

SETTLEMENT AGREEMENT AND MUTUAL RELEASE

This Settlement Agreement and Mutual Release (the "Agreement") is entered into by and between Marin General Hospital, a California non-profit public benefit corporation ("MGHC"), Sutter Health, a California non-profit public benefit corporation ("Sutter"), and Marin Community Health, a California non-profit public benefit corporation ("MCH") (collectively, Sutter and MCH (and their Affiliates), excluding MGHC, are the "Sutter Parties"), and the Marin Healthcare District, formerly known as the Marin Hospital District, a political subdivision of the State of California (the "District") (MGHC, the Sutter Parties and the District are, collectively, the "Parties").

This Agreement shall be effective as of and pursuant to the terms of the Effective Date, as defined below.

RECITALS

A. Whereas, MGHC and the District are parties to a Lease Agreement dated November 12, 1985, and as amended on August 25, 1987 (collectively the "Lease" or "Lease Agreement"), pursuant to which the District: (1) leased to MGHC certain real property, buildings, appurtenances, improvements, and fixtures, as described more particularly in the Lease (the "Leased Premises"), for the purpose of allowing MGHC to operate an acute care hospital; (2) leased to MGHC certain personal property as described more particularly in the Lease, including furniture, machinery, equipment, tools, signs, and other personal property; and (3) transferred to MGHC certain additional assets associated with the operation of the Leased Premises as a hospital as described more particularly in an Agreement for Transfer of Assets, dated November 12, 1985, by and between MGHC and the District, and as amended July 7, 1988

(respectively, the "Agreement for Transfer of Assets" and "First Amendment to Agreement for Transfer of Assets").

B. Whereas, in 1994 the California legislature enacted Senate Bill 1953 ("SB 1953"), which amended the Health and Safety Code at section 130000 *et. seq.*, (Health & Safety Code § 130000 *et. seq.*, along with the regulations promulgated thereunder, and as they may be amended or modified in the future, hereinafter the "Hospital Seismic Upgrade Act"), which established new requirements and timelines for seismic safety in California hospitals.

C. Whereas, the Hospital Seismic Upgrade Act outlines the specific procedural and substantive requirements that hospitals must meet in order to comply with the new seismic standards by certain specified deadlines and, in particular, provides that a hospital may receive an extension of the January 1, 2008 interim deadline for seismic upgrades by submitting an application to the California Office of Statewide Health Planning and Development ("OSHPD") on or before January 1, 2007 (the "Application Deadline").

D. Whereas, a dispute has arisen between MGHC and the District concerning whether MGHC as tenant or the District as owner has a duty to pay for and construct seismic upgrades to the Leased Premises or otherwise comply with the Hospital Seismic Upgrade Act pursuant to the Lease, other agreements between the Parties, or California law, which dispute led to a legal action entitled *Marin General Hospital v. Marin Healthcare District*, Marin Superior Court Case No. CV052764, in which MGHC sought declaratory relief as set forth in its Complaint, and the District sought declaratory relief and legal and equitable relief as set forth in its First Amended Cross-Complaint (the "Litigation").

E. Whereas, the Parties desire to fully and finally resolve all claims, rights and actions between themselves, and their respective agents, affiliates, principals and shareholders or

members, which arose or accrued prior to the Effective Date and which arise out of or are related to any aspect of the Lease, the Lease Amendment, the Agreement for Transfer of Assets, the First Amendment to Agreement for Transfer of Assets, the Hospital Seismic Upgrade Act, operation of the hospital, all prior acts or omissions, the Litigation, and any related agreements or claims, with the express purpose of effecting a final and complete separation of the Parties with respect to these matters on the terms set forth herein and as set forth in a separate Transfer Agreement to be entered into by the Parties in conjunction with this Settlement Agreement as described in greater detail below.

Now, therefore, in consideration of the mutual promises contained in this Agreement and the Transfer Agreement, as hereinafter defined, the sufficiency and receipt of which consideration are hereby acknowledged and accepted, the Parties covenant and agree as follows.

DEFINITIONS

Affiliate. The term "Affiliate" shall have the meaning provided in the Transfer Agreement.

Cath Lab Equipment Project. The "Cath Lab Equipment Project" shall consist of the removal of existing floor mounted Seimens cardiac catheterization equipment; the installation of new replacement GE Innova 3100 Combo cardiac catheterization equipment; and the replacement of the Witt Hemodynamic Monitoring System with GE Mac Lab II including IT node in EP Lab.

Change of Control. "Change of Control" shall have the meaning provided in the Transfer Agreement.

CT Scanner Equipment Project. The "CT Scanner Equipment Project" shall consist of the dissolution of the existing CT limited partnership, removal of the existing CT scanner, and the replacement of the existing scanner with a GE VCT 64-slice CT Scanner.

Effective Date. The "Effective Date" of this Agreement shall be the date on which all of the following conditions have been satisfied: (a) the Settlement Agreement has been approved by each of the Parties' respective boards and has been duly executed by all of the Parties; (b) the Transfer Agreement (as hereinafter defined) has been approved by each of the Parties' respective boards and has been duly executed by all of the Parties thereto; and (c) this Settlement Agreement has been entered as a Judgment (as hereinafter defined) in the Litigation.

Foundation Control Transfer Date. The "Foundation Control Transfer Date" shall mean a date to be not less than One (1) year prior to the Transfer Date and which shall be ninety (90) days following written notice from the Sutter Parties to the District.

Judgment. The "Judgment" shall mean a final judgment entered in the Litigation by the Superior Court incorporating the terms of this Settlement Agreement and the Transfer Agreement and commanding and directing that the Parties perform all of the obligations contained in this Settlement Agreement and certain agreed upon provisions contained in the Transfer Agreement.

Linear Accelerator Project. The "Linear Accelerator Project" shall mean: (i) removal of the existing 600C linear accelerator; installation of a new Clinac iX linear accelerator; and (ii) removal of the existing 2100C linear accelerator; installation of a new Trilogy linear accelerator.

MGHC Designated Funds. The "MGHC Designated Funds" shall mean funds, securities and other assets donated to MCHF and donated, designated or restricted for use by MGHC, net

of MCHF operating and carrying costs, and as apportioned in accordance with Section 8 of this Agreement.

Novato Community Hospital ("NCH") Designated Funds. The "NCH Designated Funds" shall mean funds, securities and other assets donated to MCHF and donated, designated or restricted for use by NCH, net of MCHF operating and carrying costs, as an apportioned in accord with Section 8 of this Agreement.

Notice of Early Transfer Date. The "Notice of Early Transfer Date" shall mean notice of MGHC's exercise of its option to cause an earlier Change of Control by issuance of twelve (12) months' written notice to the District.

