claim. The parties agree that, except as otherwise expressly provided in Section 17.4(b)(ii)(2) and Section 17.5 below, venue for any and all claims associated with a Dispute between the parties shall rest with the state courts of the State of Delaware; provided, however, that such court shall construe and apply the Laws of the State of Rhode Island as provided in Section 17.4(a) above.

(ii) If the Dispute has not been resolved by negotiation as provided above and such Dispute involves claims of less than One Million Dollars (\$1,000,000), such Dispute shall be settled solely and finally pursuant to the following procedures:

(1) Either party may submit the Dispute to non-binding mediation. Such mediation shall be conducted by JAMS by a neutral mediator, which shall be selected from a list of 10 potential candidates provided by JAMS' office in New York City (none of whom work or reside in Rhode Island or California, or any State contiguous to either of the foregoing). If complete agreement cannot be reached within 45 calendar days of submission to mediation, any remaining issues will be resolved by binding arbitration as provided below.

(2) If the Dispute has not been resolved by mediation as provided above, then either party may submit the Dispute to binding arbitration. Such arbitration shall be conducted by JAMS pursuant to its Comprehensive Arbitration Rules and Procedures, by one neutral arbitrator, which shall be selected from a list of 10 potential candidates provided by JAMS' office in New York City (none of whom work or reside in Rhode Island or California, or any State contiguous to either of the foregoing). Unless otherwise agreed by the parties, the arbitration shall be held in Providence, Rhode Island. In conducting such arbitration, the arbitrator shall be bound to adhere to the Laws of the State of Rhode Island, as well as the precedents established by decisions of the state courts of Rhode Island. The award made by the arbitrator shall be final and binding upon the parties thereto and the subject matter, and judgment upon the award rendered by the arbitrator may be entered by any court having jurisdiction thereof. The arbitrator shall not have the authority to award punitive or exemplary damages. The costs and fees of the arbitration shall be borne responsible for its own attorneys' fees; provided, however, that the prevailing party in any such arbitration shall be entitled to recover its reasonable attorneys' fees, expert witness fees, costs and expenses (including, without limitation arbitration fees) incurred in connection with the arbitration to the extent such recovery is permitted by the Law(s) governing the claim(s) asserted. Notwithstanding anything in this Section 17.4(b)(ii) to the contrary, either party shall be entitled to seek enforcement of the

arbitrator's final rulings, and to pursue injunctive relief, in a court of competent jurisdiction in the State of Rhode Island.

(c) Waiver of Trial by Jury or Judge. EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHTS IT MAY HAVE TO DEMAND THAT ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR, IN ANY WAY RELATED TO THIS AGREEMENT OR THE RELATIONSHIPS OF THE PARTIES HERETO BE TRIED BY JURY OR A JUDGE. THIS WAIVER EXTENDS TO ANY AND ALL RIGHTS TO DEMAND A TRIAL BY JURY OR JUDGE ARISING FROM ANY SOURCE INCLUDING, BUT NOT LIMITED TO, THE CONSTITUTION OF THE UNITED STATES OR ANY STATE THEREIN, COMMON LAW OR ANY APPLICABLE STATUTE OR REGULATIONS. EACH PARTY HERETO ACKNOWLEDGES THAT IT IS KNOWINGLY AND VOLUNTARILY WAIVING ITS RIGHT TO DEMAND TRIAL BY JURY OR JUDGE.

17.5 Specific Performance. Notwithstanding anything to the contrary contained herein, each party acknowledges and agrees that the non-breaching parties would be irreparably damaged if any of the provisions of this Agreement are not performed in accordance with their specific terms and that any breach of this Agreement by a party could not be adequately compensated in all cases by monetary damages alone. Accordingly, in addition to any other right or remedy to which the non-breaching parties may be entitled, at law or in equity, they shall be entitled to enforce any provision of this Agreement by seeking, from a court of competent jurisdiction in the State of Rhode Island, a decree of specific performance and temporary, preliminary and permanent injunctive relief to prevent breaches or threatened breaches of any of the provisions of this Agreement, without posting any bond or other undertaking.

17.6 Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of the Members, and their respective heirs, legal representatives, successors and permitted assigns; provided, however, that nothing contained herein shall negate or diminish the restrictions set forth in Articles XIII or XIV hereof.

17.7 Construction. Every covenant, term, and provision of this Agreement shall be construed simply according to its fair meaning and not strictly for or against any Member. The failure by any party to specifically enforce any term or provision hereof or any rights of such party hereunder shall not be construed as the waiver by that party of its rights hereunder. The waiver by any party of a breach or violation of any provision of this Agreement shall not operate as, or be construed to be, a waiver of any subsequent breach of the same or other provision hereof.

17.8 Time. Time is of the essence with respect to this Agreement.

17.9 Waiver of Partition. Notwithstanding any statute or principle of Law to the contrary, each Member hereby agrees that, during the term of the Company, it shall have no right (and hereby waives any right that it might otherwise have had) to cause any Company property to be partitioned and/or distributed in kind.

17.10 Entire Agreement. This Agreement, together with the Purchase Agreement, contain the entire agreement among the Members relating to the subject matter hereof, and all prior agreements relative hereto that are not contained herein are terminated.

17.11 Amendments. Except as otherwise expressly provided in this Section 17.11, amendments or modifications may be made to this Agreement only by setting forth such amendments or modifications in each document receiving Approval of the Board, and any alleged amendment or modification herein that is not so documented and approved shall not be effective as to any Member. The Manager may, without the approvals set forth in this Section 17.11, amend any provision of this Agreement and execute, swear to, acknowledge, deliver, file and record whatever documents may be required connection therewith to the extent necessary to reflect:

(a) a change in the location of the principal place of business of the Company not inconsistent with the provisions of Section 2.3, or a change in the registered office or the registered agent of the Company;

(b) admission of a Member into the Company or termination of any Member's interest in the Company in accordance with this Agreement;

(c) qualification of the Company as a limited liability company under the Laws of any state or that is necessary or advisable in the opinion of the Manager to ensure that the Company will not be treated as an association taxable as a corporation for federal income tax purposes, provided, in either case, such action shall not adversely affect any Member; or

(d) a change that is required or contemplated by this Agreement.

17.12 Severability. This Agreement is intended to be performed in accordance with, and only to the extent permitted by, all applicable Law. If any provision of this Agreement or the application thereof to any Person or circumstance shall, for any reason and to any extent, be invalid or unenforceable, but the extent of such invalidity or unenforceability does not destroy the basis of the bargain among the Members as expressed herein, the remainder of this Agreement and the application of such provision to other Persons or circumstances shall not be affected thereby, but rather shall be enforced to the greatest extent permitted by Law.

17.13 Gender and Number. Whenever required by the context, as used in this Agreement, the singular number shall include the plural and the neuter shall include the masculine or feminine gender and vice versa.

17.14 Exhibits. Each Exhibit to this Agreement is incorporated herein for all purposes.

17.15 Additional Documents. Each Member, upon the request of the Manager, agrees to perform all further acts and execute, acknowledge and deliver any documents that may be reasonably necessary, appropriate or desirable to carry out the provisions of this Agreement.

17.16 Headings. The section headings appearing in this Agreement are for convenience of reference only and are not intended, to any extent or for any purpose, to limit or define the text of any section.

17.17 Counterpart. This Agreement may be executed in counterparts, each of which shall be deemed an original but all of which shall constitute but one document.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Members have entered into this Agreement as of the date first written above.

CHARTERCARE HEALTH PARTNERS

By: _____
Name: _____
Title: _____

PROSPECT EAST HOLDINGS, INC.

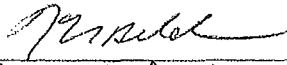
By: _____
Name: *Sam Kel*
Title: *CEO*

PROSPECT CHARTERCARE, LLC

By: _____
Name: *Sam Kel*
Title: *CEO*

IN WITNESS WHEREOF, the Members have entered into this Agreement as of the date first written above.

CHARTERCARE HEALTH PARTNERS

By: 
Name: Kenneth Galcher
Title: President

PROSPECT EAST HOLDINGS, INC.

By: _____
Name: _____
Title: _____

PROSPECT CHARTERCARE, LLC

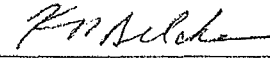
By: 
Name: _____
Title: _____

EXHIBIT A
TO
AMENDED & RESTATED
LIMITED LIABILITY COMPANY AGREEMENT OF
PROSPECT CHARTERCARE, LLC

**Allocations of Profit and Loss
and Other Tax Matters**

ARTICLE I
DEFINITIONS

Section 1.1 Definitions. The following definitions shall be applicable in this Exhibit A and as used in the Agreement:

(a) Adjusted Capital Account Deficit.

“Adjusted Capital Account Deficit” shall mean with respect to any Member, the deficit balance, if any, in such Member’s Section 704 Capital Account as of the end of any relevant fiscal year, after giving effect to the following adjustments:

(i) credit to such Section 704 Capital Account any amount that such Member is obligated to restore to the Company under Section 1.704-1(b)(2)(ii)(c) of the Regulations, and any addition thereto pursuant to the next to last sentences of Sections 1.704-2(g)(1) and 1.704-2(i)(5) of the Regulations;

(ii) debit to such Section 704 Capital Account the items described in Sections 1.704-1(b)(2)(ii)(d)(4), (5) and (6) of the Regulations:

This definition is intended to comply with the provisions of Sections 1.704-1(b)(2)(ii)(d) and 1.704-2 of the Regulations and shall be interpreted consistently with those provisions.

(b) Adjusted Net Income or Loss.

