



AGENDA

REGULAR MEETING OF THE BOARD OF DIRECTORS

Tuesday, January 6, 2026 – 4:00 PM

Modular C Classroom

600 N. Highland Springs Avenue, Banning, CA 92220

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Administration Office at (951) 769-2160. **Notification 48 hours prior to the meeting** will enable the Hospital to make reasonable arrangement to ensure accessibility to this meeting. [28 CFR 35.02-35.104 ADA Title II].

TAB

I. Call to Order

S. DiBiasi, Chair

II. Public Comment

A five-minute limitation shall apply to each member of the public who wishes to address the Hospital Board of Directors on any matter under the subject jurisdiction of the Board. A thirty-minute time limit is placed on this section. No member of the public shall be permitted to “share” his/her five minutes with any other member of the public. (Usually, any items received under this heading are referred to staff for future study, research, completion and/or future Board Action.) (PLEASE STATE YOUR NAME AND ADDRESS FOR THE RECORD.)

On behalf of the Hospital Board of Directors, we want you to know that the Board acknowledges the comments or concerns that you direct to this Board. While the Board may wish to occasionally respond immediately to questions or comments if appropriate, they often will instruct the Hospital CEO, or other Hospital Executive personnel, to do further research and report back to the Board prior to responding to any issues raised. If you have specific questions, you will receive a response either at the meeting or shortly thereafter. The Board wants to ensure that it is fully informed before responding, and so if your questions are not addressed during the meeting, this does not indicate a lack of interest on the Board’s part; a response will be forthcoming.

OLD BUSINESS

III. ***Proposed Action - Approve Minutes**

S. DiBiasi

- December 2, 2025, Regular Meeting
- December 30, 2025, Special Meeting

A
B

NEW BUSINESS

IV. Hospital Board Chair Monthly Report

S. DiBiasi

verbal

V. CEO Monthly Report

M. Finney

verbal

San Gorgonio Memorial Hospital
Board of Directors Regular Meeting
January 6, 2026

- | | | | |
|-------|---|------------|---|
| VI. | January, February, and March Board/Committee Meeting Calendars | S. DiBiasi | C |
| VII. | Quarterly Foundation Report | V. Hunter | D |
| VIII. | * Proposed Action – Adopt Resolution No. 2026-01
(A resolution to set the regular meeting date of the Board of Directors to the last Tuesday of each month beginning January 27, 2026)
▪ ROLL CALL | S. DiBiasi | E |
| IX. | * Proposed Action – Adopt Resolution No. 2026-02
(A resolution to approve the Corporation as a Co-Borrower on the Line of Credit Agreement with Tenet and authorize the execution of a Joinder Agreement or the Line of Credit Agreement and related documents)
▪ ROLL CALL | S. DiBiasi | F |
| X. | Future Agenda Items | | |
| XI. | ADJOURN | S. DiBiasi | |

***Action Required**

In accordance with The Brown Act, *Section 54957.5*, all public records relating to an agenda item on this agenda are available for public inspection at the time the document is distributed to all, or a majority of all, members of the Board. Such records shall be available at the Hospital Administration office located at 600 N. Highland Springs Avenue, Banning, CA 92220 during regular business hours, Monday through Friday, 8:00 am - 4:30 pm.

Certification of Posting

I certify that on January 3, 2026, I posted a copy of the foregoing agenda near the regular meeting place of the Board of Directors of San Gorgonio Memorial Hospital, and on the San Gorgonio Memorial Hospital website, said time being at least 72 hours in advance of the regular meeting of the Board of Directors
(*Government Code Section 54954.2*).

Executed at Banning, California, January 3, 2026



Ariel Whitley, Executive Assistant

TAB A

REGULAR MEETING OF THE
SAN GORGONIO MEMORIAL HOSPITAL
BOARD OF DIRECTORS

December 2, 2025

The regular meeting of the San Gorgonio Memorial Hospital Board of Directors was held on Tuesday, December 2, 2025, in Modular C meeting room, 600 N. Highland Springs Avenue, Banning, California.

Members Present: Pat Brown, Susan DiBiasi (Chair), Doris Foreman, Shannon McDougall, Darrell Petersen, Ron Rader, Steve Rutledge, Randal Stevens, Lanny Swerdlow

Members Absent: None

Required Staff: Steve Barron (CEO), Dr. Sherif Khalil (Chief of Staff), Angie Brady (CNE), John Peleuses (VP Ancillary and Support Services), Ariel Whitley (EA/Director of Comp. and Privacy), Annah Karam (CHRO), Dan Heckathorne (CFO), David Imus (Wipfli)

AGENDA ITEM		ACTION / FOLLOW-UP
Call To Order	Chair, Susan DiBiasi, called the meeting to order at 4:00 pm.	
Public Comment	No public comment.	
OLD BUSINESS		
Proposed Action - Approve Minutes November 4, 2025, regular meeting.	Chair Susan DiBiasi asked for any changes or corrections to the minutes of the November 4, 2025, regular meeting. There were none.	The minutes of the November 4, 2025, regular meeting, will stand correct.
NEW BUSINESS		
Hospital Board Chair Monthly Report	No formal report.	
CEO Monthly Report	Steve Barron, CEO, introduced Michele Finney, Interim CEO. He also reflected on quality and reputation improvements, including achieving a 5-star CMS rating and A grades in Leapfrog.	
December, January, & February 2026 Board/Committee meeting calendars	Calendars for December, January, and February 2026 were on the board tablets.	
Quarterly Patient Care Services Report	Angie Brady, CNE, gave the Quarterly Patient Care Services Report as included in the board packets.	
FOR REVIEW –	Chair DiBiasi reported that the Hospital Bylaws were included in the board	

AGENDA ITEM		ACTION / FOLLOW-UP																				
Hospital Bylaws	packet as an annual review.																					
Proposed Action – Approve Extension of Termination Date of CEO Agreement - Letter	<p>The board approved an extension of CEO Steve Barron’s termination date to December 31, 2025, adjusting from an earlier plan extending into March 2026.</p> <p>BOARD MEMBER ROLL CALL:</p> <table border="1" data-bbox="383 573 1255 747"> <tr> <td>Brown</td> <td>Yes</td> <td>DiBiasi</td> <td>Yes</td> </tr> <tr> <td>Foreman</td> <td>Yes</td> <td>McDougall</td> <td>Yes</td> </tr> <tr> <td>Petersen</td> <td>Yes</td> <td>Rader</td> <td>Yes</td> </tr> <tr> <td>Rutledge</td> <td>Yes</td> <td>Stevens</td> <td>Yes</td> </tr> <tr> <td>Swerdlow</td> <td>Yes</td> <td colspan="2">Motion carried.</td> </tr> </table>	Brown	Yes	DiBiasi	Yes	Foreman	Yes	McDougall	Yes	Petersen	Yes	Rader	Yes	Rutledge	Yes	Stevens	Yes	Swerdlow	Yes	Motion carried.		<p>M.S.C., (Rader/Rutledge), the SGMH Board of Directors voted to approve the extension of termination date of CEO Agreement – Letter as presented.</p>
Brown	Yes	DiBiasi	Yes																			
Foreman	Yes	McDougall	Yes																			
Petersen	Yes	Rader	Yes																			
Rutledge	Yes	Stevens	Yes																			
Swerdlow	Yes	Motion carried.																				
Proposed Action – Authorize Officers to Finalize and Execute Agreement and take such actions as necessary to provide for transition by January 1, 2026.	<p>The following motion was made by Chair DiBiasi:</p> <p>I move that the Board of Directors of San Gorgonio Memorial Hospital authorize the officers of the Hospital Corporation to finalize and execute the Settlement and Transition Agreement between San Gorgonio Memorial Healthcare District and the Hospital Corporation, with such changes as the officers, in consultation with legal counsel, deem necessary or appropriate, and to take all actions as may be necessary or advisable to support and facilitate the transition of management responsibilities to Tenet Business Services Corporation by January 1, 2026, consistent with the Hospital Management Services Agreement among the District, Tenet, and the Hospital Corporation.</p> <p>BOARD MEMBER ROLL CALL:</p> <table border="1" data-bbox="383 1278 1255 1453"> <tr> <td>Brown</td> <td>Yes</td> <td>DiBiasi</td> <td>Yes</td> </tr> <tr> <td>Foreman</td> <td>Yes</td> <td>McDougall</td> <td>Yes</td> </tr> <tr> <td>Petersen</td> <td>Yes</td> <td>Rader</td> <td>Yes</td> </tr> <tr> <td>Rutledge</td> <td>Yes</td> <td>Stevens</td> <td>Yes</td> </tr> <tr> <td>Swerdlow</td> <td>Yes</td> <td colspan="2">Motion carried.</td> </tr> </table>	Brown	Yes	DiBiasi	Yes	Foreman	Yes	McDougall	Yes	Petersen	Yes	Rader	Yes	Rutledge	Yes	Stevens	Yes	Swerdlow	Yes	Motion carried.		<p>M.S.C., (Foreman/Stevens), the SGMH Board of Directors voted to authorize officers to finalize and execute agreement and take such actions as necessary to provide for transition by January 1, 2026.</p>
Brown	Yes	DiBiasi	Yes																			
Foreman	Yes	McDougall	Yes																			
Petersen	Yes	Rader	Yes																			
Rutledge	Yes	Stevens	Yes																			
Swerdlow	Yes	Motion carried.																				
COMMITTEE REPORTS:																						

AGENDA ITEM		ACTION / FOLLOW-UP																				
<p>Finance Committee</p> <p>Proposed Action – Approve October 2025 Financial Statement (Unaudited).</p>	<p>Dan Heckathorne, CFO, reviewed the Executive Summary of the October 2025 Financial Report which was included on the board tablet. A copy of the Finance Committee’s November 25, 2025, meeting minutes were also included on the board tablet.</p> <p>BOARD MEMBER ROLL CALL:</p> <table border="1" data-bbox="383 499 1255 674"> <tr> <td>Brown</td> <td>Yes</td> <td>DiBiasi</td> <td>Yes</td> </tr> <tr> <td>Foreman</td> <td>Yes</td> <td>McDougall</td> <td>Yes</td> </tr> <tr> <td>Petersen</td> <td>Yes</td> <td>Rader</td> <td>Yes</td> </tr> <tr> <td>Rutledge</td> <td>Yes</td> <td>Stevens</td> <td>Yes</td> </tr> <tr> <td>Swerdlow</td> <td>Yes</td> <td colspan="2">Motion carried.</td> </tr> </table>	Brown	Yes	DiBiasi	Yes	Foreman	Yes	McDougall	Yes	Petersen	Yes	Rader	Yes	Rutledge	Yes	Stevens	Yes	Swerdlow	Yes	Motion carried.		<p>M.S.C., (Rader/Swerdlow), the SGMH Board of Directors approved the October 2025 Financial Statement as presented.</p>
Brown	Yes	DiBiasi	Yes																			
Foreman	Yes	McDougall	Yes																			
Petersen	Yes	Rader	Yes																			
Rutledge	Yes	Stevens	Yes																			
Swerdlow	Yes	Motion carried.																				
<p>Proposed Action – Recommend Approval to the Healthcare District Board – Renewal of 3M/Solventum Z Patient Chart Coding Software Contract</p>	<p>Connie Cornwall, HIM Manager, recommended approving the one-year renewal of the coding software contract, opting for a short-term contract to seek better pricing through Tenet. Software was recently upgraded to a cloud version, and the vendor has agreed to prorate fees if a lower rate is negotiated mid-term.</p> <p>BOARD MEMBER ROLL CALL:</p> <table border="1" data-bbox="383 970 1255 1144"> <tr> <td>Brown</td> <td>Yes</td> <td>DiBiasi</td> <td>Yes</td> </tr> <tr> <td>Foreman</td> <td>Yes</td> <td>McDougall</td> <td>Yes</td> </tr> <tr> <td>Petersen</td> <td>Yes</td> <td>Rader</td> <td>Yes</td> </tr> <tr> <td>Rutledge</td> <td>Yes</td> <td>Stevens</td> <td>Yes</td> </tr> <tr> <td>Swerdlow</td> <td>Yes</td> <td colspan="2">Motion carried.</td> </tr> </table>	Brown	Yes	DiBiasi	Yes	Foreman	Yes	McDougall	Yes	Petersen	Yes	Rader	Yes	Rutledge	Yes	Stevens	Yes	Swerdlow	Yes	Motion carried.		<p>M.S.C. (Foreman/McDougall), the SGMH Board of Directors voted to recommend approval of the Renewal of 3M/Solventum Z Patient Chart Coding Software Contract to the Healthcare District Board of Directors.</p>
Brown	Yes	DiBiasi	Yes																			
Foreman	Yes	McDougall	Yes																			
Petersen	Yes	Rader	Yes																			
Rutledge	Yes	Stevens	Yes																			
Swerdlow	Yes	Motion carried.																				
<p>Proposed Action – Adopt Resolution No. 2025-02</p>	<p>The Hospital is looking to add a Visa credit card with a \$25,000 limit alongside the existing Amex to improve vendor payment flexibility.</p> <p>BOARD MEMBER ROLL CALL:</p> <table border="1" data-bbox="383 1409 1255 1583"> <tr> <td>Brown</td> <td>Yes</td> <td>DiBiasi</td> <td>Yes</td> </tr> <tr> <td>Foreman</td> <td>Yes</td> <td>McDougall</td> <td>Yes</td> </tr> <tr> <td>Petersen</td> <td>Yes</td> <td>Rader</td> <td>Yes</td> </tr> <tr> <td>Rutledge</td> <td>Yes</td> <td>Stevens</td> <td>Yes</td> </tr> <tr> <td>Swerdlow</td> <td>Yes</td> <td colspan="2">Motion carried.</td> </tr> </table>	Brown	Yes	DiBiasi	Yes	Foreman	Yes	McDougall	Yes	Petersen	Yes	Rader	Yes	Rutledge	Yes	Stevens	Yes	Swerdlow	Yes	Motion carried.		<p>M.S.C. (Rader/Brown), the SGMH Board of Directors voted to adopt Resolution No. 2025-02.</p>
Brown	Yes	DiBiasi	Yes																			
Foreman	Yes	McDougall	Yes																			
Petersen	Yes	Rader	Yes																			
Rutledge	Yes	Stevens	Yes																			
Swerdlow	Yes	Motion carried.																				