Obligated Group. The Sutter "Obligated Group" shall have the meaning provided in the Transfer Agreement.

Transfer Agreement. The "Transfer Agreement" shall mean that separate agreement to be executed by the Parties, concurrent with the execution of this Agreement, which provides for and contains the Parties' rights and obligations with respect to the Change of Control.

Transfer Date. The "Transfer Date" shall have the meaning provided in the Transfer Agreement.

Transition Period. The "Transition Period" shall mean the period from the Effective Date through the Transfer Date (and only during such term).

All other capitalized terms used in this Agreement shall have the meaning provided in the Transfer Agreement unless otherwise noted.

AGREEMENT

1. Documents Governing Settlement. This Agreement, the Transfer Agreement, and the other agreements that are exhibits to the Transfer Agreement (collectively, the "Settlement

Documents") collectively contain the Parties' agreement with respect to, and the consideration for, the Parties' settlement of the Litigation and all other matters between them as set forth in Recital E above. Each Party's timely performance of its obligations under the Settlement Documents shall constitute the consideration for the other Parties' agreement to enter into the Settlement Documents.

2. Change of Control. The Parties agree that, concurrent with the execution of this Agreement, they will execute the separate Transfer Agreement and the Interim Funding Agreement. The Parties further agree that the Change of Control shall occur no later than July 1, 2010. MGHC shall have the option to cause an earlier Change of Control by issuance of the Notice of Early Transfer Date, provided that the Notice of Early Transfer Date cannot be served prior to January 1, 2008. The Change of Control will occur pursuant to the terms and in the manner set forth in the Transfer Agreement and in this Agreement. Nothing in this Agreement or the Transfer Agreement shall be deemed a "surrender" of the Lease, as that term is used in section 10.1 of the Lease.

3. Compliance With The Hospital Seismic Upgrade Act. Excluding only those limited interim items accepted by MGHC as specified in this Section 3, the District hereby assumes full responsibility and all financial liability associated with compliance with the Hospital Seismic Upgrade Act with respect to the Leased Premises. The only responsibility that MGHC shall have for compliance with the Hospital Seismic Upgrade Act with respect to the Leased Premises shall be limited to such obligations as are required by OSHPD after project scoping and negotiations with MGHC with respect to activity undertaken at the Leased Premises by MGHC, and those NPC obligations imposed by the Hospital Seismic Upgrade Act in connection with the presence of existing equipment or the installation of new equipment by

MGHC prior to the Transfer Date, provided, however, that MGHC's obligation and financial liability hereunder shall be limited to and governed by the provisions of Section 5, and provided further, that MGHC may elect not to perform the work if the work is not commercially reasonable or feasible in light of the cost, disruption, or other impact on hospital operations. Without limiting the generality of the foregoing, the District remains responsible for obtaining timely State OSHPD approval for a Compliance Plan finalizing the extension of the SB 1953 compliance deadline from January 1, 2008 to January 1, 2013. Except as otherwise provided in this Agreement, the District shall have no right to perform any construction or construction-related activities on the Leased Premises prior to the Transfer Date. The District further assumes full responsibility and all financial liability associated with seeking and obtaining (or failing to obtain) an extension of the 2008 interim seismic compliance deadlines, including, but not limited to, submission of a timely and complete request to OSHPD for an extension. MGHC will reasonably cooperate with the District in the District's effort to seek an extension of the interim compliance deadlines from OSHPD, but the Sutter Parties (and, prior to Change of Control, MGHC) do not assume and shall have no responsibility or liability for obtaining (or failing to obtain) an extension. This Section 3 supersedes and supplants any obligations, express or implied, that may exist in the Lease or in any other agreement between MGHC or the Sutter Parties and the District, and any of them, that contradict, are inconsistent with, or which add to the obligations specified in the provisions of this Section 3 with respect to the subject matter hereof, including but not limited to those which may arise under sections 4.2, 4.3, 4.4, and 19.8 of the Lease. MGHC agrees to forward to the District all notices or other written communications received from OSHPD after the Effective Date that relate to compliance with the Hospital Seismic Upgrade Act at the Hospital premises. Except with respect to those

compliance obligations that are the responsibility of MGHC (pre-Transfer) and the Sutter Parties as set forth above, and except to the extent caused by the affirmative acts of MGHC (pre-Transfer), the Sutter Parties, and/or their employees, officers, directors, agents, contractors, representatives, and/or invitees, the District and MGHC (post-Transfer) will indemnify and hold harmless MGHC (pre-Transfer) and the Sutter Parties from and against any claims, losses, damages, penalties and any other consequences of any nature whatsoever arising out of or related to compliance, or failure to comply, with the Hospital Seismic Upgrade Act at the Hospital premises.

4. Transition Funding Payment. Beginning on the Effective Date and through the Transfer Date, and subject to the terms and provisions of the Interim Funding Agreement, the Sutter Parties will provide the District with funding for the District's use solely in connection with the expenses of establishing a transition team for the Change of Control and for implementing the Parties' settlement as set forth in the Settlement Documents, as provided in this Section 4. The Sutter Parties will pay the District the following sums, by certified check, wire transfer, or other good funds, as the District may reasonably request within five (5) business days after the following times: upon entry of the Judgment, two hundred fifty thousand dollars (\$250,000); on January 1, 2007, five hundred thousand dollars (\$500,000); on July 1, 2007, five hundred thousand dollars (\$500,000); and on January 1 and July 1 of each year thereafter through the Transfer Date (but not including July 1, 2010), five hundred thousand dollars (\$500,000), provided, however, that no payment pursuant to this Section 4 shall be required after the Transfer Date or after any termination of this Agreement prior to Change of Control, and provided, further, that in the event the District initiates any legal action or proceeding, administrative, civil or otherwise against MGHC and/or the Sutter Parties, the Sutter Parties'

obligation to make payments pursuant to this Section 4 shall be suspended and no payments will be due or made unless and until: (i) any such action or proceeding is no longer pending, or (ii) the Court enters a finding upon motion by the District that the Sutter Parties acted in bad faith in denying that they had failed to perform an obligation under the Settlement Agreement. On the Trigger Date, as that term is defined in the Interim Funding Agreement, the District shall execute an interest bearing promissory note in favor of MCH, in the form attached as an exhibit to the Interim Funding Agreement, for repayment of one-half (1/2) of all amounts provided to the District under this Section 4, plus interest, in accordance with Paragraph 4.4 of the Transfer Agreement and the provisions of the Interim Funding Agreement.