“Adjusted Net Income Or Loss” for any fiscal year (or portion thereof) shall mean the excess (or deficit) of (x) the Gross Income for such period (not including Gross Income (if any) allocated during such period pursuant to Sections 3.1(a), 3.1(b) and 3.1(c) hereof) over (y) the Deductible Expenses for such period (not including Deductible Expenses (if any) allocated during such period pursuant to Sections 3.1(d) and 3.1(e) hereof) with the following modifications:

(i) Any item of Company profit that is exempt from federal income tax and not otherwise taken into account in computing Adjusted Net Income or Loss pursuant to this Section 1.1(b) shall be treated as additional Gross Income and, if not otherwise allocated pursuant to Section 3.1(a), 3.1(b) or 3.1(c) hereof, added to the amount otherwise calculated as Adjusted Net Income or Loss under Section 1.1(b); and

(ii) Any Company expenditure that is described in Section 705(a)(2)(B) of the Code (relating to Company expenditures that are not deductible for federal income tax purposes in computing taxable income and not properly chargeable to capital), or treated as so described pursuant to Section 1.704-1(b)(2)(iv)(i) of the Regulations, and not otherwise taken into account in computing Adjusted Net Income Or Loss pursuant to this Section 1.1(b) shall be treated as an additional Deductible Expense and, if not otherwise allocated pursuant to Section 3.1(d) or 3.1(e) hereof; subtracted from the amount Otherwise calculated as Adjusted Net Income Or Loss under this Section 1.1(b).

(c) Agreed Value.

“Agreed Value” of any property contributed to the capital of the Company shall mean the fair market value of such property at the time of contribution determined without regard to the amount of liabilities to which such property is subject (as agreed to in writing by the Members without regard to Section 7701(g) of the Code).

(d) Book Basis.

The initial “Book Basis” of any Company property shall be equal to the Company’s initial adjusted tax basis in such property; provided, however, that the initial “Book Basis” of any Company property contributed to the capital of the Company shall be equal to the Agreed Value of such property. Effective immediately after giving effect to the allocations of profit and loss, as computed for book purposes, for each fiscal year under Section 3.1 hereof, the Book Basis of each Company property shall be adjusted downward by the amount of Book Depreciation allowable to the Company for such Fiscal Year with respect to such property. In addition, effective immediately prior to any Revaluation Event, the Book Basis of each Company property shall be further adjusted upward or downward, as necessary, so as to equal the fair market value of such property at the time of such Revaluation Event (as agreed to in writing by the Members taking Section 7701(g) of the Code into account (i.e., such value shall not be agreed to be less than the amount of Nonrecourse Liabilities to which such property is subject)).

(e) Book Depreciation.

The amount of “Book Depreciation” allowable to the Company for any fiscal year with respect to any Company property shall be equal to the product of (1) the amount of Tax Depreciation allowable to the Company, for such year with respect to such property, multiplied by (2) a fraction, the numerator of which is the property’s Book Basis as of the beginning of such year (or the date of acquisition if the Property is acquired during such year) and the denominator of which is the property’s adjusted tax basis as of the beginning of such year (or the date of acquisition if the property is acquired during such year). If the denominator of the fraction described in clause (2) above is equal to zero, the amount of “Book Depreciation” allowable to the Company for any Fiscal Year with respect to the Company property in question shall be determined under any reasonable method selected by the Manager.

(f) Book Gain Or Loss.

“Book Gain Or Loss” realized by the Company in connection with the disposition

of any Company property shall mean the excess (or deficit) of (1) the amount realized by the Company in connection with such disposition (as determined under Section 1001 of the Code) over (2) the Book Basis of such property at the time of the disposition.

(g) Book/Tax Disparity Property.

“Book/Tax Disparity Property” shall mean any Company property that has a Book Basis which is different from its adjusted tax basis to the Company. Thus, any property that is contributed to the capital of the Company by a Member shall be a “Book/Tax Disparity Property” if its Agreed Value is not equal to the Company’s initial tax basis in the property. In addition, once the Book Basis of a Company property is adjusted in connection with a Revaluation Event to an amount other than its adjusted tax basis to the Company, the property shall thereafter be a “Book/Tax Disparity Property.”

(h) Capital Transaction.

“Capital Transaction” shall mean (1) any transaction pursuant to which the Company borrows funds, all or part; of the Company’s properties are sold, condemned, exchanged, abandoned or otherwise disposed of, insurance proceeds or other damages are recovered by the Company or (2) any other transaction which, in accordance with generally accepted accounting principles; is considered capital in nature (including, without limitation, any transaction that is entered into in connection with, or results in, the Liquidation of the Company).

(i) Company Minimum Gain.

“Company Minimum Gain” shall mean the amount of Company “minimum gain” that is computed strictly in accordance with the principles of Section 1.704-2(d)(1) of the Regulations, A Member’s share of such “Company Minimum Gain” shall be calculated in accordance with the provisions of Section 1.704-1(g) of the Regulations.

(j) Deductible Expenses.

“Deductible Expenses” for any fiscal year (or portion thereof) shall mean all items, as calculated for book purposes, which are allowable as deductions to the Company for such period under Federal income tax accounting principles (including Book Depreciation, but excluding any expense or deduction attributable to a Capital Transaction).

(k) Economic Risk Of Loss.

“Economic Risk Of Loss” borne by any Member for any Company liability shall mean the aggregate amount of economic risk of loss that such Member and all Related Persons to such Member are treated as bearing with respect to such liability pursuant to Section 1.752-2 of the Regulations.

(l) Gross Income.

“Gross Income” for any Fiscal Year (or portion thereof) shall mean the gross

income derived by the Company from all sources (other than from capital contributions and loans to the Company and other than from a Capital Transaction) during such period, as calculated for book purposes in accordance with Federal income tax accounting principles.

(m) Liquidation.

“Liquidation” of a Member’s Units or other interest in, the Company shall mean and be deemed to occur upon the earlier of (1) the date upon which the Company is terminated under Section 708(b)(1) of the Code, (2) the date upon which the Company ceases to be a going concern (even though it may continue in existence for the limited purpose of winding up its affairs, paying its debts and distributing any remaining Company properties to the Members) or (3) the date upon which there is a liquidation of the Member’s Units or other interest in the Company (but the Company is not terminated) under Section 1.761-1(d) of the Regulations. “Liquidation” of the Company shall mean and be deemed to occur upon the earlier of (a) the date upon which the Company is terminated under Section 708(b)(1) of the Code or (b) the date upon which the Company ceases to be a going concern (even though it may continue in existence for the limited purpose of winding up its affairs, paying its debts and distributing any remaining Company properties to the Members).

(n) Member Nonrecourse Debt Minimum Gain.

“Member Nonrecourse Debt Minimum Gain” shall mean an amount, with, respect to each Member Nonrecourse Debt, equal to the Company Minimum Gain that would result, if such Member Nonrecourse Debt were treated as a Nonrecourse Liability, determined in accordance with Section 1.704-2(i) of the Regulations.

(o) Member Nonrecourse Debt.

“Member Nonrecourse Debt” shall mean any Company liability that is treated as a “partner nonrecourse debt” under Section 1.704-2(b)(4) of the Regulations.

(p) Member Nonrecourse Deductions.

“Member Nonrecourse Deductions” shall mean any and all items of Book Depreciation and other Deductible Expenses that are treated as “partner nonrecourse deductions” under Section 1.704-2(i)(2) of the Regulations

(q) Nonrecourse Deductions.

“Nonrecourse Deductions” shall mean any and all items of Book Depreciation and other Deductible Expenses that are treated as “nonrecourse deductions” under Section 1.704-2(c) of the Regulations.

(r) Nonrecourse Liability.

“Nonrecourse” Liability” shall mean any Company liability treated as a “nonrecourse liability” under Section 1.704-2(b)(3) of the Regulations. Subject to the foregoing sentence, “Nonrecourse Liability” shall mean any Company liability (or portion thereof) for

which no Member bears the Economic Risk Of Loss.

(s) Recourse Debt.

“Recourse Debt” shall mean any Company liability (or portion thereof) that is neither a Nonrecourse Liability nor a Member Nonrecourse Debt.

(t) Related Person.

“Related Person” shall mean, as to any Member, any person who is related to such Member (within the meaning of Section 1.752-4(b) of the Regulations).

(u) Revaluation Event.

“Revaluation Event” shall mean any of the following occurrences: (1) the contribution of money or other property (other than a de minimis amount) by a new or existing Member to the capital of the Company as consideration for the issuance of additional Units or other interest in the Company; (2) the distribution of money or other property (other than a de minimis amount) by the Company to a retiring or continuing Member as consideration for Units or other interest in the Company; or (3) the liquidation of the Company within the meaning of Section 1.704-1(b)(2)(ii)(g) of the Regulations (other than pursuant to Section 708(b)(1)(B) of the Code); provided, however, under no circumstances shall the issuance of Units pursuant to Section 13.3 of the Agreement constitute a Revaluation Event; and provided further, that the occurrence of an event described in clause (1) or (2) above shall not constitute Revaluation Event if the Board of Directors reasonably determines that it is not necessary to adjust the Book Bases of the Company’s assets or the Members’ Capital Accounts in connection with the occurrence of any such event.

(v) Section 704 Capital Account.

“Section 704 Capital Account” shall have the meaning assigned to such term in Article 2 of this Exhibit A.

(w) Tax Depreciation.

“Tax Depreciation” for any Fiscal Year shall mean the amount of depreciation, cost recovery or other amortization deductions allowable to the Company for Federal income tax purposes for such year.

(x) Tax Items.

“Tax Items” shall mean, with respect to any property, all items of profit and loss (including Tax Depreciation) recognized by or allowable to the Company with respect to such property, as computed for Federal income tax purposes.

(y) Unrealized Book Gain Or Loss.

“Unrealized Book Gain Or Loss” with respect to any Company property shall

mean the excess (or deficit) of (1) the fair market value of such property (as agreed to in writing by the Members taking Section 7701(g) of the Code into account (i.e., such value shall not be agreed to be less than the amount of Nonrecourse Liabilities to which such property is subject)), over (2) the Book Basis of each property.

