

## MANAGEMENT SERVICES AGREEMENT

THIS MANAGEMENT SERVICES AGREEMENT (this “**Agreement**”) is entered into as of this \_\_\_ day of April 2015 by and between Avanti Hospitals, LLC, a Nevada limited liability company (“**Avanti**”) and Paladin-Avanti Management, LLC, a Delaware limited liability company (“**Manager**”). Avanti and Manager are sometimes referred to herein individually as a “**Party**” or collectively as the “**Parties**.”

### WITNESSETH:

**WHEREAS**, Avanti owns and operates four acute care, general medical/surgical hospitals (the “**Avanti Facilities**”) located in South and East Los Angeles, including those hospitals which listed on Exhibit X which is attached hereto;

**WHEREAS**, Manager is a subsidiary of Paladin Healthcare Management, LLC, whose principals have demonstrated expertise and a track record of successfully managing and improving the performance of hospitals serving diverse, urban communities, including the Avanti Facilities;

**WHEREAS**, Avanti desires that Manager provide services to administer, supervise, and manage, and Manager desires to administer, supervise, and manage, the operations of the Avanti Facilities on behalf of Avanti commencing on [REDACTED], 2015 (the “**Effective Date**”) on the terms and conditions set forth in this Agreement.

**WHEREAS**, certain capitalized terms have the meanings ascribed to them as set forth above or in Section 14 hereof.

**NOW, THEREFORE**, in consideration of the foregoing and the mutual agreements, covenants and promises hereinafter set forth and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and intending to be legally bound, the Parties hereto agree as follows:

#### 1. Retention of Manager; Additional Management Services.

1.1. Retention of Manager; Exclusivity. Subject to the terms and conditions of this Agreement, as of the Effective Date, Avanti hereby retains and appoints Manager to manage the Avanti Facilities on behalf of Avanti. During the Term of this Agreement (as defined below in Section 15), Manager shall be the exclusive provider of such services as are described in Section 2.4 as Management Services. Manager accepts such appointment and agrees to manage the Avanti Facilities in a reasonably commercial manner, and Manager further agrees to devote sufficient time and efforts thereto in accordance with the terms and conditions of this Agreement.

#### 2. Strategic Plan.

2.1. Strategic Plan. Manager shall develop an annual plan setting forth certain details regarding the strategic, operational and capital activities that Manager shall undertake and oversee on behalf of Avanti and the budgets regarding such activities (as amended from time to time, the “**Strategic Plan**”), which shall include, but not be limited to, the following:

(a) performance improvement initiatives, business development objectives, cost reduction plans, synergistic opportunities and efficiency improvements;

(b) strategic, programmatic, and service line initiatives (including their operating and capital requirements) for the Avanti Facilities;

(c) an annual operating budget setting forth an estimate of operating revenues and expenses for the next year;

(d) an annual capital expenditures budget outlining a program of capital expenditures for the next fiscal year; and

(e) an annual projection of cash receipts and disbursements based upon the proposed capital expenditures and operating budgets, which projection shall contain recommendations concerning use of excess cash flow, if any.

**2.2. Development; Modifications.** Each Strategic Plan shall be prepared by Manager and presented to the ESOP Trustee and the Avanti Board of Directors or other designated party(ies) (the "Governing Body") prior to the end of each calendar year. The plan presented by Avanti to the ESOP Trustee in 2015 shall serve as the interim strategic plan (the "Interim Strategic Plan") for the remainder of calendar year 2015, subject to reasonable and appropriate additions, clinical and/or financial performance of Avanti. Once delivered by Manager to the Governing Body, the Governing Body shall promptly review the proposed Strategic Plan and either provide comments and/or approve the Strategic Plan, which shall become the operative Strategic Plan until such time as a subsequent Strategic Plan is approved.

**2.3. Revenue.** Manager shall use commercially reasonable efforts to achieve the revenue targets and other goals consistent with the Strategic Plan or Interim Strategic Plan, if applicable. Notwithstanding the above, Avanti shall remain solely and exclusively responsible for any and all costs of operations as it relates to Avanti and the Avanti Facilities, whether or not revenues generated from the operations of the Avanti Facilities are sufficient to support the expenditures contemplated by the Strategic Plan. If requested by Avanti, Manager will use commercially reasonable efforts to assist Avanti in obtaining financing to fund such operational costs.

**2.4. Operational Services.** Manager shall use commercially reasonable efforts to oversee the efficient and orderly operation of the Avanti Facilities and shall provide the following services in accordance to the terms hereof, or if not herein specified then at least at the level of prevailing industry practices (the "Management Services"), specifically including the following (compensation for which, unless otherwise specifically set forth herein, shall be included within the Management Fee payable to Manager described in Section 8 hereof):

**2.5. Staffing.**

(a) During the Term, Manager shall provide, through contract or otherwise, at its sole expense, a Chief Executive Officer and Chief Financial Officer (the "**Senior Executives**"). The Senior Executives shall provide executive management services to Avanti on a full-time basis and shall be subject to and comply with all Avanti policies and requirements applicable to their respective positions and duties, subject to the Senior Executives being advised thereof in writing in advance. In the event that any Senior Executive is unavoidably unavailable or otherwise ceases to perform his or her duties hereunder the Manager will have the right to provide a suitable replacement. In addition, Manager's principals, advisors, and other personnel (the "**Senior Advisors**") shall be available an average of 400 hours per month to consult with, visit and perform on site periodic reviews and evaluations, and advise Avanti regarding the operations and business of the Avanti Facilities in order to ensure effective management of the Avanti Facilities. The Parties acknowledge and agree that the composition of such advisory services at any given time may vary depending on the needs of the business of Avanti, in Manager's reasonable discretion and/or at Avanti's reasonable request and Manager's agreement thereto.

(b) Subject to the Strategic Plan, Manager will determine necessary and appropriate staffing levels of the Avanti Facilities, and Manager shall oversee and administer the recruitment and hiring in the name of and on behalf of Avanti such physicians, nurses, technicians, administrative, and other staff as are determined to be necessary or appropriate for the operation of the Avanti Facilities. Manager shall oversee and administer all payroll functions for the Avanti

Facilities including but not limited to payroll payments, appropriate payroll withholding, and general payroll accounting.

(c) All personnel required to be employed directly by Avanti under Applicable Laws shall be employees or contractors of Avanti (“**Avanti Personnel**”) and not Manager, and shall be subject to Avanti’s personnel policies. All wages, benefits and other payroll expenses related to Avanti Personnel shall be the sole responsibility of Avanti. For the avoidance of doubt, the term Avanti Personnel does not include any Senior Executives or Senior Advisors provided by Manager under this agreement or any personnel of Manager.

