

CONFIDENTIAL

AFFILIATION AGREEMENT

THIS AFFILIATION AGREEMENT, including all exhibits, schedules and appendices hereto (the "Agreement"), is made and entered into this 4 day of June, 2013 (the "Execution Date"), by and among the following entities and municipality:

1. Asante, an Oregon nonprofit public benefit corporation ("Asante"), located at 2650 Siskiyou Blvd., Medford, OR 97504.
2. Ashland Community Healthcare Services dba Ashland Community Hospital, an Oregon nonprofit public benefit corporation ("ACH"), with an address at 280 Maple Street, Ashland, OR 97520.
3. Ashland Community Hospital Foundation, an Oregon nonprofit public benefit corporation ("ACH Foundation"), with an address at 280 Maple Street, Ashland, OR 97520.
4. City of Ashland, an Oregon municipal corporation ("City"), with an address at 20 East Main Street, Ashland, OR 97520.

RECITALS:

ACH

A. ACH is tax exempt under Section 501(c)(3) of the Code and is a nonprivate foundation under Sections 509(a)(1) and 170(b)(1)(A)(iii) of the Code which together describe a charitable hospital. The City is the sole member of ACH. ACH owns and operates Ashland Community Hospital, which is located in Ashland, Oregon. Ashland Community Hospital is licensed by the Oregon Health Authority ("OHA") Public Health Division as a general hospital for 49 beds and three satellite locations: (1) ACH Center for Family Medicine, 628 North Main Street, Ashland, OR 97520; (2) ACH Center for Internal Medicine, 560 Catalina Drive, Ashland, OR 97520; and (3) ACH Center for Family Medicine, 49 Talent Avenue, Talent, OR 97540.

B. In addition, ACH owns and operates Ashland Home Health Agency, 1970 Ashland St, Suite 1, Ashland, OR 97520, which is licensed by the OHA Public Health Division as a home health agency.

C. In addition, ACH owns and operates Ashland Community Hospital Hospice, 1970 Ashland St., Ashland, OR 97520, which is licensed by the OHA Public Health Division as a hospice.

D. In addition, ACH owns and/or operates health or other services in a number of locations as further described in Section 32.10.5 and Schedule 32.10.5.

ACH FOUNDATION

E. ACH Foundation is tax exempt under Section 501(c)(3) of the Code and is a nonprivate foundation under Sections 509(a)(1) and 170(b)(1)(A)(vi) of the Code, which together describe a public charity. ACH Foundation has members who are individuals, but ACH Foundation is an independent foundation in that neither ACH, the City, nor Asante are members of ACH Foundation. ACH Foundation's mission is to support ACH.

F. Among the assets owned by ACH Foundation are five parcels of real property which are critical to the successful operation of ACH. Pursuant to and subject to the terms and conditions of this Agreement, at the Closing ACH Foundation will convey to ACH fee simple title to the five parcels as provided in Section 9.2 and its subsections.

CITY

G. The City is the sole member of ACH.

H. Among the assets owned by the City are two parcels of real property which the City leases to ACH pursuant to a Facilities Lease dated June 18, 1996, as amended. Pursuant to and subject to the terms and conditions of this Agreement, at the Closing the City will convey to ACH fee simple title to the two parcels as provided in Section 9.1.

ASANTE

I. Asante is tax exempt under Section 501(c)(3) of the Code and is a nonprivate foundation under Sections 509(a)(1) and 170(b)(1)(A)(iii) of the Code which together describe a charitable hospital. Asante owns and operates Rogue Regional Medical Center in Medford, Oregon and Three Rivers Medical Center in Grants Pass, Oregon. In addition, Asante is the sole member of certain affiliated health care organizations and fundraising foundations. Asante's mission is to provide quality healthcare services in a compassionate manner valued by the communities it serves. Asante's service area includes without limitation nine southern Oregon and northern California counties.

J. Pursuant to a Letter of Intent dated February 13, 2013 and executed by the Parties on February 19, 2013 (the "Letter of Intent" or "LOI"), the Parties agreed to pursue a transaction in which ACH will affiliate with Asante and integrate with Asante, and in which Asante will become the sole member of ACH as of the Closing Date (as defined in Section 27.2 and its subsections) (the "Affiliation"). As a result of the Affiliation, ACH will continue to serve the health needs of the communities served by ACH.

K. Effective March 11, 2013, Asante and ACH entered into a Management Agreement pursuant to which Asante fully manages ACH. Upon the Closing of this Agreement, the Management Agreement will terminate, if not earlier terminated according to its terms.

L. The Parties have entered into this Agreement for the affiliation and integration of ACH and Asante to achieve the following purposes, principles, vision and values:

1. Community Benefit. The Affiliation of ACH and Asante is being undertaken to serve the community interest and is being done in the best interests of all relevant constituent groups in the region. Specifically, the Parties desire to combine their efforts to further improve health care in the Ashland area as well as the delivery of patient and person-centered health care to the region and the enhancement of services availability and access. The Asante and ACH Board members believe this Agreement for the Affiliation of ACH and Asante will provide significant benefits to:

i. The community by enhancing a community health resource (ACH) dedicated to having the ability to improve the health status of the population while managing the per capita costs to provide affordability;

ii. The patients by providing access to a patient focused continuum of high quality, integrated healthcare services through convenient local primary care access points and specialty services; and

iii. The physicians by creating growth opportunities for existing physician practices, increasing access to specialists, and assuring the continued availability of local primary care physicians and expanding practice support services.

2. Vision and Values. The Parties share the common values of the need for the strong involvement of community leaders in the delivery of health care. The Parties desire a healthcare system providing the Ashland area community with quality healthcare providers conveniently accessible and capable of meeting the full range of needs of the community. The Parties desire to combine their efforts to further improve health care in the Ashland area and surrounding communities as well as the delivery of patient and person-centered health care to the region and the enhancement of service availability and access.

M. The transactions contemplated by this Agreement are exempt from the notice, public hearing and approval requirements of ORS 65.803 pursuant to ORS 65.803(4) because the City, which is a political subdivision of the state of Oregon, controls the operations of ACH.

N. This Agreement is the Definitive Agreement between the Parties with respect to the Affiliation.

AGREEMENT:

NOW THEREFORE, in consideration of the mutual promises and covenants contained in this Agreement, the Parties agree as follows:

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1. Change of Membership. Effective as of the Closing Date, the City and ACH shall amend or restate the articles of incorporation and corporate bylaws of ACH (respectively, the "ACH Amended Articles" and "ACH Amended Bylaws") to provide that Asante shall be the sole member of ACH. This shall be deemed to be a transfer by the City of its sole membership interest in ACH to Asante.

2. Corporate Structure and Governance of ACH. The sole member of ACH shall become Asante, an Oregon nonprofit corporation that is exempt from federal income tax under Section 501(c)(3) of the Code. Effective as of the Closing Date, the City and ACH shall amend or restate ACH's articles of incorporation and corporate bylaws to conform to the forms attached hereto as Exhibits 27.3.2.1 and 27.3.2.2, respectively, which shall include provisions to the following effect:

2.1 Sole Corporate Member; Reserve Powers. Subject to the terms and conditions of this Agreement and effective as of Closing, Asante shall have all the powers, rights and authorities of the sole corporate member of ACH, including without limitation the reserve and related powers of Asante described in the ACH Amended Bylaws.

2.2 Board of Directors. The ACH board of directors shall be comprised of the same individuals as the Asante board of directors ("Asante Board"). The individuals who are from time to time members of the Asante Board shall serve simultaneously as the members of the board of directors of ACH (the "ACH Board") for so long as they serve on the Asante Board. The individuals who are ex-officio members of the Asante Board shall be ex-officio members of the ACH Board. The individuals who serve from time to time as the officers of Asante shall serve simultaneously as the corresponding officers of ACH. Additional governance provisions which will be contained in the ACH Amended Bylaws and in the corporate bylaws of Asante, as appropriate, are in Section 12 of this Agreement and its subsections.

2.3 Mission Statement. ACH shall adopt Asante's mission statement, as set forth in Exhibit 2.3 attached hereto, to reflect its affiliation with Asante.

2.4 Annual Meeting. The annual meeting of the ACH Board shall be held each year, during the same week as the Asante Board's annual meeting.

2.5 Fiscal Year. ACH's fiscal year end shall be changed to September 30 effective on the first September 30 following the Closing Date.

2.6 Asante Policies. ACH shall abide by, follow, and be subject to each of the policies, systems, and procedures of Asante, as the same may be changed from time to time, and operate as a part of the health care system comprised of hospitals and health care organizations owned and operated by Asante.

3. ACH Foundation. ACH Foundation shall retain its legal structure as an independent public benefit corporation until such time as ACH Foundation and Asante mutually agree to

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affiliate more closely. During the period of time Asante operates ACH as a general hospital in accordance with OAR 333-500-0032(2)(a) (hereinafter "General Hospital"), but in no event longer than fifteen years after the Closing Date, Asante will maintain a staffed ACH Foundation office on the ACH campus, subject to the requirement that ACH Foundation exists to provide and does provide financial support exclusively to ACH. Asante, ACH, and ACH Foundation will each comply with the terms of any restricted grant or fund. For as long as Asante operates ACH as a General Hospital, but subject to the requirement that ACH Foundation exists to provide and does provide financial support exclusively to ACH continuously during the period of time Asante operates ACH as a General Hospital, if Asante fails to maintain a staffed office for ACH Foundation at ACH during the time that Asante operates ACH as a General Hospital, then at the time that Asante ceases to maintain a staffed office for ACH Foundation (the "Cessation"), Asante will pay to ACH Foundation the following sum: (1) if the Cessation occurs during the first three years after the Closing of this Agreement, Asante will pay to ACH Foundation a sum equal to the cost of operating ACH Foundation for the remaining balance of the first three years following the Closing of this Agreement, provided that such sum shall not be less than the cost of operating ACH Foundation for one year; or (2) if the Cessation occurs after the first three years following the Closing of this Agreement but prior to the expiration of 15 years following the the Closing of this Agreement, then Asante will pay to ACH Foundation a sum equal to the cost of operating ACH Foundation for one year. For the purposes of this Agreement, the cost of operating ACH Foundation will include the costs that ACH Foundation will incur to pay for staff, facilities, goods and services comparable to those provided for ACH Foundation at ACH on average, during the twelve months prior to the Cessation.

4. No Other Consideration. No other consideration not specified in this Agreement shall be provided by Asante to ACH, ACH Foundation, or the City.

5. Commitments by Asante in First Three Years. During the first three years after the Closing Date, Asante agrees to the following two commitments in Sections 5.1 and 5.2:

5.1 Operate ACH as a General Hospital; and

5.2 ACH Financial Operations.

5.2.1 Make minimum investments in ACH for capital improvements owned by ACH, of at least \$10 million consisting of no less than \$2.5 million invested within the first year after the Closing Date, no less than a cumulative total of \$5.5 million invested within the first two years after the Closing Date, and no less than a cumulative total of \$10 million invested within the first three years after the Closing Date. The term "capital improvements" for purposes of this Agreement shall mean any expenditure that would be appropriately capitalized based on generally accepted accounting principles ("GAAP"), and shall include without limitation capital costs associated with information technology and associated with the rental or development of medical office buildings rented or owned by ACH in Ashland and/or the equipping thereof.

5.2.2 Fund the Ashland Community Hospital Retirement Plan (the "Plan") in the amounts equal to at least an average of \$900,000 annually.

5.2.3 Not cause any distributions of real property from ACH to Asante, or any other entity.

5.2.4 In the event of a reversion in Section 6 and its subsections or Section 8 and its subsections, ACH's cash balance on the date of reversion will be equal to or greater than ACH's cash balance on the Closing Date.

5.3 Verification; Audit. The investments by Asante shall be subject to written verification and/or audit of the amounts actually paid by Asante for investments in ACH in the form of capital improvements. Asante will provide the City and ACH Foundation with a written statement within 120 days after the end of the first 12 month period after the Closing Date showing the amount actually paid or spent by Asante for investments in ACH in the form of capital improvements during the first 12 months after the Closing Date, and the capital improvements on which the amount was paid or spent. Similar written statements shall be provided by Asante to the City and ACH Foundation within 120 days after the end of the second and third 12 month periods after the Closing Date. The City, ACH Foundation, or both of them may request an audit in writing to Asante within 30 days after receipt by the City and the Foundation of Asante's written statement for the applicable year in the first three years after the Closing Date. Whichever Party may request an audit, whether it is the City or the Foundation, shall be responsible for paying the costs and expenses of the audit unless the audit discloses an overstatement by Asante in excess of \$10,000, in which case Asante will pay for the audit. Asante agrees to make available to the auditor Asante's books and records relating to the amounts paid by Asante for the investments in ACH in the form of capital improvements.

6. Event of Default Regarding Section 5.1; City's Reversionary Clause. In the event Asante does not operate ACH as a General Hospital, as evidenced by revocation by Oregon Health Care Licensure of ACH's license as a General Hospital, during the first three years after the Closing Date as provided in Section 5.1, and in the event Asante has not activated the reversionary clause as described in Section 8 (either or any of Sections 8.1, 8.2, or 8.3), the City shall have the right to activate the reversionary clause in this Section 6 ("City's Reversionary Clause"), in the City's sole discretion, by providing written notice to Asante and ACH Foundation within 30 days after the date, if any, that Asante does not operate ACH as a General Hospital at any time during the first three years after the Closing Date.

6.1 Effect of City's Reversionary Clause. In the event the City timely activates the City's Reversionary Clause as provided in Section 6, Asante agrees to do the following in Sections 6.1.1 and 6.1.2:

6.1.1 Asante will orderly transfer its sole membership and operations in ACH to the City, and the City will thereafter have the right to deal with ACH in accordance with the City's rights as the sole member of ACH. Asante will orderly transfer its sole membership and operations in ACH by amending or restating the articles of incorporation and corporate bylaws of

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ACH, within 60 days of receipt of the City's written notice in Section 6 of activation of the City's Reversionary Clause, to provide that the City will be the sole member upon the date the amended or restated articles of incorporation are filed with the Oregon Corporation Division. The City shall have the right to review the amended or restated articles of incorporation of ACH in advance of Asante filing them, and the City shall have the right to comment to Asante on the amended or restated articles of incorporation for the purpose of assuring that the amended or restated articles will achieve their intended purpose of making the City the sole member of ACH. In addition, Asante will give the City access to and the right to copy or obtain electronic access to the books and records of Asante with respect to ACH and its operations, with the intent being that the City will be able to own and operate ACH in the event the City activates the City's Reversionary Clause.

6.1.2 Asante will pay to ACH \$8 million, reduced by the amount of contributions in excess of an average of \$900,000 annually paid by Asante to the Plan, such reduction not to exceed \$2 million total, on or within 60 days after the date that the amended or restated articles of incorporation of ACH are filed with the Oregon Corporation Division, as described in Section 6.1.1; provided however that if Asante in its sole discretion pays the Umpqua Bank loan in full, Asante shall have no obligation to pay ACH the aforescribed \$8 million, as adjusted.

6.1.3 Upon payment of the \$8 million, as adjusted, by Asante to ACH, the funding of at least an average of \$900,000 annually to the Plan, and the filing of the amended or restated articles of incorporation of ACH with the Oregon Corporation Division as provided in Section 6.1.2, Asante shall have no further liability with respect to the Plan, to ACH, the City, ACH Foundation and/or to any persons or entities who are sponsors of, participants in, or beneficiaries of or with respect to or arising from the Plan, and all such liability shall thereafter be with and for the account of ACH and the City. This exoneration of Asante from liability shall be in addition to the satisfaction of liability provisions of Section 6.2.

6.2 Effect of \$8 Million Payment, as Adjusted, by Asante. In the event the City activates the City's Reversionary Clause in Section 6, the \$8 million payment, as adjusted, by Asante to ACH as provided in Section 6.1.2 shall be deemed to be in full satisfaction of any liability or claim for damages, injunctive relief or otherwise owing to ACH, the City of Ashland and/or ACH Foundation arising out of this Agreement except for (1) the City's interest as an additional insured under Asante's or ACH's general liability policy from the signing of this Agreement until the earlier of three years after the Closing Date or any reversion of Asante's sole membership interest in ACH to the City under this Section 6 and its subsections, (2) the agreement to pay the amounts described in subsection 5.2.1 or Section 7 and its subsections, whichever may be applicable, up to the date of any default, prorated for the month or partial month of the year in which Asante defaults, if at all, and (3) the agreement in subsection 5.2.4 that ACH's cash balance on the date of reversion will be equal to or greater than ACH's cash balance on the Closing Date. In the event of a reversion pursuant to Section 6 and its subsections, the Plan liability of ACH shall be with ACH and the City after the reversion of Asante's sole membership interest in ACH, and Asante shall have no further liability with respect to those liabilities. Without limitation of the foregoing provisions of this Section 6.2, any and all costs,

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including without limitation personnel costs incurred by Asante associated with maintaining ACH medical, information, or telecommunication system licenses, licensure and operating agreements shall be the responsibility of Asante prior to the payment of the \$8 million in subsection 6.1.3, and shall be the responsibility of the City and ACH commencing with the date of the payment by Asante of the \$8 million, as adjusted, as provided in subsection 6.1.3.

6.3 Real Property. The real and personal property conveyed by the City and ACH Foundation to ACH at the Closing shall remain with ACH during the first three years after the Closing. The property conveyed by the City to ACH shall remain with ACH upon the reversion in this Section 6 and its subsections.

7. Event of Default Regarding Subsection 5.2.1. Subject to Section 7.1, in the event Asante defaults in payment of at least \$2.5 million in ACH capital investments within the first year after the Closing Date as provided in subsection 5.2.1, Asante will pay ACH Foundation the difference between \$2.5 million and the lesser amount Asante actually paid during the first year after the Closing Date. Subject to Section 7.1, in the event Asante defaults in payment of at least a cumulative total of \$5.5 million in ACH capital investments within the first two years after the Closing Date as provided in subsection 5.2.1, Asante will pay ACH Foundation the difference between \$5.5 million and the lesser amount Asante actually paid during the first two years after the Closing Date. Subject to Section 7.1, in the event Asante defaults in payment of at least a cumulative total of \$10 million in ACH capital investments within the first three years after the Closing Date as provided in subsection 5.2.1, Asante will pay ACH Foundation the difference between \$10 million and the lesser amount Asante actually paid during the first three years after the Closing Date, which amount will be verified as per Section 5.3.

7.1 Default under Section 7; Verification; Audit. In the event the written statement provided by Asante to the City and ACH Foundation pursuant to Section 5.3 shows that Asante did not make the minimum investments in ACH capital improvements during any of the first three years as provided in Section 7, or in the event any audit requested pursuant to Section 5.3 shows that Asante did not make the minimum investments in ACH capital improvements during any of the first three years as provided in Section 7, Asante will be in default in payment of the applicable amount for the applicable year in Section 7, in which case Asante will pay ACH Foundation the difference between the amount Asante was obligated to pay under Section 7 and the lesser amount Asante actually paid during the applicable year. In the event of a default in payment by Asante as defined in the immediately preceding sentence in this Section 7.1, Asante will pay any amount due to ACH Foundation under Section 7, as further provided in Section 7.1, within 90 days after the written verification and/or audit is completed.

7.2 Effect of the Payments by Asante to ACH Foundation. The payments by Asante pursuant to this Section 7 and its subsections with respect to default in payment of the \$10 million or the portion thereof as provided in Section 7 shall be in full satisfaction of any liability or claim for damages, injunctive relieve or otherwise owing to the City, ACH, or ACH Foundation arising out of this Agreement, except for (1) Asante's agreement to operate ACH as a General Hospital during the first three years after the Closing Date as provided in Section 5.1, or, in the event Section 9.8 is applicable, Asante's agreement to operate ACH as a General Hospital

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in Section 9.8 in years four through fifteen after the Closing Date, (2) the City's interest as an additional insured under Asante's or ACH's general liability policy from the signing of this Agreement until the earlier of three years after the Closing Date or any reversion of Asante's sole membership interest in ACH to the City under Section 6 and its subsections, (3) the agreement to pay the amounts described in subsection 5.2.1 or to pay to ACH Foundation the amount required to be paid in Section 7 and its subsections in the event of a default in payment by Asante under Section 7.1 up to the date of any default, whichever may be applicable, prorated for the month or partial month of the year in which Asante defaults, if at all, in the payment of the applicable amounts required, and (4) any obligation of Asante with respect to a staffed ACH Foundation office as provided in Section 3.

8. Asante's Reversionary Clause. Subject to the terms and conditions of this Section 8 and elsewhere in this Agreement, Asante shall have the right, at its sole discretion, to cause a reversion of its sole membership interest in ACH to the City pursuant to this Section 8 and its subsections if any one or more of the following events in Section 8.1, 8.2, or 8.3 occur at any time within the first three years after the Closing Date ("Asante's Reversionary Clause"):

8.1 Unfunded Defined Benefit Pension Liability of ACH. The unfunded Plan liability, based on GAAP standards plus any cash payments made into the Plan at any time during the first three years exceeds \$16 million at any time during the first three years ending after the Closing Date. Prior to the Closing Date of this Agreement, the Plan is a governmental plan under Section 414(d) of the Code. The Plan received a favorable determination letter from the Internal Revenue Service in 1997. The Plan was frozen effective December 31, 2006, which eliminated future benefit accruals and closed the Plan to new entrants. After the Closing Date, the Plan will become a nongovernmental plan. Milliman, Inc., actuaries shall make a written determination within 180 days after the end of each of the first three full Plan years after the Closing Date as to whether the Plan has an unfunded defined benefit pension plan liability which exceeds \$16 million. Asante or ACH shall be responsible for paying for the cost of each such determination by Milliman, Inc. The determination of Milliman, Inc. shall be final and binding on the Parties. Asante shall provide the City and ACH Foundation with a copy of the determination of Milliman, Inc. within 30 days of receipt by Asante of the determination from Milliman, Inc.; or

8.2 It is determined at any time during the first three years that there are liabilities that have a negative impact of \$4 million or more on the ACH Income Statement or Balance Sheet, as defined in and prepared in accordance with GAAP, as a result of any unknown liabilities or known liabilities arising from acts or omissions that occurred prior to the Closing Date and which are not quantifiable at the time of the Closing Date of this Agreement, excluding: (1) the unfunded Plan liability described in Section 8.1, (2) the existing Umpqua Bank loan to ACH, and (3) all liabilities in the amount stated on the ACH Balance Sheet immediately prior to the Closing; provided, however, that any liabilities arising from Asante's negligent acts or omissions after the Closing shall not be counted in determining a negative impact of \$4 million or more; or

8.3 Acts or omissions that occurred prior to the Closing Date cause (1) the federal tax exempt status of ACH under Code Section 501(c)(3) or nonprivate foundation status under Code

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Sections 509(a)(1) and 170(b)(1)(A)(iii) to be terminated or revoked, or (2) the Medicare and/or Medicaid provider status of ACH to be terminated or revoked.