ARTICLE 2 SECTION 704 CAPITAL ACCOUNTS

A “Section 704 Capital Account” (herein so called) shall be determined and maintained for each Member throughout the full term of the Agreement in accordance with Article IV of the Agreement.

ARTICLE 3 ALLOCATIONS OF PROFIT AND LOSS

Section 3.1 Allocation of Book Items.

Subject to the provisions of Section 3.3 of this Exhibit A, all items of profit and loss realized by the Company during each fiscal year shall be allocated among the Members (after giving effect to all adjustments attributable to all contributions and distributions of money and property effected during such year) in the manner prescribed in this Section 3.1.

- Pursuant to Section 1.704-2(f) of the Regulations (relating to minimum gain chargebacks), if there is a net decrease in Company Minimum Gain for such year (or if there was a net decrease in Company Minimum Gain for a prior fiscal year and the Company did not have sufficient amounts of Gross Income and Book Gain during prior years to allocate among the Members under this Section 3.1(a)), then items of Gross Income and Book Gain shall be allocated, before any other allocation is made pursuant to the succeeding provisions of this Section 3.1 for such year, to each Member in an amount equal to such Member’s share of the net decrease in such Company Minimum Gain.

- Pursuant to Section 1.704-2(i)(4) of the Regulations (relating to minimum gain chargebacks), if there is a net decrease in Member Nonrecourse Debt Minimum Gain with respect to a Member Nonrecourse Debt for such year (or if there was a net decrease in such Member Nonrecourse Debt Minimum Gain for a prior fiscal year and the Company did not have sufficient amounts of Gross Income and Book Gain during prior years to allocate among the Members under this Section 3.1(b)), then items of Gross Income and Book Gain shall be allocated, before any other allocation is made pursuant to the succeeding provisions of this Section 3.1 for such year, to each Member with a share of such Member Nonrecourse Debt Minimum Gain as of the first day of such year in an amount equal to such Member’s share of the net decrease in such Member Nonrecourse Debt Minimum Gain.

- Pursuant to Section 1.704-1(b)(2)(ii)(d) of the Regulations (relating to “qualified income offsets”), if a transaction described in Section 1.704-

1(b)(2)(ii)(d)(4), (5) and (6) of the Regulations occurs unexpectedly, items of Company income and gain shall be allocated, before any other allocation is made pursuant to the succeeding provisions of this Section 3.1 for such year, among each Member with an Adjusted Capital Account Deficit in an amount and manner sufficient to eliminate, to the extent required by the Regulations, the Adjusted Capital Account Deficit of such Member as quickly as possible, provided that an allocation pursuant to this Section 3.1(c) shall be made only if, and to the extent that such Member would have an Adjusted Capital Account Deficit after all other allocations provided for in this Article 3 have been tentatively made as if this Section 3.1(c) were not in this Exhibit A.

- All Member Nonrecourse Deductions attributable to a Member Nonrecourse Debt shall be allocated among the Members bearing the Economic Risk Of Loss for such debt; provided, however, that if more than one Member bears the Economic Risk Of Loss for such debt, the Member Nonrecourse Deductions attributable to such debt shall be allocated to and among such Members, pro rata in the same proportion that their Economic Risks Of Loss bear to one another.

- All Nonrecourse Deductions shall be allocated among the Members, pro rata in accordance with their respective Sharing Percentages.

- Any Adjusted Net Income realized by the Company for such year and, except as provided in Section 3.1(h) hereof, any Book Gain derived from a Capital Transaction occurring during such year and not allocated pursuant to Sections 3.1(a), 3.1(b), 3.1(c), 3.1(d), and 3.1(e) hereof, shall be allocated among the Members, as necessary, so as to cause the balances in their respective Section 704 Capital Accounts to be in the same ratio to one another as are their Sharing Percentages, with all remaining amounts of Adjusted Net Income and Book Loss to be allocated to the Members, pro rata in accordance with their respective Sharing Percentages.

- Any Adjusted Net Loss realized by the Company for such year and, except as provided in Section 3.1(h) hereof, any Book Loss derived from a Capital Transaction occurring during such year and not allocated pursuant to Sections 3.1(a), 3.1(b), 3.1(c), 3.1(d), and 3.1(e) hereof shall be allocated among the Members, as necessary, so as to cause the balances in their respective Section 704 Capital Accounts to be in the same ratio to one another as are their Sharing Percentages, with all remaining amounts of Adjusted Net Loss and Book Loss to be allocated to the Members pro rata in accordance with their respective Sharing Percentages.

- Book Gain Or Loss derived from a Capital Transaction that is entered into in connection with, or results in, the Liquidation of the Company shall be allocated among the Members as follows in the following order of priority (after giving effect to all adjustments attributable to allocations of items of Company profit and loss made pursuant to the preceding provisions of this Section 3.1 for such year and after giving effect to all adjustments attributable to contributions and distributions

or money and property effected prior to such determination).

- Book Gain remaining after the allocations provided for in Sections 3.1(a), 3.1(b) and 3.1(c) hereof shall be allocated as follows and in the following order of priority:

(A) First: Book Gain equal to the deficit balance (if any) in each Member's Capital Account shall be allocated to such Member;

(B) Second: An amount of Book Gain shall be allocated next among the Members to the least extent necessary to cause their positive Section 704 Capital Account balances to equal their respective Sharing Percentages; and

(C) Third: All remaining amounts of Book Gain shall be allocated among the Members pro rata in accordance with their respective Sharing Percentages.

- Book Loss (if any) shall be allocated as follows and in the following order of priority:

(A) First: Book Loss shall be allocated to the Members to the least extent necessary to cause the positive balances in their Section 704 Capital Accounts to be in the same proportion to one another as are their respective Sharing Percentages.

(B) Second: All remaining amounts of Book Loss shall be allocated among the Members pro rata in accordance with their respective Sharing Percentages.

- For purposes of determining the nature (as ordinary or capital) of any Company profit allocated among the Members for Federal income tax purposes pursuant to this Section 3.1, the portion of such profit required to be recognized as ordinary income pursuant to Sections 1245 and/or 1250 of the Code shall be deemed to be allocated among the Members in the same proportion that they were allocated and they claimed the Book Depreciation deductions, or basis reductions, directly or indirectly giving rise to such treatment under Sections 1245 and/or 1250 of the Code.

- The parties intend that the foregoing allocation provisions of this Section 3.1 shall produce Section 704 Capital Account balances of the Members that will permit liquidating distributions that are made in accordance with final Capital Account balances under Section 16.3 of the Agreement to be made to the Members pro rata in accordance with their respective Sharing Percentages. To the extent that the allocation provisions of this Section 3.1 would fail to cause the Members' final Capital Account balances to be in such ratio, (i) such provisions shall be amended by the Members if and to the extent necessary to produce such result and (ii) taxable income and taxable loss of the Company for prior open years (or items of Gross income and Deductible Expenses of the Company for such years) shall be reallocated among the Members to the extent it is not possible to achieve such result with allocations of items of income (including Gross Income) and Deductible

Expenses for the current year and future years. This Section 3.1(l) shall control notwithstanding any reallocation or adjustment of taxable income, taxable loss, or items thereof by the Internal Revenue Service or any other taxing authority.

Section 3.2 Allocation of Tax Items.

(z) Except as otherwise provided in the succeeding provisions of this Section 3.2, each Tax Item shall be allocated among the Members in the same manner as each correlative item of profit or loss, as calculated for book purposes, is allocated pursuant to the provisions of Section 3.1 hereof.

(aa) The Members hereby acknowledge that all Tax Items in respect of any Book/Tax Disparity Property owned by the Company are required to be allocated among the Members in the same manner as under Section 704(c) of the Code (as specified in Sections 1.704-1(b)(2)(iv)(f) and 1.704-1(b)(2)(iv)(g) of the Regulations) and that the principles of Section 704(c) of the Code require that such Tax Items must be shared among the Members so as to take account of the variation between, the adjusted tax basis and Book Basis of each such Book/Tax Disparity Property. Thus, notwithstanding anything in Sections 3.1 or 3.2(a) to the contrary, the Members' distributive shares of Tax Items in respect of each Book/Tax Disparity Property shall be separately determined and allocated among the Members in accordance with the principles of Section 704(c) of the Code. For purposes of making tax allocations pursuant to Section 704(c) of the Code (including allocations pursuant to Section 1.704-1(b)(2)(iv)(f) if a Revaluation Event occurs) the Manager shall determine the method or methods to be used by the Company.

Section 3.3 Allocations Of Profit And Loss And Distributions In Respect Of Interests Transferred.

(bb) If any Unit or other interest in the Company is transferred, or is increased or decreased by reason of the admission of a new Member or otherwise, during any Fiscal Year, each item of Adjusted Net Income Or Loss, Book Gain Or Loss and other Company profit and loss for such year shall be divided and allocated among the Members in question by taking account of their varying interests in the Company during such year on a daily, monthly or other basis, as determined by the Manager using any permissible method under Section 706 of the Code and the Regulations thereunder,

(cc) Distributions of Company in respect of a Unit or other interest in the Company shall be made only to the persons or entities who, according to the Company's books and records, are the holders of record of the Units or other interests in the Company in respect of which such distributions are made on the actual date of distribution. Neither the Company nor the Manager shall incur any liability for making distributions in accordance with the provisions of the preceding sentence, whether or not the Company or the Manager has knowledge or notice of any transfer or purported transfer of ownership of any Unit or other interest in the Company.

(dd) Notwithstanding any provision above to the contrary, Book Gain Or Loss (and taxable gain or loss to the extent permitted by the Code and Regulations) realized in connection with a sale or other disposition of any Company properties shall be allocated solely

among the parties owning Units or other interests in the Company as of the date such sale or other disposition occurs.