AGENDA ITEM		ACTION / FOLLOW-UP																				
<p>Proposed Action – Recommend Approval to the Healthcare District Board – FYE 25 Financial Audit Contingent upon final opinion</p>	<p>David Imus, Wipfli, gave a detailed presentation of the FYE 25 Financial audit. This report was provided as a handout.</p> <p>BOARD MEMBER ROLL CALL:</p> <table border="1" data-bbox="383 438 1255 611"> <tr> <td>Brown</td> <td>Yes</td> <td>DiBiasi</td> <td>Yes</td> </tr> <tr> <td>Foreman</td> <td>Yes</td> <td>McDougall</td> <td>Yes</td> </tr> <tr> <td>Petersen</td> <td>Yes</td> <td>Rader</td> <td>Yes</td> </tr> <tr> <td>Rutledge</td> <td>Yes</td> <td>Stevens</td> <td>Yes</td> </tr> <tr> <td>Swerdlow</td> <td>Yes</td> <td colspan="2">Motion carried.</td> </tr> </table>	Brown	Yes	DiBiasi	Yes	Foreman	Yes	McDougall	Yes	Petersen	Yes	Rader	Yes	Rutledge	Yes	Stevens	Yes	Swerdlow	Yes	Motion carried.		<p>M.S.C. (Rader/Swerdlow), the SGMH Board of Directors voted to recommend approval of the FYE 25 Financial Audit Contingent upon final opinion to the Healthcare District Board of Directors.</p>
Brown	Yes	DiBiasi	Yes																			
Foreman	Yes	McDougall	Yes																			
Petersen	Yes	Rader	Yes																			
Rutledge	Yes	Stevens	Yes																			
Swerdlow	Yes	Motion carried.																				
<p>Chief of Staff Report</p> <p>Proposed Action – Recommend approval to the Healthcare District Board of the Medical Executive Committee Recommendations</p>	<p>The recommendations of the Medical Executive Committee were included on the board tablets.</p> <p>BOARD MEMBER ROLL CALL:</p> <table border="1" data-bbox="383 909 1255 1081"> <tr> <td>Brown</td> <td>Yes</td> <td>DiBiasi</td> <td>Yes</td> </tr> <tr> <td>Foreman</td> <td>Yes</td> <td>McDougall</td> <td>Yes</td> </tr> <tr> <td>Petersen</td> <td>Yes</td> <td>Rader</td> <td>Yes</td> </tr> <tr> <td>Rutledge</td> <td>Yes</td> <td>Stevens</td> <td>Yes</td> </tr> <tr> <td>Swerdlow</td> <td>Yes</td> <td colspan="2">Motion carried.</td> </tr> </table>	Brown	Yes	DiBiasi	Yes	Foreman	Yes	McDougall	Yes	Petersen	Yes	Rader	Yes	Rutledge	Yes	Stevens	Yes	Swerdlow	Yes	Motion carried.		<p>M.S.C., (Foreman/DiBiasi), the SGMH Board of Directors voted to recommend approval of the MEC recommendations as presented to the Healthcare District Board of Directors.</p>
Brown	Yes	DiBiasi	Yes																			
Foreman	Yes	McDougall	Yes																			
Petersen	Yes	Rader	Yes																			
Rutledge	Yes	Stevens	Yes																			
Swerdlow	Yes	Motion carried.																				
<p>Proposed Action – Recommend Approval to the Healthcare District Board of Policies and Procedures</p>	<p>There were eighteen (18) policies and procedures presented for recommended approval to the Healthcare District Board.</p> <p>BOARD MEMBER ROLL CALL:</p> <table border="1" data-bbox="383 1381 1255 1554"> <tr> <td>Brown</td> <td>Absent</td> <td>DiBiasi</td> <td>Yes</td> </tr> <tr> <td>Foreman</td> <td>Yes</td> <td>McDougall</td> <td>Yes</td> </tr> <tr> <td>Petersen</td> <td>Abstain</td> <td>Rader</td> <td>Yes</td> </tr> <tr> <td>Rutledge</td> <td>Yes</td> <td>Stevens</td> <td>Yes</td> </tr> <tr> <td>Swerdlow</td> <td>Yes</td> <td colspan="2">Motion carried.</td> </tr> </table>	Brown	Absent	DiBiasi	Yes	Foreman	Yes	McDougall	Yes	Petersen	Abstain	Rader	Yes	Rutledge	Yes	Stevens	Yes	Swerdlow	Yes	Motion carried.		<p>M.S.C., (Foreman/Rutledge), the SGMH Board of Directors voted to recommend approval to the Healthcare District board of the policies and procedures as submitted.</p>
Brown	Absent	DiBiasi	Yes																			
Foreman	Yes	McDougall	Yes																			
Petersen	Abstain	Rader	Yes																			
Rutledge	Yes	Stevens	Yes																			
Swerdlow	Yes	Motion carried.																				
<p>Community Benefit Events/Announcements/Newspaper Articles</p>	<p>Miscellaneous information was included on the board tablets as informational.</p>																					
<p>Adjourn to Closed Session</p>	<p>Chair, DiBiasi reported on the items to be reviewed and discussed and/or acted upon during Closed Session will be:</p>																					

AGENDA ITEM		ACTION / FOLLOW-UP
	<ul style="list-style-type: none"> ➤ Recommend approval to the Healthcare District Board – Medical Staff Credentialing ➤ Receive Quarterly Infection Prevention & Control Report <p>The meeting adjourned to Closed Session at 5:25 pm.</p>	
Reconvene to Open Session	<p>The meeting adjourned from Closed Session at 5:41 pm.</p> <p>Chair DiBiasi reported on the actions taken/information received during the Closed Session as follows:</p> <ul style="list-style-type: none"> ➤ Recommended approval to the Healthcare District Board – Medical Staff Credentialing ➤ Received Quarterly Infection Prevention & Control Report 	
Future Agenda Items	<ul style="list-style-type: none"> • None 	
Adjourn	<p>The meeting was adjourned at 5:43 pm.</p>	

In accordance with The Brown Act, *Section 54957.5*, all reports and handouts discussed during this Open Session meeting are public records and are available for public inspection. These reports and/or handouts are available for review at the Hospital Administration office located at 600 N. Highland Springs Avenue, Banning, CA 92220 during regular business hours, Monday through Friday, 8:00 am - 4:30 pm.

Respectfully submitted by Ariel Whitley, Executive Assistant

TAB B

SPECIAL MEETING OF THE
SAN GORGONIO MEMORIAL HOSPITAL
BOARD OF DIRECTORS

December 30, 2025

The special meeting of the San Gorgonio Memorial Hospital Board of Directors was held on Tuesday, December 30, 2025, in Modular C meeting room, 600 N. Highland Springs Avenue, Banning, California.

Members Present: Pat Brown, Susan DiBiasi (Chair), Doris Foreman, Shannon McDougall, Darrell Petersen, Ron Rader, Steve Rutledge, Randal Stevens, Lanny Swerdlow

Members Absent: None

Required Staff: Steve Barron (CEO), Angie Brady (CNE), John Peleuses (VP Ancillary and Support Services), Ariel Whitley (EA/Director of Comp. and Privacy), Dan Heckathorne (CFO), Annah Karam (CHRO), Thomas Jeffry (Counsel), Noel Caughman (Counsel)

AGENDA ITEM		ACTION / FOLLOW-UP																				
Call To Order	The meeting was called to order at 10:14 am.																					
Public Comment	No public comment.																					
NEW BUSINESS																						
Joinder Agreement to the Line of Credit – Discussion	Thomas Jeffry reported that a Joinder Agreement to the Line of Credit Agreement will be drafted and presented at the January 2026 board meeting for approval.																					
Proposed Action – Adopt Resolution No. 2025-03	<p>Resolution No. 2025-03 refers to a Mutual Termination, Transition, and release agreement.</p> <p>BOARD MEMBER ROLL CALL:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 25%;">Brown</td> <td style="width: 25%;">Yes</td> <td style="width: 25%;">DiBiasi</td> <td style="width: 25%;">Yes</td> </tr> <tr> <td>Foreman</td> <td>Yes</td> <td>McDougall</td> <td>Yes</td> </tr> <tr> <td>Petersen</td> <td>Yes</td> <td>Rader</td> <td>Yes</td> </tr> <tr> <td>Rutledge</td> <td>Yes</td> <td>Stevens</td> <td>Yes</td> </tr> <tr> <td>Swerdlow</td> <td>Yes</td> <td colspan="2">Motion carried.</td> </tr> </table>	Brown	Yes	DiBiasi	Yes	Foreman	Yes	McDougall	Yes	Petersen	Yes	Rader	Yes	Rutledge	Yes	Stevens	Yes	Swerdlow	Yes	Motion carried.		M.S.C., (Rader/Swerdlow), the SGMH Board of Directors voted to Adopt Resolution No. 2025-03.
Brown	Yes	DiBiasi	Yes																			
Foreman	Yes	McDougall	Yes																			
Petersen	Yes	Rader	Yes																			
Rutledge	Yes	Stevens	Yes																			
Swerdlow	Yes	Motion carried.																				
Proposed Action – Adopt Resolution No. 2025-04	<p>Resolution No. 2025-04 refers to authorizing the removal of Mr. Barron and the addition of Ms. Finney as signatories on Hospital Corporation Accounts</p> <p>BOARD MEMBER ROLL CALL:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 25%;">Brown</td> <td style="width: 25%;">Yes</td> <td style="width: 25%;">DiBiasi</td> <td style="width: 25%;">Yes</td> </tr> <tr> <td>Foreman</td> <td>Yes</td> <td>McDougall</td> <td>Yes</td> </tr> </table>	Brown	Yes	DiBiasi	Yes	Foreman	Yes	McDougall	Yes	M.S.C., (Rutledge/Foreman), the SGMH Board of Directors voted to Adopt Resolution No. 2025-04.												
Brown	Yes	DiBiasi	Yes																			
Foreman	Yes	McDougall	Yes																			

AGENDA ITEM					ACTION / FOLLOW-UP
	Petersen	Yes	Rader	Yes	
	Rutledge	Yes	Stevens	Yes	
	Swerdlow	Yes	Motion carried.		
Proposed Action – Adopt Resolution No. 2025-05	No action was taken on this matter. It was determined that a resolution was unnecessary.				
Adjournment	The meeting was adjourned at 10:43 am.				

In accordance with The Brown Act, *Section 54957.5*, all reports and handouts discussed during this Open Session meeting are public records and are available for public inspection. These reports and/or handouts are available for review at the Hospital Administration office located at 600 N. Highland Springs Avenue, Banning, CA 92220 during regular business hours, Monday through Friday, 8:00 am - 4:30 pm.

Respectfully submitted by Ariel Whitley, Executive Assistant

TAB C



January 2026

Board of Directors Calendar

Sun	Mon	Tue	Wed	Thu	Fri	Sat
				1 <i>New Year's Day Administration Closed</i>	2	3
4	5	6 4:00 pm Hospital Board Meeting 6:00 pm Healthcare District Board Meeting	7 <i>7:30am Beaumont Chamber Breakfast</i>	8	9	10
11	12	13	14	15	16	17
18	19	20	21 9:00 am HR Committee Meeting 10:00 am Community Planning	22	23	24
25	26	27 TBD Finance Committee 4:00 pm Hospital Board Meeting 6:00 pm Healthcare Dis- trict Board Meeting	28	29	30	31



February 2026

Board of Directors Calendar

Sun	Mon	Tue	Wed	Thu	Fri	Sat
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16 Presidents Day Admin. Closed!	17	18	19	20	21
22	23	24 TBD Finance Committee 4:00 pm Hospital Board Meeting 6:00 pm Healthcare Dis- trict Board Meeting	25	26	27	28



March 2026

Board of Directors Calendar

Sun	Mon	Tue	Wed	Thu	Fri	Sat
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31 TBD Finance Committee 4:00 pm Hospital Board Meeting 6:00 pm Healthcare Dis- trict Board Meeting				

TAB D

SGMH Foundation report as of December 31, 2025

Foundation Finances

December 2025

HCN Bank – Checking	\$92,668.43
HCN Bank – Money Market Acct.	\$129,984.65
HCN Bank – Restricted	\$255,113.87
Stifel Investment acct (Nov 2025)	\$1,638,562.50
Total	\$2,116,329.45

Foundation Report

- Foundation board and Executive Director are gathering sponsors for the October 2026 Veterans event.
- Exec. Director has a confirmed meeting with Morongo to discuss partnering with the hospital to increase babies being born at SGMH.
- Morongo has confirmed at \$1MIL donation with a confirmation that SGMH foundation can get other tribes to come aboard.