(d) Manager shall administer and oversee the enforcement of personnel policies established in accordance with Avanti’s contractual obligations, employment policies and the Strategic Plan in connection with hiring, managing, and discharging Avanti Personnel.

(e) Manager, as the authorized agent of Avanti, shall (i) recommend the number and qualifications of Avanti Personnel required for the efficient and effective operation of Avanti Facilities operations, and, (ii) in accordance with the Strategic Plan, implement wage scales, employee benefit packages, in-service training programs, staffing schedules, and job descriptions for Avanti Personnel, all in order to accomplish the policies established by of Avanti.

**2.6. Training.** Manager shall assist in educational training programs for Avanti Personnel designed to improve inpatient and case management, clinical documentation, departmental operations and such other matters as Manager may determine to be beneficial to the efficient operation of the Avanti Facilities.

**2.7. Contracts.** Manager shall assist the Senior Executives in negotiating and consummating agreements and contracts for and on behalf of the Avanti Facilities in the name of Avanti in the usual course of business, all in accordance with the Strategic Plan.

**2.8. Laws; Accreditations.** As appropriate, Manager shall provide assistance in obtaining and maintaining all licenses, permits, approvals and certificates of accreditation required for the operation of the Avanti Facilities and pursuant to Applicable Laws.

**2.9. Medical Records.** Manager shall administer and oversee systems for the timely, accurate and efficient creation, filing, security, sharing among care givers and other lawful persons, and retrieval at the Avanti Facilities, of all medical records, charts, and files, all in accordance with applicable law, the requirements of payors, the needs of effective risk management and compliance systems, and other best practices.

**2.10. HIPAA and Business Associate Agreement.** The Parties hereby acknowledge and agree to enter into and comply with the Business Associate Addendum attached hereto as **Exhibit D**, to evidence their compliance with privacy standards adopted by the U.S. Department of Health and Human Services as they may be amended from time to time, 45 C.F.R. Parts 160 and 164, subparts A, D and E, the security standards adopted by the U.S. Department of Health and Human Services as they may be amended from time to time, 45 C.F.R. Parts 160, 162 and 164, subpart C , and the requirements of Title XIII, Subtitle D of the Health Information Technology for Economic and Clinical Health (HITECH) Act provisions of the American Recovery and Reinvestment Act of 2009, 42 U.S.C. §§ 17921-17954, and all its implementing regulations, when and as each is effective and compliance is required, as well as any applicable state confidentiality laws.

**2.11. Support Services.** Manager shall administer and oversee customary hospital support services, including, but not limited to, housekeeping, maintenance (including repair and maintenance of the interior and exterior of the Avanti Facilities’ buildings, and grounds), janitorial, security and food services.

**2.12. Information Technology Systems and Records.** Manager shall administer and oversee the maintenance and operation of accounting, auditing, budgeting, reimbursement, revenue cycle, payor reporting and reconciliation, electronic health record, computerized physician order entry, and other clinical service records and other information technology systems required for the efficient management of the Avanti Facilities' affairs and compliance with payor program requirements and/or contracts. Manager shall administer and oversee the preparation and maintenance of all books and records regarding operations and financial transactions pertaining to the Avanti Facilities and shall ensure copies of such books and records are made available to the Governing Body or its designee upon request.

**2.13. Establishment of Operational Policies.** Manager shall develop and recommend to Avanti policies, procedures, and standards of operation, maintenance, pricing, and other matters affecting the Avanti Facilities and the operation thereof, consistent with the Strategic Plan.

**2.14. Acquisition of Property.** Manager shall be responsible for the oversight of acquisition of all personal property, equipment, supplies, and inventory as may be necessary to operate the Avanti Facilities in accordance with (i) this Agreement; (ii) the Strategic Plan; (iii) applicable laws, rules, and regulations; and (iv) applicable standards and guidelines on accreditation promulgated by the Joint Commission or any other applicable Accreditation Organization. Manager shall have the right to utilize such personal property, equipment, supplies, and inventory at the Avanti Facilities as Manager reasonably deems necessary and appropriate to fulfill its obligations hereunder.

**2.15. Public Relations.** Manager shall implement such advertising, marketing and other activities as may be conducive to the efficient operation of the Avanti Facilities. Subject to the foregoing, from time to time, Manager shall engage in marketing and public relations activities consistent with Applicable Laws and designed to enhance the Avanti Facilities' image and reputation and to secure and maintain patients at the Avanti Facilities.

**2.16. Community Support.** Manager shall assist Avanti in enhancing the Avanti Facilities' community service mission and engagement in community activities that educate, inspire, and improve the quality of life and overall health outcomes of the patient populations served by Avanti.

**2.17. Liability Insurance.** Manager shall obtain and/or maintain in effect, on behalf of and at the sole expense of the Avanti Facilities, throughout the term of this Agreement, such policies (or programs) of property/casualty coverage, public liability, professional liability and hazard insurance and other customary insurance coverages in commercially reasonable amounts for and on behalf of the Avanti Facilities and consistent with the Strategic Plan or, in the absence of such a specification, as Manager considers reasonable and prudent based on criteria generally used by Manager with respect to other hospitals owned or managed by Manager. Avanti, Manager and the Senior Executives shall be covered under all such applicable policies (or programs). Additionally, Manager and the Senior Executives shall be named as additional insureds under Avanti's Directors' and Officers' liability, Errors and Omissions liability, professional liability and other insurance policies and the Senior Executives shall be insured under any such policies to the same extent as Avanti's other officers and directors. Throughout the Term, Manager shall maintain its own policies of Directors' and Officers' liability, Errors and Omissions liability, professional liability and other insurance policies covering their respective operations, officers, directors, employees and agents, as is customary in the hospital management industry, all with commercially reasonable amounts and terms.

**2.18. Charges.** Manager shall administer and oversee the billing for services rendered by the Avanti Facilities and the collection of all accounts due to the Avanti Facilities in accordance with lawful chargemaster and collection policies developed by Manager pursuant to the Strategic Plan and each applicable third-party payor program or contract. Manager shall be entitled to obtain, on behalf of, and at the expense of, Avanti, the assistance of one or more collection agencies who shall be required to act in accordance with law and generally recognized practices for hospitals (such as the

AHA Guidelines). Manager shall exercise commercially reasonable care in managing the accounts and hold in trust available cash of Avanti in accordance with the Strategic Plan, shall maintain accounts and/or certificates of deposit with a financial institution or institutions designated by Avanti, and shall inform the Governing Body or its designee of the availability of any excess cash from time to time.