5. Maintenance, Repairs And Capital Expenditures.

(a) During the Transition Period and provided that Change of Control has not occurred, MGHC shall be required to expend the following amounts for Capital Expenditures, as that term is defined in paragraph 3.2(c)(1) of the Lease, in the following calendar years: two million five hundred thousand dollars (\$2,500,000) in 2007; two million six hundred forty thousand dollars (\$2,640,000) in 2008; two million seven hundred seventy thousand dollars (\$2,770,000) in 2009; and two million nine hundred thousand dollars (\$2,900,000) in 2010, or in the event the Change of Control occurs prior to July 1, 2010, a portion of the specified amount prorated on a daily basis for that part of the year in which the Change of Control occurs. MGHC shall make the Capital Expenditures referenced in this paragraph for the purposes of maintenance, repairs and improvements to the Leased Premises (or to the MGHC personal property at the Cancer Center) and for no other purpose. In the event MGHC finances any of the Capital Expenditures required under this Section 5(a) only the amount paid against the principal of any such financing shall be counted against MGHC's Capital Expenditure obligation.

(b) In the event that it is reasonable, necessary or legally required for MGHC to expend any amount in addition to the amounts specified in Section 5(a) for Capital Expenditures, such amounts shall be financed by MGHC through a lease or a loan based on its own credit and financing facility (*i.e.*, independent of any participation in the Sutter Obligated Group), which lease or loan shall be on commercially reasonable terms. For any lease, loan or other financing for any additional Capital Expenditures where the term thereof will (or is likely to) extend for a period of two (2) or more years beyond the Transfer Date, and the amount the District will be required to assume is greater than two-hundred-fifty thousand dollars (\$250,000) then, before entering into such lease, loan or other financing, MGHC and the Sutter Parties shall provide to the District copies of all of the proposed terms and documents with respect to such lease, loan or other financing. The District shall have ten (10) business days to either approve the proposed lease, loan or other financing (which approval the District shall not unreasonably withhold), or to object to MGHC and the Sutter Parties in writing about the proposed lease, loan or other financing, which written notice shall specify the reasons for the District's objection. The parties shall meet and confer in good faith to attempt to resolve any objections raised by the District. If the Parties are unable to reach an agreement with respect to proposed lease, loan or other financing to which the District has objected, then the Parties shall submit the dispute to the dispute resolution process set forth in Paragraph 12.15 of the Transfer Agreement. Sections 19.14 and 19.15 of the Lease shall not apply and shall have no force or effect with respect to any amounts leased or financed in accordance with this Section 5. Any lease, loan, or other financing shall be for a term reasonably equivalent to the useful life of any personal property acquisition(s) according to generally accepted accounting principles, whether or not the property becomes a fixture. Any loan with respect to any construction or reconstruction of, or improvement to, the Leased

Premises shall be for a period of ten (10) years. Any such leases or loans shall remain the obligation of MGHC after the Change of Control and shall constitute part of the Retained Liabilities (as defined in the Transfer Agreement), and Sutter, MCH, and Sutter Affiliates other than MGHC shall have no liability therefor following the Transfer Date. Any principal payment on any such loan, lease or other financing that MGHC makes prior to the Transfer Date shall count toward the amounts required to be spent under Section 5(a) above.

(c) MGHC further agrees that it shall use its best efforts to complete the following projects as soon as possible, consistent with OSHPD approval: the CT Scanner Equipment Project, the Cath Lab Equipment Project and the Linear Accelerator Project. The Parties agree that the equipment for the referenced projects shall be financed with a five (5) year term for the new CT Scanner equipment and the Cath Lab equipment, and with a seven (7) year term for the Linear Accelerator, and that payments made by MGHC in connection with said financing prior to the Transfer Date shall not be counted toward the total Capital Expenditures required by this Section 5. This Agreement and the Transfer Agreement set forth the full and complete obligations of MGHC and the Sutter Parties to the District after the Effective Date as to Capital Expenditures at, to, or for the Leased Premises and the personal property referenced in the Lease and the Asset Transfer Agreement. This Section 5 supersedes and supplants any obligations, express or implied, that may exist in the Lease or any other agreement between MGHC, or the Sutter Parties and the District, and any of them, that contradict, are inconsistent with, or which add to the obligations specified in the provisions of this Section 5 with respect to the subject matter hereof, including but not limited to those which may arise under sections 3.2, 4.2, 4.4, 4.5, 5.3, 7.1, 7.2, 19.8, 19.14, 19.15, and 19.16 of the Lease; provided, however, that nothing in this

Section shall relieve MGHC of its obligation under the Lease prior to the Transfer Date for routine maintenance and non-capital repairs to the Leased Premises.

6. Limited Further Rent Obligations. The Parties agree that, as of the Effective Date, MGHC has fully satisfied its rent obligations under the Lease, save and except for "Minimum Cash Rent," as that term is defined in section 3.2(b) of the Lease, and that MGHC shall have no further obligation to pay any rent to the District, save and except for Minimum Cash Rent, which shall be paid according to the following schedule, and in the following amounts:

Quarter	Amount
October-06	\$76,460
January-07	\$78,967
April-07	\$78,967
July-07	\$78,967
October-07	\$80,283
January-08	\$82,916
April-08	\$82,916
July-08	\$82,916
October-08	\$84,297
January-09	\$87,061
April-09	\$87,061
July-09	\$87,061
October-09	\$88,512
January-10	\$91,414
April-10	\$91,414

In the event that MGHC serves a Notice of Early Transfer Date, Minimum Cash Rent shall be pro-rated on a daily basis for the period in which the Transfer Date occurs. The Parties further agree that sections 3.2(g) and 3.2(h) of the Lease shall have no further force or effect. This Settlement Agreement and the Transfer Agreement (including exhibits) set forth the full and

complete rent obligations of MGHC to the District after the Effective Date. This Section 6 supersedes and supplants any contrary or greater obligations, express or implied, that may exist in the Lease or any other agreement between MGHC, or the Sutter Parties and the District, and any of them, with respect to the subject matter of this Section 6, including but not limited to those which may arise under sections 3.1; 3.2; 7.2; and 19.16 of the Lease and MGHC is hereby released of any further obligation to serve notice of a rent election under section 3.2 of the Lease.

7. Access During Construction.

(a) The District may, but shall have no obligation to, commence construction (the "Construction") at its sole cost and expense of a new parking facility and any additional improvements reasonably related thereto, such as driveways, landscaping, or any other improvements that any governmental agency requires as a condition to building the parking facility (collectively, the "Parking Facility") on a portion of the Leased Premises prior to the Transfer Date as set forth in this Section 7. Upon the District's written request to MGHC, MGHC shall provide the District with access to such routine hospital operating data (e.g., numbers of inpatient and outpatient procedures, operating room usage, bed occupancy rates, length of patient stays, number of births, number of emergency room visits) as is reasonably necessary for the District to conduct a proper planning analysis for the Parking Facility. The District agrees to keep all such information strictly confidential pursuant to that certain Confidentiality Agreement between the Parties, dated October 4, 2006. Upon the District's written request to MGHC and the Sutter Parties, the Parties shall meet and confer in good faith to agree upon a metes and bounds description of the land on which the Construction will occur (the "Construction Site") and the scope of the Construction Access License (as defined below). Unless the Parties agree in writing to an alternative, the location and size of the Parking Facility

and the Construction Site shall be generally as set forth in the plans and drawings prepared for MGHC by Watry Design Inc. ("WDI") pursuant to WDI project No. 99065 and the location and scope of the Construction Access License shall be determined to both give the District and its Construction Personnel (as defined below) ingress, egress and access to the Construction site as is reasonably necessary to conduct Construction activities thereon and to minimize the disruption or interference of the Construction activities with MGHC's use and enjoyment of the Leased Premises.