TAB E

RESOLUTION 2026-01
THE BOARD OF DIRECTORS
SAN GORGONIO MEMORIAL HOSPITAL
A PUBLIC BENEFIT CORPORATION

WHEREAS, the Board of Directors of San Gorgonio Memorial Hospital currently hold their monthly regular meeting on the first Tuesday of each calendar month.

WHEREAS, the Board of Directors desire to change the day of their regular meeting to the last Tuesday of each calendar month.

WHEREAS, Section 4.09 of the Amended and Restated Bylaws of San Gorgonio Memorial Hospital provides that the Board of Directors may hold its regular meetings at such times as may be prescribed by resolution of the Board.

BE IT RESOVED, that commencing January 27, 2026, regular meetings of the District Board of Directors shall be held on the last Tuesday of each calendar month.

* * * * *

PASSED AND ADOPTED this 6th day of January 2026, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAINING:

By _____
Chair, Board of Directors
San Gorgonio Memorial Healthcare District

I hereby certify that the foregoing resolution was duly adopted at a meeting of the Board of Directors of the San Gorgonio Memorial Healthcare District held on the 6th day of January 2026.

By _____
Secretary, Board of Directors
San Gorgonio Memorial Healthcare District

TAB F

RESOLUTION 2026-02
THE BOARD OF DIRECTORS
SAN GORGONIO MEMORIAL HOSPITAL
a California Nonprofit Public Benefit Corporation

**RESOLUTION APPROVING PARTICIPATION IN TENET LINE OF CREDIT
AS CO-BORROWER OR PURSUANT TO A JOINDER AGREEMENT
AND APPROVING RELATED FINANCING DOCUMENTS**

WHEREAS, San Gorgonio Memorial Hospital, a California nonprofit public benefit corporation (the “Hospital Corporation”), provides operational support services to San Gorgonio Memorial Healthcare District, a California local healthcare district (the “District”), in connection with the operation of San Gorgonio Memorial Hospital (the “Hospital”);

WHEREAS, the District has entered into a Hospital Management Services Agreement with Tenet Healthcare Corporation dated November 4, 2025 (the “Tenet MSA”), pursuant to which Tenet will manage the day-to-day operations of the Hospital beginning January 1, 2026;

WHEREAS, in connection with the Tenet MSA, Tenet has agreed to provide a revolving line of credit in an aggregate principal amount of up to \$15,000,000 (the “Line of Credit”), pursuant to a Line of Credit Agreement by and between Tenet and the District (the “Line of Credit Agreement”);

WHEREAS, Tenet has indicated that, as a condition to its extension of the Line of Credit, the Hospital Corporation may be required either (i) to join the Line of Credit Agreement as an additional borrower pursuant to a joinder agreement or (ii) to be a party to the Line of Credit Agreement as a co-borrower, and in either case to grant a security interest in certain assets pursuant to a Security Agreement and to enter into related financing documents;

WHEREAS, the Board has reviewed the proposed structures for the Line of Credit and understands that the Hospital Corporation’s participation, whether as a co-borrower or pursuant to a joinder, is intended to support the financing of Hospital operations and working capital needs for which the District is economically responsible under existing arrangements between the District and the Hospital Corporation;

WHEREAS, the Hospital Corporation’s execution and delivery of the financing documents contemplated hereby is consistent with the Transition Agreement between the Hospital Corporation and the District previously approved by this Board and is intended to facilitate continuity of Hospital operations during the transition to Tenet’s management;

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of San Gorgonio Memorial Hospital hereby finds, determines, resolves, and orders as follows:

1. All of the determinations, findings, and recitals set forth above are hereby ratified, confirmed, approved, and adopted in all respects.
2. The form, terms, and provisions of (a) the Joinder Agreement (if applicable), (b)

the Line of Credit Agreement (if the Hospital Corporation is a co-borrower), (c) the promissory note issued in connection therewith (if applicable), (d) the Security Agreement, and (e) any related financing documents, including deposit account control agreements, sweep agreements, UCC financing statements, and other ancillary documents (collectively, the “Hospital Corporation LOC Documents”), whether or not attached hereto, each in substantially the form presented to the Board and attached hereto for informational purposes only, are hereby approved.

3. The Chair of the Board, Vice Chair of the Board (if applicable), President, Chief Executive Officer, Chief Financial Officer, Secretary, or any duly authorized officer or designee of the Hospital Corporation is hereby authorized and directed, for and in the name of the Hospital Corporation, to negotiate, finalize, execute, and deliver the Hospital Corporation LOC Documents either pursuant to a joinder structure or as a co-borrower under the Line of Credit Agreement, with such changes, additions, or deletions as the officer executing the same may approve, such approval to be conclusively evidenced by execution thereof.

4. The officers of the Hospital Corporation are further authorized and directed to execute and deliver any certificates, consents, UCC financing statements, deposit account control agreements, sweep agreements, or other documents and instruments, and to take any and all actions, as may be necessary or advisable to carry out the intent and purposes of this resolution and the Hospital Corporation LOC Documents.

5. All prior actions taken by the officers and directors of the Hospital Corporation that are consistent with the intent and purposes of this resolution are hereby ratified, confirmed, and approved in all respects.

APPROVED AND ADOPTED this 6th day of January, 2026, by the Board of Directors of the San Gorgonio Memorial Hospital.

Attest:

Susan DiBiasi
Chair

Ron Rader
Secretary

Exhibit A

Draft Line of Credit Agreement (District as Borrower) (For Informational Purposes Only)

Please see the attached.

Exhibit B

Draft Joinder Agreement (For Informational Purposes Only)

Please see the attached.

Exhibit C

Draft Security Agreement (For Informational Purposes Only)

Please see the attached.

Exhibit D

Draft Joinder Agreement (For Informational Purposes Only)

Please see the attached.

SECURITY AGREEMENT

THIS SECURITY AGREEMENT (together with all attached schedules and exhibits, in each case, as amended, restated, supplemented, or otherwise modified from time to time, this “**Agreement**”) is executed as of January __, 2026, by SAN GORGONIO MEMORIAL HEALTHCARE DISTRICT, a local health care district and public agency organized under the laws of the state of California (with its successors, the “**District**”), SAN GORGONIO MEMORIAL HOSPITAL, a California nonprofit public benefit corporation (“**Hospital**”, and District and Hospital together and with each of the other Persons party hereto from time to time as “**Grantors**”, for the benefit of TENET HEALTHCARE CORPORATION, a Nevada corporation (including its successors and permitted assigns hereunder, the “**Lender**”).

RECITALS

A. ~~Grantors, the other Grantors from time to time party thereto,~~District and Lender have entered into that certain Line of Credit Agreement dated as of December __, 2025 (as amended, restated, supplemented, or otherwise modified from time to time, the “**Credit Agreement**”) and Hospital and Lender subsequently entered into a Joinder Agreement dated January __, 2026 under which Hospital is defined to be an Additional Borrower under the Credit Agreement.

B. As a condition precedent to Lender’s agreement to extend credit under the Credit Agreement, Lender requires that each Grantor execute this Agreement to secure the prompt and complete payment and performance of the Secured Obligations (as defined below).

AGREEMENTS

For good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties agree as follows:

1. Certain Definitions. Each capitalized term used but not defined in this Agreement has the meaning given that term in the Credit Agreement. Terms defined in the UCC which are not otherwise defined in this Agreement are used herein as defined in the UCC. As used in this Agreement, the following terms have the meanings indicated:

“**Blocked Account**” means a Deposit Account of a Grantor established with Lender or a Blocked Account Bank that is subject to a Control Agreement in favor of Lender.

“**Blocked Account Bank**” means any other financial institution acceptable to Lender, in each case at which any Blocked Account is maintained.

“**CHAMPUS Receivable**” means accounts receivable payable pursuant to CHAMPUS, the Civilian Health and Medical Program of the Uniformed Service, a program of medical benefits covering former and active members of the uniformed services and certain of their dependents, financed and administered by the United States Departments of Defense, Health and Human Services and Transportation.

“**CHAMPVA Receivable**” means accounts receivable payable pursuant to CHAMPVA, the Civilian Health and Medical Program of the Department of Veteran Affairs, a program of medical benefits covering retirees and dependents of former members of the armed services administered by the United States Department of Veteran Affairs.

“**Collateral**” is defined in Section 2.

“**Government Receivables**” means, collectively, any and all accounts receivable that are (a) Medicare Receivables, Medicaid Receivables, TRICARE Receivables, CHAMPUS Receivables and CHAMPVA Receivables, and (b) any other Receivable payable by a governmental authority.

“**Government Receivables Deposit Account**” means a Deposit Account into which only the proceeds of Government Receivables are deposited.

“**Grantor**” means each Person (other than Lender) party to this Agreement (including any additional Person executing a joinder or supplement hereto as a “Grantor”), and includes such Grantor as a debtor-in-possession, and any receiver, trustee, liquidator, conservator, custodian, or similar party hereafter appointed for such Grantor or all or substantially all of such Grantor’s assets pursuant to any Debtor Relief Law.

“**Healthcare Information Laws**” means as defined in Section 6(f).

“**Healthcare Licenses**” means any and all licenses issued by any Governmental Authority, with respect to the operation of the Grantors, and each of them, including any permits, certifications, registrations, accreditations, waivers and authorizations on behalf of a Governmental Authority or independent accreditation agency, and including any and all applicable pharmaceutical licenses and other licenses related to the purchase, dispensing, storage, prescription or use of drugs, medications, and other “controlled substances,” and any and all applicable licenses relating to the operation of food or beverage facilities or amenities, if any.

“**HIPAA**” means as defined in Section 6(f).

“**HIPAA Compliance Date**” means as defined in Section 6(f).

“**HIPAA Compliance Plan**” means as defined in Section 6(f).

“**HIPAA Compliant**” means as defined in Section 6(f).

“**HITECH Act**” means as defined in Section 6(f).

“**Lender**” is defined in the preamble to this Agreement.

“**Lockbox**” means a post office box designated by, and under the exclusive control and dominion of, Lender, and which is maintained at and serviced by a Blocked Account Bank.

“**Medicaid Receivable**” means accounts receivable payable pursuant to an agreement entered into between a state agency or other entity administering Medicaid in such state and a healthcare facility or physician under which the healthcare facility or physician agrees to provide services or merchandise for Medicaid patients.

“**Medicare Receivable**” means accounts receivable payable pursuant to an agreement entered into between a state agency or other entity administering Medicare in such state and a healthcare facility or physician under which the healthcare facility or physician agrees to provide services or merchandise for Medicare patients.

“**Pledged Interests**” means (a) the Equity Interests described in Schedule 3 and (b) all other Equity Interests, securities and investment property at any time and from time to time acquired by the

applicable Grantor in each case whether or not evidenced or represented by any certificate, certificated security, or other instrument.

“**Restrictive Agreement**” means any agreement or other arrangement that prohibits, restricts or imposes any condition upon the ability of any Grantor to (a) create, incur or permit to exist any Lien upon any of its assets, (b) make or repay loans or advances to another Grantor, or (d) guarantee Debt of any Grantor.

“**Secured Obligations**” means the Obligations and all existing and future indebtedness and liabilities of every kind, nature, and character, direct or indirect, absolute or contingent, liquidated or unliquidated, voluntary or involuntary, of a Grantor to Lender, including without limitation the Obligations of the Grantors under the Credit Agreement, and the obligations of Grantors under this Agreement.

“**Security Interest**” means the security interest granted, and the pledges and collateral assignments made, by Grantors to Lender under Section 2 of this Agreement.

“**TRICARE Receivables**” means accounts receivable payable pursuant to TRICARE, the managed health care program established by the United States Department of Defense under 32 C.F.R. § 199.17 for members of the uniformed services and certain of their dependents, financed and administered by the United States Departments of Defense, Health and Human Services and Transportation.