(a) Avanti shall maintain bank accounts (“Avanti Accounts”) necessary for operations of the Avanti Facilities and Manager shall cause to be deposited therein all receipts and money arising from operations of the Avanti Facilities. It is anticipated that the Senior Executives, and such other individuals as are approved by the Governing Body from time to time, shall have the right to authorize disbursements from Avanti Accounts on behalf of Avanti in such amounts and at such times as the same are required, as addressed further below.

**2.19. Payment of Expenses.** Except as otherwise specifically provided in this Agreement, and subject to the standard policies of Avanti, Manager shall timely and accurately pay on behalf of Avanti, from funds generated by the Avanti Facilities in the Avanti Accounts, where and as due, and without delinquency or default, all proper debts, liabilities, costs, and expenses (“Expenses”) related to the ownership, management and operation of the Avanti Facilities, including any taxes and all bills for goods delivered or services rendered to the Avanti Facilities and all personal property, supplies, inventory and all other items necessary for operation of the Avanti Facilities and to provide the Management Services described herein. Manager shall contest by appropriate and legal means, (but may not bring any lawsuit without complying with such guidelines and policies as are established from time to time by the Governing Body) on behalf of Avanti, any claims for payment asserted with respect to the Avanti Facilities that Manager, in good faith, considers erroneous or improper.

**2.20. Agency.** Within the scope of functions delegated to Manager hereunder and subject to other conditions set forth herein (including Section 6), Manager shall have the right to act and shall assist Avanti as the agent and attorney-in-fact of Avanti in the procuring of licenses, permits and other approvals, the payment and collection of accounts, and in all other activities necessary, appropriate, or useful to Manager in the carrying out of its duties as specified in the preceding paragraphs of this Section 2.4. In performing such services, Manager shall comply with all applicable laws, regulations and requirements of governmental bodies.

**2.21. Elective Corporate-Based Consulting Services.** If requested by Avanti and agreed by Manager, Manager or its designees may provide as added elective consulting services (not included with Management Fees but paid instead under mutually agreed separate written agreements), corporate-based consulting services that are outside of the scope of the Management Services provided under this Agreement (“Consulting Services”). Manager will provide any such Consulting Services at market rates or such rates as may be mutually agreed to by the Parties, which rates shall be determined at the time such Consulting Services are requested.

**2.22. Compliance with Law and Professional Standards.** In performing its services hereunder, and in all conduct related to this Agreement, Manager will comply with all Applicable Laws and with generally recognized professional standards for similar services within the hospital management industry.

**3. Reports to Avanti.** For the purpose of keeping informed with respect to the operation of the Avanti Facilities and Manager’s performance hereunder, Manager shall arrange for the preparation and delivery to the Governing Body or its designee the following:

**3.1. Financial Statements.**

(a) Within twenty-one (21) days after the close of each calendar month, monthly unaudited financial statements of the Avanti Facilities, containing a balance sheet and a statement of income, prepared in reasonable detail and in accordance with generally accepted accounting principles; and

(b) Annually, within one hundred twenty (120) days after the end of each fiscal year of the Avanti Facilities, audited financial statements of the Avanti Facilities (“Audited Financial Statements”), including a balance sheet, statement of income, and statement of changes in financial position, prepared in reasonable detail and in accordance with generally accepted accounting principles and accompanied by a report of the independent auditor of the Avanti Facilities (selected by the Governing Body).

3.2. Strategic Plan. An annual updated Strategic Plan, to be delivered at least thirty (30) days prior to the beginning of each Avanti Fiscal Year during the Term of this Agreement.

3.3. Data Deck. Monthly financial and operating reports regarding the services, operations and financial results of the Avanti Facilities during the previous period in a form substantially similar to the Data Deck historically produced by the Avanti Facilities, which shall be deliverable within twenty-one (21) days after the end of each month of the term of this Agreement.

All reports deliverable hereunder shall be generated by Manager using the then-existing systems of Avanti and delivery of such reports is conditioned upon the capability, availability, cooperation and access to, such Avanti systems and personnel for Manager. Manager shall hold annual meetings with the Governing Body or its designee specified in writing to discuss the reports required by this Agreement.

4. Access to Records. Each Party agrees to provide the other, promptly when received, with access to all material reports, other filings, and communications from governmental authorities or agencies having jurisdiction over the Avanti Facilities.

5. Medical Staff, Quality of Care.

5.1. Cooperation with Medical Staff. Manager shall reasonably cooperate and maintain liaisons with the medical staff of the Avanti Facilities (collectively, the “Medical Staff”) and shall advise and assist the Medical Staff concerning procedural matters and standards and guidelines on accreditation promulgated by The Joint Commission or any other applicable accreditation organization. However, all medical, ethical, and professional matters, including control of and questions relating to the composition, qualifications, and responsibilities of the Medical Staff, shall be the responsibility of the Governing Body and the medical executive committees of the Medical Staff of the Avanti Facilities.

6. Laws; Licenses; Reimbursement Programs; Accreditation.

6.1. Compliance with Law. In performing services hereunder and in all other actions related to this Agreement, Manager and all personnel of Manager shall comply with Applicable Laws relating to the Avanti Facilities or Manager’s Management Services, including without limitation all agencies having jurisdiction over health care services, billing, labor/employment, taxation, environmental compliance, antitrust, or physical facility compliance. Manager shall assist Avanti to operate the Avanti Facilities so that it maintains all necessary licenses, permits, consents, and approvals from all governmental agencies that have jurisdiction over the operation of the Avanti Facilities. Manager shall not be obligated to Avanti for failure of the Avanti Facilities to comply with any such laws, rules, and regulations or for failure of the Avanti Facilities to maintain any such licenses, permits, consents, and approvals, to the extent that the failure is due to financial limitations of the Avanti Facilities or to the design or construction of the Avanti Facilities, or is attributable to acts or omissions of Avanti or its agents (other than Manager or Manager’s employees or contractors).

6.2. Charges for Services. Manager shall use its commercially reasonable efforts to promote compliance with all Applicable Laws and payer contract or program requirements concerning coding, billing, charging, collecting and reporting on fees received for services of or provided in the Avanti Facilities.

**6.3. Accreditation.** Manager shall use its commercially reasonable efforts to manage the Avanti Facilities in the manner necessary to maintain accreditation by The Joint Commission or any other similar applicable Accreditation Organization.

**6.4. No Violation.** Neither Avanti nor Manager shall knowingly cause or permit any action that shall (i) cause any governmental authority having jurisdiction over the operation of the Avanti Facilities to institute any proceeding for the rescission, suspension, or revocation of any license, permit, consent, or approval; (ii) cause the Joint Commission or any other similar applicable Accreditation Organization to institute any proceeding or action to revoke its accreditation of the Avanti Facilities; (iii) cause a termination of, or adversely affect, Avanti's participation in Medicare, Medicaid, or any other public or private medical payment program or Payer; or (iv) cause Avanti to violate or default under any of its legal obligations under debt financings.