(b) At any time after the Parties determine the Construction Site, the District may give MGHC written notice of the District's intent to commence as of a date certain Construction of the Parking Facility on the Construction Site (the "Construction Notice"). The date for commencement of the District's Construction of the Parking Facility (the "Commencement Date") shall be at least two hundred ten (210) days after the date of the Construction Notice. After the Construction Notice and at least thirty (30) days prior to the Commencement Date, MGHC shall (a) divest itself of any legal interest in the Construction Site by executing a Lease amendment, quitclaim deed, or any other document reasonably necessary to document MGHC's relinquishment of all of its rights with respect to the Construction Site, whether under the Lease or otherwise, (b) shall remove from the Construction Site all personal property of MGHC, the Sutter Parties, and any other Person or entity other than the District, and all garbage and debris and (c) surrender exclusive possession and control of the Construction Site to the District (which the District, other than as set forth in sub-clause (b), above shall accept in its then-current, as-is condition). After completion of the items set forth in the previous sentence, the District shall have sole ownership, right to possession and control of the Construction Site. Prior to the date MGHC surrenders the Construction Site to the District, MGHC and the District shall enter into a

reciprocal license agreement which shall (1) grant to the District and its Construction Personnel a license over and across that portion of the Leased Premises as necessary for the purpose of ingress, egress and access to the Construction Site and the transportation thereto of materials, personnel, and equipment as is necessary and appropriate for Construction of the Parking Facility (the "Construction Access License"), and (2) grant to MGHC a reasonable irrevocable license over and across the Construction Site as is reasonably necessary for continued operations at the Hospital. MGHC shall have no right to modify or revoke the Construction Access License except for good cause. As used in this Section 7, "good cause" shall mean that the District has materially breached one or more of its obligations with respect to the Construction set forth in this Section 7, and the District has not cured such breach within five (5) days after receiving written notice of such breach from MGHC. Other than as allowed under this Section 7 and the Construction Access License, the District and its Construction Personnel shall not have any right to access or use the Leased Premises in connection with Construction of the Parking Facility, except as mutually agreed by the Parties in writing.

(c) In exchange for, and as a condition of, MGHC's agreement to divest itself of any legal interest in the Construction Site prior to the Transfer Date, the District agrees as follows: (i) after MGHC's surrender of possession and control of the Construction Site, the District will have full legal responsibility and all legal liability for the Construction Site and for all activity associated with the Construction Site, the Construction, and the Parking Facility, and MGHC and the Sutter Parties shall have none, except to the extent caused primarily by the acts or omissions of MGHC and/or the Sutter Parties and/or their employees, officers, directors, agents, contractors, representatives, or invitees occurring after the surrender of the Construction Site to the District; (ii) the District, including anyone acting on its behalf or at its direction in connection

with the Construction (e.g., contractors, subcontractors, design professionals, engineers, laborers) (the "Construction Personnel")) will use best efforts to minimize disruption or interference with MGHC's use and enjoyment of the Leased Premises, including, but not limited to, hospital operations. MGHC and the Sutter Parties acknowledge that Construction activities on the Construction Site will likely cause some level of noise, dust, truck and equipment traffic that may interfere with and disrupt MGHC's use and enjoyment of the Leased Premises notwithstanding the District's best efforts to the contrary; (iii) the District will defend, indemnify, and hold MGHC and the Sutter Parties harmless from and against any and all losses, claims, liabilities, demands, causes of action, obligations, and damages of any kind, nature or description, either at law or equity, arising out of or related in any way to the Construction Site, Construction, the Construction Personnel, the Parking Facility, and the operation or use thereof, except to the extent caused primarily by the acts or omissions of MGHC and/or the Sutter Parties and/or their employees, officers, directors, agents, contractors, representatives, or invitees occurring after the surrender of the Construction Site to the District; and (iv) the District shall, and shall use its best efforts to cause its general contractor(s) and other Construction Personnel to obtain and maintain general liability insurance coverage in an amount reasonably satisfactory to MGHC with respect to the Construction of the Parking Facility, on which policies MGHC shall be named as an additional named insured, to cover and insure against any claim, risk of loss, or loss, including but not limited to indemnified losses, for which the District or its Construction Personnel are liable.

(d) No construction by the District other than the Construction of the Parking Facility shall occur at the Leased Premises prior to October 1, 2009. After such date, the District may, but shall have no obligation to, undertake any construction of improvements on the Leased

Premises at its sole cost and expense that the District, in its sole discretion, deems appropriate; provided, however, that the District shall use its best efforts to minimize disruption or interference with MGHC's use and enjoyment of the Leased Premises, including, but not limited to, hospital operations and provided further that such construction shall not abut, invade, alter, require alterations to, or otherwise materially adversely impact the Hospital or any of the existing structures on the Leased Premises; shall not diminish parking at the Hospital, and, in no event, shall such Construction interfere with access to the existing structures. In no event shall the District perform any construction on or to the existing structures at the Leased Premises prior to the Transfer Date, including, but not limited to, retrofitting or construction of seismic upgrades.