2. Security Interest. To secure the prompt, unconditional, and complete payment and performance of the Secured Obligations when due, ~~each Grantor~~ District, and to the extent Hospital has any control over the Collateral, Hospital, hereby pledges and collaterally assigns to Lender, and grants to Lender a continuing security interest in, all of such Grantor’s right, title and interest in, to, and under the following, in each case, whether now owned or hereafter acquired, created, or existing and howsoever Grantor’s interest therein may arise or appear (collectively, the “**Collateral**”):

- (a) all accounts (including, without limitation, healthcare insurance receivables);
- (b) all general intangibles (including payment intangibles and intellectual property), including, but not limited to, (i) all amounts due to a Grantor from a factor, (ii) all patents, and all unpatented or unpatentable inventions, (iii) all trademarks, service marks, and trade names, (iv) all copyrights and literary rights, (v) all computer software programs, and (vi) interests in limited liability companies, partnerships or corporations;
- (c) the Revenues;
- (d) all instruments (including promissory notes);
- (e) all documents and all chattel paper (whether tangible or electronic);
- (f) all deposit accounts and securities accounts (except the Government Receivables Deposit Accounts), which shall include any renewals or rollovers of the deposit accounts, any successor accounts, and any general intangibles and choses in action arising therefrom or related thereto;
- (g) all letters of credit, all letter-of-credit rights, and all other supporting obligations;
- (h) all commercial tort claims described on Schedule 2;
- (i) all contracts and contract rights;
- (j) all Pledged Interests, any certificates representing the Pledged Interests, all options and other rights, contractual or otherwise, in respect of the Pledged

Interests, and all dividends, distributions, revenue, cash, instruments, investment property, financial assets, securities, notes, debentures, bonds, promissory notes, and other property from time to time received, receivable or otherwise distributed in respect of, or in exchange for, any or all of the Pledged Interests, and all security entitlements with respect to any and all of the foregoing;

(k) all money and Cash Equivalents;

(l) all insurance, including all claims and proceeds with respect thereto;

(m) all proceeds and products of the foregoing and all substitutions or replacements of any or all of the foregoing; and

(n) all corporate and other business books, reports, memoranda, customer lists, credit files, data compilations, and computer software, in any form, including, without limitation, whether on tape, disk, card, strip, cartridge, or any other form, pertaining to any and all of the foregoing property.

Without limiting the security interest granted hereby, each Grantor hereby grants to Lender an irrevocable license in Grantors' trade names, trademarks, and service marks, together with each Grantor's goodwill associated with such trade names, trademarks, and service marks, for purposes of allowing Lender to use the same in connection with any foreclosure sale, auction, or other disposition of any assets, whether pursuant to the UCC, this Agreement, or otherwise.

For the avoidance of doubt, "Collateral" does not include equipment or non-voter approved general purpose operating *ad valorem* property tax revenues

3. Collateral Security; No Assumption or Modification. The Security Interest is given to secure the prompt, unconditional and complete payment and performance of the Secured Obligations when due, and is given as security only. Lender does not assume, and shall not be liable for, any of Grantors' liabilities, duties or obligations under, or in connection with, the Collateral. Lender's acceptance of this Agreement, or its taking any action in carrying out this Agreement, does not constitute its approval of the Collateral or its assumption of any liability, duty, or obligation under, or in connection with, the Collateral. This Agreement does not affect or modify any Grantor's obligations with respect to the Collateral.

4. Fraudulent Conveyance. Notwithstanding anything contained in this Agreement to the contrary, each Grantor agrees that if, but for the application of this Section, the Secured Obligations or any Security Interest would constitute a preferential transfer under 11 U.S.C. § 547, a fraudulent conveyance under 11 U.S.C. § 548 (or any successor section) or a fraudulent or voidable conveyance or transfer under any state fraudulent or voidable conveyance or fraudulent or voidable transfer law or similar law in effect from time to time, then the Secured Obligations and each affected Security Interest will be enforceable against each Grantor to the maximum extent possible without causing the Secured Obligations or any Security Interest to be fraudulent or voidable.

5. Representations and Warranties. Each Grantor represents and warrants to Lender that:

(a) Binding Obligation. ~~Such Grantor has~~ The District, and to the extent Hospital has any control over the Collateral, Hospital, have good and valid title to and rights in, or the power to transfer, the Collateral with respect to which it has purported to pledge or grant a security interest hereunder, and the Security Interest in the Collateral created by this Agreement (i) is a valid and binding obligation of each Grantor in favor of Lender and is enforceable against each Grantor, except as enforceability may be limited by Applicable Laws and general principles

of equity, (ii) will be duly perfected once the action required for perfection under Applicable Law has been taken, (iii) once perfected, will constitute a first priority Lien on the Collateral, subject only to Permitted Encumbrances (if any), and (iv) does not require the consent of any third party.

(b) Place of Business; Location of Records. Schedule 1, as amended in writing from time to time, sets out the following information: (i) the exact name of each Grantor, as such name appears in its Organizational Documents, the type of entity of such Grantor, its state of organization, the organizational number issued to it by its state of organization and its federal employer identification number; (ii) each other name each Grantor has used in the past five years, together with the date of the relevant change; (iii) each Grantor's principal place of business; (iv) the locations where each Grantor maintains its inventory and equipment; (v) all real property owned by each Grantor; (vi) all real property leased by each Grantor; and (vii) each deposit account of each Grantor. No inaccuracy on Schedule 1 will impair the Security Interest in any Collateral.

(c) Accounts. Such Grantor's reports, invoices and other Collateral records furnished to Lender from time to time will correctly state the names of the obligors, amounts owing, due dates and other information with respect to its accounts. As of the time when each account arises, such Grantor shall be deemed to have represented and warranted that such account and all records relating thereto, are genuine and in all respects what they purport to be. Except as specifically disclosed to Lender in writing, the amounts due each Grantor with respect to its accounts are not subject to any material setoff, counterclaim, defense, allowance or adjustment (other than discounts for prompt payment shown on the invoice), dispute, objection or complaint by any account debtor or other obligor.

(d) Additional Collateral. The delivery at any time by any Grantor to Lender of Collateral or of additional specific descriptions of certain Collateral will constitute a representation and warranty by such Grantor to Lender under this Agreement that the representations and warranties of this Section are true and correct with respect to such item of such Collateral.

(e) Healthcare Licenses and Certifications. ~~Each Grantor~~The District has obtained all Healthcare Licenses required to be held by it under all requirements for its operation. ~~Grantor~~The District has not made any previous assignment of any of the Healthcare Licenses to any Person. No financing statement covering any of the Healthcare Licenses which is currently in effect has been executed by any Grantor or is on file in any public office, except for those financing statements relating to loans and other financial accommodations, if any, which are to be paid with the proceeds of the Loan and are to be terminated promptly following the date hereof.

(f) Certain Payments. No Grantor, nor any director, officer, member, partner, employee, owner, representative or agent of a Grantor acting for or on behalf of a Grantor, has paid or caused to be paid, directly or indirectly, in connection with the business of a Grantor or Affiliate of a Grantor:

(i) any bribe, kickback or similar payment to any Governmental Authority, agency, any agent of any supplier, or referral source; or

(ii) any contribution to any political party or candidate (other than personal funds of directors, officers, members, partners, employees, or agents not reimbursed by their respective employers or as otherwise permitted by applicable laws).

(g) Fraud and Abuse. Each Grantor, its directors, officers, owners, and, to each Grantor's knowledge, employees and other Persons providing services on behalf of such Grantor have not engaged in any activities which are in violation of Sections 1128A, 1128C or 1877 of the Social Security Act (42 U.S.C. §§ 1320a-7a, 1320a-7b(b), 1320a-7c and 1395nn), the False Claims Act (31 U.S.C. § 3729 et seq.) or other federal or state laws and regulations, including but not limited to, the following:

(i) knowingly and willfully making or causing to be made a false statement or representation of a material fact in any application for or for use in determining rights to any benefit or payment;

(ii) failing to disclose knowledge of the occurrence of any event affecting the initial or continued right to any benefit or payment on its own behalf or on behalf of another, with intent to fraudulently secure such benefit or payment;

(iii) knowingly and willfully offering, paying, soliciting, or receiving any remuneration (including any kickback, bribe or rebate), directly or indirectly, overtly or covertly, in cash or in kind (A) in return for referring an individual to a Person for the furnishing or arranging for the furnishing of any item or service, (B) in return for purchasing, leasing or ordering, or arranging for or recommending, purchasing, leasing or ordering any good, facility, service or item; or

(iv) billing a patient, agency, or payor for health services specified in 42 U.S.C. § 1395nn or any other similar or comparable federal or state laws, or providing such health services to a patient, upon a referral from a physician where such physician has a financial relationship with a Grantor to which no exception applies under each of the applicable laws.

6. Covenants. Each Grantor covenants and agrees with Lender that such Grantor shall:

(a) Notice. Promptly notify Lender in writing of (i) any claim, action or proceeding challenging the Security Interest or affecting title to all or any material portion of the Collateral or the Security Interest and, at Lender's request, appear in and defend any such action or proceeding at Grantors' reasonable expense, and (ii) any default by any Grantor or any other party under or in connection with any material portion (individually or collectively) of the Collateral and immediately use commercially reasonable efforts to remedy the same or immediately demand that the same be remedied.

(b) Hold Collateral In Trust. Hold in trust (and not commingle with its other assets) for Lender all Collateral that is chattel paper, instruments or documents at any time received by it and promptly deliver same to Lender unless Lender at its option gives Grantors written permission to retain such Collateral.

(c) Maintain Collateral. (i) Perform all of its obligations under or in connection with the Collateral in accordance with customary business practices, (ii) not amend, alter or modify, or permit the amendment, alteration or modification of, any material portion

(individually or collectively) of the Collateral, and (iii) not do or permit any act which would impair or adversely affect the value of any material portion of the Collateral.

(d) Insurance. ~~Each Grantor~~ The District shall ensure that all healthcare providers, including ancillary providers, with whom the Grantor contracts or employ to provide services are insured against claims arising from such services (including, without limitation, malpractice coverage) with the same limits, if any, as applicable to Grantor pursuant to the Loan Documents or otherwise acceptable to Lender.

(e) Deficiency Notices. Without implying any limitation on any other provisions of this Agreement or any of the other Loan Documents, Grantor will furnish or cause to be furnished to Lender immediately after receipt thereof copies of all (1) Deficiency Notices coded “G” through “L” and (2) responses by, or on behalf of, the applicable Grantor with respect to the Deficiency Notices. Grantor shall promptly commence and diligently pursue the correction of the subject of any Deficiency Notice, and shall correct the subject of the Deficiency Notice promptly, but in any event prior to the expiration of any period allowed by the Governmental Authority for correction.

(f) Compliance with Healthcare Information Laws. Without limiting the generality of any other provision herein including, without limitation, any other representation or warranty made herein, each of the Grantors shall be in compliance with all Applicable Laws of any federal, state or local Governmental Authority with respect to regulatory matters primarily relating to patient healthcare and/or patient health information, including, without limitation, any privacy or security state law requirements, the Health Insurance Portability and Accountability Act of 1996, as amended, and the rules and regulations promulgated thereunder (“HIPAA”) and the Health Information Technology for Economic Clinical Health Act provisions of the American Recovery and Investment Act of 2009 (the “HITECH Act”) and the rules and regulations promulgated thereunder (collectively, “Healthcare Information Laws”). Each Grantor shall maintain in all material respects all records required to be maintained by any Governmental Authority, agency, or authority or otherwise under the Healthcare Information Laws. There are no presently existing circumstances, which would result or likely would result in material violations of the Healthcare Information Laws. Each Grantor shall train all employees, contractors, and others who are required to be trained under the Healthcare Information Laws in all material aspects of all Healthcare Information Laws.

(h) To the extent that and for so long as (A) any of the Grantors is a “covered entity” within the meaning of HIPAA or (B) any of the Grantors and/or their respective business and operations are subject to or covered by the so called “**Administrative Simplification**” provisions of HIPAA, Grantor (x) has undertaken or will promptly undertake all necessary surveys, audits, inventories, reviews, analyses and/or assessments (including any necessary risk assessments or gap analysis) of all areas of its business and operations required by Healthcare Information Laws and/or that could be adversely affected by the failure of any Grantor to be HIPAA Compliant (as defined below); (y) has developed a detailed plan and time line for becoming HIPAA Compliant (a “**HIPAA Compliance Plan**”); and (z) has implemented or is currently implementing those provisions of such HIPAA Compliance Plan in all material respects necessary to ensure that each Grantor is or becomes HIPAA Compliant. For purposes hereof, “**HIPAA Compliant**” shall mean that the Grantor (1) is or will be in compliance with each of the applicable requirements of the so called “**Administrative Simplification**” provisions of HIPAA, and the HITECH Act, on and as of each date that any part thereof, or any final rule or regulation thereunder, becomes effective in accordance with its or their terms, as the case may be (each such date, a “**HIPAA Compliance Date**”) and (2) are not and could not reasonably be expected to become, as of any date following any such HIPAA Compliance Date, the subject of any civil or criminal penalty, process, claim,

action or proceeding, or any administrative or other regulatory review, survey, process or proceeding (other than routine surveys or reviews conducted by any government health plan or other accreditation entity) that could result in any of the foregoing or that could reasonably be expected to adversely affect Grantor's business, operations, assets, properties or condition (financial or otherwise), in connection with any actual or potential violation by a Grantor of the then effective provisions of HIPAA and the HITECH Act.

(i) Healthcare Licenses.

(i) ~~Grantor~~District will not allow any breach, withdrawal, rating reduction, restriction, limitation, suspension, probation, failure to renew, cancellation, rescission, termination, lapse or forfeiture of any Healthcare License, permit, right, franchise, certification, consent, or privilege necessary for the ownership or operation of its business.

(ii) The Healthcare Licenses: (A) may not be, and have not been, and will not be transferred; (B) are not now and will not be pledged as collateral security for any other loan or indebtedness; and (C) are held free and will remain free from restrictions or known conflicts which would materially impair the Grantor's business and operations, and shall not be provisional, probationary, revoked, cancelled, limited, or restricted in any way.