**7. Defense of Claims; Exculpation.**

**7.1. Avanti.**

(a) Avanti agrees to indemnify, defend and hold harmless Manager, including its "advisors" (selected by Manager and accepted by Avanti), affiliates, subsidiaries, successors and assigns, and any employee, agent, officer, director, manager, representative, attorney, or independent contractors, and direct or indirect equity holder of Manager, and any person who controls Manager (any or all of the foregoing hereinafter a "Manager Indemnified Person"), from and against any losses, damages, liabilities, deficiencies, claims, actions, suits, proceedings, judgments, settlements, interest, awards, penalties, fines, costs, or expenses (including reasonable attorneys' fees and costs of defense), joint or several, of any kind or nature whatsoever (collectively, "Claims") that may be incurred by or asserted against Manager or a Manager Indemnified Person (whether or not Manager or a Manager Indemnified Person is party to such Claims) to the extent they result from, arise out of, or are in any way related to the following, in each case as finally determined by an arbitrator under Section 11.3:

(1) the breach or non-fulfillment by Avanti or any of its Representatives of any of the covenants, duties, obligations, representations or warranties of Avanti set forth in this Agreement;

(2) any actions or omissions of Avanti or its affiliates, subsidiaries, successors, assigns, employees, agents, officers, directors, managers, advisors, representatives, attorneys, independent contractors (respectively, "Representatives," but for the avoidance of doubt specifically excluding Manager and Manager Indemnified Persons), including without limitation actions or omissions arising out of the negligence, gross negligence, recklessness, or willful misconduct of Avanti or its Representatives related to this Agreement;

(3) any failure by Avanti or any of its Representatives to comply with any applicable federal, state or local laws, regulations or codes in the performance of its obligations under this Agreement;

(4) Manager's or any Manager Indemnified Person's involvement in, in any manner including without limitation the management of, oversight of or operation of, the Avanti Facilities or any other actions or omissions of Manager or any Manager Indemnified Person;

(5) any claim which is brought or asserted by third parties against Manager or any Manager Indemnified Person relating to this Agreement or Avanti's ownership or operation of the Avanti Facilities, including without limitation the use of any real or tangible property in connection with the Avanti Facilities; or

(6) any bodily injury, death of any person or damage to real or tangible property caused by the acts or omissions of Avanti or any of its Representatives, subject to Section 7.1(c) below.

(b) Furthermore, Avanti agrees to reimburse Manager, as incurred and upon demand by Manager, for legal or other expenses reasonably incurred by Manager or a Manager Indemnified Person in connection with investigating, defending or preparing to defend any such Claims (including without limitation in connection with the enforcement of the indemnification obligations set forth herein), whether or not Manager or any Manager Indemnified Person is a party to any Claims out of which any such expenses arise and whether or not such Claims are brought by Avanti, its Representatives or any other person or entity.

(c) However, Avanti shall not be obligated under the foregoing indemnity agreement in respect to any Claims to the extent such Claims resulted in whole or in part from the gross negligence, willful misconduct or fraud of Manager or a Manager Indemnified Person, in each such case as finally determined by an arbitrator under Section 11.3.

(d) The reimbursement and indemnity obligations of Avanti under this Section Error! Reference source not found. shall be in addition to any liability Avanti may otherwise have; shall extend upon the same terms and conditions to the Manager Indemnified Persons, and shall be binding upon and inure to the benefit of any successors, assigns, heirs, and personal representatives of Avanti, or of Manager or any Manager Indemnified Persons.

**7.2. Manager.** Manager shall indemnify, defend, and hold harmless Avanti including its affiliates, subcontractors, successors and assigns and any employee, agent, officer, director, manager, representative, attorney or independent contractor (“Avanti Indemnified Persons”) against any Claims (including reasonable attorneys’ fees and costs of defense) to the extent that they result from willful misconduct, gross negligence, or fraud of Manager, in each such case as finally determined by an arbitrator under Section 11.3. A Manager Indemnified Person shall not be liable for any act or omission of any other Manager Indemnified Person other than its own officers, directors, employees and subcontractors. In addition, Manager shall not be obligated under the foregoing indemnity provisions in respect to any Claims (a) to the extent such Claims resulted in whole or in part from the gross negligence, willful misconduct or fraud of Avanti or a Avanti Indemnified Person; or (b) by one Avanti Indemnified Person against another relating to activities of such parties pursuant to the Agreement; or (c) arising from (i) felony criminal activity that any Avanti Indemnified Person directly participated in or (ii) other acts indemnifiable by Avanti under Section 7.1, in each such case (other than with respect to felony criminal acts) as finally determined by an arbitrator under Section 11.3. The Manager Indemnified Persons shall not be liable for any act or omission taken at the specific direction of the Governing Body.

**7.3. Procedure.**

(a) In the event that any Party hereunder shall receive any notice of any claim or proceeding against said Party in respect to which indemnity may be sought under Section 7 of this Agreement, the said Party (“Indemnitee”) shall give the Party upon whom a claim could be made under this Section 7 (“Indemnitor”) written notice of such loss, liability, claim, damage, or expense and the Indemnitor shall have the right to contest and defend any action brought against the Indemnitee based thereon, and shall have the right to contest and defend any such action in the name of the Indemnitee at the Indemnitor’s own expense; provided, however, that if the Indemnitor shall fail to assume the defense and notify the Indemnitee of the assumption of the defense of any such action within ten (10) days of the giving of such notice by the Indemnitee, then the Indemnitee shall have the right to take any such action as it reasonably deems appropriate to defend, contest, settle, or compromise any such action or assessment and claim indemnification as provided herein; provided, however, that no Party shall settle any such action without the consent of the other applicable Party (which consent shall not be unreasonably withheld) unless such settlement involves



only the payment of money and the claimant provides the Indemnitee a release from all liability in respect of such claim. If the Indemnitor defends any action for which indemnification is claimed, the Indemnitee shall be entitled to participate at its own expense in the defense of such action; and further, provided, however, that the Indemnitor shall bear the fees and expense of the Indemnitee's counsel only if (i) the engagement of such counsel is specifically authorized in writing by the Indemnitor, (ii) the Indemnitor is not adequately prosecuting the defense in good faith, or (iii) the named parties to such action include both the Indemnitor and the Indemnitee and there exists a conflict or divergence of interest between such parties which renders it inappropriate for counsel selected by the Indemnitor to represent both of such parties. The Indemnitor shall not be liable for any settlement of any claim, action, or proceeding effected without its written consent, except as provided in this Section 7.3. No Party shall recover an amount in excess of the actual damages incurred.