8. Foundation. Prior to the Foundation Control Transfer Date, MCH will cause the name of the Marin Community Health Foundation ("MCHF") to be changed to Marin General Hospital Foundation ("MGHF"). On the Foundation Control Transfer Date, MCH will withdraw as the sole member of MGHF, all fundraising activities related to Novato Community Hospital and other Sutter- or Sutter Affiliate-related activity will be transferred out of MGHF, and the District will replace MCH as the sole member of MGHF, as follows:

(a) Process. At least ten (10) days prior to the resignation of MCH as the member of MGHF, MCH shall, in accordance with Section 8(b) below, apportion all of the funds then existing in MGHF between the MGHC Designated Funds and the NCH Designated Funds, and MCH shall cause MGHF to transfer all of the NCH Designated Funds to a qualified entity (federal tax-exempt, California nonprofit corporation) identified by Sutter, with such transferred funds to be designated for use by NCH. The Sutter Parties hereby guarantee that, at the time the District assumes control of MGHF, the total amount of unrestricted MGHC Designated Funds remaining in MGHF after the transfer of the NCH Designated Funds shall be not less than five

million dollars (\$5,000,000), notwithstanding the apportionment process referred to in paragraph (b) below. The space at NCH now occupied by MCHF and the equipment and furnishings therein shall remain the property of NCH, and on or before the Foundation Control Transfer Date, MGHF shall relocate to other premises to be provided by the District. MGHF shall, except as prohibited by law and excluding any intellectual property of the Sutter Parties, retain all of its business records and systems as they pertain to MGHC Designated Funds and issues related thereto, including without limitation donor lists and contacts and records regarding fundraising efforts and events. MGHF staff, regardless of employer, shall be allowed to pursue employment with either entity after the Foundation Control Transfer Date, the Parties shall place no restrictions on them with respect to choice of employer, and any of the Parties shall have the right to solicit any such employees for employment after the Foundation Control Transfer Date. MGHF shall initiate a policy beginning six (6) months prior to the Foundation Control Transfer Date that encourages any of its employees who intend to choose NCH as their post-Foundation Control Transfer Date employer, to give up to three (3) months notice to MGHF of that decision, so that MGHF can, with the MGHF employee's consent, provide such information to the District.

(b) Funds Apportionment Process. At least sixty (60) days before the Foundation Control Transfer Date, MCH shall cause MCHF to provide the District with an analysis of MCHF's existing funds and the proposed allocation of funds between the MGHC Designated Funds and the NCH Designated Funds, which analysis and allocation shall make appropriate allowance for accretions of such funds and for the operating expenses of MCHF and any carrying costs directly associated with particular funds. Any funds that cannot be clearly designated as being specifically MGHC Designated Funds or NCH Designated Funds, as well as the operating expenses of MCHF, shall be apportioned in the same proportion as the proportion

of MGHC Designated Funds to NCH Designated Funds. The District shall have thirty (30) days after its receipt of the allocation and analysis described above to either approve such allocation and analysis, or to object to the allocation and analysis in writing to the Sutter Parties, which objection notice shall contain an explanation of the District's reasons for its objections. The Parties shall meet and confer in good faith to attempt to resolve the District's objections. If the Parties cannot resolve the District's objections through negotiations, they shall resolve the dispute in accordance with Paragraph 3.4 of the Transfer Agreement.

(c) Membership Resignation. On the Foundation Control Transfer Date, MCH, or its successor, shall resign as the sole member of MGHF and the District shall become the sole member of MGHF and shall assume control and operation of MGHF.

9. Competition.

(a) Prior to the Transfer Date, Sutter and its Affiliates, other than MGHC, will not, within the boundaries of the District as established pursuant to Health and Safety Code section 32003 ("Boundaries"), engage in the delivery or the provision of any healthcare services licensed under the Health and Safety Code, save and except that Sutter and its Affiliates shall be entitled: (1) to continue to provide those services provided as of June 13, 2006 at the Sutter Terra Linda Health Plaza located at 4000 Civic Center Drive, San Rafael, California ("Terra Linda") (and at any time prior to nine (9) months before the Transfer Date, Terra Linda shall not add any clinical services not provided as of June 13, 2006); (2) to provide, engage in, manage or invest in ambulatory surgery services ("ASC") (provided, however, that prior to the Transfer Date, said ASC services shall not be offered with a four (4) mile radius of 250 Bon Air); and (3) to provide, engage in, manage or invest in diagnostic imaging services (provided, however, that prior to the

Transfer Date, said diagnostic imaging services shall not be offered within a four (4) mile radius of 250 Bon Air).

(b) Notwithstanding the foregoing, beginning on the date that is nine (9) months prior to the Transfer Date, the restrictions in Section 9(a) above shall no longer apply, and there will be no restrictions on competition whatsoever, save and except: (1) prior to the Transfer Date, Sutter and its Affiliates will not provide licensed, general acute in-patient services at any location within the Boundaries of the District; and (2) the four (4) mile radius restriction on ASC and diagnostic imaging services referenced in Section 9, above, shall continue until the Transfer Date.

(c) Notwithstanding the foregoing, Sutter and its Affiliates may participate in or establish at any time within the Boundaries of the District what is, as of the Effective Date, known as a Health and Safety Code section 1206(l) foundation, provided that such foundation(s) shall not provide within the Boundaries of the District any services for which a license or permit is, as of the Effective Date, required under the Health and Safety Code, except that said foundation(s) may provide the aforementioned ASC and diagnostic imaging services, but only outside a four (4) mile radius of 250 Bon Air, as referenced above.

(d) Nothing herein shall prevent the District, Sutter, MCH, and its or their Affiliates from preparing in any way and at any time, and specifically prior to the Transfer Date, to compete within the Boundaries of the District after the Transfer Date, and the District, Sutter, MCH and its or their Affiliates shall be free to prepare to compete by, but not limited to: planning; contracting; acquiring improved or unimproved land; acquiring buildings, healthcare or other facilities and equipment; site development and preparation; construction; leasing; entering into joint ventures with physicians, physician groups, and other parties; purchasing or

leasing medical equipment; marketing and public relations, and any activities related in any way to preparing to compete, as that term is defined above.

(e) Nothing herein shall prevent Sutter and its Affiliates, at any time, from providing any licensed or other healthcare services outside of the Boundaries of the District, in its or their sole discretion.

(f) This Section 9 supersedes and supplants any contrary or greater restrictions or obligations, express or implied, that may exist in the Lease or any other agreement between MGHC, or the Sutter Parties and the District, and any of them, with respect to the subject matter of this Section 9.

10. Non-Interference. After the Effective Date and prior to the Transfer Date, each Party agrees not to interfere directly or indirectly with the future plans of any other party for the delivery of healthcare services in Marin County or elsewhere, including, but not limited, applications for OSHPD extension and approvals, elections for bond financing and otherwise and efforts to obtain permits or entitlements. The competition contemplated and authorized by Section 9 above, and the preparation for competition contemplated and authorized by Section 9 above, and related activities, shall not constitute interference for the purposes of this Section 10.

11. Obligated Group. After the Effective Date, MGHC will have no right, unless authorized in advance by Sutter in its sole discretion, to make use of any new credit as a member of the Obligated Group. At a time chosen in MGHC's sole discretion, but not less than six (6) months prior to the Transfer Date MGHC will withdraw from the Sutter Obligated Group, and will establish its own credit and financing facilities which shall remain with MGHC as part of the Retained Liabilities as set forth in the Transfer Agreement; provided, however, that, upon its withdrawal from the Sutter Obligated Group, MGHC shall have no liability for any borrowing by

the Sutter Obligated Group and MGHC shall not retain after the Change of Control any long term debt other than as allowed under this Agreement or the Transfer Agreement.