(iii) Amendments; Terminations. Without the prior consent of Lender, ~~neither Grantor will~~District agrees not to amend or terminate or agree to amend or terminate any material Healthcare License or consent to a waiver of, or waive, any material provisions thereof or terminate or agree to terminate, any material Operating Agreements and Management Contracts.

(iv) Participation Agreements. In no event shall any Grantor participate in any governmental or private program whereby any Governmental Authority or private Person may have the right to recover funds by reason of the advance of funds.

(v) Notices. Grantor shall promptly notify Lender in writing upon obtaining knowledge of the occurrence of:

(1) the actual, threatened or pending (A) revocation, suspension, probation, restriction, limitation, forfeiture or refusal to renew of any Healthcare License, or (B) the issuance or pending issuance of any Healthcare License for a period of less than 12 months, as a consequence of sanctions imposed by any Governmental Authority, or (C) the assessment or threatened or pending assessment, of any civil or criminal penalties by any Governmental Authority or agent, any third party payor or any accreditation organization;

(2) any other development in the business or affairs of Grantor, which could have a Material Adverse Effect; and

(3) any government investigation or legal proceeding,

in each case describing in detail satisfactory to Lender in its sole discretion the nature thereof and the action Grantor proposes to take with respect thereto.

(vi) Receivables. In furtherance, but not limitation, of other provisions of this Agreement and other Loan Documents, Grantor will not pledge its accounts receivable as collateral security for any other loan or indebtedness

(vii) Post-Closing Covenant. Within 6 months after the Effective Date, Grantor will cause all of its receivables that are not Government Receivables to be deposited into a Blocked Account.

(i) Cash Management; Collections on Collateral.

(i) Grantors shall give Lender at least 10 days prior written notice before opening any Deposit Account, securities account, or other account at any financial institution, brokerage firm, securities intermediary, or other Person. All of each Grantor's Deposit Accounts (other than a Deposit Account used exclusively for payroll in the ordinary course of a Grantor's business and Government Receivables Deposit Accounts) and securities accounts shall be subject to a Control Agreement in favor of Lender, and all of each Grantor's Deposit Accounts and securities accounts shall be maintained with a Blocked Account Bank. ~~A Grantor~~District and/or Hospital, as applicable, shall be the ~~sole owner or~~ holder of each Deposit Account and securities account and shall not allow any Person (other than Lender) to have control over any such Deposit Account or securities account or any assets deposited therein or otherwise credited thereto. Each Grantor acknowledges that it has granted a security interest to Lender in each of its Deposit Accounts (including each Blocked Account, but excluding Government Receivables Deposit Accounts), and any such Deposit Accounts shall be subject to a Control Agreement.

(ii) ~~Each Grantor~~The Hospital shall maintain segregated Government Receivables Deposit Accounts subject to standing instructions that the full amount of collected and available balance in such Government Receivables Deposit Accounts shall be automatically transferred on a daily basis to a Blocked Account, which ~~Grantors~~Hospital shall not revoke, rescind, or modify such instructions at any time unless such an arrangement is deemed unlawful under any law or regulation addressing Government Receivables.

(iii) Each Grantor shall direct, and hereby irrevocably authorizes Lender to direct, all account debtors to pay or deliver all remittances and other amounts payable to any Grantor to, and each Grantor shall otherwise cause all other amounts payable to any such Grantor to be paid directly to, (i) the Lockbox or (ii) a Blocked Account. Each Grantor shall immediately deposit all payments received by such Grantor, in the identical form in which such payments were received (whether by cash or check), with any necessary endorsement, into either a Blocked Account or a Government Receivables Deposit Account, as applicable. If any Grantor, any Subsidiary thereof, any of their respective Affiliates, or any other Person acting for or in concert with any Grantor, shall receive any monies, checks, notes, drafts or other payments relating to or as proceeds of any Collateral, such Grantor and each such Person shall receive all such items in trust for, and as the sole and exclusive property of, Lender and, immediately upon receipt thereof, shall remit the same (or cause the same to be remitted) in kind to a Blocked Account or a Government Receivables Deposit Account, as applicable. All checks, cash, and other deposits held in the Lockbox or any Deposit Account shall constitute proceeds of Collateral and shall not constitute the payment of the Obligations.

(iv) During any Event of Default, all funds, remittances, and proceeds of Collateral collected or otherwise deposited in any Blocked Account or Lockbox shall be swept on a daily basis to Lender to pay down the Secured Obligations, and Lender will withdraw funds deposited into the applicable Blocked Account and pay down the

Secured Obligations by applying them to the Revolving Loans on the first Business Day following the Business Day of deposit into such Blocked Account. Subject to **Section 11.4**, all payments shall be applied to the Secured Obligations in the order Lender may deem appropriate in its sole discretion.

(j) Payment of Debt. No Grantor shall: Voluntarily prepay principal of, or interest on, any Debt, *other than* the Secured Obligations, if a Default or Event of Default exists or would result after giving effect to such payment. Prepay, repay, repurchase, redeem or defease Subordinated Indebtedness prior to the irrevocable payment and performance in full of the Obligation; provided that, so long as no Default or Event of Default exists or would result after giving effect to such payment, Grantors may make scheduled payments of accrued and unpaid interest on, Subordinated Indebtedness to the extent permitted by, and subject to, the express terms of the Subordination Agreement with respect to such Subordinated Indebtedness. Enter into any Restrictive Agreement. Revoke, amend, terminate, waive, rescind, or modify any Control Agreement.

In addition, the Hospital shall preserve and maintain its existence and rights as a California nonprofit public benefit corporation. Except to the extent expressly prohibited by state or federal law, the Hospital shall permit the Lender to disclose any information received by the Lender in connection herewith including, without limitation, the financial information described in Section 8 hereof, to any Participant.

7. Authorization to File Financing Statements. Each Grantor hereby irrevocably authorizes Lender, at any time and from time to time, to file in any filing office in any UCC jurisdiction any financing statements and fixture filings, and amendments to any such statements or filings, that (a) identify the Collateral (i) as described herein, regardless of whether any particular asset comprised in the Collateral falls within the scope of Article 9 of the UCC of such jurisdiction, or (ii) as being of an equal or lesser scope or with greater detail, and (b) provide any other information required under UCC for the sufficiency or filing office acceptance of any financing statement or amendment. Each Grantor agrees to furnish any such information to Lender promptly upon Lender's request, and each Grantor hereby ratifies any prior financing statements (and all amendments thereto and continuations thereof) filed prior to the date hereof by Lender or any of its predecessors in interest.

8. Further Assurances. To further the attachment, perfection and first priority, subject only to Permitted Encumbrances (if any) of, and the ability of Lender to enforce, Lender's Security Interest in the Collateral, and without limiting Grantors' other obligations under this Agreement or any other Loan Document, each Grantor agrees, at its sole cost and expense, to take the following actions:

(a) Collateral in the Possession of a Bailee. If any Collateral is at any time in the possession of a bailee, Grantors shall promptly notify Lender and, at Lender's request and option, shall promptly obtain a Collateral Access Agreement executed by such bailee.

(b) Deposit Accounts. For each deposit account that any Grantor currently has open or at any time opens or maintains (other than any such deposit accounts maintained with Lender and Government Receivables Deposit Accounts), such Grantor shall, at Lender's request, cause the depository bank to enter into a deposit account control agreement (or other similar agreement) in Acceptable Form, in each case to the extent required by the Credit Agreement. Lender agrees with Grantors that Lender shall not elect to exercise its rights under any deposit control agreement unless an Event of Default has occurred.

(c) Promissory Notes and Tangible Chattel Paper. If Grantors at any time hold or acquire any promissory notes or tangible chattel paper, Grantors shall promptly notify Lender thereof and, upon Lender's request, endorse, assign and deliver the same to Lender, accompanied by such instruments of transfer or assignment duly executed in blank and in Acceptable Form.

(d) Investment Property. If Grantors at any time hold or acquire any certificated Equity Interests comprising part of the Collateral, Grantors shall promptly endorse, assign and deliver the same to Lender, accompanied by such instruments of transfer or assignment duly executed in blank as Lender may request. If any Equity Interests now or hereafter acquired by Grantors constitute uncertificated securities and are issued to Grantors or its nominee directly by the issuer thereof, Grantors shall promptly notify Lender thereof and, at Lender's request and option, either deliver to Lender a control agreement with the issuer in Acceptable Form or take such actions as Lender may reasonably request to arrange for Lender to become the registered owner of the Equity Interests. If any Collateral is held with a securities intermediary (other than Lender) or commodity intermediary, then Grantors will promptly notify Lender thereof and, upon Lender's request, will cause such securities intermediary or commodity intermediary to enter into a control agreement with the Lender, in Acceptable Form, giving Lender control thereof under the UCC.

(e) Electronic Chattel Paper and Transferable Records. If Grantors at any time holds or acquires an interest in any electronic chattel paper or any "transferable record," as that term is defined in Section 201 of the federal Electronic Signatures in Global and National Commerce Act, or in Section 16 of the Uniform Electronic Transactions Act as in effect in any relevant jurisdiction, Grantors shall promptly notify Lender thereof and, at the request and option of Lender, shall take such action as Lender may reasonably request to vest in Lender control, under Section 9-105 of the UCC, of such electronic chattel paper or control under Section 201 of the federal Electronic Signatures in Global and National Commerce Act or, as the case may be, Section 16 of the Uniform Electronic Transactions Act, as so in effect in such jurisdiction, of such transferable record.

(f) Letter-of-Credit Rights. If any Grantor is at any time a beneficiary under a letter of credit, Grantors shall promptly notify Lender thereof and, at the request and option of Lender, Grantors shall, pursuant to an agreement in Acceptable Form, take such actions as Lender may reasonably request to either (i) arrange for the issuer and any confirmer or other nominated Person of such letter of credit to consent to an assignment to Lender of the proceeds of the letter of credit, or (ii) arrange for Lender to become the transferee beneficiary of the letter of credit.

(g) Lockbox and Blocked Accounts. Grantors shall direct, and hereby irrevocably authorizes Lender to direct the Collateral Obligors of all accounts to make payment directly to the Lockbox or a Blocked Account established for the benefit of Lender.

(h) Collections on Collateral.

(i) Each Grantor hereby irrevocably authorizes Lender to notify each Person obligated with respect to any of the Collateral, whether as account debtor or other obligor on any account, an issuer of Pledged Interests, or otherwise (each such Person a "**Collateral Obligor**"), to make payment directly to Lender and Lender may take control of the proceeds paid to Lender. Upon such notice from Lender, each such Collateral Obligor is hereby authorized and directed by Grantor to make payments on any of the Collateral (including, without limitation, dividends and other distributions) directly to Lender, regardless of whether Grantor was previously making collections thereon. Until

such notice is given, Grantor is authorized to retain and expend all payments made on Collateral to the extent such payments are permitted by the Loan Documents. Lender agrees with Grantors that Lender shall not elect to exercise these rights unless an Event of Default has occurred and is continuing.

(ii) If any Collateral Obligor fails or refuses to make payment on any Collateral when due, Lender is authorized, in its sole discretion, either in its own name or in the name of Grantor, to take such action as Lender shall deem appropriate for the collection of any such amounts. Regardless of any other provision hereof, Lender shall never be liable for its failure to collect, or for its failure to exercise diligence in the collection of, any amounts owed with respect to Collateral, nor shall it be under any duty whatever to anyone except Grantor to account for funds that it shall actually receive hereunder. Without limiting the generality of the foregoing, Lender shall have no responsibility for ascertaining any maturities, calls, conversions, exchanges, offers, tenders or similar matters relating to any Collateral, or for informing Grantor with respect to any of such matters (irrespective of whether Lender actually has, or may be deemed to have, knowledge thereof).

(iii) The receipt of Lender to any Collateral Obligor shall be a full and complete release, discharge and acquittance to such Collateral Obligor, to the extent of any amount so paid to Lender.

(i) Identification and Assignment of Accounts. Upon Lender's request, whether before or after the occurrence of an Event of Default, each Grantor shall take such action and execute such additional documents and instruments as Lender may request, and each Grantor hereby authorizes Lender to provide a copy of this Agreement and any other Loan Document to any such account debtor or other obligor, for purposes of evidencing or demonstrating Lender's rights and authority under this Agreement, to deliver such documents as Lender may reasonably request in order to identify, confirm, mark, segregate and assign accounts and to evidence Lender's interest in same. Without limitation of the foregoing, each Grantor, upon request, agrees to assign accounts to Lender, identify and mark accounts as being subject to Lender's Security Interest (or pledge or assignment as applicable), mark such Grantor's books and records to reflect such assignments, and forthwith to transmit to Lender in the form as received by such Grantor any and all proceeds of collection of such accounts.

(j) Other Assurances and Rights.