(b) Notice of all claims as required by Section 7 shall be promptly provided as to (i) the nature of any claim; or (ii) the commencement of any suit or proceeding brought to enforce any claim. In the event of failure to provide such notice or in the event that Indemnitee shall fail to cooperate fully with Indemnitor in the Indemnitor's defense of any suit or proceeding, the Indemnitor shall be released from some or all of its obligations with respect to that suit or proceeding to the extent that the failure of notice or cooperation actually and materially adversely affected the Indemnitor's defense of such claims.

**7.4. Indemnification of Senior Executives.** In addition to, and without limiting the indemnification described above, Avanti shall indemnify the Senior Executives who will be acting as officers of Avanti to the same extent and subject to the same conditions as the most favorable indemnification it extends to its officers or directors, whether under Avanti's charter, bylaws, by contract or otherwise.

**7.5. Access to Records.**

(a) Manager shall provide to the Governing Body, Avanti's auditors and accountants, Avanti's fiscal intermediaries, and accountants and agents for the Medicare and Medicaid programs or any other governmental authority exercising legal and appropriate authority, access to all lawfully required records for a period of four (4) years after the furnishing of services under this Agreement.

(b) Until the expiration of four (4) years after the furnishing of Management Services pursuant to this Agreement, the Parties shall, upon written request, make available to the Secretary of Health and Human Services (the "Secretary") or the Comptroller General, or their duly authorized representative(s), contract, books, documents, and records related to this Agreement and necessary to verify the nature and extent of the cost of such Management Services. If any Party carries out any of its obligations under this Agreement by means of a subcontract with a value of \$10,000 or more, that Party agrees to include this requirement in any such subcontract. The availability of books, documents, and records shall be subject at all times to all applicable legal requirements, including without limitation such criteria and procedures for seeking and obtaining access that may be promulgated by the Secretary by regulation. Neither Party shall be construed to have waived any applicable attorney-client privilege by virtue of this Section 7.5.

**7.6. Exercise of Right of Access.** The foregoing rights of access shall be exercisable through a written request, upon which Manager and its subcontractors shall give access to the above contracts, books, documents, and records from time to time during reasonable business hours.

**8. Management Fee.**

**8.1. Management Fees.** In consideration for the Management Services provided by Manager as described in Section 2.4, the reports to Avanti described in Section 3, the Medical Staff

functions described in Section 5, and the other functions of Manager described herein (but excluding corporate Consulting Services described in Section 2.21), Avanti shall pay Manager management fee (the “Management Fee”) equal to five million dollars (\$5,000,000) per year, plus a three percent (3%) annual increase which shall be applied at the end of each twelve (12) month period during the Term.

**8.2. Timing of Payments.** With the exception of the first monthly payment, which shall be paid to Manager by Avanti on the Effective Date, throughout the Term, Manager shall submit a monthly invoice to Avanti at least ten (10) days in advance of and shall be paid by Avanti on or before the first (1<sup>st</sup>) day of each month. Each monthly payment shall equal one-twelfth (1/12) of the applicable annual Management Fee.

**8.3. Arm’s Length Transaction.** The Parties have negotiated the Management Fees at arm’s length, assisted by professional financial advisers. They believe that the management fees are consistent with fair market value and comply with law.

**9. Breach.** In the event of a breach of any obligation or covenant under this Agreement, other than the obligation to pay money (which shall have a thirty (30) day cure period), the non-breaching Party may give the breaching Party written notice of the specifics of the breach, and the breaching Party shall have sixty (60) days (the “Cure Period”) in which to cure the breach; provided, that for any non-monetary defaults reasonably requiring greater than ninety (90) days to cure, the breaching Party shall not be in default so long as the breaching Party commences to cure such default within the required sixty (60) days and diligently prosecutes such cure to completion thereafter. Only if the breach is not cured within said Cure Period shall the non-breaching Party be entitled to pursue any remedies it may have by reason of the breach. A waiver of any breach of this Agreement shall not constitute a waiver of any future breaches of this Agreement, whether of a similar or dissimilar nature.

**10. Term.** The term of this Agreement (“Term”) shall commence and be deemed effective as of the Effective Date, and continue for an initial seven (7) year period, and shall automatically renew for one (1) additional five (5) year period unless a Party provides at least one hundred twenty (120) days prior written notice of nonrenewal to the other party. Thereafter, this Agreement may be renewed upon prior written agreement of the Parties. Any renewal periods shall be deemed a part of the Term.

**11. Dispute Resolution and Remedies.**

**11.1. Resolution by Management.** The Parties’ respective management teams shall attempt, in good faith, to privately and confidentially resolve any dispute, controversy or claim arising under this Agreement (a “Dispute”). In the event the Parties are unable to resolve the Dispute after negotiating in good faith for thirty (30) days following written notice of the Dispute served on a Party, either Party may refer such Dispute to the Governing Body of Avanti and the Board of Managers of Manager for resolution.

**11.2. Resolution by Consultant.** If the parties are unable to resolve the Dispute within twenty (20) days of meeting, then the Dispute shall be referred for resolution to a third-party consultant with expertise in the field of the Dispute (the “Consultant”), the identity of such Consultant to be mutually agreed upon by the parties in good faith.

**11.3. Arbitration.** If the agreed-upon Consultant is unable to resolve, or propose a correction plan that resolves, the Dispute, in either case to the mutual satisfaction of the Parties, within twenty (20) days after the referral, or the Parties cannot agree on a consultant within twenty (20) days after a request by a Party, then the Dispute shall be settled by binding arbitration, in California, before a single, mutually agreeable arbitrator from [REDACTED], in accordance with the JAMS expedited arbitration rules. Each Party covenants to use its commercially reasonable efforts to conclude any arbitration proceeding as expeditiously as reasonably feasible. Each Party shall be responsible for one-half of all costs resulting from initiation of the arbitration procedure set forth

herein; provided, that the arbitrator will award reasonable costs and attorneys' fees to the prevailing Party or Parties or a claim or counterclaim.

**11.4. Remedies.** The arbitrator under Section 11.3 may grant as remedies in connection with an outstanding Dispute: (a) a required Corrective Action Plan for Manager's performance of the Management Services, (b) specific performance of this Agreement, (c) a reduction in the Management Fees payable to Manager, (d) full payment by Avanti to Manager in accordance with the terms hereof, (e) a modification to the Performance Targets; (f) monetary indemnification in accordance with the terms hereof, and/or (g) any other lawful and appropriate remedy, including termination of this Agreement.