12. Limit on Liability. Except as otherwise provided herein, in the Transfer Agreement, and in any agreement attached to the Transfer Agreement as an exhibit thereto, after the Transfer Date, Sutter, MCH, and Sutter Affiliates will have no liability whatsoever with respect to the District, the Lease, the Leased Premises, MGHC, Marin General Hospital or its operations.

13. Judgment. As soon as practicable after the Parties execute this Agreement, the Transfer Agreement, and the Interim Funding Agreement, the Parties will execute and deliver a joint stipulation that this Agreement be entered as a judgment in the Litigation (the "Judgment"). The Parties will take such other steps as are necessary and appropriate to create a valid, binding and enforceable Agreement, Transfer Agreement, Interim Funding Agreement, and Judgment.

14. Effective Date. This Agreement shall become effective on the Effective Date. In the event that the Judgment is appealed and later reversed, modified, vacated, or otherwise disturbed in a manner that invalidates or materially impacts a term or terms of the Parties' agreements, any of the Parties shall have the right, but not the obligation, to terminate this Agreement and the Transfer Agreement, in which case this Agreement and the Transfer Agreement shall terminate and all of the Parties' respective rights and obligations hereunder and under the Transfer Agreement shall terminate, except for those that this Agreement or the Transfer Agreement state shall survive termination prior to the Closing. Upon any such termination prior to the Closing, the Parties, and each of them, shall be obligated to take such steps as are reasonably necessary to restore each other Party, to the extent reasonably possible, to

the status quo as it existed prior to the execution of the Settlement Agreement and the Transfer Agreement (the "Status Quo Ante").

15. Future Remedies For Breach Of Lease. Article IX of the Lease entitled "Default" is hereby modified as follows.

(a) Events Of Default. From the Effective Date through the Transfer Date, the District shall not be entitled to claim breach or default under the Lease by MGHC, and MGHC shall not be found in breach or default under the Lease, unless and until MGHC willfully and intentionally refuses or fails to perform a material duty or obligation under the Lease, except as the same has been modified or superseded by this Agreement and the Transfer Agreement, after notice and a reasonable opportunity to cure, as provided in this section.

(b) Notice And Right To Cure. As a condition to pursuing any remedy for an alleged default of the Lease, the District shall give written notice of the alleged default to MGHC. Each notice of default shall specify in detail the alleged event of default, the specific provision of the Lease allegedly breached, and the District's proposed remedy.

(c) MGHC's Right To Cure. MGHC shall have a reasonable period of time, in light of the circumstances, but in no event less than twenty (20) days, to cure any alleged default.

(d) Remedies. The remedies provided in section 9.4 of the Lease are hereby superseded and shall have no further force or effect. The District's exclusive remedy for any alleged default of the Lease by MGHC shall be to compel binding arbitration as provided in paragraph (e), below. If MGHC is found to have willfully and intentionally refused or failed to perform a material Lease obligation, following notice and a reasonable opportunity to cure, the District as its sole remedies shall be entitled to an order compelling specific performance to cure the default within a commercially reasonable period of time or an award of damages in the

amount of the actual cost of the curative action, but not both. The District specifically waives any claim against MGHC for consequential damages arising out of or related to a breach of the Lease. This waiver includes, but is not limited to, damages incurred by the District for rental expenses, for losses of use, income, profit, financing, business and reputation, and for loss of management or employee productivity or of the services of such persons. The District hereby waives and relinquishes any right to: terminate the Lease; terminate MGHC's rights in the Leased Premises; enter the Leased Premises; retake possession of the Leased Premises; eject MGHC or any other persons from the Leased Premises; re-let the Leased Premises; use any or all of MGHC's furniture, equipment, trade fixtures or other personal property; or appoint a Hospital Operator (as defined in section 9.4(g) of the Lease). The prevailing party in any such arbitration proceeding shall be entitled to recover reasonable attorneys' fees, and costs (including those provided for in section 21.3(d) of the Lease) and arbitration fees. In addition, the District specifically waives and relinquishes any rights it may have to seek other remedies for an alleged breach or default under the Lease pursuant to the California Civil Code, the California Code of Civil Procedure, Unlawful Detainer, or any other statutory or common law remedy.

(e) Arbitration. MGHC and the District agree that any claim by the District of breach or default under the Lease shall be subject to binding arbitration by a neutral third party to be jointly agreed upon by the District and MGHC. The District and MGHC shall initially share equally (one-half each) any fees and expenses of arbitration. The District and MGHC further agree that the venue for arbitration will be JAMS in San Francisco, California. Section 21.6 of the Lease is hereby superseded and shall have no further force and effect.

16. MGHC And The Sutter Parties' Release And Covenant Not To Sue. Except for the rights and obligations created or reserved in this Agreement, the Transfer Agreement, the

Interim Funding Agreement, or any other agreement attached to the Transfer Agreement as an exhibit and executed by the Parties at a later date, MGHC and each of the Sutter Parties, on behalf of itself and its respective present and former officers, directors, representatives, managers, consultants, investors, insurers, agents, members, partners, subsidiaries, affiliates, related parties, attorneys, accountants, employees, predecessors-in-interest, successors, and assigns (each of which is a "Releasing Party"), hereby irrevocably and unconditionally releases, discharges, and covenants not to sue the District, and its respective present and former officers, directors, representatives, managers, agents, members, affiliates, consultants, insurers, attorneys, accountants, employees, predecessors-in-interest, successors, and assigns (each of which is a "Released Party"), of and from all claims, demands, causes of action, obligations, liabilities, and damages of any kind, nature, or description, either at law or equity, whether now known or unknown, suspected or unsuspected, existing, claimed to exist, or that may hereafter exist, which arose or accrued prior to the Effective Date including but not limited to those which arise out of or are related to any aspect of the Lease, the First Amendment to the Lease, the Agreement for Transfer of Assets, the First Amendment to Agreement for Transfer of Assets, the Hospital Seismic Upgrade Act, the claims that were asserted or could have been asserted in the Litigation, or which are or comprise the Action or Litigation.