EXHIBIT B
TO
AMENDED & RESTATED
LIMITED LIABILITY COMPANY AGREEMENT OF
PROSPECT CHARTERCARE, LLC

Capital Accounts, Units and Sharing Percentages


NAME OF MEMBER	INITIAL CAPITAL ACCOUNT	INITIAL UNITS	INITIAL SHARING PERCENTAGE	ADJUSTED CAPITAL CONTRIBUTION*
CharterCARE Health Partners 825 Chalkstone Avenue Providence, Rhode Island 02908	\$16.76 M	16,760	15%	\$16.76M
Prospect East Holdings, Inc. 10780 Santa Monica Boulevard Suite 400 Los Angeles, California 90025	\$45.00 M	95,000	85%	\$95.00M*

* Assumes full funding of Long-Term Capital Commitment

EXHIBIT C
TO
AMENDED & RESTATED
LIMITED LIABILITY COMPANY AGREEMENT OF
PROSPECT CHARTERCARE, LLC

Conflicts of Interest Policy

(as per Section 3.4)

CharterCARE Health Partners Policy & Procedure		Title:		Number: 4.1
Coverage: All Designated Persons as Defined in This Policy		 Conflict of Interest Disclosure Policy		Source: Board of Trustees
				Approved: Board of Trustees
Date Issued: 09/08/2011	Date Effective: 09/08/2011	Supersedes: 01/08/2009	Distribution: Designated Persons	Page 1 of 9

I. POLICY ADOPTION

CharterCARE Health Partners including its affiliates (the "Corporation"), is committed to pursuing its mission and to conducting its affairs in accordance with high professional and ethical standards which include the avoidance of detrimental conflicts of interest. The Corporation believes that avoiding such conflicts is imperative in preserving the public's trust. Persons who agree to serve the Corporation should not use their position for personal gain, or to expose the Corporation to potential harm as a result of conflict of interest.

This Conflict of Interest Policy (the "Policy") is adopted for the Corporation in order better to assure: (i) compliance with the provisions of the Bylaws of the Corporation (the "Bylaws") that pertain to Conflict of Interest and Competitor Relationships; (ii) a uniform conflict of interest policy for Designated Persons (as defined below) and (iii) effective communication and decision making regarding potential conflicts of interest. This Policy is intended to supplement, but not replace, any applicable federal or state laws governing conflicts of interest applicable to nonprofit and charitable corporations or the fiduciary duties of corporate officers and trustees.

The Policy applies to Designated Persons as defined below and deliberations by the Board of Trustees and its committees or sub-committees, the Medical Executive Committee and its committees or subcommittees, and any other committee or task force that the Board or Finance, Audit, Compliance Committee shall designate from time to time.

II. GENERAL PRINCIPLES

Any Designated Person has an obligation to: (i) protect decisions involving the Corporation against conflicts of interest; (ii) maintain the confidentiality of information obtained through service to the Corporation; (iii) assure that the Corporation acts for the benefit of the community as a whole rather than for the private benefit of a Designated Person; and (iv) fully disclose any personal business opportunities that are competitive with the Corporation or in which the Corporation would have an interest. In the furtherance of these obligations all Designated Persons shall exercise the utmost good faith in all transactions touching upon their duties to the Corporation or its property. In their dealings with and on behalf of the Corporation, they shall be held to a strict standard of honest and fair dealing. Designated Persons shall scrupulously avoid any conflict between their individual interests and the interests of the Corporation in any and all actions taken by them. They shall disclose any interests or activities in which they are involved or become involved, directly or indirectly, that could conflict with the interests or activities of the Corporation and shall obtain approval prior to commencing, continuing, or consummating any activity or transaction which raises a possible conflict of interest. Designated Persons are also obliged to disclose any potential conflict of interest arising from the interests and activities of their Immediate Family, as hereinafter defined.

CharterCARE Health Partners Policy & Procedure	Date Effective: 09/08/2011	Page 2 of 9	Number: 4.1
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Failure to comply with this Policy may disqualify a person from serving as a Designated Person or, if already serving as a Designated Person, may, if the Designated Person is an employee of the Corporation, result in disciplinary action up to and including dismissal, subject to the terms of any applicable employment or collective bargaining agreement or, in the case of a Designated Person who is a member, either in an elected or ex officio capacity, of the Board of Trustees of the Corporation (a "Trustee," the "Board"), the Trustee shall be deemed to have resigned.

III. DEFINITIONS

A. "Designated Persons" shall include the following:

1. Members of the Board of Trustees of the Corporation;
2. Members of administration, senior management, directors, and managers of the Corporation;
3. Chief and/or President of the Medical Staff; Medical Executive Committee, Medical Staff Departmental Chairmen, Divisional Chiefs, other physicians serving as elected officers or in Medical Staff leadership positions who have the ability to influence the use of Corporation resources;
4. Members of the Medical Staff holding a medical administrative position with the Corporation or engaged by the Corporation for compensation to render professional services;
5. Physicians with the authority to select or influence the purchase of costly implant devices and/or supplies, as recommended by senior management and/or the Board or Board-delegated Committee;
6. Members of the Pharmacy and Therapeutics Committee, Value Analysis Team, and Materials Management Department with the authority to purchase, to select or to influence the purchase of goods or services on behalf of the Corporation, ; and
7. Any other person(s) and/or staff member(s) whom the Board or Board-delegated Committee may from time to time designate.

B. "Business Entity" means any publicly or privately held corporation, partnership, sole proprietorship, firm, franchise association, organization, holding company, joint stock company, receivership, business or real estate trust or any other legal entity organized on a for-profit basis or not-for-profit basis, but excluding the Corporation.

C. "Compensation" means anything of value whether in the form of salary, honoraria, forgiveness of debt, gifts, interest in real or personal property, rent or any other form of compensation in cash or in kind.

D. "Entity" shall mean any corporation, individual, partnership or other business entity.

E. "Financial Interest" includes without limitation: (1) an ownership or investment interest; (2) a compensation arrangement; or (3) a potential ownership or investment interest or a compensation arrangement with any entity or individual with which the Corporation is negotiating a transaction or arrangement. Financial Interests may be through an ownership or investment interest, or compensation arrangement, and may be held directly or indirectly, for example through an Immediate Family Member or other intermediate entity.

<i>CharterCARE Health Partners</i> Policy & Procedure	Date Effective: 09/08/2011	Page 3 of 9	Number: 4.1
--	-------------------------------	-------------	----------------

An "ownership or investment interest" may be through equity, debt or other means, e.g., a right of first refusal, but shall not include (i) a combined direct and indirect interest that, when aggregated for the Designated Person and his/her Immediate Family Members, (a) does not exceed a fair market value of \$10,000, and (b) does not exceed five percent (5%) of the outstanding shares of voting stock and/or bonds of a publicly traded company; or (ii) any interest in a mutual fund, pensions or other investments over which the person has no control.

"Compensation" includes direct and indirect remuneration that, when aggregated for the Designated Person and his/her Immediate Family Members, does not exceed a fair market value of \$10,000 per year, except with respect to gifts, entertainment or other material benefits in which case the applicable annual limit is \$250 in the aggregate. Compensation includes without limitation, consulting or employment; gifts, entertainment or other material benefits; royalties or licensing fees, copyrights (whether actual or by contractual right).

A Financial Interest is not necessarily a conflict of interest. Under this Policy a Designated Person who has a Financial Interest has a conflict of interest only based on the criteria and procedures set forth in this Policy.

- F. **"Immediate Family"** of a Designated Person means spouse, ancestors, brothers and sisters (whether whole or half blood), children (whether natural or adopted), grandchildren, great-grandchildren, and spouses of brothers, sisters, children, grandchildren, and great-grandchildren.
- G. **"Medical Staff"** means the Medical Staff of any health care facility owned or operated by the Corporation which, for purposes of this Policy, shall include House Staff.
- H. **"Related Party"** means any Business Entity:
 - 1. in which a Designated Person or his/her Immediate Family has an Ownership Interest;
 - 2. from which the Designated Person or his/her Immediate Family derives compensation or a consulting fee;
 - 3. in which a Designated Person or his/her Immediate Family serves as an officer or director; or
 - 4. from which a Designated Person or his/her Immediate Family otherwise has a financial interest or directly or indirectly receives financial benefits.
- I. **"Staff Member"** means (1) part-time or full-time members of the Medical Staff; (2) other part-time or full-time employees of the Corporation; (3) consultants to the Corporation and (4) members of any Committee of the Corporation, whether designated by senior management or by the Board, who are in a position to influence patient outcomes or business relationships, including without limitation purchasing/contracting decisions, as determined by the Board or Board-delegated Committee.
- J. **"Interested Person"** shall mean any Designated Person or member of a Committee or Sub-Committee with Board delegated powers, who has a direct or indirect financial interest.
- K. **"Consultant, Consulting"** shall mean the performing of any service as an independent contractor for which any form of remuneration is received. This includes the rendering of advice, providing technical expertise, serving as a speaker or lecturer or evaluating existing or proposed products, etc.

CharterCARE Health Partners Policy & Procedure	Date Effective: 09/08/2011	Page 4 of 9	Number: 4.1
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- L. "Organization Doing or Seeking to Do Business with the Corporation" shall mean any present or potential supplier of products and/or services and will include manufacturers, distributors, purchasing-related organizations or alliances, consulting or accounting firms, employment or travel agencies or any other entity which may be remunerated by the Corporation as a result of a service which it may perform for any of them.