8.4 Activation of Asante's Reversionary Clause. If any one or more of the events described in Sections 8.1, 8.2, and/or 8.3 occurs within the first three years after the Closing Date, Asante shall have the right to activate Asante's Reversionary Clause by giving written notice to the City and ACH Foundation at any time following the determination in Section 8.1 or 8.2, or within 60 days of the termination or revocation in Section 8.3.

8.5 Effect of Activation of Asante's Reversionary Clause. In the event Asante activates Asante's Reversionary Clause, Asante agrees to do the following:

8.5.1 Asante will orderly transfer its sole membership and operations in ACH to the City, and the City will thereafter have the right to deal with ACH in accordance with the City's rights as the sole member of ACH. Asante will orderly transfer its sole membership and operations in ACH by amending or restating the articles of incorporation and corporate bylaws of ACH, within 45 days of activation of Asante's Reversionary Clause, to provide that the City will be the sole member upon the date the amended or restated articles of incorporation are filed with the Oregon Corporation Division. The City shall have the right to review the amended or restated articles of incorporation of ACH in advance of Asante filing them, and the City shall have the right to comment to Asante on the amended or restated articles of incorporation for the purpose of assuring that the amended or restated articles will achieve their intended purpose of making the City the sole member of ACH. In addition, Asante will give the City access to and the right to copy or obtain electronic access to the books and records of Asante with respect to ACH and its operations, with the intent being that the City will be able to own and operate ACH in the event Asante activates Asante's Reversionary Clause.

8.5.2 In the event Asante activates Asante's Reversionary Clause and effective upon the filing of the amended or restated articles of incorporation of ACH with the Oregon Corporation Division as provided in Section 8.5.1, Asante shall have no further liability to ACH, the City, ACH Foundation and/or to any persons or entities who are sponsors of, participants in, or beneficiaries of the Plan with respect to the Plan which was frozen effective December 31, 2006, or defined contribution plan funded quarterly, and all such liability shall be with and for the account of ACH and the City. This exoneration of Asante from liability after the filing of the amended or restated articles of incorporation of ACH shall be in addition to the satisfaction of liability provisions of Section 8.6. In the event the City's Reversionary Clause is activated or Asante's Reversionary Clause is activated, the City shall indemnify and hold harmless Asante and its officers, directors, employees and agents from and against any claims, liabilities, losses, damages and expenses arising from or with respect to the Plan.

8.6 Effect of Transfer of Sole Membership by Asante to the City. In the event Asante activates Asante's Reversionary Clause in Section 8 and its subsections, any such transfer of sole membership in ACH by Asante to the City described in Section 8.5 is in full satisfaction of any liability or claim for damages, injunctive relief or otherwise owing to ACH or the City arising out of the Agreement, except for (1) the agreement to pay the amounts described in subsection

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5.2.1 or Section 7, whichever may be applicable, up to the date Asante triggers or activates Asante's Reversionary Clause, prorated for the month or partial month of the year in which Asante triggers or activates Asante's Reversionary Clause, if at all, and (2) the agreement in subsection 5.2.4 that ACH's cash balance on the date of reversion will be equal to or greater than ACH's cash balance on the Closing Date. In the event of a reversion pursuant to Section 8 and its subsections, the defined benefit pension liability of ACH and the Umpqua Bank liability of ACH will remain with ACH and the City after the reversion of Asante's sole membership interest in ACH to the City, and Asante shall have no liability with respect to those liabilities. Without limitation of the foregoing provisions of this Section 8.6, any and all costs, including without limitation personnel costs incurred by Asante associated with maintaining ACH medical, information, or telecommunication systems licenses, licensure, and operating agreements prior to a reversion pursuant to Section 8 and its subsections shall be the responsibility of Asante, and such costs incurred thereafter shall be the responsibility of the City and ACH commencing with the effective date of the filing of the amended or restated articles of incorporation of ACH as referred to in Section 8.5.2.

9. Real Estate Arrangements Among the Parties. The Parties agree to each of the following:

9.1 Conveyances By the City to ACH. Prior to the Closing, the City and ACH are parties to an unrecorded Facilities Lease entered into June 18, 1996 pursuant to which the City leases to ACH the two parcels of real property described in Exhibit 9.1, together with all facilities and other improvements located thereon including but not limited to land improvements, buildings and fixed equipment. Effective upon the Closing Date, the City shall convey to ACH all of the City's assets leased by the City to ACH including without limitation the two parcels of real property described in Exhibit 9.1 and the improvements, buildings and fixed equipment located thereon. The two parcels of real property described in Exhibit 9.1 are (1) Parcel I on which the main hospital buildings of ACH are located, with a situs address of 278 and 280 Maple St., Ashland, OR 97520, and (2) Parcel V on which ACH Internal Medicine and Information Technology operations are located, with a situs address of 560 Catalina Dr., Ashland, OR 97520. The City shall convey to ACH at the Closing fee simple title to the two parcels of real property described in Exhibit 9.1 and all improvements, buildings and fixed equipment located thereon by statutory warranty deeds and bills of sale, free and clear of all liens and encumbrances except for the line of credit deed of trust of Umpqua Bank dated January 5, 2004, recorded January 9, 2004 in the Jackson County Official Records as No. 2004-001245. The City and ACH agree to obtain the written consent of Umpqua Bank to the conveyance of Parcel I to ACH. The form of the statutory warranty deeds are attached as Exhibit 9.1A and 9.1B.

9.2 Conveyances by ACH Foundation to ACH. Effective upon the Closing Date, ACH Foundation shall convey to ACH fee simple title to the following five specific parcels of real property owned by ACH Foundation, including without limitation the land, buildings, improvements, and fixed equipment:

9.2.1 317 Maple Street, Ashland, Oregon (house used for storage), as legally described in Exhibit 9.2.1 as Parcel III.

9.2.2 530 Catalina Street, Ashland, Oregon (parking lot), as legally described in Exhibit 9.2.2 as Parcel VI.

9.2.3 628 North Main Street, Ashland, Oregon (medical office building), as legally described in Exhibit 9.2.3 as Parcel VIII.

9.2.4 49 Talent Avenue, Talent, Oregon (medical office building), as legally described in Exhibit 9.2.4 as Parcel XI, Tract A.

9.2.5 209 North Pacific Highway, Talent, Oregon (commercial building to be used for storage and possibly offices), as legally described in Exhibit 9.2.5 as Parcel X.

9.3 Terms of Conveyances by ACH Foundation. The conveyances by ACH Foundation to ACH of each of the five aforescribed parcels of real property and all buildings, improvements and fixed equipment located thereon at the Closing shall be by statutory warranty deeds (except for Parcel XI, Tract A described in Section 9.2.4 which may be by bargain and sale deed) and bills of sale, free and clear of all liens and encumbrances except for the existing lien in the amount of approximately \$82,000 encumbering the property at 209 North Pacific Highway in Talent, Oregon (the "Talent Property" described in Section 9.2.5 above) which Asante agrees to assume or pay off as of the Closing Date, and to pay the promissory note in connection with such existing lien according to its terms. ACH will grant to ACH Foundation (or ACH Foundation may reserve) an easement across the Talent Property for access to other property owned by ACH Foundation, and ACH Foundation will grant to ACH an easement across other property owned by ACH Foundation for access to the Talent Property.

9.4 License For and Guarantee of Parking Spaces at 588 North Main Street in Ashland. ACH Foundation also owns a parcel of real property located at 588 North Main Street, Ashland, Oregon, which is legally described on Exhibit 9.4 as Parcel IX, Tract F. This parcel of real property will not be conveyed by ACH Foundation to ACH, but commencing on the Closing Date, ACH Foundation hereby licenses and guarantees to ACH and Asante the unrestricted use of 10 parking spaces on this parcel for visitors (i.e., patients and invitees) to ACH Family Medicine, which is located at 628 North Main Street, Ashland, Oregon, which is described in Section 9.2.3 above. This license and guarantee by ACH Foundation shall be perpetual, subject to revocation by ACH Foundation only in the event of a reversion of Asante's sole membership interest in ACH under Sections 6 or 8.

9.5 ACH Foundation Reversionary Clause. Commencing on the Closing Date, ACH Foundation shall have a reversionary clause ("ACH Foundation Reversionary Clause"), as provided in this Section 9.5, and which will be contained in each of the five deeds from ACH Foundation to ACH as described in Section 9.3, which will provide that in the event Asante does not operate ACH as a General Hospital during the first three years after the Closing Date as described in Section 5.1, or in the event Asante activates Asante's Reversionary Clause with respect to Asante's sole membership interest in ACH as provided in Section 8 and its subsections, ACH Foundation will have the right, in its sole discretion, to activate the

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reversionary clause(s) in any one or more or all of the five deeds by providing written notice to Asante and the City within 90 days after the occurrence of either such event.

9.6 Obligation of Asante and ACH if ACH Foundation Reversionary Clause is Activated. In the event ACH Foundation activates the ACH Foundation Reversionary Clause with respect to any one or more of the deeds described in Section 9.5, Asante shall cause ACH to reconvey to ACH Foundation the real property and all buildings, improvements and fixed equipment located on the parcels of property described in the written notice of activation of the ACH Foundation Reversionary Clause. Such reconveyance(s) by ACH to ACH Foundation shall be by statutory warranty deed for properties conveyed by ACH Foundation to ACH by statutory warranty deed and by a special warranty deed for any property conveyed by ACH Foundation to ACH by a bargain and sale deed, as applicable to the parcel being reconveyed, as provided in Section 9.3, and each such deed will be subject to any liens and encumbrances which existed against such real property as of the Closing Date (provided the indebtedness secured by any such lien or encumbrance shall not exceed the amount of such indebtedness at the time of conveyance of the property by ACH Foundation to ACH), but will not be subject to any liens and encumbrances created or suffered by ACH or Asante after the Closing. Any such reconveyance(s) by ACH to ACH Foundation described in this Section 9.6 shall be delivered by ACH to ACH Foundation within 60 days of receipt by ACH and Asante of the written notice from ACH Foundation of activation of the ACH Foundation Reversionary Clause.

9.7 Effect of Reconveyance from ACH to ACH Foundation. In the event the reversionary clause in Section 9.5 is activated, the reconveyance of the assets by ACH to ACH Foundation shall be in full satisfaction of any liability or claim for damages, injunctive relief or otherwise owing to ACH Foundation arising from any obligation of Asante to meet or perform the agreement to operate ACH as a General Hospital in Section 5.1, except for (1) the agreement of Asante to fund capital improvements as provided in subsection 5.2.1, or (2) the agreement of Asante to pay to ACH Foundation amounts required to be paid in Section 7 (as further provided in Section 7.1), whichever may be applicable, up to the date Asante triggers the reversionary clause, prorated for the month or partial month of the year in which Asante triggers the reversionary clause, if at all.

9.8 Years Four through Fifteen after Closing. For the first three years after the Closing Date, and in the event (1) Asante has not activated Asante's Reversionary Clause in Section 8 and (2) Asante does not cease operating ACH as a General Hospital during the first three years after the Closing Date as provided in Section 5.1, Asante further agrees that it will operate ACH as a General Hospital for an additional twelve (12) years. In the event the twelve (12) year period of ACH operating as a General Hospital is not satisfied, Asante will pay to the City \$4 million in full satisfaction of any liability or claim for damages, injunctive relief or otherwise arising out of this Agreement, including without limitation any liability or claim that Asante is obligated to operate ACH as a General Hospital for an additional twelve (12) years, except for any required payments from Asante to ACH Foundation in Section 7 (as further provided in Section 7.1). In the event the condition with respect to the \$4 million payment by Asante is applicable, Asante will make the payment within 60 days of the date Asante ceases operating ACH as a General Hospital.

9.9 Additional Agreements of the Parties Relating to the Conveyance of Real Property. Attached as Exhibit 9.9 are additional agreements of the Parties relating to (1) the conveyance by the City to ACH of the two parcels of real property described in Section 9.1, and (2) the conveyance by ACH Foundation to ACH of the five parcels of real property described in Section 9.2 and its subsections. The agreements of the Parties in Exhibit 9.9 are incorporated into this Agreement by this reference and shall have the same force and effect as if such agreements were set forth as a section or part of this Agreement.

10. Finances; PERS. The City agrees to assume any liability of ACH related to the Public Employees Retirement System ("PERS") retirement plan of the City, including without limitation any such liability and/or unfunded liability or surplus with respect to the participation of the employees of ACH who were employees of ACH prior to and/or after July 1, 1996, irrespective of whether any one or more of such employees remain as employees of ACH as of the Closing Date or thereafter. In the event ORS 236.610(7) is applicable, which the Parties deny, this Section 10 constitutes the written agreement described in ORS 236.610(7).

11. Hospital Name. The name/branding of ACH will be Asante Ashland Community Hospital (or similar), in a manner substantially consistent with Asante's existing hospital facilities, Asante Rogue Regional Medical Center and Asante Three Rivers Medical Center.

12. Governance.

12.1 On Closing, Asante will elect a new Board of Directors for ACH, which will consist of the Asante Board. Each of the persons on the board of directors of ACH prior to the Closing Date shall resign as a board member of ACH effective concurrent with Closing. Immediately after the Closing, ACH will form an "Advisory Board" of community members which will consist of the persons on the ACH Board of Directors immediately prior to Closing, and shall include the current chief of the ACH Medical Staff up to two additional medical staff members and the Asante Chief Quality and Medical Officer.

12.2 The Chair of the ACH Advisory Board shall become an *ex-officio*, voting member of the Asante Board.

12.3 The current Chief of the ACH Medical Staff shall become an *ex-officio*, non-voting member of the Asante Board.

12.4 The ACH Advisory Board will have specific responsibility for monitoring patient safety and quality of care at ACH, and for confirming credentialing and other decisions of the ACH Medical Staff. The ACH Advisory Board actions and minutes will be submitted to the Asante Board, which will have the final approval authority.

12.5 It is the intent of all Parties that the ACH Advisory Board will become the Asante Ashland Community Hospital Quality Committee. The agreements in Section 12.1 through 12.4 will be in effect until the date the ACH Advisory Board becomes the Asante Ashland

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Community Hospital Quality Committee. Thereafter, the level of representation of the Ashland community on the Asante Board will be in accordance with the Asante corporate bylaws.

12.6 It is Asante's desire to merge ACH into Asante. The timing of this desire will be at Asante's sole discretion but in any event not before three years after Closing.

13. Covenant Not to Compete. The City and ACH Foundation each agree that they shall not either together or individually or with any other person or entity directly or indirectly own or operate or be affiliated with a hospital or other healthcare facility or service in competition with Asante Ashland Community Hospital in Jackson County, Oregon for the lesser of 15 years from the Closing Date or the date of a reversion in Sections 6, 8, or 9.5 and any applicable subsections of those Sections unless Asante withdraws all healthcare services from Ashland, Oregon. ACH Foundation's land lease arrangement for a retirement facility at 548 N. Main Street in Ashland, Oregon shall not be considered to violate the foregoing agreement so long as the suite of services provided as of the Closing do not substantively change after Closing. The Parties acknowledge that the geographic and practice restrictions in this Section and the time period(s) of such restrictions are reasonable and necessary for the adequate protection of Asante's interests and agreements in this Agreement. A violation of any of the terms of this Section will cause irreparable harm and injury to Asante and ACH, the extent of which is extremely difficult or impossible to ascertain, and any remedy at law for breach of those terms and conditions will be inadequate. Accordingly, Asante and ACH shall be entitled as a matter of course, in addition to any other rights and remedies, to an injunction issued out of any court of competent jurisdiction or, at Asante's option, from the arbitral tribunal in Section 31.3 enjoining or restraining the City and/or ACH Foundation, as applicable, from continuing to do any act or commit any violation or threatened violation of this Section, and the City and/or ACH Foundation, as applicable, hereby consent to the issuance of such injunction or restraining order and agree that there shall be no bond or other security required in connection therewith. This covenant not to compete shall be construed as an agreement or covenant independent of any other provision of this Agreement. No claim or cause of action asserted by the City and/or ACH Foundation against Asante or ACH or any of their agents, officers, employees, or directors, whether or not predicated on or arising from this Agreement shall constitute a defense to the enforcement of this covenant not to compete.

14. ACH Employees.

14.1 Effective upon the Closing Date, Asante or ACH will extend every effort to offer at-will employment for as many ACH employees as possible at ACH or Asante, but Asante does not guarantee that all or substantially all ACH employees will be employed after the Closing Date.

14.2 Employees of ACH prior to the Closing Date who are at risk for not being employed by ACH or Asante after the Closing Date in the same or substantially similar positions which such employees had with ACH prior to the Closing Date, will be eligible to apply for other positions within Asante as though they were internal applicants of Asante, with the

exception of Asante employees who are members of the Oregon Nurses Association (ONA), who will have priority for such positions over such ACH employees.

14.3 Employees losing their jobs as a result of the Affiliation will be offered a severance payment consistent with ACH's severance guidelines immediately prior to the Closing Date.

14.4 Any employee of ACH prior to the Closing who is terminated, discharged, or laid off from employment by ACH prior to the Closing, and who is not rehired or employed by ACH, Asante or Asante Physician Partners after the Closing, shall be paid all wages and/or salary and unused Earned Time Off ("ETO") and other leave benefits payable at the time of such termination of employment not later than the end of the first business day after the termination of employment or discharge by ACH, as provided in ORS 652.140(1).

14.5 Employees of ACH prior to the Closing Date (the "Employees") shall continue to be employed following the Closing Date in the same or substantially similar positions. The Employees will maintain their seniority ("years of service") for the purposes of compensation and benefits programs. Employees will maintain their ACH health and welfare benefits from Closing through December 31, 2013. Employees will maintain accrued ETO and Extended Sick Time (EST) balances. Except as otherwise specifically noted, Employees will become subject to all Asante Human Resources and Administrative policies as of the Closing Date.

14.5.1 From the Closing Date, Employees will be paid their current base compensation rate and applicable differential rates but Employees will move from the ACH step pay system to Asante's merit pay system.

14.5.2 It is the intention of the Parties that as of January 1, 2014, Employees will move from ACH Health and Welfare Benefits and Retirement plans to the Asante plans.

14.5.3 From the Closing Date, Employees will move to the Asante ETO and EST plans including the Asante accrual rates.

14.6 Employees hired to ACH subsequent to the Closing Date will follow all Asante policies and be provided the same compensation and benefits plans as Asante employees.

14.7 Notwithstanding anything to the contrary in this Section 14 and its subsections or elsewhere in this Agreement, no provision of this Agreement is intended to or shall (i) be treated as an amendment to any particular employee benefit plan of Asante, ACH or any of their respective affiliates, (ii) obligate Asante or any of its respective affiliates to (A) maintain any particular benefit plan or arrangement or (B) retain the employment of any particular employee, (iii) prevent Asante or any of its respective affiliates from amending or terminating any benefit plan or arrangement, or (iv) give any third party the right to enforce any of the provisions of this Agreement, or create a continued right of employment for any Employee or employees. Except as limited in this Section, Asante retains the right to change, modify or terminate any wages, benefits, policies and procedures in its sole discretion as it deems appropriate.

15. Medical Staff.

15.1 Upon the Closing Date, the Asante ACH Medical Staff will continue with separate medical staff bylaws (the "Asante ACH Medical Staff Bylaws"), subject to the approval of the ACH Advisory Board and the ACH board of directors, which will be the Asante Board.

15.2 The Asante ACH Medical Staff will be responsible for credentialing and scope of services at ACH, subject to the overall quality requirements of Asante and the requirements of Asante's or ACH's liability coverage. The credential and peer review recommendations of the Asante ACH Medical Staff will be subject to the approval of the ACH Advisory Board and the Asante Board.

15.3 The Closing in and of itself will not impact or change (a) the medical staff privileges for members of the medical staff of ACH on the Closing Date, or (b) any agreements with members of the medical staff, whether the physicians are employed or contracted provided, however, that the foregoing statement shall not be deemed to preclude Asante and ACH from amending any contracts with physicians in accordance with the terms of such contracts or from establishing new procedures consistent with customary practices of other Asante hospitals and industry standards for medical staff approval and maintenance of medical staff privileges after the Closing Date. Further, the Closing will not impact or change the medical staff officers of ACH; such impact or change, if any, would only occur with action taken in accordance with the Asante ACH Medical Staff Bylaws. The consummation of the transactions contemplated in this Agreement shall not result in a need for any reapplications of current members of ACH Medical Staff, except as otherwise required by the Asante ACH Medical Staff Bylaws with respect to expiration of medical staff appointments or credentials. Prior to and after the Closing, Asante and ACH shall work with the medical staff to evaluate and, where feasible, pursue opportunities for medical staff/clinical integration where doing so offers opportunities for advancement in quality of care.

15.4 Upon the Closing, the Asante ACH Medical Staff shall amend its Bylaws as required in this Agreement.

16. Confidentiality. The Parties agree that the exhibits, schedules and appendices to this Agreement are exempt from the Public Records Law (see ORS 192.410) under ORS 192.502(4) ("Confidential Information"), some or all of which may also be exempt under ORS 192.501(2) (as "Trade Secrets"). The Parties mutually agree to treat all such information as confidential, in accordance with the Public Records Law and Sections 36.9, 36.10, 37.5, 38.8, and 38.9, and their respective subsections. In the event of conflict between this Section 16 and any other provision of this Agreement, this Section 16 shall prevail.