17. District's Release And Covenant Not To Sue. Except for the rights and obligations created or reserved in this Agreement, the Transfer Agreement, the Interim Funding Agreement, or any other agreement attached to the Transfer Agreement as an exhibit and executed by the Parties at a later date, the District, on behalf of itself and its respective present and former officers, directors, representatives, managers, agents, members, partners, subsidiaries, affiliates, related parties, consultants, insurers, attorneys, accountants, employees, predecessors-in-interest,

successors, and assigns (each of which is a "Releasing Party"), hereby irrevocably and unconditionally releases, discharges, and covenants not to sue MGHC and the Sutter Parties, and each of them, and their respective present and former officers, directors, representatives, managers, agents, shareholders, members, partners, subsidiaries, parent companies, affiliates, consultants, investors, insurers, attorneys, accountants, employees, predecessors-in-interest, successors, and assigns (each of which is a "Released Party"), of and from all claims, demands, causes of action, obligations, liabilities, and damages of any kind, nature, or description, either at law or equity, whether now known or unknown, suspected or unsuspected, existing, claimed to exist, or that may hereafter exist, which arose or accrued prior to the Effective Date including but not limited to those which arise out of or are related to any aspect of the Lease, the First Amendment to the Lease, the Agreement for Transfer of Assets, the First Amendment to Agreement for Transfer of Assets, the Hospital Seismic Upgrade Act, and any claims that were brought or that could have been brought in the Litigation, or which are or comprise the Action or Litigation.

18. Waiver As To Release Of Unknown Claims. To the fullest extent permitted by law, each of the Parties, on behalf of itself and all Releasing Parties with respect to which it is executing this agreement, hereby expressly waives its rights under California Civil Code section 1542, to the extent applicable, as well as under any similar statutory provision, or common law rule and agrees and acknowledges that it has read and fully understands and knowingly waives the protection of section 1542, which provides:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY HIS OR HER SETTLEMENT WITH THE DEBTOR.

Each Party acknowledges that claims or facts in addition to or different from those that are now known or believed to exist may later be discovered with respect to any claim, demand, damage, or cause of action that any Party may possess against any Released Party, that each Party nevertheless intends the release set forth herein to be effective as a full and unconditional release of all the claims described in Sections 16 and 17, above.

19. Controlling Effect Over Lease And Related Agreements. Except as otherwise provided in this Agreement and the Transfer Agreement, MGHC and the District will continue to abide by the terms of the Lease. Where any of the terms of this Settlement Agreement or the Transfer Agreement in any way conflict with or are inconsistent with, or impose any greater or contrary obligation than, the Lease, the Agreement for Transfer of Assets, the First Amendment to Agreement for Transfer of Assets, or any other agreement or obligation, express or implied, in writing or otherwise, that has existed, exists, or may come to exist prior to the Effective Date between the District and MGHC or the Sutter Parties, the terms of this Settlement Agreement and the Transfer Agreement shall govern and will supersede any different, contrary, inconsistent, or conflicting provision created by any other such agreement or obligation.

20. Authority To Settle And Release Claims. Each of the Parties represents and warrants that it is duly authorized, and has the right, to execute this Agreement, that its Board of Directors has approved this Settlement Agreement, and that the person signing below is authorized to enter into this Agreement on its behalf, provided, however, that each of the Parties acknowledges and agrees that none of the Parties has sought or has authority from its consultants, insurers, attorneys, or accountants to give any release on said persons' or entities' behalf under this Agreement, notwithstanding the inclusion of such persons within the definition of "Releasing Party." Each of the Parties further represents and warrants that it has not sold,

assigned, transferred, conveyed, or otherwise disposed of any of its respective claims, demands, causes of action, obligations, damages, or liabilities that are the subject of this Agreement. Each of the Parties further represents and warrants that there are no liens, or claims of liens, or assignments in law or equity, by or against any of its respective claims that are the subject of this Agreement.

21. Indemnification And Defense.

(a) In the event that there is any claim or demand made, by lawsuit or otherwise, (i) by any Releasing Party which claim or demand is within the scope of or encompassed by that Releasing Party's respective release set forth in Sections 16, 17 and 18, above and/or (ii) by any Releasing Party claiming that he, she or it did not have the authority to provide his, her or its respective release set forth in Sections 16, 17 and 18, above, then that Releasing Party shall indemnify, defend, and hold harmless any Released Party for, against, and in connection with any such claims. The respective duties to indemnify and defend as set forth herein are separate duties, to be separately performed and satisfied, in full, by the Party or Parties made responsible therefor under this section.

(b) In the event that there is a breach of the representation and warranty under Section 20 by any Party or any claim or demand made by lawsuit or otherwise, by any third party within the scope of such representation and warranty made by any Party, the responsible Party shall indemnify, defend, and hold harmless each of the other Parties for, against, and in connection with any such claims. The respective duties to indemnify and defend as set forth herein are separate duties to be separately performed and satisfied, in full, by the Party or Parties made responsible therefor under this section and pursuant to such Party's individual representation and warranty.

(c) Without limitation, the duty to indemnify shall include the cost of any judgment or settlement and the duty to defend shall include reasonable attorneys' fees, costs, and other litigation expenses (including, without limitation, experts' fees).

22. Cooperation: No Costs. Each of the Parties shall cooperate in good faith and exercise best efforts to complete, execute, and/or deliver any and all documentation reasonably required to effectuate any and all aspects of the settlement that is the subject of this Agreement. Each Party shall bear its own costs, including attorneys' fees, in connection with the Action, and the negotiation, execution and effectuation of this Agreement and the Transfer Agreement.

23. No Admissions. This Agreement is and represents a compromise of disputed claims by and between the Parties, and their execution of this Agreement and the Transfer Agreement is not and shall not be deemed to be an admission of liability for or of the validity of any of the claims released herein.

24. Notices. All notices, demands, or other communications provided for or permitted hereunder shall be made in writing and shall be by telecopier, courier service, overnight mail, or personal delivery:

(a) if to MGHC:

Marin General Hospital
Attn: Chief Executive Officer
250 Bon Air Road
Greenbrae, CA 94904

with a copy to:

Sutter Health
Office of the General Counsel
Legal Services Division
345 California Street, Suite 2000
San Francisco, California 94104

and

Coblentz, Patch, Duffy & Bass, LLP.
Attn: Richard R. Patch, Esq.
One Ferry Building, Suite 200,
San Francisco, California, 94111,
FAX: 415-989-1663;

(b) if to the Sutter Parties:

Sutter Health
Office of the General Counsel
Legal Services Division
345 California Street, Suite 2000
San Francisco, California 94104

with a copy to

Coblentz, Patch, Duffy & Bass, LLP.
Attn: Richard R. Patch, Esq.
One Ferry Building, Suite 200,
San Francisco, California, 94111,
FAX: 415-989-1663;

(c) if to the District:

Marin Healthcare District
1100 So. Eliseo Drive, Suite 4
Greenbrae, California, 94904

with a copy to

Archer Norris
Attn: Colin Coffey, Esq.,
2033 N. Main Street, Suite 800
Walnut Creek, California, 94596,
FAX: 925-930-6620.

All such notices, demands, and other communications shall be deemed to have been duly given when delivered by hand, if personally delivered; when delivered by courier, if delivered by commercial courier service; when delivered by overnight mail, if delivered by overnight mail service; and when receipt is mechanically acknowledged, if telecopied. Any Party can, at any

time, change its respective notice information by notice to all other Parties as set forth in this section.