IV. PERMITTED INTERESTED TRANSACTIONS

A. The Corporation may purchase goods or services from or otherwise contract with an Entity in which a Designated Person has a direct or indirect financial interest (a "Designated Person-affiliated entity") provided that a majority of the non-interested Trustees or committee members have determined that:

1. The terms of the transaction are fair and reasonable and competitive with what the Corporation could receive from a non-Designated Person-affiliated entity using reasonable efforts;
2. The transaction is otherwise in the best interest of the Corporation;
3. The nature of the Designated Person's involvement in the Designated Person-affiliated entity has been fully disclosed in accordance with this Policy; and
4. The interested Designated Person has not voted on the transaction at any meeting held to act on the transaction.

B. A Designated Person may take advantage of a personal business opportunity that may be of interest to, competitive with, or impact the interests of, the Corporation if:

1. The Designated Person has fully disclosed the opportunity in accordance with this Policy;
2. The opportunity has not arisen out of any impermissible use of confidential or proprietary information of the Corporation;
3. A majority of the non-interested Trustees or committee members have determined that the Corporation has no present interest in availing itself of the opportunity and that the Designated Person may take advantage of the opportunity.

V. POTENTIAL CONFLICTS

A conflict of interest exists in any instance in which a Designated Person's personal activities or interests conflict with the activities or interests of the Corporation. Although it is impossible to list every circumstance giving rise to a possible conflict of interest, the following will serve as examples of the types of activities which might give rise to such a conflict and which should be reported in a detailed and timely fashion to the President of the Corporation (the "President") or the President's designee or, with respect to Trustees, the Chairman of the Board (the "Chairman") or the Chairman's designee.

CharterCARE Health Partners Policy & Procedure	Date Effective: 09/08/2011	Page 5 of 9	Number: 4.1
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A. OTHER HEALTHCARE AFFILIATIONS

To serve as a volunteer or paid trustee, director, officer, partner, employee, consultant, agent, or advisor of or to any hospital, medical clinic or healthcare facility or organization not affiliated with the Corporation.

B. OUTSIDE INTERESTS AND OPPORTUNITIES

1. To hold, directly or indirectly, a financial interest in any outside company, organization or concern which the Designated Person has reason to believe makes payments to or receives payments from the Corporation (whether on account of goods, loans or other transactions), or which provides services in competition with the Corporation.
2. To compete, directly or indirectly, with the Corporation in the purchase or sale of property or any property right, interest or service.
3. To accept or take advantage of a business opportunity that the Designated Person knows or has reason to know may be of interest to or competitive with the Corporation.

C. OUTSIDE ACTIVITIES

1. To render directorial, managerial, or consultative services to, or to engage in any material financial transaction with, any person or concern which does business with, or competes with the Corporation.
2. To render other services in competition with, or to the disadvantage of, the Corporation.

D. GIFTS AND ENTERTAINMENT

To accept a gift, entertainment, or other material benefit from any individual or Organization Doing or Seeking to Do Business with the Corporation or is a competitor of the Corporation, under circumstances from which it might be reasonably inferred that such gift, entertainment, or other material benefit was intended to influence or possibly would influence the Designated Person in the performance of his or her duties for the Corporation, except that, in accordance with Section III.E of this Policy, the acceptance of gifts, entertainment and other material benefits of value less than \$250 in the annual aggregate shall not be construed as creating a Financial Interest.

E. INSIDE INFORMATION

To disclose or use information relating to the Corporation's business, including but not limited to methods of operation and research and product development, for personal profit or advantage, or to divulge confidential information in advance of official authorization of its release.

CharterCARE Health Partners Policy & Procedure	Date Effective: 09/08/2011	Page 6 of 9	Number: 4.1
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VI. PROCEDURES

As soon as any potential conflict of interest described above, or any situation as to which a Designated Person may be in doubt, comes to the attention of a Designated Person, full disclosure must be made to (i) the President or the President's designee, (ii) with respect to Trustees, the Chairman or the Chairman's designee, or (iii) with respect to committees, the committee chairman, so as to permit an impartial and objective determination of whether a real or potential conflict of interest exists. The President, Chairman, or committee chair shall consult with the disclosing Designated Person and with such other individuals as he or she may deem appropriate.

A. The Board or committee shall utilize the following procedures regarding any Board or committee discussion or decision of a transaction that may involve or affect a firm, entity or arrangement in which a Designated Person has a Financial Interest or organizational affiliation:

1. Prior to the Board's or committee's consideration of any matter that may involve or affect a firm, entity or arrangement in which a Designated Person has a Financial Interest or organizational affiliation, the Designated Person shall raise with the Board or committee the issue of a potential conflict of interest, and if such Financial Interest has not yet been disclosed pursuant to this Policy, the Designated Person shall provide the Board or committee with sufficient information about the Financial Interest or affiliation to enable the Board or committee to consider fully whether a conflict exists.
2. The Board or committee, in its reasonable discretion, may request of such Designated Person additional details regarding the nature of the Financial Interest or organizational affiliation if the Board or committee determines that such additional information will assist it in the deliberation of whether a conflict of interest exists.
3. If a Designated Person believes that providing a full disclosure as provided in Sections VI.A.1 and/or VI.A.2 above may breach a confidentiality provision to which the Designated Person is bound, such Financial Interest or organizational affiliation shall be deemed automatically to be a conflict of interest.
4. The Designated Person with the potential conflict shall leave the meeting while the remaining members of the Board or committee discuss and vote upon whether a conflict of interest exists. The interested Designated Person(s) may be counted for purposes of a quorum, however.
5. If a conflict of interest is determined to exist, the interested Designated Person shall continue to absent himself/herself from the meeting during the discussion and any vote on the transaction or arrangement; provided, however, that the Board or committee may, by a 2/3 vote of its members (excluding the interested person), waive this requirement, except with respect to a Financial Interest or organizational affiliation that is deemed a conflict pursuant to Section VI.A.3.
6. Approval of the transaction or arrangement shall require a majority of disinterested members of the Board or committee present to determine that the transaction or arrangement is in the Corporation's best interest and for its own benefit, and that it is fair and reasonable to the Corporation.

CharterCARE Health Partners Policy & Procedure	Date Effective: 09/08/2011	Page 7 of 9	Number: 4.1
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7. The minutes of Board or committee meetings in which a conflict of interest transaction or arrangement is addressed shall include:
 - a. Names of any persons who disclosed or otherwise were found to have a financial interest, the general nature of such, and whether the Board or committee determined there was, in fact, a conflict of interest; and
 - b. Names of those present for discussions and votes relating to the transaction or arrangement, the general nature of the discussions (specifically including whether any alternatives existed to the proposed transaction or arrangement and the general nature of such alternatives) and a record of the vote.

B. In addition to making ongoing disclosures of potential conflicts of interest as described above, Designated Persons must make any and all potential conflicts of interest a matter of record through an initial and annual procedure that are outlined below:

1. Within thirty (30) days from the date of becoming a Designated Person, Designated Persons are affirmatively required to disclose all Financial Interests and organizational affiliations that may give rise to an actual or potential conflict of interest, or indicate that no such conflicts of interest exist, using the Conflict of Interest Disclosure Form (the "Disclosure Form") attached hereto and incorporated by reference. The Board or Audit Committee may from time-to-time designate appropriate individuals to receive such Disclosure Forms.
2. Annually, (i) the President or the Chairman of the Board or their designees shall advise each Designated Person in writing of this Policy, provide to the Designated Person a copy of this Policy, and request that each Designated Person complete and submit the completed Disclosure Form.
3. Each Designated Person shall submit the completed Disclosure Forms *within twenty (20) days of receipt to:*

Kimberly A. O'Connell, Esq.
Vice President and General Counsel
CharterCARE Health Partners
825 Chalkstone Avenue
Providence, RI 02908
4. The President or the Chairman, or their respective designee, with consultation from the Corporate Compliance Officer, shall review all Disclosure Forms. The Corporation may seek advice from legal counsel on any issue associated with the administration of this Policy. It is understood that these Disclosure Forms shall be maintained by the Corporate Compliance Officer and any request for release of a Disclosure Form shall be made directly to the Corporate Compliance Officer. Disclosure Forms will be used only to the extent necessary for the administration and verification of this Policy and will be kept confidential to the extent allowed by law.
5. At least annually the Board or a designated committee shall review standard relationships with local banks, insurance firms, and other entities serving the Corporation to assure that the relationship is in the best interests of the Corporation and is otherwise consistent with the terms of this Policy.

CharterCARE Health Partners Policy & Procedure	Date Effective: 09/08/2011	Page 8 of 9	Number: 4.1
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6. This Policy shall be reviewed annually by the Audit Committee of the Board and each new Designated Person shall be advised of the policy prior to employment or selection as a Designated Person and, prior to assuming a position as a Designated Person, shall be required to file the Disclosure Form in accordance with Section V.B.1 of this Policy.

VII. DESIGNATED PERSON-AFFILIATED VENDORS — RELATIONSHIPS WITH THE CORPORATION

A Designated Person-affiliated vendor providing goods or services to the Corporation, as a condition for doing business with the Corporation, will be advised in writing of its obligation to conduct all business relating to the contract or arrangement whereby it provides such goods or services through the usual channels for administration of the Corporation's contracts, and the Interested Designated Person will scrupulously refrain from utilizing his/her position as a Designated Person to negotiate, conduct or arbitrate contractual matters. Infractions of this policy may subject the Designated Person-affiliated vendor with termination of its relationship with the Corporation.

VIII. NOTIFICATION OF VIOLATIONS/ENFORCEMENT

A. If a Designated Person has reasonable cause to believe that another Designated Person has failed to disclose an actual or potential conflict of interest, he/she shall inform the President (or in the case of a non-disclosure relating to the President, to the Treasurer, or, in the case of a Designated Person who is a member of the Board to the Chairman of the Board (or, in the case of a non-disclosure relating to the Chairman, to the Vice-Chairman) of the basis for the belief.