**11.5. Exclusive Process.** Except as otherwise set forth herein, the procedure set forth in this Section 11 shall be the Parties' exclusive process for resolution of all Disputes; provided, that any Party may seek from any court of competent jurisdiction (a) temporary injunctive relief (but not monetary damages) to prevent imminent harm or danger to the Party or its patients or employees pending final resolution as described herein, (b) specific performance of a Party's indemnification obligations, or (c) judicial entry of any arbitral award.

**12. Termination.** This Agreement may be terminated prior to the expiration of the Term only as follows, and any such termination shall not affect any rights or obligations arising prior to the effective date of termination:

**12.1. Termination for Material Breach.**

(a) In the event of a material breach of this Agreement which is not cured within the Cure Period set forth in Section 9 of this Agreement, the non-breaching Party may terminate this Agreement upon no less than sixty (60) days' advance written notice to the other Party unless the breaching Party has diligently commenced to cure, and has cured the breach, within the prescribed Cure Period; provided, that, in the event the material breach is related to an obligation to pay money, no such advanced written notice period shall be required in the event such breach is not cured within the thirty (30) day Cure Period provided in Section 9. This remedy shall be in addition to any other remedy available at law or in equity. Failure to terminate this Agreement shall not waive any breach of this Agreement.

(b) Notwithstanding any provision contained herein, however, Manager shall not be liable to Avanti and shall not be deemed to be in breach of this Agreement for the failure to perform any or all obligations to be performed by Manager pursuant to this Agreement, to the extent such failure results from (i) governmental intervention, (ii) labor dispute, (iii) law, regulations, rules or reimbursement rules or policies that actually prevent such performance, (iv) any other action or event which is beyond the reasonable control of Manager, or (v) any failure by Avanti to perform or meet any of Avanti's obligations hereunder; and provided that Manager shall nevertheless be obligated duly to perform hereunder to the extent such performance remains feasible.

**12.2. Bankruptcy or Insolvency.** Manager may terminate this Agreement upon fifteen (15) days written notice to Avanti in the event Avanti (or Avanti's sponsoring entity) becomes insolvent or fails to pay, or admits in writing its inability to pay, its debts as they mature; or a trustee, receiver or other custodian is appointed for such other party for all or a substantial part of such person's property and is not discharged within sixty (60) days of appointment; or any bankruptcy reorganization, debt, arrangement, or other proceeding under any bankruptcy or insolvency law or any dissolution or liquidation proceeding is instituted by or against such person and if instituted against such person's is consented to or acquiesced in by such person or remains undismitted for sixty (60) days following the original filing; or any warrant or attachment is issued against any substantial portion of the property of such person which is not released within sixty (60) days of service; and Avanti may likewise terminate if

any of the foregoing occurs with regard to Manager and this substantially impairs Manager's ability to perform its obligations under this Agreement.

**12.3. Legal Event; Notice to Amend; Termination.** Notwithstanding any other provision of this Agreement, provided that this Agreement is not terminated by Manager or Avanti pursuant to any other provision of this Agreement, if the governmental agencies that administer the Medicare, Medicaid, or other federally funded programs (or their representatives or agents), or any other federal, state or local governmental or non-governmental agency, or any court or administrative tribunal pass, issue, or promulgate any law, rule, regulation, standard, interpretation, order, decision, or judgment, including but not limited to those relating to any regulations pursuant to state or federal anti-kickback or physician self-referral statutes (collectively or individually "Legal Event"), which, in the written opinion of counsel for either Party (the "Noticing Party"), (i) makes continued implementation of this Agreement in accordance with its terms unlawful in material respects, or (ii) subjects the Noticing Party to a material risk of prosecution or civil monetary penalty, then the Noticing Party may give the other Party notice of intent to amend this Agreement solely for the purpose of (a) conforming to law and (b) preserving to each Party the economic effects as close to the provisions hereof as is feasible and would yet be lawful. In the event of such notice, the Parties shall have thirty (30) day from the giving of such notice ("Renegotiation Period") within which to attempt to amend this Agreement. If this Agreement is not so amended within the Renegotiation Period to the mutual satisfaction of each Party, this Agreement shall terminate as of midnight on the thirtieth (30th) day after said notice was given.

**12.4. Mutual Agreement.** This Agreement may be terminated at any time by written agreement of the Parties, under such terms and with such effective date as they may mutually specify. If despite the good faith performance hereunder by both Parties, results of operations at Avanti decline to such a level that it becomes no longer reasonably feasible for Avanti to operate it as a viable business, then neither Party hereto will unreasonably withhold mutual consent to termination under this Section 12.4.

**12.5. Change of Control.** Avanti may terminate this agreement at any time upon sixty (60) days prior written notice to Manager in the event that Avanti engages in a Change of Control transaction [insert appropriate language/definitions consistent with other documents].

**13. Effects of Termination.** The termination of this Agreement for any reason shall be without prejudice to any payments or obligations which may have been earned and accrued or become due to any Party hereunder prior to the date of termination. Notwithstanding anything to the contrary herein, the following provisions shall survive any termination hereof: Section 7.5 (Access to Records Section 8 (Management Fee), Section 11 (Dispute Resolution and Remedies), Section 14 (Representation and Warranties) and Section 16 (Miscellaneous). Subject to Section 12.1, in the event this Agreement is terminated for any reason, Avanti shall pay to Manager any unpaid fees as provided herein.

**14. Representations and Warranties.**

**14.1. Manager.** As of the Effective Date, Manager represents and warrants to Avanti as follows:

(b) Manager is a limited liability company duly organized, validly existing, and in good standing under the laws of the State of Delaware.

(c) Manager has full authority to enter into and perform this Agreement, and the signature of Manager's representative at the end hereof signifies that this Agreement has been duly authorized, executed and delivered and represents a legal, valid and binding agreement enforceable against Manager in accordance with its terms (subject only to customary limitations on the enforceability and availability of remedies in accordance with principles of law and equity).

(d) The execution, delivery and performance of this Agreement by Manager does not (i) require any consent, waiver, approval, license or authorization of any person or public authority which has not been obtained and is not presently in effect; (ii) to the knowledge of Manager, violate any provision of law applicable to Manager; or (iii) conflict with or result in a default under, or create any lien upon any of the property or assets of Manager under, any agreement or instrument; or (iv) violate any judicial or administrative decree, contract, or other legal obligation to which Manager is subject or by which any of its assets are bound.

(e) There is no civil, criminal or administrative action, suit, demand, claim, hearing, proceeding or investigation pending or, to Manager's knowledge threatened against Manager that may materially delay or interfere with its entering into and fully and duly performing this Agreement.