17. Public Statements. Subject to Section 2.5 of the Confidentiality and Non-Disclosure Agreement made on or about December 19, 2012 (the "CNDA"):

17.1 All Parties will work together to expeditiously develop mutually agreed upon talking points to be shared with the media and general public.

17.2 No Party shall disclose the terms of or negotiations with respect to the Definitive Agreements until such time as public notice is published for public consideration of the Definitive Agreement by the Ashland City Council.

17.3 No public statements about the proposed affiliation between Asante and ACH will be provided by any spokesperson for any of the Parties without prior approval of the other Parties, provided however, such approval will no longer be required with respect to the Definitive Agreement after notice of Ashland City Council's public consideration of the Definitive Agreement has been published.

17.4 Notwithstanding Sections 17.2 and 17.3, individual Ashland City Councilors may respond to questions from the news media or their constituents as to their views with respect to the proposed Affiliation between Asante and ACH.

18. Due Diligence. The Parties have been conducting due diligence since prior to the execution of the CNDA. The Parties will continue to conduct reasonable due diligence permitting the other Party or Parties and its or their employees, lenders, financial advisors, attorneys, accountants and other authorized representatives reasonable access to the Party's premises, employees, accountants, and books and records, including without limitation corporate compliance, to complete such due diligence investigations customary for transactions of this nature. Each Party shall cause all requested due diligence documents and information to be delivered to the other promptly. During the due diligence process, the interim ACH CEO will be notified of all identified issues that need immediate attention/resolution and will address these issues in a timely fashion. Any additional information discovered by any of the Parties during the due diligence process that has the potential to extend the timeline for successful completion of this Agreement or cause the integration of ACH into Asante to not occur must disclose this information to the other Parties immediately. All Parties agree to work in good faith to resolve any issue caused by this additional information, if possible, in an expeditious manner. Any and all terms in this Agreement are subject to confirmatory due diligence. Access to data, executives and other resources to complete such diligence is required and delays in such efforts could influence the timing of when the Affiliation is completed. All inspections will only occur at times and in a manner as will not unreasonably disrupt the delivery of care to patients or the other transaction of business by a Party.

19. Definitive Agreement. This Agreement constitutes the Definitive Agreement between the Parties with respect to the Affiliation. Asante will seek and file for regulatory approvals required prior to Closing, and such approvals will be required in order to complete the Affiliation; provided however, that Asante may waive this requirement with respect to obtaining any one or more approvals prior to the Closing Date.

20. Property Insurance. Asante agrees to maintain or cause ACH to maintain insurance coverage on the ACH property, structures and equipment at replacement value (including

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properties conveyed to ACH by the City and ACH Foundation), to pay any insurance deductibles in the event of a covered loss, and to name the City of Ashland and ACH Foundation as additional insured parties with regard to their respective contributed properties under such insurance for the lesser of three years from the Closing, or the date of any reconveyance of the properties pursuant to a reversion.

21. No Brokers. Each Party represents and warrants to each other Party that the Party has not worked with, contracted with, or consulted any broker or other person or entity that may be entitled to compensation with respect to this Affiliation or Agreement.

22. Expenses. The Parties shall each pay their respective expenses (including fees and expenses of counsel, investment bankers, brokers, and/or other representatives and consultants) in connection with the CNDA, LOI, Management Agreement, and this Agreement.

23. Post Closing Audit. Subsequent to the Closing, ACH shall cause an audit in accordance with auditing standards generally accepted in the United States of America to be performed by, and secure an audit opinion from, Clifton Larson Allen as of the Closing. Immediately following the Closing, Asante will hire an auditing firm to conduct an audit on the financial position, results of operations, changes in net assets and cash flows of ACH as of the Closing Date ("Closing Date Audit"). The cost of obtaining such Closing Date Audit shall be borne by Asante, and the auditors shall be instructed to apply Asante's policies and procedures insofar as they relate to matters of accounting and financial controls.

24. Certain Liabilities. ACH shall be and remain fully liable for the defense and settlement of any medical malpractice, professional liability, or other liability claims, suits, or proceedings, of any kind or nature, whether known or unknown, contingent or fixed, relating to or arising out of any actual or alleged act or omission occurring prior to and through the Closing Date. With respect to any such liabilities, ACH shall use commercially reasonable efforts to resolve, terminate and/or extinguish such liabilities in a manner reasonably acceptable to Asante.

25. Liability Insurance Coverage. At the Closing, ACH shall remain under its current insurance policy and shall deliver to Asante written proof that ACH has obtained from ACH's current insurance company comprehensive general liability and professional liability insurance coverage with respect to all claims covered thereby attributable to or arising out of the operation of ACH on or before the Closing, regardless of when any such claims shall be made. At the Closing, ACH shall (i) cause said insurers to issue and deliver to Asante a certificate of insurance evidencing each tail insurance policy maintained by ACH hereunder, naming Asante as an additional insured thereunder, and ACH shall cause each such insurance policy to contain a clause requiring the insurer to give not less than 30 days prior written notice to Asante prior to the cancellation or modification of any such policy for any reason whatsoever; (ii) pay all premiums and take all other steps as may be reasonably necessary to maintain such tail insurance policies in full force and effect; and (iii) use its reasonable commercial efforts to avoid invalidating such insurance coverage.

26. ACH Existing Debt. Effective as to the Closing Date, ACH shall retain its obligations with respect to the Umpqua Bank debt described in Section 9.1 in place at the time of Closing. Following three years after Closing, Asante may, in its sole discretion, add ACH as a member of the Asante obligated group or as a designated affiliate with respect to Asante's tax exempt bonds.

27. Execution Date and Closing Date Requirements.

27.1 Execution Date Deliveries.

27.1.1 The execution of this Agreement by the Parties shall be subject to receipt of the items specified in subsections 27.1.2 through 27.1.5 below. No Party shall be deemed to have executed this Agreement until it has received or waived all required deliveries.

27.1.2 On the Execution Date, Asante shall deliver to ACH, the City, and ACH Foundation a copy of resolutions of the Asante Board, certified by the Secretary of Asante as having been duly adopted and still in effect as of the Execution Date, authorizing and approving the execution of this Agreement, the performance of all actions to be taken on behalf of Asante pursuant to this Agreement, and the completion of all transactions contemplated herein.

27.1.3 On the Execution Date, ACH shall deliver to Asante, the City, and ACH Foundation a copy of resolutions of the ACH Board, certified by the Secretary of ACH as having been duly adopted and still in effect as of the Execution Date, authorizing and approving the execution of this Agreement, the performance of all actions to be taken on behalf of ACH pursuant to this Agreement, and the completion of all transactions contemplated herein.

27.1.4 On the Execution Date, ACH Foundation shall deliver to Asante, the City, and ACH a copy of resolutions of the ACH Foundation Board, certified by the Secretary of ACH Foundation as having been duly adopted and still in effect as of the Execution Date, authorizing and approving the execution of this Agreement, the performance of all actions to be taken on behalf of ACH Foundation pursuant to this Agreement, and the completion of all transactions contemplated herein.

27.1.5 On the Execution Date, the City shall deliver to Asante, ACH, and ACH Foundation a copy of resolutions of the City, certified by the City Recorder as having been duly adopted and still in effect as of the Execution Date, authorizing and approving the execution of this Agreement, the performance of all actions to be taken on behalf of the City pursuant to this Agreement, and the completion of all transactions contemplated herein.

27.2 Closing Date: Closing.

27.2.1 Unless the Parties otherwise agree in writing, the arrangement and other transactions contemplated herein to become effective as of the Closing Date, shall become so effective, provided that as of the Closing Date all of the conditions precedent set forth in Sections 40, 41, 42, and 43 and their respective subsections have occurred, including the delivery

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by each Party of all documents required to be delivered by such Party as set forth in this Section 27 and its subsections (the "Closing Date Documents"), except for any documents for which delivery has been waived in writing by a Party or Parties as of the Closing Date.

27.2.2 The delivery of the Closing Date Documents shall occur on July 31, 2013, or if all of the conditions precedent set forth in Sections 40, 41, 42, and 43 and their respective subsections have not occurred prior to such date, or such conditions precedent have been waived as provided in Section 27.2.1, such other date as is agreed to by the Parties (the "Closing Date" or the "Closing"), at the offices of Asante, 2650 Siskiyou Blvd., Medford, OR 97504 or any other location agreed to by the Parties. Upon 7 days prior written notice, ACH or Asante may with mutual written agreement extend the Closing Date for up to 30 days if such Party is actively working towards completing all of the conditions precedent to Closing; all Parties must agree to any further extension. The Closing Date will also be automatically extended if any of the Parties are involved in the process described in Section 27.5 and its subsections but the process has not yet been completed thereunder, until completion of the process thereunder.

27.2.3 At the Closing, all documents to be executed and actions to be taken, pursuant to this Agreement, as of the Closing Date, shall be deemed to have been executed and to have been taken substantially concurrently, and no action shall be deemed to be complete until all are completed and all documents called for in this Agreement have been executed by all Parties.

27.3 Pre-Closing Actions. Prior to the Closing, the Parties shall take and cause to be taken all actions necessary or appropriate on their respective parts to implement the transactions contemplated herein on the Closing Date, including, without limitation, the following:

27.3.1 Actions by Asante. Prior to the Closing Date, the Asante Board shall approve the execution on behalf of Asante of this Agreement and of any and all other agreements and other documents and the taking of any and all other actions contemplated or required by this Agreement to be executed or taken by Asante on or before the Closing Date.

27.3.2 Actions by ACH and the City. Prior to the Closing Date, the ACH Board, and the City acting through the City Council, as appropriate, shall approve the execution by or on behalf of ACH and the City of this Agreement and of any and all other agreements and other documents, and the taking of any and all other actions contemplated or required by this Agreement to be executed or taken by ACH and the City on or before the Closing Date, including, without limitation, the following:

27.3.2.1 approve the ACH Amended Articles in substantially the form attached hereto as Exhibit 27.3.2.1; and

27.3.2.2 approve the ACH Amended Bylaws in substantially the form attached hereto as Exhibit 27.3.2.2.

27.3.3 Actions by ACH Foundation. Prior to the Closing Date, the ACH Foundation Board shall approve the execution on behalf of ACH Foundation of this Agreement and of any and all other agreements and other documents, and the taking of any and all other actions contemplated or required by this Agreement to be executed or taken by ACH Foundation on or before the Closing Date, including all such other actions as are necessary or appropriate to consummate the transactions contemplated or required by this Agreement.

27.4 Closing Document Deliveries. At the Closing, the Parties shall deliver the documents listed below.

27.4.1 Asante. At the Closing, Asante shall deliver the following documents (the "Asante Closing Documents"):

27.4.1.1 A certificate of the Asante President/Chief Executive Officer, dated as of the Closing Date, certifying, to the knowledge of such officer, as to the continued accuracy and completeness of Asante's representations and warranties, and its performance of the covenants and conditions precedent, set forth in this Agreement;

27.4.1.2 A certificate of the Chief Financial Officer of Asante, dated as of the Closing Date, certifying as of the date thereof, as to the accuracy of the financial representations and warranties relating to Asante and set forth at Section 33.4 and its subsections, and the performance of the covenants and conditions precedent relating to Asante set forth at Sections 37 and 41 hereof and their respective subsections;

27.4.1.3 A certificate of the Secretary of Asante, dated as of the Closing Date, certifying as to the due adoption and continued effectiveness of and attaching a copy of the resolutions of the Asante Board approving, with respect to Asante, the actions and transactions and actions required or contemplated by this Agreement;

27.4.1.4 Evidence of the insurance called for in Section 20 and ACH insurance policies;

27.4.1.5 Such other instruments and documents as may be reasonably necessary to carry out the transactions contemplated by this Agreement and to comply with the terms hereof.

27.4.2 ACH. At the Closing, ACH shall deliver the following documents (the "ACH Closing Documents"):

27.4.2.1 A certificate of the Board Chair of ACH, dated as of the Closing Date, certifying, to the knowledge of such officer, as to the continued accuracy and completeness of representations and warranties of ACH and its respective performance of the covenants and conditions precedent, set forth in this Agreement;

27.4.2.2 A certificate of the Board Treasurer of ACH, dated as of the Closing Date, certifying as of the date thereof, as to the accuracy of the financial representations and warranties relating to ACH and set forth at Section 32.4 and its subsections, and the performance of the covenants and conditions precedent relating to ACH set forth at Sections 36 and 40 hereof and their respective subsections;

27.4.2.3 A certificate of the Secretary of ACH, dated as of the Closing Date, certifying as to the due adoption and continued effectiveness of, and attaching a copy of: (1) the resolutions of the ACH Board approving, with respect to ACH, the actions and transactions required or contemplated by this Agreement, including the Amended ACH Bylaws;

27.4.2.4 A copy of the ACH Amended Articles, in a form suitable and ready to be filed with the Secretary of State of the State of Oregon;

27.4.2.5 Evidence of the insurance called for in Section 25;

27.4.2.6 Legal Opinion of Oregon counsel to ACH, opining as to: (1) the due organization and good standing of ACH; (2) ACH's corporate power and authority to enter into this Agreement and such other agreements as are specified hereunder to be entered into by ACH, and to take such other actions as are contemplated to be taken by ACH hereunder; and (3) the due authorization, on behalf of ACH, of the execution and delivery of this Agreement and such other agreements as are specified hereunder to be entered into by ACH as of the Closing Date, and the performance of all other actions contemplated to be taken by ACH hereunder; and

27.4.2.7 Such other instruments and documents as may be reasonably necessary to carry out the transactions contemplated or required by this Agreement and to comply with the terms hereof.

27.4.3 ACH Foundation. At the Closing, ACH Foundation shall deliver the following documents (the "ACH Foundation Closing Documents"):

27.4.3.1 A certificate of the Executive Director of ACH Foundation, dated as of the Closing Date, certifying, to the knowledge of such officer, as to the continued accuracy and completeness of the Foundation's representations and warranties, and its performance of the covenants and conditions precedent, set forth in this Agreement;

27.4.3.2 A certificate of the Secretary of ACH Foundation, dated as of the Closing Date, certifying as to and including a copy of the resolutions of the ACH Foundation Board approving, with respect to ACH Foundation, the actions and transactions contemplated or required by this Agreement including without limitation the conveyance of the five parcels of real property to ACH at the Closing and the granting of the license in Section 9.4;

27.4.3.3 A copy of the statutory warranty deeds and bargain and sale deed in a form suitable and ready to be recorded by Jackson County, Oregon by the Title Company at the Closing;

27.4.3.4 Legal Opinion of Oregon Counsel, opining as to: (1) the due organization and good standing of ACH Foundation; (2) ACH Foundation's corporate power and authority to enter into this Agreement and such other agreements as are specified hereunder to be entered into by ACH Foundation, and to take such other actions as are contemplated to be taken by ACH Foundation hereunder; and (3) the due authorization, on behalf of ACH Foundation, of the execution and delivery of this Agreement and such other agreements as are specified hereunder to be entered into by ACH Foundation as of the Closing Date, and the performance of all other actions contemplated to be taken by ACH Foundation hereunder; and

27.4.3.5 Such other instruments and documents as may be reasonably necessary to carry out the transactions contemplated or required by this Agreement and to comply with the terms hereof.

27.4.4 The City. At the Closing, the City shall deliver the following documents (the "City Closing Documents"):

27.4.4.1 A certificate of the City Administrator, dated as of the Closing Date, certifying, to the knowledge of such officer, as to the continued accuracy and completeness of the City's representations and warranties, and its performance of the covenants and conditions precedent, set forth in this Agreement;

27.4.4.2 A certificate of the City Recorder, dated as of the Closing Date, certifying as to and including a copy of the resolutions of the City Council approving, with respect to the City, the actions and transactions contemplated or required by this Agreement including without limitation the conveyance of the two parcels of real property to ACH at the Closing and the granting of the license in Section 9.4;

27.4.4.3 A copy of the two statutory deeds in a form suitable and ready to be recorded in Jackson County, Oregon by the Title Company at the Closing;

27.4.4.4 Legal Opinion of the Ashland City Attorney opining as to: (1) the due organization and good standing of the City; (2) the City's corporate power and authority to enter into this Agreement and such other agreements as are specified hereunder to be entered into by the City, and to take such other actions as are contemplated to be taken by the City hereunder; and (3) the due authorization, on behalf of the City, of the execution and delivery of this Agreement and such other agreements as are specified hereunder to be entered into by the City as of the Closing Date, and the performance of all other actions contemplated to be taken by the City hereunder; and

27.4.4.5 Such other instruments and documents as may be reasonably necessary to carry out the transactions contemplated or required by this Agreement and to comply with the terms hereof.

27.5 Schedules; Modification of Schedules. All the Parties (each an "Amending Party"), shall provide any amendments to their respective schedules attached hereto (each, a "Schedule") to each other, by delivering one or more amended schedules (each, an "Amended Schedule," and collectively, the "Amended Schedules") to the other Parties (a "Receiving Party"), not later than July 16, 2013, at which time all schedules shall be finalized, except for changes in circumstances arising after that date and before Closing. Schedules delivered by a Party prior to the Execution Date shall be deemed received by the other Parties as of the Execution Date.

27.5.1 Upon receipt of a Schedule or an Amended Schedule, the Receiving Party shall have fifteen (15) business days either to approve information contained in the Schedule or Amended Schedule or to notify the Amending Party that it disapproves of information in such Schedule or Amended Schedule (a "Disapproved Item").

27.5.2 The Amending Party shall have the right, but not the obligation, within fifteen (15) business days following its receipt of notice of a Disapproved Item, to elect to cure such Disapproved Item by the delivery of an appropriate written notice to the Receiving Party. The Amending Party's notice shall set forth its proposed manner of cure of the Disapproved Item and the anticipated period of time necessary to complete the cure.

27.5.3 The Receiving Party shall have ten (10) business days after receipt of the Amending Party's notice of cure to approve or disapprove such cure. If the Receiving Party fails to disapprove the Amending Party's cure notice within this ten-day period, the Receiving Party shall be deemed to have approved the manner of cure specified in the cure notice. Upon approval of a cure notice, the Amending Party shall use Reasonable Commercial Efforts to effectuate the cure specified in the cure notice. If the Amending Party completes the agreed upon cure by Closing, the Disapproved Item shall not be placed on the Amending Party's schedules to the Agreement, and the Receiving Party shall have no right to terminate this Agreement as a result of the Disapproved Item. If the Amending Party refuses to cure the Disapproved Item, the Parties are unable to agree upon an appropriate cure, or if the agreed-upon cure has not been completed by Closing, the Receiving Party may: (i) elect to close despite the Disapproved Items; or (ii) may elect to terminate this Agreement by providing written notice to the Amending Party. If the Receiving Party elects to Close over the Disapproved Item, the Disapproved Items shall be deemed a modification to the schedules delivered by the Amending Party prior to the Closing Date. If any Party is notified in writing by its respective legal counsel that a representation or warranty of the other Party given hereunder is not materially accurate or correct, then the Party so notified shall inform the other Party that its representation and/or warranty is not accurate.

28. Term. The term of this Agreement shall commence on the Execution Date and shall continue for fifteen (15) years after the Closing Date unless sooner terminated by the Parties at any time by their mutual written consent, prior to the Closing Date, except that:

28.1 This Agreement shall terminate in its entirety prior to the Closing Date in the event that there is a failure of any condition precedent as set forth in Sections 40, 41, 42 or 43

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and their respective subsections, unless such failure is waived in writing by ACH (in the case of conditions precedent set forth in Section 40 and its subsections); or Asante (in the case of conditions precedent set forth in Section 41 and its subsections); or ACH Foundation (in the case of conditions precedent set forth in Section 42 and its subsections); or the City (in the case of conditions precedent set forth in Section 43 and its subsections).

28.2 Should Closing be delayed beyond the later of (a) periods provided for in other Sections of this Agreement, or (b) September 30, 2013, any Party may thereafter terminate this Agreement by written notice to all other Parties if the Closing has not occurred by December 31, 2013;

28.3 If this Agreement is terminated, any agreement entered into pursuant to this Agreement shall terminate in accordance with the terms thereof;

28.4 Any Party may terminate this Agreement before the Closing if, pursuant to Sections 27.5 and its subsections and 30 of this Agreement, there is a material breach or misrepresentation of any material representation or warranty made by any Party which breach or misrepresentation cannot be cured without detriment to the non-defaulting Parties in accordance with Section 27.5 and its subsections or within 30 days of receipt of written notice of the material breach or misrepresentation from the non-defaulting Party or non-defaulting Parties, if later; and

28.5 No Party or Parties may terminate this Agreement after the Closing Date, unless all four Parties agree in writing to terminate this Agreement after the Closing Date.

29. Termination Consequences. If this Agreement is terminated pursuant to Section 28, (a) all further obligations of the Parties under this Agreement shall terminate, except that the obligations in Sections 36.9, 36.10, 37.5, 38.8, 38.9 39.8 and 39.9 (Confidentiality), 44.5 (Applicable Law; Forum), and 44.3 (Expenses), and their respective subsections, shall survive, (b) each Party shall pay the costs and expenses incurred by it in connection with this Agreement, and (c) nothing shall prevent any Party hereto from pursuing any of its legal rights or remedies that may be granted to any such Party by law against any other Party to this Agreement, except that no Party shall be entitled to obtain consequential damages.

30. Survival of Representations, Warranties, Covenants and Agreements. Except as otherwise expressly provided in this Agreement, the representations and warranties contained in this Agreement or in any document delivered at the Closing pursuant hereto shall be deemed to have been relied upon by the Parties, and shall survive the Closing and thereafter shall be in force and effect in accordance with their terms for a period of three years. Unless otherwise stated herein, all covenants and agreements contained in this Agreement or in any document delivered at Closing pursuant hereto shall be fully effective and enforceable pursuant to this Agreement for the term of this Agreement and shall survive the termination of this Agreement and thereafter shall be in force and effect in accordance with their terms. If discovered prior to the Closing, except to the extent not inconsistent with the process described in Section 27.5, the sole and exclusive remedy for any breach or misrepresentation, or alleged breach or

misrepresentation, of any representation or warranty made by a Party shall be termination of the Agreement as set forth in Section 28.4.