B. Upon receipt of such an allegation, as described in Section VIII.A, a committee of the Board shall be convened to review the matter, with such committee being either a newly established committee or an existing Board committee, such as the Finance, Audit, Compliance Committee, with the authority given to it to review such matter in accordance with this provision. The Committee shall afford the Designated Person the opportunity to explain the alleged failure to disclose and, if appropriate to update his/her Disclosure Form. If after hearing the response of the Designated Person and making such further investigation as may be warranted in the circumstances, the Committee determines that a Designated Person has, in fact, failed to disclose an actual or potential conflict of interest, it shall make such recommendations to the full Board for appropriate disciplinary and corrective action.

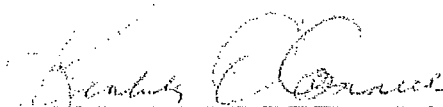
C. Failure to comply with this Policy may disqualify a person from serving as a Designated Person or, if already serving as a Designated Person, the Designated Person shall, if an employee, be subject to disciplinary action up to and including dismissal, subject to and in accordance with the terms of any applicable employment or collective bargaining agreement or, if a Trustee, the Trustee shall be subject to removal pursuant to the Bylaws.

APPROVED BY:
DATE:

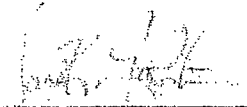
Board of Trustees
September 8, 2011

CharterCARE Health Partners Policy & Procedure	Date Effective: 09/08/2011	Page 9 of 9	Number: 4.1
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APPROVED BY:



Kimberly A. O'Connell, Esq.
Senior Vice President & General Counsel



Joel K. Goloskie, Esq.
Deputy General Counsel
Director of Compliance,
Privacy & Ethics

Attachment A:

Conflict of Interest Questionnaire and Disclosure Form

Attachment A

CONFLICT OF INTEREST QUESTIONNAIRE
AND
DISCLOSURE FORM
FISCAL YEAR

Please Return to: Kimberly A. O'Connell, Esq., Vice President and General Counsel

I hereby affirm that I have received a copy of the Conflict of Interest Policy ("Policy") of CharterCARE Health Partners and its affiliates (the "Corporation") requiring disclosure of certain interests, that I have read and understand the Policy, and that I agree to comply with its terms. In addition I hereby affirm my understanding that the Corporation is a charitable organization and that, in order for it to maintain its federal tax exemption, it must engage primarily in activities that accomplish one or more of its tax-exempt purposes.

Consistent with the purposes and intentions of the Policy, I hereby state that I or members of my immediate family (spouse, ancestors, brothers and sisters (whether whole or half blood), children (whether natural or adopted), grandchildren, great-grandchildren, and spouses of brothers, sisters, children, grandchildren, and great-grandchildren) have the following affiliations or interests and have taken part in or are now taking part in the following transactions that, considered in conjunction with my position with or relation to the Corporation, might possibly constitute a conflict of interest (*state "none" where applicable*):

1. **Business Affiliations.** Please list below any affiliations you, or any member of your immediate family have as a trustee, director, officer, partner, employee, consultant, agent, or advisor of any person, firm or organization which, to the best of your information and belief, is a supplier of goods or services to the Corporation, and briefly describe the type of goods or services so supplied. *If none, so state:*

2. **Other Healthcare Affiliations.** Please list below the name and address of any healthcare company or facility which you or any member of your immediate family serve as a volunteer or paid director, trustee, officer, partner, employee, consultant, employee or agent or advisor and the capacity in which you so serve. *If none, so state:*

7. Other:

List any other activities in which you or your immediate family are engaged that might be regarded as constituting a potential conflict of interest with the Corporation. *If none, so state:*

I hereby agree to report promptly to the President, or the President's designee or, if I am a member of the Board of Trustees of the Corporation, to the Chairman of the Board or the Chairman's designee, any situation or transaction that may arise during the forthcoming year that constitutes a potential conflict of interest.

Printed Name: _____

Signature: _____

Date: _____

Please return *within twenty (20) days* of receipt to:

Kimberly A. O'Connell, Esq.
Vice President and General Counsel
CharterCARE Health Partners
825 Chalkstone Avenue
Providence, RI 02908

Exhibit 6

Prospect CharterCARE, LLC

Consolidated Financial Statements

As of September 30, 2015 and 2014, and for the
year ended September 30, 2015 and for the period
from June 20, 2014 (inception) through
September 30, 2014

The report accompanying these financial statements was issued by
BDO USA, LLP, a Delaware limited liability partnership and the U.S. member
of BDO International Limited, a UK company limited by guarantee.



Prospect CharterCARE, LLC

Notes to Consolidated Financial Statements

The acquisition was accounted for as a business combination using purchase accounting. This transaction resulted in a bargain gain of \$3,975,000, which is included in other income in the accompanying consolidated statements of operations for the period from June 20, 2014 (inception) through September 30, 2014. The Company's assets and liabilities were recorded at fair value as of June 20, 2014. Subsequent to September 30, 2014, the Company received \$2,125,000 for a working capital adjustment from CharterCARE Community Board, which resulted in an increase in the bargain gain recognized of \$1,806,000 during the period from June 20, 2014 (inception) through September 30, 2014 and an increase of \$319,000 in CharterCARE Community Board's member contributions as of June 20, 2014 based on the members' respective ownership percentages.

The following table summarizes the fair value of assets acquired and fair value of liabilities assumed in connection with the PCC acquisition, as of June 20, 2014 (in thousands):

	Purchase Price Allocation
Restricted cash	\$ 1,739
Patient accounts receivable and other receivables	34,264
Prepaid expenses and other current assets	10,902
Property, improvements and equipment	53,642
Intangible assets	8,590
Other long-term assets	4,698
Accounts payable and other liabilities	(44,656)
Capital leases	(1,315)
Long-term debt	(25)
Other long-term liabilities	(4,645)
Net assets acquired	63,194
Total purchase consideration	59,219
Bargain purchase gain	\$ 3,975

The total purchase consideration of \$59,219,000 in accordance with the Asset Purchase Agreement includes net cash consideration of \$43,300,000, the fair value of CharterCARE Community Board's 15% interest in the \$50,000,000 future commitment of Prospect to PCC of \$6,440,000, and the fair value of CharterCARE Community Board's 15% interest in PCC at the date of acquisition in the amount of \$9,479,000.

3. Significant Accounting Policies

Basis of Presentation

The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") and include the accounts of all wholly-owned subsidiaries, but do not include the accounts of the parent companies, Prospect or CharterCARE Community Board.

Exhibit 7



Attorneys At Law
A Limited Liability Partnership

September 13, 2018

REGISTERED MAIL
RETURN RECEIPT REQUESTED

CharterCARE Community Board
c/o Richare L. Land, Esq.
One Park Row, Suite 300
Providence, RI 02903

David Hirsch, President
CharterCARE Community Board
50 South Main Street
Providence, RI 02903

Re: Notice of Dispute

Dear Mr. Hirsch:

This firm represents Prospect East Holdings, Inc. (“Prospect East”) in connection with the Amended & Restated Limited Liability Company Agreement of Prospect Chartercare, LLC, as amended (the “LLC Agreement”). We are writing to provide you with notice pursuant to the LLC Agreement and to initiate the dispute resolution process set forth in Section 17.4 of the LLC Agreement.

Prospect East is in receipt of the Settlement Agreement executed by CharterCARE Community Board (“CCCB”), Stephen DelSesto, as Receiver and Administrator of the St. Joseph Health Services of Rhode Island Retirement Plan (the “Receiver”) and other parties, dated on or about August 31, 2018 (the “Settlement Agreement”). As it relates to Prospect East, CCCB and their respective obligations under the LLC Agreement, the Settlement Agreement provides:

1. That CCCB will hold its 15% membership interest in Prospect Chartercare, LLC in trust for the Receiver and that the Receiver will have the full beneficial interests therein. Settlement Agreement, paragraph 17;
2. That the Receiver will have the power to direct and control CCCB’s future exercise of the put option set forth in the LLC Agreement. Settlement Agreement, paragraph 18;

1080 Main Street
Pawtucket, Rhode Island 02860
p 401.272.1400 f 401.272.1403
www.shslawfirm.com

September 13, 2018

Page two

3. That the Receiver shall have the right to sue in the name of CCCB to collect or otherwise obtain the value of the beneficial interest in Prospect Chartercare LLC. Settlement Agreement, Paragraph 19;
4. That upon the Receiver's written demand, CCCB file a petition for its Judicial Liquidation and follow the requests of the Receiver to marshal its assets and oppose claims of other creditors. Settlement Agreement, Paragraph 24; and
5. That CCCB grant the Receiver a security interest in its assets, investment property and general intangibles, which would include its membership interest in Prospect Chartercare LLC. Settlement Agreement, Paragraph 29.

Prospect East considers each of the above provisions in the Settlement Agreement to be in violation of the LLC Agreement. Section 13.1 of the LLC Agreement provides, in pertinent part, as follows:

...[A] member may not sell, assign (by operation of Law or otherwise), transfer, pledge or hypothecate ("Transfer") all or any part of its interest in the Company (either directly or indirectly through the transfer of the power to control, or to direct or cause the direction of the management and policies, of, such Member.

The above-referenced provisions of the Settlement Agreement plainly include a hypothecation of CCCB's interest, by the granting of a security interest, by the transfer of CCCB's beneficial interest and by the transfer to the Receiver of the power to control and direct CCCB. As such, the purported transfers contemplated by the Settlement violate the LLC Agreement and constitute invalid transfers under Section 13.6 of the LLC Agreement.

We are prepared to meet with you in an effort to negotiate a resolution to this dispute. Please contact me with a date and time when you are available to meet.

Very truly yours,

Preston Halperin

Preston W. Halperin

Cc: Prospect East Holdings, LLC

Exhibit 8

From: Richard Land
To: [Benjamin Ledsham](#); [Max Wistow](#); [Stephen P. Sheehan](#)
Subject: FW: Prospect CharterCare - capital contributions
Date: Tuesday, October 2, 2018 6:44:01 PM

Ben -

I have this email that I sent on 9/20/18. I had previously communicated with him via telephone, although I do not know what date that occurred.