(f) Neither Manager nor, to the knowledge of Manager, any Manager personnel (including any Senior Executive) is a person excluded or barred from the Medicare or Medicaid programs.

**14.2. Avanti.** As of the Effective Date, Avanti represents and warrants to Manager as follows:

(b) Avanti is a limited liability company, duly organized, validly existing, and in good standing under the laws of the **State of Nevada**.

(c) Avanti has full authority to enter into and perform this Agreement, and the signature of Avanti's representative at the end hereof signifies that this Agreement has been duly authorized, executed and delivered and represents a legal, valid and binding agreement enforceable against Avanti in accordance with its terms (subject only to customary limitations on the enforceability and availability of remedies in accordance with principles of law and equity).

(d) The execution, delivery and performance of this Agreement by Avanti does not (i) require any consent, waiver, approval, license or authorization of any person or public authority which has not been obtained and is not presently in effect; (ii) violate any provision of law applicable to Avanti; or (iii) conflict with or result in a default under, or create any lien upon any of the property or assets of Avanti under, any agreement or instrument; or (iv) violate any judicial or administrative decree, contract, or other legal obligation to which Avanti is subject or by which any of its assets are bound.

(e) There is no civil, criminal or administrative action, suit, demand, claim, hearing, proceeding or investigation pending or, to Avanti's knowledge threatened against Avanti that may materially delay or interfere with its entering into and fully and duly performing this Agreement.

**15. Definitions.** When used in this Agreement, the following terms shall have the meanings set forth below:

**"Accreditation Organization"** means any organization engaged in accrediting or certifying the Hospital, including but not limited to the Joint Commission (the "Joint Commission") and the Healthcare Facilities Accreditation Program ("**HFAP**").

**"Act"** means the Delaware Limited Liability Company Act, as amended from time to time.

**"Affiliate"** means, with respect to any specified Person, (a) any other Person directly or indirectly controlled by, controlling or under common control with such specified Person, (b) any executive officer, director, member, manager, managing member or general partner of any such specified Person and (c) with respect to any natural person that qualifies as an Affiliate of a specified

Person, also includes any other natural person related to such Affiliate by blood, marriage or adoption not more remote than first cousin or any trust for the benefit of the foregoing natural persons.

“Agreement” means this Management Services Agreement, as amended, restated or modified from time to time.

“Applicable Laws” means (i) all statutes, laws, common law, administrative decisions, rules, regulations, ordinances, codes or other legal requirements of any Governmental Authority, stock exchange, board of fire underwriters and similar quasi governmental authority, and (ii) any judgment, injunction, order or other similar requirement of any court or other adjudicatory authority, in effect at the time in question and in each case to the extent the Person or property in question is subject to the same.

“Audited Financial Statements” shall have the same meaning as set forth in Section 3.1.

“Avanti Board of Directors” means the board of directors of the ultimate parent of Avanti, Avanti Hospitals, Inc.

“Avanti Accounts” shall have the same meaning as set forth in Section 2.18.

“Avanti Facilities” means and includes those certain acute care, general medical/surgical hospitals owned by Avanti Hospitals, LLC, which as of the effective date include Memorial Hospital of Gardena, Coast Plaza Hospital, Community Hospital of Huntington Park, East Los Angeles Doctors Hospital, as well as others that may be identified by the Parties pursuant to this Agreement.

“Avanti Personnel” shall have the same meaning as set forth in Section 2.5

“Bankruptcy” has the meaning given it in Section 18-101 of the Act.

“CDPH” means the California Department of Public Health.

“CMS” means the Centers for Medicare and Medicaid Services.

“Conditions of Participation” means the federal regulations set forth by CMS that govern acute care hospitals and their participation in Medicare, as well as other federally funded programs such as Medicaid .

“Consulting Services” shall have the same meaning as set forth in Section 2.21.

“DHCS” means the California Department of Health Care Services.

“DMHC” means the California Department of Managed Health Care.

“Emergency Services” means Hospital Services required by Applicable Laws, including but not limited to the Emergency Medical Treatment and Active Labor Act (“EMTALA”), to be provided to a Person as the result of a medical condition constituting a medical emergency.

“ESOP Trustee” shall mean GreatBanc Trust Company, an Illinois corporation, or its successors and assigns, acting as trustee under the Avanti Employee Stock Ownership Trust.

“Expenses” shall have the same meaning as set forth in Section 2.19.

“Governing Body” shall have the same meaning as set forth in Section 2.2

“Government Authority” means any federal, state or local government or other political subdivision thereof, including CMS, CDPH, DHCS, DMHC and any other Person exercising executive, legislative, judicial, regulatory or administrative powers or functions of government, in each case to the extent the same has jurisdiction over the Person or property in question.

“Hospital Services” means the medical care, products and services provided by any of the Avanti Facilities to the general public, including Emergency Services, and all activities and operations of the Avanti Hospitals.

“Interim Strategic Plan” shall have the same meaning as set forth in Section 2.2.

“Management Fee” shall have the same meaning as set forth in Section 8.

“Management Services” shall have the same meaning as set forth in Section 2.4.

“Medicaid” means the means-tested entitlement program under Title XIX of the Social Security Act that provides federal grants to states for medical assistance based on specific eligibility criteria (Social Security Act of 1965, Title XIX, P.L. 89-87, as amended; 42 U.S.C. §§1396 *et seq.*), including the California Medi-Cal Program (“Medi-Cal”).

“Medical Staff” shall have the same meaning as set forth in Section 5.1.

“Medicare” means the government-sponsored entitlement program under Title XVIII of the Social Security Act that provides for a health insurance system for eligible elderly and disabled individuals (Social Security Act of 1965, Title XVIII, P.L. 89-87 as amended; 42 U.S.C. §§1395 *et seq.*).

“Payer” means the Person having responsibility for paying Hospital Claims, or otherwise compensating Seller for Hospital Services, including Medicare, Medicaid, TRICARE, Blue Cross and/or Blue Shield, state government insurers, private insurers and any other Person that maintains a medical or health care benefit program.

“Person” means an individual, corporation, partnership, limited liability company, association, trust, joint venture, unincorporated organization, governmental entity or political subdivision thereof or other entity or group.

“Senior Advisors” shall have the same meaning as set forth in Section 2.5.

“Senior Executives” shall have the same meaning as set forth in Section 2.5.

“Term” shall have the same meaning as set forth in Section 10 above.

**16. Miscellaneous.**

**16.1. Non-Solicitation.** During the Term hereof and for a period of one (1) year after its expiration or termination for any reason, neither Party (and its affiliates, officers, directors employees and agents) shall solicit for employment or contracted services, or employ or contract for services, with any employee of the other Party or its affiliates. In addition, Avanti, on behalf of itself and its subsidiaries and affiliates and any person which may acquire all or substantially all of its assets agrees that, until one (1) year subsequent to the termination of this Agreement, it will not solicit, recruit, hire or otherwise engage any Senior Executive or other employee of the Manager.