31. Dispute Resolution.

31.1 Resolution of Potential Disputes. The Parties acknowledge that notwithstanding their reasonable commercial efforts, disagreements or disputes may arise among or between them regarding their respective rights, responsibilities, covenants, obligations and liabilities under this Agreement and in any document delivered in anticipation of the Closing. Prior to the Closing, and thereafter, the Parties shall attempt to resolve the dispute in good faith in a manner consistent with the procedures set forth in this Section 31 and its subsections.

31.2 Dispute Resolution Procedures.

31.2.1 Prior to the Closing, and thereafter, in the event of a dispute between or among the Parties, any Party may give written notice to the other Party or Parties to the dispute setting forth the nature of such dispute and requesting that the Parties to the dispute meet and confer to discuss the dispute (the "Meet and Confer Request"). Not later than thirty (30) days after a Meet and Confer Request, the principal executive officers of each of the Parties to the dispute or their designees, shall meet and confer to discuss the dispute in good faith in an attempt to resolve the dispute. Such representatives shall meet at such dates and times as are mutually convenient to the representatives of each applicable Party within such thirty (30) day period.

31.2.2 In the event any dispute is not or cannot be resolved by the Parties to the dispute during the meet and confer process described in Section 31.2.1, any Party to the dispute may give written notice of such Party's intention to submit the issue in dispute to non-binding mediation pursuant to this Section 31.2.2 (the "Dispute Notice"). Not later than ten (10) days after a Party's receipt of a Dispute Notice, the Parties to the dispute shall jointly appoint a mediator.

31.2.2.1 If the Parties to the dispute cannot agree upon a mediator within the ten (10) day period, or within such other period as they may mutually agree upon, then the Parties to the dispute shall each appoint a mediator acceptable to the Party within the following ten (10) days, and the two (2) or more, if applicable mediators shall jointly appoint, within ten (10) days after the date on which the last mediator is appointed, a third mediator who shall serve as the sole mediator of the issues in dispute;

31.2.2.2 The Parties to the dispute shall engage in a good faith effort to resolve the issue in dispute following the appointment of one or more mediators. The Parties to the dispute each shall share equally the fees and expenses of the mediator(s) and such other costs and expenses as they shall mutually agree upon; and

31.2.2.3 If the Parties to the dispute are unable to resolve the dispute within sixty (60) days following the appointment of one or more mediators as provided in this Section 31.2.2, any Party to the dispute may submit the matter to binding arbitration by giving to

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the other Party or Parties to the dispute a written demand for arbitration (the "Arbitration Demand").

31.3 Binding Arbitration

31.3.1 Not later than thirty (30) days after a Party gives to any other Party or Parties an Arbitration Demand, the Parties to the dispute shall jointly select an arbitrator. If the Parties to the dispute cannot agree upon an arbitrator within such thirty (30) day period, they shall jointly submit, or any one of them may submit, to Arbitration Service of Portland, Inc. or its successor organization (the "ASP") a request to select a panel of seven (7) potential arbitrators, each of whom shall be licensed to practice law in the State of Oregon, from which panel the Parties to the dispute will select a single arbitrator to hear their dispute. In the event any Party to the dispute is dissatisfied with the panel of potential arbitrators, such Party may request one alternate panel of potential arbitrators. The request shall state that it is the intention of the Parties to the dispute to submit to the jurisdiction and procedures of the ASP for a hearing in the Medford, Oregon area, and to be bound by the ASP's rules, to resolve their dispute.

31.3.2 Not later than sixty (60) days after the date on which the arbitrator is selected, the arbitrator shall conduct a formal hearing into the issue in dispute in accordance with the applicable rules for arbitration of the ASP then in effect and/or such rules as the Parties to the dispute may mutually agree upon.

31.3.3 The arbitrator's decision shall be final and binding upon the Parties to the dispute, and shall be enforceable in accordance with its terms under Oregon law.

31.3.4 The Parties to the dispute shall share equally the cost of arbitration, including the arbitrator's fees, but the Parties to the dispute each shall bear its own legal and other expenses incurred by it in connection with the arbitration.

31.3.5 Nothing in this Agreement shall be interpreted to limit any Party's right to pursue preliminary or provisional equitable relief pending the arbitration award, including, without limitation, specific performance or a temporary restraining order or preliminary injunctive relief, from a court of competent jurisdiction at any time. By way of example, the foregoing provisions of this Section 31.3 shall not be interpreted to require either Party to submit to meet-and-confer, mediation or arbitration prior to exercising such Party's right to pursue preliminary equitable relief to protect trade secrets or prevent irreparable harm. Recognizing the substantial resources and costs incurred in integrating the governance and operations of the Parties following the Closing, and the difficulty of segregating integrated operations, no Party shall bring suit against any other Party seeking the equitable remedy of contract rescission or attempting to challenge the validity or enforceability of this Agreement following the Closing Date.

32. Representations and Warranties of ACH. ACH hereby gives, as of the Representation Date, the following representations and warranties to Asante:

32.1 Due Organization; Good Standing; Power.

31.1.1 ACH is an Oregon nonprofit corporation, exempt from federal income taxation under Section 501(a) of the Code, as an organization described in Section 501(c)(3) of the Code.

31.1.2 ACH is duly formed, validly existing and in good standing under the laws of the State of Oregon, and has the corporate power and authority to own, operate or hold under lease its properties and assets and to carry on its business and operations as presently conducted.

32.2 Corporate Authorization.

32.2.1 ACH has the full corporate power and authority to enter into and to perform its obligations under this Agreement.

32.2.2 The execution, delivery and performance of this Agreement by ACH have been duly and properly authorized by all necessary corporate action in accordance with its articles of incorporation, as amended to the Representation Date, and its corporate Bylaws, as amended to the Representation Date; provided, however, that for purposes of this Section 32.2.2, "Representation Date" shall refer only to the Closing Date.

32.2.3 This Agreement constitutes the valid and legally binding obligation of ACH, enforceable against ACH in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or other laws of general application now or hereafter in effect relating to or affecting the enforcement of creditors' rights generally and, except as provided under Section 31.3 of this Agreement, that the remedies of specific performance, contract rescission and injunctive and other forms of equitable relief may not be available.

32.3 No Violation; Approvals.

32.3.1 Except to the extent specified in Schedule 32.3 hereto, the execution, delivery and performance of this Agreement shall not result in the creation of any lien, charge, or encumbrance of any kind or the termination or acceleration of any indebtedness or other obligation of ACH, and is not prohibited by, does not violate or conflict with any provision of, and does not constitute a default under or breach of any Material Contract (as defined in Section 32.18), indenture, mortgage, permit, license, approval or other commitment to which ACH is a party or is subject or by which any such corporation is bound, any judgment, decree, order, writ or injunction of any court or regulatory authority, or any law, statute, rule or regulation, applicable to ACH.

32.3.2 Except to the extent specified in Schedule 32.3.2 hereto, no approval, authorization, registration, consent, order or other action of or filing that has not occurred or been obtained with or from any person, including any court, administrative agency or other

governmental authority, is required for the execution and delivery by ACH of this Agreement or the consummation by ACH of the transactions contemplated or required hereby.

32.4 Financial Statements.

32.4.1 Attached hereto as Exhibit 32.4.1 are true and correct copies of (i) audited financial statements of ACH for the two (2) years ended June 30, 2012 and June 30, 2011, and unaudited financial statements of ACH for the interim period from July 1, 2012, through the most recent month-end date for which financial statements were available prior to the Execution Date (the "ACH Financial Statements"). For each month following the Execution Date until the Closing Date, by the twentieth (20th) day of such month, ACH shall provide Asante with monthly unaudited financial statements for the immediately preceding month.

32.4.2 The ACH Financial Statements are complete and present fairly in all material respects the financial position of ACH, and the results of its operations at the dates and for the periods indicated, in conformity with generally accepted accounting principles (except as otherwise disclosed on Schedule 32.4.2), applied consistently for the periods specified, including the consistent use of assumptions, practices, procedures and terminology, except that the interim financial statements need not contain any of the footnotes and other items required to comply with generally accepted accounting principles.

32.4.3 From and after July 1, 2012 (except as set forth in Schedule 32.4.3), ACH has not made any material change to its accounting methods or practices, including methods or practices used to:

- (i) establish reserves on any patient and notes receivables;
- (ii) establish estimates of any third-party settlements;
- (iii) establish valuation estimates related to the investment plan and any defined benefit plan; and/or
- (iv) determine the value of any other accounts which require subjective determinations.

32.4.4 To the knowledge of ACH, and except as disclosed on Schedule 32.4.4, ACH does not have any liabilities or obligations, whether contingent or absolute, direct or indirect, or matured or unmatured, which are not shown or provided for in the ACH Financial Statements and the ACH Financial Statements provided to Asante prior to the Representation Date, other than any individual liability or obligation of less than One Hundred Thousand Dollars (\$100,000) and claims covered by insurance.

32.4.5 Except as disclosed on Schedule 32.4.5, none of the assets of ACH are subject to restrictions imposed by the donors of specific funds.

32.4.6 Set forth on Schedule 32.4.6 is an accurate and complete list of all of the accounts in which funds of or attributable to the Plan are invested or otherwise held. ACH has not taken, or caused or permitted to be taken any action which would change the legal or beneficial ownership status of such funds prior to the Closing Date.

32.5 Interim Changes. Except for matters expressly permitted or authorized by this Agreement and except as set forth on Schedule 32.5, to the knowledge of ACH, there has not been, after the date of the most recent interim financial statements provided for ACH attached under Exhibit 32.4.1:

32.5.1 any change in the financial condition, assets, liabilities, properties or results of operation of ACH or any other business of ACH which has had or could have, in the aggregate, a materially adverse effect on ACH, provided that this representation is limited to events, transactions or facts which specifically affect the operation of ACH's businesses and does not apply to general changes in the laws or economy of the United States or matters affecting the health care industry in general;

32.5.2 any damage, destruction or loss, whether or not covered by insurance, which has had or could have, in the aggregate, a materially adverse effect on ACH or any other business of ACH;

32.5.3 any disposition by ACH of any property, rights or other assets owned by or employed in ACH or any other business of ACH, except for dispositions in the usual and ordinary course of the business;

32.5.4 any change to the make-up or composition of the Management Personnel (defined for these purposes to mean the chief executive, directors or other officers or any vice president) of ACH (see Management Agreement); and

32.5.5 any amendment or termination of any Material Contract which has had or could have, in the aggregate, a materially adverse effect on ACH or any other business of ACH.

32.6 Legal Proceedings. Except as disclosed on Schedule 32.6, ACH is not a defendant in or, to the knowledge of ACH, threatened with any action, suit, proceeding, state or federal investigation, complaint, claim, charge, hearing or arbitration which may materially and adversely affect its businesses or financial conditions or the ability of ACH to perform hereunder. Except as disclosed on Schedule 32.6, to the knowledge of ACH, ACH has not received written notice of any investigation or threatened investigation by any federal, state or local governmental or regulatory agency, including those involving its business practices and policies, which could have, in the aggregate, a materially adverse effect on ACH, or its respective business.

32.7 Licenses and Permits.

32.7.1 ACH holds all governmental licenses, permits, certificates, consents and approvals which are material to its respective business and operations (the "Licenses and Permits"). The Licenses and Permits, each of which is listed at Schedule 32.7.1, are current and valid.

32.7.2 Except as set forth on Schedule 32.7.2, no notice from any governmental authority in respect to the revocation, termination, suspension or limitation of any License or Permit has been issued or given, nor does ACH have any knowledge of any basis for any such action.

32.8 No Material Omissions.

32.8.1 To its knowledge (as provided in Section 32.23), ACH has responded in all material respects to all written requests for information and documentation made by Asante in connection with Asante's due diligence review of the business, operations, assets and liabilities of ACH. ACH has not knowingly omitted any material information relating to the businesses, operations, assets or liabilities of ACH in its responses to Asante's requests. Since the delivery of such responses to Asante, ACH has not received and not disclosed any material information which would render untrue or misleading any information previously disclosed to Asante in response to its requests for information.

32.8.2 To its knowledge, the representations and warranties of ACH contained in this Agreement, and each Exhibit, Schedule, certificate or other written statement delivered at Closing by ACH pursuant to this Agreement, are accurate, correct and complete, do not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements and information contained therein not misleading.

32.9 Compliance with Law. Except as set forth on Schedule 32.9, to the knowledge of ACH, ACH is in material compliance with all laws, regulations, ordinances, decrees and orders applicable to it, which are material to its business and operations. Without limiting the generality of the foregoing, ACH is in material compliance with all Environmental Laws and all employment laws, including, without limitation, provisions thereof relating to wages, hours and the payment of Social Security and similar taxes. "Environmental Laws," as used herein, shall mean any and all federal, state and local statutes and ordinances, and all rules and regulations promulgated thereunder, pertaining or relating to the identification, reporting, generation, manufacture, processing, distribution, use, treatment, storage, disposal, emission, discharge, release, transport or other handling of any pollutants, contaminants, chemicals, wastes, including medical wastes, radioactive material, or other noxious or harmful substances or materials.

32.10 Title to Real Property and Other Assets.

32.10.1 Schedule 32.10.1 sets forth an accurate and complete list of all real property owned by ACH (the "Real Property").

32.10.2 Except as disclosed on Schedule 32.10.2, ACH has good and defensible title to all of its assets (other than the Real Property) of every kind, character and description, whether real, personal, tangible or intangible, used in connection with the operation of ACH or of any other business or activity owned, operated or maintained by ACH as of the Representation Date (the "Other Property"), free and clear of all liens, mortgages, security interests, options, pledges, charges, covenants, conditions, restrictions and other encumbrances and claims of any kind or character whatsoever, other than covenants, restrictions and easements of record.

32.10.3 Schedule 32.10.3 sets forth an accurate and complete list of real property leases in which ACH is a tenant, lessee, subtenant, or otherwise in possession.

32.10.4 Schedule 32.10.4 sets forth an accurate and complete list of real property leases in which ACH is the landlord.

32.10.5 Schedule 32.10.5 sets forth an accurate and complete list of all locations in which or at which ACH owns and/or operates health or other services.

32.11 Affiliates and Subsidiaries. Exhibit 32.11 sets forth an accurate and complete list of all corporations, partnerships, limited liability companies and any other entities of which ACH is a shareholder, partner, or member, and has the right to appoint or approve one or more of the directors, officers or managers, or persons holding equivalent positions.

32.12 Tax Exempt Status. ACH is an exempt organization under Section 501(c)(3) of the Code and not a "private foundation" within the meaning of Section 509(a) of the Code. The Internal Revenue Service (the "Service") has not taken, or, to the knowledge of ACH, proposed to take, any action to revoke the tax exempt status of ACH, and has not determined in writing or, to the knowledge of ACH, proposed to announce, that ACH is a "private foundation" within the meaning of Section 509(c) of the Code. ACH has no knowledge of any change in the organization or operation of ACH, which, to the knowledge of ACH, would result in a loss of ACH's status as an organization described in Section 501(c)(3) of the Code or which could cause ACH to be treated as a "private foundation" within the meaning of Section 509(a) of the Code.

32.13 Insurance.

32.13.1 Schedule 32.13.1 sets forth an accurate, correct and complete list (including the name of the insurer, coverage, premium and expiration date) of all binders and policies of insurance (collectively, the "Insurance Policies") maintained by ACH in which ACH is a named insured; or which otherwise insure assets used primarily in connection with the operation of ACH.

32.13.2 Except as set forth on Schedule 32.13.2, the Insurance Policies are in full force and effect and shall remain in full force and effect through the Closing Date.

32.14 Taxes. ACH has filed, or shall file, all returns, declarations, and reports and all information returns and statements required to be filed or sent with respect to all federal, state, county, local and other taxes of every kind and however measured (collectively, the "Taxes") for all periods ending on or within the five (5) year period preceding the Representation Date (collectively, the "Returns"). Except as set forth on Schedule 32.14, as of the time of filing, the Returns correctly reflected, and Returns prepared or being prepared, but not yet filed as of the Representation Date shall correctly reflect, the income, business, assets, operations, activities and status of ACH and any other information required to be shown therein. ACH has timely paid or made provision for all Taxes shown as due and payable on its Returns required to be filed or sent prior to the Representation Date and has made provision for timely payment of all Taxes that shall be shown as due and payable on its Returns required to be filed or sent by it after the Representation Date and relating to any period prior to the Closing Date.

32.15 Employee Benefit Plans.

32.15.1 Schedule 32.15 sets forth an accurate, correct and complete list of all "employee welfare benefit plans" (as defined in Section 3(1) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA")), "employee pension benefit plans" (as defined in Section 3(2) of ERISA), governmental pension plans including defined benefit pension plans, and all other employee benefit plan agreements and arrangements and employee benefit policies, whether funded or unfunded, qualified or nonqualified, whether or not subject to ERISA, maintained or contributed to (or required to be contributed to) by ACH for the benefit of any of its officers, employees or other persons (all the foregoing being herein called "Benefit Plans"). ACH has delivered to Asante accurate, correct and complete copies of:

32.15.1.1 each Benefit Plan and any amendment thereto;

32.15.1.2 the most recent annual report on Form 5500, if required, filed with the Service or the Department of Labor with respect to any Benefit Plan, including all schedules and attachments;

32.15.1.3 each trust agreement, group annuity contract or other funding vehicle relating to any Benefit Plan and any amendments thereto;

32.15.1.4 certified financial statements relating to any Benefit Plan;

32.15.1.5 the summary plan description and any summaries of material modifications for each Benefit Plan;

32.15.1.6 collective bargaining agreements or other such contracts, including any riders or amendments thereto;

32.15.1.7 each determination letter, letter ruling or any outstanding ruling request on the tax exempt status of any qualified Benefit Plan or any voluntary employees' beneficiary association ("VEBA") implementing a Benefit Plan; and

32.15.1.8 each sample correspondence to employees giving notice of their rights under Section 4980B of the Code and any other documents indicating compliance with said Section 4980B.

32.15.2 Except as disclosed on Schedule 32.15.2:

32.15.2.1 all contributions to, and payments from, the Benefit Plans required to be made in accordance with the Benefit Plans have been timely made; and

32.15.2.2 no Benefit Plan is subject to the funding rules of Section 302 of ERISA or Section 412 of the Code.

32.15.3 All Benefit Plans (and all related trust agreements or annuity contracts or any funding instruments) currently are and at all times in the past have been, both as to form and operation, in material compliance with and administered in accordance with their terms and the provisions of tax laws and the Code, where required for the Benefit Plan to be a governmental plan or tax-qualified under Sections 401(a) and 501(a) of the Code, and all other applicable laws, rules and regulations. Except as disclosed on Schedule 32.15.3, the Benefit Plans that are pension benefit plans have received determination letters or private letter rulings from the Service to the effect that such Benefit Plans are governmental plans or qualified and exempt from federal income taxes under Sections 401(a) and 501(a), respectively, of the Code, or are governmental plans as defined in Code Section 414(d), and no such determination letter or private letter ruling has been revoked or, to the knowledge of ACH, has revocation been threatened, nor has any such Benefit Plan been amended or experienced any change in facts or circumstances since the date of its most recent determination letter or private letter ruling or application therefore in any respect which would adversely affect its qualification or materially increase its cost.

32.15.4 All reports, returns and similar documents with respect to the Benefit Plans required to be filed with any government agency or distributed to any Benefit Plan participant have been duly and timely filed or distributed. To the knowledge of ACH, there are no investigations by any governmental agency, termination proceedings or other claims (except claims for benefits payable in the normal operation of the Benefit Plans), suits or proceedings against or involving any Benefit Plan or asserting any rights or claims to benefits under any Benefit Plan that could give rise to any material liability, nor, to the knowledge of ACH, are there any facts that could give rise to any material liability in the event of any such investigation, claim, suit or proceeding.

32.15.5 No "prohibited transaction" (as defined in Section 4975 of the Code or Section 406 of ERISA) has occurred which involves the assets of any Benefit Plan and

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which could subject ACH, or any of its respective employees, or a trustee, administrator or other fiduciary of any trust created under any Benefit Plan to the tax or penalty on prohibited transactions imposed by Section 4975 of the Code or the sanctions imposed under Title I of ERISA. No Benefit Plan which has been terminated has or may cause liability to ACH.

32.15.6 Except as disclosed in Schedule 32.15.6, ACH does not (i) maintain or contribute to any Benefit Plan which provides, or has any liability to provide, life insurance, medical, severance or other employee welfare benefits to any employee upon his/her retirement or termination of employment, except as may be required by Section 4980B of the Code or other applicable Law; or (ii) has ever represented, promised or contracted (whether in oral or written form) to any employee (either individually or to employees as a group) that such employee(s) would be provided with life insurance, medical, severance or other employee welfare benefits upon their retirement or termination of employment, except to the extent required by Section 4980B of the Code or other applicable law.

32.15.7 Neither the execution and delivery of this Agreement nor the consummation of the transactions contemplated hereby (whether alone or in connection with any other event) will, with respect to any employee under any of Benefit Plan or otherwise:

32.15.7.1 result in any material payment from ACH (including severance, unemployment compensation, bonus or otherwise) becoming due;

32.15.7.2 increase any benefits otherwise payable; or

32.15.7.3 result in (i) any acceleration of the time of payment or vesting of any such benefits, (ii) any forgiveness of any indebtedness, (iii) any obligation to fund benefits, or (iv) the imposition of any restrictions with respect to the amendment or termination of any of the Benefit Plans (or any adverse consequence for so doing).

32.15.8 With respect to each Benefit Plan that is an “employee welfare benefit plan” within the meaning of Section 3(2) of ERISA, all claims incurred (including claims incurred but not reported) by employees, former employees and their dependents thereunder for which ACH is, or will become, liable are reflected as a liability or accrued for on ACH’s consolidated financial statements for the most recently completed fiscal year end.