Rick

Richard J. Land
Chace Ruttenberg & Freedman, LLP
One Park Row, Suite 300
Providence, RI 02903
(401) 453-6400
(401) 453-6411 (Facsimile)
Rland@crflp.com

-----Original Message-----

From: Richard Land
Sent: Thursday, September 20, 2018 11:56 AM
To: Moshe Berman <moshe.berman@chartercare.org>
Cc: Preston Halperin <phalperin@shslawfirm.com>
Subject: Prospect CharterCare - capital contributions

Moshe -

Preston has raised certain issues relating to the settlement. In order to formulate our response, it is imperative for us to know, and to have the specific details, including amounts and dates, of the capital contributions that Prospect has made to the operating hospitals as required under the Operating Agreement. Kindly provide this information to me by the close of business tomorrow as time is of the essence in this matter.

As you know, we have requested financial information from time to time and have never received this information.

Thank you for your cooperation,

Rick

Richard J. Land
Chace Ruttenberg & Freedman, LLP
One Park Row
Suite 300
Providence, RI 02903
(401) 453-6400
rland@crflp.com
Sent from my iPad

Exhibit 9

Robert B. Berkelhammer**
Nathan W. Chace
Douglas J. Emanuel**
Robert D. Fine*
Carl I. Freedman
Macrina G. Hjerpe**
Bret W. Jedele
Drew P. Kaplan
Richard J. Land*
Allan M. Shine*
Don E. Wineberg*

LuAnn Cserr**
Andre S. Digou*
Jared R. Sugerman*

Bruce R. Ruttenberg, *retired*

* Also admitted in Massachusetts
† Also admitted in Connecticut
° Also admitted in New York
‡ Also admitted in Washington, D.C.
+ Admitted in California
◊ Admitted U.S. Patent & Trademark Office

October 2, 2018

Via Email pwh@shslawfirm.com
Preston Halperin, Esq.
Shechtman Halperin & Savage, LLP
1080 Main Street
Pawtucket, RI 02860

Re: Prospect CharterCare, LLC

Dear Preston:

I am writing to you on behalf of CharterCare Community Board (“CCB”), the holder of a 15% membership interest in Prospect CharterCare, LLC (“PCLLC”).

I have requested financial information relating to PCLLC on several occasions. Specifically, most recently I requested details for capital contributions made by Prospect East, LLC (“PELLC”) since the purchase by PCLLC of the operating assets of Roger Williams Hospital and St. Joseph Health Services of Rhode Island (collectively, with CharterCare Community Board, “Oldco”) on June 20, 2014.

As you already know, this request is in connection with PELLC’s obligations under the Operating Agreement of PCLLC, as approved by the Rhode Island Attorney General, to make capital contributions to PCLLC of at least \$50,000,000 during the period commencing on June 20, 2014 through June 20, 2018. Such aggregate capital contributions are in addition to annual capital expenditures of not less than \$10,000,000 and ordinary capital contributions for operational improvements. A great deal of emphasis on this financial commitment was made by PELLC and the other Prospect-related applicants during the sale approval process, which were obviously a material inducement in the approval process and were highly publicized in connection therewith.

In my prior communications with Moshe Berman, General Counsel to PCLLC, I was clear that the information being requested was necessary and important, and that CCB is entitled to receive such information as a member of PCLLC. I do not believe there can be any dispute that CCB is entitled to the

CR & F

Preston Halperin, Esq.
Page 2

requested information and that PCLLC must provide it. Nevertheless, upon my most recent effort to discuss this matter with Moshe, he directed me to you to respond on behalf of PCLLC. I am confused why I would need to speak with you when Joe Cavanaugh has entered his appearance for PCLLC. Moreover, it is unclear to me why PELLC's counsel would be involved in providing information that should be in the possession of PCLLC and which should have been provided to its member upon request and without delay. Nevertheless, kindly accept this letter as my renewed demand that all information relating to capital contributions made by PELLC to PCLLC since June 20, 2014, including dates and amounts of each contribution and the uses/purposes for the contribution(s), immediately be delivered to me on behalf of CCB.

If the requested information will not be delivered by the close of business on Wednesday, October 3, 2018, we are prepared to take all necessary steps (including some of far reaching consequences) because of the failure of PELLC and PCLLC to honor their obligations to CCB.

Very truly yours,

Chace Ruttenberg & Freedman, LLP



Richard J. Land

cc: Max Wistow, Esq. (Via Email)
David Hirsch (Via Email)

Exhibit 10

B L I S H & C A V A N A G H E
C O U N S E L L O R S A T L A W

Joseph V. Cavanagh, Jr.
William R. Landry
Edmund L. Alves, Jr.
Scott T. Spear
Mary Cavanagh Dunn
Joseph V. Cavanagh, III
Robert J. Cavanagh, Jr.
Matthew J. Landry
Thomas J. Alves

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30 Exchange Terrace
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Fax (401) 751-7542

www.blishcavlaw.com

Lynne Barry Dolan
Of Counsel

John H. Blish
(1986-2007)

*Via E-mail /
Regular Mail*

October 2, 2018

Richard J. Land, Esq.
Chace Ruttenger & Freedman, LLP
One Park Row, Suite 300
Providence, RI 02903

Re: Prospect CharterCare, LLC; Request for Information

Dear Rick,

We write in response to your request to Prospect CharterCare, LLC on behalf of CharterCare Community Board for financial information relating to capital contributions made since the 2014 acquisition. Prospect CharterCare, LLC is prepared to provide you with the information on the following conditions:

1. That you identify the purpose for requesting the information pursuant to applicable law. *See Romo v. Klufas*, 2012 R.I. Super. LEXIS 188; and
2. That you agree to execute a confidentiality agreement whereby information provided is to be maintained in confidence by you and by the existing CCCB Board of Directors.

As you are aware from the Notice of Dispute sent to you by Attorney Preston Halperin on September 13, 2018, CCCB has breached the terms of the Amended & Restated Limited Liability Company Agreement of Prospect CharterCare, LLC, based on the terms of the Settlement Agreement with Stephen DelSesto, Receiver and Administrator of the St. Joseph Health Services of Rhode Island Retirement Plan (the "Receiver") and the security agreement already granted to the Receiver. To the extent that you intend to share Prospect CharterCare, LLC's financial information with the Receiver or any other third-party, particularly one that is presently asserting claims against Prospect CharterCare, LLC and Prospect East Holdings, Inc., we would view that as a further breach of your duty to Prospect CharterCare, LLC.

We look forward to your response.

Very truly yours,



Joseph V. Cavanagh, III

Exhibit 11

Chace Ruttenberg & Freedman, LLP
Attorneys at Law

Robert B. Berkelhammer**
Nathan W. Chace
Douglas J. Emanuel**
Robert D. Fine*
Carl I. Freedman
Macrina G. Hjerpe**
Bret W. Jedele
Drew P. Kaplan
Richard J. Land*
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Bruce R. Ruttenberg, *retired*

* Also admitted in Massachusetts
** Also admitted in Connecticut
* Also admitted in New York
* Also admitted in Washington, D.C.
* Admitted in California
* Admitted U.S. Patent & Trademark Office

October 3, 2018

Via Email jfvc3@blishcavlaw.com

Joseph V. Cavanagh, III, Esq.

Blish & Cavanagh, LLP

30 Exchange Terrace

Providence, RI 02903

Re: Prospect CharterCare, LLC

Dear Joe:

I am in receipt of your letter dated October 2, 2018, wherein you demand, prior to delivering to CharterCare Community Board (“CCB”) financial information of Prospect CharterCare, LLC (“PCLLC”), that (i) we identify a purpose for requesting the information, and (ii) that we execute a confidentiality agreement. PCLLC’s effort to put conditions on CCB’s access to information is improper, and appears to be a tactic intended to impair CCB’s ability to exercise its rights as a member of PCLLC.

PCLLC has previously, upon request, provided financial information to CCB without any conditions whatsoever. These new conditions appear to be guided by the nature of the most recent request – information related to capital contributions required to be made by the other member of PCLLC, Prospect East, LLC (“PELLC”) which are guaranteed by Prospect Medical Holdings. To the extent that PCLLC is acting for the benefit of one member (PELLC) over the other (CCB), such action is improper. Moreover, there is no basis whatsoever for PCLLC to assert that CCB must maintain this information in confidence as the information we are seeking was intended to be public – as noted in my communication to Preston Halperin of October 2, 2018, the highly touted capital contributions for long-term capital improvements totaling \$50,000,000 over the first four years, and at least \$10,000,000 annually required for routine capital investment were publicly held out as a material basis for the approval of the sale of the hospitals to PCLLC.

Under Section 7.1 of the Operating Agreement of PCLLC (and R.I.G.L. 7-16-22), CCB has the right to inspect the records. If PCLLC is not willing to provide the requested information identifying capital contributions since June 2014, CCB

CR & F

Joseph V. Cavanaugh, III, Esq.
Page 2

demands access to the books and records of PCLLC pursuant to Section 7.1. In this regard, time is of the essence and we would request such access be giving to CCB's designated representatives no later than October 5, 2018, for inspection at your office or at PCLLC's facility.