**16.2. Public Statements.** Manager shall obtain Avanti’s prior written consent to any public statements about Avanti, services provided, or its relationship hereunder, and shall refrain from making any such statements unless reasonably consented to by Avanti, provided only that Manager may

make any public statements reasonably necessary to comply with law or assert its legal rights in accordance with law and this Agreement.

**16.3. Reimbursable Expenses.** During the Term, Manager shall be promptly reimbursed for all reasonable expenses (to the extent of and pursuant to Avanti's expense reimbursement policy for other personnel and contractors) incurred by Manager or third parties Manager contracts with in connection with the provision of the Management Services hereunder (e.g., Senior Executives), including, but not limited to transportation, lodging, meals, travel and office expenses upon submission to Avanti of invoices therefore.

(b) Avanti agrees to pay invoices upon receipt.

**16.4. Notices.** All notices, requests, demands and other communications required or permitted to be given pursuant to this Agreement must be in writing and shall be (i) delivered to the appropriate address by hand, by nationally recognized overnight service (costs prepaid); (ii) sent by facsimile or email, or (iii) sent by registered or certified mail, return receipt requested, in each case to the following addresses, facsimile numbers or email addresses and marked to the attention of the person (by name or title) designated below (or to such other address, facsimile number, email address or person as a Party may designate by notice delivered to the other Party in accordance with this Section 16.4):

Manager: Paladin-Avanti Management, LLC  
2121 Rosecrans Avenue, Suite 2320  
El Segundo, CA 90245  
Attention: Joel Freedman  
Facsimile: (310) 414-2709  
Email: jfreedman@pldn.com

with a copy (which shall not constitute notice) to:

Avanti: Avanti Hospitals, LLC  
222 N. Sepulveda Blvd, Suite 950  
El Segundo, CA 90245  
Attention: General Counsel  
Facsimile: (310) 356-0540  
Email: skamal@avantihospitals.com

All notices, requests, demands and other communications shall be deemed have been duly given (as applicable): (A) if delivered by hand, when delivered by hand; (B) if delivered by UPS, Federal Express, DHL or other nationally-recognized overnight delivery service, when delivered by such service; (C) if sent via registered or certified mail, three (3) Business Days after being deposited in the mail, postage prepaid; or (D) if delivered by email or facsimile, when transmitted if transmitted with confirmed delivery.

**16.5. Severability.** If any clause or provision of this Agreement is determined by a governmental body or a court having jurisdiction thereof to be illegal, invalid, or unenforceable under any present or future law, then the Parties agree that the remaining provisions of this Agreement that reasonably can be given effect apart from the illegal or unenforceable provision shall continue in effect and there shall be substituted for such invalid or unenforceable provision a provision as similar as is feasible and yet would be lawful.



**16.6. Expenses.** Except as otherwise expressly provided herein, each Party will bear its own legal, accounting, and other fees and expenses relating to the negotiation and preparation of this Agreement and the transactions contemplated hereby.

**16.7. Public Announcements.** The time and content of any announcements, press releases, or other public statements concerning this Agreement and the transactions described herein will be determined by a process agreed to by the Parties.

**16.8. Entire Agreement.** This Agreement (including exhibits and schedules) contain the entire agreement of the Parties with respect to the matters set forth herein and supersede all prior negotiations and agreements, whether oral or written, concerning the subject matter hereof, all of which are merged in this Agreement.

**16.9. Captions.** The captions or titles of the sections herein have been included for convenience only and shall not be considered as part of this Agreement.

**16.10. Counterparts.** This Agreement may be signed in counterparts, each of which shall be deemed an original. Delivery of an executed counterpart of a signature page to this Agreement by facsimile or in electronic (“pdf” or “tif”) format shall be effective as delivery of a manually executed counterpart of this Agreement.

**16.11. Force Majeure.** If either Party hereto is delayed or hindered in, or prevented from, the performance of any obligation hereunder by reason of fire, strikes, lock-outs, severe weather, rain, earthquakes, other acts of God, labor troubles or shortages, inability to procure materials, failure of power, restrictive governmental laws or regulations, riots, insurrection, war, or other reasons of a like nature not the fault of the Party delayed in performing work or doing acts required under the terms of this Agreement (all of such reasons or causes referred to in this Agreement as “Force Majeure”), then performance of such acts shall be excused to the extent it is not possible, and for the period of the delay, and the period of the performance of any such act shall be extended for a period equivalent to the period of such delay; provided, that during such interregnum, the Party so impeded shall continue in good faith to perform to the full extent that remains reasonably feasible. If substantial nonperformance continues for more than one hundred twenty (120) days, the Party so harmed may terminate upon thirty (30) days written notice.

**16.12. Consents.** Whenever under this Agreement provision is made for either Party’s securing the consent or approval of the other, such consent or approval shall be in writing and (except as otherwise provided herein) shall not be unreasonably withheld, delayed, or conditioned.

**16.13. Binding Effect; Assignment.** This Agreement is binding on and is for the benefit of Avanti and Manager and their successors, assigns, and legal representatives. A Party shall not assign its rights or delegate its obligations under this Agreement without the prior, written consent of the other Party; provided, that, subject to Section 2.5(a), Manager may (upon written notice to Avanti) assign this Agreement to an affiliate of Manager, and/or to subcontract with any other parties for the performance of various aspects of its obligations hereunder, provided that Manager shall (a) adequately inform such subcontractors of their obligations hereunder, (b) ensure that they fully comply herewith, and (c) remain fully responsible for the performance of any such assignee and/or subcontractor.

**16.14. Governing Law.** This Agreement shall be governed and construed according to the laws of California, without giving effect to any choice or conflict of law provision or rule thereof.

**16.15. Further Assurance.** Each Party agrees to execute and deliver to the other such additional instruments, certificates, and documents as the requesting Party may reasonably request in order to assist the requesting Party in obtaining the rights and benefits to which such Party is entitled hereunder.

**16.16. Third-Party Beneficiaries.** The Manager Indemnified Persons and Avanti Indemnified Persons are express third party beneficiaries of Section 7 hereof. The Senior Executives are express third party beneficiaries of the provisions of this Agreement that relate to them.

*[Signature Page Follows]*

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed as of the date first written above.

**AVANTI HOSPITALS, LLC**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**PALADIN-AVANTI MANAGEMENT, LLC**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

EXHIBIT A  
BUSINESS ASSOCIATE AGREEMENT

[INSERT AVANTI FORM]