32.15.9 ACH does not have any liability under any Benefit Plan that is a “multiemployer plan” within the meaning of Sections 3(37) or 4001(a)(3) of ERISA and the transactions contemplated by this Agreement will not give rise to any such liability.

32.15.10 No individual classified as a non-employee for purposes of receiving employee benefits (such as an independent contractor, leased employee, consultant or special consultant), regardless of actual legal status, is eligible to participate in or receive benefits under any Benefit Plan that does not specifically provide for their participation.

32.16 Medicare and Medicaid.

32.16.1 Except as set forth on Schedule 32.16.1, ACH is not engaged in termination proceedings as to its respective participation in Medicare or Medicaid, nor has ACH received written notice that its current participation in Medicare or Medicaid is subject to any contest, termination or suspension as a result of alleged violations or any noncompliance with participation requirements. ACH and the Hospital meet the conditions for participation in the Medicare and Medicaid programs, and there is not now pending or, to the knowledge of ACH, any threatened proceeding or investigation under such programs involving any of the foregoing.

32.16.2 Except as set forth on Schedule 32.16.2, for the past ten (10) years, each of the contracts, financial relationships or arrangements entered into between ACH and a physician or physician group is, or was during its duration, in compliance with the laws, rules and regulations regulating the delivery of health care services by providers, including, those relating to the prohibition of fraudulent and abusive practices by health care providers, including (i) the anti-kickback statute set forth at 42 U.S.C. §§ 1320a-7(a) and 7(b) and its related regulations ("Anti-Kickback Statute") and (ii) the anti-referral statutes set forth at 42 U.S.C. §1395nn and its related regulations ("Stark II").

32.17 Accreditation. ACH is accredited by DNV Healthcare, Inc. ("DNVHC"), and by such other organizations as are listed on Schedule 32.17. Except as set forth on Schedule 32.17, no written notice has been received by ACH from DNVHC or any other accreditation organization material to its operation regarding the suspension, revocation or termination of ACH's (or any ACH programs or divisions) with respect to accreditation, and ACH has no knowledge of the proposed issuance of any such written notice.

32.18 No Defaults.

32.18.1 Except as set forth on Schedule 32.18.1, ACH is not in breach or default in any material respect under any term or provision of any Material Contract (as defined in the next sentence). For purposes of this Agreement, "Material Contracts" shall mean the following: all contracts, leases (capital and operating), and other agreements entered into by or on behalf of ACH which are in effect as of the Representation Date, have a term of more than one year, and involve a significant aspect of the operations of ACH, including but not limited to the following:

32.18.1.1 all management or consulting agreements and involving payment of more than \$100,000 in the aggregate;

32.18.1.2 all service contracts, shared service agreements, joint purchasing agreements, provider agreements or similar agreements and involving payment of more than \$100,000 in the aggregate;

32.18.1.3 all leases of space and/or equipment and involving payment of more than \$50,000 in the aggregate;

32.18.1.4 all agreements for the sale or acquisition of capital assets and involving payment of more than \$100,000 in the aggregate;

32.18.1.5 all service agreements and warranties with respect to assets of the Hospital and involving payment of more than \$100,000 in the aggregate;

32.18.1.6 all installment payment agreements involving payment of more than \$100,000 in the aggregate;

32.18.1.7 all membership or other agreements with groups or entities which engage in quality review or rate review procedures, involving payment of more than \$100,000 in the aggregate;

32.18.1.8 all agreements with third-party administrators, involving payment of more than \$100,000 in the aggregate;

32.18.1.9 all membership or other agreements with groups formed to coordinate facilities or services planning, involving payment of more than \$100,000 in the aggregate;

32.18.1.10 all affiliation and transfer agreements or contracts with educational institutions, other health care facilities, and government agencies, involving payment of more than \$100,000 in the aggregate;

32.18.1.11 all supply agreements involving payment of more than \$100,000 in the aggregate;

32.18.1.12 all brokers' or finders' agreements involving payment of more than \$100,000 in the aggregate;

32.18.1.13 all agreements pursuant to which any department of ACH is operated under a lease arrangement and involving payment of more than \$100,000 in the aggregate;

32.18.1.14 all joint venture agreements or shareholder agreements to which ACH is a party or involving any ACH program or operations and involving payment of more than \$100,000 in the aggregate;

32.18.1.15 all agreements or commitments related to physician hospital organizations (PHOs), medical services organizations (MSOs), physician networks, community care networks, integrated delivery networks, or other health care delivery systems or networks and all agreements or arrangements with physicians or physician groups;

32.18.1.16 all indemnity arrangements for officers, directors, members, shareholders, or advisory board members of ACH;

32.18.1.17 license and sublicense agreements with respect to any computer software and involving payment of more than \$50,000 in the aggregate; and

32.18.1.18 easement and real property operating agreements, loan agreements, promissory notes, trust deeds, mortgages, leases and all other agreements related to a real property interest of ACH.

32.18.2 Attached hereto at Schedule 32.18 is a true and correct list of all Material Contracts.

32.19 Exclusion from Health Care Programs. Except as listed on Schedule 32.19, (a) no current employee or independent contractor (whether an individual or entity) of ACH has been excluded from participating in any state or federal health care program, and (b) none of the officers, directors, agents or managing employees (as such term is defined in 42 U.S.C. §1320a-5(b)) of ACH has been excluded from any state or federal health care program.

32.20 Environmental Matters. Without limiting the generality of Sections 32.6, 32.7 and 32.9:

32.20.1 except as disclosed in Schedule 32.20.1, ACH is in material compliance with all Environmental Laws and any Permits and Licenses required under applicable Environmental Laws.

32.20.2 except as disclosed in Schedule 32.20.2, ACH has not received any written notification from a Governmental Authority with respect to pending or ongoing investigations or enforcement actions related to alleged or potential violations of any applicable Environmental Law with respect to any of the Real Property (defined in Section 32.10.1) and/or with respect to any real property owned, leased or occupied by ACH, nor is ACH aware of any facts or conditions which could reasonably give rise to any such investigation or enforcement actions.

32.20.3 except as disclosed in Schedule 32.20.3, none of the following exists at any real property currently owned, leased, or occupied by ACH: (i) underground storage tanks, (ii) asbestos-containing material in any friable or damaged form or condition, (iii) materials or equipment containing polychlorinated biphenyls (PCBs), or (iv) landfills or surface impoundments.

32.20.4 ACH has provided to Asante all Environmental Reports and assessments relating to potential or actual environmental conditions on the Real Property and any real property currently owned, leased, or occupied by ACH that ACH has in its possession, control or knowledge. A complete list of those Environmental Reports is included in Schedule 32.20.4.

32.20.5 “Environmental Report,” as used herein, shall mean any and all environmental site assessments, analyses, investigations or audits prepared by an independent environmental consultant licensed (“IECL”) in Oregon to perform Phase I and Phase II investigations of current, past and potential environmental conditions on or under real property. ACH shall allow Asante to cause to be performed a Phase I Environmental Investigation and corresponding Environmental Report which meets ASTM 1527-05 standards for Phase I Environmental Assessments with an IECL suggested by, and reasonably acceptable to, Asante.

32.21 Fair Market Value. ACH has not (1) paid more than fair market value for any property or services received by it, including any property or services received from any member of its Board of Directors, officer, physician or physician group, or any legal entity in which such person has an ownership interest or (2) received consideration from any third party that is less than fair market value for goods or services rendered by ACH. ACH has only acquired goods or services necessary to advance or further its legitimate business and charitable purposes. The total compensation, including bonuses and benefits, paid to each contractor or employee of ACH as of the date of this Certificate, and for the five (5) years prior thereto, was negotiated at arms’ length and is fair, reasonable, and consistent with industry standards.

32.22 Employment Matters. Except as set forth on Schedule 32.22:

32.22.1 Labor Matters.

32.22.1.1 ACH is not a party or otherwise subject to any collective bargaining or other agreement governing the wages, hours, or terms of employment of its employees.

32.22.1.2 There is no (i) unfair labor practice complaint against ACH pending before the National Labor Relations Board or any other governmental authority, (ii) labor strike, slowdown, or work stoppage actually occurring or, to the best knowledge of ACH threatened against ACH, (iii) representation petition regarding ACH’s employees pending before the National Labor Relations Board, or (iv) grievance or any arbitration proceeding pending arising out of or under collective bargaining agreements applicable to ACH.

32.22.1.3 ACH has not experienced any primary work stoppage or other organized work stoppage involving its employees in the past two years.

32.22.1.4 Employment Claims. There are no pending claims and, to ACH’s knowledge, no threatened claims by or on behalf of any of its employees under any federal, state, or local labor or employment laws or regulations.

32.22.1.5 Employment Agreements. Each of ACH’s employees is an “at-will” employee and there are no written employment, commission, or compensation agreements of any kind between ACH and any of its employees. Schedule 32.22 lists all ACH employment or supervisory manuals, employment or supervisory policies, and written

information generally provided to employees (such as applications or notices), and true and complete copies of those manuals, policies, and written information have been provided to Asante. ACH does not have any agreements or undertakings with its employees except as reflected in the items listed on Schedule 32.22.

32.22.1.6 Compensation. Schedule 32.22 contains a complete and accurate list of all officers, employees, and consultants of ACH, specifying their names and job designations, the total amount paid or payable as compensation to each of them, and the basis of such compensation, whether fixed or commission or a combination thereof, and accrued benefits for them as of the date of this Agreement.

32.22.1.7 Severance. Except as set forth on Schedule 32.22, ACH has no severance pay plan, policy, practice, or agreement with any of its employees.

32.23 Knowledge, after Reasonable Inquiry and Diligence Standard. As used in this Section 32 and its subsections, the words "to the knowledge" of ACH means the actual knowledge of the ACH Board, after the performance, by or under the direction of the designated ACH Board, of a reasonable investigation of the underlying, and reasonably available, facts relating to the referenced subject matter.

33. Representations and Warranties of Asante. Asante gives, as of the Representation Date, the following representations and warranties to ACH, the City, and ACH Foundation:

33.1 Due Organization; Good Standing; Power. Asante is an Oregon nonprofit corporation, exempt from federal income taxation under Section 501(c)(3) of the Code. Asante is duly formed, validly existing and in good standing under the laws of the State of Oregon, and has the corporate power and authority to own, operate or hold under lease its properties and assets and to carry on its business and operations as presently conducted.

33.2 Corporate Authorization.

33.2.1 Asante has the full corporate power and authority to enter into and to perform its obligations under this Agreement.

33.2.2 The execution, delivery and performance of this Agreement by Asante have been duly and properly authorized by all necessary corporate action in accordance with its articles of incorporation and corporate Bylaws.

33.2.3 This Agreement constitutes the valid and legally binding obligation of Asante, enforceable against Asante in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or other laws of general application now or hereafter in effect relating to or affecting the enforcement of creditors' rights generally and, except as provided under Section 31.3 of this Agreement and its subsections, that the remedies of specific performance, contract rescission and injunctive and other forms of equitable relief may not be available.

33.3 No Violation; Approvals.

33.3.1 Except to the extent specified in Schedule 33.3.1 hereto, the execution, delivery and performance of this Agreement shall not result in the creation of any lien, charge, or encumbrance of any kind or the termination or acceleration of any indebtedness or other obligation of Asante, and is not prohibited by, does not violate or conflict with any provision of, and does not constitute a default under or breach of any Asante material contract, indenture, mortgage, permit, license, approval or other commitment to which Asante is a party or is subject or by which Asante is bound, any judgment, decree, order, writ or injunction of any court or regulatory authority, or any law, statute, rule or regulation, applicable to Asante.

33.3.2 Except to the extent specified in Schedule 33.3.2 hereto, no approval, authorization, registration, consent, order or other action of or filing that has not occurred or been obtained with or from any person, including any court, administrative agency or other governmental authority, is required for the execution and delivery by Asante of this Agreement or the consummation by Asante of the transactions contemplated or required hereby.

33.4 Financial Statements.

33.4.1 Attached hereto as Exhibit 33.4.1 are true and correct copies of audited financial statements of Asante for the two (2) years ended September 30, 2012 and September 30, 2011 and unaudited financial statements of Asante for the interim period from October 1, 2012 through the most recent month-end date for which financial statements were available prior to the Execution Date (the "Asante Financial Statements"). For each month following the Execution Date until the Closing Date, by the twentieth (20th) day of such month, Asante shall provide ACH with monthly unaudited financial statements for the immediately preceding month.

33.4.2 The Asante Financial Statements are complete and present fairly in all material respects the financial position of Asante, and the results of the respective operations of Asante at the dates and for the periods indicated, in conformity with generally accepted accounting principles (except as otherwise disclosed on Schedule 33.4.2), applied consistently for the periods specified, including the consistent use of assumptions, practices, procedures and terminology, except that the interim financial statements need not contain any of the footnotes and other items required to comply with generally accepted accounting principles.

33.4.3 From and after October 1, 2012 (except as set forth in Schedule 33.4.3), Asante has not made any material changes to its accounting methods or practices, including methods or practices used to:

- 33.4.3.1 establish reserves on any patient and notes receivables;
- 33.4.3.2 establish estimates of any third-party settlements; and
- 33.4.3.3 determine the value of any other accounts which require subjective determinations.

33.5 Legal Proceedings. Except as disclosed on Schedule 33.5, Asante is not a defendant in, nor to Asante's knowledge been threatened with, any action, suit, proceeding, complaint, charge, hearing or arbitration which may materially and adversely affect its business or financial conditions or Asante's ability to perform hereunder. Except as disclosed on Schedule 33.5, to the knowledge of Asante, Asante has not received written notice of any investigation or threatened investigation by any federal, state or local governmental or regulatory agency, including those involving its business practices and policies, which could have, in the aggregate, a materially adverse effect on its business.

33.6 No Material Omissions.

33.6.1 To Asante's knowledge, Asante has responded in all material respects to all written requests for information and documentation made by ACH in connection with ACH's due diligence review of the business, operations, assets and liabilities of Asante. Asante has not knowingly omitted any material information relating to the businesses, operations, assets or liabilities of Asante in its responses to ACH's written requests. Since the delivery of such responses to ACH, Asante has not received and not disclosed any material information which would render untrue or misleading any information previously disclosed to ACH in response to its written requests for information.

33.6.2 To Asante's knowledge, the representations and warranties of Asante contained in this Agreement, and each Exhibit, Schedule, certificate or other written statement delivered at Closing by Asante pursuant to this Agreement, are accurate, correct and complete, do not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements and information contained therein not misleading.

33.7 Compliance with Law. Except as set forth on Schedule 33.7, to Asante's knowledge, Asante is in material compliance with all laws, regulations, ordinances, decrees and orders applicable to it, which are material to its business and operations. Without limiting the generality of the foregoing, Asante is in material compliance with all Environmental Laws and all employment laws, including, without limitation, provisions thereof relating to wages, hours and the payment of Social Security and similar taxes.

33.8 Tax Exempt Status. Asante is an exempt organization under Section 501(c)(3) of the Code and not a "private foundation" within the meaning of Section 509(a) of the Code. The Service has not taken, or, to the knowledge of Asante, proposed to take, any action to revoke the tax-exempt status of Asante, and has not determined in writing or, to the knowledge of Asante, proposed to announce, that Asante is a "private foundation" within the meaning of Section 509(c) of the Code. Asante has no knowledge of any change in its organization or operation which, to the knowledge of Asante, would result in a loss of Asante's status as an organization described in Section 501(c)(3) of the Code or which could cause Asante to be treated as a "private foundation" within the meaning of Section 509(a) of the Code.

33.9 Taxes. Asante has filed, or shall file, all returns, declarations, and reports and all information returns and statements required to be filed or sent with respect to all Taxes for all

periods ending on or within the five (5) year period preceding the Representation Date (collectively, the "Asante Returns"). Except as set forth on Schedule 33.9, as of the time of filing, the Asante Returns correctly reflected, and Asante Returns prepared or being prepared, but not yet filed as of the Representation Date shall correctly reflect, the income, business, assets, operations, activities and status of Asante, and any other information required to be shown therein. Asante has timely paid or made provision for all Taxes shown as due and payable on Asante Returns required to be filed or sent prior to the Representation Date and has made provision for timely payment of all Taxes that shall be shown as due and payable on Asante Returns required to be filed or sent by it after the Representation Date and relating to any period prior to the Closing Date.

33.10 Medicare and Medicaid. Except as set forth on Schedule 33.10, Asante is not engaged in termination proceedings as to its participation in Medicare or Medicaid, nor has Asante received notice that its current participation in Medicare or Medicaid is subject to any contest, termination or suspension as a result of alleged violations or any noncompliance with participation requirements. To the knowledge of Asante, Asante meets the conditions for participation in the Medicare and Medicaid programs, and there is not now pending or, to the knowledge of Asante any threatened proceeding or investigation under such programs involving any of the foregoing.

33.11 Exclusion from Health Care Programs. Except as listed on Schedule 33.11, to the knowledge of Asante, (1) no current employee or independent contractor (whether an individual or entity) of Asante has been excluded from participating in any state or federal health care program, and (2) none of the officers, directors, agents or managing employees (as such term is defined in 42 U.S.C. §1320a-5(b)) of Asante have been excluded from any state or federal health care program.

33.12 Knowledge, after Reasonable Inquiry and Diligence Standard. As used in this Section 33 and its subsections, the words "to the knowledge" of Asante mean the actual knowledge of such corporation, after the performance, by or under the direction of a designated executive officer thereof, of a reasonable investigation of the underlying, and reasonably available, facts relating to the referenced subject matter.

34. Representations and Warranties of the City. The City hereby gives, as of the Representation Date, the following representations and warranties to Asante:

34.1 Due Organization; Good Standing; Power.

34.1.1 City is an Oregon municipal corporation, exempt from federal income taxation under Section 115 of the Code.

34.1.2 City is duly formed and validly existing under the laws of the State of Oregon, and has the power and authority to own, operate or hold under lease its properties and assets and to carry on its business and operations as presently conducted.

34.2 Authorization.

34.2.1 City has the full power and authority to enter into and to perform its obligations under this Agreement.

34.2.2 The execution, delivery and performance of this Agreement by City have been duly and properly authorized by all necessary action in accordance with Oregon law, the City's charter, ordinances, and all other applicable laws, as amended to the Representation Date, provided, however, that for purposes of this Section 34.2.2, "Representation Date" shall refer only to the Closing Date.

34.2.3 This Agreement constitutes the valid and legally binding obligation of City, enforceable against City in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or other laws of general application now or hereafter in effect relating to or affecting the enforcement of creditors' rights generally and, except as provided under Section 31.3 of this Agreement, that the remedies of specific performance, contract rescission and injunctive and other forms of equitable relief may not be available.

34.3 No Violation; Approvals.

34.3.1 Except to the extent specified in Schedule 34.3 hereto and its subsections, the execution, delivery and performance of this Agreement shall not result in the creation of any lien, charge, or encumbrance of any kind or the termination or acceleration of any indebtedness or other obligation of City, and is not prohibited by, does not violate or conflict with any provision of, and does not constitute a default under or breach of any Material Contract (defined as all contracts, leases (capital and operating), and other agreements entered into by or on behalf of City which are in effect as of the Representation Date, have a term of more than one year, and involve a significant aspect of the operations of City), indenture, mortgage, permit, license, approval or other commitment to which City is a party or is subject or by which City is bound, any judgment, decree, order, writ or injunction of any court or regulatory authority, or any law, statute, rule or regulation, applicable to City.

34.3.2 Except to the extent specified in Schedule 34.3.2 hereto, no approval, authorization, registration, consent, order or other action of or filing that has not occurred or been obtained with or from any person, including any court, administrative agency or other governmental authority, is required for the execution and delivery by City of this Agreement or the consummation by City of the transactions contemplated or required hereby.

34.4 Financial Statements.

34.4.1 The City website contains true and correct copies of audited financial statements of City for the two (2) years ended June 30, 2012 and June 30, 2011, and unaudited financial statements of City for the interim period from July 1, 2012, through the most recent month-end date for which financial statements were available prior to the Execution Date (the

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“City Financial Statements). For each month following the Execution Date until the Closing Date, by the twentieth (20th) day of such month, City shall provide Asante with monthly unaudited financial statements for the immediately preceding month.

34.4.2 The City Financial Statements are complete and present fairly in all material respects the financial position of City, and the results of its operations at the dates and for the periods indicated, in conformity with generally accepted accounting principles (except as otherwise disclosed on Schedule 34.4.2), applied consistently for the periods specified, including the consistent use of assumptions, practices, procedures and terminology, except that the interim financial statements need not contain any of the footnotes and other items required to comply with generally accepted accounting principles.

34.5 Legal Proceedings. Except as disclosed on Schedule 34.5, City is not a defendant in or, to the knowledge of City, threatened with any action, suit, proceeding, complaint, claim, charge, hearing or arbitration which may materially and adversely affect the ability of City to perform hereunder. Except as disclosed on Schedule 34.5, to the knowledge of City, City has not received written notice of any investigation or threatened investigation by any federal, state or local governmental or regulatory agency, including those involving its business practices and policies, which could have, in the aggregate, a materially adverse effect on the ability of City to perform hereunder.

34.6 Compliance with Law. Except as set forth on Schedule 34.6, to the knowledge of City, City is in material compliance with all laws, regulations, ordinances, decrees and orders applicable to it, which are material to the ability of City to perform hereunder.

34.7 Title to Real Property and Other Assets.

34.7.1 Schedule 34.7.1 sets forth an accurate and complete list of the two parcels of real property owned by City (the “City Real Property”) which are currently leased by City to ACH, and which will be conveyed to ACH at the Closing. The lease or leases (collectively for purposes of this subsection 34.7.1, “leases”) of the City Real Property are in full force and effect, ACH is not in default of the leases, and the City has no existing claims against ACH under the leases.