(i) Each Grantor further agrees, at the request and option of Lender, in each case to the extent applicable, to take any and all other actions, and execute and deliver such documents and instruments, as Lender may determine to be necessary or useful for the attachment, perfection, and first-priority of, and the ability of Lender to enforce, Lender's Security Interest in any and all of the Collateral, and cooperate with Lender in identifying all of such Grantor's personal property assets and proper descriptions of such assets for the purpose of including such assets as part of the Collateral and perfecting the Security Interest therein, including (A) authenticating, executing, delivering and, where appropriate, filing financing statements and amendments relating thereto under the UCC, (B) causing Lender's name to be noted as secured party on any certificate of title for a titled good if such notation is a condition to the attachment, perfection or priority of, or ability of Lender to enforce, Lender's security interest in such Collateral, (C) complying with any provision of any statute, regulation or treaty of the United States as to any Collateral to the extent compliance with such provision is a condition to the attachment,

perfection or priority of, or ability of Lender to enforce, Lender's security interest in such Collateral, (D) obtaining governmental and other third party waivers, consents and approvals in form and substance satisfactory to Lender, including, without limitation, any consent of any licensor, lessor or other Person obligated on Collateral, (E) obtaining waivers from mortgagees and landlords in form and substance satisfactory to Lender, (F) taking all actions under the UCC or under any other Applicable Law, as reasonably determined by Lender to be applicable in any relevant UCC or other jurisdiction, including any foreign jurisdiction, (G) providing Lender promptly upon its request with proper legal descriptions of, and all other information and documents pertaining to, such Grantor's interest in real property, deposit accounts, brokerage accounts, securities accounts, and all other personal property assets of such Grantor, and (H) providing such other information and documents, and executing such other appropriate documents or instruments, as Lender may reasonably request.

(ii) Each Grantor hereby irrevocably makes, constitutes, and appoints Lender (and all Persons designated by Lender for that purpose) as such Grantor's true and lawful attorney and agent-in-fact to authenticate and file such financing statements, Loan Documents, and other documents and instruments, and do such other acts and things, as may be reasonably necessary to preserve, perfect, or protect Lender's Security Interest in any Collateral, or to exercise, enforce, preserve, or protect any of Lender's rights under this Agreement, any of the other Loan Documents, or with respect to any Collateral. Such appointment of Lender as such Grantor's attorney-in-fact is a power that is coupled with an interest, and is continuing and irrevocable.

(iii) Lender shall have the right in its own name or in the name of Grantor to (A) compromise or extend time of payment with respect to all or any portion of the Collateral for such amounts and upon such terms as Lender may determine, (B) demand, collect, receive, receipt for, sue for, compound and give acquittances for any and all amounts due or to become due with respect to Collateral, (C) take control of cash and other proceeds of any Collateral, (D) endorse the name of Grantor on any notes, acceptances, checks, drafts, money orders or other evidences of payment on Collateral that may come into the possession of Lender, (E) to send requests for verification of obligations to any Collateral Obligor; and (F) to do all other acts and things necessary to carry out the intent of this Agreement.

(k) Consents. Upon Lender's request and at Grantors' expense, file or cause to be filed such applications and take such other actions to obtain any consent or approval necessary or appropriate (as determined by Lender) to effectuate the grant of a Security Interest in (or collateral assignment of) any Collateral to Lender or to effectuate Lender's rights hereunder, including, without limitation, the right to assign or sell Collateral upon an Event of Default without additional consent or approval from any Governmental Authority or other Person.

9. Default; Remedies. Upon the occurrence and during the continuance of an Event of Default, subject to the terms and conditions of the Credit Agreement, Lender has the following cumulative rights and remedies under this Agreement:

(a) Exercise Rights. Lender may exercise any and all rights available to a secured party under (i) the UCC, (ii) this Agreement and the other Loan Documents, (iii) at law, in equity, or otherwise, including (A) requiring Grantors to assemble all or part of the Collateral and make it available to Lender at a place to be designated by Lender which is reasonably convenient to Grantors and Lender, (B) applying by appropriate judicial proceedings for

appointment of a receiver for Grantors or any of them or all or part of the Collateral, (C) applying to the Secured Obligations any cash held by Lender, (D) reducing any claim to judgment, (E) exercising the rights of offset or banker's lien against the interests of Grantors in and to every account and other property of Grantors in Lender's possession to the extent of the full amount of the Secured Obligations, (F) foreclosing the Security Interest and any other Liens Lender may have or otherwise realize upon any and all of the rights Lender may have in and to the Collateral, or any part thereof, (G) bringing suit or other proceedings before any Governmental Authority either for specific performance of any covenant or condition contained in any of the Loan Documents or in aid of the exercise of any right granted to Lender in any of the Loan Documents, and (H) requiring that each contract, chattel paper, instrument or document so retained shall be marked to state that it is assigned to Lender and each instrument shall be endorsed to the order of Lender (but failure to so mark or endorse any such Collateral shall not impair Lender's Security Interest).

(b) Sales of Equity Interests.

(i) In the event that the Lender determines to exercise its right to sell all or any part of the Pledged Interests, Grantor will, at Grantor's expense and upon request by the Lender: (A) execute and deliver, and cause each issuer of such Collateral and the directors or managers and officers thereof to execute and deliver, all such instruments and documents, and do or cause to be done all such other acts and things, as may be necessary or, in the opinion of the Lender, advisable to register such Collateral under the provisions of the Securities Act of 1933, as amended (the "**Securities Act**"), and to cause the registration statement relating thereto to become effective and to remain effective for such period as prospectuses are required by law to be furnished, and to make all amendments and supplements thereto and to the related prospectus which, in the opinion of the Lender, are necessary or advisable, all in conformity with the requirements of the Securities Act and the rules and regulations of the Securities and Exchange Commission applicable thereto, (B) cause each issuer of such Collateral to qualify such Collateral under the state securities or "Blue Sky" laws of each jurisdiction, and to obtain all necessary governmental approvals for the sale of the Pledged Interests, as requested by the Lender, (C) cause each issuer of such Collateral to make available to its equity holders, as soon as practicable, an earnings statement which will satisfy the provisions of Section 11(a) of the Securities Act, and (D) do or cause to be done all such other acts and things as may be necessary to make such sale of such Collateral valid and binding and in compliance with applicable law. Grantor acknowledges the impossibility of ascertaining the amount of damages which would be suffered by the Lender by reason of the failure by Grantor to perform any of the covenants contained in this subsection and, consequently, agrees that, if Grantor fails to perform any of such covenants, it shall pay, as liquidated damages and not as a penalty, an amount equal to the value of the Pledged Interests on the date the Lender demands compliance with this subsection; *provided that*, the payment of such amount shall not release Grantor from any of its obligations under any of the other Loan Documents.

(ii) Notwithstanding the provisions of Section 10(b)(i) hereof, Grantor recognizes that the Lender may deem it impracticable to effect a public sale of all or any part of the Pledged Interests or any other Equity Interests constituting Collateral. Lender is authorized, but not obligated, to limit prospective purchasers to the extent deemed necessary or desirable by Lender to render such sale exempt from the registration requirements of the Securities Act, and any applicable state securities laws, and no sale so made in good faith by Lender shall be deemed not to be "commercially reasonable" because so made. Lender may make one or more private sales of any such Equity Interests to a restricted group of purchasers who will be obligated to agree, among other things, to acquire such Equity Interests for their own account, for investment

and not with a view to the distribution or resale thereof. Grantor acknowledges that any such private sale may be at prices and on terms less favorable to the seller than the prices and other terms which might have been obtained at a public sale and, notwithstanding the foregoing, agrees that such private sales shall be deemed to have been made in a commercially reasonable manner and that the Lender shall have no obligation to delay the sale of any such Equity Interests for the period of time necessary to permit the issuer of such Equity Interests to register such Equity Interests for public sale under the Securities Act. Grantor further acknowledges and agrees that any offer to sell such Equity Interests which has been (i) publicly advertised on a bona fide basis in a newspaper or other publication of general circulation in the financial community of Los Angeles, California (to the extent that such an offer may be so advertised without prior registration under the Securities Act) or (ii) made privately in the manner described above to not less than fifteen *bona fide* offerees shall be deemed to involve a “public disposition” for the purposes of Section 9 610(c) of the UCC, notwithstanding that such sale may not constitute a “public offering” under the Securities Act, and that the Lender may, in such event, bid for the purchase of such Equity Interests.

(c) Notice. To the extent required under the UCC or other Applicable Law, reasonable notification of the time and place of any public sale of the Collateral, or reasonable notification of the time after which any private sale or other intended disposition of the Collateral is to be made, shall be sent to Grantors and to any other Person entitled to notice under the UCC; *provided that*, if any of the Collateral threatens to decline speedily in value or is of the type customarily sold on a recognized market, Lender may sell or otherwise dispose of the Collateral without notification, advertisement, or other notice of any kind. It is agreed that notice sent or given not less than ten calendar days prior to the taking of the action to which the notice relates is reasonable notification and notice for the purposes of this subsection. It shall not be necessary that the Collateral be at the location of any sale.

(d) Standards for Exercising Rights and Remedies. To the extent that Applicable Law imposes duties on Lender to exercise remedies in a commercially reasonable manner, Grantors acknowledge and agree that it is not commercially unreasonable for Lender (i) to fail to incur expenses reasonably deemed significant by Lender in order to prepare Collateral for disposition or otherwise to fail to complete raw material or work-in-process into finished goods or other finished products for disposition, (ii) to fail to obtain third party consents for access to Collateral to be disposed of, or to obtain or, if not required by other Applicable Law, to fail to obtain governmental or third party consents for the collection or disposition of Collateral to be collected or disposed of, (iii) to fail to exercise collection remedies against account debtors or other Obligors, directly or through the use of collection agencies and other collection specialists, (iv) to fail to remove Liens or any other encumbrances on, or any adverse claims against, any Collateral, (v) to advertise dispositions of Collateral through publications or media of general circulation, whether or not the Collateral is of a specialized nature, (vi) to contact other Persons, whether or not in the same business as any Grantor, for expressions of interest in acquiring all or any portion of the Collateral, (vii) to hire one or more professional auctioneers to assist in the disposition of Collateral, whether or not the Collateral is of a specialized nature, (viii) to dispose of Collateral by utilizing internet sites that provide for the auction of assets of the types included in the Collateral or that have the reasonable capability of doing so, or that match buyers and sellers of assets, (ix) to dispose of assets in wholesale rather than retail markets, (x) to disclaim disposition warranties, (xi) to purchase insurance or credit enhancements to insure Lender against risks of loss, collection or disposition of Collateral or to provide to Lender a guaranteed return from the collection or disposition of Collateral, or (xii) to the extent deemed appropriate by Lender, to obtain the services of other brokers, investment bankers, consultants and other professionals to assist Lender in the collection or disposition of any of the Collateral. Grantors

acknowledge that the purpose of this subsection is to provide non-exhaustive indications of what actions or omissions by Lender would fulfill Lender's duties under the UCC or other Applicable Law of any relevant jurisdiction in Lender's exercise of remedies against the Collateral and that other actions or omissions by Lender shall not be deemed to fail to fulfill such duties solely on account of not being indicated in this subsection. Without limiting the foregoing, nothing contained in this subsection shall be construed to grant any rights to Grantors or to impose any duties on Lender that would not have been granted or imposed by this Agreement or by Applicable Law in the absence of this subsection.

(e) Grantors' Agent. Each Grantor hereby irrevocably appoints Lender as its agent and attorney-in-fact with all right and power to protect, preserve, and realize upon the Collateral and to enforce all of Grantor's rights and remedies under or in connection with the Collateral. Each Grantor hereby acknowledges and agrees that this power is coupled with an interest and is continuing and irrevocable. All reasonable costs, expenses and liabilities incurred and all payments made by Lender as Grantors' agent and attorney-in-fact in accordance herewith, including, without limitation, reasonable attorney's fees and expenses, shall be considered a loan by Lender to Grantors which shall be payable on demand, shall (unless otherwise agreed by Lender) accrue interest at the Default Rate, and shall constitute part of the Secured Obligations.

(f) Partial, Incomplete, or Defective Sale. Lender's sale of less than all of the Collateral shall not exhaust Lender's rights under this Agreement and Lender is specifically empowered to make successive sales until all of the Collateral is sold. If the proceeds of a sale of less than all the Collateral shall be less than the Secured Obligations, this Agreement and the Security Interest shall remain in full force and effect as to the unsold portion of the Collateral just as though no sale had been made. In the event any sale under this Agreement is not completed or is, in Lender's opinion, defective, such sale shall not exhaust Lender's rights under this Agreement and Lender shall have the right to cause a subsequent sale or sales to be made at Grantors' sole cost and expense. Any and all statements of fact or other recitals made in any bill of sale or assignment or other instrument evidencing any foreclosure sale under this Agreement as to nonpayment of the Secured Obligations, or as to the occurrence or existence of any Event of Default, or as to Lender's having declared all of such Secured Obligations to be due and payable, or as to notice of time, place and terms of sale and the properties to be sold having been duly given, or as to any other act or thing having been duly done by Lender, shall be taken as *prima facie* evidence of the truth of the facts so stated and recited, subject only to manifest error. Lender may appoint or delegate any one or more Persons as agent to perform any act or acts necessary or incident to any sale held or to be held by Lender, including the sending of notices and the conduct of sale.