Finally, in light of PCLLC's actions (including its refusal to provide financial information) and the appearance that PCLLC is acting in a manner intended to benefit PELLC, CCB intends to call a meeting with the PCLLC Class A board members appointed by CCB. CCB will advise such board members that it is very concerned about the decisions being made by PCLLC, specifically PCLLC's efforts to undermine CCB's legitimate effort to settle the pending litigation with the Receiver of the St. Josephs Health Services Pension Plan for the benefit of the Plan participants. That settlement is clearly intended to provide for the liquidation of CCB's interest in PCLLC consistent with the provisions of the Operating Agreement – PCLLC's efforts to block that exercise are without merit, and to the extent the Class A board members fail to object to such effort, they are acting in contradiction of best interests of CCB, the appointing member.¹ In addition, CCB believes that the Class A board members would be acting against the best interests of PCLLC as the proposed settlement is beneficial to PCLLC in that (i) it effectively provides a credit of many millions of dollars to PCLLC in the event PCLLC is later found to be liable to the plaintiffs, and (ii) it eliminates the justifiable criticism of PCLLC in the community that flows from the opposition to the settlement.

Naturally, CCB would much prefer that PCLLC not stand in the way of the approval of the Settlement Agreement, particularly where the ultimate outcome will be for the benefit of the pension holders. Kindly let me know by 5:00PM on Thursday, October 4, 2018, whether PCLLC will provide access to the requested information on or before October 5, 2018, or preferably copies of such information consistent with past practice. CCB will view PCLLC's failure to do so as a violation of PCLLC's obligations and we will pursue its rights as against PCLLC and PELLC.

Very truly yours,

Chace Ruttenberg & Freedman, LLP



Richard J. Land

cc: Max Wistow, Esq. (Via Email)
David Hirsch (Via Email)

¹ Under the PCLLC Operating Agreement, there is a mechanism for determining the value of CCB's 15% interest. It is axiomatic that capital contributions required to have been made by PELLC, or the lack thereof, would affect that valuation. While CCB maintains that it need not provide a basis for its request for information or to obtain access to financial information, valuation of its 15% interest certainly satisfies that criteria.

Exhibit 12

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PROVIDENCE, SC. SUPERIOR COURT

ST. JOSEPH'S HEALTH SERVICES OF)
RHODE ISLAND)
)
)
VS.) C.A. NO. PC-2017-3856
)
)
ST. JOSEPH'S HEALTH SERVICES OF)
RHODE ISLAND RETIREMENT PLAN)

HEARD BEFORE

THE HONORABLE ASSOCIATE JUSTICE BRIAN P. STERN

ON OCTOBER 10, 2018

APPEARANCES:

STEPHEN DEL SESTO, ESQUIRE.....THE RECEIVER
MAX WISTOW, ESQUIRE.....SPECIAL COUNSEL
STEPHEN SHEEHAN, ESQUIRE.....FOR THE RECEIVER
BENJAMIN LEDSHAM, ESQUIRE.....FOR THE RECEIVER
SCOTT BIELECKI, ESQUIRE.....FOR CHARTERCARE
ANDREW DENNINGTON, ESQUIRE.....FOR CHARTERCARE
RUSSELL CONN, ESQUIRE.....FOR CHARTERCARE
ROBERT FINE, ESQUIRE.....FOR CHARTERCARE
LYNNE DOLAN, ESQUIRE.....FOR CHARTERCARE
PRESTON HALPERIN, ESQUIRE.....FOR PROSPECT MEDICAL
JOSEPH CAVANAGH, ESQUIRE.....FOR PROSPECT MEDICAL
DEAN WAGNER, ESQUIRE.....FOR PROSPECT MEDICAL
EDWAN RHOW, ESQUIRE.....FOR PROSPECT MEDICAL
CHRISTINE DIETER, ESQUIRE.....FOR R.I. FOUNDATION
LAUREN ZURIER....ESQUIRE.....ATTORNEY GENERAL'S OFFICE
MARIA LENZ, ESQUIRE.....ATTORNEY GENERAL'S OFFICE
DAVID MARZILLI, ESQUIRE.....ATTORNEY GENERAL'S OFFICE
ARLENE VIOLET, ESQUIRE.....FOR THE PENSIONERS
ROBERT SENVILLE, ESQUIRE.....FOR THE PENSIONERS
CHRISTOPHER CALLACI, ESQUIRE.....FOR U.N.A.P.
STEVEN BOYAJIAN, ESQUIRE.....FOR ANGELL PENSION

GINA GIANFRANCESCO GOMES
COURT REPORTER

1 motion.

2 MR. WISTOW: I just want to emphasize I really think
3 it would be outrageous to not ask permission of this
4 Court to invalidate a contract in Delaware as he is
5 planning to do.

6 By the way, he says he has been a Receiver for many
7 years and this is absolutely unique to agree to damages.
8 I don't think I have ever been a Receiver, to be honest
9 with you. So I'm not going to talk about what is common
10 or uncommon in receiverships, but I have been involved in
11 I will say hundreds of settlements of contested cases and
12 it absolutely is common for a Defendant to agree to the
13 damages in a case so that it can be used by the
14 plaintiffs against non-settling Defendants or more
15 particularly against an insurance company. So maybe it's
16 unique in his experience. It's common in mine.

17 And, by the way, nobody is suggesting that that
18 admission by them is somehow binding on the other
19 Defendants. The fact of the matter is, Judge, I'm not
20 going to get into -- your Honor, has amply shown over the
21 time that I have been before you that you read the papers
22 carefully, and justifiably get a little short if I start
23 going over them in too much detail.

24 I do want to add this one point. This 13 percent --
25 15 percent is a huge deal because I can tell you as part

1 of the settlement process that we have been trying to get
2 through the 15 percent holder, CCB, an accounting of the
3 promised \$50 million that was supposed to have been put
4 in by Prospect CharterCare. That was part of the
5 original consideration. It was flaunted. It was
6 publicized. We had every reason to believe, because we
7 have been so frustrated about getting information about
8 what they put in, that we actually are going to file
9 another motion to adjudge Prospect CharterCare in
10 contempt because they have not responded to the subpoenas
11 which you had authorized us to settle in giving this
12 information. They have actually affirmatively said they
13 would not give the information to Mr. Fine because they
14 were afraid he was going to share it with us. That was
15 the information we were entitled to.

16 So all I ask is this, your Honor: There is nothing
17 final about any of this. This whole issue of can they
18 transfer this to us, can they not, if your Honor wants to
19 sit down and read through the papers and make an
20 adjudication of whether or not it's legal, then I would
21 suggest that that probably should be res judicata when we
22 get to the Federal Court on that issue.

23 So I still suggest probably the simplest
24 straightforward thing is -- this is for the benefit of
25 the estate. You know, my brother says and I really thank

Exhibit 13

B L I S H & C A V A N A G H E
C O U N S E L L O R S A T L A W

Joseph V. Cavanagh, Jr.
William R. Landry
Edmund L. Alves, Jr.
Scott T. Spear
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October 17, 2018

*Via E-mail /
Regular Mail*

Richard J. Land, Esq.
Chace Ruttenberg & Freedman, LLP
One Park Row, Suite 300
Providence, RI 02903

Re: Prospect CharterCare, LLC; Request for Information

Dear Rick,

I understand that you have recently contacted Ed Santos and Moshe Berman, respectively, Chairman of the Board and General Counsel of Prospect CharterCare, LLC ("PCLLC"), seeking personal contact information of other Board members.

As stated in my letter to you of October 5, it is obvious that you continue to act on behalf of the Receiver of St. Joseph Health Services of Rhode Island Retirement Plan. In addition to entering into the settlement agreement with the Receiver to which PCLLC objects, CharterCare Community Board ("CCB") has also adopted the arguments and positions of the Receiver in the Receivership action. As you know, the Receiver has brought claims against PCLLC in state and federal court and its interests are directly adverse to PCLLC. We continue to regard your actions as improper as to both time and purpose.

Further, according to your client's view of the settlement agreement, CCB has ceded its ownership interest in PCLLC to the Receiver and therefore would no longer be in a position to assert rights as a member of PCLLC or claim fiduciary duties for its benefit.

Please refrain from further direct communications with PCLLC Board members or employees and direct future correspondence to this office.

Very truly yours,

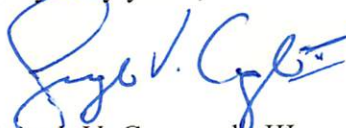

Joseph V. Cavanagh, III

Exhibit 14

Chace Ruttenberg & Freedman, LLP
Attorneys at Law

Robert B. Berkelhammer**
Nathan W. Chace
Douglas J. Emanuel**
Robert D. Fine*
Carl I. Freedman
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* Also admitted in Massachusetts
+ Also admitted in Connecticut
o Also admitted in New York
* Also admitted in Washington, D.C.
* Admitted in California
o Admitted U.S. Patent & Trademark Office

October 17, 2018

Via Email jvc3@blishecavlaw.com

Joseph V. Cavanagh, III, Esq.
Blish & Cavanagh, LLP
30 Exchange Terrace
Providence, RI 02903

Re: Prospect CharterCare, LLC ("PCLLC")

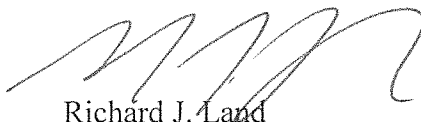
Dear Joe:

CharterCare Community Board ("CCB") disagrees with your position, which we believe is entirely without merit. Not only has PCLLC refused to provide financial information to which CCB is entitled under the PCLLC Operating Agreement, but bizarrely, it takes the position that CCB, which is entitled to appoint the Category A Directors, may not communicate with those Directors. At this point, CCB must proceed on the basis that PCLLC and its other member, Prospect East, LLC ("PELLC"), have no intention to comply with their respective obligations under the PCLLC Operating Agreement and applicable law.

CCB rejects your position that it may not communicate with the Directors it appointed, will proceed to exercise its rights in any manner it deems appropriate, and will seek to hold PCLLC and PELLC liable for interference with the exercise of such rights.

Very truly yours,

Chace Ruttenberg & Freedman, LLP



Richard J. Land

bcc: Max Wistow, Esq. (Via Email)
David Hirsch (Via Email)

CR&F