34.7.2 Except as disclosed on Schedule 34.7.2, City has good and defensible title to the City Real Property together with all facilities and other improvements located thereon including without limitation land improvements, buildings, fixed equipment and personal property of every kind, character and description, whether real, personal, tangible or intangible, used in connection with the operation of ACH or of any other business or activity owned, operated or maintained by ACH as of the Representation Date (the “Other Property”), free and clear of all liens, mortgages, security interests, options, pledges, charges, covenants, conditions, restrictions and other encumbrances and claims of any kind or character whatsoever, other than covenants, restrictions and easements of record, and other than the lien of Umpqua Bank described in Section 9.1.

34.7.3 Schedule 34.7.3 sets forth an accurate and complete list of real property leases by the City in which ACH is a tenant, lessee, subtenant, or otherwise, other than the City Real Property. The leases of the real property listed in Schedule 34.7.3 are in full force and effect, ACH is not in default of the leases, and the City has no existing claims against ACH under the leases.

34.8 Insurance.

34.8.1 Schedule 34.8.1 sets forth an accurate, correct and complete list (including the name of the insurer, coverage, premium and expiration date) of all binders and policies of insurance (collectively, the "Insurance Policies") maintained by City in which ACH is a named insured; or which otherwise insure assets used primarily in connection with the operation of ACH.

34.8.2 Except as set forth on Schedule 34.8.2, the Insurance Policies are in full force and effect and shall remain in full force and effect through the Closing Date.

34.9 No Defaults.

34.9.1 City is not in breach or default in any material respect under any term or provision of any Material Contract (as defined in the next sentence). For purposes of this Section 34.9.1, "Material Contracts" shall mean the following: all contracts, leases (capital and operating), and other agreements entered into by or on behalf of City which are in effect as of the Representation Date, have a term of more than one year, and involve a significant aspect of the operations of ACH.

34.10 Environmental Matters. Without limiting the generality of Sections 34.5 and 34.6:

34.10.1 Except as disclosed in Schedule 34.10.1, City is in material compliance with all Environmental Laws and any Permits and Licenses required under applicable Environmental Laws with respect to the City Real Property (defined in Section 34.7.1).

34.10.2 Except as disclosed in Schedule 34.10.2, City has not received any written notification from a Governmental Authority with respect to pending or ongoing investigations or enforcement actions related to alleged or potential violations of any applicable Environmental Law with respect to any of the City Real Property and/or with respect to any real property owned by the City and leased to or occupied by ACH, nor is City aware of any facts or conditions which could reasonably give rise to any such investigation or enforcement actions.

34.10.3 Except as disclosed in Schedule 34.10.3, none of the following exists at any real property owned by the City and leased to or occupied by ACH: (i) underground storage tanks, (ii) asbestos-containing material in any friable or damaged form or condition, (iii)

materials or equipment containing polychlorinated biphenyls (PCBs), or (iv) landfills or surface impoundments.

34.10.4 City has provided to Asante all Environmental Reports and assessments relating to potential or actual environmental conditions on the City Real Property and any real property owned by the City and leased to or occupied by ACH that City has in its possession, control or knowledge. A complete list of those Environmental Reports is included in Schedule 34.10.4.

34.10.5 "Environmental Report," as used herein, shall mean any and all environmental site assessments, analyses, investigations or audits prepared by an independent environmental consultant licensed ("IECL") in Oregon to perform Phase I and Phase II investigations of current, past and potential environmental conditions on or under real property. City shall allow Asante to cause to be performed a Phase I Environmental Investigation and corresponding Environmental Report which meets ASTM 1527-05 standards for Phase I Environmental Assessments with an IECL suggested by, and reasonably acceptable to, Asante, with respect to the City Real Property and any real property owned by the City and leased to or occupied by ACH.

34.11 No Material Omissions.

34.11.1 To City's knowledge, City has responded in all material respects to all written requests for information and documentation made by Asante in connection with Asante's due diligence review of the business, operations, assets and liabilities of City. City has not knowingly omitted any material information relating to the businesses, operations, assets or liabilities of Asante in its responses to Asante's written requests. Since the delivery of such responses to Asante, City has not received and not disclosed any material information which would render untrue or misleading any information previously disclosed to Asante in response to its written requests for information.

34.11.2 To its knowledge, the representations and warranties of City contained in this Agreement, and each Exhibit, Schedule, certificate or other written statement delivered at Closing by City pursuant to this Agreement, are accurate, correct and complete, do not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements and information contained therein not misleading.

34.12 Knowledge, after Reasonable Inquiry and Diligence Standard. As used in this Section 34 and its subsections, the words "to the knowledge" of City mean the actual knowledge of the City after the performance, by or under the direction of the designated executive officer thereof, of a reasonable investigation of the underlying, and reasonably available, facts relating to the referenced subject matter.

35. Representations and Warranties of the ACH Foundation. ACH Foundation hereby gives, as of the Representation Date, the following representations and warranties to Asante:

35.1 Due Organization; Good Standing; Power.

35.1.1 ACH Foundation is an Oregon nonprofit corporation, exempt from federal income taxation under Section 501(a) of the Code, as an organization described in Section 501(c)(3) of the Code.

35.1.2 ACH Foundation is duly formed and validly existing under the laws of the State of Oregon, and has the corporate power and authority to own, operate or hold under lease its properties and assets and to carry on its business and operations as presently conducted.

35.2 Corporate Authorization.

35.2.1 ACH Foundation has the full corporate power and authority to enter into and to perform its obligations under this Agreement.

35.2.2 The execution, delivery and performance of this Agreement by ACH Foundation have been duly and properly authorized by all necessary action in accordance with its articles of incorporation, as amended to the Representation Date, and its corporate bylaws, as amended to the Representation Date; provided, however, that for purposes of this Section 35.2.2, "Representation Date" shall refer only to the Closing Date.

35.2.3 This Agreement constitutes the valid and legally binding obligation of ACH Foundation, enforceable against ACH Foundation in accordance with its terms; except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or other laws of general application now or hereafter in effect relating to or affecting the enforcement of creditors' rights generally and, except as provided under Section 31.3 of this Agreement, that the remedies of specific performance, contract rescission and injunctive and other forms of equitable relief may not be available.

35.3 No Violation; Approvals.

35.3.1 Except to the extent specified in Schedule 35.3 hereto, the execution, delivery and performance of this Agreement shall not result in the creation of any lien, charge, or encumbrance of any kind or the termination or acceleration of any indebtedness or other obligation of ACH Foundation, and is not prohibited by, does not violate or conflict with any provision of, and does not constitute a default under or breach of any Material Contract (defined as all contracts, leases (capital and operating), and other agreements entered into by or on behalf of ACH Foundation which are in effect as of the Representation Date and have a term of more than one year), indenture, mortgage, permit, license, approval or other commitment to which ACH Foundation is a party or is subject or by which ACH Foundation is bound, any judgment, decree, order, writ or injunction of any court or regulatory authority, or any law, statute, rule or regulation, applicable to ACH Foundation.

35.3.2 Except to the extent specified in Schedule 35.3.1 hereto, no approval, authorization, registration, consent, order or other action of or filing that has not occurred or been

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obtained with or from any person, including any court, administrative agency or other governmental authority, is required for the execution and delivery by ACH Foundation of this Agreement or the consummation by ACH Foundation of the transactions contemplated or required hereby.

35.4 Financial Statements.

35.4.1 Attached hereto as Exhibit 35.4.1 are true and correct copies of (i) audited financial statements of ACH Foundation for the two (2) years ended December 31, 2012 and December 31, 2011, and unaudited financial statements of ACH Foundation for the interim period from January 1, 2013, through the most recent month-end date for which financial statements were available prior to the Execution Date (the "ACH Foundation Financial Statements). For each month following the Execution Date until the Closing Date, by the twentieth (20th) day of such month, ACH Foundation shall provide Asante with monthly unaudited financial statements for the immediately preceding month.

35.4.2 The ACH Foundation Financial Statements are complete and present fairly in all material respects the financial position of ACH Foundation, and the results of its operations at the dates and for the periods indicated, in conformity with generally accepted accounting principles (except as otherwise disclosed on Schedule 35.4.2), applied consistently for the periods specified, including the consistent use of assumptions, practices, procedures and terminology, except that the interim financial statements need not contain any of the footnotes and other items required to comply with generally accepted accounting principles.

35.5 Legal Proceedings. Except as disclosed on Schedule 35.5, ACH Foundation is not a defendant in or, to the knowledge of ACH Foundation, threatened with any action, suit, proceeding, complaint, claim, charge, hearing or arbitration which may materially and adversely affect its businesses or financial conditions or the ability of ACH Foundation to perform hereunder. Except as disclosed on Schedule 35.5, to the knowledge of ACH Foundation, ACH Foundation has not received written notice of any investigation or threatened investigation by any federal, state or local governmental or regulatory agency, including those involving its business practices and policies, which could have, in the aggregate, a materially adverse effect on ACH Foundation, or its respective business.

35.6 No Material Omissions.

35.6.1 To its knowledge, ACH Foundation has responded in all material respects to all written requests for information and documentation made by Asante in connection with Asante's due diligence review of the business, operations, assets and liabilities of ACH Foundation. ACH Foundation has not knowingly omitted any material information relating to the businesses, operations, assets or liabilities of ACH Foundation in its responses to Asante's requests. Since the delivery of such responses to Asante, ACH Foundation has not received and not disclosed any material information which would render untrue or misleading any information previously disclosed to Asante in response to its requests for information.

35.6.2 To its knowledge, the representations and warranties of ACH Foundation contained in this Agreement, and each Exhibit, Schedule, certificate or other written statement delivered at Closing by ACH Foundation pursuant to this Agreement, are accurate, correct and complete, do not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements and information contained therein not misleading.

35.7 Compliance with Law. Except as set forth on Schedule 35.7, to the knowledge of ACH Foundation, ACH Foundation is in material compliance with all laws, regulations, ordinances, decrees and orders applicable to it, which are material to its business and operations. Without limiting the generality of the foregoing, to the knowledge of ACH Foundation, ACH Foundation is in material compliance with all Environmental Laws. "Environmental Laws," as used herein, shall mean any and all federal, state and local statutes and ordinances, and all rules and regulations promulgated thereunder, pertaining or relating to the identification, reporting, generation, manufacture, processing, distribution, use, treatment, storage, disposal, emission, discharge, release, transport or other handling of any pollutants, contaminants, chemicals, wastes, including medical wastes, radioactive material, or other noxious or harmful substances or materials.

35.8 Title to Real Property and Other Assets.

35.8.1 Schedule 35.8.1 sets forth an accurate and complete list of all real property owned by ACH Foundation (the "ACH Foundation Real Property") which will be conveyed to ACH at the Closing.

35.8.2 Except as disclosed on Schedule 35.8.2, ACH Foundation has good and defensible title to the ACH Foundation Real Property together with all facilities and other improvements located thereon including without limitation land improvements, buildings, fixed equipment and personal property of every kind, character and description, whether real, personal, tangible or intangible, (other than personal property or equipment owned by ACH) used in connection with the operation of ACH or of any other business or activity owned, operated or maintained by ACH as of the Representation Date (the "Other Property"), free and clear of all liens, mortgages, security interests, options, pledges, charges, covenants, conditions, restrictions and other encumbrances and claims of any kind or character whatsoever, other than covenants, restrictions and easements of record, except for the \$82,000 lien described in Section 9.3.

35.8.3 Schedule 35.8.3 sets forth an accurate and complete list of real property in which ACH is a tenant, lessee, subtenant, or otherwise in possession of ACH Foundation Real Property or any other real property owned by ACH Foundation. The leases of the real property in Schedule 35.8.3 are in full force and effect, ACH is not in default of the leases, and ACH Foundation has no existing claims against ACH under the leases.

35.9 Insurance.

35.9.1 Schedule 35.9.1 sets forth an accurate, correct and complete list (including the name of the insurer, coverage, premium and expiration date) of all binders and policies of

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insurance (collectively, the "Insurance Policies") maintained by ACH Foundation in which ACH is a named insured; or which otherwise insure assets used in connection with the operation of ACH.

35.9.2 Except as set forth on Schedule 35.9.2, the Insurance Policies are in full force and effect and shall remain in full force and effect through the Closing Date.

35.10 No Defaults.

35.10.1 To the knowledge of ACH Foundation, ACH Foundation is not in breach or default in any material respect under any term or provision of any Material Contract (as defined in the next sentence). For purposes of this Section 34.9.1, "Material Contracts" shall mean the following: all contracts, leases (capital and operating), and other agreements entered into by or on behalf of ACH Foundation which are in effect as of the Representation Date, have a term of more than one year, and involve a significant aspect of the operations of ACH.

35.11 Environmental Matters. Without limiting the generality of Section 35.5 and 35.7:

35.11.1 except as disclosed in Schedule 35.11.1, to the knowledge of ACH Foundation, ACH Foundation is in material compliance with all Environmental Laws and any Permits and Licenses required under applicable Environmental Laws with respect to the ACH Foundation Real Property (defined in Section 35.8.1).

35.11.2 except as disclosed in Schedule 35.11.2, ACH Foundation has not received any written notification from a Governmental Authority with respect to pending or ongoing investigations or enforcement actions related to alleged or potential violations of any applicable Environmental Law with respect to any of the ACH Foundation Real Property and/or with respect to any real property owned by ACH Foundation and leased to or occupied by ACH, nor is ACH Foundation aware of any facts or conditions which could reasonably give rise to any such investigation or enforcement actions.

35.11.3 except as disclosed in Schedule 35.11.3, to the knowledge of ACH Foundation none of the following exists at any real property owned by ACH Foundation and leased to or occupied by ACH Foundation: (i) underground storage tanks, (ii) asbestos-containing material in any friable or damaged form or condition, (iii) materials or equipment containing polychlorinated biphenyls (PCBs), or (iv) landfills or surface impoundments.

35.11.4 ACH Foundation has provided to Asante all Environmental Reports and assessments relating to potential or actual environmental conditions on the ACH Foundation Real Property and any real property owned by ACH Foundation and leased to or occupied by ACH that ACH Foundation has in its possession, control or knowledge. A complete list of those Environmental Reports is included in Schedule 35.11.4.

35.11.5 "Environmental Report," as used herein, shall mean any and all environmental site assessments, analyses, investigations or audits prepared by an independent

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environmental consultant licensed ("IECL") in Oregon to perform Phase I and Phase II investigations of current, past and potential environmental conditions on or under real property. City shall allow Asante to cause to be performed a Phase I Environmental Investigation and corresponding Environmental Report which meets ASTM 1527-05 standards for Phase I Environmental Assessments with an IECL suggested by, and reasonably acceptable to, Asante, with respect to the ACH Foundation Real Property and any real property owned by ACH Foundation and leased to or occupied by ACH.

35.12 Knowledge, after Reasonable Inquiry and Diligence Standard. As used in this Section 35 and its subsections, the words "to the knowledge" of ACH Foundation mean the actual knowledge of the governing body of the ACH Foundation after the performance, by or under the direction of the designated executive officer thereof, of a reasonable investigation of the underlying, and reasonably available, facts relating to the referenced subject matter.

36. Covenants of ACH. ACH hereby agrees to keep, perform and fully discharge the following covenants and agreements, as applicable:

36.1 Interim Conduct of Business. From the Execution Date to the Closing Date, ACH shall:

36.1.1 preserve, protect and maintain the business, properties and assets of ACH;

36.1.2 operate the businesses of ACH as a going concern, consistent with prior practices and not other than in the ordinary course of business;

36.1.3 preserve the good will of all individuals and entities having business or other relations with ACH including physicians, employees, patients, customers and suppliers;

36.1.4 obtain all documents called for by this Agreement and required to facilitate the consummation of the transactions contemplated by this Agreement;

36.1.5 provide Asante promptly with interim financial statements, as referenced in Section 32.4.1, as soon as such are available;

36.1.6 Without providing to Asante prior written notification, not (1) make any changes, or permit any changes to be made, in the Articles of Incorporation, corporate bylaws, or Asante ACH Medical Staff Bylaws and other organizational documents of ACH, except for changes expressly authorized by this Agreement; or (2) enter into any transaction which could have a Material Adverse Effect (as defined in Section 45) on the businesses of ACH, except for transactions expressly authorized by this Agreement.

36.2 Preserve Accuracy of Representations and Warranties. From the Execution Date to the Closing Date:

36.2.1 ACH shall not take any action which would render any representation or warranty contained in Section 32 or any of its subsections inaccurate or untrue as of the Closing Date.

36.2.2 ACH shall promptly notify Asante of any lawsuits, claims, administrative actions or other proceedings asserted or commenced against ACH or its respective officers, directors or members involving in any material way the businesses, properties or assets of ACH or of the Real Property.

36.2.3 ACH shall promptly notify Asante in writing of any facts or circumstances which come to its attention and which cause, or through the passage of time may cause, any of the representations and warranties made by such corporation and contained in Section 32 or any of its subsections to be untrue or misleading at any time from the Execution Date to the Closing Date.

36.3 Access to Information and Real Property.

36.3.1 From the Execution Date to the Closing Date, ACH shall give to Asante and to its representatives full and free access, during normal business hours, to all properties (including without limitation the Real Property (defined in Section 32.10.1) and the City Real Property and the ACH Foundation Real Property, collectively for purposes of this Section 36.3.1 "ACH Real Property"), books, records and contracts pertaining to the businesses, properties and assets of ACH, as may be reasonably requested, subject to reasonable advance notice and provided that Asante shall not exercise such rights of access in such manner as would unduly interfere with the operations of ACH's personnel or the activities of ACH's patients or guests. Asante's due diligence rights hereunder with respect to the ACH Real Property shall include, but not be limited to, the right to inspect the ACH Real Property and all improvements and structures on the ACH Real Property, and to conduct environmental, geotechnical, engineering, and other inspections and studies thereof, as Asante desires in its sole discretion, as long as any such inspections and studies comply with the prior sentence of this Section 36.3.1.

36.3.2 ACH shall cooperate in keeping Asante fully informed and shall promptly notify Asante of any change having a Material Adverse Effect or other adverse change in the normal course of business or prospects of ACH or any other business of ACH.

36.4 Maintain Books and Accounting Practices. From the Execution Date to the Closing Date, ACH shall maintain the books of account of ACH in the usual, regular and ordinary manner in accordance with generally accepted accounting principles consistently applied and on a basis consistent with prior years, including the consistent use of assumptions, practices, procedures and terminology, and ACH shall not make or cause to be made any material changes in the accounting methods or practices of ACH or relating to the ACH Real Property or the Other Property (defined in Section 32.10.2), including, as applicable, methods or practices:

36.4.1 establishing reserves on any patient and note receivables;

36.4.2 establishing reserves for all third-party settlements; and

36.4.3 determining the value of any other accounts which are subjectively determined.

36.5 Compliance with Laws; Consents. From the Execution Date to the Closing Date, ACH shall:

36.5.1 comply in all material respects with all applicable statutes, laws, ordinances and regulations pertaining to ACH or the operation of ACH;

36.5.2 subject to Section 36.8 hereof, keep, hold and maintain all certificates, certificates of need, certificates of exemption, accreditation, licenses and other permits necessary for the conduct and operation of ACH and any other business of ACH; and

36.5.3 use Reasonable Commercial Efforts to obtain and, as applicable, cooperate fully with Asante in Asante's efforts to obtain, all consents, approvals, exemptions and authorizations of third parties, whether governmental or private, make all filings, and give all notices which may be necessary or appropriate under all applicable laws and under all contracts, agreements and commitments in order to consummate the transactions contemplated or required by this Agreement.

36.6 Resolution of Outstanding Medicare Issues.

36.6.1 From the Execution Date to the Closing Date, ACH shall make all reasonable efforts to resolve all outstanding Medicare billing disputes, as identified on Schedule 32.16.1, prior to the Closing Date.

36.6.2 As of the Closing Date, ACH shall have filed all applicable appeals for Medicare and Medicaid cost reporting periods prior to December 31, 2012, for which ACH has received final notice.

36.7 No Merger or Consolidation. ACH shall not solicit or negotiate alternative bids, proposals, or opportunities from any other party with regard to a merger, affiliation, change or sale of membership interests, or sale of a material amount of assets relating to ACH, or merge or consolidate with, or acquire (except in the ordinary course) any of the assets of any other corporation, business or person.

36.8 Third-Party Authorizations; Estoppel Certificates. From the Execution Date to the Closing Date ACH shall obtain expeditiously all consents, approvals and authorizations of third parties, necessary for the valid execution, delivery and performance of this Agreement by ACH. From the Execution Date to the Closing Date, ACH shall solicit and obtain estoppel certificates (using a form provided by Asante) from each and every third party to a lease of Real Property in which ACH is a party other than the City or ACH Foundation.

36.9 Confidentiality of Asante Information.

36.9.1 Except as otherwise set forth in Section 36.9.2, ACH shall hold in confidence all information regarding Asante obtained in connection with the negotiation and performance of this Agreement or any due diligence investigation with respect to Asante.

36.9.2 The confidentiality obligation set forth in this Section 36.9 shall not apply to information that:

36.9.2.1 was known by ACH prior to receipt;

36.9.2.2 is or hereafter becomes lawfully obtainable by ACH from other sources;

36.9.2.3 ACH is required by law to disclose, including in any filings required to be made with any governmental agency and pleadings required to be filed with any court or tribunal; and

36.9.2.4 ACH is required to disclose to confirm the representations and warranties contained in Section 32 and its subsections.

36.9.3 If the transactions contemplated by this Agreement are not consummated, ACH shall continue to hold all confidential Asante information in confidence and shall immediately return to Asante all documents (and all copies thereof) containing such information.

36.9.4 ACH acknowledges that there is not an adequate remedy at law for the breach of this Section 36.9 and that, in addition to any other remedies available, injunctive relief may be granted for any such breach. The provisions of this Section 36.9 shall survive any termination of this Agreement.

36.10 Confidentiality of ACH Information.

36.10.1 If the change of the membership of ACH occurs pursuant to this Agreement, then, from the Closing Date and at all times thereafter into perpetuity, except as otherwise set forth in Section 36.10.2, ACH shall hold in confidence all information regarding ACH prior to the Closing Date, and shall not divulge such information to third parties or use in a manner detrimental to Asante, ACH, the ACH Foundation, or the City.