25. Knowledge Of Content And Advice Of Counsel. Each of the Parties hereto acknowledges that such Party has fully read and comprehended the contents of this Agreement, and that such Party is in full agreement with each and every one of the terms, conditions, and provisions set forth herein. Each of the Parties further acknowledges that such Party has retained or has been advised to retain his, her or its own separate and independent counsel in connection with the negotiation, drafting, and execution of this Agreement, and has been fully advised and informed of the consequences of executing the Agreement.

26. Several Liability For Representations, Warranties And Covenants. Unless otherwise expressly stated, liability for all representations, warranties, and covenants made by any of the Parties hereto shall be several, and a representation, or warranty, or covenant made by one Party shall not be held against any other Party.

27. Drafting; Headings. This Agreement shall be interpreted as if it were mutually prepared and drafted by all the Parties (regardless of which Party or Parties had primary drafting responsibility); such that any rule of construction that would otherwise require that ambiguities be resolved against the drafting party shall not apply. Pronouns shall be deemed to include masculine, feminine and neuter gender and singular and plural numbers as appropriate. The section headings herein are for convenience only and shall have no force or effect in the interpretation of the substantive terms and conditions set forth in the text of this Agreement.

28. Choice Of Law, Jurisdiction, Enforcement, Waiver Of Jury Trial. This Agreement shall be governed by the laws of the State of California. The Parties agree, and the Judgment will provide, that the Marin County Superior Court shall retain continuing jurisdiction

to enforce the terms of this Agreement and the Judgment entered pursuant hereto, as well as those provisions of the Transfer Agreement as specified in Section 12.15 of the Transfer Agreement. With respect to the terms and provisions of this Agreement, the Judgment entered pursuant hereto and those specified provisions of the Transfer Agreement that are enforceable by the Court pursuant to its retention of continuing jurisdiction, the following procedures shall apply. Upon application by any Party, supported by a sworn declaration alleging the particular facts and basis of any alleged breach of this Agreement, the Court may, in its discretion, issue (or decline to issue) an order to show cause ("OSC") requiring the alleged breaching party to appear and show cause why it should not be held in contempt, within forty-five (45) days of the date of the OSC, or such other date as shall be provided by the Court. The Parties hereby consent to the conduct of an OSC hearing within forty-five (45) days of issuance of the OSC. If, upon hearing the evidence presented by the Parties concerning the alleged breach, the Court determines that a material breach of this Agreement has occurred, the Court may fashion such relief or remedy as necessary to restore the injured Party to the status quo as it existed prior to the breach. The prevailing Party in any such OSC proceeding shall, in the Court's discretion, be entitled to recover its attorneys' fees, costs, and expenses associated with the proceeding. The Parties hereby waive their rights to a trial by jury in any such OSC procedure.

29. Attorneys' Fees. In the event of a dispute between the Parties, arising from or relating to this Agreement, the prevailing party shall be entitled to recover all of its reasonable attorneys' fees, costs, and litigation expenses (including, but not limited to, experts' fees) incurred in resolving said dispute.

30. Severability. If any provision or any part of this Agreement that does not go to the essential purpose of this Agreement shall be held to be invalid or unenforceable, for any

reason, the remainder of this Agreement shall not be affected thereby, and shall remain in full force and effect.

31. Integration; No Reliance; No Modification. This Agreement, including exhibits, along with the Transfer Agreement, including exhibits, and the Interim Funding Agreement, including exhibits, collectively constitute the entire agreement and understanding of and between the Parties with respect to the subject matter hereof and thereof, and to the extent they are inconsistent with or contradict any prior agreements and understandings, whether written or oral, express or implied, between them with respect thereto, this Agreement, including exhibits, along with the Transfer Agreement, including exhibits, and the Interim Funding Agreement, including exhibits, collectively shall supersede and replace such prior agreements and understandings. Notwithstanding the foregoing, this Agreement, including exhibits, the Transfer Agreement, including exhibits, and the Interim Funding Agreement, including exhibits, does not and shall not amend or modify that certain Settlement Agreement and Mutual Release by and between the District, MGHC and MCH, dated September 20, 1999 (the “1999 Settlement Agreement”), except if any provision of this Agreement, including exhibits, the Transfer Agreement, including exhibits, or the Interim Funding Agreement, including exhibits contradicts or is inconsistent with the 1999 Settlement Agreement, in which case such provision of this Agreement, including exhibits, the Transfer Agreement, including exhibits, or the Interim Funding Agreement, including exhibits shall control. Each Party acknowledges and agrees that it is entering into this Agreement, the Transfer Agreement, and the Interim Funding Agreement, and proceeding with the transaction contemplated hereby and by the Transfer Agreement and the Interim Funding Agreement, based upon its own investigation and evaluation, and that it has not relied on any other Party to this Agreement or on any promises, representations, or statements by any other

Party with respect to past, present or future matters not expressly set forth in this Agreement, the Transfer Agreement, or the Interim Funding Agreement. Any modification of this Agreement shall be specifically set forth in a writing which is executed by the Party to be bound.

Notwithstanding anything set forth in this Section 31, this Agreement shall not be effective or enforceable unless the Transfer Agreement and the Interim Funding Agreement are duly executed by all Parties concurrent with this Agreement, and this Agreement is entered as a Judgment by the court.

32. Execution. This Agreement may be executed in duplicate counterparts and delivered by facsimile or electronic delivery (e.g., PDF). Any executed counterparts, taken together, shall constitute the entire Agreement between the Parties. A facsimile or electronically delivered signature shall be deemed to have the force and effect of an original signature. In the event that a Party requests an original signature, the Party to whom the request is made shall promptly deliver an original signature to the requesting Party.

IN WITNESS WHEREOF the Parties hereto have executed this Agreement on the respective dates set forth below.

Dated: October ____, 2006

MARIN GENERAL HOSPITAL

By: _____
Name: _____
Its: _____

Dated: October ____, 2006

SUTTER HEALTH

By: _____
Name: _____
Its: _____

Dated: October ____, 2006

MARIN COMMUNITY HEALTH

By: _____
Name: _____
Its: _____

Dated: October ____, 2006

MARIN HEALTHCARE DISTRICT

By: _____
Name: _____
Its: _____

APPROVED AS TO FORM:

Dated: October ____, 2006

COBLENTZ, PATCH, DUFFY & BASS, LLP.

By: _____
Richard R. Patch
Attorneys for Marin General Hospital, Marin
Community Health, and Sutter Health

Dated: October ____, 2006

ARCHER NORRIS

By: _____
Douglas C. Straus
Attorneys for Marin Healthcare District