(g) Existence of Default. Regarding the existence of any Event of Default for purposes of this Agreement, Grantors agree that the Obligors or account debtors on any Collateral may rely upon written certification from Lender that such an Event of Default has occurred and is continuing and Grantors expressly agree that Lender shall not be liable to Grantors for any claims, damages, costs, expenses or causes of action of any nature whatsoever in connection with, arising out of, or related to Lender's exercise of any rights, powers or remedies under any Loan Document, except for its own gross negligence or willful misconduct, as determined by a court of competent jurisdiction pursuant to a final and non-appealable judgment.

(h) Marshaling. Lender shall not be required to marshal any present or future collateral security (including, but not limited to, the Collateral) for, or other assurances of payment of, the Secured Obligations or any of them or to resort to such collateral security or

other assurances of payment in any particular order, and all of its rights and remedies hereunder and in respect of such collateral security and other assurances of payment shall be cumulative and in addition to all other rights and remedies, however existing or arising. To the extent that it lawfully may, each Grantor hereby agrees that it will not invoke any law relating to the marshalling of collateral which might cause delay in or impede the enforcement of Lender's rights and remedies under this Agreement or under any other instrument creating or evidencing any of the Secured Obligations or under which any of the Secured Obligations are outstanding or by which any of the Secured Obligations are secured or payment thereof is otherwise assured, and, to the extent that it lawfully may, Grantors hereby irrevocably waive the benefits of all such laws.

10. Other Rights of Lender.

(a) Performance. In the event any Grantor fails to preserve the priority of the Security Interest in any of the Collateral or, upon the occurrence and during the continuance of an Event of Default, otherwise fails to perform any of its obligations under the Loan Documents with respect to the Collateral, then Lender may (but is not required to) prosecute or defend any suits in relation to the Collateral or take any other action which any Grantor is required to take under the Loan Documents, but has failed to take. Any sum which may be expended or paid by Lender under this Section (including, without limitation, court costs and reasonable attorneys' fees and expenses) shall (unless otherwise agreed by Lender) accrue interest from the date of expenditure or payment at the Default Rate until paid and, together with such interest, shall be payable by Grantors to Lender upon demand and shall be part of the Secured Obligations.

(b) Collateral in Lender's Possession. If, after the occurrence and during the continuance of an Event of Default, any Collateral comes into Lender's possession, Lender may use such Collateral for the purpose of preserving it or its value pursuant to the order of a court of appropriate jurisdiction or in accordance with any other rights of Lender with respect to such Collateral. Grantors covenant to promptly reimburse and pay to Lender, at Lender's request, the amount of all expenses incurred by Lender in connection with its custody and preservation of such Collateral, and all such expenses, costs, Taxes and other charges shall (unless otherwise agreed by Lender) bear interest at the Default Rate until repaid and, together with such interest, shall be payable by Grantors to Lender upon demand and shall be part of the Secured Obligations. However, the risk of accidental loss or damage to, or diminution in value of, Collateral is on Grantors, except to the extent determined by a final non-appealable judgment of a court of competent jurisdiction to have been caused by Lender's own gross negligence or willful misconduct. Lender shall have no liability for failure to obtain or maintain insurance, nor to determine whether any insurance is adequate as to amount, the risks insured, or any other matter. With respect to Collateral that is in the possession of Lender, Lender shall have no duty to fix or preserve rights against prior parties to such Collateral and shall never be liable for any failure to use diligence to collect any amount payable in respect of such Collateral, but shall be liable only to account to Grantors for what Lender actually collects or receives thereon.

(c) Subrogation. If any of the proceeds of the Secured Obligations are given in renewal or are an extension of, or are applied toward the payment of, any indebtedness secured by any Lien, Lender shall be, and is hereby, subrogated to all of the rights, titles, interests and Liens securing the indebtedness so renewed, extended or paid.

(d) Pledged Interests

(i) Record Ownership of Securities. Upon the occurrence and during the continuance of an Event of Default, Lender at any time may have the Pledged Interests registered in its name, or in the name of its nominee or nominees, as pledgee; and Grantor shall execute and deliver to Lender all such proxies, powers of attorney, dividend coupons or orders and other documents as Lender may reasonably request for the purpose of enabling Lender to exercise the voting rights and powers which it is entitled to exercise hereunder and to receive the dividends and other payments which it is authorized to receive and retain hereunder.

(ii) Voting of Equity Interests. So long as no Event of Default has occurred and is continuing, Grantor shall be entitled to exercise all voting rights pertaining to the Pledged Interests. Upon notice from Lender to Grantors after the occurrence and during the continuance of an Event of Default, the right to vote the Pledged Interests shall be vested exclusively in Lender. To this end, Grantor irrevocably appoints Lender the proxy and attorney-in-fact of Grantor, with full power of substitution, to vote and to act with respect to the Pledged Interests, subject to the understanding that such proxy may not be exercised unless an Event of Default has occurred and is continuing. The proxy herein granted is coupled with an interest, and is continuing and irrevocable.

(iii) Certain Proceeds. Any and all stock dividends or Distributions of property made on or in respect of the Pledged Interests, any cash withdraws from any capital account relating to any of the Pledged Interests, and any proceeds of the Pledged Interests, whether such dividends, Distributions, or proceeds result from a subdivision, combination or reclassification of any outstanding Equity Interests owned by Grantor or as a result of any merger, consolidation, acquisition or other exchange of assets to which Grantor may be a party, or otherwise, shall be part of the Pledged Interests hereunder, shall, if received by Grantor, be held in trust for the benefit of Lender, and shall forthwith be delivered to Lender (accompanied by proper instruments of assignment and/or transfer powers executed by the applicable Grantor in accordance with Lender's instructions) to be held subject to the terms hereof. Prior to the occurrence and continuation of an Event of Default, any cash proceeds of Pledged Interests which come into the possession of Lender may, at Grantor's option, be applied in whole or in part to the Secured Obligations, or be released in whole or in part to or on the written instructions of Grantor's for any general or specific purpose not in violation of the Credit Agreement, or be retained in whole or in part by Lender as additional Pledged Interests. Upon the occurrence and continuation of an Event of Default, any cash proceeds of Pledged Interests shall be applied to the Secured Obligations.

(e) No Impairment or Release. The Security Interest and Grantors' obligations and Lender's rights under this Agreement shall not be released, diminished, impaired or adversely affected by the occurrence of any one or more of the following events: (i) the taking or accepting of any other security or assurance for any or all of the Secured Obligations; (ii) any release, surrender, exchange, subordination or loss of any security or assurance at any time existing in connection with any or all of the Secured Obligations; (iii) the modification of, amendment to, or waiver of compliance with any terms of any of the other Loan Documents without Grantors' consent, except as required therein; (iv) the insolvency, bankruptcy or lack of corporate or trust power of any Person at any time liable for the payment of any or all of the Secured Obligations, whether now existing or hereafter occurring; (v) any renewal, extension or rearrangement of the payment of any or all of the Secured Obligations, either with or without notice to or consent of Grantors, or any adjustment, indulgence, forbearance or compromise that may be granted or given by Lender to Obligors or Grantors, in each case, except as required by the Loan

Documents; (vi) any neglect, delay, omission, failure or refusal of Lender to take or prosecute any action in connection with any other agreement, document, guaranty or instrument evidencing, securing or assuring the payment of all or any of the Secured Obligations; (vii) any failure of Lender to notify Grantors of any renewal, extension, or assignment of the Secured Obligations or any part thereof, the release of any security under any other Loan Document or any other document or instrument, any other action taken or refrained from being taken by Lender against Obligors or Grantors, or any new agreement between Lender and Obligors, it being understood that, except as expressly required by the Credit Agreement, Lender shall not be required to give Grantors any notice of any kind under any circumstances whatsoever with respect to or in connection with the Secured Obligations, including, without limitation, notice of acceptance of this Agreement or any Collateral ever delivered to or for the account of Lender under this Agreement; (viii) the illegality, invalidity or unenforceability of all or any part of the Secured Obligations against any third party obligated with respect thereto by reason of the fact that the Secured Obligations, or the interest paid or payable with respect thereto, exceeds the amount permitted by Applicable Law, the act of creating the Secured Obligations, or any part thereof, is *ultra vires*, or the officers, equity owners, or trustees creating same acted in excess of their authority, or for any other reason; or (ix) if any payment by any party obligated with respect thereto is held to constitute a preference under Applicable Laws or for any other reason Lender is required to refund such payment or pay the amount thereof to someone else.

11. Reinstatement. This Agreement shall remain in full force and effect and continue to be effective should any Grantor become the subject of any Insolvency Proceeding, and shall continue to be effective or be reinstated, as the case may be, if at any time payment or performance of the Secured Obligations, or any part thereof (including a payment effected through exercise of a right of setoff), is, pursuant to Applicable Law, invalidated, declared to be fraudulent or preferential or voidable, set aside or required (including pursuant to any settlement entered into by Lender in its discretion) to be repaid to a trustee, receiver or any other party, in connection with any such Insolvency Proceeding, all as if such payment or performance had not been made or such setoff had not occurred.

12. Miscellaneous.

(a) Severability. If any provision of this Agreement or the other Loan Documents is held to be illegal, invalid or unenforceable in any jurisdiction (a) it shall not affect the validity, legality and enforceability of the remaining provisions thereof, (b) the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction, and (c) the parties shall engage in good faith negotiations to replace the illegal, invalid or unenforceable provisions, with valid provisions the economic effect of which comes as close as possible to that of the illegal, invalid or unenforceable provisions. The invalidity of a provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

(b) Multiple Counterparts; Electronic Signatures. This Agreement may be executed in any number of counterparts with the same effect as if all signatories had signed the same document. All counterparts must be construed together to constitute one and the same instrument. Loan Documents may be signed and transmitted by facsimile, portable document format (PDF), or other electronic means, and shall have the same effect as manually-signed originals and shall be binding on all Grantors and Lender.

(c) Waivers. Except to the extent expressly otherwise provided in this Agreement or in any other Loan Documents, Grantors waive (i) any right to require Lender to proceed against

any other Person, to exhaust its rights in Collateral, or to pursue any other right which Lender may have, (ii) demand, notice, protest, notice of acceptance, notice of loans made, Collateral received or delivered, notice of acceleration, notice of the intent to accelerate, all other demands and notices of any type or nature, and all other suretyship defenses; and (iii) all rights of marshaling in respect of any or all of the Collateral.

(d) Binding Effect and Assignment. This Agreement is binding upon, and inures to the benefit of, the parties hereto and their respective successors and permitted assigns. No Grantor may assign or transfer any of its rights, duties, or obligations under any of the Loan Documents. Lender may assign or transfer any of its rights, duties, or obligations under any of the Loan Documents. To the extent of such assignment, (a) the assignee shall be a party to this Agreement and shall have the rights and obligations of Lender under such Loan Documents, and (b) the assigning Lender shall be released from its obligations under the Loan Documents, but shall continue to be entitled to the benefits of any provisions hereof that, pursuant to this Agreement, would survive the Payment in Full.

(e) Notice. Any notice or communication required or permitted under this Agreement must be given as prescribed in the Credit Agreement.

(f) Expenses. Whether or not the transactions contemplated hereby shall be consummated, the Grantors jointly and severally agree to pay promptly (a) all the actual and reasonable costs and expenses of preparation of the Related Documents and any consents, amendments, waivers or other modifications thereto; (b) all the actual and reasonable costs of furnishing all opinions by counsel for the Grantors; (c) the reasonable fees and expenses to the Lender in connection with the negotiation, preparation, execution and administration of the Related Documents and any consents, amendments, waivers or other modifications thereto and any other documents or matters requested by the Grantors of any of them; (d) all the actual costs and reasonable fees, expenses and disbursements of any auditors, accountants, consultants or appraisers used in connection with the preparation of the Related Documents; and (e) after the occurrence of a Default or an Event of Default, all reasonable costs and expenses, including reasonable attorneys' fees and costs of settlement, incurred by the Lender in enforcing any Secured Obligations of or in collecting any payments due from the Grantor hereunder or under the other Related Documents by reason of such Default or Event of Default or in connection with any refinancing or restructuring of the credit arrangements provided hereunder in the nature of a "work-out" or pursuant to any insolvency or bankruptcy cases or proceedings.

(g) Amendments. This Agreement may only be amended by a writing executed by Grantors and Lender.

(h) Indemnity. In addition to the payment of expenses as provided herein, whether or not the transactions contemplated hereby shall be consummated, each Grantor jointly and severally agrees (but only to the extent permitted by law) to defend (subject to Indemnitees' selection of counsel), indemnify, pay and hold harmless, the Lender and its officers, partners, directors, trustees, employees, agents and Affiliates (each, an "**Indemnitee**"), from and against any and all Indemnified Liabilities (as defined in the Credit Agreement); provided that the Grantors shall not have any obligation to any Indemnitee hereunder with respect to any Indemnified Liabilities to the extent such Indemnified Liabilities arise from the gross negligence, illegal acts or willful misconduct of that Indemnitee. To the extent that the undertakings to defend, indemnify, pay and hold harmless set forth in this paragraph may be unenforceable in whole or in part because they are violative of any law or public policy, each Grantor shall contribute the maximum portion that it is permitted to pay and satisfy under applicable law to the

payment and satisfaction of all Indemnified Liabilities incurred by Indemnitees or any of them. To the extent permitted by applicable law, neither Grantor shall assert, and each Grantor hereby waives, any claim against the Lender and its Affiliates, directors, employees, attorneys, agents or sub-agents, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) (whether or not the claim therefor is based on contract, tort or duty imposed by any applicable legal requirement) arising out of, in connection with, as a result of, or in any way related to, this Agreement or any Related Document or any agreement or instrument contemplated hereby or thereby or referred to herein or therein, the transactions contemplated hereby or thereby, any Credit Extension or the use of the proceeds thereof or any act or omission or event occurring in connection therewith, and each Grantor hereby waives, releases and agrees not to sue upon any such claim or any such damages, whether or not accrued and whether or not known or suspected to exist in its favor.