36.10.2 The confidentiality obligation set forth in Section 36.10.1 shall not apply to information that:

36.10.2.1 was known by ACH prior to receipt;

36.10.2.2 is or hereafter becomes lawfully obtainable by ACH from other sources;

36.10.2.3 ACH is required by law to disclose; or

36.10.2.4 ACH is required to disclose to confirm the representations and warranties contained in Section 32 and its subsections.

36.11 Performance of Undertakings. ACH shall use Reasonable Commercial Efforts to perform faithfully at all times any and all covenants, undertakings, stipulations and provisions applicable to it contained in this Agreement and in any and every document executed, authenticated and delivered hereunder.

36.12 Consummation of Transactions. ACH shall use Reasonable Commercial Efforts to consummate the transactions contemplated by this Agreement and shall not take any other action inconsistent with its obligations hereunder or which could hinder or materially delay the consummation of the transactions contemplated or required hereby.

36.13 Exclusivity. Between the Execution Date and the Closing Date, ACH will abide by the exclusive negotiations provision in Section 6 of the CNDA.

37. Covenants of Asante. Asante hereby agrees to keep, perform and fully discharge the following covenants and agreements:

37.1 Preserve Accuracy of Representations and Warranties. From the Execution Date until the Closing Date:

37.1.1 Asante shall not take any action which would render any representation or warranty contained in Section 33 or any of its subsections inaccurate or untrue as of the Closing Date.

37.1.2 Asante shall promptly notify ACH, the City, and ACH Foundation of any lawsuits, claims, administrative actions or other proceedings asserted or commenced against Asante, or its officers or directors involving in any material way the ability of Asante to consummate the transactions contemplated or required by this Agreement, or materially affecting Asante's business properties or its assets.

37.1.3 Asante shall promptly notify ACH, the City, and ACH Foundation in writing of any facts or circumstances which come to Asante's attention and which cause, or through the passage of time may cause, any of the representations and warranties contained in Section 33 or any of its subsections to be untrue or misleading.

37.2 Access to Information.

37.2.1 From the Execution Date to the Closing Date, Asante shall give to ACH and the City and to their representatives full and free access, during normal business hours, to all properties, books, records and contracts pertaining to the businesses, properties and assets of Asante as may be reasonably requested, subject to reasonable advance notice and provided that

ACH shall not exercise such rights of access in such manner as would unduly interfere with the operations of Asante or the activities of Asante's patients or invitees.

37.2.2 Asante shall cooperate in keeping ACH and the City fully informed and shall promptly notify ACH of any change having a Material Adverse Effect or other adverse change in the normal course of business or prospects of Asante.

37.3 Compliance with Laws; Consents. From the Execution Date to the Closing Date, Asante shall:

37.3.1 comply in all material respects with all applicable statutes, laws, ordinances and regulations pertaining to Asante;

37.3.2 subject to Section 37.4 hereof and its subsections, keep, hold and maintain all certificates, certificates of need, certificates of exemption, accreditation, licenses and other permits necessary for the conduct and operation of Asante and any other business of Asante; and

37.3.3 use Reasonable Commercial Efforts to obtain and, as applicable, cooperate fully with ACH in ACH's efforts to obtain, all consents, approvals, exemptions and authorizations of third parties, whether governmental or private, make all filings, and give all notices which may be necessary or appropriate under all applicable laws and under all contracts, agreements and commitments in order to consummate the transactions contemplated or required by this Agreement.

37.4 Third Party Authorizations. From the Execution Date to the Closing Date:

37.4.1 Asante shall use Reasonable Commercial Efforts to obtain expeditiously all consents, approvals and authorizations of third parties and to give all notices under all applicable laws and under all contracts, agreements and commitments to which Asante is a party or is bound, to the extent necessary for the valid execution, delivery and performance of this Agreement by Asante.

37.4.2 Asante shall cooperate fully with ACH in its efforts to obtain all, consents, approvals, exemptions and authorizations of third parties, whether governmental or private, and to make all filings, necessary in order to consummate the transactions contemplated by this Agreement.

37.5 Confidentiality.

37.5.1 Except as otherwise set forth in Section 37.5.2, from the Execution Date and at all times thereafter, Asante shall hold in confidence all information regarding ACH obtained in connection with the negotiation and performance of this Agreement, or its due diligence investigation with respect to ACH and shall not divulge to third parties or use such information in a manner detrimental to ACH.

37.5.2 The confidentiality obligation set forth in Section 37.5.1 shall not apply to information that:

37.5.2.1 was known by Asante when received;

37.5.2.2 is or hereafter becomes lawfully obtainable by Asante from other sources;

37.5.2.3 Asante is required by law to disclose; or

37.4.2.4 Asante is required to disclose to confirm the representations and warranties contained in Section 33 and its subsections.

37.5.3 If the transactions contemplated by this Agreement are not consummated, Asante shall continue to hold all such information in confidence and shall immediately return to ACH all documents (and all copies thereof) containing such information.

37.5.4 Asante acknowledges that there is not an adequate remedy at law for the breach of this Section 37.5 and its subsections and that, in addition to any other remedies available, injunctive relief may be granted for any such breach. The provisions of this Section 37.5 shall survive any termination of this Agreement.

37.6 Damage to Property. In the event that, at any time from the Execution Date to the Closing Date, Asante engages an environmental or similar consultant to take samples of or otherwise physically disturb any portion of the ACH Real Property, City Real Property, or ACH Foundation Real Property, Asante shall pay the costs of repairing any damage done to the damaged real property as a result of such consultant activity and Asante will provide the owner of such property with the results of any such study or sample. All such samplings shall be conducted in accordance with Section 36.3 above.

37.7 Performance of Undertakings. Asante shall use Reasonable Commercial Efforts to perform faithfully at all times any and all covenants, undertakings, stipulations and provisions applicable to it contained in this Agreement and in any and every document executed, authenticated and delivered hereunder.

37.8 Consummation of Transactions. Asante shall use Reasonable Commercial Efforts to consummate the transactions contemplated in this Agreement and shall not take any other action inconsistent with its obligations hereunder or which could hinder or materially delay the consummation of the transactions contemplated hereby.

38. Covenants of City. City hereby agrees to keep, perform and fully discharge the following covenants and agreements, as applicable:

38.1 Interim Conduct of Business. From the Execution Date to the Closing Date, City shall:

38.1.1 preserve, protect and maintain the City Real Property, as defined in Section 38.3.1;

38.1.2 obtain all documents called for by this Agreement and required to facilitate the consummation of the transactions contemplated by this Agreement;

38.1.3 without providing to Asante prior written notification, not (1) make any changes, or permit any changes to be made, in the Articles of Incorporation, corporate bylaws, or ACH Medical Staff Bylaws and other organizational documents of ACH, except for changes expressly authorized by this Agreement; or (2) enter into any transaction which could have a Material Adverse Effect (as defined in Section 45) on the businesses of ACH, except for transactions expressly authorized by this Agreement.

38.2 Preserve Accuracy of Representations and Warranties. From the Execution Date to the Closing Date:

38.2.1 City shall not take any action which would render any representation or warranty contained in Section 34 or any of its subsections inaccurate or untrue as of the Closing Date.

38.2.2 City shall promptly notify Asante of any lawsuits, claims, administrative actions or other proceedings asserted or commenced against City or ACH or their respective officers, directors or members or City Councilors involving in any material way the businesses, properties or assets of ACH or of the City Real Property.

38.2.3 City shall promptly notify Asante in writing of any facts or circumstances which come to its attention and which cause, or through the passage of time may cause, any of the representations and warranties made by the City and contained in Section 34 or any of its subsections to be untrue or misleading at any time from the Execution Date to the Closing Date.

38.3 Access to Information and Real Property.

38.3.1 From the Execution Date to the Closing Date, City shall give to Asante and to its representatives full and free access, during normal business hours, to all properties (including without limitation the Real Property (defined in Section 32.10.1) and the City Real Property, collectively for purposes of this Section 38.3.1 ("City Real Property"), books, records and contracts pertaining to the businesses, properties and assets of ACH, as may be reasonably requested, subject to reasonable advance notice and provided that Asante shall not exercise such rights of access in such manner as would unduly interfere with the operations of ACH's personnel or the activities of ACH's patients or guests. Asante's due diligence rights hereunder with respect to the City Real Property shall include, but not be limited to, the right to inspect the City Real Property and all improvements and structures on the City Real Property, and to conduct environmental, geotechnical, engineering, and other inspections and studies thereof, as

Asante desires in its sole discretion, as long as any such inspections and studies comply with the prior sentence of this Section 38.3.1.

38.3.2 City shall cooperate in keeping Asante fully informed and shall promptly notify Asante of any change having a Material Adverse Effect or other adverse change in the City Real Property.

38.4 Maintain Books and Accounting Practices. From the Execution Date to the Closing Date, City shall not make or cause to be made any material changes in the accounting methods or practices of ACH or relating to the ACH Real Property defined in Section 36.3.1 or the Other Property (defined in Section 32.10.2), including, as applicable, methods or practices:

38.4.1 establishing reserves on any patient and note receivables;

38.4.2 establishing reserves for all third-party settlements; and

38.4.3 determining the value of any other accounts which are subjectively determined.

38.5 Compliance with Laws; Consents. From the Execution Date to the Closing Date, City shall:

38.5.1 comply in all material respects with all applicable statutes, laws, ordinances and regulations pertaining to ACH or the operation of ACH;

38.5.2 use Reasonable Commercial Efforts to obtain and, as applicable, cooperate fully with Asante in its efforts to obtain, all consents, approvals, exemptions and authorizations of third parties, whether governmental or private, make all filings, and give all notices which may be necessary or appropriate under all applicable laws and under all contracts, agreements and commitments to which City is a party or is bound in order to consummate the transactions contemplated or required by this Agreement.

38.6 No Merger or Consolidation. City shall not solicit or negotiate alternative bids, proposals, or opportunities from any other party with regard to a merger, affiliation, change or sale of membership interests, or sale of a material amount of assets relating to ACH.

38.7 Third-Party Authorizations; Estoppel Certificates. From the Execution Date to the Closing Date City shall obtain expeditiously all consents, approvals and authorizations of third parties, necessary for the valid execution, delivery and performance of this Agreement by City.

38.8 Confidentiality of Asante Information.

38.8.1 Except as otherwise set forth in Section 38.8.2, City shall hold in confidence all information regarding Asante obtained in connection with the negotiation and performance of this Agreement or any due diligence investigation with respect to Asante.

38.8.2 The confidentiality obligation set forth in this Section 38.8 shall not apply to information that:

38.8.2.1 was known by City prior to receipt;

38.8.2.2 is or hereafter becomes lawfully obtainable by City from other sources;

38.8.2.3 City is required by law to disclose, including in any filings required to be made with any governmental agency and pleadings required to be filed with any court or tribunal; and

38.8.2.4 City is required to disclose to confirm the representations and warranties contained in Section 34 and its subsections.

38.8.3 If the transactions contemplated by this Agreement are not consummated, City shall continue to hold in confidence all Asante trade secrets or information submitted by Asante in confidence (that is, information submitted pursuant to a confidentiality agreement in advance) and shall immediately return to Asante all documents (and all copies thereof) containing such information.

38.8.4 City acknowledges that there is not an adequate remedy at law for the breach of this Section 38.8 and that, in addition to any other remedies available, injunctive relief may be granted for any such breach. The provisions of this Section 38.8 shall survive any termination of this Agreement.

38.9 Confidentiality of City Information.

38.9.1 If the change of the membership of ACH occurs pursuant to this Agreement, then, from the Closing Date and at all times thereafter into perpetuity, except as otherwise set forth in Section 38.9.2, City shall hold in confidence all information regarding ACH prior to and after the Closing Date to the extent such information is or has been submitted in confidence (that is, submitted pursuant to a confidentiality agreement in advance), and shall not divulge such information to third parties or use in a manner detrimental to Asante, ACH, the ACH Foundation, or the City.

38.9.2 The confidentiality obligation set forth in Section 38.9.1 shall not apply to information that:

38.9.2.1 was known by City prior to receipt;

38.9.2.2 is or hereafter becomes lawfully obtainable by City from other sources;

38.9.2.3 City is required by law to disclose; or

38.9.2.4 City is required to disclose to confirm the representations and warranties contained in Section 34 and its subsections.

38.10 Performance of Undertakings. City shall use Reasonable Commercial Efforts to perform faithfully at all times any and all covenants, undertakings, stipulations and provisions applicable to it contained in this Agreement and in any and every document executed, authenticated and delivered hereunder.

38.11 Consummation of Transactions. City shall use Reasonable Commercial Efforts to consummate the transactions contemplated by this Agreement and shall not take any other action inconsistent with its obligations hereunder or which could hinder or materially delay the consummation of the transactions contemplated or required hereby.

38.12 Exclusivity. Between the Execution Date and the Closing Date, City will abide by the exclusive negotiations provision in Section 6 of the CNDA.

39. Covenants of ACH Foundation. ACH Foundation hereby agrees to keep, perform and fully discharge the following covenants and agreements, as applicable:

39.1 Interim Conduct of Business. From the Execution Date to the Closing Date, ACH Foundation shall:

39.1.1 preserve, protect and maintain the ACH Foundation Real Property;

39.1.2 obtain all documents called for by this Agreement and required to facilitate the consummation of the transactions contemplated by this Agreement;

39.2 Preserve Accuracy of Representations and Warranties. From the Execution Date to the Closing Date:

39.2.1 ACH Foundation shall not take any action which would render any representation or warranty contained in Section 35 or any of its subsections inaccurate or untrue as of the Closing Date.

39.2.2 ACH Foundation shall promptly notify Asante of any lawsuits, claims, administrative actions or other proceedings asserted or commenced against ACH Foundation or its respective officers, directors or members involving in any material way the ACH Foundation Real Property.

39.2.3 ACH Foundation shall promptly notify Asante in writing of any facts or circumstances which come to its attention and which cause, or through the passage of time may cause, any of the representations and warranties made by ACH Foundation and contained in Section 35 or any of its subsections to be untrue or misleading at any time from the Execution Date to the Closing Date.

39.3 Access to Information and ACH Foundation Real Property.

39.3.1 From the Execution Date to the Closing Date, ACH Foundation shall give to Asante and to its representatives full and free access, during normal business hours, to the ACH Foundation Real Property, and books, records and contracts pertaining to the ACH Foundation Real Property, as may be reasonably requested, subject to reasonable advance notice and provided that Asante shall not exercise such rights of access in such manner as would unduly interfere with the operations of ACH Foundation. Asante's due diligence rights hereunder with respect to the ACH Foundation Real Property shall include, but not be limited to, the right to inspect the ACH Foundation Real Property and all improvements and structures on the ACH Foundation Real Property, and to conduct environmental, geotechnical, engineering, and other inspections and studies thereof, as Asante desires in its sole discretion, as long as any such inspections and studies comply with the prior sentence of this Section 39.3.1.

39.3.2 ACH Foundation shall cooperate in keeping Asante fully informed and shall promptly notify Asante of any change having a Material Adverse Effect or other adverse change in the ACH Foundation Real Property.

39.4 Maintain Books and Accounting Practices. From the Execution Date to the Closing Date, ACH Foundation shall maintain the books of account of ACH Foundation in the usual, regular and ordinary manner in accordance with generally accepted accounting principles consistently applied and on a basis consistent with prior years, including the consistent use of assumptions, practices, procedures and terminology, and ACH Foundation shall not make or cause to be made any material changes in the accounting methods or practices of ACH Foundation or relating to the ACH Foundation Real Property.

39.5 Compliance with Laws; Consents. From the Execution Date to the Closing Date, ACH Foundation shall:

39.5.1 comply in all material respects with all applicable statutes, laws, ordinances and regulations pertaining to ACH Foundation or the operation of ACH Foundation;

39.5.2 use Reasonable Commercial Efforts to obtain and, as applicable, cooperate fully with Asante in its efforts to obtain, all consents, approvals, exemptions and authorizations of third parties, whether governmental or private, make all filings, and give all notices which may be necessary or appropriate under all applicable laws and under all contracts, agreements and commitments to which ACH Foundation is a party or is bound in order to consummate the transactions contemplated or required by this Agreement.

39.6 No Merger or Consolidation. ACH Foundation shall not solicit or negotiate alternative bids, proposals, or opportunities from any other party with regard to a merger, affiliation, change or sale of membership interests, or sale of a material amount of assets relating to ACH Foundation, or merge or consolidate with, or acquire (except in the ordinary course) any of the assets of any other corporation, business or person.

39.7 Third-Party Authorizations; Estoppel Certificates. From the Execution Date to the Closing Date ACH Foundation shall obtain expeditiously all consents, approvals and authorizations of third parties, necessary for the valid execution, delivery and performance of this Agreement by ACH Foundation.

39.8 Confidentiality of Asante Information.

39.8.1 Except as otherwise set forth in Section 39.8.2, ACH Foundation shall hold in confidence all information regarding Asante obtained in connection with the negotiation and performance of this Agreement or any due diligence investigation with respect to Asante.

39.8.2 The confidentiality obligation set forth in this Section 39.8 shall not apply to information that:

39.8.2.1 was known by ACH Foundation prior to receipt;

39.8.2.2 is or hereafter becomes lawfully obtainable by ACH Foundation from other sources;

39.8.2.3 ACH Foundation is required by law to disclose, including in any filings required to be made with any governmental agency and pleadings required to be filed with any court or tribunal; and

39.8.2.4 ACH Foundation is required to disclose to confirm the representations and warranties contained in Section 35 and its subsections.

39.8.3 If the transactions contemplated by this Agreement are not consummated, ACH Foundation shall continue to hold all confidential Asante information in confidence and shall immediately return to Asante all documents (and all copies thereof) containing such information.

39.8.4 ACH Foundation acknowledges that there is not an adequate remedy at law for the breach of this Section 39.8 and that, in addition to any other remedies available, injunctive relief may be granted for any such breach. The provisions of this Section 39.8 shall survive any termination of this Agreement.

39.9 Confidentiality of ACH Foundation Information.

39.9.1 If the change of the membership of ACH occurs pursuant to this Agreement, then, from the Closing Date and at all times thereafter into perpetuity, except as otherwise set forth in Section 39.9.2, ACH Foundation shall hold in confidence all information regarding ACH Foundation prior to the Closing Date, and shall not divulge such information to third parties or use in a manner detrimental to Asante, ACH, ACH Foundation, or the City.

39.9.2 The confidentiality obligation set forth in Section 39.9.1 shall not apply to information that:

- 39.9.2.1 was known by ACH Foundation prior to receipt;
- 39.9.2.2 is or hereafter becomes lawfully obtainable by ACH Foundation from other sources;
- 39.9.2.3 ACH Foundation is required by law to disclose; or
- 39.9.2.4 ACH Foundation is required to disclose to confirm the representations and warranties contained in Section 35 and its subsections.

39.10 Performance of Undertakings. ACH Foundation shall use Reasonable Commercial Efforts to perform faithfully at all times any and all covenants, undertakings, stipulations and provisions applicable to it contained in this Agreement and in any and every document executed, authenticated and delivered hereunder.

39.11 Consummation of Transactions. ACH Foundation shall use Reasonable Commercial Efforts to consummate the transactions contemplated by this Agreement and shall not take any other action inconsistent with its obligations hereunder or which could hinder or materially delay the consummation of the transactions contemplated or required hereby.

39.12 Exclusivity. Between the Execution Date and the Closing Date, ACH Foundation will abide by the exclusive negotiations provision in Section 6 of the CNDA.

40. Conditions Precedent to Obligations of ACH. The obligations of ACH to consummate the transactions contemplated by this Agreement are, at the option of ACH subject to the satisfaction, on or prior to the Closing Date, of the following conditions:

40.1 Accuracy of Warranties; Performance of Covenants. The representations and warranties of Asante contained in Section 33 and its subsections shall be accurate in all material respects as if made on and as of the Closing Date. Asante shall have performed all of the obligations and complied with each and all of the covenants, agreements and conditions required to be performed or complied with by it on or prior to the Closing Date.

40.2 No Pending Action. No action or proceeding before any court or governmental body shall be pending or threatened wherein an unfavorable judgment, decree or order would prevent the carrying out of this Agreement or any of the transactions contemplated hereby, declare unlawful the transactions contemplated by this Agreement or cause such transactions to be rescinded.

40.3 Regulatory Approvals. All regulatory consents and approvals required for the consummation of the transactions contemplated or required by this Agreement shall have been obtained on or before the Closing Date.

40.4 Consents. All consents, approvals and authorizations of third parties required for the consummation of the transactions contemplated or required by this Agreement shall have been obtained on or before the Closing Date.

40.5 Exhibits and Schedules. It is not a condition precedent for this Agreement to be binding upon the Parties that all required Exhibits and Schedules be attached in a final form on the Execution Date. Notwithstanding the foregoing, all Exhibits and Schedules to this Agreement shall be complete and otherwise in final form acceptable to the Parties and shall be attached to the Agreement at Closing. Asante shall have cured any Disapproved Items set forth in its Schedules and Amended Schedules, in accordance with the process described in Section 27.5 and its subsections.

40.6 Delivery of Asante Closing Documents. Asante shall have executed and delivered the Asante Closing Documents.

40.7 Delivery of Other Agreements. Asante, the City, and ACH Foundation shall have executed and delivered all other agreements determined by the Parties to be necessary or appropriate to be entered into as of the Closing Date, relating to the transactions contemplated by this Agreement.

40.8 Material Adverse Change. There has not been a change having a Material Adverse Effect on the business, financial condition, results of operation or assets of the Asante as of, and for the annualized results of operation for the period commencing with the date of this Agreement and ending with the most recent month ending prior to the Closing Date, when compared to the same as of, and for the 12-month period ending, with the month ending immediately preceding the date of this Agreement.

40.9 EIB; Seniority. Asante and ACH shall have agreed to an approach to credit, transition and/or redeem certain seniority, paid time off (PTO) and extended illness benefits (EIB) of those ACH employees who will transition to Asante benefit programs following the Closing Date. Such agreement will be documented and attached to this Agreement at Closing as Schedule 40.9.

40.10 Satisfaction of Condition. If ACH is not satisfied, in its sole discretion, that each of the conditions set out in this Section 40 and its subsections has been satisfied, then, at any time prior to the Closing Date, ACH shall have the right to terminate this Agreement upon written notice to Asante, in which event, each Parties' obligation to complete the Closing shall automatically terminate.

41. Conditions Precedent to Obligations of Asante. The obligations of Asante to consummate the transactions contemplated by this Agreement are at the option of Asante, subject to the satisfaction, on or prior to the Closing Date, of the following conditions:

41.1 Accuracy of Warranties; Performance of Covenants. Except for changes or developments expressly permitted or contemplated by the express terms of this Agreement or anticipated changes or developments disclosed on a Schedule hereto, or negative performance trends encountered as a direct or indirect impact of transaction(s) like those that are part of this Agreement, the representations and warranties of the following entities and municipality shall be accurate in all material respects as if made on and as of the Closing Date: ACH as provided in Section 32 and its subsections, the City as provided in Section 34 and its subsections, and ACH

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Foundation as provided in Section 35 and its subsections. ACH, the City, and ACH Foundation shall have performed all of their respective obligations and complied with each and all of the covenants, agreements and conditions applicable to them required to be performed or complied with by them on or prior to the Closing Date.

41.2 No Pending Action. No action or proceeding before any court or governmental body shall be pending wherein an unfavorable judgment, decree or order would prevent the carrying out of this Agreement or any of the transactions contemplated hereby, declare unlawful the transactions contemplated by this Agreement or cause such transactions to be rescinded.

41.3 Regulatory Approvals. All regulatory consents and approvals required for the consummation of the transactions contemplated or required by this Agreement shall have been obtained on or before the Closing Date, without imposition of terms or conditions unacceptable to Asante in its sole discretion.

41.4 Consents. All consents, approvals and authorizations of third parties, required for the consummation of the transactions contemplated by this Agreement shall have been obtained on or before the Closing Date.

41.5 Exhibits and Schedules. It is not a condition precedent for this Agreement to be binding upon the Parties that all required Exhibits and Schedules be attached in a final form on the Execution Date. Notwithstanding the foregoing, all Exhibits and Schedules to this Agreement shall be complete and otherwise in final form acceptable to the Parties and shall be attached to the Agreement at Closing. ACH, the City, and the ACH Foundation shall have cured any Disapproved Items set forth in their respective Schedules and Amended Schedules, in accordance with the process described in Section 27.5 and its subsections.

41.6 Closing Documents. ACH, the City, and ACH Foundation shall have delivered, respectively, on or before the Closing Date, the ACH Closing Documents, the City Closing Documents, and the ACH Foundation Closing Documents.

41.7 Delivery of Other Agreements. ACH, the City, and ACH Foundation shall have executed and delivered all other agreements determined by the Parties to be necessary or appropriate to be entered into as of the Closing Date, relating to the transactions contemplated by this Agreement.

41.8 Change of Auditor. Subject to Section 23, ACH shall have approved KPMG as its auditor as of the Closing Date.

41.9 No Catastrophic Losses or Liabilities. Following the Execution Date, ACH shall have suffered or incurred no liabilities outside of the ordinary course of its businesses or casualty losses exceeding Three Million Dollars (\$3,000,000) in the aggregate.

41.10 Due Diligence. Asante shall have completed its due diligence investigation of ACH and the resulting information from such investigation shall have been acceptable to Asante in its sole discretion.

41.11 Material Adverse Change. There has not been a change having a Material Adverse Effect on the business, financial condition, results of operation or assets of ACH or Asante as of, and for the annualized results of operation for the period commencing with the date of this Agreement and ending with the most recent month ending prior to the Closing Date, when compared to the same as of, and for the 12-month period ending, with the month ending immediately preceding the date of this Agreement.

41.12 Execution of the Agreement by ACH Foundation, ACH, and the City. The City, ACH, and ACH Foundation shall have executed this Agreement and agreed to its terms.

41.13 Environmental, Engineering and Asbestos Surveys. Asante has satisfied itself in its sole discretion with the condition of all ACH Real Property as defined in Section 36.3.1 and all buildings, structures, and improvements located thereon, and the condition thereof, and with the environmental condition of the ACH Real Property as defined in Section 36.3.1 and its compliance with all Environmental Laws.

41.14 Title Report. Asante shall have satisfied itself in its sole discretion and at its sole expense with the condition of title to the ACH Real Property as defined in Section 36.3.1, and the City, ACH, and ACH Foundation shall have performed each and every obligation required of them under this Agreement regarding the conveyance of the City Real Property and the ACH Foundation Real Property to ACH.

41.15 Medical Staff Bylaws, Policies and Procedures. ACH shall have amended the Asante ACH Medical Staff Bylaws, Policies and Procedures as provided in Section 15.4 hereof.

41.16 EIB; Seniority. Subject to Section 14, Asante and ACH shall have agreed to an approach to credit, transition and/or redeem certain seniority and extended illness benefits (EIB) of those ACH employees who will transition to Asante benefit programs following the Closing Date. Such agreement will be documented and attached to this Agreement at Closing as Schedule 40.9.

41.17 Evidence of Tail Insurance. ACH shall have delivered to Asante the evidence of the insurance coverage called for under Section 25 hereof.

41.18 Satisfaction of Condition. If Asante is not satisfied, in its sole discretion, that each of the conditions set out in this Section 41 has been satisfied, then, at any time prior to the Closing Date, Asante shall have the right to terminate this Agreement upon written notice to ACH, the City, and ACH Foundation, in which event, each Parties' obligation to complete the Closing shall automatically terminate.

42. Conditions Precedent to Obligations of City. The obligations of City to consummate the transactions contemplated by this Agreement are, at the option of City subject to the satisfaction, on or prior to the Closing Date, of the following conditions:

42.1 Accuracy of Warranties; Performance of Covenants. The representations and warranties of Asante contained in Section 33 and its subsections shall be accurate in all material

respects as if made on and as of the Closing Date. Asante shall have performed all of the obligations and complied with each and all of the covenants, agreements and conditions required to be performed or complied with by it on or prior to the Closing Date.

42.2 No Pending Action. No action or proceeding before any court or governmental body shall be pending or threatened wherein an unfavorable judgment, decree or order would prevent the carrying out of this Agreement or any of the transactions contemplated hereby, declare unlawful the transactions contemplated by this Agreement or cause such transactions to be rescinded.

42.3 Regulatory Approvals. All regulatory consents and approvals required for the consummation of the transactions contemplated or required by this Agreement shall have been obtained on or before the Closing Date.

42.4 Consents. All consents, approvals and authorizations of third parties required for the consummation of the transactions contemplated or required by this Agreement shall have been obtained on or before the Closing Date.

42.5 Exhibits and Schedules. It is not a condition precedent for this Agreement to be binding upon the Parties that all required Exhibits and Schedules be attached in a final form on the Execution Date. Notwithstanding the foregoing, all Exhibits and Schedules to this Agreement shall be complete and otherwise in final form acceptable to the Parties and shall be attached to the Agreement at Closing. Asante shall have cured any Disapproved Items set forth in its Schedules and Amended Schedules, in accordance with the process described in Section 27.5 and its subsections.

42.6 Delivery of Asante Closing Documents. Asante shall have executed and delivered the Asante Closing Documents.

42.7 Delivery of Other Agreements. Asante, ACH, and ACH Foundation shall have executed and delivered all other agreements determined by the Parties to be necessary or appropriate to be entered into as of the Closing Date, relating to the transactions contemplated by this Agreement.

42.8 Material Adverse Change. There has not been a change having a Material Adverse Effect on the business, financial condition, results of operation or assets of the Asante as of, and for the annualized results of operation for the period commencing with the date of this Agreement and ending with the most recent month ending prior to the Closing Date, when compared to the same as of, and for the 12-month period ending, with the month ending immediately preceding the date of this Agreement.

42.9 EIB; Seniority. Subject to Section 14, Asante and ACH shall have agreed to an approach to credit, transition and/or redeem certain seniority, paid time off (PTO) and extended illness benefits (EIB) of those ACH employees who will transition to Asante benefit programs following the Closing Date. Such agreement will be documented and attached to this Agreement at Closing as Schedule 40.9.

42.10 Satisfaction of Condition. If City is not satisfied, in its sole discretion, that each of the conditions set out in this Section 42 has been satisfied, then, at any time prior to the Closing Date, City shall have the right to terminate this Agreement upon written notice to Asante, in which event, each Parties' obligation to complete the Closing shall automatically terminate.

43. Conditions Precedent to Obligations of ACH Foundation. The obligations of ACH Foundation to consummate the transactions contemplated by this Agreement are, at the option of ACH Foundation subject to the satisfaction, on or prior to the Closing Date, of the following conditions:

43.1 Accuracy of Warranties; Performance of Covenants. The representations and warranties of Asante contained in Section 33 and its subsections shall be accurate in all material respects as if made on and as of the Closing Date. Asante shall have performed all of the obligations and complied with each and all of the covenants, agreements and conditions required to be performed or complied with by it on or prior to the Closing Date.

43.2 No Pending Action. No action or proceeding before any court or governmental body shall be pending or threatened wherein an unfavorable judgment, decree or order would prevent the carrying out of this Agreement or any of the transactions contemplated hereby, declare unlawful the transactions contemplated by this Agreement or cause such transactions to be rescinded.

43.3 Regulatory Approvals. All regulatory consents and approvals required for the consummation of the transactions contemplated or required by this Agreement shall have been obtained on or before the Closing Date.

43.4 Consents. All consents, approvals and authorizations of third parties required for the consummation of the transactions contemplated or required by this Agreement shall have been obtained on or before the Closing Date.

43.5 Exhibits and Schedules. It is not a condition precedent for this Agreement to be binding upon the Parties that all required Exhibits and Schedules be attached in a final form on the Execution Date. Notwithstanding the foregoing, all Exhibits and Schedules to this Agreement shall be complete and otherwise in final form acceptable to the Parties and shall be attached to the Agreement at Closing. Asante shall have cured any Disapproved Items set forth in its Schedules and Amended Schedules, in accordance with the process described in Section 27.5 and its subsections.

43.6 Delivery of Asante Closing Documents. Asante shall have executed and delivered the Asante Closing Documents.

43.7 Delivery of Other Agreements. Asante, the City, and ACH shall have executed and delivered all other agreements determined by the Parties to be necessary or appropriate to be entered into as of the Closing Date, relating to the transactions contemplated by this Agreement.

43.8 Material Adverse Change. There has not been a change having a Material Adverse Effect on the business, financial condition, results of operation or assets of the Asante as of, and for the annualized results of operation for the period commencing with the date of this Agreement and ending with the most recent month ending prior to the Closing Date, when compared to the same as of, and for the 12-month period ending, with the month ending immediately preceding the date of this Agreement.

43.9 Satisfaction of Condition. If ACH Foundation is not satisfied, in its sole discretion, that each of the conditions set out in this Section 43 and its subsections has been satisfied, then, at any time prior to the Closing Date, ACH Foundation shall have the right to terminate this Agreement upon written notice to Asante, in which event, each Parties' obligation to complete the Closing shall automatically terminate.

44. General Provisions.

44.1 Amendment. Except as otherwise provided in this Agreement, no amendment of any provision of this Agreement shall be effective, unless the same shall be in writing and signed by the Parties, and then such amendment shall be effective only in the specific instance and for the specific purpose for which given.

44.2 Notices. All notices, requests, demands and other communications hereunder shall be in writing and shall be delivered personally or sent by overnight courier or registered or certified mail, postage prepaid, as follows:

If to Asante:

Asante
2650 Siskiyou Blvd.
Medford, OR 97504
Attention: Chief Executive Officer

Peter F. Stoloff, P.C.
5285 Meadows Road, Suite 235
Lake Oswego, Oregon 97035, Attorney for Asante

If to ACH (prior to the Closing Date):

Ashland Community Hospital
280 Maple Street
Ashland, OR 97520
Attention: Chief Executive Officer

With a copy to:

William S. Manne
Miller Nash LLP
111 S.W. Fifth Avenue, Suite 3400
Portland, Oregon 97204, Attorney for ACH

If to ACH Foundation:

Ashland Community Hospital Foundation
280 Maple Street
Ashland, OR 97520
Attention: Board Chair

Allen Drescher, Attorney for ACH Foundation

If to the City:

City of Ashland
20 East Main Street
Ashland, OR 97520
Attention: Administrator

David Lohman, Ashland City Attorney
20 East Main Street
Ashland, OR 97520

A Party may change its address for receiving notice by written notice given to the others named above. All notices shall be effective when received, if by personal delivery or overnight courier, or two (2) business days after being deposited in the mail addressed as set forth above, if mailed.

44.3 Expenses. Except as otherwise provided in this Agreement, each Party shall each pay its own fees and expenses and those of its respective agents, advisors, consultants, attorneys and accountants with respect to the transactions described in this Agreement, its respective due diligence investigations, and the negotiation of the Agreement and the Closing.

44.4 Entire Transaction. This Agreement contains the entire understanding of the Parties with respect to the transactions contemplated hereby and supersedes all other agreements and understandings of the Parties on the subject matter hereof, except that, to the extent that any agreement (including any agreement the form of which is attached hereto as an Exhibit or a Schedule) is referred to herein in such manner as to clearly indicate that such agreement is designed to detail the agreement of the Parties with respect to the specified subject matter, the terms of such agreements shall govern with respect to such subject matter, except that the dispute

resolution procedures set forth in Section 31 and its subsections shall apply to disputes under any agreement delivered on or prior to the Closing.

44.5 Applicable Law; Forum. This Agreement shall be governed by and construed in accordance with the internal laws of the State of Oregon. Subject to Section 31 hereof, any proceeding which arises out of or relates in any way to the subject matter of this Agreement shall be brought in Medford, Oregon in the Jackson County Circuit Court. The Parties hereby consent to the jurisdiction of such courts and waive their right to challenge any proceeding involving or relating to this Agreement on the basis of lack of jurisdiction over the Party or forum *non conveniens*.

44.6 Headings. Headings of Sections in this Agreement and the table of contents hereof are solely for convenience or reference, do not constitute a part hereof and shall not affect the meaning, construction or effect hereof.

44.7 Gender. Unless the context otherwise indicates, words importing the singular shall be deemed to include the plural, and vice versa, and the use of the neuter, masculine or feminine gender is for convenience only and shall be deemed to mean and include any other gender, as appropriate.

44.8 Further Assurances. After the Closing, each Party shall take such further actions and execute and deliver such additional documents and instruments as may be reasonably requested by another Party in order to perfect and complete the transactions specifically contemplated herein.

44.9 Waiver of Terms. Any of the terms or conditions of this Agreement may be waived at any time by the Party which is entitled to the benefit thereof but only by a written notice signed by the Party waiving such terms or conditions. The waiver of any term or condition shall not be construed as a waiver of any other term or condition of this Agreement.

44.10 Partial Invalidity. In case any one or more of the provisions contained herein shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Agreement, but this Agreement shall be construed as if such invalid, illegal or unenforceable provision or provisions had never been contained herein.

44.11 Exhibits and Schedules. The attached Exhibits and Schedules shall be construed with and as an integral part of this Agreement to the same extent as if the same had been set forth verbatim herein.

44.12 Non-Assumption of Liabilities.

44.12.1 Asante, by entering into and performing this Agreement, shall not become liable for any of the existing or future obligations, liabilities or debts of ACH, the City, or ACH Foundation unless Asante expressly assumes such obligations, liabilities, or debts.

44.12.2 No member, director, officer, agent or employee of any of the Parties shall be individually or personally liable for the obligations of any such Party hereunder or subject to personal liability or accountability by reason or approval, execution or delivery of this Agreement.

44.13 Binding Effect; Non-Assignment. This Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors, assigns and legal representatives, but no Party may assign its rights in this Agreement or delegate its duties under this Agreement to a third party by any means without first obtaining the prior written consent of all other Parties.

44.14 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. The Parties agree that facsimile or PDF copies of signatures shall be deemed originals for all purposes hereof and that a Party may produce such copies, without the need to produce original signatures, to prove the existence of this Agreement in any proceeding brought hereunder.

44.15 Access to Records and Information. If and to the extent applicable to this Agreement and to any agreement contemplated hereunder or entered into pursuant hereto between or among the Parties, the Parties agree to comply with the requirements of Public Law 96-499, Section 952 (Section 1861(v)(1)(I) of the Social Security Act) and regulations promulgated thereunder.

44.16 No Third-Party Beneficiaries. This Agreement shall not confer any rights or remedies upon any person or other third party other than the Parties and their respective successors and permitted assigns.

44.17 Time is of the Essence. Time is of the essence in the performance of this Agreement.

44.18 Fair Meaning. This Agreement shall be construed according to its fair meaning and as if prepared by all Parties hereto.

44.19 Recitals. The recitals set forth above constitute a substantive part of this Agreement.

45. Glossary. For convenience, set forth below are summary descriptions of the defined terms used in this Agreement. Parentheses at the end of each definition show the place in the Agreement where the term is initially defined. To the extent of any inconsistency between the meaning of a term as initially defined earlier in this Agreement, and any summary definition below, the initial definition shall govern.

ACH Board has the definition set forth in Section 2.2.

ACH Closing Documents means the documents to be delivered by ACH at the Closing, as set forth in Section 27.4.2.

ACH Financial Statements shall have the meaning set forth in Section 32.4.1.

Agreement means this Affiliation Agreement among Asante, ACH, the City, and ACH Foundation. (Introductory Paragraph).

Amended Schedule shall have the meaning set forth in Section 27.5.

Amending Party shall have the meaning set forth in Section 27.5.

Anti-Kickback Statute shall have the meaning set forth in Section 32.16.2.

Arbitration Demand shall have the meaning set forth in Section 31.2.2.3.

Asante Board means the Board of Directors of Asante set forth in Section 2.2.

Asante Closing Documents means the documents to be delivered by Asante at the Closing, as set forth in Section 27.4.1.

Asante Financial Statements shall have the meaning set forth in Section 33.4.1.

ASP shall mean Arbitration Service of Portland, Inc., or its successor organization. (Section 31.3.1).

Benefit Plans shall have the meaning set forth in Section 32.15.1.

Closing shall have the meaning set forth in Section 27.2.

Closing Date shall have the meaning set forth in Section 27.2.

Closing Date Documents shall have the meaning set forth in Section 27.2.1.

Code means the Internal Revenue Code of 1986, and all Treasury Regulations relating thereto, as may be amended from time to time.

Dispute Notice shall have the meaning set forth in Section 31.2.2.

DNV Healthcare, Inc. shall have the meaning set forth in Section 32.17.

Employee shall have the meaning set forth in Section 14.5.

Environmental Law shall have the meaning set forth in Section 32.9.

Environmental Report shall have the meaning set forth in Section 32.20.5.

ERISA means the Employee Retirement Income Security Act of 1974, as amended. (Section 32.15.1).

Execution Date means the ____ day of May, 2013. (Introductory Paragraph).

Insurance Policies shall have the meaning set forth in Section 32.13.1.

Licenses and Permits shall have the meaning set forth in Section 32.7.1.

Material Adverse Effect as to ACH shall mean (A) any event, occurrence or matter having or potentially having a financial impact of \$500,000 or more or (B) three consecutive months with operating losses in excess of \$200,000 per each month or an aggregate loss for such three month period of \$600,000 a loss in value of invested funds of more than \$1,000,000 and, as to Asante, shall mean any event, occurrence or matter having or potentially having a financial impact of \$10,000,000 or more. (Section 41.11 and 43.8).

Material Contracts shall have the meaning set forth in Section 32.18.1.

Meet and Confer Request shall have the meaning set forth in Section 31.2.1.

Other Property shall have the meaning set forth in Sections 32.10.2, 34.7.2, and 35.8.2, as applicable.

Parties means Asante, ACH, the City, and ACH Foundation collectively, except in Section 31, where "Parties to the dispute" excludes Parties not participating in the dispute resolution procedures therein.

Party means any of Asante, ACH, the City, and ACH Foundation after each executes the Agreement and becomes a Party hereto.

Plan shall have the meaning set forth in Section 5.2.2. The Plan is a single-employer defined benefit pension plan called the Ashland Community Hospital Retirement Plan. The Plan was frozen on December 31, 2006.

Representation Date means the Execution Date and the Closing Date.

Schedule shall have the meaning set forth in Section 27.5.

Stark II shall have the meaning set forth in Section 32.16.2.

Taxes mean all federal, state, county, local and other taxes of every kind. (Section 32.14).

Title Company means the Company issuing the Title Policy. (Exhibit 9.9, Section 3.1).

Title Policy shall have the meaning set forth in Exhibit 9.9, Section 3.1.

Title Report shall have the meaning set forth in Exhibit 9.9, Section 3.1.

VEBA shall have the meaning set forth in Section 32.15.1.7.

IN WITNESS WHEREOF, the Parties, acting through their duly authorized representatives, have executed this Affiliation Agreement as of the day and year first above written.

Asante

By: William D. Thorndike June 5, 2013
William D. Thorndike Date
Board Chair

By: Roy Vinyard June 4, 2013
Roy Vinyard Date
President and Chief Executive Officer

Ashland Community Hospital

By: Anne Golden June 4, 2013
Anne Golden Date
Board Chair

By: Douglas Dfehl, MD
Douglas Dfehl, MD Date
Board Chair Elect

Ashland Community Hospital Foundation

By: Sandra Slattery 6/5/13
Sandra Slattery Date
Board President

By: Tom Grimland 6/5/13
Tom Grimland Date
Past Board President

City of Ashland

By: John Stromberg 6-4-13
John Stromberg Date
Mayor

By: Dave Kanner 6/4/13
Dave Kanner Date
Administrator

LIST OF ATTACHMENTS

(Exhibits and Schedules)

EXHIBITS TO AFFILIATION AGREEMENT	
EXHIBIT	DESCRIPTION