(i) Binding Effect and Assignment. This Agreement is binding upon, and inures to the benefit of, the parties hereto and their respective successors and permitted assigns. Grantor may not assign or transfer any of its rights, duties, or obligations under any of the Related Documents. Lender may assign or transfer any of its rights, duties, or obligations under any of the Related Documents. To the extent of such assignment, (a) the assignee shall be a party to this Agreement and shall have the rights and obligations of Lender under such Related Documents, and (b) the assigning Lender shall be released from its obligations under the Related Documents, but shall continue to be entitled to the benefits of any provisions hereof that, pursuant to this Agreement, would survive the payment in full of the Secured Obligations.

(j) Amendments and Waivers. No amendment, modification, termination or waiver of any provision of the Related Documents, or consent to any departure by Grantor therefrom, shall in any event be effective without the written concurrence of the Lender.

(k) Survival of Representations, Warranties and Related Documents. All representations, warranties and agreements made herein shall survive the execution and delivery hereof and the making of any Credit Extension. Additionally, notwithstanding the termination of any of the other Related Documents prior to the termination of this Agreement, each of the representations, warranties and covenants set forth in such other Related Documents shall continue in full force and effect upon the termination of such other Related Documents, and, in the event of a conflict between the provisions of the representations, warranties and covenants in such other Related Documents, the Lender, in its sole and absolute discretion, shall determine which such representations, warrants and covenants shall control.

(l) No Waiver; Remedies Cumulative. No failure or delay on the part of the Lender in the exercise of any power, right or privilege hereunder or under any Related Document shall impair such power, right or privilege or be construed to be a waiver of any default or acquiescence herein or therein, nor shall any single or partial exercise of any such power, right or privilege preclude other or further exercise thereof or of any other power, right or privilege. The rights, powers and remedies given to the Lender hereby and thereby are cumulative and shall be in addition to and independent of all rights, powers and remedies existing by virtue of any statute or rule of law or in any of the Related Documents. Any forbearance or failure to exercise, and any delay in exercising, any right, power or remedy hereunder or thereunder shall not impair any such right, power or remedy or be construed to be a waiver thereof, nor shall it preclude the further exercise of any such right, power or remedy.

(m) Marshalling; Payments Set Aside. The Lender shall not be under any obligation to marshal any assets in favor of the Grantors or any other Person or against or in payment of any

or all of the Obligations. To the extent that a Grantor makes a payment or payments to the Lender on account of the Grantor's Obligations to exercise its rights of setoff, and such payment or payments or the proceeds of such setoff or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside and/or required to be repaid to a trustee, receiver or any other party under any bankruptcy law, any other state or federal law, common law or any equitable cause, then, to the extent of such recovery, the obligation or part thereof originally intended to be satisfied, and all Liens, rights and remedies therefor or related thereto, shall be revived and continued in full force and effect as if such payment or payments or setoff had not been made and applied on account of Grantor's Obligations.

(n) Severability. In case any provision in or obligation hereunder shall be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations, or of such provision or obligation in any other jurisdiction, shall not in any way be affected or impaired thereby.

(o) Headings. Section headings herein are included herein for convenience of reference only and shall not constitute a part hereof for any other purpose or be given any substantive effect.

13. Governing Law; Consent to Jurisdiction and Venue; Waiver of Jury Trial.

(a) THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF CALIFORNIA.

(b) EXCLUSIVE JURISDICTION. EXCEPT AS PROVIDED IN SUBSECTION (c), EACH OF THE PARTIES AGREES THAT ALL DISPUTES AMONG THEM ARISING OUT OF, CONNECTED WITH, RELATED TO, OR INCIDENTAL TO THE RELATIONSHIP ESTABLISHED AMONG THEM IN CONNECTION WITH, THIS AGREEMENT OR ANY OF THE OTHER RELATED DOCUMENTS WHETHER ARISING IN CONTRACT, TORT, EQUITY, OR OTHERWISE, WILL BE RESOLVED EXCLUSIVELY BY STATE OR FEDERAL COURTS LOCATED IN LOS ANGELES, CALIFORNIA, BUT THE PARTIES ACKNOWLEDGE THAT ANY APPEALS FROM THOSE COURTS MAY HAVE TO BE HEARD BY A COURT LOCATED OUTSIDE OF LOS ANGELES, CALIFORNIA. EACH OF THE PARTIES WAIVES IN ALL DISPUTES BROUGHT PURSUANT TO THIS SUBSECTION (a) ANY OBJECTION THAT IT MAY HAVE TO THE LOCATION OF THE COURT CONSIDERING THE DISPUTE.

(c) OTHER JURISDICTIONS. EACH GRANTOR AGREES THAT THE LENDER HAS THE RIGHT TO PROCEED AGAINST EACH GRANTOR AND ITS RESPECTIVE PROPERTY IN A COURT IN ANY LOCATION TO ENABLE THE LENDER TO (1) OBTAIN PERSONAL JURISDICTION OVER ANY GRANTOR OR (2) REALIZE ON THE COLLATERAL OR (3) ENFORCE A JUDGMENT OR OTHER COURT ORDER ENTERED IN FAVOR OF THE LENDER. EACH GRANTOR WAIVES ANY OBJECTION THAT IT MAY HAVE TO THE LOCATION OF THE COURT IN WHICH THE LENDER HAS COMMENCED A PROCEEDING DESCRIBED IN THIS SUBSECTION (c).

(d) VENUE. EACH GRANTOR IRREVOCABLY WAIVES ANY OBJECTION (INCLUDING, WITHOUT LIMITATION, ANY OBJECTION OF THE LAYING OF VENUE OR BASED ON THE GROUNDS OF FORUM NON CONVENIENS) WHICH IT MAY NOW OR HEREAFTER HAVE TO THE BRINGING OF ANY SUCH ACTION OR PROCEEDING WITH RESPECT TO THIS AGREEMENT OR ANY OTHER INSTRUMENT, DOCUMENT OR

AGREEMENT EXECUTED OR DELIVERED IN CONNECTION HERewith IN ANY JURISDICTION SET FORTH ABOVE.

(e) SERVICE OF PROCESS. EACH GRANTOR IRREVOCABLY CONSENTS TO THE SERVICE OF PROCESS OF ANY OF THE AFOREMENTIONED COURTS IN ANY SUCH ACTION OR PROCEEDING BY THE MAILING OF COPIES THEREOF BY REGISTERED OR CERTIFIED MAIL, POSTAGE PREPAID, TO SUCH GRANTOR'S NOTICE ADDRESS SPECIFIED IN THE CREDIT AGREEMENT, AS APPLICABLE, SUCH SERVICE TO BECOME EFFECTIVE UPON RECEIPT OF SUCH MAILING. NOTHING IN THIS AGREEMENT WILL AFFECT THE RIGHT TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR LIMIT THE RIGHT OF THE LENDER TO BRING PROCEEDINGS AGAINST ANY GRANTOR IN THE COURTS OF ANY OTHER JURISDICTION.

(f) JUDICIAL REFERENCE. EACH PARTY AGREES TO SUBMIT TO JUDICIAL REFERENCE PURSUANT TO SECTION 638, ET SEQ., OF THE CALIFORNIA CODE OF CIVIL PROCEDURE ANY CLAIM, DEMAND, ACTION, OR CAUSE OF ACTION ARISING OUT OF OR RELATING TO THIS AGREEMENT, ANY EXHIBIT HERETO, ANY CLOSING DOCUMENT OR ANY OF THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT, STATUTE OR ANY OTHER LEGAL THEORY (HEREINAFTER "DISPUTE")). SUCH JUDICIAL REFERENCE WILL BE FILED AND PROSECUTED IN THE LOS ANGELES SUPERIOR COURT. PURSUANT TO SUCH JUDICIAL REFERENCE, THE PARTIES AGREE TO THE APPOINTMENT OF A SINGLE REFEREE AND TO USE THEIR BEST EFFORTS TO AGREE ON THE SELECTION OF A REFEREE. IF THE PARTIES TO THE DISPUTE ARE UNABLE TO AGREE ON A SINGLE REFEREE, A REFEREE WILL BE APPOINTED BY THE COURT TO HEAR ANY AND ALL DISPUTES HEREUNDER IN LIEU OF A JURY TRIAL. THE PARTIES AGREE THAT THE APPOINTED REFEREE WILL HAVE THE POWER TO DECIDE ALL ISSUES REGARDING THE DISPUTE IN THE APPLICABLE ACTION OR PROCEEDING, WHETHER OF FACT OR LAW, AND WILL REPORT A STATEMENT OF DECISION THEREON. THE PARTIES AGREE THAT THE PROVISIONS CONTAINED IN THIS AGREEMENT HAVE BEEN FAIRLY NEGOTIATED ON AN ARM'S-LENGTH BASIS, WITH ALL PARTIES BEING AFFORDED THE OPPORTUNITY TO HAVE THE ADVICE AND COUNSEL OF THEIR INDEPENDENT ATTORNEY. ANY PARTY MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE PARTIES TO THE APPLICATION OF JUDICIAL REFERENCE IN THE EVENT OF ANY DISPUTE.

(g) ADVICE OF COUNSEL. EACH OF THE PARTIES REPRESENTS TO EACH OTHER PARTY HERETO THAT IT HAS DISCUSSED THIS AGREEMENT AND, SPECIFICALLY, THE PROVISIONS OF THIS SECTION, WITH ITS COUNSEL.

14. Counterparts. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument.

15. No Strict Construction. The parties hereto have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the parties hereto and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any provisions of this Agreement.

16. Additional Grantor. Each Person that is required after the Closing Date to become a party to this Agreement as a Grantor shall become a Grantor for all purposes of this Agreement upon execution and delivery by such Person of a joinder agreement or supplement in Acceptable Form.

17. **ENTIRETY. THIS AGREEMENT, THE CREDIT AGREEMENT, AND THE OTHER LOAN DOCUMENTS REPRESENT THE FINAL AGREEMENT AMONG THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS BY THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS AMONG THE PARTIES.**

18. **TERMINATION.** Upon Payment in Full, the security interest granted hereby shall automatically terminate, the Collateral shall be automatically released, this Agreement and the other Loan Documents shall terminate, and all rights to the Collateral shall revert to the applicable Grantors, all without delivery of any instrument or performance of any act by any Person. Upon any such termination Lender will, at Grantors' expense, execute and deliver to Grantors such documents, instruments, notices and releases as Grantors shall reasonably request to evidence such termination and/or release, including a payoff letter confirming that all Obligations have been satisfied and the Loan Documents are terminated.

[Signatures appear on following pages.]

EXECUTED as of the date set forth in the preamble.

GRANTORS:

SAN GORGONIO MEMORIAL HEALTHCARE
DISTRICT

By: _____
Name: _____
Title: _____

SAN GORGONIO MEMORIAL HOSPITAL

By: _____
Name: _____
Title: _____

LENDER:

TENET HEALTHCARE CORP.

By: _____
Name: _____
Title: _____

SCHEDULE 1

Location of Books and Records and Chief Executive Office

- (a) The exact name of Grantors, as such name appears in its organizational documents.
- (b) Each other name Grantors has used in the past five years, together with the date of the relevant change.
- (c) Grantors' principal place of business.
- (d) The locations where Grantors maintains its inventory.
- (e) All real property owned by Grantors.
- (f) All real property leased by Grantors.

SCHEDULE 2

Commercial Tort Claims¹

¹ Specifically describe the claim (*i.e.* parties, description of dispute, case number).

SCHEDULE 3

Pledged Interests

<u>Issuer</u>	<u>Owner</u>	<u>Pledged Interests</u>	<u>Percentage Owned</u>	<u>Other Liens</u>
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Summary report:	
Litera Compare for Word 11.11.0.158 Document comparison done on 1/2/2026 2:29:37 PM	
Style name: Default Style	
Intelligent Table Comparison: Active	
Original DMS: iw://bbklaw-mobility.imatege.work/imatege/44542704/2 - Security Agreement - Tenet - San Gorgonio Memorial Healthcare District.doc	
Modified DMS: iw://bbklaw-mobility.imatege.work/imatege/44542704/3 - Security Agreement - Tenet - San Gorgonio Memorial Healthcare District.doc	
Changes:	
<u>Add</u>	14
Delete	16
Move From	0
<u>Move To</u>	0
<u>Table Insert</u>	0
Table Delete	0
<u>Table moves to</u>	0
Table moves from	0
Embedded Graphics (Visio, ChemDraw, Images etc.)	0
Embedded Excel	0
Format changes	0
Total Changes:	30